AGP

we value life

AGP-Sec./ 314
February 27, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Transmission of Annual Report for the Year Ended December 31, 2023**

Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended December 31, 2023 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Umair Mukhtar
Company Secretary

AGP Limited B-23-C, S.I.T.E., Karachi-75700, Pakistan
Tel: +9221 111 247 247, Fax: +9221 32570678 E-mail: info@agp.com.pk, URL: www.agp.com.pk N.T.N. 4281954-7

AGP

we value life

ASPIRE
ADVANCE
ACHIEVE

ANNUAL REPORT 2023

ASPIRE, ADVANCE, ACHIEVE

Reflecting on the past year, we have traversed the path of 'Aspire, Advance, Achieve'—a path that fuels ambition, propels progress, and culminates in remarkable accomplishments.

Our progress is fueled by our unwavering commitment to making healthcare accessible for our community. Our dedication to improving community well-being can be demonstrated by our sustainable growth over the years.

In our annual report lies a narrative of triumphs and progress achieved over the past year. From significant milestones to impactful projects, it unveils the story of our journey and sets the stage for our ascent to even greater heights in the future.

ABOUT THIS REPORT

The Annual Report serves as a comprehensive compilation of AGP's business activities for the reporting period of 2023. It encompasses detailed information regarding the organization situation, performance, and outlook of the Company. Additionally, the report meticulously outlines all significant events and matters emphasizing the long-term sustainability of the company and its integrated performance along with strategic and operation review by the Board of Directors.

Scope and Boundary

AGP Limited is proud to present its Annual Report for the year 2023. This report focuses on Stakeholder Information, Corporate Governance, Directors' Report and Financial Statements for the year ended December 31, 2023.

There have not been any significant changes to the scope, boundary, and reporting since the last reporting date as of December 31, 2022.

Forward Looking Statement

The report incorporates a comprehensive section titled 'Strategic Outlook,' providing a thorough analysis of the Company's anticipated future business activities and financial performance. Additionally, the report will provide an update on the Company's previous projects referenced in the preceding Forward Looking Statement, as well as its approach for the future. Furthermore, the report will address any potential challenges foreseen in the upcoming year and outline the Company's plans for managing and mitigating associated risks.

Materiality

Determination of materiality levels, other than those provided under the applicable law and regulations, involves judgment and may differ among organizations. Broadly, matters are considered material if, either individually or in aggregate, they are anticipated to substantially impact the performance and profitability of the Company. These materiality levels undergo periodic review and are duly updated as deemed necessary.

EY Ford Rhodes – Chartered Accountants

EY Independent Auditor's Report on the Audit of Financial Statements

EY Review Report on Compliance with Code of Corporate Governance

World Wildlife Fund for Nature

WWF Green Office Initiative Audit Diploma

Pakistan Credit Rating Agency

Entity's Credit Rating

TABLE OF CONTENTS

01 — 01 – 94
Company Overview
General information about the Company and its operations

02 — 95 – 158
Corporate Governance
Details of the Corporate Governance Framework and how the Company engages with its stakeholders.

03 — 159 – 192
Financial Performance
Review and analysis of the Company's Financial Performance for the year ended December 31, 2023

04 — 193 – 314
Financial Statement
Financial Statements of the Company along with the reports by the Independent External Auditors

05 — 315 – 348
Shareholders' Information
Notice of Annual General Meeting along with other information for shareholders

01

COMPANY OVERVIEW

Our strongest asset is our determination to deliver high-quality products. Our 34-year-old legacy still carves its way into our ambitious mindset and professional behavior for continuous improvement in the healthcare ecosystem.

COMPANY OVERVIEW

General information about the Company and its operations

01 Striving for Excellence in Corporate Reporting
02 Our Significant Events
03 Vision & Mission
05 Company Information
07 Code of Conduct
08 Our Core Values
09 Our Journey
12 Our Presence
13 Our Impact Today
14 Our Operational Performance
15 Group Structure
16 Organization Structure
17 Our Leadership
19 PESTEL Analysis
21 SWOT Analysis
23 Competitive Landscape & Market Positioning
25 Effect of Seasonality
26 Legislative & Regulatory Environment of the Company
27 Our Trusted Portfolio
31 Marketing
35 Technical Operations
41 Supply Chain
43 Information Solution
45 HR Management
49 Finance
51 Business Planning & Corporate Affairs
55 OBS AGP Key Highlights
57 OBS Pakistan Key Highlights
61 Our People Our Pride
63 Awards & Achievements
65 Sustainability & Corporate Social Responsibility
71 Towards A Sustainable Future
75 Our Business Model
77 Our Value Chain
79 Supply Chain Disruptions & Mitigating Risks
81 Strategic Objectives & Resource Allocation Plan
87 Our Key Risks & How We Manage Them

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Overview

The following frameworks have been considered in compiling this annual report:

- The accounting and reporting standards as applicable in Pakistan comprise:
  - International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
  - Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
  - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- Regulations of the Listed Companies Code of Corporate Governance, 2019 and the Rule Book of the Pakistan Stock Exchange (PSX).
- Best practices on Corporate Reporting as promoted by Joint Committee of ICAP and Institute of Cost and Management Accountants of Pakistan (ICMAP).
- Integrated Reporting (IR) framework issued by the International Integrated Reporting Council (IIRC).

This integrated annual report provides an overview of sustainable value created by AGP over time. It provides insight of the Company's strategy, and its ability to create value in the short, medium and long term, and to its effective use of capitals and its effects. The report also details the nature and quality of the organization's relationships with its key stakeholders and sets out the financial & non-financial performance of the Company and provide insight into the prospects & outlook.

Statement Of Adherence With International Integrated Reporting Framework

This integrated annual report precisely covers the fundamental concepts of value creation for the organization and for others, the capitals involved and the process through which value is created, preserved, or eroded on pages 75-79.

In the preparation and presentation of the integrated report, we have endeavored to implement the guiding principles of the integrated reporting framework which comprise of the following:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationship
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

This integrated annual report precisely covers the following fundamental elements of integrated Reporting framework:

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

Reporting Period

This Annual Report covers the reporting period from January 1, 2023 to December 31, 2023. The Company perceives corporate reporting as an avenue for engaging with its stakeholders and offering comprehensive insights into the Company's governance, strategy, performance, and future prospects.

OUR SIGNIFICANT EVENTS

February

Annual Board of Directors Meeting: Recommendation of Annual Audited Financial Statement and Final Dividend 2023

March

Awarded GDEIB Awards for 5th Consecutive Year

April

Annual General Meeting

Approval of Annual Audited Financial Statements and Final Dividend for 2023

July

Extraordinary General Meeting

Approval for additional investment in subsidiary company

Awarded the Prestigious Top Exporter Award at 6th Pakistan Pharmaceutical Manufacturers' Association

September

Corporate Briefing Session was held summarizing half yearly results

October

Rigix became PKR 2.5 billion brand as per IQVIA MAT October 2023

Highest ever monthly sales of PKR 1,459 million.

Highest ever monthly production of 7.5 million packs

Secured 2nd position in ICAP / ICMAP Best Corporate Report Awards 2022.

Maintained long-term credit rating of A+ and short-term credit rating of A1.

December

Annual Sales Conference 2023

VISION

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

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

MISSION

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

COMPANY INFORMATION

Board of Directors

Mr. Tariq Moinuddin Khan	Chairman
Mr. Zafar Iqbal Sobani	Independent Director
Mr. Shauzab Ali[*]	Independent Director
Mr. Kamran Nishat	Non-Executive Director
Mr. Kamran Nasir[1]	Chief Executive Officer
Mr. Mahmud Yar Hiraj	Non-Executive Director
Mr. Muhammad Kamran Mirza	Non-Executive Director

Human Resource and Remuneration Committee

Mr. Shauzab Ali[*]	Chairman
Mr. Kamran Nasir[1]	Member
Mr. Kamran Nishat	Member
Mr. Mahmud Yar Hiraj	Member
Mr. Muhammad Kamran Mirza	Member

Strategy Committee

Mr. Kamran Nishat	Chairman
Mr. Kamran Nasir[1]	Member
Mr. Mahmud Yar Hiraj	Member
Mr. Muhammad Kamran Mirza	Member

Audit Committee

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

*Mr. Naved Abid Khan resigned from the Board and Mr. Shauzab Ali was appointed as an Independent Director with effect from September 1, 2023.

[1] Mr. Asad Muneer continued as MD & CEO of the Company until December 31, 2023 and with effect from January 1, 2024, Mr. Muhammad Kamran Nasir has succeeded as CEO of the Company.

Chief Financial Officer
Mr. Junaid Aslam

Company Secretary
Mr. Umair Mukhtar

Head of Internal Audit
Mr. Syed Shah Hussain Qadri

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
Industrial and Commercial Bank of China Ltd
JS Bank Limited
MCB
Meezan Bank Limited
National Bank of Pakistan
SAMBA Bank Limited
Soneri Bank Limited
The Bank of Punjab

Legal Advisor
Sattar & Sattar

Auditors
EY Ford Rhodes
Chartered Accountants

Share Registrar
CDC Share Registrar Services Limited

Website
www.agp.com.pk

Email
info@agp.com.pk

Registered Office & Plant - I
Address:
B-23-C, S.I.T.E., Karachi
Tel: +92-21 111-247-247
Fax: +92-21 32570178

Plant-II
Address:
D-109, S.I.T.E., Karachi
Tel: +92-21 32572695
+92-21 32563998
Fax: +92-21 32564670

Plant-III
Address:
F/45, S.I.T.E.,
Super Highway
Phase II, Karachi

CODE OF CONDUCT

BUSINESS PRINCIPLES

- AGP expects its employees to deal fairly with customers, suppliers, service providers, competitors, and other employees.
- AGP's employees must abide by the country's law in any form of dealings.

BUSINESS INTEGRITY

- Any kind of bribery, seeking or accepting a personal payment, gift or favor in return for favorable treatment is strictly prohibited.
- Every employee is responsible to forewarn the management of any information in his/her knowledge that can be a potential risk to the company.
- Any interaction must be transparent with shareholders, analysts, and other public.

COMPANY'S RESPONSIBILITIES

- AGP provides equal employment opportunities for all.
- We do not support any political parties or provide them any funding.
- AGP works towards ensuring the protection of the confidential information of our present and former business partners and employees.
- AGP ensures to operate with environmentally sound practices, safeguarding the use of resources.

EMPLOYEE RESPONSIBILITIES

- Any agreement with third parties must comply with principles set by the organization.
- Every employee must protect and use the assets of the Company with care.
- Employees are not allowed personal activities and financial interests outside Company that is not in the Company's interest.
- Unauthorized alteration of product labels or literature is strictly prohibited.
- Employment with the Company is and should be seen as a full-time occupation and for this reason, other employment or business association shall not be taken up.
- Prohibition of substance use in the work environment.
- Family connections must be disclosed to the organization.

OUR CORE VALUES

BUILDING TRUST, MAINTAINING INTEGRITY

01 ETHICS & INTEGRITY

We adhere to ethical standards in all our activities, abiding to local/international regulations and laws.

02 DEVELOPING OUR PEOPLE

Our employees consistently develop themselves, their teams and enhance organizational capabilities.

03 CUSTOMER FOCUS

Our actions are directed towards creating sustainable values for our customers and providing them with an unparalleled experience every time they are associated with us.

04 ENTREPRENEURIAL THINKING

Our actions are focused on delivering intended results and to create new business opportunities.

05 INNOVATION

We develop and encourage the ability to make sound decisions, challenge status quo, change, innovate & improve.

OUR JOURNEY

1989
AGP (Pvt.) Ltd. starts commercial operations

1991
Enters into a joint venture with Eli Lilly Pakistan for their cephalosporins range

1995
Signs an agreement with UCB Belgium to manufacture & market their products

2003
Purchase Eli Lilly brand rights for Ceclor, Keflex, Keftab & Nebcin in Pakistan

2007
Purchase UCB brand rights for Rigix in Pakistan

2013
Acquired 30% stake in Eli Lilly

2014
OBS-led consortium (through an SPV Aspire Pharma) acquires AGP

2016
Signs an agreement with Mylan for marketing & sales of their products in Pakistan

2018
Enlistment on Pakistan Stock Exchange

2019
Acquisition of Nutraceutical Plant

2021
Acquired 22 pharmaceutical brands from Sandoz Business Division

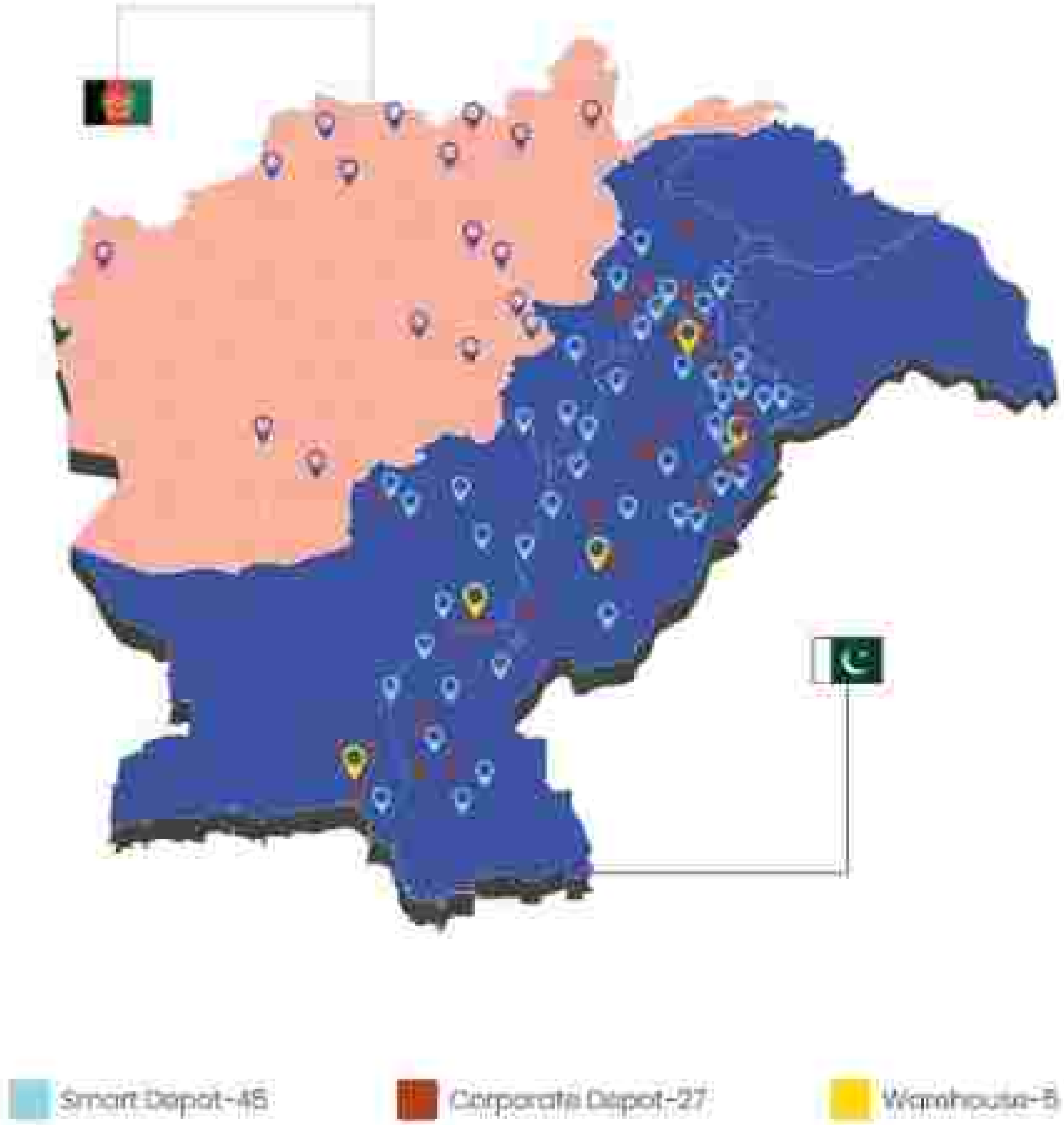
2023
Acquired 17 brands from Viatris Inc. owned by Pfizer in Pakistan

And it continues...

OUR PRESENCE

AGP distributes its products locally through Muller & Phipps Pakistan (Pvt.) Ltd. (M&P), which is the largest pharmaceutical distributor in Pakistan. M&P currently operates 77 depots nationwide with 900+ owned vans and 15 stockists.

In international landscape, we have partnered with a renowned distributor Al-Haj Malem Khan Mangal to distribute our product in 17 major cities of Afghanistan.



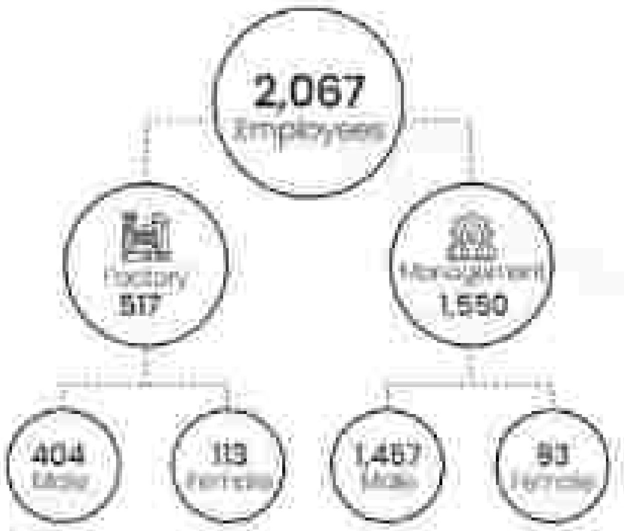
OUR IMPACT TODAY

Principal Activities

AGP is a pharmaceutical company engaged in manufacturing and marketing of products under licensing arrangements with other esteemed pharmaceutical companies.

Number of Employees

AGP maintains a workforce of 2,067 employees, including third party contractual staff, dedicated to supporting its business operations across its three manufacturing plants and head office. Detailed disclosure of total and average number of employees has been made in note 38 of the financial statement.



Position Within the Value Chain

The comprehensive illustration of the value creation business model on pages 75-76 portray the Company's activities to generate value for its stakeholders. This is achieved through the efficient utilization of its capital and execution of key business activities.

Composition of Local & Imported Materials

The Company procures raw materials from local and imported sources. The composition of local versus imported materials during the year ended December 31, 2023 as shown below:

Foreign Currency Sensitivity Analysis

Based on the Company's results in 2023, every 1% change in the exchange rate, with all other variables held constant, will impact Profit Before Tax for the year by PKR 1.7 million.

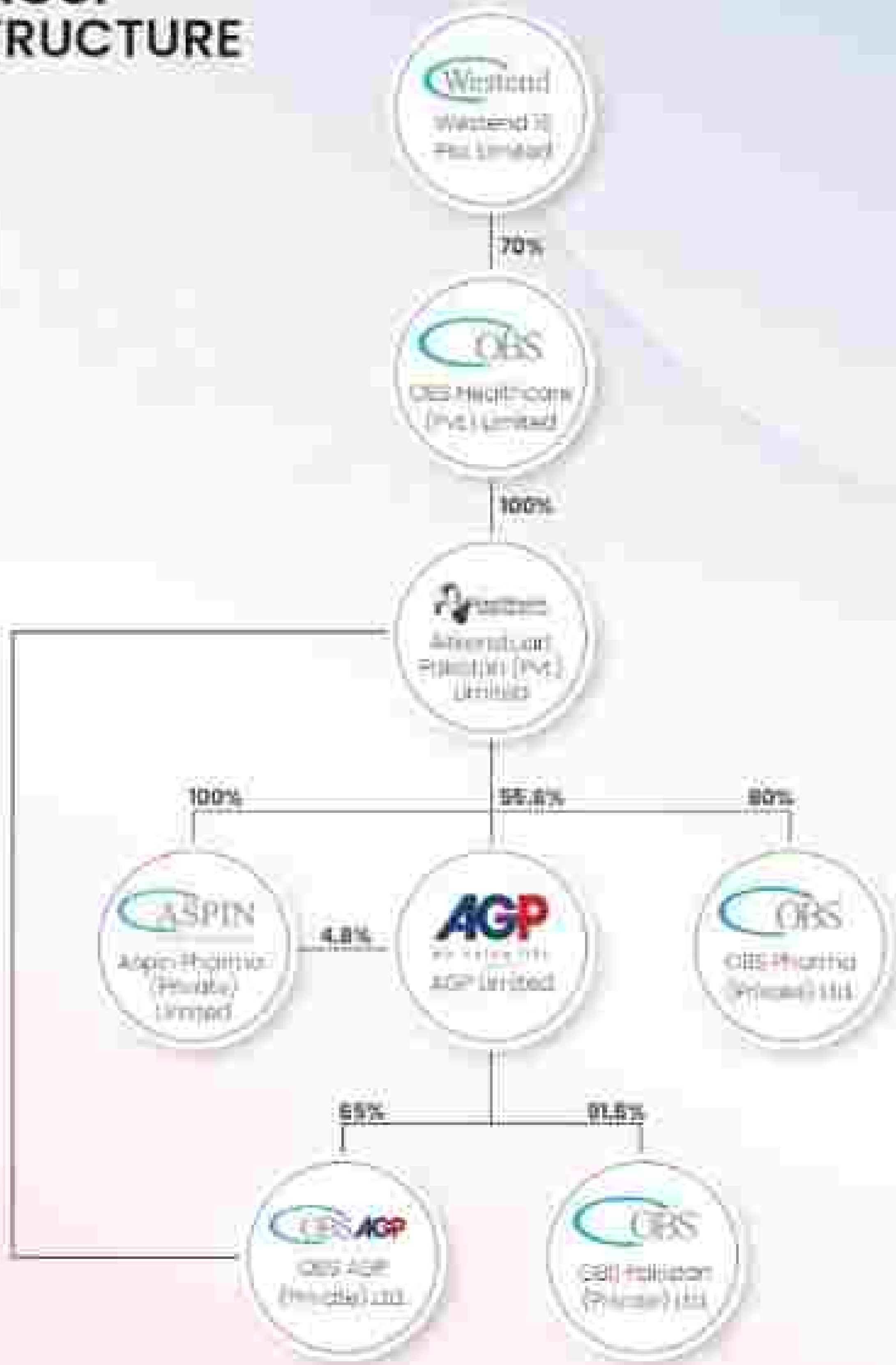
Significant Changes from Prior Years

Significant changes from 2023, have been appropriately disclosed in the relevant section in this report.

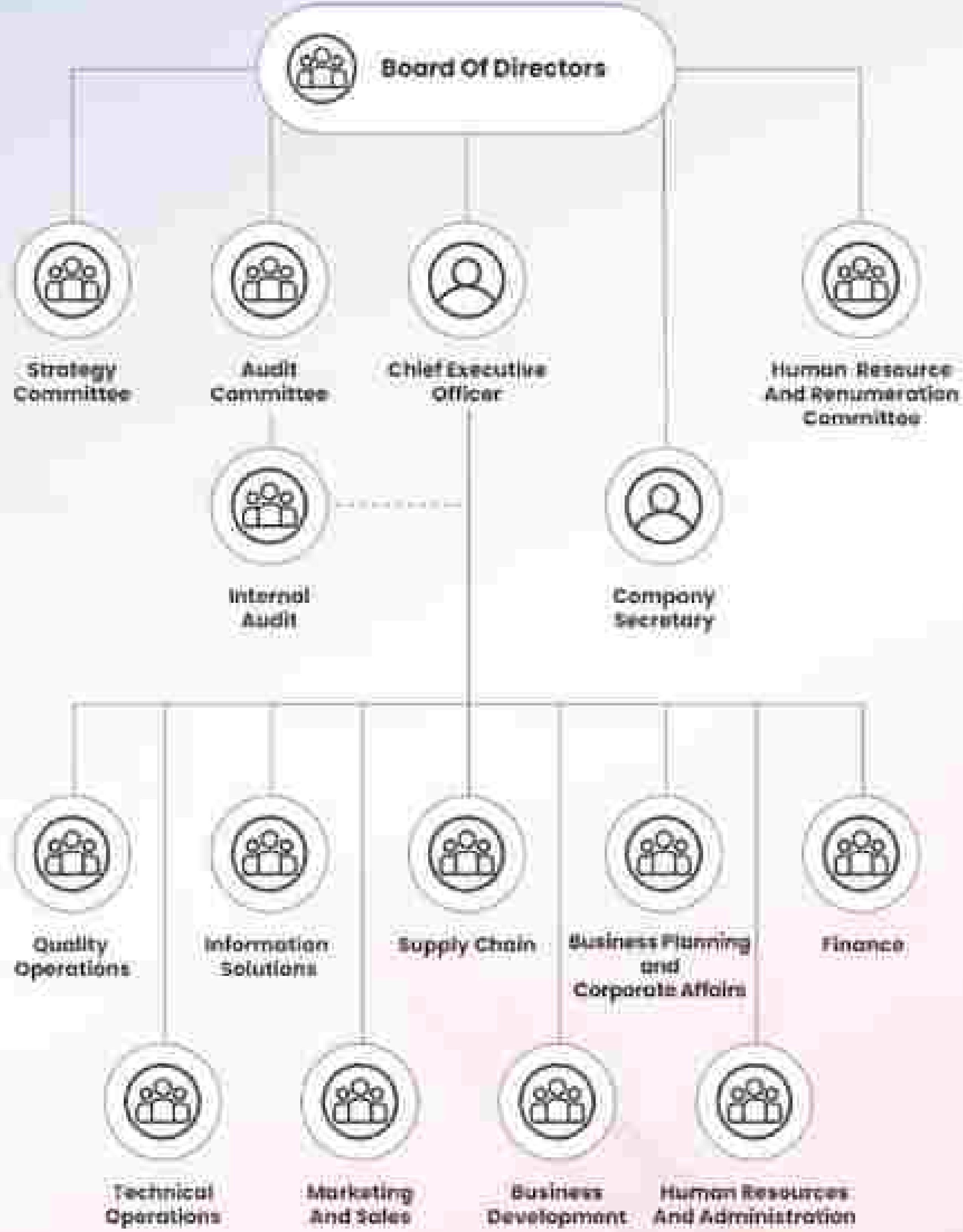
OUR OPERATIONAL PERFORMANCE

Particulars	Plant 1	Plant 2	Plant 3
Address	B-23-C, S.I.T.E., Karachi	D-108, S.I.T.E., Karachi	F/48, S.I.T.E., Super Highway, Phase II, Karachi
Annual Production (PKR in Million)	11,815	2,284	254
Annual Production (No. of packs)	90.8 million	10.2 million	1.5 million
No. of SKUs Manufactured	233	31	18
Major Brands Manufactured (Name of brands)	Rigix, Osnate, Anafortan Plus & Chymoral Forte	Ceclor, Keflex, Cinklate & M-span	Alf-D, Kosnate-D, Liponiax, Cofit and Cofit Plus
Highest Manufactured Dosage form	Tablet	Suspension	Drops
Highest Manufactured Dosage form (No. of packs)	35.0 million	4.5 million	5.7 million

GROUP STRUCTURE



ORGANIZATION STRUCTURE



OUR LEADERSHIP

Left to Right

- Dr. Omer Rafiq – Commercial Director
- Mr. Tanweer Mustafa Qazi – Commercial Director
- Mr. Abdul Sattar – Deputy Director Information Solutions
- Mr. Maaz Ahmed – Head of Business Development and NPD
- Mr. Umair Mukhtar – Director Business Planning, Corporate Affairs & Company Secretary

Left to Right

- Mr. Junaid Aslam – Chief Financial Officer
- Mr. Muhammad Kamran Nasir – Chief Executive Officer
- Mr. Syed Muhammad Imran – Director Quality Operations
- Mr. Syed Shah Hussain Qadri – Head of Internal Audit
- Mr. Sajjid Qadeer – Head of Supply Chain
- Mr. Saeed Rehman – Executive Director Technical Operations
- Mr. Junaid Jumani – Chief Human Resource Officer

Political

- The political instability arising from the no-confidence vote in 2022 continued into 2023
- Lack of necessary infrastructure to conduct clinical trials
- Geopolitical situations and unprecedented strikes

Response

- Collaborate with the relevant regulatory bodies and industry stakeholders to improve the interface with government
- Diversifying suppliers and increasing localization to mitigate supply chain disruptions
- Leveraging healthcare and financial aid initiatives
- Making contributions to the Central Research Fund

Economic

- Foreign reserves reached to a low level of $8.2 billion, indicating the challenging environment. The constantly fluctuating exchange rates are difficult to work with
- The average inflation rates were around 30.9% in 2023. With hyperinflation, the cost of business rises
- With an average interest rate of 21.1% in 2023, the cost of business increases with an increase in freight and transport charges as well
- Additional taxes and duties imposed

Response

- Dollar denominated imports replaced by the Yuan, where possible.
- Secured favorable interest rates to support viable capital intensive projects
- Price regulation according to DRAP
- Efficient tax planning and to reduce effective tax rate and obtain refunds on time
- Efficient procurement of active pharmaceutical ingredients and prices locked
- Inventory managed at optimal levels to avoid stock out

Socio-Cultural

- With an increase in the old age population in 2023 to 7%, geriatric pharmaceutical consumption has increased
- Availability of products through e-commerce platforms
- Increasing awareness regarding prevalent disease conditions
- Chronic illnesses are on the rise among population

Response

- Creating a beneficial influence via focused CSR initiatives
- Partnering with organizations actively engaged in providing medical assistance to the underprivileged
- Highlighting the better quality of our products
- Enhancing health awareness through social media platforms and communication channels

Technological

- Artificial intelligence, digital transformation, and machine learning are being used to revolutionize the pharmaceutical sector
- Rapid technological advancements are making current technology obsolete
- Insufficient technological research and development
- Businesses suffer from cyber security risks

Response

- Rise to SAP S/4 HANA to boost performance and deliver real time data insights
- Operating on MRep website to digitalize operations
- Foreign corporate partners to coordinate with technology transfer
- Upgrading technology and infrastructure with continuous investment
- Increasing awareness surrounding cybersecurity and threats associated with implementing technology and the relevant actions required to mitigate them
- Improve production and administration by delving into new technologies

Environmental

- The urgency to use renewable sources of energy
- Environmental degradation is a growing problem in the pharmaceutical industry. The ecological risks increase with untreated wastewater
- Floods in monsoon season

Response

- Worked with the WWF to earn a green office designation through the implementation of environmentally conscious business practices
- Use of solar panels at three plants to lower our carbon footprint
- Putting water saving measures into action
- Disposal of waste to only approved vendors under the Sindh Environmental Protection Act, 2014 (SEPA)
- Upholding the NEQS (National Environmental Quality Standards)

Legal

- DRAP regulations are stringent
- Compliance with the Companies Act of 2017, the listed Companies (Code of Corporate Governance) Regulations, 2019, Rule Book of Pakistan Stock Exchange Limited (PSX), and the Securities Act of 2015
- Taxes are levied by the Income Tax Ordinance of 2001, the Sales Tax of 1990, the Sindh Sales Tax on Services Act of 2011, and the Customs Act of 1969
- The country's implementation and safeguarding of intellectual property rights are deficient

Response

- Hardship claims in tight margins situations
- Active liaising with pharmaceutical trade associations in creation of drug policies
- Expert hiring to ensure adherence to all relevant laws and guidelines
- Audits by regulatory agencies and international business partners
- Cultivated an environment for employees to comply with the rules of the company

SWOT ANALYSIS

Strengths

- Diversified portfolio mitigates risks by meeting diverse consumer needs
- Partnership with distribution experts Muller and Phipps improves brand credibility and reach nationwide
- Attract top talent for a culture fostering innovation and creativity
- Robust processes ensure high product quality, regulatory compliance, and strong brand loyalty
- Economies of scale, procurement optimization, and strategic supplier negotiations resulting in reduced costs
- Streamlined supply chain, reduced lead times, and optimized inventory management achieved through strategic bulk purchasing
- Strong credit rating boosts investor confidence and supports ongoing process improvement

Opportunities

- Strategic diversification for long-term growth and entry into new markets
- Population growth and increasing healthcare awareness provide opportunities
- Collaboration opportunities with tech integration in the health and wellness market
- High profit margin on OTC and non-essential products aligns with health trends
- Government health initiatives create partnership and funding opportunities
- Projected rise in per capita pharmaceutical spending signals industry revenue potential
- Accepted production standards, presents an opportunity to enter less stringent international markets
- Enhanced production capacities to cater Company's and Group companies' requirement, allows benefit of economies of scale

Weaknesses

- Strategic vulnerability from high reliance on limited products and imported raw materials
- Missed market opportunities stemming from a restricted global footprint
- Tumultuous economic conditions have presented significant cash flow challenges

Threats

- Generic alternatives entering the market
- Challenges from local currency devaluation, escalating interest rates, hyperinflation, and additional tax levies
- Geopolitical tensions due to political and economic instability
- Counterfeit medicines pose risks to public health and brand reputation
- Resistance to technological advancements
- High domestic inflation, making pharmaceutical products elastic to price increase.

COMPETITIVE LANDSCAPE & MARKET POSITIONING

Embarking on a transformative journey over the past three decades, AGP has surged in both growth and market share. Our commitment to producing quality products is fueled by standardized specialized processes, strategic partnerships with global pharmaceutical leaders, and meticulous governance aimed at delivering value to consumers. We've formed strategic partnerships with global pharmaceutical leaders to drive innovation. Our distribution network across Pakistan optimizes the supply chain, involving consumers, chemists, and healthcare professionals. Initiatives for gathering feedback improve our products based on consumer preferences. Utilizing the insights gained from analyzing Porter's five forces, we strategically position the company within the competitive landscape.

THE THREAT OF NEW ENTRANTS 01

The pharmaceutical industry exhibits a low threat of new entrants, primarily attributed to substantial barriers such as high initial costs and rigorous documentation for facility registration and approval. Additionally, stringent regulations govern product marketing, necessitating approval to uphold ethical and sustainable practices. Adherence to prescribed standards in production, packaging, and pricing further reinforces entry barriers set by regulatory authorities.
The competitive dynamics within the Pakistani pharmaceutical sector underscore the formidable barriers faced by new entrants.

AGP, established in 1993, has garnered industry recognition for its robust portfolio of therapeutic drugs. The key factors contributing to its success are economies of scale in production, skilled human resources, and effective quality control management systems. Despite competing in a market with prominent local and international players, AGP has demonstrated visible growth in its financial performances.

BARGAINING POWER OF SUPPLIERS 02

AGP excels in supply chain optimization, employing a strategic approach with a diverse portfolio of vendors. This tactical diversity minimizes dependency on any single source, ensuring a consistent flow of raw materials. By cultivating a network that spans various sources, AGP enhances resilience to disruptions and bolsters negotiating power with suppliers.

The pharmaceutical landscape in Pakistan presents a unique challenge concerning the availability of high-quality active pharmaceutical ingredients (APIs) in the local market. AGP's astute supply chain management recognizes this reality, acknowledging the scarcity of such ingredients locally. This is primarily because of the stringent quality criteria, high supplier switching costs, and a precarious geo-political environment. All these contribute to the reluctance of raw material vendors to set up units domestically.

However for packaging, materials like glass bottles and cartons, the overall bargaining power of the suppliers is less as they are available readily from a variety of different sources.

BARGAINING POWER OF BUYERS 03

In the pharmaceutical industry, consumer bargaining power is limited due to prescription-based products, resulting in a lack of consumer knowledge. AGP prioritizes brand loyalty through consistently delivering high-quality products at optimal costs. Endorsements from Key Opinion Leaders affirm AGP's products for their efficacy, utility, and ethical marketing practices.

Pharmaceutical companies face pricing pressures from clinics and other institutional customers that engage in significant purchasing. In contrast, large pharmaceutical corporations have significant bargaining power to interfere and set pricing as per DRAP, particularly for drugs for which producers have a monopoly.

THREAT OF SUBSTITUTES 04

The prescription-based industry faces a low threat of substitutes, given the limited availability and inferior quality of alternative products. Our brand's recognition is attributed to a robust sales force, a strategic partnership with Muller and Phipps, and a commitment to compliance, fostering trust and brand loyalty. Addressing challenges like counterfeits, our products feature unique 2D bar codes and packaging designs, supported by awareness campaigns to guide customers in choosing authentic products.

COMPETITIVE RIVALRY 05

The pharmaceutical landscape is primarily controlled by a number of industry players. By strengthening our focus on serving customers, building stakeholder relationships and diversifying product offerings, AGP continues to build and expand. The market share of AGP expands with organic and inorganic growth.

EFFECT OF SEASONALITY

AGP Limited maintains a presence across a wide spectrum of therapeutic categories, serving diverse regions throughout the nation. Additionally, our active portfolio extends into Afghanistan, ensuring a robust market presence. While no single seasonal factor significantly impacts the overall performance of the Company, certain products, such as Rigix, Ceclor, Keflex, and Anafortan Plus, experience fluctuations in sales volume due to seasonal trends. Specifically, Ceclor and Keflex observe heightened sales during the first and fourth quarters, while Anafortan Plus demonstrates increased sales in the second and third quarters.

In order to adeptly address these seasonal fluctuations, we employ skillful resource planning, timely procurement of imported materials, meticulous inventory management, and strategic production planning. By proactively adjusting our production processes to align with forecasted market demands, we ensure the seamless availability and accessibility of our pharmaceuticals, meeting the evolving needs of our customers effectively.

LEGISLATIVE & REGULATORY ENVIRONMENT OF THE COMPANY

The legislative and regulatory landscape in which AGP operates is complex and highly regulated. The primary governing body for the Company is the Drug Regulatory Authority of Pakistan (DRAP), which is responsible for regulating the import, manufacture and sale of pharmaceutical products in the country. DRAP rigorously enforces stringent standards to ensure the quality, safety, and efficacy of medicinal products. The government has established laws and regulations that govern pharmaceutical pricing, marketing, and distribution, and companies must adhere to these rules.

Intellectual property laws offer further protection, safeguarding patents and trademarks and furnishing a legal framework to shield innovations from infringement.

Overall, the legislative and regulatory environment in Pakistan creates a challenging yet secure environment for pharmaceutical companies to operate in, ensuring the safety and efficacy of medicines and protecting the rights of innovators.

OUR TRUSTED PORTFOLIO

We aim to value life through offering products that distinctively cater to our customers' needs and hence enabling a healthier tomorrow. Our diverse product portfolio reflects our commitment towards affordable, high-quality and trusted medicines.

INTERNAL MEDICINE

- Our portfolio of Internal Medicine constitutes of treatment options for a number of therapeutic areas, including the Gastrointestinal system, Respiratory illness, Ophthalmic, Dental health and Pain management. Our flagship brand Rigix leads major share of this wide range portfolio followed by promising brands such as Ceclor, Maxusheild and Chymoral Forte.
- This year we added Vonoprazan, which is a first-in-class potassium-competitive acid blocker medication, to our portfolio as strong competitor in the market of ARBs.

GYNAE

- Gynae has always been the forte of AGP with products being the market leader in their respective therapeutic classes. Our Gynae portfolio consists of products belonging to rapidly growing & leading therapeutic classes.
- Calcidoc-D is a top-selling calcium supplement and Anafortan is a market leader in Spasmodic pain management. We are serving patients with revolutionizing products such as Ipomax in liposomal Iron Market that are emerging as one of its type.

PEDIATRICS

- Our focus is to deliver high-quality and high-value products that extend and improve the lives of our upcoming generations. We are helping to treat a number of ailments in infants, children, and adolescents through an extended product pipeline in all major therapeutic classes with the promise of a better tomorrow.
- Our SKUs of Ceclor for pediatrics has been an excellent support against infections along with Rigix Syrup and Drops gaining the significant place in the market through effective and precise treatment.

CARDIOMETABOLIC

- In the realm of chronic ailments our efforts to curb the mortality rate of cardio metabolic diseases, we are offering a complete continuum of care for the management and treatment of chronic diseases such as Diabetes, Hypertension and other.
- To attain our vision, we have extended our product pipeline with drugs like Glyzia A DPP-IV inhibitor growing twice from its market along with Rotez Ez (rosuvastatin calcium and ezetimibe) to come up with the latest treatment options at all stages of the disease and assist with patient management through early detection and treatment.

HEPATOLOGY

- Committed to fight the viral Hepatitis transmission, we take pride in being the sole distributor of Mylan's products operating in the Hepatitis B & C in Pakistan.
- Mylan is one of the largest manufacturers dealing in best-in-class drug for Hepatitis management. With the vision to eliminate HCV & HBV as a major public health threat, we are creating value for our customer by constantly diversifying into newer sub therapeutic classes and providing quality products to strengthen our foothold in the segment.

ORTHOPEDIC

- Dedicated to providing a solution for musculoskeletal system related illnesses, we at AGP have diversified in a new product category of orthopedic drugs. The orthopedic category consists of various drugs with each medicine treating a distinct disorder, ailment or disease under the same category medical unit.
- Products, such as Vita-NEM, which are used to treat Musculoskeletal disorders, have enriched this portfolio to a new level.
- Overall, our greater mission is to effectively and efficiently treat all musculoskeletal pains and diseases for a healthier future.

NUTRACEUTICAL

- In our nutraceutical portfolio, we craft a selection of lifestyle products: nutritional supplements and probiotics that work in sync with a healthy diet, proactive support and overall wellness. Every formulation we produce & market is designed to support the body's natural defenses with consciously selected ingredients that help our consumers stay healthy in an ever changing world.
- Soda Cran, a dynamic duo of cranberry extract along with alkalinizing activity to treat Pain and Urinary Incontinence, is newly launched adding a new flavor to the portfolio.
- Peri dots is the latest addition to our nutraceutical portfolio which provides quick relief from acidity, bloating, etc.

NEUROPSYCHIATRY

- We have consistently prioritized the mental wellbeing of our consumers and have coherently positioned the importance of a healthy sanity at par with the physical wellness of our consumers. Launch of this group has added a balance to the chronic portfolio of AGP with astonishing results of the products such as Nergab, Esidep and the list goes on.
- AGP plans to curtail mental disorders originating from brain malfunction for treatment of cognitive and intellectual instability in the market.

MARKETING

With our customers' demands as the cornerstone of our business philosophy, AGP's customer-centric approach has left a lasting impression on our clients. Our ability to connect with patients through healthcare providers via a variety of channels, strong and recognizable brand identity, a wide range of products, and extensive network of influential opinion leaders have allowed us not only to hold onto our position but also raise the bar of our success in constantly shifting healthcare industry.

This year, our marketing efforts solidified into results where we achieved more than PKR 2 billion sales of Rigix. This included our efforts to organise the high academic discussions in ENT, Dermatology, Gynecology, and medicine wards of teaching hospitals all over Pakistan. Ceclor, our flagship antibiotic, has entered the PKR 1 billion league. We have also marked our presence in cardio-metabolic and neuro-psychiatry.

Multi-Channel Marketing

A major part of our strength and success in the healthcare sector is due to the creation of morally sound ethically disciplined and academic online and offline marketing campaigns.

Furthermore, a thorough information system has been put in place to inform healthcare professionals about the availability, efficacy, safety, and usage of our products. We engaged over 1000 HCPs in our "Explore Ceclor" campaign which highlighted the current challenges of anti-microbial resistance in Pakistan through a series of poster presentations. Similarly, other activations like the development of an allergy care forum (ACF), Stomach care forum (SCF), and workshops on Carb Counting in collaboration with Primary Care diabetic association, Powerplay/Winquest and Captain CD Comic we engaged more than 5000 HCPs and have also helped us in enhancing the equity of our organization as an academic and socially responsible player in Pharma market.

We are committed to unbiased and ethical communication and take great care when delivering brand value messages to healthcare professionals (HCPs). In addition to our efforts to inform HCPs about the benefits and features of our products, we also run several programs, workshops, campaigns, and training sessions to encourage healthy marketing activations.

Consumer Awareness Program

With a wide range of therapeutic classes, our diverse portfolio has established a robust market foothold in Pakistan. Our proactive engagement in numerous national disease awareness initiatives, conducted via both physical and digital platforms underscores our commitment to promoting public health and educating individuals on disease prevention and treatment. These efforts, often in collaboration with healthcare professionals (HCPs) and medical societies, exemplify our steadfast dedication to enhancing human well-being.

According to the DRAP Guidelines, AGP has introduced the Online Pharmacovigilance (PV) System, which allows users to register online complaints about products and adverse drug reactions (ADRs). By promptly informing patients, healthcare providers, and the general public about the risks and benefits of our products, we hope to enhance patient care and safety when it comes to the usage of medication.

Furthermore, AGP's Orthopedics team has fortified its presence in the segment by actively participating in the inaugural Arthroplasty & Knee Meeting, marking a significant stride in academic

engagement within the field.

AGP's Cardio metabolic segment has signed made an MoU with Primary Care Diabetes Association (PCDA) under the umbrella of Apka Tabeeb for putting combined efforts into Diabetes control & its management in terms of a series of activities pan Pakistan, including HCPs skill development & better patient care through disease awareness.

Expanding our Horizon

In 2023, AGP gave evidence of its dedication to creating inclusive, long-lasting, and customer-driven health solutions. Our commitment to providing a broad array of varied healthcare options also guarantees stability for our investors. We've expanded our sales and marketing team to handle the business's growing demands. Great brand equity has been established as a result of these efforts, especially for our best products. AGP is still committed to cutting-edge healthcare solutions that meet our clients' changing demands while upholding the highest ethical and quality standards.

Future Outlook

We are committed to making a strategic shift from ad hoc practices to a sustainable, competitive and profitable growth model by addressing internal gaps and leveraging untapped potential in commercial and operational excellence. Our focus lies in establishing a global footprint with unique offerings while nurturing long-term relationships with international partners and learning from successful industry models. We plan to transition reliance from legacy to new portfolios, aligning with current trends and fostering innovation through business intelligence and AI integration. Cultivating a robust performance culture and talent retention strategy is paramount, alongside short-term priorities like portfolio optimization, cost reduction, and team restructuring, leading to our goals of expansion into new territories and segments, consolidation, and entry into the consumer market, culminating in a long-term vision of becoming a top regional player.

TECHNICAL OPERATIONS

The current Good Manufacturing Practices (cGMP) have always been the cornerstone of AGP that keeps us striving to deliver high quality healthcare products. We are investing in state-of-the-art manufacturing facilities to constantly upgrade our quality system & production facilities.

Production

We operate three cutting-edge pharmaceutical production facilities that adhere to cGMP, Environmental & Safety, and occupational health and safety standards. Employees at all three sites are provided access to a standardized platform, fostering the exchange of training insights, challenges, and successes. This collaborative approach ensures a continuous process of learning, growth, and ultimately, value addition throughout the entire organization.

Plant 1: Our main production plant, Plant-1, is situated in the SITE Area of Karachi. With a production area of more than 2.8 acres, it is equipped to produce a broad variety of dosage forms, such as tablets, capsules, liquid syrups, dry powder suspensions, sachets, ampoules/injection and ointment preparation.

Plant 2: Our Cephalosporin Production Plant occupies 1.25 acres and is a dedicated facility for oral cephalosporins producing tablets, capsules & dry powder suspension also located near by Plant 1 in SITE area. The production aligns with cGMP regulations and comprises of renowned brands such as Ceclor, Keflex, and Cinklare.

Plant 3: Our modern nutraceutical factory is situated at SITE II near e Superhighway Karachi. The plant produces oral tablets, capsules, sachets and liquids.

In the past fiscal year, we successfully introduced more than fifteen products, including internalization of the Sandoz portfolio for toll supplies to our subsidiary, OBS AGP. We have upgraded the microbiology lab to meet World Health Organization (WHO) and advanced Good Laboratory Practices (GLP) guidelines, with dedicated sterility suites for antibiotic and non-antibiotic testing.

The implementation of new projects has been undertaken to enhance plant capacity and compliance. These projects encompass the installation of a new Encapsulation machine capable of producing 110 Million capsules/year and will double our capsule manufacturing capacity, a 400 kg Granulation suit, a state-of-the-art liquid filling line with a capacity of 20 million bottles/year, a new chiller with an induction of 550 tons, a 110kw (710 CFM) Air compressor, and a new blister machine capable of producing 60 million blisters/year. Anticipated to become operational in 2024, these initiatives reflect our commitment to expanding capacity and improving adherence to compliance standards.

Sustainability, Health, and Protection

Ensuring the safety and health of our workforce is paramount for both employee well-being and business productivity. Through heightened awareness, attentiveness, the adoption of best practices, and the utilization of appropriate tools, we have diligently identified and addressed health and safety gaps at all levels of risk within our operations. Our commitment extends to ensuring machine safety, thereby providing a secure working environment for our employees. We firmly believe that prioritizing the health of our workforce constitutes the initial stride toward realizing our overarching ambition of enhancing overall human health.

In our commitment to minimize environmental

impact, AGP has meticulously crafted comprehensive policies, corporate practices, and processes. Environmental considerations are integrated into all facets of our activities in alignment with guidelines prescribed by the WHO. To mitigate the pollutant load in our wastewater and adhere to all regulatory discharge criteria, we have implemented an Effluent Treatment Plant (ETP). This facility efficiently manages pollution within our wastewater, ensuring compliance with the regulations stipulated by the Sindh Environmental Protection Agency (SEPA).

Quality Assurance

Plant I has undergone a successful five-day Risk-Based cGMP audit conducted by the Drug Regulatory Authority of Pakistan (DRAP). This accomplishment underscores our unwavering commitment to maintaining stringent quality standards and regulatory compliance within our manufacturing processes. The positive outcome of the audit reflects the effectiveness of our quality management systems and reinforces our dedication to upholding the highest standards in pharmaceutical manufacturing. This Plant has successfully passed four internationals audits as well.

Our pledge to quality assurance led to the establishment of a state-of-the-art Quality Control Labs These labs are equipped with all necessary equipment being required by any international standards. Additionally, the integration of an air compressor and chiller improves operational efficiency.

A key achievement this year is the successful implementation of the Chromatography Data System (CS system) in our HPLCs, ensuring precise analytical data and upholding data integrity standards.

To stay ahead in technology and regulatory compliance, a comprehensive software upgrade was initiated across all Quality Control instruments, ensuring adherence to 21 CFR standards.

In our commitment to quality management, we initiated the ISO 17025 certification process, including Proficiency Testing from HEJ and equipment calibration through PCSIR, officially approved by PNAC.

Proactive measures were taken to ensure compliance with DRAP requirements for Glycerine, Propylene Glycol, and Sorbitol. Our focus on impurity testing for DEG and EG aligns with DRAP directives.

Engineering

To ensure production optimization and cGMP compliance, the engineering department thoroughly reviews all operations and projects. They operate with exceptional team cohesiveness and inventiveness. Projects involving plant expansion and head office are under the purview of the engineering department. By means of these endeavors, the Engineering team exhibits its dedication to excellence, their capacity to bring about constructive transformation, and their ability to propel progress within the company.

Regulatory Affairs

The Regulatory Affairs department plays a pivotal role in ensuring compliance with all pertinent regulations governing drug development, production, and marketing. Tasked with crafting and submitting regulatory applications, liaising with the DRAP and other regulatory bodies, and devising regulatory strategies for compliance, pricing adjustments, and new product development, the department is indispensable.

Collaborating closely with various organizational divisions, the team ensures that each product

meets stringent safety and efficacy standards for patients. Additionally, they diligently monitor regulatory changes to ensure that our products adhere to all relevant laws and regulations, including those related to cGMP and labeling requirements.

Business Development and New Product Development

We have dedicated well equipped new product development (NPD) lab engaged in development of quality products. Our NPD is totally dedicated to the expansion and enhancement of our product pipeline while upholding the strict quality standards. Our new generics span across therapeutic categories, addressing a spectrum of health conditions. Last year, 19 SKUs have been internalized equivalent to 11 new products and 17 new SKUs have been added to the portfolio. 60 SKUs have been developed which will be in the registration pipeline of 2024-2025. Rigorous adherence to regulatory standards ensures the safety and efficacy of our products. 37 New product dossiers have been submitted of which 15 are the new molecules that will be new entrants in the market. Strategic market entry has enabled us to reach patients and healthcare providers effectively.

Exploring External Opportunities

AGP recognizes the importance of export opportunities to mitigate currency risk, expand market reach, and drive revenue growth. With a strategic focus on Africa and Asia, regions characterized by burgeoning populations and increasing demand for healthcare products and services, AGP aims to capitalize on their significant growth potential. However, penetrating these markets entails overcoming specific challenges, such as adapting to diverse cultural norms and navigating varying legal frameworks.

AGP is dedicated to addressing these challenges head-on, leveraging comprehensive market insights and developing tailored strategies to meet the distinctive needs of each region.

SUPPLY CHAIN

In the face of unprecedented geopolitical tensions in 2023, our supply chain department exemplified unwavering commitment to delivering excellence in the availability of quality products. It is essential to strike a balance between quality, cost, and speed while taking into consideration the regulatory landscape to ensure a smooth supply chain flow.

Amidst the geopolitical complexities that characterized the year 2023, our supply chain department exhibited steadfast dedication to ensuring the delivery of superior quality products. Proactively addressing the challenges at hand, the department implemented rigorous internal controls, seamlessly integrated functions, orchestrated cohesive processes, optimized resource management, and strategically mitigated risks. To safeguard the continuity of our supply chain and uphold its economic viability, the team ingeniously devised alternative sourcing techniques. This forward-thinking approach not only secured the availability of raw materials but also enabled us to meet and exceed the demands of our stakeholders with utmost efficiency.

Enhancing The Flow Of Materials

Our supply chain team plays a vital role in ensuring the efficient flow of goods to consumers. Collaborating closely with other departments, they manage key aspects such as distribution, inventory, procurement, and logistics to meet the highest quality standards and regulatory requirements. Despite challenges posed by the energy crises in Europe, our Supply Chain Department's adaptive strategic planning ensured efficient timelines and continuous product availability. Their dedication is crucial in upholding our industry-wide reputation for excellence. This collaborative effort between production and supply chain teams is essential for timely manufacturing. The supply chain team plays a critical role in maintaining inventory levels and ensuring quality assurance, enabling effective, economical, and high-quality delivery to consumers.

Achieving Efficiency Through Material Handling

The two main tasks of our supply chain department are timely material processing and effective cost management. In terms of effective cost management, the Supply Chain Department achieved a monumental milestone by saving PKR 918 Million in imports. This feat was accomplished through the development of alternate sources of materials and effective negotiation strategies, highlighting our commitment to fiscal responsibility. Our local supply chain operations excelled in cost-saving initiatives, contributing to a total saving of PKR 134 million. Through planning, optimized processes, and collaborative partnerships, we have not only minimized costs but have also enhanced the overall efficiency of our local supply chain operations.

In order to boost stability against changes in foreign exchange rates and logistical impediments, we also moved several products from importers to domestic suppliers and thus ensured timely market availability.

Productive Cost Management

The supply chain division oversees a number of internal operations, including demand forecasting and production scheduling. In addition to a complicated network of vendors, contract manufacturers, distributors, and other partners, it is also in charge of finding ways to boost the business's performance and making sure that everything runs smoothly.

INFORMATION SOLUTIONS

In the year 2023, our Information Systems (IS) department achieved substantial progress and noteworthy accomplishments. The enhancements in both internal operations and external engagements have significantly contributed to the overall success of our company. These strides have not only heightened the efficiency of our processes but have also elevated their quality, demonstrating a marked improvement across various facets of our organizational endeavors.

RISE with SAP S/4 HANA

AGP Limited has smoothly transitioned to the SAP RISE ERP system with effect from August 1, 2023, in association with affiliated firms. This remarkable accomplishment, which smoothly moved from SAP ECC 6.0 to the cutting-edge SAP S/4HANA RISE private cloud edition, is an example of a Brown Field Migration project. This has resulted in improving operational efficiency, scalability, and future-readiness in the dynamic, ever-evolving business landscape. It is a strategic move to leverage cutting-edge technologies. The initiatives undertaken have paved the way for AGP Limited's expanded growth opportunities, fostering a more integrated and efficient approach to company operations.

Deployment of FortiGate Next-Generation Firewall

In response to the escalating demand for cybersecurity, AGP has strategically deployed the latest iteration of the FortiGate Next-Generation Firewall system, addressing the critical requirement for robust data security. This is essentially to protect our information systems from cyberattacks which are constantly changing over time. The deployment of FortiGate is indicative of our steadfast commitment to protecting confidential data and guaranteeing the integrity of our IT system.

Through investment in up-to-date cyber security solutions, AGP ensures that it prioritizes the strictest data security solutions. This has resulted in AGP being positioned as a secure and resilient business in the digital world aligning with industry best practices.

Fiber Optic Connectivity for AGP Plant-1 and Plant-2

AGP has successfully transitioned Plant-1 and Plant-2's data connectivity from conventional tower-based radio links to revolutionary fiber optic links in 2023. This upgrade promises a major improvement in data transmission speed, dependability, and overall network performance in addition to signifying a commitment to embracing current technologies. This strategic initiative marks a pivotal step towards enhancing operational efficiency within the company. It establishes a robust foundation for data-driven decision-making and facilitates real-time communication across various departments.

HR MANAGEMENT

At AGP, we recognize that our people are the cornerstone of our success. Their skills, dedication and passion drive our commitment to fostering a workplace that thrives on excellence, growth, and development. Understanding the pivotal role people play, we are focused on their development and empowerment. Our approach involves providing ample opportunities for skill enhancement, elevating their level of participation, and aligning their aspirations with the overarching goals of the organization. Through strategic investments in our workforce, we aim to cultivate an environment that not only benefits the collective success of our organization but also facilitates the professional growth of each team member. This promise echoes our belief that a thriving and empowered workforce is the catalyst for sustained excellence and success in today's dynamic business landscape.

43 New Female Inductees	**18** Management Trainee Hired	**2068** Average number of employees	**63** Interns Hired
112 Total female Employees	**7** Differently Abled Person Inducted	**227** Total Skilled Factory Workers	**424** No of Trainings Conducted

Talent Acquisition: High-Caliber Professionals
AGP places a high value on diversity and actively seeks capable leaders as part of our strategic talent acquisition approach. Recruitment campaigns, job fairs, and the Management Trainee Officer (MTO) program for highly qualified candidates are integral components of our hiring process. Utilizing platforms like LinkedIn, we attract both fresh and experienced talent, acknowledging the significance of having a diverse and competent team for overall success.

Our streamlined hiring process, facilitated by Human Resource Management Software, fosters transparency and accountability, ensuring a consistent and fair experience for every candidate. It guarantees a uniform and equitable experience for each candidate.

Talent Management Redefined: Nurturing Growth, Inspiring Excellence
AGP provides extensive professional development opportunities and plenty of avenues for career progression. Employee performance evaluation is made possible by the annual performance appraisal system, which opens the door to professional advancement based on experience, education, and exposure.

We uphold a structure for talent management, recognizing and nurturing individuals with great potential via training, coaching, and succession planning. This emphasis guarantees a knowledgeable and varied workforce, propelling the organization ahead. Our principal goal is to establish a fulfilling and encouraging work atmosphere that empowers staff members to achieve their highest potential.

Learning as our Foundation: Empowering Minds and Building Expertise
As an organization, we think that the learning and development of employees are essential to increasing productivity, enhancing performance, and preparing our workforce for future careers. Recognizing learning & development as a strategic investment, we provide a range of

learning options, such as seminars, courses, e-learning, and on-the-job training, to make sure that our staff members have the required right skill set to meet the current and future work challenges along with their professional development.

Our primary objectives revolve around enhancing job quality, bringing efficiencies, and fostering professional development within our organization. With a pledge to value our people above all, we dedicate ourselves to providing customized training programs through our efficiently operated Learning Management System (LMS).

Embracing Excellence: Our Pledge to Organizational Culture

Our steadfast commitment is to cultivate a welcoming and forward-thinking environment for our employees. Providing a spectrum of engagement opportunities, we encourage our staff to learn, build, explore, and grow within our organization.

To enhance cross-functional interaction and promote a collaborative atmosphere, we organize cross-functional teams for strategic projects, operational excellence, and Engagement events. These engagement events offer employees a valuable platform to network with colleagues from diverse departments, share ideas, and shape lasting relationships. Furthermore, we consistently acknowledge and celebrate our employees' accomplishments as a means of motivation, encouraging them to continually contribute to organizational objectives.

Celebrating Differences: Our Approach to Inclusive Excellence

In recognition of our devoted commitment to diversity and inclusion, we take pride in receiving accolades at the "Global Diversity, Equity & Inclusion Benchmarks 2023". At our organization, we firmly believe in providing every employee with equal access to opportunities and fair treatment, regardless of age, gender, religion, or cultural background. Ensuring parity in compensation, promoting career growth, promoting representation in leadership roles, providing access to resources and perks, and offering opportunities for professional development are integral components of our approach. This not only elevates staff morale but also fosters better decision-making, contributing to a more effective and productive work environment.

We recognize that diversity, equity, and inclusion (DEI) are not only fundamental values but also essential drivers of innovation, creativity, and overall success. Cultivating a culture of diversity and inclusion is not just a goal; it is a critical aspect of our long-term achievement. We know that diverse teams are more innovative, adaptable, and better able to meet the needs of our diverse customer base. Ultimately, our commitment to DEI is not just a moral imperative; it's a strategic advantage that drives our success in today's global marketplace.

FINANCE

The Finance department at AGP demonstrates steadfast commitment to robust ethical principles, prioritizing the maximization of shareholder value while diligently safeguarding the interests of the organization and its stakeholders.

Comprehensive Financial Management
Playing a crucial role within the company, the department oversees a spectrum of responsibilities ranging from routine book-keeping to strategic planning. Employing precise budgeting and forecasting procedures, it makes substantial contributions to internal and external financial matters, effectively guiding the future trajectory of the business.

Robust Risk Management
The department at AGP meticulously assesses, appraises, and mitigates potential future risks within a robust internal framework sanctioned by the Board. This strategic approach solidifies the department's pivotal role in preserving the financial stability of the organization.

Financial Reporting
The Finance department adheres rigorously with IFRSs, Regulatory bodies' reporting requirements, ICAP technical releases & directives to ensure transparency, compliance, highlighting financial performance relevant to all stakeholders. The department's notable accomplishment of securing 2nd place in the pharmaceutical category of the Best Corporate Report Award 2022 serves as additional testament of its dedication to these standards.

Collaboration Within the company
Recognizing the value of teamwork, the finance division collaborates closely with other business units to optimize cost saving by offering strategic direction and efficient resource allocation. The objective of the collaborative initiative is to achieve a shared vision and improve overall coordination inside the company.

Digital Transformation
The Finance department has taken on digital transformation and uses a variety of tools to perform thorough analysis and streamline financial operations. The company migrated to SAP S/4 Hana in 2023 in line with its aim to utilize optimal digital tools for its business functions. By enabling agility and well-informed decision-making, this strategic use of technology influences the organization's overall strategic direction.

BUSINESS PLANNING & CORPORATE AFFAIRS

The pursuit of organizational excellence, the Business Planning and Corporate Affairs (BP & CA) department stands as a cornerstone, overseeing corporate governance, including Board room management and handling shareholders matters, ensuring statutory compliance, collaborating with business partners and dealing with regulatory authorities. Our commitment to a robust governance structure also position us as a strategic intermediary between the Board and management. This pivotal role ensures the seamless execution of Board directives and furnishes timely and accurate information, fostering effective decision-making at every level.

Governance

We work towards providing guidance and support on a range of corporate governance matters, allowing directors and executives to focus on achieving organizational objectives within their mandates. We support the Company to implement market-leading corporate governance practices that resonate with our stakeholders. The department is steadfast in upholding ethical standards, ensuring the company's compliance with stringent laws and regulations as a listed entity. Responsible for adherence to key statutes such as the Securities Act of 2017, Companies Act of 2017, Code of Corporate Governance (CCG) and PSX regulations, and others, the department meticulously oversees legal and regulatory compliance.

Functioning as a fundamental cornerstone of the Company's corporate governance structure, the department ensures the organization operates with integrity and in alignment with the strategic vision set by the Board of Directors, within the confines of applicable laws, regulations, and best business practices. Moreover, the department plays a vital role in ensuring the Board's compliance with relevant laws and guidelines, providing practical solutions for legal, business, and commercial challenges. Under the guidance of head of the Department, the department develops precise study materials containing relevant data, presented to the Board during quarterly and annual meetings, as well as in sessions addressing urgent or special agenda items.

Special Projects

The department spearheads an array of specialized projects, encompassing acquisitions to expansion initiatives. The department head, serving as the project lead, collaborates closely with the CEO and Group Director of New Ventures. There is active engagement with other departments to ensure the seamless separation and integration of mergers and acquisition transactions. Integral responsibilities within this strategic domain include conducting thorough financial and legal due diligence in collaboration with advisors and lawyers, as well as crafting comprehensive business plans in coordination with relevant departments.

Noteworthy among these endeavors is the department's pivotal role in the successful acquisition of a selected portfolio from Sandoz AG which are commercialized in Pakistan under Sandoz brands, showcasing its proficiency and strategic acumen in complex transactions. Similarly, acquired a portfolio comprising selected brands from Viatris Inc., which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc.

Corporate Affairs

Moreover, the department plays a pivotal role in overseeing and directing the comprehensive spectrum of Corporate Social Responsibility (CSR) activities. This includes the strategic identification, evaluation, and investment in projects aligned with the Company's commitment to sustainability and social responsibility. The department meticulously assesses and selects initiatives that not only contribute to the welfare of communities but also elevate the Company's reputation as a responsible corporate entity.In addition to its CSR responsibilities, the department is entrusted with the crucial task of maintaining the Company's digital presence. This encompasses the continuous upkeep of the official website, ensuring that it reflects current and accurate information. This year, the website of the Company has been revamped with more modernized and interactive tools, and attractive ambience to enhance ease and access for the user of the website. The department places a strong emphasis on the timely and appropriate posting of all necessary contents, adhering to a well-organized schedule.

Furthermore, recognizing the significance of digital communication, the department has extended its role to include the adept management of social media channels. This entails crafting and disseminating company-related postings and event updates across various social platforms. By actively engaging with relevant stakeholders and clients through social media, the department not only enhances the Company's online visibility but also fosters meaningful connections and promotes transparency.

OBS AGP KEY HIGHLIGHTS

In 2023, OBS AGP showcased remarkable performance, marked by a 10.5% increase in revenue along with improvement in profit margins.

This growth highlights the Company's commitment towards generating value for shareholders as it successfully penetrated new markets and gained market share. The introduction of new teams, strengthening of existing teams and new product launches contributed towards the Company's growth. New launches, including M-Penem and Pagotras, performed exceptionally well and were ranked amongst the top 10 new launches in the sector during the year.

Despite facing challenges such as high inflation and currency devaluation, OBS AGP demonstrated robust financial performance, achieving 10.3% net margin compared to 9.4% in 2022. This demonstrates our financial resilience and ability to efficiently navigate challenges.

Looking ahead, OBS AGP is poised to maintain its growth momentum, with focus on high-growth products, strategic new launches, and expand its outreach across Pakistan. The Company remains dedicated to propelling itself to new heights of success.

OBS PAKISTAN KEY HIGHLIGHTS

OBS Pakistan embarked on its journey on April 03, 2023 with the acquisition of pharmaceutical brands from Viatris Inc. Immediately, the Company focused on seamless integration and a smooth transition of the business. The acquisition provided OBS Pakistan with a diverse portfolio of brands, covering therapeutic classes such as anti-depressants and anti-hypertensive drugs. Within the first five months of operations, OBS Pakistan achieved remarkable success, with sales reaching PKR 1.6 billion.

As the Company embarks into the new year, it is poised for even greater accomplishments, aiming at enhancing sales to record levels by expanding into new territories and leveraging upon its export rights to Afghanistan.

AGP, the Parent Company, is set to integrate and commence in-house manufacturing of majority of the acquired brands, focusing on achieving economies of scale, operational synergies, and logistic efficiencies to maximize shareholders' value.

OBS Pakistan is dedicated to consolidating its existing brands, launching new products, expanding into untapped territories, and strengthening its workforce. These initiatives highlight the commitment towards sustainable growth and cement OBS Pakistan's position as a key player in the pharmaceutical industry.

Dear Shareholders,

I am pleased to share the financial performance of OBS AGP and OBS Pakistan for the fiscal year 2023. During the year, these entities contributed PKR 6.65 billion towards AGP's consolidated revenue.

Our success is a testament to our strategic approach towards 2023, which involved expanding into new markets and reinforcing our market presence across the country in order to capture market share. Despite the economic challenges such as high inflation and currency devaluation, both, OBS AGP and OBS Pakistan demonstrated resilience, achieving a combined net earnings of PKR 7,407 million.

At OBS AGP, our commitment towards diversifying our portfolio can be established by the fact that two of our new launches were ranked amongst the top 10 new products launches of the year.

Moreover, OBS Pakistan achieved sales of PKR 1.8 billion in its first 5 months of operations and is poised for further growth, aiming to elevate sales to record levels by expanding into new territories and exploring export opportunities.

Looking ahead, both entities are committed towards maximizing shareholder value by focus on sales growth and expansion of profit margins.

I extend my gratitude to our teams and stakeholders for their unwavering support. Together, we will continue to drive growth and innovation in the pharmaceutical industry.

Thank you for your trust and confidence in OBS Group.

Muhammad Kamran Mirza
Chief Executive Officer
OBS AGP (Pvt.) Ltd.
OBS Pakistan (Pvt.) Ltd.

OUR PEOPLE
OUR PRIDE












AWARDS AND CERTIFICATIONS

Best Corporate Report Award

AGP secured the 2nd position in the Pharmaceutical category for its Annual Report 2022 in prestigious Best Corporate Report Awards 2022, jointly conducted by ICAP and ICMAP

Global Diversity and Inclusion Benchmarks Award

AGP was awarded the Global Diversity and Inclusion Benchmarks (GDIB) Conference and Awards 2023 for the 5th consecutive year. This accolade showcased AGP's commitment to Diversity, Equity and Inclusion (DEI) as the foundational pillars

Top Exporter Award

AGP was honored with the prestigious 'Top Exporter' award at the 6th Pakistan Pharmaceutical Manufacturers' Association (PPMA) Summit

ISO Certifications

ISO 9001-2015
Implementing and maintaining a companywide robust Quality Management System

ISO 14001-2015
Implementation of sustainable Environmental Management System

ISO 45001-2018
Occupational Health and Safety Management System

cGMP Certification

AGP's Plant I and Plant II are certified to comply with Current Good Manufacturing Practices (cGMP) as per the Drugs Act, 1976 and the related Rules

US FDA Certification

Obtained the US FDA certification of Registration of our Nutraceutical plant (Plant 3)

Shariah Compliance Certificate

"Certificate of Shariah Compliance with KSE Meezan Index (KMI) Shariah Compliance Criteria" is being issued after the Shariah Compliance Review, conducted by Meezan Bank limited.

WWF Green Office Certificate

AGP achieved the Green Office Certification of the World Wide Fund for Nature (WWF) for the 2nd consecutive year, displaying our commitment to environmental conservation and implementation of sustainable practices

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

AGP is dedicated to upholding its core values of enhancing lives through a robust sustainability framework. We collaborate with reputable stakeholders and established communities to create shared value across social, environmental, and economic dimensions. Our overarching goal is to integrate sustainability into daily operations, promoting social well-being, adopting eco-friendly practices, and fostering a positive work culture. We strive to create a safe and healthy work environment, minimise environmental footprint and contribute to the overall well-being of society. AGP exemplifies commitment to societal betterment through various initiatives.

Empowered Together, Promising Tomorrow

Driven by unwavering resolve and tireless dedication, AGP has successfully launched and implemented multiple initiatives throughout the year. These impactful programs were aimed at uplifting the social and economic well-being of our community. Some of our notable programs are highlighted below.

This Pinktober, we partnered with Dr. Essa Laboratory for an awareness session, supporting breast cancer fighters and survivors. Our commitment includes actively promoting awareness and encouraging early preventive measures against breast cancer.

We collaborated with Childlife Foundation this Childrens' Day to spread smiles and distributed gifts among kids at Abbasi Shaheed Hospital to brighten their day.

We partnered with The Indus Hospital to organize a blood donation drive, aiming to raise awareness and mobilize the community in support of their cause.

We participated in the KDSP Carnival, dedicating a day to support the rights of individuals affected by Down syndrome.

AGP reaffirmed its commitment to health awareness by partnering with the Primary Care Diabetes Association (PCDA). The "APKA TABEEB" program aimed to enhance the skills of General Physicians and their assistants through online training. In another collaboration with ConnectHear for Deaf Awareness Month, AGP promoted diversity and inclusion by providing sign language training for employees.

In line with its commitment to health education, the Company actively participated in World Nutrition Day, collaborating with Pediatricians to emphasize good nutrition for children. The company also teamed up with Mamam for "Gut Awareness," shedding light on maintaining a healthy gut and the role of probiotics.

The Company contributed significantly to Al-Qadir Welfare Foundation, supporting their mission to serve the underprivileged, including widows, non-earning families, orphans, and unskilled labor. Additionally, AGP donated for ration packs and iftaar boxes during Ramadan, giving back to society and assisting the needy.

AGP on a Mission:
"Educate, Elevate, Empower!"

AGP is dedicated to fostering societal success through education and development. We actively partner with reputable non-profit organizations to empower children, fostering their moral, spiritual, and intellectual growth through access to quality education. The Company takes great pride in its collaborative efforts and remains steadfast in supporting the education of underprivileged students.

AGP has sustained its collaboration with The Citizens Foundation (TCF) to achieve their goal of delivering quality education by accommodating 250 students in Jacobabad.

AGP is committed to fund education of undergraduate students at IBA. This sponsorship will ensure that financial assistance is available for deserving students to build onto their careers.

AGP has collaborated with (BKMF) to educate 100 students. The aim is to improve access to education to underprivileged children.

Preserving Nature First

AGP prioritizes environmental preservation and proudly partners with the World Wide Fund for Nature (WWF), a recognized authority in sustainability. We have achieved the Green Office Certification for the third consecutive year, signifying our steadfast commitment to environmental sustainability.

At our headquarters, we implement and manage an Environmental Management Plan (EMP) aimed at reducing carbon emissions and minimizing our ecological footprint. This initiative has resulted in numerous benefits, including cost savings, reduced waste generation, improved procurement practices, and a workforce dedicated to environmental consciousness.

AGP's manufacturing facilities adhere to the National Environmental Quality Standards (NEQS), in line with its commitment to preserving the environment. The Company also works to cut down on its energy and resource consumption to achieve sustainability and long-term growth, through the following steps:

Solar power systems at all three manufacturing plants provide ~15% of our energy needs, reducing our carbon footprint.

A Sindh Environment Protection Agency-compliant efficient water treatment plant provides for proper water disposal.

The EHS team celebrated World Day for Health and Safety to raise environmental awareness among employees through simulation-based training at work.

AGP also celebrated World Ocean Day by undertaking a beach cleaning drive. We pledge to continue working towards sustainable development by taking conservative actions to protect water bodies.

The Company commemorated Earth Day to provide awareness to its employees for a greener and more sustainable planet.

Consumer Protection and Safety

AGP prioritizes consumer protection and safety, understanding the pivotal role it plays in the pharmaceutical industry. In line with this commitment, the Company has instituted stringent measures to ensure safety and combat counterfeit purchases. These measures encompass the integration of distinctive design elements into the packaging of essential brands and the introduction of 2D barcodes on all products produced by AGP.

Promoting Health and Safety in Work

AGP values the welfare of its employees, and our commitment to cultivating a secure and supportive workplace remains unwavering. In our ongoing commitment to prioritize employee health and enhance their motivation and engagement, our firm has actively fostered a culture of health and wellness.

Our state-of-the-art gym facility promotes the physical and mental well-being of our workforce, while pushing them to take care of themselves. This initiative not only contributes to improved health but also elevates morale, providing an opportunity for employees to socialize and form strong relationships with their colleagues.

Safety is a top priority at AGP. We undertake essential measures, such as regular factory machine maintenance and training sessions, to enhance health and safety awareness, mitigate risks, and prevent accidents.

Additionally, we conduct regular emergency response drills and fire risk assessments to ensure our personnel are well-prepared for unforeseen accidents and natural disasters.

Encouraging Gender Diversity & Inclusion

In our relentless pursuit of excellence, AGP is dedicated to fostering a workplace that champions diversity, equity, and inclusion. We firmly believe that the diverse backgrounds and perspectives of our employees drive innovation and create value. To ensure fair treatment and equal opportunities, we conduct diversity and inclusion training sessions and implement equitable hiring and development practices.

Adhering to the highest ethical standards and complying with relevant laws and regulations, we embrace corporate social responsibility to make meaningful contributions towards upholding human rights and minimizing adverse impacts on the environment and society. Our unwavering commitment to ethical business practices underscores our dedication to fostering a sustainable future for everyone.

Recognizing the challenges faced by working parents, AGP maintains an on-site daycare facility for our employees. This initiative, particularly beneficial for female staff, provides a convenient solution, reducing the stress of finding external childcare. The secure and nurturing on-site daycare allows parents to focus on work, knowing their children receive high-quality care, aligning with our commitment to work-life balance, gender equality, and diversity.

AGP prioritizes youth empowerment in our recruitment strategies, promoting inclusivity through various programs and events. This commitment underscores our dedication to building a dynamic workforce capable of achieving goals and driving positive societal change. With a focus on employee engagement and inclusion, AGP has initiated activities and events tailored to our diverse workforce and societal needs.


Independence Day


Career Orientation Summit


Hajj 2024


Nowimmersive


Team Building Activities


Oraan Female Financial Wellness


Milad


New Year


Annual Picnic


Christmas & Easter


Diwali


ConnectHear Sign Language


Holi


Mangrove Plantation


Intern Day


OBS Champions League

TOWARDS A SUSTAINABLE FUTURE

AGP is dedicated to advancing social development by supporting initiatives for societal well-being and education. Our contributions include funds to Aga Khan University Hospital, collaboration on flood relief, and partnerships with the Baluchistan health department. We also provide educational support to institutions and offer medicines to those in need. We pursue United Nations' sustainable development goals (SDGs) as adopted by Government of Pakistan (GoP), which are summarized in the table below.

Zero Hunger

- A donation of ~PKR 4 million was made in lieu of Ramzan Rashan packs and flour distribution.

Good Health & Well-being

- Donated medicines to various healthcare institutions.
- A contribution of PKR 1 million was made to Aiwan's Patients Behbud Society to provide quality healthcare to the underprivileged.
- AGP donated to the KDSP carnival to support children with Down's syndrome.

Quality Education

- AGP has a policy of granting scholarships to the deserving children of factory workers and support staff.
- Sponsored education of 300 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Shamim Khan Memorial Foundation (SKMF). The investment in education of deserving students aggregates to ~PKR 7 million.
- AGP participated in an endowment fund by contributing PKR 1 million each year to IBA Karachi to sponsor 2 students for their bachelors program.

Gender Equality

- 1st pharmaceutical listed company to have been led by a female CEO.
- AGP's female-to-total workforce ratio is ~ 11% as a total workforce.
- The Company has secured Global Diversity, Equity, and Inclusion Benchmarks (GDEIB) Awards for the 5th consecutive year.
- AGP provides a convenient and affordable transportation facility specifically for its female employees in lower management positions.

Clean Water And Sanitation

- An effluent water treatment plant within the Company premises ensures proper water disposal that complies with SEPA.
- Using sensor-equipped taps and springs wherever possible to conserve water.

Affordable And Clean Energy

- Solar Power System on all three (3) plants caters to around 13% of AGP's energy needs.
- Obtained and maintained the WWF Green Office certification to make AGP an environment friendly office adopting WWF's recommended environment management system (EMS) and reducing our carbon footprint.

Decent Work And Economic Growth

- We facilitate our female employees by maintaining a daycare center so they could continue working after motherhood without disconnection.
- A suitable structure is in place ensuring equality amongst same level of work between the male and female employees with comparable qualifications and experience have similar opportunities and rewards.

Reduced Inequalities

- AGP adheres rigorously to fiscal policies regarding labor wages and compensation.
- Workers' wages have been increased to alleviate the impact of the inflationary economy.
- Additional bonuses were provided to support workers during challenging times.
- AGP embraces diversity, including various ethnic groups, minority classes, and differently abled individuals.
- The management ensures all workers and staff are above 18 years old, vehemently discouraging child labor.
- AGP contributed PKR 2.5 million to Al-Qadir Welfare Foundation to help the underprivileged.

Responsible Consumption And Production

- Our pharmaceutical products are produced as per international standards ensuring there is minimum wastage during production and packaging.

Affordable And Clean Energy

- AGP's employees participated in plantation drive in partnership with WWF to safeguard the mangrove ecosystem.

STATUS OF ADOPTION/COMPLIANCE OF THE CORPORATE SOCIAL RESPONSIBILITY (VOLUNTARY) GUIDELINES, 2013

The Corporate Social Responsibility (Voluntary) Guidelines 2013 were introduced to encourage responsible business practices that contribute to community development for public interest. These guidelines aim to eliminate harmful practices affecting the public sphere and establish corporate accountability. The primary objective is to foster the development of a comprehensive framework for CSR initiatives across all companies. AGP has willingly adopted these guidelines and is actively undertaking the essential steps to fully comply with the requirements.

CSR Governance

Our CSR priorities are integral to our Governance Structure. The Board of Directors places significant emphasis on our extended responsibilities as a Corporate Citizen. CSR commitments are thoroughly examined and discussed in various management and Board meetings with strong emphasis on action plan.

Consultative Committee & Management Systems

Our Business Planning & Corporate Affairs and medical functions work in collaboration to assess potential CSR opportunities. These opportunities are systematically screened based on their impact on the broader social community, the outreach to individuals, and financial considerations.

Areas of Interest

As outlined in the CSR section of this report, AGP's CSR initiatives for the year predominantly is centered on health, education, skill development, livelihood improvement, social enterprise development, poverty alleviation, and youth development. These strategic contributions reflect AGP's commitment to making a positive impact on various societal facets.

Furthermore, AGP remains steadfast in its dedication to advancing sustainable initiatives that empower communities, foster long-term positive change and conservation of natural resources. Through targeted efforts in waste management, carbon emission and water consumption reduction, we aim to create a lasting and meaningful impact on the well-being and development of the communities we serve.

Implementation Structure

The CSR Committee, along with established management systems, is tasked with supervising the execution of initiatives and ensuring the attainment of associated objectives.

Allocation of Resources

The Company consistently contributes funds to charities and various social causes, engaging in activities that generate positive social impact. In the year 2023, around 1.7% of PAT was donated in CSR activities.

External Assurance

No external assurance was sought on our CSR activities during 2023.

Disclosure and Reporting

The Company has not released an independent CSR report for the present year. Nevertheless, comprehensive details regarding our CSR activities and related initiatives are provided in the 'Sustainability and Corporate Social Responsibility' section of this report.

OUR BUSINESS MODEL

OUR RESOURCES

HUMAN CAPITAL

FINANCIAL CAPITAL

MANUFACTURING CAPITAL

SOCIAL CAPITAL

INTELLECTUAL CAPITAL

NATURAL CAPITAL

OUR BUSINESS MODEL

Empowered by skilled resources and guided by industry best practices, we embark on a mission to deliver not just medicines and products, but a commitment to excellence. The Company has also started toll manufacturing of the entire portfolio of its subsidiary, OBS AGP (Pvt.) Ltd. in 2023.

HOW WE CREATE VALUE

PRODUCT PIPELINE DEVELOPMENT

MANUFACTURING & SUPPLY CHAIN OPERATIONS

COMMERCIALIZATION

REINVEST & DISTRIBUTE RETURNS

ACHIEVING OUTCOMES

FOR EMPLOYEES

FOR VENDORS

For Shareholders

For Economy

For Subsidiaries

FOR PATIENTS

FOR DISTRIBUTORS

For Environment

OUR VALUE CHAIN

Committed to delivering excellence, AGP strategically cultivates a robust and agile value chain to effectively meet the demands of our end consumers. Explore the comprehensive array of activities ensuring the seamless provision of our products in the illustrated diagram below.

SUPPLY CHAIN DISRUPTIONS & MITIGATING RISKS

In the constantly evolving business landscape, AGP remains steadfast in its commitment to transparency and delivering excellence. Understanding the current and emerging challenges is essential for minimizing risks, especially within the supply chain.

In the face of the challenges presented by the political and economic instability in the year 2023, our supply chain department remained resilient in ensuring efficient and effective supply chain management.

Import Value Fluctuations due to Currency Devaluation
The devaluation of PKR against USD poses a significant risk for AGP this year. Considering majority of our imports are from Chinese suppliers, the management negotiated and convinced Chinese vendors to accept payments in Yuan, thus establishing a more sustainable financial arrangement.

Foreign Currency Shortages and Delayed Banking Processes
Foreign currency shortages have caused delays in opening letters of credit, bank contracts, and telegraphic transfers. AGP has effectively addressed this issue through meticulous order planning, rigorous follow-up with banks to ensure timely processing of documents and completion of formalities, and hence minimizing potential disruptions.

Impact of Global Conflicts on Shipments
The latest Red Sea disruptions resulting from the Israeli-Palestinian conflict have led to shipment delays, consequently extending lead times. In response, the Company proactively places advance orders for major brands to prevent shortages and maintain a seamless supply chain flow.

Specialized Transportation Requirements for Temperature-Sensitive and Short Shelf Life Items
Temperature-sensitive raw materials and finished products, such as Hemas, empty gelatin capsules, Orlistat, etc., require storage in a regulated environment. AGP employs a strategy of continuous monitoring within temperature-controlled vehicles to uphold optimal conditions. Items with shorter shelf life are imported in smaller lots, demonstrating careful consideration for their preservation.

Supply Chain Disruptions Due to Global Events
In response to global challenges, AGP maintained elevated levels of safety stock, particularly for mono-sourced raw materials. This strategic approach is designed to mitigate the risks associated with potential interruptions in the supply chain.

Geopolitical Energy Crisis and Material Supply
We have experienced delay in the supply of raw material from Germany and Austria because of the ongoing energy crisis in Europe. To ensure a smooth supply chain, the management orders cumulative quantities for the following year with a delivery date alignment with demand forecast.

Efforts to Diversify Suppliers
AGP is actively working to develop alternate sources in consultation with regulatory and new product development, reducing dependency on single suppliers.

Operational Safety Measures
The Company is taking steps to address the identified concerns through easy to access emergency exits, regular calibration of racks, and ensuring uniform pallet sizes.

The management has deployed comprehensive strategies to understand, monitor and mitigate the identified risks. The proactive approach to forex management, strategic procurement, supplier diversification, and quality control measures collectively contribute to AGP's ability to navigate the complexities of the supply chain landscape.

STRATEGY & RESOURCE ALLOCATION PLAN

We've developed a comprehensive strategy to set ambitious business expansion goals and devise effective tactics to achieve them. Leveraging our brand recognition, strong quality management systems, skilled workforce, cohesive organizational culture, and financial expertise, we're dedicated to executing these strategies diligently to create substantial value for our stakeholders.

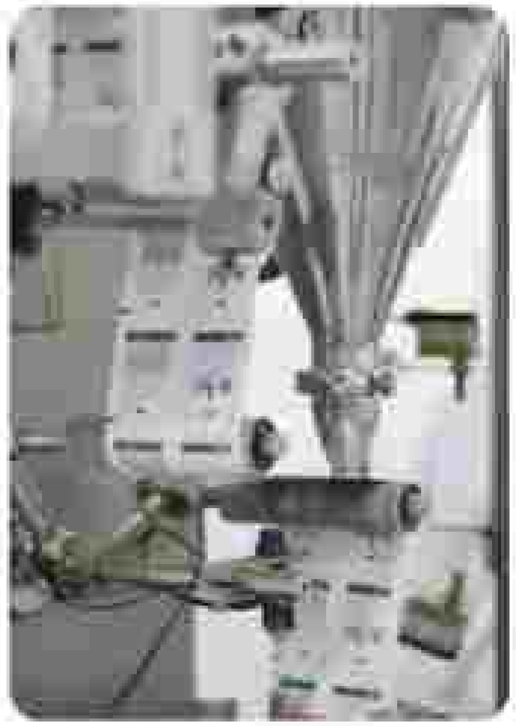
Objectives	Enhanced Revenue Generation	Expansion Into New Business Areas	Cost Optimization	Explore avenues for Expansion	Attain Market Dominance	People Growth	Delivering Social And Corporate Responsibilities
Strategies	• Capitalize on the growth of top brands and high potential products • Launching new products • Establish a global presence through distinctive product offerings	• Transitioning revenue from legacy portfolio to advance and novel portfolio • Establishing a robust pipeline for the coming years with a balanced emphasis on chronic therapies • Promoting expansion of new export channels through strategic collaborations with international partners	• Maintain optimal resource allocation and streamline business operations • Cultivate alternative vendor channels to optimize supply chain resilience • Investigate opportunities for localization to bolster operational efficiency • Achieve operational excellence through continuous improvement and standardization of manufacturing processes	Explore and evaluate potential investments, mergers and acquisitions options to maximize growth and shareholders' value	• Sustain and elevate product quality standards while securing market share through both organic growth and strategic acquisitions • Preserve and strengthen leadership positions of flagship and high potential brands within their respective therapeutic segments • Harness the power of business intelligence and artificial intelligence to optimize viable commercial strategies	• Nurture talent and retain them by providing platform for growth to high-potential employees through cross functional performance • Enhance inclusion and diversity in work environment • Maintain work life balance and incentivize performance • Motivate staff with training and development and provide career growth	• Cultivate brand equity through robust Corporate Social Responsibility (CSR) initiatives • Prioritize alignment with the United Nations Sustainable Development Goals (UN SDGs) • Address environmental challenges through proactive measures • Contribute to education initiatives and national development efforts
Nature	Short term	Short to Medium Term	Short term to Medium Term	Short to Medium Term	Medium Term to Long Term	Medium Term to Long Term	Medium Term to Long Term
Priority	High	High	High	Medium	Medium	Medium	High
Resource Allocated	Financial capital, human capital, social and relationship capital	Financial capital, human capital and intellectual capital	Financial capital, human capital, manufactured capital and intellectual capital	Financial capital, human capital, social and relationship capital	Financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital	Financial capital, human capital, social and relationship capital	Financial capital, human capital, social and relationship capital
Sustainable competitive advantage and value creation	High-quality products are easily available across the region, improving the lives of consumers globally	Manufacturing high-quality drugs in a cost-effective manner	Strong manufacturing capabilities led to competitive advantage without compromising the quality	Economies of scale, implementing efficient processes and standardized practices for integrating businesses	Onboarding and building effective team from business development, business intelligence, and New Product Development	Attractive HR policies and the provision of leisure facilities improve the work environment and increase employee satisfaction	Engaging in impactful CSR projects with the aim to benefit the society, focusing on achievement of maximum no. of SDGs
KPI monitored	• Growth trajectory of flagship brands and high potential products • Annual tally of product launches • Enhanced customer loyalty and retention	• Contribution in sales and profitability • No. of international regions added to supply products • Increase in forex inflow via exports	Profitability ratios i.e. gross profit margin, net profit margin, earning per share and turnover ratios	Market share, earning per share and return on equity and ROE	Market share, unit growth and value growth	Employee turnover rate and feedback on surveys	Community investments and energy efficiency

Objectives	Enhanced Revenue Generation	Expansion Into New Business Areas	Cost Optimization
Status	• Recorded overall sales growth of 35% • Domestic retail sales grew by 27.2% • Launched 5 brands comprising of 6 SKUs on standalone basis • Afghanistan sales crossed PKR 1.5 billion milestone	• Onboarded new marketing team to extend product lines • In process to register the Company and its products in [illegible] markets	• Profitability remained suppressed due to currency devaluation, inflation and additional taxes • Implemented effective cost controls measures • Developed alternate reliable and economic vendor source
Future relevance of KPI	The KPI will remain relevant in future	The KPI will remain relevant in future	The KPI will remain relevant in future
Opportunities /Threats	• Potential to increase market share domestically and internationally • High inflation adversely affect the purchasing power of consumers • Regulated product pricing emerging economies	• First mover advantage in the private sector • Develop international footprint to increase customer base and forex advantage • Risk of technological obsolescence as scientific studies on new products is rapidly evolving • Fierce global competition	• Cost of production is contained at an optimum level despite external challenges • Uncontrollable factors particularly PKR devaluation, commodity inflation, and additional tax levies
Impact due to external factors	The increasing literacy rates are fostering awareness and appreciation of our products capacity to mitigate and manage illnesses and promote well-being	• The prevailing lifestyle trends in key regions of our nation have led to an imbalance resulting in heightened dependence on self-supply medications by individuals • Globalization and advancements in communication technology have facilitated seamless expansion opportunities for businesses across borders	• Technological advancements make operational optimization easier and economical • Following the changes in eco-systems, green investments and clean energy utilization are key for sustainable future

Explore avenues for Expansion	Attain Market Dominance	People Growth	Delivering Social And Corporate Responsibilities
• Through our subsidiary, CCL Pakistan (Pvt.) Limited, we successfully acquired selected portfolio from Viatris Inc. (Pfizer Pakistan)	• Top brands are market leaders in their respective segments • Organic growth coupled with acquisition are boosting the market share	• Received awards by "Global Diversity, Equity & Inclusion Benchmarks" in 2023 for 5th year in a row • Established a platform where it is able to attract and retain talent	• Solar powered energy in all 3 plants for conservation of energy • Several energy optimization initiatives are on-going • Actively worked towards supporting the education of underprivileged children • Collaboration with WWF Green Office to make our office practices greener
The KPI will remain relevant in future	The KPI will remain relevant in future	The KPI will remain relevant in future	The KPI will remain relevant in future
• High potential to increase market share • Position the Company for better bargaining power over suppliers • Better spread of production overheads • Delays in projects due to unavailability of foreign currency may impact the feasibility	• Rise in diseases and disorders due to changes in ecosystem and dietary habits • Increasing focus and awareness on prevention and living longer and healthier lives • Upgradation of production facilities is a capital-intensive process and may lead to production downtime • The integration of business intelligence introduces potential cybersecurity vulnerabilities	• Ready pool of internal talent to fill the vacancies and take up senior management positions • Sufficient growth opportunities to allow internal elevations • Expensive to retain quality talent pool • High cost associated with specialized training of relevant staff	• Community service commitment can be a source of confidence • Negative publicity and mistakes and invite criticism
• Delays in obtaining regulatory approvals for acquisitions mergers can cause business interruptions and unnecessarily increase project costs	• Changing dietary habits and ecosystems are leading to an increase in consumption of healthcare products	• The shift of focus in advanced educational systems from Intelligence Quotient (IQ) to Emotional Quotient (EQ) makes the culture of the organization to be of utmost importance at the time of choosing workplace	• Due to the evolution of social media, globalized pressure groups, and increased ecological sustainability concerns, the objective of a business has been transformed from economic to both socioeconomic

Liquidity Position of the Company

The Company has an effective cash flow management system to timely meet the working capital and financing needs of the Company. However, equity investments in the subsidiary company, and capital expenditure mainly to Balancing, Modernization and Replacement (BMR) of plant and machinery impacted the liquidity position of the Company resulting in an overdraft of PKR 879 Million in cash and cash equivalents. The cash generated from operations together with running finance facilities will be sufficient to fund operations and running finance servicing costs, normal levels of capital expenditure, payments for business expansion programs, and other routine outflows including tax and statutory levies and dividends.



Strategy to Overcome any Liquidity Problems

The Company ensures prudent liquidity management by maintaining sufficient funds. Effective controls on credit sales and maintenance of an adequate amount of committed credit facilities result in effective management of its liquidity position. During the year, borrowings were settled on a timely basis thus maintaining our long-term and short-term credit rating of A+ and A1 respectively.

Significant Plans

The Board of Director has endorsed the Company's plans to expand and grow organically. The management successfully acquired selected portfolio of products from Viatris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. The Company will secure a competitive edge by steadily strengthening and enhancing its capacity to adapt, flourish, and develop in a challenging and changing environment. Accordingly, during the year, substantial CAPEX has been incurred or committed to increase the manufacturing capacity.

Making Strategic Decisions & Fostering Culture

Strategy Committee has been formed through which all strategic proposal is routed for approval in the Board Meeting. The Company has focused on sensitizing its employees to address and report any ethical issue they come across through pre-defined channel, ensuring the development of our organization's culture stays our top priority. The Company continues to invest in capability building of human resources and capacity enhancement of its manufacturing facilities, to continue to deliver enduring value for all its stakeholders.

Significant Changes in Objectives and Strategies from Prior Years

There is no significant change in objectives and strategies from the prior year. The Company continues to pursue its goals of expansion, development, and growth.

OUR KEY RISK & HOW WE MANAGE THEM

Business Risk Management Framework
The Board of Directors at AGP oversees the comprehensive risk management process, ensuring the establishment and maintenance of a robust risk management framework under the purview of the Board Audit Committee. To this end, the Board has sanctioned the Company's risk management policy, delineating the organization's risk tolerance thresholds. Regular reviews of the risk management systems by the executive management team are conducted to adapt to changes in the external environment, market dynamics, and the Company's operational activities. Furthermore, an annual presentation of principal risks is made to the Board Audit Committee for thorough evaluation.

Our Company's risk management framework constitutes a structured approach to identifying potential threats, implementing mitigating strategies to minimize their impact, and establishing mechanisms for effective monitoring, evaluation, and execution of these strategies.

At AGP, every employee bears the responsibility of managing risks. The Risk Management Policy empowers employees to propose changes to the policy, subject to the approval of relevant tiers within the Risk Management Framework.

AGP faces a spectrum of risks spanning strategic, legal, regulatory, operational, financial, and reputational domains. These risks are diligently managed through the implementation of appropriate mitigation plans, assignment of clear accountability, and establishment of channels for transparent communication of significant issues and incidents as they arise.

Management Of Capital Structure
The primary objective of capital management at our Company is to ensure the preservation of its status as a going concern while simultaneously delivering sustainable returns to shareholders, providing benefits to other stakeholders, and maintaining an optimal capital structure.

Currently, the Company predominantly finances its operations through internal resources and, if necessary, through running finance facilities, while also investing in activities through a combination of long-term financing and short-term borrowings, in addition to equity. Moreover, I am pleased to report that the Company has maintained an impeccable track record of meeting all debt obligations without default throughout the year.

Key Risks And Opportunites
The principal risks faced by the Company are listed below. The risks discussed are not exhaustive and the Company may be subject to other risks not specifically outlined in this Annual Report.

RISK # 1

Country default risk increases as the forex reserves are at low level

CAPITAL	Financial, Human, Social, Manufactured & Relationship
TYPE	Strategic Risk
NATURE	Medium term to long term
SOURCE	External
LIKELIHOOD	
IMPACT	
RATING	★★★★★

OBJECTIVE
To avoid or manage country risk to an acceptable level

MITIGATION PLAN
Negotiation with major suppliers from various countries to change payment terms. Focusing on creating a strong export base. Emphasizing building inventory. Diversifying supplier base and moving from import to local supplies wherever possible.

OPPORTUNITY
To compete effectively

RISK # 2

Inability to supply medicines in the market due to issues in securing supplies of raw materials and other ingredients as LCs are delayed

CAPITAL	Financial, Manufactured & Reputational
TYPE	Operational Risk
NATURE	Short to Medium term
SOURCE	External
LIKELIHOOD	
IMPACT	
RATING	★★★★★

OBJECTIVE
Avoid stock out situation

MITIGATION PLAN
Negotiated with Chinese vendors to accept payments in Yuan. Active follow-up and engaging multiple banks for the timely retirement of LCs. Building stocks to maintain inventories at optimum level.

OPPORTUNITY
Achieve sustainable market penetration

RISK # 3

Increasing cost of doing business because of PKR devaluation, hike in interest rates and fuel cost; imposition of additional taxes

CAPITAL	Financial
TYPE	Financial Risk
NATURE	Short term to medium term
SOURCE	Internal
LIKELIHOOD	[illegible]
IMPACT	4/5
RATING	★★★★★

OBJECTIVE
Operations optimization and cost minimization

MITIGATION PLAN
Early reflecting and locking rates in advance for purchase plans. Exploring alternative international and local sources of inputs and materials. Effective budgeting and monitoring

OPPORTUNITY
Control cost and improve profitability

RISK # 4

Intended level of synergies may not be achieved via integration of functions/business

CAPITAL	Financial, Human, Manufactured and Social Relationship
TYPE	Strategic & Operational Risk
NATURE	Medium term to long term
SOURCE	Internal
LIKELIHOOD	[illegible]
IMPACT	3/5
RATING	★★★★★

OBJECTIVE
Achievement of synergies and cost optimization

MITIGATION PLAN
Designed and implemented a operational framework for the effective centralization of support functions whereas the shared services team has now become well versed in the effective handling of shared services

OPPORTUNITY
Growth in business particularly in terms of volume and market share and efficient cost management

RISK # 5

Production infrastructure / capacity building may not be upgraded timely for internalization of Pfizer portfolio & other Projects

CAPITAL	Financial & Manufactured
TYPE	Financial and Operational Risk
NATURE	Short term to medium term
SOURCE	Internal
LIKELIHOOD	[illegible]
IMPACT	4/5
RATING	★★★★★

OBJECTIVE
Integration and internalization of Pfizer portfolio

MITIGATION PLAN
Efficient project management for capacity building and enhancement. Incurred significant CAPEX during the year to build in house production capacities. A seasoned professional, the Executive Director of Technical Operations, has joined to oversee and enhance plant operations, and drive upgrades in infrastructure and plant machinery

OPPORTUNITY
Cost optimization and improve profitability

RISK # 6

Over reliance on fewer products, any adverse event or occurrence related to therapeutic market of such product or availability of supplies will significantly hamper the business

CAPITAL	Financial, Manufactured, Human and Social Relationship
TYPE	Strategic Risk
NATURE	Medium term to long term
SOURCE	Internal
LIKELIHOOD	[illegible]
IMPACT	4/5
RATING	★★★★★

OBJECTIVE
Increase product basket

MITIGATION PLAN
Streamlining product allocation per team, with a targeted approach to Tier 2 and Tier 3 products. Establishing dedicated teams to explore new therapeutic areas and chronic medications along with international and institutional business

OPPORTUNITY
Enhance sales volume and increase market share

RISK # 7

Potential exposure to currency fluctuations and shortage of foreign exchange reserves may impact international transactions and financial stability

- **CAPITAL** — Financial, Manufactured and Social relationship
- **TYPE** — Financial Risk
- **NATURE** — Short term to medium term
- **SOURCE** — External
- **LIKELIHOOD**
- **IMPACT**
- **RATING**

OBJECTIVE
Minimize the impact of currency fluctuation and assemble production schedule without any delays

MITIGATION PLAN
Timely foreign currency arrangements for advance orders.
Prompt management of LCs and LF from banks.
Close coordination to optimize import planning and quantity

OPPORTUNITY
Effective cost management and timely completion of projects

RISK # 8

Failure to keep abreast with technological advancements and emerging cyberattacks

- **CAPITAL** — Financial & Manufactured
- **TYPE** — Financial, Operational Risk
- **NATURE** — Short term to medium term
- **SOURCE** — External and Internal
- **LIKELIHOOD**
- **IMPACT**
- **RATING**

OBJECTIVE
Achieve competitive position

MITIGATION PLAN
Upgrading ERP system to SAP S/4 HANA and BRC to strengthen the oversight of IT governance and evaluating the adequacy of cybersecurity along with the formation of IT Steering Committee

OPPORTUNITY
Strong IT control environment to generate accurate and timely data for informed decision making

RISK # 9

Inability to attract, retain and develop high potential talent within the Company

- **CAPITAL** — Financial, Human, Social & Relationship
- **TYPE** — Operational Risk
- **NATURE** — Medium term to long term
- **SOURCE** — Internal
- **LIKELIHOOD**
- **IMPACT**
- **RATING**

OBJECTIVE
To be an employer of choice

MITIGATION PLAN
Promote a culture of employee training and development with opportunities for career growth backed by market competitive compensation.
Market the Company through various job fairs

OPPORTUNITY
The talent is attracted and key staff is retained

RISK # 10

Highly restrictive regulatory environment and lack of market-oriented pricing policies

- **CAPITAL** — Financial & Relationship
- **TYPE** — Strategic, Financial Risk
- **NATURE** — Medium term to long term
- **SOURCE** — External
- **LIKELIHOOD**
- **IMPACT**
- **RATING**

OBJECTIVE
Timely registration approvals

MITIGATION PLAN
Regular dialogue with policy makers by management and Board members through diverse forums and associations.
Regular liaising with regulators to encourage the implementation of favorable regulatory framework.
Filed court case for annual price increases tied to CPI as per industry peers.

OPPORTUNITY
Improved revenue and profitability

RISK # 11

Infringement and unauthorized use of IP assets

CAPITAL	Financial & Reputational
TYPE	Legal and Compliance Risk
NATURE	Short term to medium term
SOURCE	External
LIKELIHOOD	
IMPACT	
RATING	

OBJECTIVE
Enhance corporate image and protect IP of brands

MITIGATION PLAN
Prioritize trademark filings and employ expert legal assistance to protect our intellectual property rights, ensuring strict surveillance to prevent infringement

OPPORTUNITY
Enhance corporate image, combat the menace of counterfeits and ensure patient safety

RISK # 12

Volatile economic conditions, government policies and law and order situation may adversely impact the Company

CAPITAL	Financial & Manufactured
TYPE	Strategic Risk
NATURE	Short term to medium term
SOURCE	External
LIKELIHOOD	
IMPACT	
RATING	

OBJECTIVE
To avoid business disruptions and cost

MITIGATION PLAN
Monitor political and macroeconomic shifts, swiftly adapting to minimize impacts. Continuously tracking market trends, to preempt disruptions. Rapidly aligning internal systems with external changes ensures resilience and compliance

OPPORTUNITY
Improve revenue and profitability

CORPORATE GOVERNANCE

Details of the Corporate Governance framework and how the Company engages with its stakeholders.

95 Directors' Profiles

104 Chairman's Review

105 CEO's Message

109 Corporate Governance Framework

122 Stakeholders' Relationship & Management

125 IT Governance & Cyber Security

127 Statement of Value Added & Distributed

128 Director's Report

150 Report of the Audit Committee

154 Statement of Compliance with Code of Corporate Governance

157 Strategic Outlook

02

CORPORATE GOVERNANCE

Our trajectory to success involves fostering enduring relationships with external and internal stakeholders. We prioritize transparency and clear communication to ensure strong governance that leads to organizational excellence.

DIRECTORS' PROFILE

TARIQ MOINUDDIN KHAN

Non-Executive Director

Mr. Khan, Chairman of OBS Group, has over 40 years of experience commencing in the financial services industry, followed by broad-based healthcare experience. Under his dynamic leadership, OBS has emerged as a partner of choice for multinational pharmaceutical companies willing to work in Pakistan.

He commenced his career by working with leading companies in Canada followed by a move to Saudi Arabia where he worked with the Saudi Royal family and eventually joined Organon Pharma B.V. (OBS) (now part of Merck & Co. Inc. USA) where he served as the Managing Director for KSA and Pakistan.

He formed OBS Group in 2006 when he acquired Organon's Pakistan through a management buyout. This acquisition formed the base for several other acquisitions including, Merck Sharp & Dohme (MSD) Pakistan business, Schering Plough's Pakistan business, MSD Sri Lanka Operations, AGP, Janssen Pharma's Pakistan operations and Sandoz Business Division in Pakistan.

He is also the Honorary Consul General of Netherlands in Karachi, Secretary General of World Federation of Consuls Brussels for Pakistan Chapter and former President of Pakistan Sri Lanka Business Forum to promote trade between the two countries and Member of ASPEN Institute (USA).

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

ZAFAR IQBAL SOBANI

Chairman – Audit Committee & Independent Director

Mr. Iqbal Sobani brings with him around forty years of experience of working in the manufacturing, power sector and audit profession in Pakistan and in the Middle East. Currently, he is on the Board of Zephyr Power Limited, TRG Pakistan Limited, Primus Leasing Limited, MUFAP, Karachi Water and Sewerage Corporation and IT Minds Limited.

During his career, he also held the position as CEO of HUBCO and Liberty Powertech two important players in power sector of the country. He also worked with House of Habib in the areas of New Project Development and Real Estate Management. Majority of his career was spent with Century Paper & Board Mills Limited, a part of Lakson Group overseeing various business activities.

He has been the President of Institute of Chartered Accountants of Pakistan (ICAP) and served actively in council and regional committee in various capacities. He worked with A.F. Ferguson (PWC) in Pakistan and Ernst and Young, Kingdom of Saudi Arabia.

He held the position as Chairman of Quality Control Board of ICAP overseeing quality of auditing profession between 2006 and 2014 and also remained Member of the Managing Committee of Overseas Investors Chamber of Commerce and Industry. He is the Sponsor Director of Pakistan Institute of Corporate Governance and holds Certification as a trainer of Corporate Governance by IFC.

SHAUZAB ALI

Non-Executive Director

Mr. Ali has over 30 years of professional experience in banking and finance, portfolio management, planning & budgeting, corporate management and public policy. He currently serves as the Founder and CEO of Pakistan's first Integrated DairyTech & FinTech startup DEHAAT DIGITAL. Previously, he was associated with SECP as Commissioner for the Securities Markets Division, Specialized Companies Division, Investor Education & International Relations Department, Anti Money Laundering Department, Information Systems and Technology Department.

Mr. Ali held various senior positions in renowned financial institutions. He was associated with the Asian Development Bank, overseeing of public finance and financial sector activities in Pakistan. Prior to that, he contributed significantly to Standard Chartered and Allied Bank in senior roles within corporate and investment banking as well as financial control functions. He also worked at senior positions in the Non-Banking Financial Company (NBFC) sector, including the CFO of an investment bank as well as Lahore Stock Exchange.

Mr. Ali is a qualified Chartered Accountant from The Institute of Chartered Accountants of Pakistan and a B.Sc from University of Punjab.

KAMRAN NISHAT

Chairman – Strategy Committee

Mr. Nishat is currently the Managing Director & Chief Executive Officer of Muller & Phipps Pakistan (Private) Limited. He is also serving in the capacity of Chief Executive Officer at M&P Express Logistic (Private) Limited, M&P Logistic (Private) Limited, Logos (Private) Limited, Tech Sirat (Private) Limited, Veribest Brands Pakistan (Private) Limited and Tech Sirat Technology (Private) Limited. He holds the rich professional experience in different sectors for more than 29 years. He is serving as Director in the Boards of Engro Polymer & Chemicals Ltd., HugoBank Limited, Briogene (Private) Limited, Muller & Phipps (Singapore) PTE. LTD and CSS AGP (Private) Limited.

He is currently a member of Executive Committee and Chairman of Finance & Taxation subcommittee at the American Business Council (ABC). He has served as past president of American Business Council as well. He served at the National Skills University Islamabad as the member of the Advisory Council. In past, he served as the Member of Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP), Information Technology Committee (South) of the ICAP and Management Association of Pakistan.

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

KAMRAN NASIR

Managing Director & Chief Executive Officer

Mr. Nasir, a Chartered Accountant from the Institute of Chartered Accountants of England & Wales (ICAEW) and a Chartered Certified Accountant from the Association of Chartered Certified Accountants UK, also holds certification as a Certified Director from the Pakistan Institute of Corporate Governance.

While serving as the CEO of AGP Limited, he also oversees the strategic direction and operations of all group entities, enabling both local and international expansion. His responsibilities interalia include nurturing relationships with key principals such as Fortune 500 pharmaceutical companies Johnson & Johnson, Sandoz, Bayer, and VIATRIS.

With extensive experience in leadership roles across the financial sector and multinational corporations, Mr. Nasir notably served as CEO of JS Global Capital Limited for over a decade. Previously, he held positions at KPMG, focusing on audits within the financial sector, particularly leading commercial banks.
He brings a wealth of expertise in capital markets, investment banking, and complex financial matters. His track record includes advising on mergers and acquisitions, debt-raising, and navigating capital markets, contributing to significant portfolio investments into the Pakistan Stock Exchange.

A seasoned speaker, Mr. Nasir has addressed diverse audiences on specialized topics, including Pakistan's capital markets and economy, through various media channels. He has played a pivotal role in showcasing Pakistan's corporate sector to global fund managers, conducting roadshows in financial hubs such as London, New York, and Singapore. His efforts were instrumental in Pakistan regaining its Emerging Market Status and presenting the country's narrative to foreign investors.

MAHMUD YAR HIRAJ
Non-Executive Director

Mr. Hiraj has over 20 years of professional experience in private equity, principal investments and investment banking. He is a founding partner and a member of the Investment Committee at Baltoro Capital, a leading private equity firm. Prior to Baltoro, he was the Head of Principal Investments at Bank Alfalah and held leading roles at Dhabi Group with representation on Investment Committees and boards of various portfolio companies. He is also a member on the board of OBS Pakistan (Private) Limited.

Mr. Hiraj has worked at leading global financial institutions and investment banks in US, UK and Canada. He started his career at the investment banking division of Salomon Smith Barney (Citigroup) in New York before moving to London to join Citigroup's Financial Sponsors Group where his clients included leading global private equity firms. His other experiences include executive positions at J.P. Morgan and Scotia Capital in North America where he advised various leading Fortune 500 Companies and sponsors on mergers and acquisitions and capital market fundraising and restructuring transactions.

Mr. Hiraj holds an MBA from Yale University and a BA from McGill University.

MUHAMMAD KAMRAN MIRZA
Non-Executive Director

Mr. Mirza brings with him over 15 years of experience of Financial Markets focused primarily on Sell-side and Buy-side Investment Advisory. He is the CEO of OBS AGP (Pvt) Ltd and OBS Pakistan (Pvt) Ltd. Prior to joining OBS Group in 2018, he was part of JS Bank Limited as Executive Vice President and Head of Investment Banking Group where he advised corporates on mergers, acquisitions, divestitures, debt and equity capital market transactions with a focus on pharmaceutical, microfinance, logistics, financial services and industrial sectors.

He joined JS Bank in 2007 as an analyst and due to his entrepreneurial mindset and ability to steer the franchise to deliver strong performance through the cycles, he rose to a position of Head of Investment Banking in a very short span of time. Prior to joining JS Bank, he had a short stint with a leading telecom company as Projects Management Executive. A certified director from Pakistan Institute of Corporate Governance, he is currently serving as a Board Member of AGP Limited, OBS AGP (Pvt.) Ltd, OBS Pakistan (Pvt.) Ltd, OBS Pharma (Pvt.) Ltd. He was also on the Panel of Experts of the Listing Committee of Pakistan Stock Exchange.

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

CHAIRMAN'S REVIEW

Dear Shareholders and Stakeholders,

It's my pleasure to present AGP Limited's annual report for the financial year 2023, showcasing the achievements of our organization. Despite challenging environment, we have demonstrated resilience and strength, reinforcing our commitment to excellence.

The performance of the Company has been encouraging, which reflects our unwavering dedication and meticulous efforts. AGP along with its subsidiaries, have delivered promising results, marking significant growth. We remain steadfast to delivering consistent and sustainable returns to our valued shareholders.

Our achievements have been recognized at several esteemed platforms through prestigious awards, reaffirming our distinctive position in the industry and our pledge to deliver excellence and benefit the society. Adherence to best industry practices and inculcated culture of compliance have been integral to success of the organization.

Indeed, the efforts of our executive management team have been instrumental in driving the Company towards consistent growth. I would like to express my wholehearted appreciation for their dedicated contributions and unifying diligence.

The Board of Directors, comprised of industry professionals with extensive expertise and strong business acumen, is dedicated to upholding the highest standards of corporate governance. The committees of the Board are entrusted with examining, deliberating, and providing suitable recommendations on matters aligned with their respective mandates. I extend my sincere gratitude and admiration to all my fellow Board members for their invaluable guidance and supervision towards setting the sustainable strategic directions for the Company.

I am deeply grateful to our customers, suppliers, and shareholders who have always put in their firm faith and absolute trust in the Company and its management.

Going forward, we remain firm in our focus on navigating challenges and seizing opportunities for growth. With our quality of products, strength of human resource and well-defined strategic path, I am confident that we will continue to aspire, advance, and achieve remarkable milestones in the years ahead.

TARIQ MOINUDDIN KHAN CHAIRMAN

CEO'S MESSAGE

In the face of unforeseen obstacles, our team's determination and strategic efforts propelled us to new heights. During the year, AGP performed with resilience and navigated the challenges posed by the economic and political front. Through the relentless efforts of our cross-functional teams and dedicated employees, we achieved encouraging results.

The sales of the Company exceeded PKR 13.8 billion, reflecting a remarkable growth of over 35% over last year. A significant portion of the revenue stems from domestic retail sales, demonstrating a notable growth rate of over 27%. This growth is primarily attributed to the strong performance of our leading brands. With stability in geo-political conditions, the team went with full force, and resultantly, sales to Afghanistan achieved a new milestone and crossed PKR 1.5 billion. Supplies to the subsidiary company, OBS AGP not only supported the topline growth of the Company, but synergies and cost economization were also realized at the Group and consolidated levels. The margins remained under pressure primarily due to the massive devaluation of local currency and a hike in domestic inflation. However, due to a one-off price increase by DRAP, optimal inventory management, and an appropriate sales mix, the Company was able to register a decent gross profit of over PKR 6 billion.

The management exercised stringent measures to control costs. However, the finance cost of a syndicate loan for equity investment in the subsidiary company, OBS Pakistan, suppressed the profitability of the Company. The levy of super tax also pulled down profitability. Resultantly because of these uncontrollable external factors, AGP recorded a profit after tax of ~PKR 1.2 billion with EPS of PKR 4.25 per share.

The Board of Directors has approved a final dividend of PKR 2.5 per share for the year 2023. This decision is a testament to our steadfast commitment to deliver sustainable financial returns to our shareholders.

The year was marked with distinctions as we earned prestigious accolades for the Company. We secured the 2nd position in the pharmaceutical category at the Best Corporate Report Awards 2022, a testament to our commitment to fairness and transparency. Our consistent recognition for the 5th year in a row at the Global Diversity and Inclusion Benchmarks Conference and Awards highlights our dedication to fostering diversity and inclusion within our organization. AGP was honored as the "Top Exporter" at the 8th Pakistan Pharmaceutical Manufacturers' Association (PPMA) Summit, affirming our distinguished standing in the industry.

We remain steadfast in our commitment to social responsibility, actively engaging in Corporate Social Responsibility (CSR) activities to make a positive impact on society and the environment. Our environmental efforts, including the installation of solar power systems and environmentally compliant water treatment plants, reflect our commitment to sustainability. Throughout the year, we have undertaken impactful initiatives

I am delighted to share that the Board of Directors has recommended a final dividend of PKR 2.5 per share for the fiscal year 2023.

As we reflect on our journey of resilience and growth in 2023, let us aspire to even greater heights in the years ahead. With our unwavering commitment to excellence, with our dedicated teams driving us forward, we are poised to advance further, overcome challenges, and achieve remarkable milestones. Together, let us continue to aspire, advance and achieve, shaping a future of success and prosperity for AGP Limited.

MUHAMMAD KAMRAN NASIR

aligned with our core values. From hosting awareness sessions during Pinktober to supporting children's healthcare on Children's Day, we continue to prioritize community well-being.

We extend our heartfelt gratitude to our valued human resources, customers, suppliers, and shareholders for their unwavering support and trust. We are earnestly grateful to our Board of Directors, especially the Chairman, whose guidance has been invaluable in our journey toward continued success.

As we embark on the journey ahead, we **aspire** to seize the opportunity to expand our horizons and establish a formidable global footprint through our unique offerings, driving exports to new heights. We **advance** towards strategically focusing on appropriate product mix to enhance our competitive edge. Furthermore, we remain steadfast in bringing continuous process improvements, fostering efficiencies in production and operations, to **achieve** agility and sustainability in an ever-evolving market landscape. With innovation as our compass and resilience as our armor, together, we will continue to **aspire, advance, and achieve**, shaping a future of success and prosperity for AGP Limited.

Muhammad Kamran Nasir
Chief Executive Officer

CORPORATE GOVERNANCE FRAMEWORK

As we progress into the future, our steadfast dedication to ethics and principles remains paramount in all our pursuits. Anchored by robust governance and compliance frameworks, we uphold the highest standards of ethical and accountable behavior in every facet of our operations. These frameworks form the foundation of our commitment to fostering a culture of integrity, enabling us to consistently surpass the expectations of our stakeholders.

Compliance with the Best Practices of Code of Corporate Governance

Adhering to the Company standards, the Board of Directors have throughout the financial year 2023, complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (CoCG) Rule Book of the Pakistan Stock Exchange Limited (PSX) and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP). Report of the Board's Audit Committee on adherence to the CoCG, Statement of Compliance with the CoCG by the Chairman and the Chief Executive Officer and review report by the Company's Auditors are included in this Report.

Governance Practices beyond Legal Requirements

The Company complies with all the mandatory requirements of CoCG and other Regulations. AGP has always believed in going the extra mile and staying ahead with legal formalities. In view of this strategy, we comply with all mandatory legal requirements and have also carried out the following practices in addition to the legal requirements:

- Best corporate reporting practices as recommended jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountant of Pakistan (ICMAP)
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc. in the Annual Report
- Implementation of Health, Safety and Environment practices to ensure wellbeing of employees and society.

Business Ethics and Anti-Corruption

Based on an ethical corporate culture, fundamental values of the Company are the cornerstone of our operations. These values permeate every aspect of our business practices and are ingrained in the daily work of all employees through the Code of Conduct and various unit-specific ethical compliance protocols. The Audit Committee convenes at regular statutory intervals throughout the year to meticulously assess the sufficiency and efficacy of our internal controls, particularly those aimed at fortifying the Company's risk management policies and systems.

Conflict of Interest of Board Members

Within the framework of their roles and responsibilities, all Board members are exclusively committed to the interests of the Company and neither pursue personal interests nor grant undue advantages to third parties. Board members are accountable for transparent self-disclosure and are encouraged to seek guidance from peers, the meeting Chair, or relevant experts in instances of ambiguity or uncertainty.

Role of the Chairman

The Chair assumes leadership and oversight of the Board, ensuring its effective operation and that of its committees. Additionally, the Chair collaborates with the Company Secretary on governance matters and the CEO for industry-specific insights, agreeing upon and periodically reviewing the training and developmental requirements of each Director. The Chairman's role involves but is not limited to the following:

- To ensure that the Board plays an effective role in setting up the Company's corporate strategy and business direction;
- To promote and oversee the highest standards of corporate governance within the Board and the Company;
- To ensure integrity, credibility, trustworthiness and active participation of Board members in key matters of the Company;
- To ensure that the Board only directs the Company and does not manage it;
- To ensure that relevant, accurate and up to date Company information is received from the management and shared with the Board members to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company;
- To review the Board performance and to take the lead in identifying and meeting the development needs of individual directors and to address the development needs of the Board as a whole with a view to enhance its overall effectiveness as a team;
- To manage and solve conflict (if any) amongst the Board members and to also ensure freedom of opinion in the Board;
- To promote highest moral, ethical and professional values and good governance throughout the Company;
- To ensure that a formal and effective mechanism is in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.

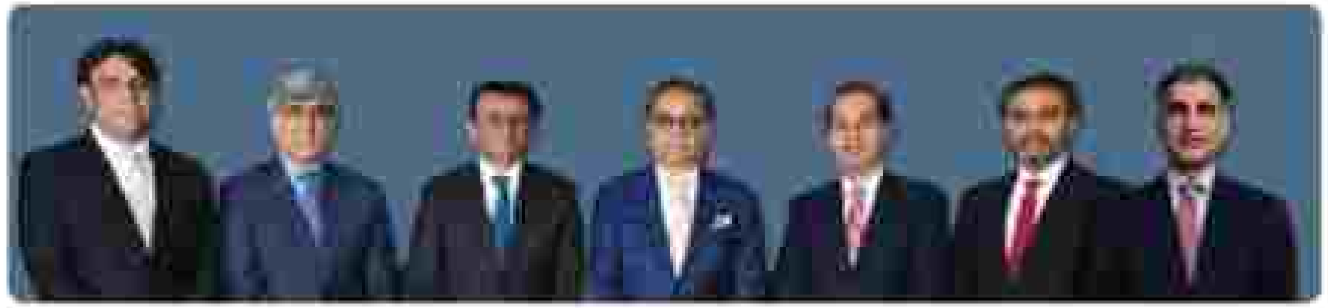
Chairman's Significant Commitments

Mr. Tariq Moinuddin Khan, AGP's Chairman, holds the position of Chairman within the OBS group and its subsidiary entities. Additionally, he serves as the Honorary General Consul of the Netherlands in Karachi and fulfills the role of Secretary General for the Pakistan Chapter of the World Federation of Consuls in Brussels.

Chairman's Overview On How The Company's Sustainable Practices Can Affect Their Financial Performance:

I am proud to highlight that our dedication to sustainability and corporate social responsibility is ingrained in our corporate ethos, guiding every decision we make. Whether through charitable donations, employee volunteer programs, or partnerships with welfare organizations, we are dedicated to making a difference where it matters most. We have implemented and enforced eco-friendly initiatives across our operations.

As key players in the healthcare sector, we understand the importance of prioritizing well-being of our people. Our employees are the heart and soul of our organization, and their dedication and hard work drive our success. We are committed to provide a safe work environment that fosters growth, creativity, and inclusivity, ensuring that every member of our team feels valued and supported.



Role of CEO

The CEO will assume overarching responsibility for executing the strategy endorsed by the Board, overseeing the operational management of the Company, and directing associated business endeavors. This role is supported by senior management members, each heading their respective departments. The CEO reports to the Board of Directors and his responsibilities mainly include:

- Formulating, and after Board's approval, successfully implementing Company policies;
- Directing strategy towards the profitable and sustainable growth and operations of the Company;
- Developing strategic operating plans that reflect the longer- term objectives and priorities established by the Board;
- Ensuring that adequate operational planning and financial control systems are in place;
- Monitoring of operating and financial results against budget and taking corrective actions when required;
- Taking remedial action where necessary and informing the Board of significant changes;
- Ensuring that the Company is in compliance with all applicable laws and regulations;
- Building and maintaining an effective executive team and appropriate succession plans;
- Placing significant issues for the information, consideration and decision, as the case may be, of the Board or its committees.

Evaluation Of The Performance Of The Chief Executive

As a member of the Board, the CEO attends all Board meetings, offering insights into the Company's performance and addressing queries from Board members. The CEO's performance is evaluated based on a comprehensive system established by the Company, encompassing qualitative and quantitative objectives. These objectives encompass financial performance, process enhancement, business excellence, compliance, sustainability, leadership development, and people management.

Diversity Policy

AGP has a diverse and balanced Board which not only represents the shareholders but also provides a mix of professional expertise in leadership, finance, legal, regulatory and business management skills and experiences covering adequately all areas of AGP's business undertakings. Furthermore, in compliance with requirements of Code of Corporate Governance, a female director was present on the Board. However, she resigned with effect form January 1, 2024 and search is underway to identify the suitable replacement. To encourage representation of minority shareholders, the Company facilitated the minority members, as a class, to contest election of directors for which purpose, the Company fully complies with the relevant regulation.

The Board has established a gender diversity policy to govern procedures and practices aimed at enhancing gender diversity within the organization. It mandates the Company to uphold high standards of Human Resource Management practices, fostering participation from diverse groups, aiding in the development of in-demand skills, and creating pathways for advancement into leadership roles.

The Company integrates gender diversity targets into the Key Performance Indicators (KPIs) of its senior management. These targets are monitored through workforce diversity trackers provided by the Human Resource Department, ensuring transparency and accountability. Additionally, Gender Pay Gap Analysis is conducted based on industry-relevant metrics and statistics, aligning with International Standards to address any disparities in pay based on gender.

Whistleblowing Policy

AGP upholds a zero-tolerance policy towards unlawful and unethical conduct, ensuring compliance with the law and safeguarding the interests of all stakeholders.

The Whistleblowing Policy formalizes AGP's commitment to enabling employees, shareholders, and business associates to disclose instances where they genuinely believe the Company's business is being conducted inappropriately or in violation of applicable laws, policies, procedures, or ethical values. A dedicated whistleblowing unit, comprised of senior officials, is tasked with promptly addressing and resolving concerns or issues raised. In addition to internal channels, stakeholders may also report concerns via email or regular mail using the designated addresses provided on the Company's official website. The policy is designed to:

- Support Company's values in line with its commitment to the highest possible standards of ethical, moral and legal business conduct and its strong pledge to open and candid communication.
- Ensure that all stakeholders can raise concerns without fear of retribution and with full confidence that their identities will not be revealed.
- Provide a swift and confidential process for rectifying misconduct wherever and whenever it occurs in the Company.

Throughout the year, the Company received several complaints, the majority of which were found to be of a trivial nature. However, serious complaints were thoroughly investigated, properly addressed, and appropriate actions were taken in accordance with our policy. To prevent future occurrences, the management implemented effective mechanisms. The CEO provided a comprehensive whistleblowing status report to the Audit Committee, detailing the resolution process for such matters, which was subsequently concluded.

I.T. Governance Policy

AGP Limited has aligned itself to efficiently use Information Technology resources in achieving its operational and strategic objectives while increasing shareholders' value.
To ensure value creation through benefits realization and resource optimization, the Company has IT governance framework which aims to cover the following:

- Alignment of IT objectives with Company strategy
- Maximize return on technology investment by assuring that all the activities planned are delivered as per agreed achievable targets
- Ensure provision of a coherent and integrated IT architecture and management structure
- Encourage proactive innovation and automation in all business functions
- Assist in the decision-making process by providing reliable information and reports
- Ensure the necessary protection of IT assets through optimization of IT Risk Management
- Comply with legal and regulatory requirements, internal controls and monitoring, and related policies and procedures
- Ensure the satisfaction of end users' expectations with respect to IT services
- Employ a comprehensive sourcing procedure to manage third parties / vendors relationships

During the year the Audit Committee of the Company included the oversight of IT governance and cyber security in its Terms of Reference to ensure the adequacy and effectiveness of cyber security control measures.

Policy For Records Safety

The Company prioritizes information as one of its most valuable assets, emphasizing stringent measures for storage and safekeeping of both financial and non-financial records. Utilizing an ERP system for financial data recording, access to electronic information is restricted and secured through a comprehensive password-protected authorization matrix. Physical records are stored in a secure and easily retrievable manner at designated, secured locations with appropriate measures in place.

Access to information is strictly regulated, with controls in place to ensure access is granted on a need-to-know basis, safeguarding the privacy, security, and confidentiality of Company IT resources.

Investors' Relations Policy

We prioritize maintaining the trust of our investors and are dedicated to upholding it over time. To effectively address and resolve any grievances from investors and shareholders, we strictly adhere to an Investor Grievance Policy. This policy aims to facilitate clear communication and cultivate positive relationships with shareholders and investors, ensuring timely resolution of their concerns. Additionally, we maintain an internal mechanism for handling investor services and grievances to further support this commitment. Main principles of the Investors Grievance Policy are as follows:

- All the investors are treated fairly and equally at all times;
- Complaints raised by investors are dealt with courtesy, fairness and in a timely manner;
- The management works in good faith and without prejudice towards the interests of any of the investors.

Investors' Contacts Section on Our Website

Detailed information of the Company regarding financial highlights, investor information, share pattern/ value and other requisite information specified under the relevant regulations, has been placed on the corporate website of the Company, which is updated on regular basis.

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investors' Contacts' section has been introduced on Company's website www.agp.com.pk, besides the link to 'SECP's Service Desk Management System'. The contact details of specialized persons designated for assistance and handling investor related queries / grievances are also placed under this section.

Human Resource Management Policy

AGP upholds rigorous Human Resource Management practices to attract, onboard, nurture, and retain top-tier talent. We seek individuals who are skilled, motivated, and committed to driving our company's success through their expertise and dedication.

The Company's HR policy has been developed encompassing the following principles:

- **Equal Opportunity**
  The Company shall provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards. In addition, a work environment shall be provided where every employee has an equal opportunity for optimum career growth and development.

- **Recruitment and Selection**
  The hiring process of the Company is transparent and fair. The hiring process is followed consistently to select the right candidate as per the job requirement.

- **Training and development**
  Appropriately planned activities are designed to help employees become more effective at their work by improving, updating or refining their experience, knowledge and skills through, formal training, education programs or on the job development that meets employee and Company objectives.

- **Performance Management**
  A transparent, objective oriented and merit-based Performance Management System is in place, that supports and conserves a culture of learning, innovation, leadership and accountability.

- **Compensation and Benefits**
  Compensation commensurate with the industry, particularly pharmaceutical sector and marked to market allowances and benefits are provided to attract and retain talent in the Company.

- **Diversity and Inclusion**
  Work environment free from all forms of discrimination and biases is provided where all individuals are treated fairly and respectfully, have equal access to opportunities and resources so that they may contribute fully to the success of the organization. Female participation in the workforce and at the senior management level is encouraged.

- **Succession Planning**
  A key organizational priority for the HR department is to ensure structured career progression for all employees. To facilitate employees in steering their careers and realizing their full potential, a formally documented succession planning policy is followed.

Related Party Transaction Policy

The Company adheres to a policy governing related party transactions to ensure strict compliance with international accounting standards, as well as relevant laws and regulations. All such transactions undergo thorough review, consideration, approval, and reporting processes to uphold transparency and accountability. The policy ensures that:

- All transactions with related parties arising in the normal course of business are carried out in an unbiased, arm's length basis at normal commercial terms and conditions;
- In the event, any transaction is conducted other than arm's length basis, specified procedures as prescribed in relevant laws and regulations shall be followed. However, during the year all related party transactions are conducted on arm's length basis;
- All transactions with related parties are referred to the Board Audit Committee for review and for onward recommendation to the Board of Directors for review and approval.
- The Company maintains the record of Related party transactions, prescribed in the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018.
- In the event, majority of Directors at AGP are interested in transactions with related parties, such transactions are referred to the shareholders in a general meeting for approval. However, during the year no related party transactions are conducted that may require shareholders' approval.

Related Party Transactions During the year

The Company entered into Related party transactions during the year. Details of these transactions are disclosed in note 24 to the standalone and consolidated financial statements attached therein.

Environmental, Social and Governance Policy

The Company is dedicated to promoting sustainability across its business strategies, encompassing Environment, Social, and Governance (ESG) principles, including Health, Safety, and Environment (HSE) considerations. Our policy provides stakeholders with a roadmap for conducting business in a fair, transparent, and responsible manner. It ensures proactive measures for employee safety, asset protection, community welfare, and environmental preservation. Moreover, it guides strategic planning and systematic management of Corporate Social Responsibility (CSR) initiatives and activities.

Committees of the Board

The Board of Directors of the Company ensures effective oversight of operations and affairs through the establishment of three (3) committees. These committees serve as advisory bodies, keeping the Board informed about key developments and changes in the operating environment. Additionally, the Board includes two (2) independent directors who maintain impartiality, with no involvement in management or conflicts of interest that could compromise their judgement.

Audit Committee

The terms of reference of Audit Committee have been explicitly documented and approved by the Board. The salient features of terms of reference of the Audit Committee are:

The terms of reference of Audit Committee have been explicitly documented and approved by the Board. The salient features of terms of reference of the Audit Committee are:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits;
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems, accounting systems and the reporting structure are adequate and effective;
- Oversee IT governance, and adequacy and effectiveness of cyber security controls

measures. Nominated representative from the IT Steering Committee, comprising of members from the senior management, shall keep AC updated on a timely basis and seek their guidance where necessary. AC shall inform the Board on matters that are deemed necessary and critical;

- Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Code of Corporate Governance;
- Review of arrangement for staff and management to report to the Audit Committee in confidence, concerns, if any, about actual or potential improprieties and recommend instituting remedial and mitigating measures;
- Recommend to the Board the appointment of external auditors, their removal and audit fees;
- Consideration of any other issue or matter as may be assigned by the BOD.

Human Resource and Remuneration Committee

The terms of reference of the Human Resource and Remuneration Committee are determined by the Board. The salient features of terms of reference of the Human Resource and Remuneration Committee are:

- Recommend to the Board for consideration and approval a policy framework for determining remuneration of Directors and members of senior management;
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant;
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of CEO, Chief Operating Officer (COO), Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO;
- Where human resource and remuneration consultants are appointed, they shall disclose to the committee their credentials and as to whether they have any other connection with the Company.

Strategy Committee

The terms of reference of the Strategy Committee are determined by the Board. The salient features of terms of reference of the Strategy Committee are:

- Oversee the investment programs and review significant investment transactions of the Company;
- Review and make recommendations to the Board regarding potential projects and new avenues for diversified investment of Company's capital and financial resources providing attractive return;
- Review and provide guidance to the Board about proposed mergers, acquisitions, divestitures, and similar transactions; &
- The Strategy Committee may engage legal counsels or other consultants on terms and conditions that deems reasonably appropriate (including fees) to carry out its duties and responsibilities. The task of engaging appropriate experts may also be delegated to the senior management.

List of Companies in which Executive Director is acting as a Non-Executive Director

The Company only has one Executive Director on the Board who is CEO of the Company. Mr. Kamran Nasir holds Non-Executive Directorship on the Board of the following companies:

- Aftenstuart Pakistan (Pvt.) Limited
- Aspin Pharma (Pvt.) Limited
- EcoPack Limited
- OBS AGP (Pvt.) Limited
- OBS Healthcare (Pvt.) Limited
- OBS Pakistan (Pvt.) Limited
- OBS Pharma (Pvt.) Limited
- Zameen REIT Management Company Limited

Board Meetings Held Outside Pakistan

No Board meeting was held outside Pakistan during the year 2023 to economize on the resources of the Company.

Meetings of the Board

In addition to quarterly meetings, the Board meetings are convened to monitor the Company's performance and provide valuable guidance worthy suggestions and required approvals for special business agendas.

The Board held twelve (12) meetings during the year. The notices and relevant materials, including agendas of the meetings were circulated in advance, in a timely manner other than those meetings which were emergent in nature. Decisions made by the Board during the meetings were appropriately recorded in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the directors for endorsement and were approved in the subsequent Board meetings.

All meetings of the Board during the year had attendance of more than the requisite quorum prescribed by the Code of Corporate Governance and were also attended by the Chief Financial Officer and the Company Secretary except such part of the meetings wherein agenda items relates to consideration of their performance or terms and conditions of their service.

Board's Roles and Decision Making

The powers of the Board are meticulously defined in compliance with the Companies Act 2017, the Code of Corporate Governance, and the Articles of Association of the Company.

Primarily, the Board serves as stewards entrusted with governance responsibilities on behalf of the shareholders. At AGP, the Board exercises its duties by providing strategic guidance to the management, establishing performance benchmarks, and closely monitoring their attainment. Decisions requiring Board resolution in accordance with legal requirements, as well as significant managerial matters, are deliberated and decided upon by the Board. Additionally, the Board regularly assesses the Company's operations in light of emerging risks and opportunities.

Functions Delegated to the Management

The management headed by the CEO is responsible for the business execution in an effective and ethical manner in conformity with the strategies approved by the Board, including annual targets of sales, cost, and profitability.

They are also responsible for identifying new areas of investment and expansion for the Company, managing the principal risk which could affect the achievement of Company's objectives and compliance with legal and regulatory requirements.

Policy of Retention of Board Fee by the Executive Director in Other Companies

The Executive Director of the Company is not remunerated with the Board fee against his services as Non-Executive Director in other companies.

Security Clearance of Foreign Directors

AGP does not have a foreign director on its Board. In case a foreign director is elected on the Board in future, security clearance will be duly made from the Ministry of Interior.

External Oversight on our Functions

To increase transparency and to enhance credibility of internal controls and systems, we have outsourced our internal audit function to a reputable professional service firm, A.F.Ferguson & Co.

Directors' Training Program

Out of the 7 directors of the Board, 6 have obtained the requisite certification which ensure the accreditation of the entire Board.

Majority of the Directors underwent a training during the last year organized by International Institute for Management Development in Switzerland. Board members of leading organizations of the world took part in this training ranging to over 10,000 executives. One of the biggest takeaways of the training was learning team dynamics applied to Boards and learning to transform a collection of individuals into an engaged and high performing team of people.

Trading in Shares by Directors and Executives

During the year, no trading was conducted by the directors, executives and their spouses and minor children.

Shares held by Sponsors / Directors / Executives Shares

During the year, the Sponsor's, Directors and Executives of the Company held the following number of shares as of December 31, 2023.

Particulars	Number of Shares
Sponsors	156,050,434
Directors	36,003
Executives	975

A detailed pattern of shareholding is disclosed on pages 338-341 of the Annual Report.

Board Evaluation

The Company has appointed Pakistan Institute of Corporate Governance (PICG) to evaluate the performance of the Board inclusive of its committees and members. PICG has conducted over 170 Board Evaluations since 2014 as an external evaluator. Being an independent third party, PICG provides an external view, add more value and brings more transparency into the process whilst maintaining anonymity. PICG formulates assessments on the basis of statutory requirements, best practices and knowledge gained from the governance practices of other companies. The evaluations are designed to facilitate an honest review of the Board's working to help build an effective Board.

Encouragement of Minority Shareholders to attend the General Meetings

The Company encourages all its shareholders to attend the general meetings. It circulates the notice of general meetings well within regulatory timeframe. Moreover, advertisement is published in English and Urdu newspapers, having nationwide circulation. The Company also timely updates its website with respect to notices of general meetings. We also ensure that the Annual Report, containing the agenda and notice of general meeting, is dispatched to every shareholder at her/his registered address within the stipulated time.

Queries raised at last Annual General Meeting

No significant issues were raised during the 9th Annual General Meeting (AGM) of the Company held on April 19, 2023. Queries raised during the last AGM of the Company pertained to the Company's published financial statements, which were responded by Board members, the CEO and Company Secretary and resolved to the satisfaction of the shareholders.

Presence of the Chairperson Audit Committee at the AGM

Chairman of the Audit committee – Mr. Zafar Iqbal Sobani was present at the last AGM to answer any questions on the Committee's activities and matters within the mandate of the Committee.

Formal Orientation Program

When a new member is taken on Board it is ensured that he/she is provided with a detailed orientation of the Company, covering the following objectives:

- The Company's vision and strategies
- Company's core competencies, investments, diversification ventures, etc.
- Organizational / group structure, associations and other related parties
- Summary of the Company's major assets, liabilities, noteworthy contracts and major competitors
- Major risks both external and internal including legal and regulatory risks and constraints
- Critical performance indicators
- Summary of major members, stakeholders, suppliers and auditors
- Role and responsibility of the Director as per the Companies Act, including Code of Corporate Governance and any other regulatory laws applicable in Pakistan
- AGP's expectations from the Board, in terms of output, professional behavior, values and ethics
- Major policies of the Company

Apart from a formal orientation program, Directors are encouraged to attend trainings which help them reassess their role in the Company's progress and enhance their competencies for the betterment of the Company in line with Code of Corporate Governance.

Connection of External Search Consultancy for Appointment of Chairman or Independent Directors

The Company has effectively maintained the structure of its Board of Directors with the composition of a Chairman, two (2) independent directors and four (4) non-executive directors. There was no change in the Board's structure and hence, the need for an external search consultancy for the appointment of Chairman or independent directors did not arise.

STAKEHOLDER'S RELATIONSHIP & MANAGEMENT

The Company places great emphasis on the development of sustained stakeholder relationships. It has developed various mechanisms that enable the Board and management to understand and consider stakeholder views and cater to their needs and interests.

Identification of Stakeholders

Our management places great focus on identification and engagement with stakeholders across all departments of the Company. Our marketing department is extensively involved in market research and customer analysis to better connect with our customers and to expand and update our existing customer base. Our supply chain department actively engages with our suppliers and vendors to develop better relationships and enrich our supply base. Our corporate affairs department regularly reviews changes in our shareholding pattern and makes concentrated efforts to foster better relationships with our shareholders through direct engagement and corporate briefing sessions.

Stakeholders' Engagement Process

AGP regularly engages and effectively communicates with its stakeholders. The table sets out our key stakeholder groups, some of the ways in which we engage with them and how these relationships are likely to affect the performance and value of the entity.

Stakeholder	Engagement Process	Effect and Value
Shareholders	• Annual general meeting • Extra ordinary general meeting • Corporate briefing sessions • Communication preceding communication of interim results	• Maintain regular and constructive dialogue with investors and shareholders to communicate performance update in order to build confidence and ensure continued access to capital
Analyst	• One-to-one meetings between senior executives including CEO and institutional investors • Corporate briefing sessions	• Briefly explain key financial highlights and AGP's approach towards growth • Clarifies the Company's stance in the market to create a positive and transparent image
Patients and consumers	• Pharma summits, medical conventions and conferences • Engage ethically with institutions and healthcare professionals through our experienced and well-trained marketing team	• Feedback from summits and other engagements enable us to develop products and advocate for policies that better cater to unmet needs

Stakeholder	Engagement Process	Effect and Value
Bank and other lenders	• Meetings and negotiation are held with banks/financial institutions to discuss working capital and other financing requirements	• Access to the financial products at competitive prices
Media	• Different communication mediums including social media used on need basis to apprise the general public about new developments and activities	• By informing the media of the developments and activities of AGP, effective awareness is created regarding the Company and the products and activities, indirectly having a positive impact
Regulators	• Meetings with officials according to business needs • Submission of data for review and compliance • Filing application for approval and registration	• Understanding and ensuring compliance with all legal and regulatory requirements • Dialogue with regulatory authorities to address matters impacting business operations and new product registrations
Employees	• Routine interactions and meetings • Project based collaborations • Trainings, both on the job and formal training courses • Appraisals (conducted twice a year) • Continuous feedback	• The Company realizes that employees are its most valuable resource representing the Company in the industry and community • Providing a nurturing and friendly work environment that helps the Company to maintain a dedicated and competent workforce • Motivated workforce supports effective implementation of strategies
Suppliers	• Engaging with suppliers to monitor quality, delivery and performance • Regular auditing of suppliers' quality processes to ensure they comply with relevant regulations and required standards	• Suppliers provide materials and services that support us in delivering high-quality, safe products for our patients

Steps Taken by the Board to Engage with Shareholders

The AGP's Board is cognizant of the potential impact of its decisions on stakeholders. In the performance of its duty to promote the success of the Company, the Board gives regard to a number of factors, including listening to and considering the views of shareholders and other key stakeholders. The Board's interaction with the Company's main stakeholder group – shareholders is set out below in more detail.

Participation at General Meetings

The Company engages with shareholders in several ways. This includes regular communications, the General Meetings and other investor relations activities. It announces results on a quarterly basis and annual results are included in the annual report. The management encourages maximum participation of shareholders including minority shareholders to attend general meetings. In addition to the legal requirements of dispatching and newspaper publication of the notice of general meetings, the shareholders can also view a notification through "Latest News" on the official website of the Company, which advises them that the annual report and notice of the general meetings are available.

The CEO and management maintain a continued and active dialogue with institutional shareholders on performance of the Company through regular meetings. The Company Secretary acts a focal point for handling investor grievances and queries raised through email, website or telephone. The Company Secretary also acts as a focal point for managing key relationships with the Company's registrar. For facilitation of stakeholders and shareholders, the "Investors' Relations" section is also present on the corporate website of the Company containing useful information from investors' perspective.

Last Annual General Meeting

The last Annual General Meeting had a considerable level of attendance, of more than 85.7% and interactive engagement by shareholders. All the proposed resolutions were duly approved by shareholders. The Annual General Meeting held by the Company provided an opportunity to put questions to the Board during the formal proceedings, while providing shareholders the chance to meet informally with the Board Directors and senior management.

Corporate Briefing Session

The Board has implemented an Investor Relations and Communication Policy, which encourages the management to conduct regular corporate briefing sessions. The CEO held one session after the second quarter, where she provided accurate and comprehensive information about the half-yearly financial results of the Company. The sessions ended with a Q&A segment, where attendees were satisfied with the responses given to their questions. This positive development for the company's investor relations and communication efforts has helped to build trust and confidence with stakeholders.

Redressal of Investor Complaints

Our shareholders have been given an open forum through our website and dedicated email address to reach out in case of any queries and complaints. Normally, the Company receives complaints related to dividend not being credited in cases where there is an error in shareholders particulars including bank account details. Our corporate affairs department is actively engaged to liaison with such shareholders and ensure that such matters are resolved in an appropriate and timely fashion.

IT GOVERNANCE & CYBER SECURITY

Board Responsibility Statement

The Board of Directors understands the value and recognizes the responsibility of having an information technology (IT) governance framework which is clearly defined and focuses on enterprise governance, IT leadership, implementing IT strategy, IT framework, and IT processes.

IT Governance and Cyber Security Oversight function

The Board Audit Committee is charged with oversight of IT governance and adequacy and effectiveness of cyber security controls measures. Nominated representative from the IT Steering Committee, comprising of members from the senior management, shall keep Audit Committee updated on a timely basis and seek their guidance where necessary. Audit Committee shall inform the Board of Directors on matters that are deemed necessary and critical.

IT Steering Committee

The management has established an IT steering committee consisting of senior personnel to enhance the IT governance and cyber security framework. A charter has been drafted and put in place to regulate and manage the operations of the committee, which will oversee the activities and responsibilities of the IT department, focusing particularly on IT governance and cyber security measures. The committee will consult Chief Executive Officer on contentious and important matters and will provide quarterly reports to the Audit Committee as appropriate. The committee will meet at least once in a quarter and will follow the mandate as per the charter of the committee. In response to new challenges and evolving IT environment, a mandate has been given to the committee for evaluating new technologies to bring business synergies and commercial efficiencies, and combat against cyber threats.

IT Governance and Cyber Security Policy and Programs

The IT governance policy is designed to ensure that IT activities are aligned with business objectives and stakeholder requirements. Programs such as value delivery, risk minimization and resource optimization have been initiated under the relevant standard operating procedures.

Early Warning System

The management is assessing and evaluating the business need to have a robust system in place for early warning. The KPIs of the relevant management has a mandate to build and maintain effective security control systems for risk mitigation. Our IT department is actively monitoring the environment to identify and prevent threats, to the extent possible, and make timely disclosures as appropriate.

Independent Comprehensive Security Assessment

Management engages third-party experts to perform risk assessment and penetration testing as and when it is deemed necessary. During the last assessment conducted in the recent past, certain improvement areas were identified and addressed.

Disaster Recovery Plan and IT Personnel Training
The Company has a documented disaster recovery plan entailing the relevant recovery strategies. As per the plan, the drill is executed at least once a year. Apart from disaster mitigation, the drill exercise also helps in training the relevant IT and administration personnel.
The management actively and regularly plans and conducts training of its staff, including IT department, depending on their unique skill set and training requirements as per their roles and responsibilities.

Digital Transformation

The management continuously assess the business need to update its technology and infrastructure. The proposal is presented to the Board of Director for all material projects and adequate capital budget is allocated for its implementation. AGP has upgraded its ERP system to SAP S/4 HANA using the cloud technology. The transformation brought a host of benefits to our organization, including access to cutting-edge technology and increased innovation. With SAP S/4 HANA, we reduced cybersecurity risks by leveraging cloud technology and eliminating the need for costly on-premises infrastructure. The technology offered restrictive and protected access to sensitive data with proper segregation of duties. The cloud-based platform also enabled us to seamlessly integrate all our business processes and applications, leading to more efficient operations and greater collaboration across departments. Additionally, we anticipate a significant reduction in costs associated with maintaining ERP hardware and infrastructure. We will explore and look forward to many more advantages that SAP S/4 HANA may bring to our organization.

Management of risk associated with ERP

To evaluate the risk and controls on ERP projects and ensure seamless and smooth ERP transitions and updating, the Company deploy adequate resources and onboard consultants with rich experience and in-depth knowledge of ERP. For our ERP updating to SAP S/4 HANA, we engaged with Systems Limited as our implementation partner. Systems Limited is running a business of software development, trading of software and business process outsourcing services with proven track record of successful SAP implementation. Rise with SAP provide more integration across all functions of the organization with enhanced system efficiency and security.

Appropriate training courses are being provided to the users of SAP S/4 HANA. Following best corporate practices and SOPs, implementation concluded with User Acceptance Testing (UAT) properly executed for all modules such as Finance, HR, Supply Chain and Warehouse Management etc. To ensure transition success, all relevant trainings were conducted by a team of professionals employed at Systems Limited. The IS steering committee along with IT officials oversaw the project and ensured the effective implementation.

STATEMENT OF VALUE ADDED AND DISTRIBUTED

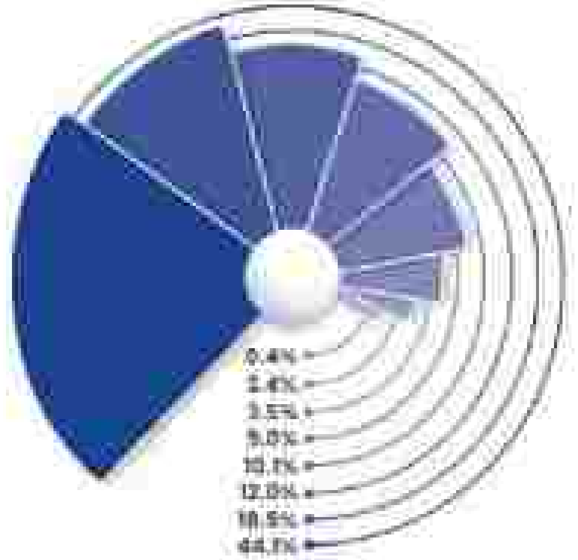
Wealth Generated
PKR in Million

13,858 Revenue + 179 Other Operating Income − 7,788 Cost of brought in goods and services = 6,249 Wealth Generated & Distributed

Wealth Distributed
PKR in Million

Particulars	2023	2022
Retained with Entity	630	728
Reinvested	752	776
Shareholders as Dividend	550	750
Employees as Remuneration & Benefits	2,767	2,208
Government as Taxes & Duties	1,154	784
Statutory Levies	151	148
Providers of Long Term Finance	222	440
Society as Donations	23	23
	6,249	5,817

Distribution in 2023



DIRECTOR'S REPORT

The Board of Directors of AGP Limited (AGP / the Company) is pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2023.

About the Company
The Company primarily manufactures, markets, imports, and sells pharmaceutical and healthcare products in the domestic and international markets. The Company owns a range of quality products catering to distinct therapeutic needs of the market. As of December 31, 2023, Aitkenstuart Pakistan (Private) Limited (the Parent company) owns 55.8% of the equity interest in the Company. AGP holds 65% shareholding in OBS AGP (Private) Limited (OBS AGP), which acquired a pharmaceutical portfolio from Sandoz AG in 2021. During the current year, AGP acquired 91.9% shareholding in OBS Pakistan (Private) Limited (OBS PK), which purchased selected pharmaceutical brands from Viatris Inc. in 2023.

Economic Overview
The year has been challenging for the business community. Continued PKR devaluation coupled with rising interest rates, inflation surge and hike in fuel prices have significantly raised the cost of doing business. The profitability is further stressed by the imposition of additional taxes. However, the economy has started to experience a gradual recovery, particularly at the end of the year. Large-scale manufacturing registered a moderate increase in November. The exports registered a decent growth and at the same time imports declined due to lower international commodity prices, better domestic crop output, and a decline in oil import volumes. Workers' remittances continued to improve for the second consecutive month in December. Accordingly, the FX reserves have improved on the back of surplus in the current account, official inflows, and the latest IMF SBA tranche.

Market Overview
As per the Industry Report issued by IQVIA Solutions Pakistan Pvt. Ltd., a pharma research company, the pharmaceutical industry in Pakistan has crossed the PKR 900 billion mark in the year 2023 with a growth of more than 17%. The growth is primarily driven by drugs used in the chronic illnesses and infection segment. The one-off price increase allowed by the Drug Regulatory Authority of Pakistan (DRAP) supported the industry to maintain its growth momentum.

Financial Results
Financial Performance of AGP

Despite tough economic conditions, AGP delivered promising results with revenue almost reaching the PKR 14 billion mark with a remarkable growth of 25% over last year. Domestic retail sales which constitute majority of the revenue, displayed encouraging growth of more than 27% on the back of impressive performance by top brands. With stability in geopolitical conditions in Afghanistan, AGP's team went with full force for market penetration and secured a top line of more than PKR 1.5 billion with outstanding growth of almost 54%. The nutraceutical segment also picked up momentum and registered a growth of 23% over last year. Overall, the sales growth is immensely supported by toll supplies to OBS AGP.

The excellent topline performance could not have been translated downwards as the cost of doing business has increased significantly due to external uncontrollable factors. The management was able to mitigate cost escalations to some extent due to the one-off price increase allowed by DRAP. Maintaining an optimum level of inventory and initiating operational excellence measures further helped to improve profitability at decent levels. Accordingly, despite cost pressures, the Company was able to maintain its gross margin at 44.3%, and hence retained its distinctive position in the industry.

The management continued to strictly monitor and curtail its expenses and resultantly administrative expenses were contained despite a significant increase in business volume and extreme inflationary pressure. However, to augment sales growth, the Company made strategic investment in its human resource capital during the last year whose full year impact is reflected in the current financial results. Accordingly, marketing and selling expenses have increased considerably. Other income has grown on account of dividend received from OBS AGP which is twice as last year. Exchange loss due to massive devaluation of local currency has led to a rise in other expenses. During the year, the Company obtained a syndicate term finance loan of PKR 2.4 billion for inducting equity investment in OBS PK. The rise in KIBOR coupled with this syndicate financing together with increase in short-term borrowings has added the financial cost burden on the Company. The additional levy of super tax has also dampened the profitability.

On account of the above reasons and submissions, the Company posted a profit after tax of PKR 1,190 million with earnings per share of PKR 4.25.

Financial Performance of OBS AGP

The performance has been encouraging as the Company crosses the PKR 5 billion mark with decent gross margins. Because of a substantial rise in the cost of doing business due to economic challenges and inflationary pressures, the topline performance could not be fully translated down the line. However, the management has done well to control and restrict its expenses and, hence, recorded a profit after tax of more than PKR 511 million.

Financial Performance of OBS PK

The performance of the acquired portfolio has been promising under the new management and governance structure. Post-acquisition, for the first (1st) nine (9) months ended on December 31, 2023, the Company has recorded net sales of around PKR 1.7 billion with impressive gross margins. Despite significant cost escalations, the profitability remains robust at around 230 million.

Consolidated Financial Performance

The encouraging topline performance of AGP and its subsidiaries, has led to a consolidated revenue of PKR 13.7 billion, representing an increase of 30% over the last year. The profitability remained suppressed because of tough business environment. Resultantly, consolidated net profit is recorded at PKR 1.8 billion and net profit attributable to parent Company almost stands at PKR 1.6 billion with EPS of PKR 5.58.

Capital Structure

Total equity at the end of the fiscal year grew by 6.2% to PKR 10.9 billion, increasing from PKR 10.2 billion last year. The Company has obtained syndicate term financing for equity investment in OBS PK and therefore, the gearing ratio has increased by over 23% this year. As of December 31, 2023, the long-term financings, including current maturity, stands at PKR 2.8 billion. On a consolidated level, total equity has grown by 11.7% to PKR 12.4 billion, increasing from PKR 11.1 billion as at last year.

Keeping in line with development and expansion objectives, the Company invested PKR 752 million in capital expansion avenues. The investment includes balancing, modernization, and restructuring of equipment and machinery to enhance current capabilities and modernize infrastructure amongst other capital projects.

Throughout the year, PACRA maintained AGP's long-term credit rating at A+ and its short-term credit rating at A1.

Profit Distribution and Reserves

The standalone revenue reserves – unappropriated profit stood at PKR 7.4 billion at the start of 2023. Profit after tax for 2023 increased reserves by PKR 1.2 billion, whereas dividend payments led to a reduction of PKR 0.58 billion to the reserves. Accordingly, the reserves closed at PKR 8.1 billion, signifying an increase of 8.6% for the year.

The consolidated revenue reserves – unappropriated profit stood at PKR 7.7 billion at the start of 2023. Profit after tax for 2023 increased reserves by PKR 1.6 billion, whereas dividend payments led to a reduction of PKR 0.58 billion to the reserves. Accordingly, the reserves closed at PKR 8.8 billion, signifying an increase of 13.2% for the year.

Dividend

The Board of Directors, in its meeting held on February 14, 2024, recommended a final cash dividend of PKR 2.5 per share, that is 25%, for the year ended 2023. The same shall be placed for shareholders' approval at the forthcoming Annual General Meeting scheduled to be held on March 18, 2024.

Pattern of Shareholding

The shares of AGP are listed on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2023, and other related information including trade of shares by Board Directors, CEO, substantial shareholder and/or their spouses and minor children, if any, is set out in the relevant section of pattern of shareholding in the Annual Report 2023.

Subsequent Events

No other material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Nurturing the Environment

While delivering encouraging sales performance, we remain fully cognizant of ethical standards and sustainability principles in our business decisions. We continuously pledge to decrease our carbon footprint by reducing emissions and implementing programs and awareness that promote water and energy conservation. We believe and practice business operations while adhering to environmental regulatory standards such as Environment, Health and Safety (EHS) and Sindh Environmental Protection Agency (SEPA) to create a favorable social and environmental impact.

As part of our "Go Green Strategy" to establish sustainable energy sources, we met around 13% of our energy needs through solar panels. As part of our partnership with the Worldwide Fund for Nature (WWF) to make AGP a more environment-friendly office, we continue to follow an effective and efficient environmental management system (EMS). As part of our sustainable targets, we achieved the following KPIs:

TARGET	
Water consumption reduction	2%
Paper consumption reduction	5%
Waste reduction	5%
Energy consumption reduction	3%

Our production processes comply with international standards and good manufacturing practices (cGMP). Our methods and procedures are sustainable, and controls are effectively in place that guarantee the quality of our medications and ensure the safety of our staff.

Similarly, our products meet high-quality standards. To facilitate accomplishing our goals and objectives, well-designed internal and external training and courses are provided to relevant employees to maintain and enhance EHS performance throughout the Company.

Corporate Social Responsibility (CSR)

AGP firmly focuses on its social responsibility so that both the Company and the community at large can advance together. In this regard, we have supported various projects aimed at promoting societal well-being and educating deserving students. To fulfil our mission of valuing life, we donated funds to healthcare organizations to aid patients and partnered with welfare organizations to help the underprivileged. We also extended educational support to well-reputed academic NPOs and donated medicines and food to those in need who cannot afford them.

Our strive towards improving sustainability while pursuing United Nations' sustainable development goals (SDGs) as adopted by the Government of Pakistan (GoP), can be summarized through the following table:

SDGs	Actions
SDG 2 Zero Hunger	• A donation of ~PKR [illegible] million was made in lieu of Ramadan Ration packs and Iftaar distribution
SDG 3 Good Health and Well Being	• Donated medicines to various healthcare institutions • A contribution of PKR 1 million was made by AGP's Patients Welfare Society to provide quality healthcare to the underprivileged • AGP donated to the [illegible] to support children with Downs syndrome
SDG 4 Quality Education	• AGP has a policy of granting scholarships to the deserving children of factory workers and support staff • Sponsored education of 200 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Shaukat Khan Memorial Foundation (SKMF). The investment in education of deserving students aggregates to ~PKR 7 million • AGP endowment fund of PKR 4 million, PKR 1 million each year, was established at IBA Karachi to sponsor 2 students for their bachelor's program
SDG 5 Gender Equality	• 1st pharmaceutical listed company to have been led by a female CEO • AGP's female-to-total workforce ratio is ~[illegible]% as a total workforce • The company has secured Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards for the 5th consecutive year • AGP provides a convenient and affordable transportation facility specifically for its female employees in lower management positions
Clean Water and Sanitation	• An efficient water treatment plant within the Company premises ensures proper water disposal that complies with SEPA • Using sensor-equipped taps and springs wherever possible to conserve water
SDG 7 Affordable and Clean Energy	• Solar Power System on all three (3) plants cater to about [illegible]% of AGP's energy needs • Obtained and maintained the WWF Green Office certification to make AGP an environment friendly office, adopting WWF's recommended environment management system (EMS) and reducing our carbon footprint
SDG 8 Decent Work and Economic Growth	• We facilitate our female employees by having a daycare center so they could continue working after motherhood without absenteeism • A suitable structure is in place ensuring equality amongst same level of work between the male and female employees with comparable qualifications and experience have similar opportunities and rewards
SDG 5 Clean Water and Sanitation	• AGP adheres rigorously to fiscal policies regarding labor wages and compensation • Workers' wages have been increased to alleviate the impact of the inflationary economy • Additional bonuses were provided to support workers during challenging times • AGP embraces diversity including various ethnic groups, minority classes and differently abled individuals • The management ensures all workers and staff are above 18 years old, vehemently discouraging child labor • AGP contributed PKR 2.5 million to Al-Qadir Welfare Foundation to help the underprivileged
SDG 12 Affordable and Clean Energy	• Our pharmaceutical products are produced as per international standards ensuring there is minimum wastage during production and packaging
SDG 15 Life on Land	• AGP's employees participated in plantation drive in partnership with WWF to safeguard the mangrove ecosystem

Risk Management

The Board of Directors considers governance of risk to be critical in meeting its goal for sustainable growth. The objective of the entire risk management system is to minimize any potential shortcomings brought on by the risks and uncertainties faced by the Company. An effective risk identification and management plan has been prepared and implemented. Detection, analysis, and mitigation of the Company's strategic, financial, operational, reputational, legal, and compliance risks are all part of this process. The Audit Committee reviews the key risks along with their respective mitigation plans for evaluation, discussion, and any necessary recommendations. The conclusion and results are also communicated to the Board.

Currently, Pakistan is faced with a number of economic challenges which include a balance of payments crisis, mounting debt obligations, and persistent budget deficit among others. Massive devaluation of local currency, hike in interest rates and soaring inflation are adversely impacting the cost of doing business in the country.

To mitigate the impact of external adversaries to the possible extent, the management has initiated various measures in technical operations to bring in production efficiencies. The Company has planned to maintain inventories at an optimum level. Negotiation with Chinese suppliers for payment in Yuan with better LC terms is already in process and has yielded some success. Further, we are diversifying the supplier base to local vendors where possible. Besides these concerted efforts, we are profoundly seeking avenues for export opportunities to safeguard ourselves against foreign currency volatility.

Composition and Meeting of the Board and its Committees

To give strategic leadership to the Company, the Board consists of distinguished professionals from various sectors with a diversified skill set and understanding of the relevant subjects. Our Board of Directors serve the interests of all the shareholders and particularly ensures minority interests. In addition to the Board's mandatory committees, such as the Audit Committee and the Human Resource & Remuneration Committee, the Company has a Board Strategy Committee to evaluate investment transactions and performance, as well as to monitor capital and financial resources. The following Board and committee meetings were held for the Company to adopt effective corporate governance procedures and analyze their effectiveness:

Committee Meetings		
Board of Directors	BOD	12
Board Audit Committee	BAC	4
Human Resource & Remuneration Committee	HRC	4
Board Strategy Committee	BSC	-

The composition and attendance record of the meetings of the Board and its committees are as follows:

Name	Categories	BOD	HRC	BAC	BSC
Mr. Tariq Moinuddin Khan	Non-Executive Director	12/12	-	-	-
Mr. Zafar Iqbal Sobani	Independent Director	12/12	-	4/4	-
Mr. Naved Abid Khan*	Independent Director	1/[illegible]	2/2	-	-
Mr. Shoaib Ali	Independent Director	4/4	2/2	-	-
Mr. Kamran Nishat	Non-Executive Director	12/12	4/4	4/4	-
Mr. Muhammad Kamran Nasir	Non-Executive Director	9/9	2/2	3/3	-
Mr. Faisal Muzammil	Executive Director	12/12	4/4		-
Mr. Mahmud Yar Hiraj	Non-Executive Director	12/12	4/4	4/4	-
Mr. Muhammad Kamran Abbasi	Non-Executive Director	[illegible]	4/4	4/4	-

*Mr. Naved Abid Khan resigned from the Board on [illegible] [illegible] September 1, 2023.

[illegible]

Mr. Tariq Moinuddin Khan chairs the meetings of the Board, and Mr. Zafar Iqbal Sobani and Mr. Kamran Nishat chair the meetings of BAC and BSC respectively. With respect to HRC, Mr. Naved Abid Khan and after his resignation, Mr. Shoaib Ali chaired the meetings. The meetings of the Board and its committees were presided over by their respective Chairmen. All members of the Board and its committees attended all their respective meetings.

The Chief Financial Officer and Company Secretary attended all meetings of the Board except such part of the meetings wherein agenda items related to the consideration of the performance of themselves or other senior management executives or terms and conditions of their services.

The Chief Financial Officer and Chief Executive Officer attended meetings of BAC at the invitation and with the permission of the Chairman of the Audit Committee.

Adequacy of Internal Controls

The Board is ultimately responsible for the Company's internal control mechanisms and their efficacy. However, the system in place is intended to manage rather than eliminate the risk of failing to meet business objectives, and it only gives reasonable rather than absolute assurance against major misstatement or loss. The Company has an independent internal audit function that has been outsourced to A.F. Ferguson & Co. (AFF), a well-reputed professional service firm that deploys suitably qualified and experienced staff for the purpose.

The internal audit is carried out in accordance with the internal audit plan, which is duly reviewed and approved by the Audit Committee. The internal audit plan is guided by the organization's objectives and priorities, as well as the risks that may prohibit the business from attaining those objectives. The Audit Committee assesses the efficacy of the internal control system, whilst the AFF monitors and certifies the effectiveness and appropriateness of the internal controls and risk management framework on a regular basis.

The Board also understands the value and responsibility of having an information technology (IT) governance framework which is clearly defined and focuses on enterprise governance, IT leadership, implementing IT strategy, IT framework, and IT processes. The Audit Committee is charged with oversight of IT Governance, and adequacy and effectiveness of cyber security control measures. During the year, the Company RISE with SAP and migrated to SAP S/4 HANA from SAP ERP, using cloud-based technology with embedded intelligence, real-time insights and advanced technologies, that improve compliance and build business resilience. Nominated representatives from the IT Steering Committee, comprising of members from the senior management, update the Audit Committee on a timely basis and seek their guidance where necessary. The Audit Committee shall inform the Board on matters that are deemed necessary and critical.

Board Evaluation

Following best corporate governance practices and as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, AGP has engaged the Pakistan Institute of Corporate Governance (PICG) to evaluate the Board's performance, as well as that of its committees and members. The findings of PICG's assessments are discussed in depth at the following Board meeting to address the highlighted areas and enhance the performance of the Board and its committees.

PICG is a public-private collaboration with a skillful team with rich credentials and experiences targeted at developing good corporate governance standards in Pakistan.

Directors' Remuneration

The Board of Directors, in accordance with the Companies Act, 2017, and the Code of Corporate

Governance, has approved the remuneration of the Board members for attending meetings of the Board and its committees.

The remunerations are determined in line with industry trends and business practices to ensure commitments by all Board members along with their retention by the Company. However, the meeting fee is not set at such a level that it may be perceived to compromise the independence of Board members.

The details of the remunerations, which include but are not limited to salary, benefits, bonuses, performance, and other incentives, for the directors and chief executives, are as follows:

Name	Chief Executive		Director		Executive	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Managerial remuneration	33,032	27,559	–	–	[illegible]	[illegible]
Bonus	[illegible]	[illegible]	–	–	[illegible]	[illegible]
Performance incentive	[illegible]	[illegible]	–	–	[illegible]	[illegible]
Reimbursement of expenses	[illegible]	[illegible]	–	–	[illegible]	[illegible]
Provident fund	[illegible]	[illegible]	–	–	[illegible]	[illegible]
Other	[illegible]	[illegible]	–	–	[illegible]	[illegible]
Total	[illegible]	74,814	–	–	[illegible]	[illegible]
Number of persons	1	1	7	6	[illegible]	[illegible]

During the year, 20 meetings of the Board and its committees were convened as compared to 19 meetings held in the preceding year. Fee paid to two (2022: two) independent directors and five (2022: four) non-executive directors for attending board and other meetings aggregating to Rs. 15 million (2022: Rs. 10.5 million). Traveling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 1.45 million (2022: Rs. 4.07 million).

Directors' Compliance Statement

The Board is pleased to state that:

- Management's financial statements correctly portray its state of affairs, the results of its activities, cash flows, and changes in equity.
- The Company's books of account have been kept properly.
- There are no substantial concerns about the Company's capacity to continue as a going concern.
- Appropriate accounting rules were regularly followed in the compilation of the financial statements, and accounting assumptions were based on reasonable and competent judgment.
- International financial reporting standards as applicable in Pakistan were followed in the compilation of the financial statements, and any deviation was sufficiently stated.
- The internal control system is well-designed and has been efficiently implemented and monitored.
- There has been no major deviation from the best corporate governance procedures described in the listing requirements.
- Information on unpaid taxes and levies, as required by listing regulations, is reported in the notes to the financial statements.
- The Board has duly complied with the requirements of the Directors training program and the criteria as prescribed in the regulations.
- The key operating and financial data for the last six (6) years is set out in the relevant sections of the annual report; and
- The Company's management is committed to best corporate governance and appropriate steps are taken to comply with best practices.

Provident Fund

All permanent employees of the Company and its subsidiary OBS AGP, are eligible for a contributed Provident Fund as part of retirement benefits. The value of Defined Contribution Provident Fund investments as of December 31, 2023, was PKR 470 million (audited), whereas it was PKR 327 million as of December 31, 2022 (audited).

Auditors

M/s EY Ford Rhodes (EY), Chartered Accountants, and the Company's current auditors, have published a report on AGP's standalone and consolidated financial statements.

The retiring auditor EY has expressed their inability to continue as auditor of the Company for the next year. Considering the reputes experience and credentials, the management has proposed M/s. Grant Thornton Anjum Rahman Chartered Accountants (GT) to be appointed as statutory auditors of the Company. Based on the management proposal and upon recommendation of the Audit Committee, the Board has proposed to shareholders for approval at the forthcoming Annual General Meeting the appointment of GT as AGP's statutory auditors for the year 2024.

Future Outlook

Despite tough economic and political conditions, the Company is determined to grow sustainably and increase its market share. Capitalizing on the existing product portfolios of the Company and its subsidiaries together with group synergies, AGP will leverage organic growth prospects. The preparation is underway to develop new medications that target both current and emerging therapeutic needs aims to increase our share in the domestic market and emerge across borders that will establish our footprint in international markets. We will continue to explore possible targets, deemed strategically appropriate, for inorganic growth opportunities.

Nevertheless, future profitability will remain threatened by ongoing foreign exchange volatility, high interest rates, and domestic inflation. Recently escalated geopolitical tensions in the Red Sea region are posing risks for global trade and commodity prices.

AGP will secure a competitive edge by steadily strengthening and enhancing its capacity to adapt, thrive, and develop in a challenging and changing environment. Accordingly, during the year, substantial CAPEX has been incurred or committed to increase the manufacturing capacity.

Response to Future Challenges and Uncertainties

To counter the challenges posed by the economic distress in the Country, we are making efforts to diversify our supplier base and move from import to local suppliers while maintaining quality standards which has been the cornerstone of our presence. Further, we are focusing on creating a strong export base and emphasizing to optimize inventory levels. Furthermore, we are making efforts to realize cost economies from operational excellence.

To remain aware of prospective opportunities and potential hazards, we would remain abundantly cautious of the evolving external factors. We trust and have confidence that the GoP, and the Drug Regulatory Authority Pakistan (DRAP) in particular, will play an instrumental role in stabilizing the local industry. Business-oriented policies and financial support measures will certainly assist the corporate sector to regain stability and grow sustainably.

Acknowledgment

We want to recognize the valuable human resources of our Company and the subsidiaries, who have worked diligently to uphold our vision and core values to ensure that patients always have access to high-quality drugs. We would like to extend our gratitude to all our clients, suppliers, and business partners for their continuous faith in us. We would also like to thank our esteemed shareholders for reposing their trust and confidence in the management of the Company.

Muhammad Kamran Nasir
Chief Executive Officer

Muhammad Kamran Mirza
Non-executive Director

ی۔ گزشتہ چھ (۶) سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا سالانہ رپورٹ کے متعلقہ حصوں میں بیان کیا گیا ہے۔ اور
ک۔ کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کے لیے پرعزم ہے اور بہترین طریقوں کی تعمیل کے لیے مناسب اقدامات کیے جاتے ہیں۔

۱۸۔ پروویڈنٹ فنڈ

کمپنی اور اس کے ذیلی ادارے OBS AGP کے تمام مستقل ملازمین، ریٹائرمنٹ کے فوائد کے حصے کے طور پر تعاون شدہ پروویڈنٹ فنڈ کے حق دار ہیں۔ مطابق ۳۱ دسمبر ۲۰۲۳ء، پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت [illegible] ملین روپے (غیر آڈٹ شدہ) تھی، جبکہ ۳۱ دسمبر ۲۰۲۲ء کو [illegible] ملین روپے (آڈٹ شدہ) تھی۔

۱۹۔ آڈیٹرز

میسرز EY Ford Rhodes (EY) چارٹرڈ اکاؤنٹنٹس، اور کمپنی کے موجودہ آڈیٹرز نے AGP کے انفرادی اور مجموعی مالیاتی گوشواروں پر ایک رپورٹ جاری کی ہے۔
ریٹائر ہونے والے آڈیٹر EY نے اگلے سال کے لیے کمپنی کے آڈیٹر کے طور پر کام جاری رکھنے سے معذوری ظاہر کی ہے۔ ساتھ ہی بورڈ اور آڈٹ کمیٹی نے انتظامیہ نے میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس (GT) کی کمپنی کے قانونی آڈیٹرز کے طور پر تقرری کی تجویز پیش کی ہے۔ انتظامیہ کی تجویز کی بنیاد پر اور آڈٹ کمیٹی کی سفارش پر، بورڈ نے آئندہ سالانہ جنرل میٹنگ میں منظوری کے لیے شیئر ہولڈرز کو تجویز پیش کی ہے کہ سال ۲۰۲۴ کے لیے AGP کے قانونی آڈیٹرز کے طور پر GT کی تقرری کی جائے۔

۲۰۔ مستقبل کی توقعات

مشکل اقتصادی اور سیاسی حالات کے باوجود، کمپنی پائیدار ترقی اور اپنے مارکیٹ شیئر میں اضافہ کرنے کے لیے پرعزم ہے۔ کمپنی اور اس کے ذیلی اداروں کے موجودہ پروڈکٹ پورٹ فولیو کو ہم آہنگی کے ساتھ استعمال کرتے ہوئے، AGP نمایاں ترقی کے امکانات کا فائدہ اٹھائے گی۔ ایسی حکمت عملی جاری ہے جن کا ہدف علاج کی موجودہ اور ابھرتی ہوئی ضروریات ہیں، جس کا مقصد ملکی مارکیٹ میں ہمارا حصہ بڑھانا اور سرحدوں کے پار نمایاں ہونا ہے جو بین الاقوامی منڈیوں میں ہمارے بتدریج قدم مستحکم کرے گی۔ ہم غیر نامیاتی ترقی کے مواقع کے لیے ممکنہ اہداف کی تلاش جاری رکھیں گے جنہیں حکمت عملی کے لحاظ سے مناسب سمجھا جاتا ہے۔
اس سے قطع نظر، مستقبل کے منافع کو غیر ملکی زرمبادلہ کے ذخائر، بلند شرح سود اور ملکی افراط زر سے خطرات لاحق رہیں گے۔ مجموعی طور پر علاقے میں حال ہی میں پیدا ہونے والی جغرافیائی سیاسی کشیدگی، عالمی تجارت اور اجناس کی قیمتوں کے لیے خطرات پیدا کر رہی ہے۔
AGP ایک قیمتی جوہر ماحول میں ہم آہنگ ہونے، بڑھنے اور ترقی کرنے کی اپنی صلاحیت مستقل طور پر مستحکم کرنے اور مسابقتی برتری حاصل کرے گی۔ اسی کے مطابق، سال کے دوران مینوفیکچرنگ کی صلاحیت بڑھانے کے لیے خاطر خواہ سرمایہ صرف یا مختص کیا گیا ہے۔

۲۱۔ مستقبل کے چیلنجز اور غیر یقینی صورتحال کا جواب

ملک میں معاشی کشیدگی کی وجہ سے درپیش چیلنجوں کا مقابلہ کرنے کے لیے، ہم اپنے سپلائرز کی بنیاد کو متنوع بنانے اور کوالٹی اسٹینڈرڈ برقرار رکھتے ہوئے مقامی سپلائرز کی طرف جانے کی کوشش کر رہے ہیں جو ہماری مصنوعات کی بنیادی ضرورت ہے۔ مزید برآں، ہم ایک مضبوط آمدنی بنیاد بنانے پر توجہ مرکوز کر رہے ہیں اور انوینٹری کی سطح بہتر بنانے پر زور دے رہے ہیں۔ مزید برآں، ہم آپریشنل مہارت سے اخراجات میں کفایت حاصل کرنے کی کوشش کر رہے ہیں۔
ممکنہ واقعات اور ممکنہ خطرات سے باخبر رہنے کے لیے، ہم ابھرتے ہوئے بیرونی عوامل سے بہت زیادہ واقف رہیں گے۔ ہمیں امید اور یقین ہے کہ حکومت پاکستان اور خاص طور پر ڈرگ ریگولیٹری اتھارٹی پاکستان (DRAP) مقامی صنعت کو مستحکم کرنے میں اہم کردار ادا کرے گی۔ کاروبار دوست پالیسیاں اور مالی معاونت کے اقدامات یقینی طور پر کارپوریٹ سیکٹر کو دوبارہ استحکام حاصل کرنے اور پائیدار ترقی میں مدد دیں گے۔

۲۲۔ اعتراف

ہم اپنی کمپنی اور اس کے ذیلی اداروں کے کثیر قیمتی انسانی وسائل سے اظہار تشکر کرنا چاہتے ہیں جنہوں نے ہمارے وژن اور بنیادی اقدار کو برقرار رکھنے کے لیے تندہی سے کام کیا ہے کہ یہ بات یقینی بنائی جا سکے کہ مریضوں کو بہترین اعلیٰ معیار کی ادویات تک رسائی حاصل ہو۔ ہم مسلسل تعاون کے لیے اپنے تمام کاروباری شراکت داروں کا شکریہ ادا کرنا چاہتے ہیں۔ ہم کمپنی کی انتظامیہ پر اپنے یقین اور اعتماد کا اظہار کرنے کے لیے اپنے معزز شیئر ہولڈرز کا بھی شکریہ ادا کرنا چاہتے ہیں۔

محمد کامران ناصر
چیف ایگزیکٹو آفیسر

محمد [illegible] مرزا
نان ایگزیکٹو ڈائریکٹر

کمپنی کے تنظیمی مقاصد اور ترجیحات، اور وہ خطرات جن میں جو کمپنی کو ان مقاصد کو پورا کرنے سے روک سکتے ہیں۔ آڈٹ کمیٹی انٹرنل کنٹرول فریم ورک کے مؤثر ہونے کا جائزہ لیتی ہے جبکہ AFF باقاعدگی سے انٹرنل کنٹرولز اور رسک مینجمنٹ فریم ورک کے مؤثر اور کافی ہونے کی یقین دہانی فراہم کرتی ہے۔
بورڈ انفارمیشن ٹیکنالوجی (آئی ٹی) گورننس فریم ورک رکھنے کی اہمیت اور ذمہ داری بھی سمجھتا ہے جس کی واضح طور پر تعریف کی گئی ہے اور بہتر آئی ٹی گورننس آئی ٹی حکمت عملی کو نافذ کرنے، آئی ٹی فریم ورک، اور آئی ٹی کے عمل پر توجہ مرکوز کرتا ہے۔ آڈٹ کمیٹی کو آئی ٹی گورننس کی نگرانی، اور سائبر سیکیورٹی کنٹرول کے اقدامات کی مناسبیت اور تاثیر کی ذمہ داری دی جاتی ہے۔ سال کے دوران، کمپنی نے SAP کے ساتھ RISE کیا اور SAP ERP سے جدید (انٹیلیجنس، ریئل ٹائم انیلیٹکس اور جدید ٹیکنالوجی کے ساتھ) کا استعمال کرنے والی SAP S/4 HANA کی طرف منتقل ہوئی، جو تکمیل کو بہتر بناتی ہے اور کاروباری لچک پیدا کرتی ہے۔ آئی ٹی اسٹیئرنگ کمیٹی کے ذریعہ کردہ واضح ہے، جس میں سینئر مینجمنٹ کے ممبران شامل ہیں۔ آڈٹ کمیٹی کو وقتاً فوقتاً اپ ڈیٹ کرتے ہیں اور جہاں ضروری ہو ان کی رہنمائی حاصل کرتے ہیں۔ آڈٹ کمیٹی بورڈ کو ایسے معاملات سے آگاہ کرتی ہے جو ضروری اور اہم سمجھے جاتے ہیں۔

۱۵۔ بورڈ کی تشخیص

کارپوریٹ گورننس کے بہترین طریقوں کی پیروی میں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ کے تقاضوں کے مطابق، AGP نے بورڈ کے ساتھ ساتھ اس کی کمیٹیوں اور ممبران کی کارکردگی کا جائزہ لینے کے لیے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کی خدمات حاصل کی ہیں۔ PICG کے جائزوں کے نتائج پر متعدد بورڈ میٹنگ میں گہرائی کے ساتھ تبادلہ خیال کیا گیا ہے تاکہ ان شعبوں کی نشاندہی ہو سکے جن پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کو بہتر بنایا جا سکے۔
PICG پاکستان میں کارپوریٹ گورننس کے بہترین معیارات کو فروغ دینے کے لیے بہترین پروگرام اور تجربات کی حامل ایک بہترین تنظیم کے ساتھ ایک پلیٹ فارم پر ایک بہت تعاون ہے۔

۱۶۔ ڈائریکٹرز کا معاوضہ

کمپنیز ایکٹ، ۲۰۱۷ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ کی تعمیل میں، بورڈ نے بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے بورڈ کے اراکین کے معاوضے کی باضابطہ منظوری دی ہے۔
یہ معاوضہ صنعت کے رجحانات اور کاروباری طریقوں کے مطابق طے کیا جاتا ہے تاکہ بورڈ کے تمام ممبران کی ذمہ داریوں کو یقینی بنایا جا سکے اور کمپنی ان کو برقرار رکھ سکے۔ اہم اجلاس کی فیس اس سطح پر نہیں رکھی گئی ہے کہ اسے آزادی پر سمجھوتہ تصور کیا جا سکے۔

ڈائریکٹرز اور چیف ایگزیکٹیو کے معاوضوں کی تفصیلات (جس میں باقاعدہ تنخواہ، بونس، کارکردگی اور دیگر مراعات شامل ہیں) درج ذیل ہیں:

	چیف ایگزیکٹیو		ڈائریکٹرز		ایگزیکٹیوز	
	۲۰۲۳	۲۰۲۲	۲۰۲۳	۲۰۲۲	۲۰۲۳	۲۰۲۲
	(ہزار روپے)					
انتظامی اجرت	۳۳,۰۱۲	۲۷,۵۵۳	–	–	۲۹۱,۱۱۳	۲۹۳,۲۵۰
بونس	۲۱,۵۳۹	۳۰,۷۸۹	–	–	۳۹,۳۰۳	۱۵,۲۱۹
کارکردگی پر مبنی مراعات	۳۷,۵۳۲	۳۹,۱۳۳	–	–	۵,۵۲۹	۵,۹۵۸
کیے گئے اخراجات کی واپسی	۵۱۸	۲۹۵	–	–	۱۱۱,۴۳	۸۵,۱۶۳
پروویڈنٹ فنڈ	۲,۲۶۳	۱,۸۹۳	–	–	۴۲,۲۵۳	۲۹,۲۰۹
دیگر	۷,۹۲۵	۶,۴۲۵	–	–	۳۹,۴۹۳	۴۱,۱۸۴
	۸۵,۶۴۹	۷۳,۹۶۴	–	–	۷۰۰,۶۳۹	۵۶۰,۳۹۷
	۱	۱	۷	۹	۱۰۳	۹۷

سال کے دوران بورڈ اور اس کی کمیٹیوں کے بیس (۲۰) اجلاس منعقد ہوئے جبکہ گزشتہ سال اسی طرح کے انیس (۱۹) اجلاس ہوئے۔ بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے دو (۲۰۲۲: دو) غیر ایگزیکٹیو ڈائریکٹرز اور پانچ (۲۰۲۲: چار) آزاد ڈائریکٹرز کو ادا کی گئی فیس ۱۵ ملین روپے تھی (۲۰۲۲: ۱۰ ملین روپے)۔ کمپنی کی طرف سے ادا کیے جانے والے ایگزیکٹیو ڈائریکٹرز کے معاوضے میں ۲۵ ملین روپے (۲۰۲۲: ۲۰ ملین روپے) تھے۔

۱۷۔ ڈائریکٹرز کا کمپلائنس کا بیان

بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ:
ا۔ انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کی حالت، اس کے کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
ب۔ کمپنی کے اکاؤنٹس کی مناسب دیکھ بھال کی گئی ہے۔
ج۔ ایک جاری ادارے کے طور پر کاروبار جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی خاص شک نہیں ہے۔
د۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
ہ۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، جیسا کہ پاکستان میں لاگو ہوتے ہیں، اور ان سے کسی بھی انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔
و۔ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔
ز۔ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔
ح۔ واجب الادا ٹیکسوں اور محصولات سے متعلق معلومات، جیسا کہ 'کمپنی کو قانوناً مالیاتی گوشواروں کے نوٹس میں ظاہر کی گئی ہیں۔
ط۔ بورڈ نے ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں اور ضوابط میں بیان کردہ معیارات کی مناسب تعمیل کی ہے۔

اس وقت پاکستان کو متعدد معاشی چیلنجوں کا سامنا ہے جن میں ادائیگیوں کے توازن کا بحران، بڑھتے ہوئے قرضوں کی ذمہ داریاں اور مسلسل بجٹ خسارہ شامل ہیں۔ حقیقی کرنسی کی قدر میں بڑے پیمانے پر کمی، شرح سود میں اضافہ اور بڑھتی ہوئی مہنگائی ملک میں کاروبار کرنے کی لاگت پر منفی اثر ڈال رہی ہے۔

بیرونی منفی اثرات کو حد تک کم کرنے کے لیے، انتظامیہ نے پیداواری صلاحیت بڑھانے کے لیے کمپنی کی کاروباری سرگرمیوں میں مختلف اقدامات شروع کیے ہیں۔ کمپنی نے آمدنی میں بہتری اور بہتر شرح منافع پر کام کرنے کا منصوبہ بنایا ہے۔ جبکہ LC شرائط کے ساتھ ساتھ آن میں ادائیگی کے لیے غیر ملکی سپلائرز کے ساتھ بات چیت پہلے سے ہی جاری ہے اور اس میں کچھ کامیابی ملی ہے۔ مزید برآں، ہم جہاں ممکن ہو مقامی وکلاء اور اداروں کے لیے پیداواری بنیاد متنوع کر رہے ہیں۔ ان حکمت عملیوں کے علاوہ ہم غیر ملکی کرنسی کے اتار چڑھاؤ سے اپنے آپ کو محفوظ رکھنے کے لیے کرنسی سے آمدنی کے مواقع تلاش کر رہے ہیں۔

۱۳۔ بورڈ اور اس کی کمیٹیوں کی تشکیل اور اجلاس

بورڈ مختلف شعبوں سے تعلق رکھنے والے ماہرین پر مشتمل ہے جو کمپنی کو حکمت عملی کی رہنمائی فراہم کرنے کے لیے متعلقہ شعبوں میں متنوع مہارت اور علم رکھتے ہیں۔ ہمارا بورڈ آف ڈائریکٹرز تمام گروہوں کے بشمول شیئر ہولڈرز کے مفادات کی نمائندگی کرتا ہے، خصوصاً اقلیت کے مفادات بھی شامل ہیں۔ بورڈ کی لازمی کمیٹیوں یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے علاوہ، کمپنی نے طویل مدتی حکمت عملی اور کاروباری کارکردگی کا جائزہ لینے اور سرمایہ اور مالی وسائل کی نگرانی کے لیے ایک بورڈ اسٹریٹجی کمیٹی بھی تشکیل دی ہے۔ کمپنی کی طرف سے کارپوریٹ گورننس کے بہترین طریقوں کو اپنانے اور اس طرح کے طریقوں کی باقاعدہ نگرانی کے لیے بورڈ اور اس کی کمیٹیوں کے درج ذیل اجلاس منعقد کیے گئے

بورڈ آف ڈائریکٹرز (بورڈ)	۱۴
بورڈ آڈٹ کمیٹی (BAC)	۴
ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HRC)	۳
بورڈ اسٹریٹجی کمیٹی (BSC)	-

بورڈ اور اس کی کمیٹیوں کی تشکیل اور حاضری کا ریکارڈ درج ذیل ہے:

نام	عہدہ	بورڈ آف ڈائریکٹرز	HRC	BAC	BSC
جناب طارق معین الدین خان	نان ایگزیکٹو ڈائریکٹر	۱۴/۱۴	-	-	-
جناب ظفر اقبال سوبانی	خودمختار ڈائریکٹر	۱۴/۱۴	-	۴/۴	-
جناب محمد عابد خان[1]	خودمختار ڈائریکٹر	۵/۵	۳/۳	-	-
جناب شعیب علی[1]	خودمختار ڈائریکٹر	۳/۳	۳/۳	-	-
جناب کامران نشاط	نان ایگزیکٹو ڈائریکٹر	۱۴/۱۴	۳/۳	۴/۴	-
جناب محمد کامران چیمہ[2]	نان ایگزیکٹو ڈائریکٹر	۱/۱	۳/۳	۳/۳	-
محترمہ نصرت تقی[2]	ایگزیکٹو ڈائریکٹر	۱۴/۱۴	۳/۳	-	-
جناب محمود وارثی	نان ایگزیکٹو ڈائریکٹر	۱۴/۱۴	۳/۳	۴/۴	-
جناب محمد کامران مرزا	نان ایگزیکٹو ڈائریکٹر	۱۴/۱۴	۳/۳	۴/۴	-

۱ جناب محمد عابد خان نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ پر ہونے والی اتفاقی اسامی پُر کرنے کے لیے جناب شعیب علی کو یکم ستمبر 2023 سے ایک آزاد ڈائریکٹر کے طور پر مقرر کیا گیا ہے۔

۲ محترمہ نصرت تقی نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ پر ہونے والی اتفاقی اسامی پُر کرنے کے لیے جناب محمد کامران چیمہ ۱ مارچ ۲۰۲۳ سے نان ایگزیکٹو ڈائریکٹر مقرر کیے گئے۔ محترمہ نصرت تقی نے ۳۱ دسمبر ۲۰۲۳ تک بطور کمپنی کی سی ای او اپنی ذمہ داریوں کی انجام دہی جاری رکھی، اور یکم جنوری ۲۰۲۴ سے ان کی جگہ جناب محمد کامران ناصر کمپنی کے سی ای او کی حیثیت سے اپنی ذمہ داریاں نبھا رہے ہیں۔

جناب طارق معین الدین خان بورڈ کے اجلاسوں کی صدارت کرتے ہیں اور جناب ظفر اقبال سوبانی اور جناب کامران نشاط بالترتیب BAC اور BSC کے اجلاسوں کی صدارت کرتے ہیں۔ HRC کے حوالے سے جناب محمد عابد خان اور ان کے استعفیٰ کے بعد جناب شعیب علی نے اجلاس کی صدارت کی۔ بورڈ اور اس کی کمیٹیوں کے اجلاسوں کی صدارت ان کے متعلقہ چیئرمین کرتے تھے۔ بورڈ کے تمام ممبران اور اس کی کمیٹیوں نے اپنے تمام اجلاسوں میں شرکت کی۔

چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بورڈ کی تمام میٹنگوں میں شرکت کی سوائے میٹنگوں کے ان حصوں کے جن میں ان کی اپنی تقرری، مشاہرہ اور ایگزیکٹو کی کارکردگی یا ان کی سروس کی شرائط و ضوابط پر غور کرنے سے متعلق ایجنڈا آئٹم شامل ہیں۔

چیف فنانشل آفیسر اور چیف ایگزیکٹو آفیسر نے دعوت پر اور آڈٹ کمیٹی کے چیئرمین کی اجازت سے بی اے سی کے اجلاسوں میں شرکت کی۔

۱۴۔ اندرونی کنٹرول کی موزونیت

بورڈ کمپنی کے اندرونی کنٹرول سسٹم اور ان کے موثر ہونے کا جائزہ لینے کی حتمی ذمہ داری رکھتا ہے۔ تاہم یہ نظام کاروباری مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے منظم کرنے کے لیے بنایا گیا ہے اور مادی غلط بیانی یا نقصان کے خلاف مطلق یقین دہانی کے بجائے صرف مناسب فراہم کرتا ہے۔ کمپنی کے پاس ایک آزاد اندرونی آڈٹ فنکشن ہے جسے ایک معروف پیشہ ورانہ سروس فرم A.F.Ferguson & Co. (AFF) کو آؤٹ سورس کیا گیا ہے جو اس مقصد کے لیے موزوں تجربہ اور مہارت رکھتے ہیں۔

اندرونی آڈٹ، اندرونی آڈٹ پلان کے مطابق کیا جاتا ہے جس کا آڈٹ کمیٹی کی طرف سے باقاعدہ جائزہ لیا جاتا ہے اور منظوری دی جاتی ہے۔ اندرونی آڈٹ پلان کے

۴۔ معیاری تعلیم	• AGP کی ایک پالیسی موجود ہے جو فیکٹری ورکرز اور معاون عملے کے ضرورت مند اور مستحق بچوں کو تعلیمی وظائف فراہم کرتی ہے۔ • مشہور و معروف این جی اوز دی سٹیزن فاؤنڈیشن (TCF) اور شوکت خانم میموریل فاؤنڈیشن (SKMF) کے تعاون سے ۳۰ غیر مراعات یافتہ طالب علموں کی تعلیم کو سپانسر کیا گیا۔ مستحق طلباء کی تعلیم میں مجموعی طور پر ۳ ملین روپے کی سرمایہ کاری کی گئی۔ • ۲۰۰۰ (۳ طلباء) کو ان کے بیچلر پروگرام کے لیے سپانسر کرنے کے لیے موجودہ سال میں IBA کراچی میں اضافی ملین روپے کے ساتھ شراکت داری کی۔
۵۔ صنفی مساوات	• خواتین کی ترقیات کے لیے ورکشاپ کا انعقاد کیا گیا۔ • ہمارے بورڈ کی افرادی قوت کے طور پر خواتین کی تعداد ۱۰ فیصد سے زیادہ ہے۔ • ہمارے سینئر مینجمنٹ کی ٹیم ۵۰ فیصد خواتین پر مشتمل ہے جو تنظیم کے اندر خواتین کو آگے بڑھنے کے مساوی مواقع فراہم کرنے کے ہمارے عزم کی عکاسی کرتی ہے۔ • کمپنی نے مسلسل دو سال گلوبل ڈائیورسٹی، ایکویٹی اینڈ انکلوژن بینچ مارکس (GDEIB) ایوارڈ جیتے ہیں۔ • AGP کی طرف سے اپنے دفاتر میں کام کرنے والی خواتین ملازمین کے بچوں کو آسان اور مستحق ڈے کیئر کی سہولت فراہم کی جاتی ہے۔
۶۔ صاف پانی اور طہارت	• پانی کو مناسب طریقے سے ٹھکانے لگانے کے لیے ایفلوئنٹ ٹریٹمنٹ پلانٹ موجود ہے جو سندھ ماحولیاتی تحفظ ایجنسی (SEPA) کی تعمیل کرتا ہے۔ • جہاں ممکن ہو پانی کی بچت کے لیے سینسر والے نلکوں اور شاورز کا استعمال کیا جاتا ہے۔
۷۔ قابل کفالت اور صاف توانائی	• تین (۳) پلانٹوں پر سولر پاور سسٹم کی تنصیب جو AGP کی توانائی کی ضروریات کا تقریباً ۲۰ فیصد پورا کرتا ہے۔ • AGP کو ایک سال کی مدت کے دوران WWF کے تجویز کردہ ماحولیات کے انتظام کے نظام (EMS) کو نافذ کرنے اور ماحولیاتی اثرات کو کم کرنے کے لیے WWF گرین آفس سرٹیفیکیشن حاصل کی گئی اور برقرار رکھی گئی ہے۔
۸۔ باوقار کام اور معاشی ترقی	• AGP نے ایک ایسے کام کی جگہ کی موجودگی کے ذریعے اپنی خواتین ملازمین کو سہولت فراہم کی ہے تاکہ وہ زچگی کے بعد بغیر کسی کمی کے ملازمت جاری رکھ سکیں۔ • یکساں کام کی تنخواہ اور تجربے کے حامل مرد اور خواتین ملازمین کے درمیان یکساں کام میں مساوات یقینی بنانے کے لیے ایک مناسب نظام موجود ہے تاکہ انہیں ایک جیسے مواقع اور مراعات حاصل ہوں۔
۱۰۔ عدم مساوات میں تخفیف	• AGP کی طرف سے مزدوروں کی اجرت اور معاوضے سے متعلق تمام ملکی پالیسیوں پر سختی سے عمل درآمد کیا جاتا ہے۔ • مہنگائی کے اثرات کم کرنے کے لیے کارکنوں کی اجرتوں میں اضافہ کیا گیا ہے۔ • مشکل حالات کے دوران میں کارکنوں کی معاونت کے لیے اضافی الاؤنس فراہم کیے گئے۔ • AGP متنوع ادارہ ہے جس میں مختلف نسلی گروہ شامل ہیں جن میں اقلیتی طبقے اور مختلف طرح کے قابل افراد شامل ہیں۔ • انتظامیہ سختی سے اس بات کو یقینی بناتی ہے کہ تمام کارکنان کی عمر ۱۸ سال سے زیادہ ہو اور یہ چائلڈ لیبر کی سختی سے حوصلہ شکنی کرتی ہے۔ • AGP نے مراعات سے محروم افراد کی مدد کے لیے انڈس ہسپتال و فاؤنڈیشن کو ۵ ملین روپے کا عطیہ دیا۔
۱۲۔ پائیدار کھپت اور پیداواری اسلوب	• ہماری تمام مینوفیکچرنگ پروڈکشن بین الاقوامی معیارات کے مطابق تیار کی جاتی ہیں اور پیداوار اور پیکجنگ کے دوران ضیاع کو کم سے کم کیا جاتا ہے۔
۱۵۔ زمین پر حیات	• AGP کے ملازمین نے ماحولیاتی نظام کے تحفظ کے لیے WWF کے اشتراک سے شجرکاری مہم میں حصہ لیا۔

۱۴۔ خطرات کا انتظام (رسک مینجمنٹ)

بورڈ آف ڈائریکٹرز کا خیال ہے کہ خطرات کا انتظام و نسق اس کے پائیدار ترقی کے اہداف کے حصول کے لیے اہم ہے۔ پورے رسک مینجمنٹ سسٹم کا مقصد خطرات کے نتیجے میں کسی ممکنہ نقصان اور کمپنی کی غیر یقینی صورتحال میں تخفیف ہے۔ خطرے کی شناخت اور انتظام کا نظام موجود اور نافذ ہے۔ اس میں کمپنی کو درپیش اسٹریٹجک، مالیاتی، آپریشنل، ساکھ اور قانونی اور کمپلائنس کے خطرات کی شناخت، جائزہ اور ان کا ازالہ سب اس عمل کا حصہ ہیں۔

آڈٹ کمیٹی بنیادی خطرات کا ان میں تخفیف کے منصوبوں کے لیے تجزیہ، نگرانی اور کسی ضروری سفارشات کے حوالے سے جائزہ لیتی ہے۔ فیصلہ اور رہنمائی سے بورڈ کو بھی آگاہ کیا جاتا ہے۔

۷۔ ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے ۲۸ فروری ۲۰۲۳ کو منعقدہ اپنے اجلاس میں ختم ہونے والے سال ۲۰۲۲ کے لیے ۵.۰ روپے فی شیئر کے حتمی نقد منافع کی سفارش کی ہے جو ۲۵% بنتا ہے۔ اسے ۳۰ مارچ ۲۰۲۳ کو ہونے والے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کے لیے رکھا جائے گا۔

۸۔ شیئر ہولڈنگ کا اسلوب

کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۲ شیئر ہولڈنگ کی معلومات اور دیگر معلومات بشمول بورڈ آف ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے زوج/زوجہ اور نابالغ بچوں کی طرف سے شیئرز کے لین دین کی معلومات ۲۰۲۲ کی سالانہ رپورٹ میں شیئر ہولڈنگ کے اسلوب سے متعلق حصے میں درج کی گئی ہیں۔

۹۔ بعد میں رونما ہونے والے واقعات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی دوسری مادی تبدیلیاں یا معاہدے نہیں ہوئے ہیں۔

۱۰۔ ماحول کی نگہداشت

مسلسل اقدامات پر کارکردگی کا مظاہرہ کرنے کے ساتھ، ہم اعلیٰ اخلاقی اقدار کا مظاہرہ کرتے ہوئے اپنے کاروباری فیصلوں کے پائیدار ماحولیاتی پہلوؤں کو مکمل طور پر مد نظر رکھتے ہیں۔ ہم اس طرح کم کر کے جو پانی اور توانائی کے تحفظ کو فروغ دیتے ہوئے پروگراموں اور کاموں کو نافذ کرنے کے اپنے کاربن اثرات مسلسل کم کرنے کا عہد کرتے ہیں۔ ہم ماحولیات، صحت اور حفاظت (EHS) اور سندھ انوائرمنٹل پروٹیکشن ایجنسی (SEPA) جیسے ماحولیاتی ریگولیٹری معیارات پر عمل کرتے ہوئے کاروباری سرگرمیاں سر انجام دینے پر یقین رکھتے ہیں اور ان پر عمل کرتے ہیں تاکہ سماجی اور ماحولیاتی اثرات پیدا کیے جا سکیں۔
توانائی کے ماحولیاتی پائیدار ذرائع تیار کرنے کے لیے ہماری "گو گرین" حکمت عملی کے حصے کے طور پر، ہم سولر کے ذریعے اپنی توانائی کی ضروریات کا تقریباً ۱۳% پورا کر رہے ہیں۔ AGP کو ایک زیادہ ماحول دوست فرم بنانے کے لیے ورلڈ وائیڈ فنڈ فار نیچر (WWF) کے ساتھ ہماری شراکت داری کے ایک حصے کے طور پر، ہم ایک موثر اور مستحکم ماحولیاتی انتظامی نظام (EMS) کی پاسداری جاری رکھے ہوئے ہیں۔ پائیدار ماحولیاتی اہداف کے ایک حصے کے طور پر، ہم نے درج ذیل KPIs کے حصول میں کامیابی حاصل کی ہے:

درج ذیل میں کمی:	شرح فی صد
پانی کی کھپت	۳%
کاغذ کی کھپت	۵%
کچرے میں کمی	۵%
توانائی کی کھپت	۳%

ہمارے پیداواری طریقہ کار بین الاقوامی معیارات کے مطابق ہیں اور اچھے مینوفیکچرنگ طریقوں (cGMP) کی تعمیل کرتے ہیں۔ ہمارا طریقہ کار اور کنٹرول مستحکم اور ماحولیاتی طور پر پائیدار ہیں اور کنٹرول کا نظام ہیں جو ہماری ادویات کے معیاری علامت دیتے ہیں اور ہمارے عملے کی حفاظت کو یقینی بناتے ہیں۔
اسی طرح، ہماری مصنوعات معیار کے اعلیٰ معیارات پر پوری اترتی ہیں۔ ہمارے اہداف اور مقاصد حاصل کرنے میں مدد کے لیے حفاظتی ملازمین کو بھی طرح سے ذمہ داری کے لیے اندرونی و بیرونی ادارہ تربیت اور کورسز فراہم کیے جاتے ہیں تاکہ تمام کمپنی میں EHS کی کارکردگی کو برقرار رکھا اور مزید بہتر بنایا جا سکے۔

۱۱۔ کاروباری سماجی ذمہ داری

اے جی پی اپنی سماجی ذمہ داری پوری توجہ مرکوز کرتی ہے کہ کمپنی اور کمیونٹی دونوں ترقی کر سکیں۔ اس سلسلے میں ہم نے سماجی بہبود کو فروغ دینے اور مستحق طلباء کو تعلیم دینے کے مقصد سے مختلف منصوبوں میں معاونت کی ہے۔ زندگی کی قدر کرنے کے اپنے مشن کو پورا کرنے کے لیے، ہم نے مریضوں کی مدد کے لیے صحت کی دیکھ بھال کرنے والی تنظیموں کو نقد رقم عطیہ دیا اور رسماً و افرادی مدد کے لیے فلاحی تنظیموں کے ساتھ شراکت داری کی۔
ہم نے سال بھر معاشرے کی فلاح و بہبود اور مختلف افراد کی تعلیم سے متعلق مختلف منصوبوں کی اسپانسرشپ کا بھی اعادہ کیا ہے۔

حکومت پاکستان (GoP) کی طرف سے پائیدار ترقیاتی اہداف (SDGs) کی پیروی میں فلاحی پائیداری کو بہتر بنانے کے لیے ہمارے اقدامات کا خلاصہ درج ذیل جدول کے ذریعے کیا جا سکتا ہے۔
حکومت پاکستان (GoP) کی طرف سے منظور کردہ اقوام متحدہ کے پائیدار ترقیاتی اہداف (SDGs) کی پیروی کرتے ہوئے فلاحی پائیداری کو بہتر بنانے کے لیے جاری کوششوں کا خلاصہ مندرجہ ذیل جدول کے ذریعے کیا جا سکتا ہے۔

پائیدار ترقیاتی اہداف (SDGs)	اقدامات
۲۔ زیرو ہنگر (کوئی بھوکا نہ سوئے)	• رمضان راشن پیکس اور افطاری تقسیم کے لیے عطیات دیے گئے۔
۳۔ اچھی صحت اور فلاح و بہبود	• صحت کی دیکھ بھال کے مختلف اداروں کو ادویات عطیہ کیں۔ • غریبوں کو معیاری طبی دیکھ بھال فراہم کرنے کے لیے AKUH کی پیشنٹ بہبود سوسائٹی کو عطیات دیے گئے۔ • AGP کی طرف سے ڈاؤن سنڈروم کے حامل بچوں کی معاونت کے لیے KDSP کو عطیہ دیا گیا۔

۴۔ مالیاتی نتائج

AGP کی مالی کارکردگی

سخت معاشی حالات کے باوجود، AGP نے گزشتہ سال کے مقابلے میں ۲۵% کی غیر معمولی نمو اور ۱۲ ارب روپے آمدنی کا سنگ میل عبور کرنے کے ساتھ امید افزا نتائج پیش کیے۔ ملکی نمو اور فروخت نے، جو کہ آمدنی کا کثیر حصہ ہے، برآمدات سمیت تمام کی متاثر کن کارکردگی کی وجہ سے ۲۷% سے زیادہ کی حوصلہ افزا نمو ظاہر کی۔ افغانستان میں غیر یقینی سیاسی حالات میں استحکام کے ساتھ، AGP کی ٹیم نے پوری قوت کے ساتھ مارکیٹ میں رسائی حاصل کی اور تقریباً ۵۲% کی شاندار نمو کے ساتھ ۵۰ ملین سے زیادہ کی آمدنی حاصل کی۔ نیز ادویہ سازی کے شعبے نے بھی رفتار پکڑی اور پچھلے سال کے مقابلے میں ۲۳% نمو درج کرائی۔ مجموعی طور پر، OBS AGP کو ٹول مینوفیکچرنگ کی طرف سے بجٹ میں اضافے کی بہت زیادہ معاونت حاصل ہے۔

تاہم مجموعی کارکردگی کی جھلک میں خام منافع میں کمی کا سامنا کرنا پڑا کیونکہ بیرونی عوامل کی وجہ سے کاروبار کرنے کی لاگت میں نمایاں اضافہ ہوا ہے۔ DRAP کی جانب سے قیمتوں میں یک وقتی اضافے کی وجہ سے انتظامیہ کی صرف لاگت میں اضافہ کم کرنے میں کامیاب رہی۔ انوینٹری کی زیادہ سے زیادہ سطح برقرار رکھنے اور بہترین آپریشنل اقدامات کے ذریعے منافع مناسب سطح تک بہتر بنانے میں مزید مدد ملی۔ اسی کے مطابق لاگت کے دباؤ کے باوجود، ۲۰۲۳ میں مجموعی مارجن برقرار رکھنے میں کامیاب رہی۔ اور اس طرح صنعت میں اپنی منفرد پوزیشن برقرار رکھی۔

کاروباری حجم میں نمایاں اضافے اور افراط زر کے شدید دباؤ کے باوجود انتظامیہ نے اپنے اخراجات کی سختی سے نگرانی اور ان میں کمی جاری رکھی اور اس کے نتیجے میں انتظامی اخراجات محدود رکھے گئے۔

ہم بجٹ میں نمو جاری رکھنے کے لیے کمپنی نے گزشتہ سال کے دوران اپنے انسانی وسائل کے سرمایہ میں اسٹریٹجک سرمایہ کاری کی جس کے پورے سال کے اثرات موجودہ مالی نتائج میں ظاہر ہوتے ہیں۔ اس کے مطابق، مارکیٹنگ اور بجٹ کے اخراجات میں کافی اضافہ ہوا ہے۔ OBS AGP سے حاصل ہونے والے منافع کی وجہ سے دیگر آمدنی میں اضافہ ہوا ہے جو پچھلے سال کے مقابلے میں دو گنا ہے۔ مقامی کرنسی کی قدر میں بڑے پیمانے پر کمی کے نتیجے میں زرمبادلہ کے نقصان کی وجہ سے دیگر اخراجات میں اضافہ ہوا ہے۔

سال کے دوران کمپنی نے OBS PK میں ایکویٹی انویسٹمنٹ کی شمولیت کے لیے ۳۲ ملین روپے کا سنڈیکیٹ ٹرم فنانس قرض حاصل کیا۔ KIBOR میں اضافے کے ساتھ ساتھ اس سنڈیکیٹ فنانسنگ کے ساتھ ساتھ قلیل مدتی قرضوں میں اضافے نے کمپنی کی مالی لاگت کے بوجھ میں اضافہ کیا ہے، جس نے ٹیکس کی ادائیگی سے پہلے منافع کم کر دیا ہے۔

درج بالا وجوہات اور اثرات کے باعث، کمپنی نے ۳.۲۵ روپے فی شیئر آمدنی کے ساتھ ۹۱۰ ملین روپے کا بعد از ٹیکس منافع درج کرایا ہے۔

OBS AGP کی مالی کارکردگی

کارکردگی کو حوصلہ افزا رہی جیسا کہ کمپنی نے مناسب مجموعی منافع جات کے ساتھ ۵ ملین روپے کا سنگ میل عبور کیا، اقتصادی چیلنجوں اور افراط زر کے دباؤ کی وجہ سے کاروبار کرنے کی لاگت میں نمایاں اضافے کے باعث، آپریٹنگ کارکردگی کی مجموعی سطح متاثر ہوئی ہے۔ جبکہ انتظامیہ نے اپنے اخراجات قابو میں رکھنے اور محدود کرنے کے لیے اچھی کارکردگی کا مظاہرہ کیا ہے، نیز ۱۱۵ ملین روپے سے زیادہ کا قبل از ٹیکس منافع درج کرایا ہے۔

OBS PK کی مالی کارکردگی

نئے مینجمنٹ اور گورننس ڈھانچے کے تحت حاصل کردہ پورٹ فولیو کی کارکردگی امید افزا رہی ہے۔ حصول کے بعد ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے پہلے نو (۹) مہینوں کے لیے کمپنی نے متاثر کن مجموعی مارجن کے ساتھ تقریباً ۱ بلین روپے کی خالص فروخت ریکارڈ کی ہے۔ لاگت میں نمایاں اضافے کے باوجود، منافع تقریباً ۲۳۰ ملین روپے پر مستحکم ہے۔

اجتماعی مالی کارکردگی

AGP اور اس کی ذیلی کمپنی کی حوصلہ افزا آپریشنل کارکردگی کا نتیجہ ۱۸ بلین روپے کی مجموعی آمدنی کی شکل میں ظاہر ہوا جو گزشتہ سال کے مقابلے میں ۴۰% اضافہ ظاہر کرتا ہے۔ مشکل کاروباری ماحول کے باوجود منافع کمانے کی اہلیت دوبارہ کا مظاہرہ رہی۔ نتیجتاً مجموعی خالص منافع ۱.۸ بلین روپے اور ۵.۰۱ روپے فی شیئر آمدنی کے ساتھ ہولڈنگ کمپنی سے منسوب خالص منافع ۱.۹ بلین روپے پر موجود ہے۔

۵۔ سرمایہ کی ساخت

سال کے اختتام پر کل ایکویٹی گزشتہ سال کے ۹.۰ بلین روپے میں ۲۲% اضافے کے ساتھ ۱۰.۹ بلین روپے ہو گئی۔ کمپنی نے OBS PK میں ایکویٹی انویسٹمنٹ کے لیے سنڈیکیٹ ٹرم فنانسنگ حاصل کی ہے، اس لئے کمپنی کی ایکویٹی کو قرضوں کے مقابلے میں تناسب (The gearing ratio) موجودہ سال میں ۲۳% سے ۵۰% ہو گیا ہے۔ مطابق ۳۱ دسمبر ۲۰۲۳ طویل مدتی فنانسنگ، بشمول موجودہ میچورٹی، ۵.۲ بلین روپے پر موجود ہے۔ اجتماعی سطح پر، مجموعی ایکویٹی گزشتہ سال کے ۱۱ بلین روپے میں ۱۱% اضافے کے ساتھ ۱۲ بلین روپے تک ہو گئی ہے۔

کمپنی نے ترقی اور وسعت کے کاروباری منصوبوں کے مطابق اندرونی طور پر پیدا کردہ فنڈز کے ذریعے ۵۷۰ ملین روپے کی سرمایہ کاری کی۔ سرمایہ کاری میں دیگر عوامل پر مشتمل اسیت موجودہ سہولتیں بڑھانے اور انفراسٹرکچر کو جدید بنانے کے لیے پلانٹ اور مشینری کی توازن کاری، جدید کاری اور توسیع شامل ہے۔

سال کے دوران، PACRA نے AGP کی طویل مدتی کریڈٹ ریٹنگ بالترتیب +AA اور قلیل مدتی کریڈٹ ریٹنگ A1 پر برقرار رکھی۔

۶۔ منافع کی تقسیم اور ذخائر

آمدنی کے افرادی ذخائر ۲۰۲۳ کے آغاز میں کمپنی کا غیر تصرف شدہ منافع ۹.۵ ملین روپے تھا۔ ۲۰۲۳ کے لیے بعد از ٹیکس منافع نے ذخائر میں ۹۱۰ ملین روپے کا اضافہ کیا، جب کہ ڈیویڈنڈ کی ادائیگیوں کے نتیجے میں ذخائر میں ۵۹۰ ملین روپے کی کمی ہوئی۔ اسی کے مطابق ذخائر ۹.۸ بلین روپے پر بند ہوئے جس سے سال کے لیے ۵.۸% اضافے کی نشاندہی ہوتی ہے۔

آمدنی کے مجموعی ذخائر ۲۰۲۳ کے آغاز میں غیر تصرف شدہ منافع ۱۰ بلین روپے تھا۔ ۲۰۲۳ کے لیے بعد از ٹیکس منافع نے ذخائر میں ۱.۹ بلین روپے کا اضافہ کیا، جب کہ ڈیویڈنڈ کی ادائیگیوں کے نتیجے میں ذخائر میں ۵۹۰ ملین روپے کی کمی ہوئی۔ اسی کے مطابق ذخائر ۱۱.۸ بلین روپے پر بند ہوئے جس سے سال کے لیے ۱۲.۹% اضافے کی نشاندہی ہوتی ہے۔

ڈائریکٹرز رپورٹ

AGP لمیٹڈ (اے جی پی / کمپنی) کے بورڈ آف ڈائریکٹرز کے لیے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

۱۔ کمپنی کے بارے میں

کمپنی بنیادی طور پر ملکی اور برآمدی مارکیٹ میں دواسازی اور صحت کی دیکھ بھال کی مصنوعات کی درآمد، مینوفیکچرنگ، مارکیٹنگ اور فروخت میں مصروف عمل ہے۔
کمپنی مارکیٹ کی مخصوص معالجاتی ضروریات پوری کرنے کے لیے معیاری مصنوعات کے متنوع انتخاب کی مالک ہے۔ بمطابق ۳۱ دسمبر ۲۰۲۳ Aitkenstuart Pakistan (PVT.) Limited (پیرنٹ کمپنی) کمپنی کے ۵۵.۸۸٪ عمومی حصص کی مالک ہے۔
اے جی پی اپنے ذیلی ادارے OBS AGP (پرائیویٹ) لمیٹڈ (OBS AGP) میں ۶۵٪ شیئر ہولڈنگ کی مالک ہے، جس نے ۲۰۲۱ میں Sandoz AG سے ایک فارماسیوٹیکل پورٹ فولیو خریدا تھا۔ موجودہ سال کے دوران کمپنی نے OBS پاکستان (پرائیویٹ) لمیٹڈ (AGP PK) میں ۱۰۰٪ شیئر ہولڈنگ حاصل کی، جس نے ۲۰۲۳ میں Viatris Inc سے منتخب فارماسیوٹیکل برانڈز خریدے تھے۔

۲۔ معاشی جائزہ

یہ سال کاروباری اداروں کے لیے چیلنجوں سے بھرپور رہا ہے۔ پاکستانی روپے کی قدر میں مسلسل کمی کے ساتھ ساتھ سود کی شرح میں اضافے، افراط زر اور ایندھن کی قیمتوں میں اضافے نے کاروبار کرنے کی لاگت میں نمایاں اضافہ کیا ہے۔ اضافی ٹیکسوں کے نفاذ سے منافع جات پر مزید دباؤ آیا ہے، تاہم معیشت نے خاص طور پر سال کے آخر میں بتدریج بحالی کا مظاہرہ شروع کیا ہے۔ دسمبر میں مینوفیکچرنگ میں مسلسل اضافہ ریکارڈ کیا گیا۔ درآمدات میں کافی اضافہ ہوا اور اس کے ساتھ ساتھ درآمدات میں کمی آئی کیونکہ بین الاقوامی سطح پر اجناس کی قیمتوں میں کمی ہوئی۔ دسمبر میں کارکنوں کی ترسیلات زر میں مسلسل اضافے سے بہتری آئی۔ اس کے مطابق کرنسی کی قدر میں استحکام آیا اور آئی ایم ایف کے ساتھ معاہدے کے بعد ملکی معیشت میں بہتری آئی ہے۔

۳۔ مارکیٹ کا جائزہ

IQVIA سولوشنز پاکستان لمیٹڈ، ایک فارما ریسرچ کمپنی کی طرف سے جاری کردہ تازہ ترین رپورٹ کے مطابق پاکستان میں دواسازی کی صنعت نے ۲۰۲۳ میں ۱۷٪ سے زائد نمو کے ساتھ ۹۰۰ ارب روپے کا سنگ میل عبور کر لیا ہے۔
یہ نمو بنیادی طور پر دائمی بیماریوں اور انفیکشن کے علاج میں استعمال ہونے والی دواؤں سے ہوئی ہے۔ ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی جانب سے قیمت میں یک وقتی اضافے نے بھی اپنی نمو کی رفتار برقرار رکھنے میں صنعت کو معاونت فراہم کی۔

REPORT OF THE AUDIT COMMITTEE

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended December 31, 2023

Composition of the Audit Committee

During the year ended December 31, 2023, the Audit Committee (Committee) comprised of the five (5) members. However, Muhammad Kamran Nasir, one of the members of the Committee, became CEO with effect from January 1, 2024, and accordingly he ceases to be a member and the Committee now comprises of four (4) members. The Chairman is an independent director, who is not the Chairman of the Board. The remaining three (3) members are non-executive directors. All the members are qualified as financially literate professionals, and the Committee as a whole possesses significant economic, financial and business acumen. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Internal Auditors are not members of the Committee but attended all its meetings during the year at the invitation of the Chairman. The Committee has appointed Company Secretary as a Secretary of the Committee.

Meetings of the Audit Committee

The Committee met four (4) times during the year. This included quarterly meetings held primarily to review and recommend interim and annual financial statements to the Board of Directors (Board) for its consideration and approval. The details of all related party transactions were placed periodically before the Committee and upon satisfaction and recommendations of the Committee, the same were placed before the Board for review and approval. The secretary of the Committee circulates either minutes or synopsis of meetings to all members, directors, head of internal audit, and where required to CFO prior to the next meeting of the Board. The Chairman briefed significant matters and important discussions held during in the Committee meeting to the Board.

Financial Statements

The Committee has conducted its annual review of the Company's performance, financial position, and cash flows during the year ended December 31, 2023, and reports that:

a) The standalone and consolidated financial statements of the Company for the year ended December 31, 2023, have been prepared on a going concern basis under requirements of the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, International Financial Reporting Standards and other applicable regulations.

b) These standalone and consolidated financial statements present a true and fair view of the Company state of affairs, results of operations, profits, cash flows and changes in equities of the Company for the year ended December 31, 2023.

c) The auditors have issued unmodified audit reports in respect of the above standalone and consolidated financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.

d) Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the standalone and consolidated financial statements.

e) The CEO, one Non-Executive Director and the CFO have endorsed the standalone and consolidated financial statements of the Company, while the Directors' Report is signed by the CEO and one Non-Executive Director.

They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
f) Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
g) The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the external auditors of the Company.

Internal Audit Function

The internal audit function is outsourced to a well-reputed professional service firm, M/s A.F. Ferguson & Co., Chartered Accountants (AFF) who are suitably qualified and experienced for the task. The Company has also appointed a full-time employee other than CFO, as Head of Internal Audit (HOIA) holding equivalent qualification prescribed under the Code of Corporate Governance. The HOIA functionally reports to the Committee and administratively to the CEO and his performance appraisal is done jointly by the Chairman of the Committee and the CEO. The Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by the internal audit function. The internal audit is conducted as per the internal audit plan duly approved by the Committee. All internal audit reports are provided for the review of external auditors. The internal auditors also discussed major findings in relation to the reports with the Committee, and the Committee reports matters of significance to the Board. Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives including a reliable and sound financial reporting system. At year-end meeting, the Committee met AFF along with HOIA without the presence of CEO & CFO. The management supported internal audit activities and provided all the required information on timely basis in a transparent manner. The recommendations of the auditors were agreed for implementation in due course of time and there was no point of conflict between the management and the internal auditors.

Internal Control and Risk Management

The Board has implemented the internal control system wherein the independent internal audit function of the Company regularly monitors the implementation of financial and operational controls, whereas the Committee reviews the effectiveness of the internal control framework. The Committee also reviewed the summary of risk assessment registers to ascertain that principal business risks are well identified and adequate action plans for mitigating risks are developed and implemented. The Company's approach towards risk management has been disclosed in the risk assessment portion of the Directors Report. The types and detail of risks along with mitigation measures are disclosed in relevant section of the Annual Report. The Committee oversee IT governance, and adequacy and effectiveness of cyber security controls measures. The CFO has been nominated as a representative from the IT Steering Committee, to provide updates to the Committee on a timely basis and seek their guidance where necessary.

External Auditors

The statutory auditors, M/s EY Ford Rhodes, Chartered Accountants (EY), have completed their assignments of the audit of Company's financial statements and the statement of Compliance with the Code for the year ended December 31, 2023, and shall retire on the conclusion of the tenth (10th) Annual General Meeting of the Company. The Chairman of the Committee met the EY audit team along with engagement partner Mr. Omer Chughtai at the start of the audit on December 19, 2023, to ensure the appropriateness of audit planning and sufficiency of resources and discussed the appropriate recording of investment in subsidiary in the financial statements. The Committee reviewed the Management Letter issued by external auditors along with Management's response / actions plans. At year-end meeting, the Committee met Mr. Omer Chughtai along with his senior team members without the presence of CEO, CFO and HOIA. The Committee discussed the audit process and any significant observation identified during audit of the financial statements and checking compliance with the applicable regulations or any other issues. The Committee being satisfied with the performance of external auditors, has suggested their appointment for the year 2024 at the forthcoming Annual General Meeting of the Company.

Conclusion

The Audit Committee believes that it has duly carried out and discharged its roles and responsibilities fairly and transparently in compliance with the Code of Corporate Governance and as per the Terms of Reference approved by the Board, which principally included the items mentioned above. The Audit Committee also believes that all necessary information for a fair understanding of the state of affairs of the Company has been duly incorporated in the Annual Report. The evaluation of the Board's performance, which also included members of the Audit Committee, was carried out by an external independent consultant, Pakistan Institute of Corporate Governance. As per the result of the evaluation, all committees of the Board, including Audit Committee, were functioning effectively.

ZAFAR IQBAL SOBANI
Chairman - Audit Committee
February 13, 2024

EY
Building a better working world

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AGP Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of **AGP Limited** (the Company) for the year ended 31 December 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2023.

Chartered Accountants

Place: Karachi

Date: 27 February 2024

UDIN Number: CR202310120277xjGNBg

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

AGP Limited
Year Ended 31 December 2023

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of Directors are 8 as per the following:

a.	Male	07
b.	Female	01*

* Including the CEO, who is a Deemed Director

2. The composition of the Board is as follows:

a.	Independent Directors*	02	Mr. Zafar Iqbal Sobani Mr. Shouzab Ali
b.	Non-executive Directors	05	Mr. Tariq Moinuddin Khan Mr. Kamran Nishat Mr. Muhammad Kamran Nasir Mr. Mahmud Yar Hiraj Mr. Muhammad Kamran Mirza
c.	Executive Director (Female Director)	01	Ms. Nusrat Munshi

* Two independent directors were appointed on the Board of the Company and the fraction was not rounded up as one since the Board considers that the current composition is adequate to protect the interests of the shareholders at large and minority shareholders in particular.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;

9. The Board has duly complied with the Directors' training program requirements and the criteria as prescribed in the regulations;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a. Audit Committee

Mr. Zafar Iqbal Sobani
(Chairman (Independent Director))
Mr. Kamran Nishat
(Non Executive Director)
Mr. Muhammad Kamran Nasir
(Non Executive Director)
Mr. Mahmud Yar Hiraj
(Non Executive Director)
Mr. Muhammad Kamran Mirza
(Non Executive Director)

b. Human Resource and Remuneration Committee

Mr. Shauzab Ali
(Chairman (Independent Director))
Mr. Kamran Nishat
(Non Executive Director)
Mr. Muhammad Kamran Nasir
(Non Executive Director)
Ms. Nusrat Munshi
(Non Executive Director)
Mr. Mahmud Yar Hiraj
(Non Executive Director)
Mr. Muhammad Kamran Mirza
(Non Executive Director)

c. Board Strategy Committee

Mr. Kamran Nishat
(Chairman (Non Executive Director))
Mr. Muhammad Kamran Nasir
(Non Executive Director)
Ms. Nusrat Munshi
(Executive Director)
Mahmud Yar Hiraj
(Non Executive Director)
Mr. Muhammad Kamran Mirza
(Non Executive Director)

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:
    a) Audit Committee: Four (4) meetings during the financial year ended December 31, 2023
    b) HR and Remuneration Committee: Four (4) meetings during the financial year ended December 31, 2023

15. The Board has outsourced the internal audit function to M/s. A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all other requirements of regulations 3 (Number of Directorship), 6 (Independent Director), 7 (Female Director), 8 (Executive Director), 27 (Audit Committee), 32 (Terms of appointment of external auditor), 33 (Rotation of auditors) and 36 (Compliance Statement and Auditor Review) of the Regulations have been complied with.

Tariq Moinuddin Khan
Chairman Of The Board

Muhammad Kamran Nasir
Chief Executive Officer

STRATEGIC OUTLOOK

Analysis of Last Year's Forward-Looking Statement

In line with the strategic objective to provide excellent healthcare to the patients, healthcare professionals, and other relevant stakeholders, the Company has registered significant topline growth on the back of promising domestic performance and encouraging Afghanistan sales. Overall, the Company achieved a growth of 35% including supplies made to the subsidiary company, OBS AGP. Our ongoing endeavors have enabled us to maintain our progress towards achieving operational and financial excellence. However, the profitability remains suppressed this year due to economic challenges. Moreover, during the year, we acquired a portfolio of well-established brands from Viatris Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. through equity investment in OBS Pakistan (Private) Limited.

Source of Information and Assumptions Used for Projections / Forecasts

Our business forecasts and projections are developed through a meticulous process that encompasses a holistic view of past trends, prevailing market conditions, and future expectations. We leverage comprehensive information from critical functions within the company, including Marketing and Sales, Production and Operations, Quality Management, and Finance, while also drawing insights from external industry and market analysis. External factors such as macro and microeconomic indicators, market trends, availability of active pharmaceutical ingredients, data from regulatory authorities, and competitors' actions are carefully weighed in our planning. These forecasts undergo rigorous scrutiny and approval by the Board of Directors before being adopted as the budget. We conduct periodic reviews to monitor performance against budgeted targets, initiating corrective actions and resource reallocations as necessary. Furthermore, new projects undergo extensive due diligence, including technical, financial, and legal feasibility studies, with involvement from the core management team and external experts if required. This comprehensive approach ensures the accuracy and effectiveness of our plans and investments.

Future Outlook

We are dedicated to shifting our approach from spontaneous methods to a sustainable, competitive, and profitable growth strategy by addressing internal deficiencies and capitalizing on untapped potential in commercial and operational excellence. Our primary objective is to establish a global presence with distinctive offerings, nurture enduring partnerships with international collaborators, and draw insights from successful industry models. We aim to transition from reliance on legacy portfolios to innovative ones, aligning with current market trends and fostering innovation through the integration of business intelligence and AI. Fostering a strong performance culture and implementing effective talent retention strategies are crucial, alongside immediate focuses such as optimizing portfolios, reducing costs, and restructuring teams. These efforts will pave the way for expansion into new markets and sectors, consolidation, and entry into the consumer market, ultimately positioning us as a leading regional player.

Response to Future Challenges and Uncertainties

In response to potential economic and geopolitical challenges affecting profitability, we will strengthen our global footprint, pursue operational excellence and optimize portfolio rationalization. Opportunities in nutraceuticals, chronic diseases, and international markets will be capitalized upon, supported by enhanced manufacturing capacities and investments in quality. We will stay vigilant to market trends that indicate increasing price sensitivity among consumers, while multinational pharmaceuticals are expected to focus on niche segments. We will keep pace with AI and automation, as digitalization may spur growth in online pharmacies and telemedicine. It is anticipated that government initiatives may drive industry growth and we will accordingly prioritize institutional business and personalized healthcare solutions. Additionally, we'll maintain a strong focus on corporate social responsibility to reinforce our brand loyalty and corporate image.

03

FINANCIAL PERFORMANCE

We emphasize data-driven strategies to progress in the business landscape. Our foresight involves long-term approaches to handling problems and setting new milestones for the future.

FINANCIAL PERFORMANCE

Review and analysis of the Company's financial performance for the year ended December 31, 2023.

159 2023 in Numbers
161 Financial Ratios
162 Ratio Analysis
163 Graphical Presentation of Financial Ratios
172 Additional Ratios for Shariah Compliant Companies
172 Graphical Presentation of Additional Ratios for Shariah Compliant Companies
174 DuPont Analysis
175 Free Cashflows
175 Economic Value Added
176 Vertical Analysis
177 Graphical Presentation of Vertical Analysis
178 Horizontal Analysis
179 Graphical Presentation of Horizontal Analysis
180 Summary of Statement of Financial Position
180 Summary of Statement of Profit or Loss
181 Summary of Statement of Cash Flow
182 Graphical Presentation of Statements of Financial Position and Profit or Loss
183 Statement of Cash Flows - Direct Method
184 Quarterly Analysis
187 Six Years Analysis
189 Share Price Sensitivity Analysis
191 CAPEX Rationalization
191 Statement of Unreserved Compliance of IFRS
191 CEO Presentation video

2023 IN NUMBERS

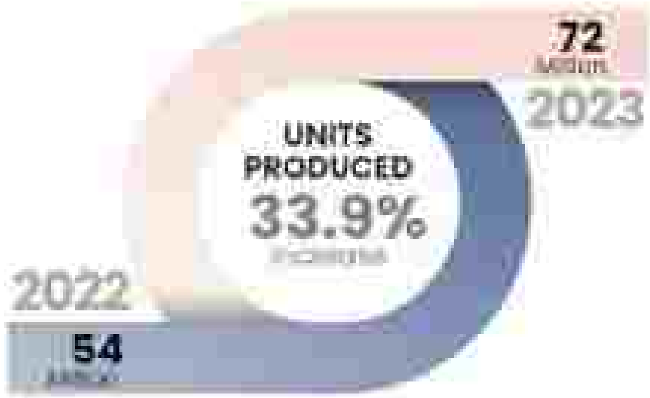
FINANCIAL KPIs

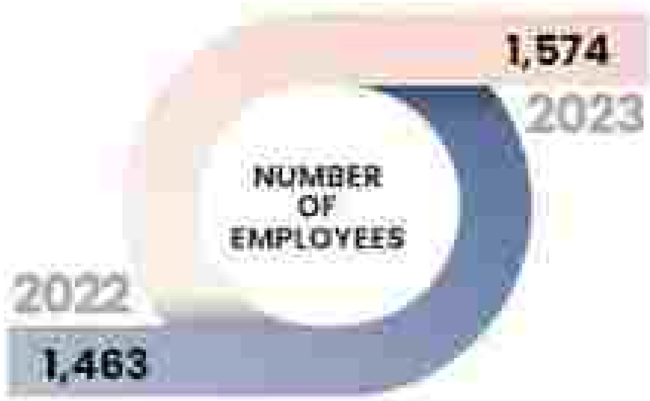
The Company recorded impressive revenue growth of 35%, driven by strong performances in top products, increased sales in Afghanistan, and growth in the nutraceuticals business. However, this growth did not fully translate to increased profits primarily due to significant currency devaluation.

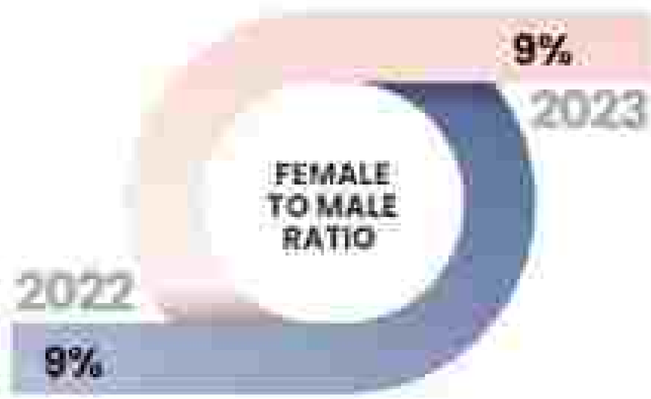
Marketing and selling expenses have also risen due to full year impact of planned increases in staff to support sales growth. Net profit was also impacted by severe inflation, higher interest costs, and additional tax burdens.

NON FINANCIAL KPIs

The Company successfully internalized majority brands of the portfolio acquired from Sandoz AG and strengthened its workforce to achieve sales growth. The continued focus on improving manufacturing efficiency has led the Company to increase its production by 33.9%. Our flagship brand, Rigix, also crossed the PKR 2.5 billion mark. AGP also maintained its female-to-male ratio during the year.







FINANCIAL RATIOS

	Unit	2023	2022	2021	2020	2019	2018
Profitability Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Liquidity Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment / Market Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital Structure Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Activity / Turnover Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee Productivity Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Financial Ratios							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RATIO ANALYSIS

PROFITABILITY RATIOS

AGP experienced remarkable revenue growth of 35% despite challenging economic circumstances. The Company experienced a notable increase of 27% in domestic retail sales, primarily on the back of top performing brands. Sales to Afghanistan showed exceptional growth, surpassing PKR 1.5 billion, with a remarkable growth of 54%. However, due to PKR devaluation, this impressive top-line growth did not fully translate and gross margins were restricted to 44%.

Due to the increase in the cost of running business and the Company's investment in human resources to augment sales growth, Marketing and Selling Expenses have increased considerably. During the year, the Company obtained a syndicate term finance loan, which, coupled with the rise in KIBOR rates, significantly increased finance costs. Resultantly, net margins, EBITDA margins, and return on capital employed were recorded at 18.0%, 8.5% and 10.0% respectively.

LIQUIDITY RATIOS

Due to the rise in debt obligations, the Company's current ratio has decreased to 1.29 times. This has also pulled down the quick ratio, which is recorded at 0.69 times. However, the Company has adequate cash generating capacity and sufficient financing facilities to remain liquid.

INVESTMENT / MARKET RATIOS

During 2023, the Company's shares traded on the Pakistan Stock Exchange (PSX) with a share price ranging between PKR 47.21 and PKR 73.41. AGP's share price closed at PKR 70.31 at the end of the year, which is higher than PKR 64.69 in 2022. The Company recorded earnings per share (EPS) of PKR 4.25. The Board of Directors of the Company approved a dividend of PKR 2.5 per share, in line with the Company's dividend policy of maintaining an equilibrium between providing appropriate returns to its shareholders and retaining adequate equity for growth and expansion opportunities.

CAPITAL STRUCTURE RATIOS

The Company's debt-to-equity ratio increased to 0.23 as compared to 0.12 in 2022 due to an increase in short-term borrowings and syndicate finance loan. Resultantly, the interest cover ratio has also fallen to 3.94 as compared to 15.85 in 2022. Net Assets per share have risen to PKR 38.75 from PKR 36.51 in 2022.

ACTIVITY / TURNOVER RATIOS

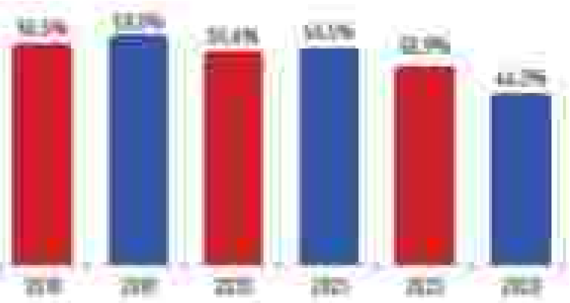
AGP's total assets turnover ratio has improved to 0.93 from 0.85 in 2022, signifying our propensity to generate revenue from our assets. Despite adverse economic conditions, the Company's operating cycle has reduced by 4 days, to 41 days in 2023 from 45 days last year. Inventory days decreased by 4 days to 104 days, with receivable days reducing by 1 day to 34 days, and payables days remaining constant at 97 days.

METHODS AND ASSUMPTIONS USED IN COMPILING THE FINANCIAL PERFORMANCE INDICATORS

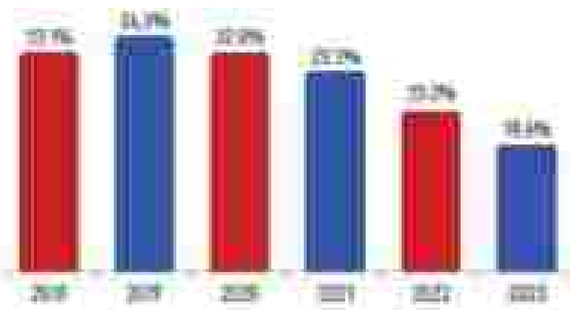
To monitor progress against its strategic objectives, the Company has established both financial and non-financial indicators. Sales are regularly monitored, and future courses of action are determined based on the results. The Company takes into account a variety of internal and external factors, including the availability and quality of in-house resources, economic indicators, geopolitical conditions, competitors' positions, and general market trends, when preparing its key performance indicators (KPIs). These indicators have been compiled using industry-standard methodologies, past trends and strategic vision of the Company. These are routinely reviewed by the management team, with quarterly assessments by the Board to take appropriate corrective actions when needed.

GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

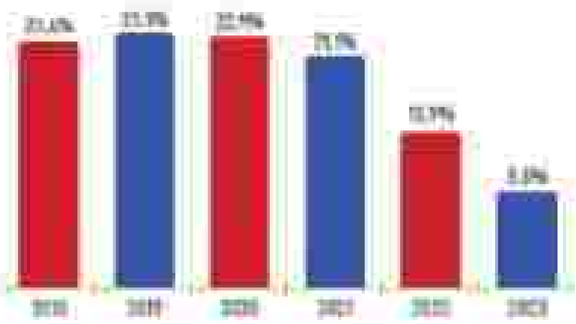
Gross Profit Margin



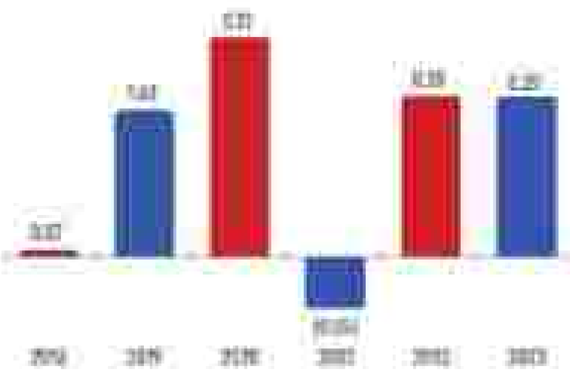
EBITDA Margin



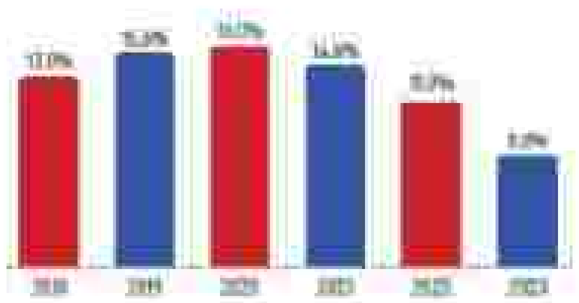
Net Margin



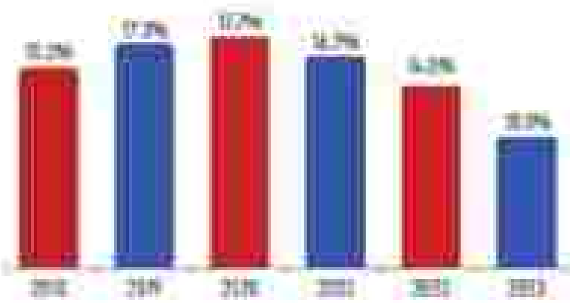
Operating Leverage Ratio



Return On Assets (After Tax)

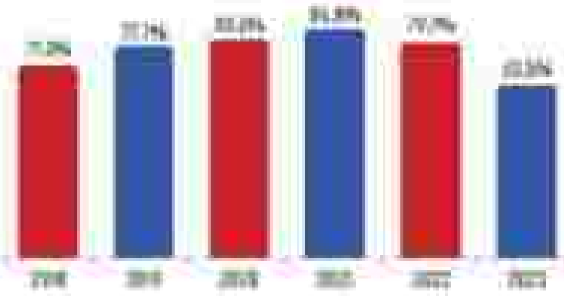


Return On Capital Employed

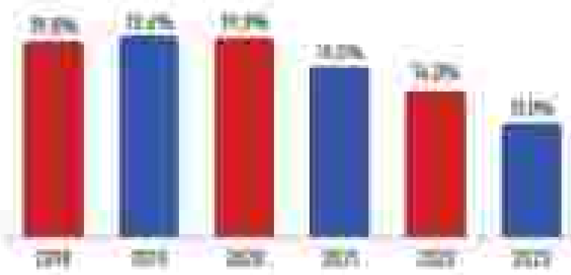


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

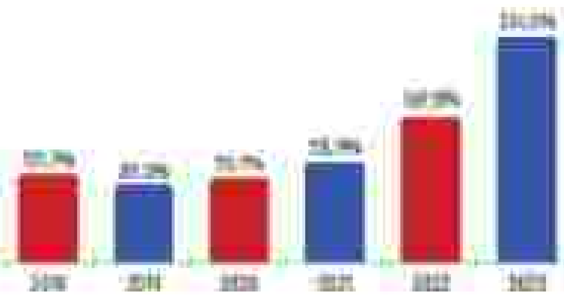
Shareholders' Fund



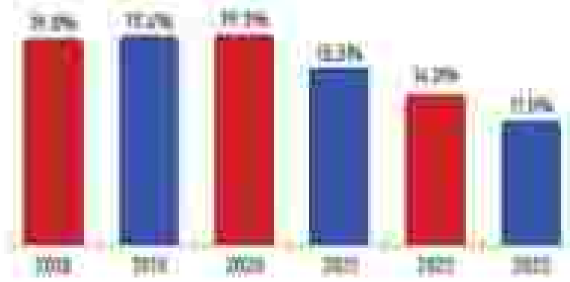
Return On Shareholders Fund



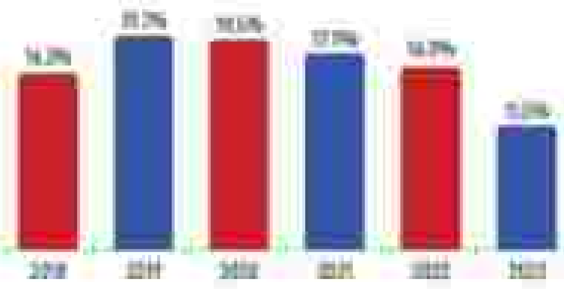
Cost / Income Ratio



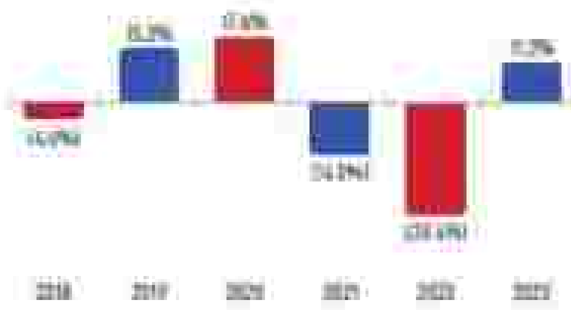
Return On Equity (After Tax)



Return On Assets (Before Tax)

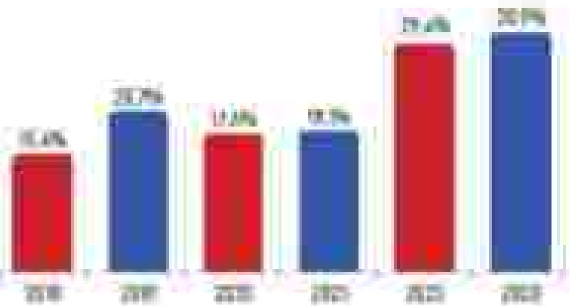


Total Shareholders' Return

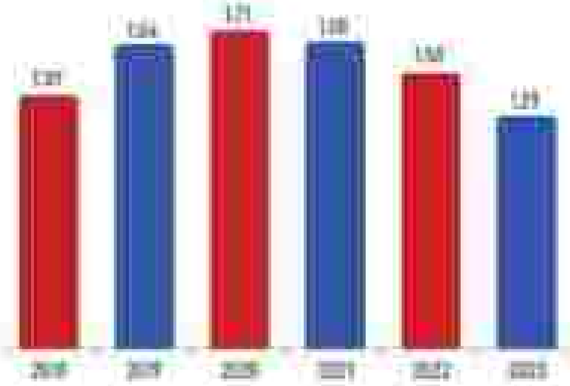


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

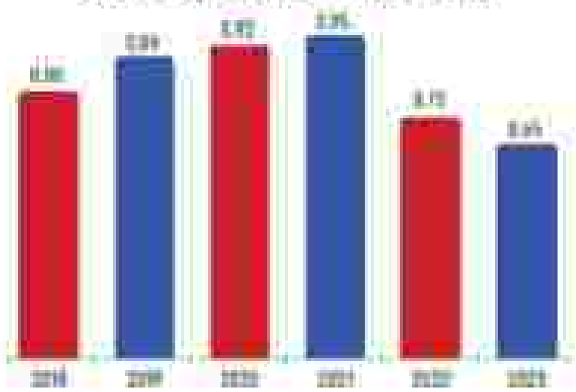
Effective Tax Rate



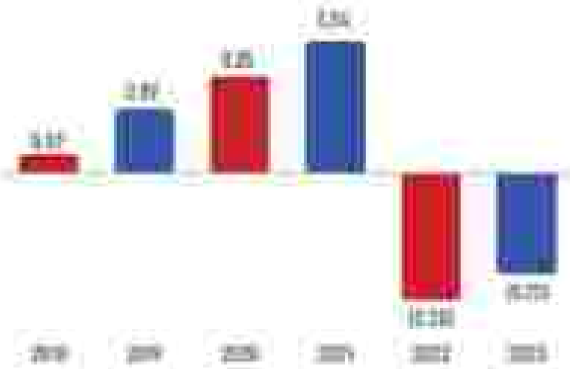
Current Ratio



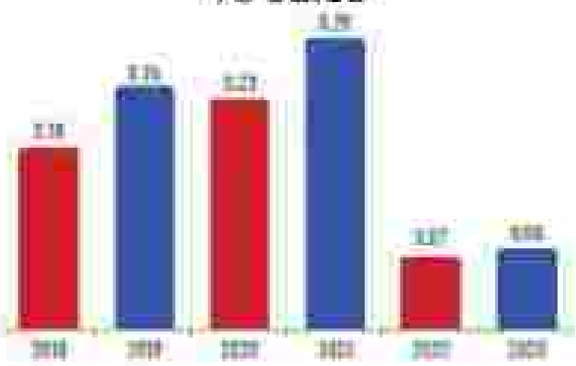
Quick / Acid Test Ratio



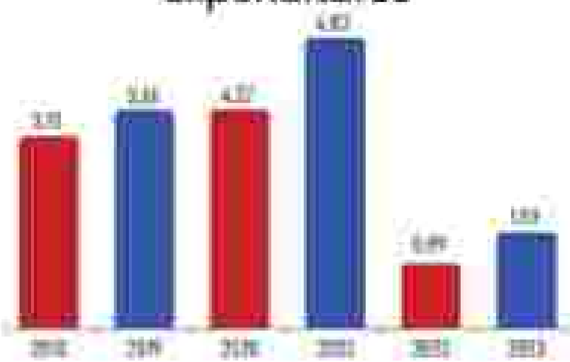
Cash To Current Liabilities



Cash Flow From Operations To Sales

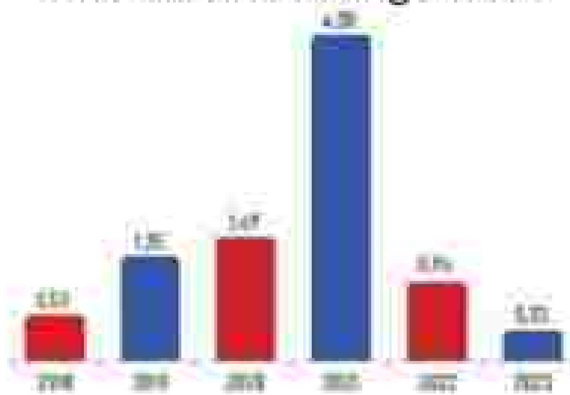


Cash Flow To Capital Expenditures

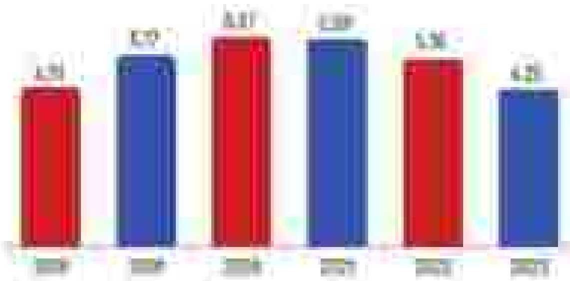


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

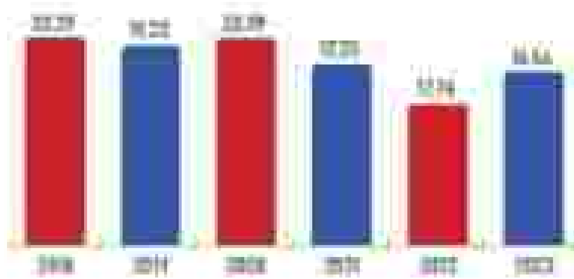
Cash Flow Coverage Ratio



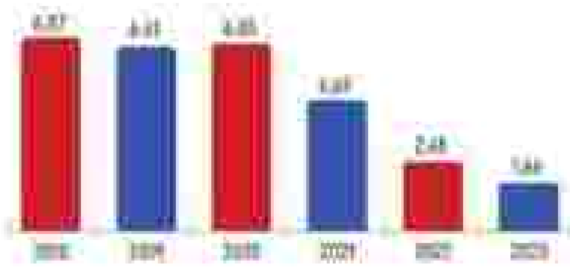
Earnings Per Share (EPS) And Diluted EPS



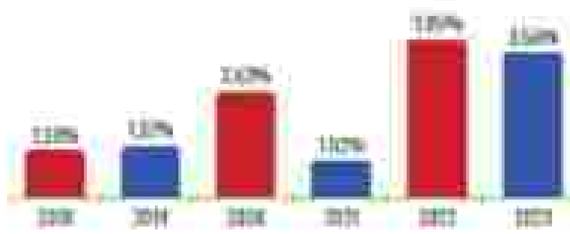
Price Earning Ratio



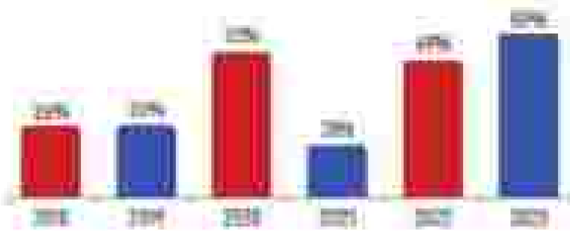
Price To Book Ratio



Dividend Yield Ratio

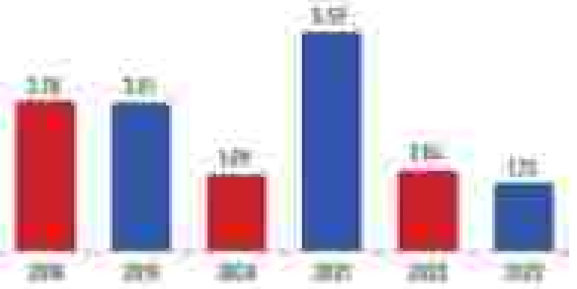


Dividend Pay Out Ratio

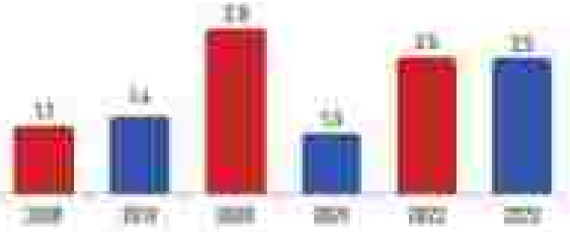


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

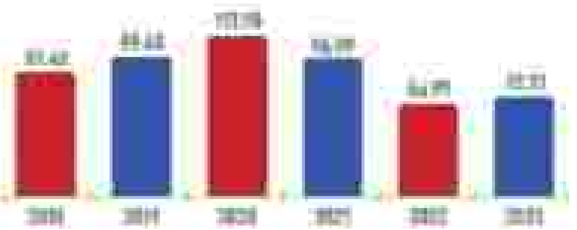
Dividend Cover Ratio



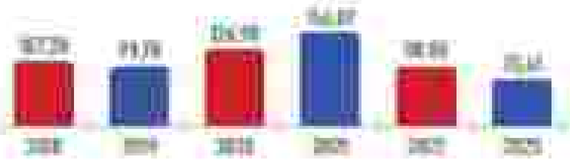
Cash Dividend Per Share



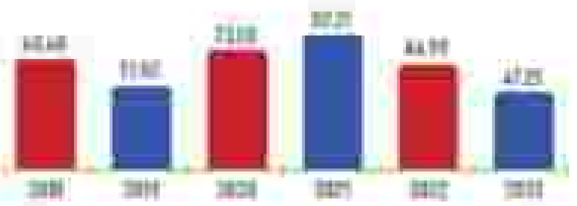
Market Value Per Share - At Year End



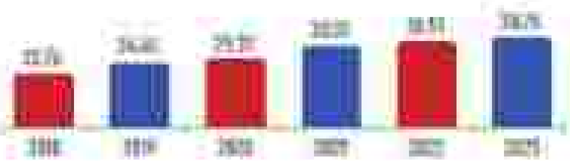
Market Value per Share - High During Year



Market Value Per Share - Low During Year



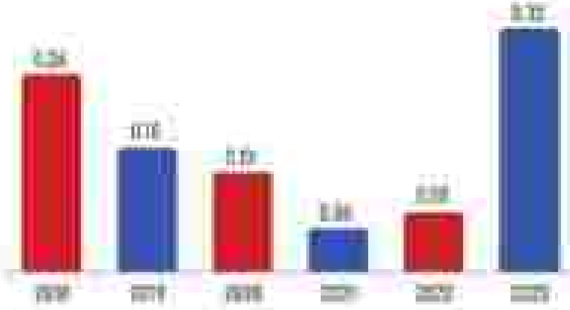
Break-up Value Per Share - Without Surplus On Revaluation Of Property, Plant And Equipment



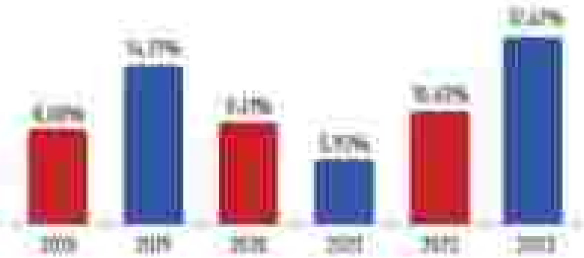
GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

Share Price (Y/E)

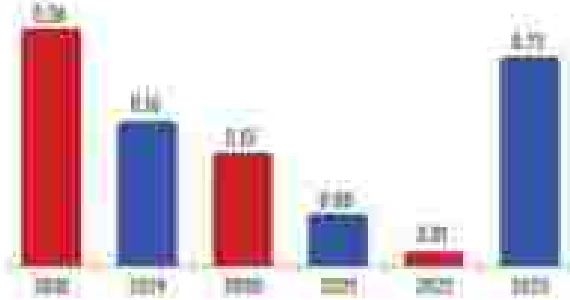
Financial Leverage Ratio



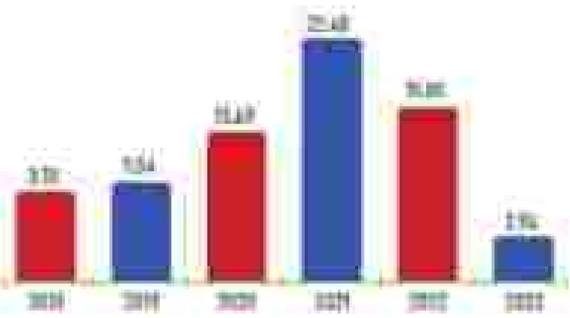
Weighted Average Cost Of Debt



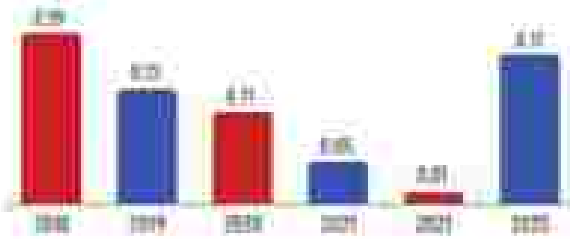
Debt To Equity (As Per Book Value)



Interest Cover Ratio

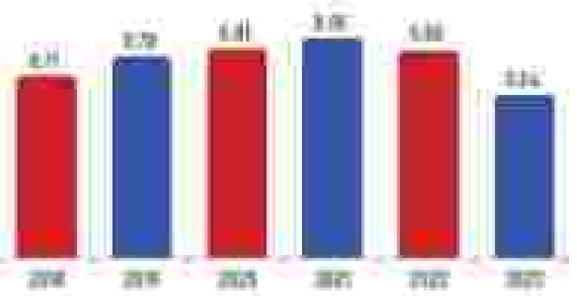


Debt To Asset Ratio

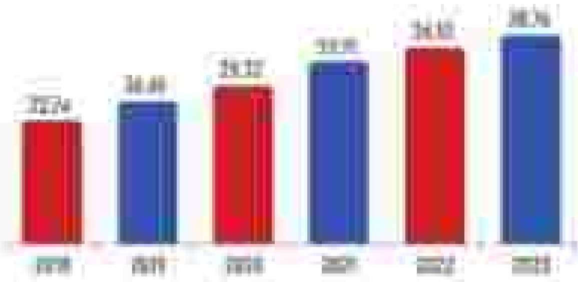


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

Equity To Asset Ratio

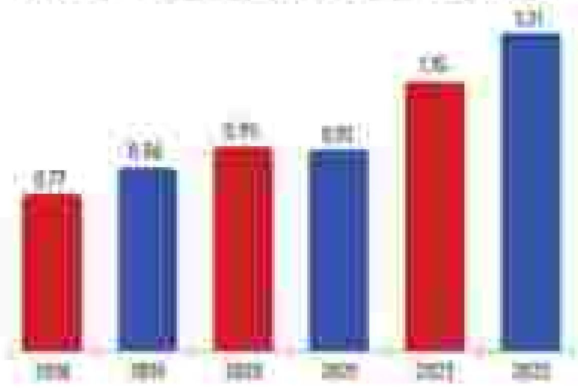


Net Assets Per Share

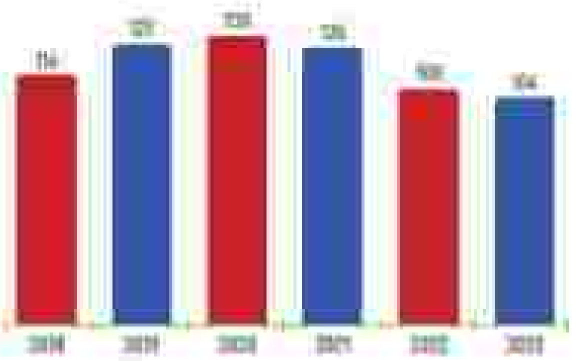


Total Assets Turnover Ratio (Average Assets)

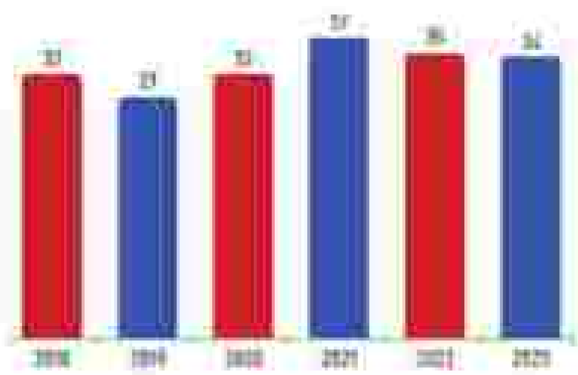
Fixed Assets Turnover Ratio



No. Of Days In Inventory

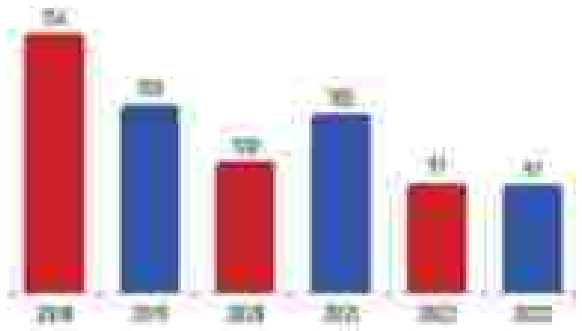


No. Of Days In Receivables

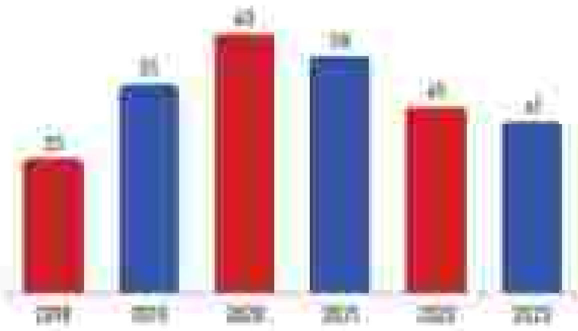


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

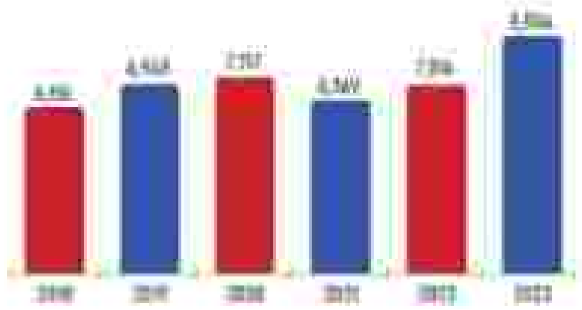
No. Of Days In Payables



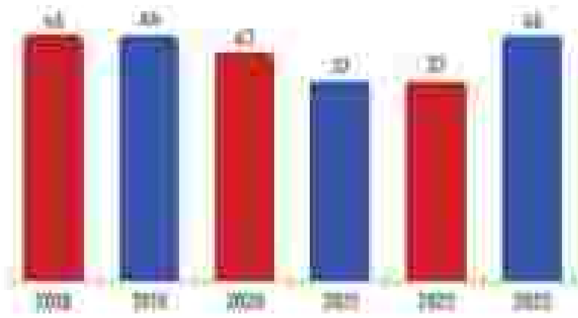
Operating Cycle



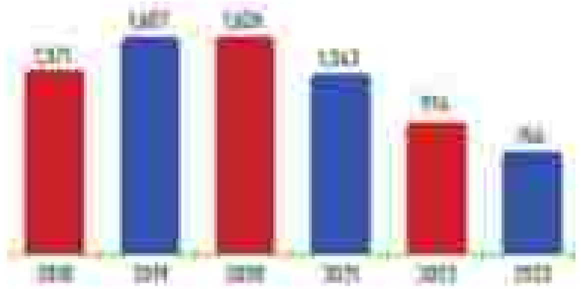
Revenue Per Employee



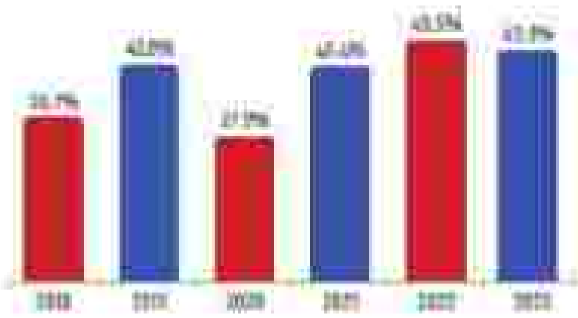
Production Per Employee



Income Per Employee

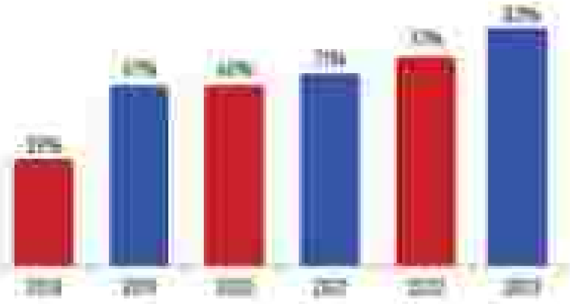


Staff Turnover Ratio

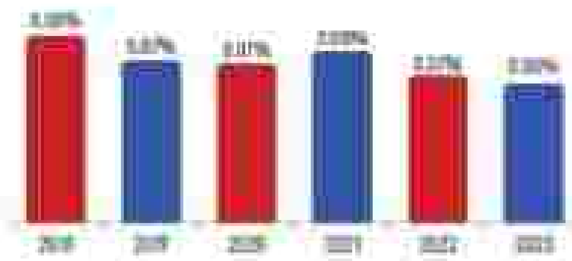


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

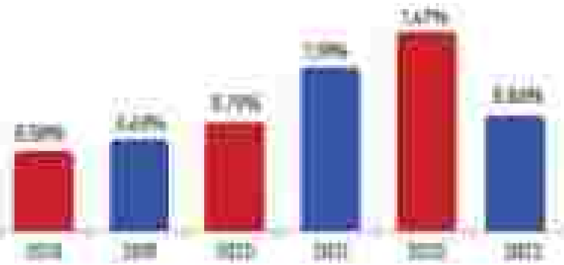
% Of Plant Availability



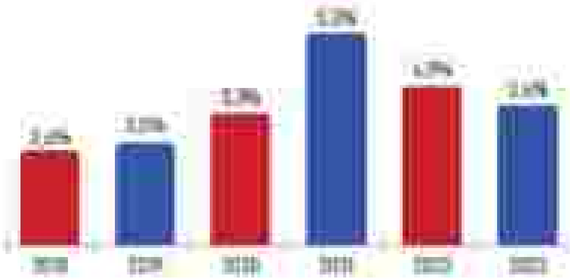
Spares Inventory As % Of Assets Cost



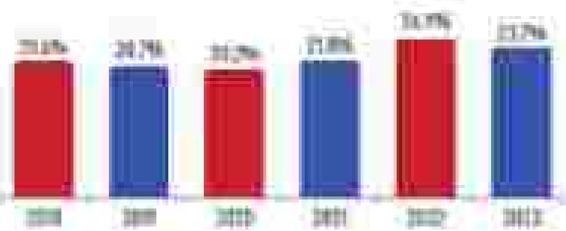
Maintenance Cost As % Of Operating Expenses



Admin Expenses To Sales Ratio



Marketing & Promotional Expense To Sales Ratio

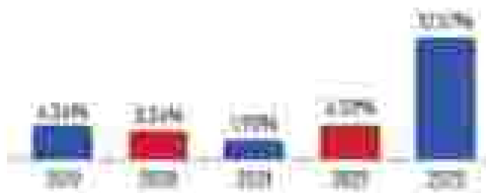


ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES

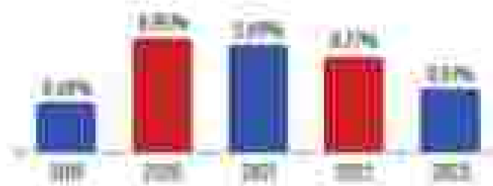
Additional Ratios for Shariah Compliant Companies	2023	2022	2021	2020	2019
Loan on interest to market capitalization of the company (%)	17.57	4.33	1.95	3.34	4.24
Total interest-taking deposits to market capitalization of total equity (%)	0.23	0.71	0.80	3.35	3.40
Income generated from prohibited components to total income (%)	0.06	0.08	[illegible]	[illegible]	[illegible]
Net liquid assets per share to MV per share (%)	3.80	4.26	7.77	2.36	[illegible]
Interest Bearing Debt to Total Assets (%)	22.24	6.15	4.60	10.46	12.58
Non-Shariah Compliant Investments to Total Assets (%)	3.50	1.14	1.53	3.13	[illegible]
Non-Shariah Compliant Income to Total Income (%)	0.17	0.16	0.08	0.28	[illegible]
Illiquid Assets to Total Assets (%)	76.02	76.11	76.47	77.63	82.75

GRAPHICAL PRESENTATION ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES

Loan On Interest To Market Capitalization Of The Company

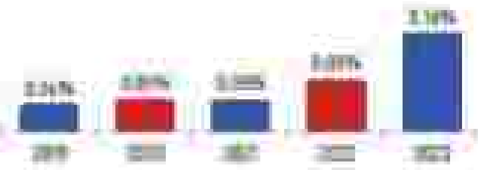


Total Interest-taking Deposits To Market Capitalization Of Total Equity

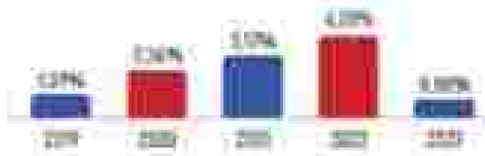


GRAPHICAL PRESENTATION ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES

Income Generated From Prohibited Components To Total Income

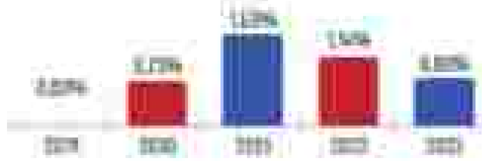


Net Liquid Assets Per Share To M.V Per Share

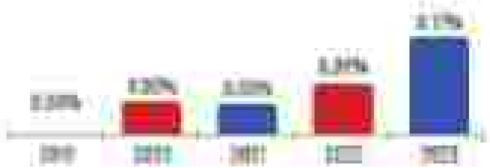


Interest Bearing Debt To Total Assets

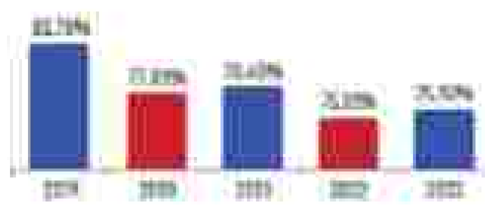
Non-shariah Compliant Investments To Total Assets



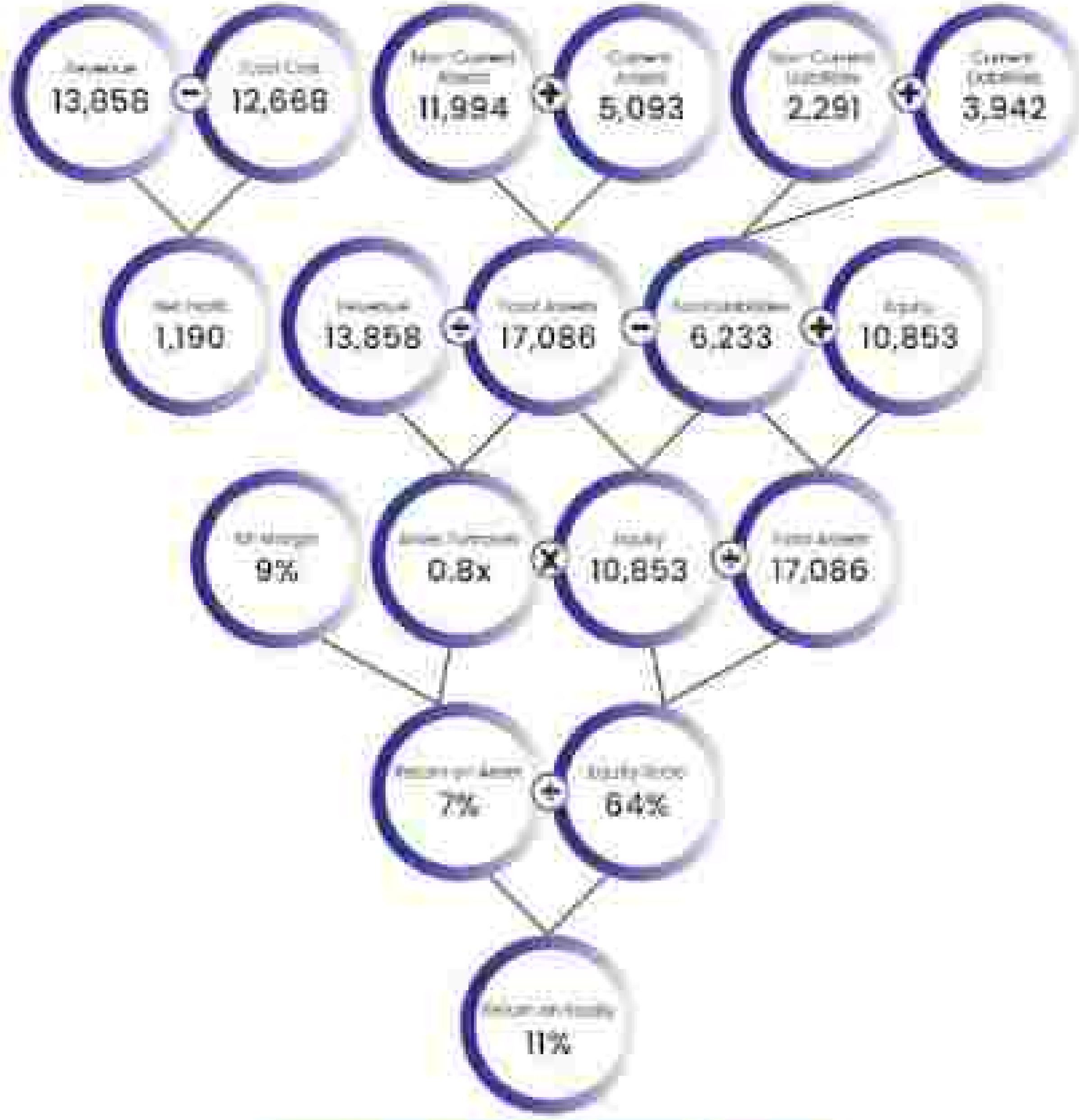
Non Shariah Compliant Income To Total Revenue



Illiquid Assets To Total Assets



DUPONT ANALYSIS



DUPONT ANALYSIS	2023	2022
Tax Burden	69%	71%
Interest Burden	75%	94%
EBIT Margin	17%	21%
Asset Turnover	0.8 x	0.8 x
Leverage	31.9%	7.7%
Return on Equity	11%	14%

The Company achieved a robust topline figure of PKR 13,858 million, marking a notable 25% growth compared to the previous year. This growth was primarily attributed to the strong performance in domestic retail sales of key products, alongside an uptick in exports to Afghanistan and the nutraceutical segment. Sales growth is also supported by supplies to subsidiary company, OBS AGP.

Despite the impressive sales performance, the Company faced challenges in translating this into the bottom line due to a significant increase in the cost of operations, largely influenced by external factors. The substantial devaluation of the local currency exerted pressure on gross margins, culminating in a total cost, including taxation, of PKR 12,688 million, resulting in a net profit of PKR 1,160 million and a net margin of around 9%.

The asset base expanded to PKR 17,086 million, reflecting a notable 33.2% increase from the previous year. This comprised PKR 11,994 million in non-current assets and PKR 5,093 million in current assets, yielding an asset turnover ratio of 0.8. Consequently, the net margin of approximately 9% and an asset turnover ratio of 0.8 contributed to a return on assets of 7.0%.

Total liabilities amounted to PKR 6,233 million, with current liabilities standing at PKR 3,942 million and non-current liabilities of PKR 2,291 million. Consequently, the equity value or net assets surged to PKR 10,853 million, resulting in an equity to total assets ratio of 64% and a return on equity of 11% for the year 2023.

FREE CASHFLOWS

	2023	2022	2021	2020	2019	2018
Profit before taxation	1,723	2,021	1,911	1,927	1,825	1,426
Adjustment of non-cash items	801	384	372	422	494	382
Changes in working capital	(235)	(934)	218	(293)	(119)	(322)
	2,289	1,471	2,501	2,057	2,200	1,486
Less: Capital Expenditure	(752)	(778)	(474)	(381)	(433)	(337)
Free Cash Flows	1,537	693	2,027	1,676	1,767	1,149

ECONOMIC VALUE ADDED

Economic value added (EVA) is a measure of a Company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT).

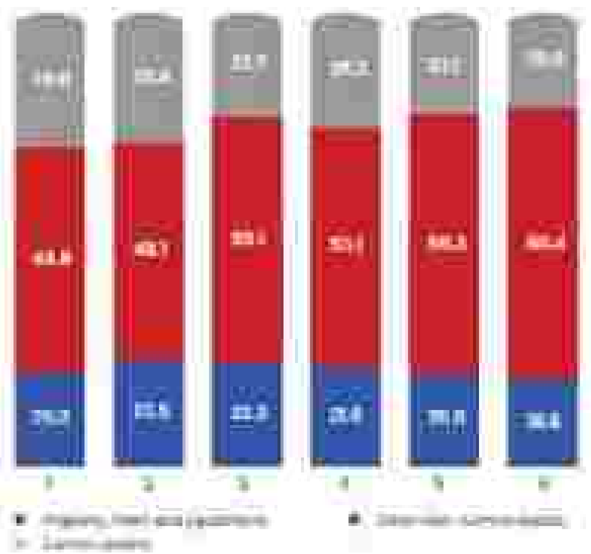
	2023	2022	2021	2020	2019	2018
NOPAT	1,720	1,800	2,194	2,182	2,002	1,546
Cost of Capital	(1,966)	(1,303)	(1,020)	(1,052)	(1,262)	(1,084)
Economic Value Added	(247)	520	1,174	1,130	740	462

VERTICAL ANALYSIS

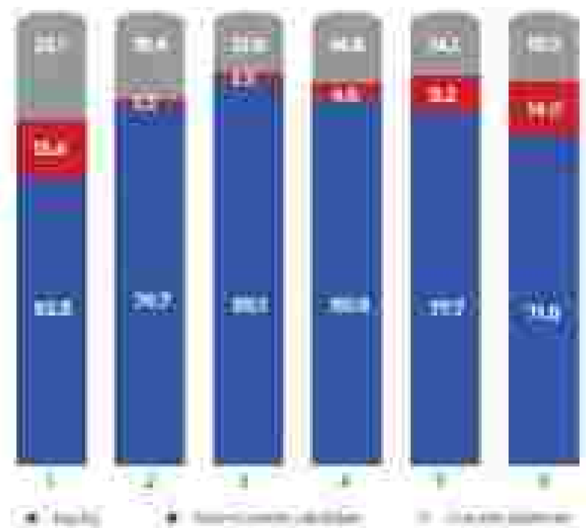
	2023		2022		2021		2020		2019		2018	
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
STATEMENT OF FINANCIAL POSITION												
Assets												
Non-current Assets												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current Assets												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity & Liabilities												
Equity												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Current Liabilities												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current liabilities												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Equity & Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATEMENT OF PROFIT OR LOSS												
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GRAPHICAL PRESENTATION OF VERTICAL ANALYSIS

Financial Position Analysis - Assets (%)



Financial Position Analysis - Equity & Liabilities (%)



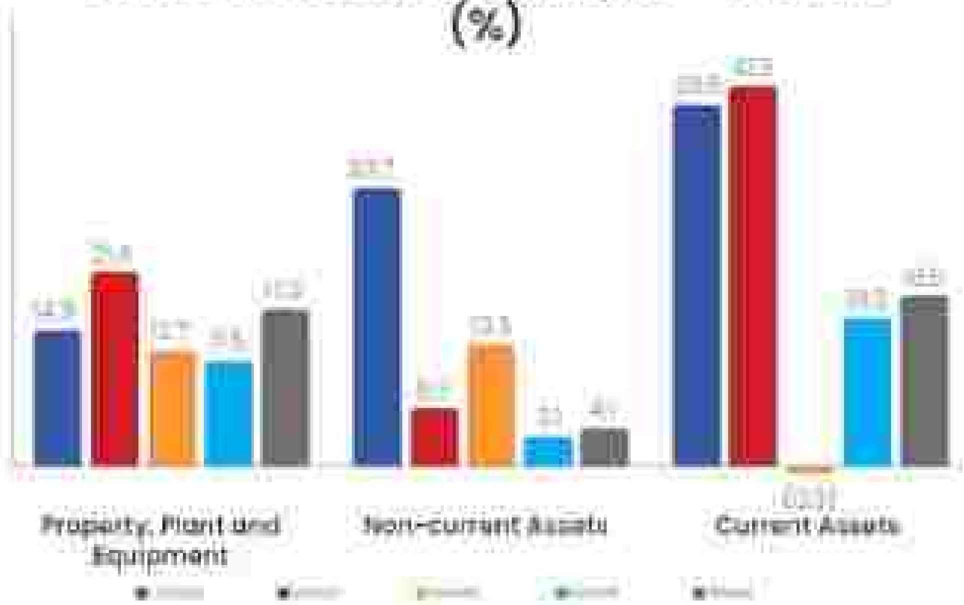
Profit or Loss Analysis

HORIZONTAL ANALYSIS

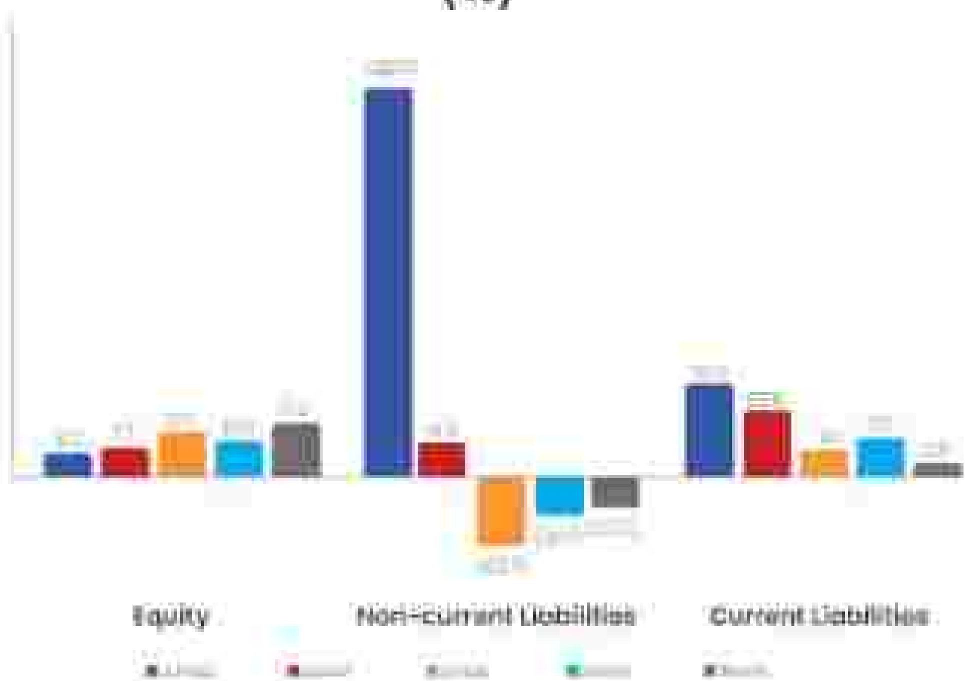
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATEMENT OF FINANCIAL POSITION											
Non-Current Assets											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current Assets											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity & Liabilities											
Equity											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Current Liabilities											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current Liabilities											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Equity & Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATEMENT OF PROFIT OR LOSS											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GRAPHICAL PRESENTATION OF HORIZONTAL ANALYSIS

Financial Position Analysis - Assets (%)



Financial Position Analysis - Equity & Liabilities (%)



SUMMARY OF STATEMENT OF FINANCIAL POSITION

[illegible]	2023	2022	2021	2020	2019	2018
Property, plant and equipment	3,494	3,316	2,454	2,253	1,877	1,853
Intangible assets	3,442	5,471	5,402	5,386	5,335	5,296
Investment in subsidiary (Long-term investment)	3,305	702	122	-	-	-
Long-term loans, deposits and receivables	23	22	10	14	14	12
Non-Current Assets	11,264	9,178	8,031	7,376	7,366	7,030
Current Assets	5,000	3,042	2,387	2,175	2,211	1,900
TOTAL ASSETS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Share Capital	2,500	2,500	2,500	2,500	2,100	2,000
Revenue reserve	8,062	7,422	6,085	5,410	4,063	3,508
TOTAL EQUITY	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Current Liabilities	1,228	712	611	472	393	324
Current Liabilities	3,342	2,424	1,552	1,005	1,201	1,249
TOTAL LIABILITIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL EQUITY & LIABILITIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUMMARY OF STATEMENT OF PROFIT OR LOSS

[illegible]	2023	2022	2021	2020	2019	2018
Net Sales	12,839	10,222	7,420	6,546	6,213	5,882
Gross Profit	4,142	5,223	4,117	3,651	3,058	3,241
Operating Profit	2,396	2,254	2,020	2,078	2,152	1,927
Profit Before Taxation	1,723	2,021	1,911	1,927	1,646	1,486
Taxation	513	550	346	330	218	281
Profit After Tax	1,210	1,469	1,565	1,597	1,448	1,207

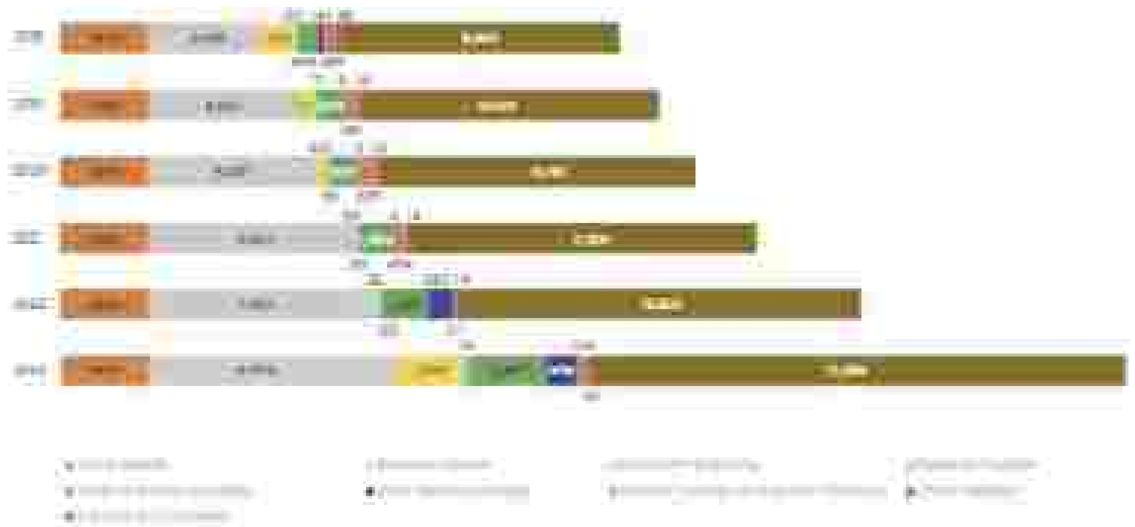
SUMMARY OF STATEMENT OF CASH FLOW

(Rs in Million)	2023	2022	2021	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Profit before taxation	1,723	3,021	1,119	1,527	1,826	1,409
Adjustments for non-cash and other items	801	334	512	452	499	552
Changes in working capital	(236)	(1,654)	164	(253)	(118)	(123)
Cash generated from operations	2,288	1,471	2,447	2,257	2,208	1,456
Finance costs paid	(222)	(100)	(113)	(141)	(253)	(163)
Income tax paid	(1,044)	(1,025)	(140)	(307)	(316)	(285)
Statutory charges paid	(111)	(348)	(147)	(153)	(144)	(89)
Net cash flows generated from operating activities	1,112	127	2,149	1,916	1,095	998
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(782)	(779)	(474)	(381)	(400)	(310)
Investment in subsidiary	(2,334)	-	(115)			
Deposits and receivables - paid / given back received back	(19) -	34 -	52 6			
Proceeds from disposal of operating fixed assets	75	38	17	16	12	14
Dividend received	132	33				
Others	28	22	17	8	5	6
Net cash flows used in investing activities	(2,006)	(660)	(1,006)	(360)	(418)	(290)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid	(600)	(750)	(385)	(400)	(350)	(318)
Short term borrowings	-		4			
Lien on bank balance	32	(70)				
Long-term financings repaid - net	(272)	(440)	(302)	(137)	(414)	(460)
Long-term financings - obtained	2,264	-	-	-	-	-
Net cash flows used in financing activities	1,365	(1,271)	(624)	(819)	(854)	(768)
Net increase / (decrease) in cash and cash equivalents	(1,086)	(1,154)	159	286	230	(140)
Cash and cash equivalents at the beginning of the year	(670)	525	370	11	(120)	30
Cash and cash equivalents at the end of the year	(1,756)	(670)	529	390	111	(110)

GRAPHICAL PRESENTATION OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

Summary of Financial Position - Assets

Summary of Financial Position - Equity & Liabilities



STATEMENT OF CASH FLOW – DIRECT METHOD

(PKR in 000's)	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer - net	[illegible]	[illegible]
Cash paid to supplier / employees / service providers	[illegible]	[illegible]
Finance costs	[illegible]	[illegible]
Income tax	[illegible]	[illegible]
Workers' Profit Participation Fund	[illegible]	[illegible]
Workers' Welfare Fund	[illegible]	(26,412)
Central Research Fund	[illegible]	[illegible]
Net cash flows generated from operating activities	1,112,341	736,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	[illegible]	(716,420)
Investment made in the subsidiary company	(1,704,048)	-
Short term loan lent to subsidiary company	[illegible]	-
Repayment of short term loan from subsidiary company	[illegible]	-
Dividend received	[illegible]	45,000
Proceeds from disposal of operating fixed assets	[illegible]	39,300
Deposits and receivables - paid	[illegible]	[illegible]
Interest income received	25,155	21,952
Net cash flows used in investing activities	(2,905,424)	(601,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	[illegible]	[illegible]
Long-term financings - obtained	[illegible]	-
Long-term financings - repaid	[illegible]	(425,927)
Gain on bank balance	[illegible]	[illegible]
Net cash flows used in financing activities	1,564,863	(1,272,857)
Net (decrease) / increase in cash and cash equivalents	[illegible]	[illegible]
Cash and cash equivalents at the beginning of the year	[illegible]	[illegible]
Cash and cash equivalents at the end of the year	(878,754)	(670,474)

QUARTERLY ANALYSIS

PKR in Million	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 1	3,165	1,470	568	325
Quarter 2	2,879	1,191	293	119
Quarter 3	3,715	1,731	812	407
Quarter 4	4,099	1,751	712	339
Total	**13,858**	**6,142**	**2,386**	**1,190**

The Company achieved a net revenue of PKR 13.8 billion, marking an impressive growth of 35%. Most of this revenue stemmed from domestic retail sales, which saw a promising increase of 27.2%, driven by top brands. Sales to Afghanistan also performed exceptionally well, reaching over PKR 1.6 billion for the first time, with an impressive growth rate of 54%. Quarter 4 has been the best ever quarter, where sales performance surpassed PKR 4 billion. The monthly run rate for the year crossed PKR 1.15 billion in 2023 vs PKR 0.85 billion in 2022.

However, the Company faced challenges as the massive devaluation of the local currency and significant inflation impacted gross margins, which were recorded at 44.3%. Inflationary pressures also led to a 15% increase in administrative costs, while investments in human resource capital drove up marketing and sales expenses. Finance costs rose notably due to short-term borrowing, syndicate term financing, and increasing interest rates. Furthermore, the imposition of a super tax further strained profitability.

Despite these challenges, the Company achieved a profit after taxes of PKR 1,129 million, resulting in earnings per share of PKR 4.25. Detailed quarterly financial performance analysis is provided below.

QUARTER 1

Revenue
The company reported a net revenue of PKR 3,166 million, showing a notable 27% increase from the same period last year. This growth was primarily attributed to an expansion in the domestic portfolio.

Gross Profit
The gross profit amounted to PKR 1,470 million, reflecting a 17% increase from the previous year. Despite the increase in volume, the gross margin declined from 50% to 46%, mainly due to rising cost of doing business.

Operating Profit
Operating profit for the quarter was PKR 568 million, indicating an 11% decrease from the same period last year. The decrease in operating margin compared to the previous year was due to an increase in payroll, resulting from the expansion of the workforce to augment sales growth.

Profit After Tax
The company recorded a profit after tax of PKR 325 million for the first quarter of the year, compared to PKR 450 million in the same period last year, representing a decrease of 28%. The earnings per share (EPS) for the quarter stood at PKR 1.12.

QUARTER 2

Revenue
The Company achieved revenue of PKR 2,878 million for the quarter, marking a 22% growth over the same period last year (SPLY). The growth in sales was primarily driven by an increase in domestic retail sales and nutraceutical sales.

Gross Profit
Gross profit amounted to PKR 1,181 million, with a margin of 41%. This represents a 10% decrease in gross profit compared to the previous year, mainly attributable to depreciating rupee.

Operating Profit
Operating profit for the quarter was PKR 220 million. Operating margins were impacted by the increasing cost of doing business in the country.

Profit After Tax
Net profit for the quarter was PKR 119 million, which is 58% lower than SPLY. Profitability was adversely affected by rising interest rates and the imposition of super tax, resulting in an EPS of PKR 0.42 for the quarter.

QUARTER 3

Revenue
The Company achieved a revenue of PKR 3,715 million for the quarter, showing a 29% increase from the previous quarter and a 60% increase from the same quarter last year. This growth in sales was driven by the strong performance of the Company's top brands and sales to Afghanistan.

Gross Profit
Gross profit reached PKR 1,721 million, marking a 54% increase over the same quarter last year, with margins recorded at 47%.

Operating Profit
Operating profit amounted to PKR 813 million, more than double that of the same quarter last year. Margins were slightly improved because the impact of one-off price increase granted by DRAP started to realise.

Profit After Tax
Profit after tax stood at PKR 407 million, a 74% increase from the same quarter last year. Despite significant cost pressures and the additional levy of super tax, net margins were maintained at 11%, with EPS of PKR 1.45.

QUARTER 4

Revenue
The Company achieved a milestone by surpassing PKR 4 billion in sales for the first time, marking a 25% growth compared to the same period last year. This achievement was driven by consistent sales performance, supported by full quarter the positive impact of the CPI-based annual price increase and seasonal effects.

Gross Profit
Gross profit reached PKR 1,751 million, a 18% increase from the same period last year. However, due to significant currency devaluation and high inflation, the gross margins for the quarter decreased to 43%.

Operating Profit
Operating profits for the quarter stood at PKR 712 million, a 7% increase from the same period last year. Despite this growth, high costs of doing business resulted in operating margins being pulled down to 17%.

Profit After Tax
The Company's profit after tax (PAT) for the quarter was PKR 339 million, 25% lower than the same period last year. Net margins were also affected, standing at 8.3%, with earnings per share (EPS) of PKR 1.21.

SIX YEAR ANALYSIS

STATEMENT OF FINANCIAL POSITION ANALYSIS

Assets

The majority of the non-current assets consist of tangible and intangible assets. Tangible assets, which include property, plant, and equipment, have grown nearly fourfold over the past six years, reaching PKR 6.5 billion from PKR 1.7 billion. This increase is primarily due to capital expenditures, adjusted for depreciation and disposals. The capital expenditure was made to maintain, enhance, and expand manufacturing capacities, as well as to increase office space to accommodate our growing workforce. Intangible assets, mainly brands, remained stable at approximately PKR 5.4 billion with no impairment recorded.

Current assets have also increased almost twofold over the last six years, reaching PKR 5.1 billion, driven by growth and expansion requiring investments in working capital. Stock-in-trade was recorded at PKR 2.5 billion, doubling over the last six years. Given our business of supplying essential medicines, ensuring continuous product supply has been our top priority. Therefore, the Company maintains optimal inventory levels to ensure smooth operations and uninterrupted supply to the market. Inventory turnover is approximately every 124 days, while receivables are collected within around 24 days, and payables are typically settled within 97 days.

Equity & Liabilities

The Company's equity consists of shareholders equity and revenue reserves. Over the past six years, equity has increased by 70% to PKR 13.55 billion, taking into account dividend payout of more than PKR 3.2 billion during the same period. There have been no further changes to the Company's equity during this time.

Long-term financing increased by 76% to PKR 2.1 billion over the last six years. The Company obtained PKR 2.47 billion in syndicate term finance during the year. Additionally, the Company settled the Refinance Scheme for Payment of Wages & Salaries introduced by the State Bank of Pakistan in 2023.

Current liabilities have nearly tripled over the last six years, mainly due to an increase in trade and other payables and short-term borrowings. The current maturity of long-term financing has also risen due to the increase in long-term financings.

STATEMENT OF PROFIT AND LOSS ANALYSIS

Net Revenue

The Company has achieved significant revenue growth, with a cumulative average growth rate (CAGR) of 20.8% over the last six years, surpassing PKR 13.8 billion. This growth is primarily driven by the strong performance of key brands such as Rigix, Osnate and Ceclor, as well as increased exports to Afghanistan and sales in the nutraceutical segment. Over the last six years, the introduction of more than 30 new products, including line extensions, has also bolstered the Company's portfolio and market share.

Cost of Sales

Due to increased business volume and substantial local currency devaluation, the Company's cost of sales has grown at a CAGR of 29.5% over the last six years, reaching PKR 7.7 billion. Despite these challenges, the Company has maintained a decent gross margin of 44% in 2023 through effective inventory management and cost control measures.

Expenditures

To drive sales growth and enhance business operations, the Company strategically invested in human capital. Further, rising inflation, fuel prices, and currency devaluation have significantly increased the cost of doing business.

Consequently, administrative, marketing, and selling expenses have risen notably. Finance costs have also increased by 24% over the six-year period, reaching PKR 585 million in 2023, primarily due to higher debt obligations and regular payments on outstanding obligations. Increased interest rates and short-term borrowings have further contributed to the rise in finance costs. Tax expenses have increased by a factor of times, reaching PKR million in the current year, largely due to the imposition of a super tax levy.

Profit After Tax

The profitability of the Company is suppressed by economic challenges, which are more pronounced in the recent years, and price regulations by DRAP. The substantial devaluation of the Pakistani Rupee, soaring fuel costs, and higher borrowing costs have strained profitability, resulting in a net profit margin of 6.5% in 2023.

CASH FLOW ANALYSIS

Operating Activities

The Company's liquidity position has been challenged by strategic acquisitions, super tax levies, investments in working capital, and increased inventory buildup. Despite these challenges, cash flows generated from operating activities have increased by PKR 144 million over the past six years.

Investing Activities

Using internally generated funds, the Company invested approximately PKR 13.2 billion over six years, including PKR 3.2 billion in capital expenditure and PKR 10.0 billion in subsidiaries. The capital expenditure primarily focused on upgrading, maintaining, and expanding manufacturing capacity, as well as increasing office space. The investment in subsidiaries includes acquiring a 95% equity stake in OBS AGP (Private) Limited in 2021 and a 91.11% stake in OBS Pakistan (Private) Limited in 2022.

Financing Activities

Over the last six years, the Company repaid long-term obligations totaling approximately PKR 2.4 billion. In 2022, the Company obtained syndicate term finance of PKR 2.47 billion to invest in OBS Pakistan. Dividends totaling around PKR 3.2 billion were also paid to shareholders during the same period. The breakdown of dividend payments by year is as follows:

Year	Dividend Per Share (in PKR)
2023	2.50
2022	2.50
2021	1.00
2020	3.00
2019	1.25
2018	1.25

SHARE PRICE SENSITIVITY ANALYSIS

SHARE PRICE INFORMATION

Traded on the Pakistan Stock Exchange (PSX), the Company's share price navigated both internal and external forces. While economic headwinds, government policies, and stakeholder sentiment affect the stock price, the Company's solid financial performance kept it alluring to investors. Soaring to a high of PKR 75.41 in Sep 2023, AGP shares closed the year at PKR 70.31, rising above the external challenges.

MARKET CAPITALIZATION SENSITIVITY

The PSX gained momentum in 2023, rising by 39.4% to reach a staggering PKR 9 trillion. The KSE-100 index also mirrored this boom, soaring 53% during the year to close at 62,451 points. Riding this wave, AGP's share price jumped 8%, with market capitalization of PKR 19.7 billion. There has been no change in the number of shares outstanding of the Company throughout the year.

INTEREST RATE SENSITIVITY

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. Management of the Company estimates that 10% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Company's profit before tax for the next year by PKR 34.58 million, as also mentioned in the note 35.5.1 to the financial statements for the year ended December 31, 2023.

FOREIGN CURRENCY SENSITIVITY

Fluctuations in foreign currency increase currency risk, that is, changes in foreign exchange will directly impact the fair value or future cash flows of a financial instrument. AGP is sensitive to this risk with respect to bank balances, receivables from customers and payables to suppliers.
All other variables held constant, every 10% change in exchange rate will impact Profit Before Tax for the next year by PKR 17.45 million, as also mentioned in the note 35.5.2 to the financial statements for the year ended December 31, 2023.

SELLING PRICE SENSITIVITY

The Company's revenue is directly linked to the price regulations set by the Drug Regulatory Authority of Pakistan (DRAP). This year, in the wake of substantial devaluation of local currency, DRAP granted one special price increase of 14% on essential medicines and 20% on non-essential medicines. Taking advantage of this development, the Company benefit from increasing the price of medicines considering market competition and price sensitivity at consumer end.

RAW MATERIAL SENSITIVITY

AGP relies heavily on imported raw materials, making it susceptible to price increases caused by both adverse foreign exchange movements and broader market shifts. Significant raw material price hikes could potentially erode profit margins and impact overall profitability, leading to potential downward pressure on the share price.

CAPEX RATIONALIZATION

In 2023, the company invested ~PKR 252 million in capital projects using internally generated funds. Due to the challenging economic environment, management restricted capital expenditures to items aimed at supporting business operations and generating revenue. The funds were primarily allocated towards balancing, modernizing, and replacing plant and machinery. This included the procurement of lab equipment, enhancing the air handling works in the manufacturing facilities, the expansion of liquid manufacturing area, and the expansion of office space in the head office building. Additionally, capital expenditure was allocated for the procurement of motor vehicles, computers, accessories, and furniture.

For 2024, the Company plans to enhance the liquid line suite, expand the compression suites, revamp the sterile area, and acquire additional plant and machinery. Capital expenditure will also be directed towards enhancing and furnishing new office space to accommodate the anticipated increase in staff numbers. The funds will be allocated for the acquisition of vehicles to support new hires and promoted employees.

STATEMENT OF UNRESERVED COMPLIANCE OF IFRS

The Company's financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan, which comprise of:

- International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB);
- Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.
Note 5.23 of the standalone and consolidated financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

CEO PRESENTATION VIDEO

Chief Executive's presentation video regarding Company's business overview, performance, strategy and outlook of the Company, is available on AGP's Website and can be accessed through the following weblink:
https://agp.com.pk/documentary/

FINANCIAL STATEMENTS

Financial Statements of the Company along with the reports by the Independent External Auditors

193 Standalone Audit Report & Financial Statements

253 Consolidated Audit Report & Financial Statements

04

FINANCIAL STATEMENTS

Through meticulous efforts to achieve optimal financial and operational results, we are experiencing both organic and inorganic growth, concurrently improving efficiency and surpassing expectations.

Standalone Audit Report & Financial Statements

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the members of AGP Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **AGP Limited** (the Company), which comprise the statement of financial position as at **31 December 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit and other comprehensive income, the cash flows and its changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

EY

Building a better working world

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
1. Impairment testing of goodwill and intangible assets having indefinite useful lives	
As disclosed in note 5 to the accompanying financial statements, the intangible assets include goodwill and indefinite life intangible assets (i.e. trademarks) having aggregate carrying value of Rs. 5,384 million as of 31 December 2023 tested for impairment on an annual basis. The determination of recoverable amount requires judgement in both identifying and then valuing the relevant cash-generating unit (CGU), and the impairment assessment for such assets involves significant judgments and estimates about future business performance, with key assumptions including cash flows, the overall long-term growth rate and discount rate used. Changes in these assumptions might lead to a significant change in the carrying values of the related assets. For such reasons we considered this as a key audit matter.	Our key audit procedures in this area include the following: We obtained an understanding of the Company's process over impairment assessment of intangible assets with indefinite lives. We obtained management's value in use calculations and assessed the methodology used. We examined the assumptions used by management, including forecasted revenue, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU assets and allocated goodwill. We also involved our specialist to: - assess the key assumptions and methodology used in the impairment analysis, in particular growth rate and discount rate applied; and - evaluate the sensitivity analysis performed around the key assumptions and challenged the outcomes of the assessment. We also assessed the adequacy of disclosures in the financial statements in accordance with the financial reporting standards.
2. Revenue Recognition	
As disclosed in note 3.10 to the accompanying financial statements, revenue from sale of goods is recognised when the control of goods is transferred which generally coincides with the delivery of goods. During the year, the Company recognized revenue of Rs. 13,857 million which is approximately 35% higher as compared to previous year (refer note 22). When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.	Our key audit procedures in this area amongst others included the following: We obtained an understanding of the Company's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process. We obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP.

EY

Building a better working world

Key audit matters	How our audit addressed the key audit matters
Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.	Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company. Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch-related documents and customer acknowledgement, on test basis. Analyzed various trends and benchmarks including growth in pharmaceutical industry and logical basis of the increase in revenue. Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Company and reviewed underlying documentation and business rationale of such journal entries. We assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting standards.

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 but does not include the financial statements and our 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, 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.

EY
Building a better
working world

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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Page 4

EY
Building a better
working world

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 27 February 2024

UDIN Number: AR202310120DHCWEF5a

Page 5

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,464,465	[illegible]
Intangible assets	5	5,441,835	5,411,535
Long-term investments	6	3,064,623	729,518
Long-term deposits and receivables	7	22,841	22,532
		11,993,774	[illegible]
CURRENT ASSETS			
Stores, spares and loose tools		11,050	4,237
Stock-in-trade	8	2,535,924	1,675,277
Trade debts	9	1,443,933	1,702,505
Advances	10	490,498	217,933
Trade deposits, prepayments and other receivables	11	297,873	227,969
Taxation – net		308,724	-
Cash and bank balances	12	137,783	[illegible]
		5,092,591	[illegible]
TOTAL ASSETS		17,086,365	[illegible]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	13	2,800,000	2,800,000
Revenue reserve – unappropriated profit		8,053,471	7,422,295
		10,853,471	[illegible]
NON-CURRENT LIABILITIES			
Long-term financings	14	2,090,998	[illegible]
Deferred grant	15	-	[illegible]
Gas infrastructure development cess	16	8,996	[illegible]
Deferred tax liabilities – net	17	191,075	[illegible]
		2,291,069	[illegible]
CURRENT LIABILITIES			
Trade and other payables	18	2,496,656	[illegible]
Unclaimed dividends		1,853	[illegible]
Taxation – net		-	[illegible]
Accrued interest		76,540	[illegible]
Short-term borrowings	19	937,654	[illegible]
Current maturity of non-current liabilities	20	426,822	[illegible]
		3,941,825	[illegible]
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		17,086,365	[illegible]

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
Revenue from contracts with customers – net	22	13,857,770	10,252,015
Cost of sales	23	(7,715,389)	[illegible]
Gross profit		6,142,381	[illegible]
Administrative expenses	24	(477,276)	[illegible]
Marketing and selling expenses	25	(3,279,231)	[illegible]
Other expenses	26	(263,382)	(237,844)
Other income	27	186,263	130,670
Finance costs	28	(586,045)	[illegible]
		(4,419,641)	[illegible]
Profit before taxation		1,722,740	[illegible]
Taxation	29	(532,554)	[illegible]
Profit for the year		1,190,186	[illegible]
Earnings per share – basic and diluted	32	Rs. 4.25	[illegible]

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	-----(Rupees in '000)-----	
Profit for the year	1,190,188	1,420,034
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	1,190,188	1,420,034

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Revenue reserve - Unappropriated profits	Total
	------------	(Rupees in '000)	------------
Balance as at 31 December 2021	2,800,000	6,695,251	9,495,251
Profit for the year	-	1,420,034	1,420,034
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,420,034	1,420,034
Final dividend for the year ended 31 December 2021 @ Rs. 2.5 per share	-	(700,000)	(700,000)
Balance as at 31 December 2022	2,800,000	7,422,285	10,223,285
Profit for the year	-	1,190,186	1,190,186
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,190,186	1,190,186
Final dividend for the year ended 31 December 2022 @ Rs. 2 per share	-	(560,000)	(580,000)
Balance as at 31 December 2023	2,800,000	8,053,471	10,853,471

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		---- (Rupees in '000) ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	32	2,288,758	[illegible]
Payments for:			
Finance costs		(23,667)	[illegible]
Income tax		(803,593)	[illegible]
Workers' Profit Participation Fund	9.4	(104,867)	[illegible]
Workers' Welfare Fund	18.6	(24,617)	[illegible]
Central Research Fund	18.7	(21,764)	[illegible]
Net cash flows generated from operating activities		1,112,241	[illegible]
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	4.2 & 5.5	(752,143)	[illegible]
Investment made in the subsidiary company	11	(2,324,048)	-
Short term loan given to subsidiary company		2,815,000	-
Repayment of short term loan from subsidiary company		(2,815,000)	-
Dividend received from subsidiary company		130,000	55,000
Proceeds from disposal of operating fixed assets		15,390	[illegible]
Deposits and receivables - paid		(309)	[illegible]
Interest income received		25,888	[illegible]
Net cash flows used in investing activities		(2,905,424)	[illegible]
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(559,942)	[illegible]
Long term financings - acquired		2,293,975	-
Long term financings - repaid		(211,567)	[illegible]
Lien on bank balance - released / (given)		62,415	[illegible]
Net cash flows generated from / (used in) financing activities		1,584,883	[illegible]
Net (decrease) in cash and cash equivalents		(208,320)	[illegible]
Cash and cash equivalents at the beginning of the year		(670,434)	[illegible]
Cash and cash equivalents at the end of the year	33	(878,754)	[illegible]

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 THE COMPANY AND ITS OPERATIONS

1.1 AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Company is situated at B-23C, S.I.T.E, Karachi. The principal activities of the Company includes import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.

1.2 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.9% (2022: 55.9%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

1.3 These financial statements are separate financial statements of the Company in which investment in subsidiary companies have been accounted for at cost less accumulated impairment losses, if any.

1.4 The Company holds 85% shareholding of OBS AGP (Private) Limited (OBS AGP) as of reporting date by virtue of which it became the subsidiary company.

1.5 During the year, the Company has made an investment of Rs. 2,324 million in OBS Pakistan (Private) Limited (OBS PK). By virtue of this investment the Company has acquired 61.02% shareholding of OBS PK and consequently has become a subsidiary company. (Also see note 6.2)

The Company through OBS PK has successfully acquired a portfolio of certain Pharmaceutical brands from Viatris Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. For this purpose, the Company entered into a Musharaka agreement with a financial institution to obtain Musharaka Contribution of an amount upto Rs. 2,384 million (Also see note 14.2)

1.6 The consolidated financial statements are separately prepared and presented by the Company.

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

Location	Purpose
B-23C, S.I.T.E. Karachi	Head Office and Production Plant
D-109, S.I.T.E. Karachi	Production Plant
F/46, S.I.T.E Superhighway Phase II, Karachi	Production plant

2 BASIS OF PREPARATION

2.1 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 as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

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

2.4 Shariah related disclosures

As of reporting date, the Company is listed on the PSX-KMI All Share Islamic Index. The Company accordingly, as per requirements specified in the sub-clause 10 of clause VI of Part I of the Fourth Schedule to the Companies Act, 2017, has provided disclosures applicable to it in note 12.3 to these financial statements.

2.5 Adoption of amendments to approved accounting standards effective during the year

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

Amendments to approved accounting standards

IAS 8 Definition of Accounting Estimates (Amendments)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

IAS 12 International Tax Reform—Pillar Two Model Rules (Amendments)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

2.6 Standards and amendments to approved accounting standards that are not yet effective

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

Amendments		Effective date (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Not yet finalised.

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

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

2.7 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Impairment of non-financial assets (goodwill and intangible assets having indefinite useful lives)

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the Company's forecasts for the next five years based on historical trends and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and intangibles having indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the CGUs, including a sensitivity analysis, are disclosed and further explained in note 5.3 to these financial statements.

b) Allowances for expected credit losses (ECL) of trade receivables

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The provision matrix is based on the Company's historical observed default rates. The Company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Any change might affect the carrying value and amount of expected credit loss charge to profit or loss.

c) Taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The management consider tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

d) Residual value and useful life of property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, depreciation method, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

(i) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, which is stated at cost less accumulated impairment losses, if any.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period and charged to statement of profit or loss. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal. The rates of depreciation are disclosed in note 5.1 to these financial statements.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Gains and losses on disposal of assets are taken to the statement of profit or loss.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consist of costs incurred and advance made in respect of operating fixed assets and intangible assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired separately (other than goodwill and intangible assets having indefinite useful lives) following initial recognition, are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

The useful life of intangible assets are assessed as either finite or indefinite. Amortisation of finite intangible assets are based on the cost of an asset less its residual value. Amortisation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Full month's amortisation is charged in the month of addition when asset is available for use, whereas amortisation on disposals is charged up to the month in which the disposal takes place. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.3 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses, if any, except for corporate guarantee contract.

Corporate guarantee contract (CGC) is recognised initially at fair value. After initial recognition, CGC is measured at the higher of:

- the amount of the loss allowance determined in accordance with accounting policy for impairment of financial asset (note 3.5.1(iv)); and

- the amount initially recognised less cumulative amount of income recognised in accordance with revenue from contract with customers, where appropriate.

In respect of investment in subsidiary, the Company reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss.

3.4 Stock-in-trade

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

- Raw and packing material - weighted average cost.
- Work-in-process and semi-finished goods - cost of direct materials and labour plus attributable overheads.
- Finished goods (manufactured and trading products) - weighted average cost.
- Stock in transit - invoice price plus other charges paid thereon.

Cost of raw material and finished trading goods comprises purchases cost and other incidental charges incurred in bringing the inventories to their present location and condition. Manufactured finished goods and work-in-progress include prime cost and appropriate portion of production overheads based on the normal operating capacity but excluding borrowings costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and the estimated costs necessary to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

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

3.5 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 **Financial assets**

i) **Initial recognition and measurement**

All financial assets are recognised initially at fair value and transaction cost, if any (except for financial assets at fair value through profit or loss, in which case transaction cost is charged to profit or loss). Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial Assets at amortised cost (debt instruments)
- Financial Assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial Assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The Company only has Financial Assets carried at amortised cost.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade debts, deposits, certain portion of other receivables and cash and bank balances.

iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- 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, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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 Company could be required to repay.

iv) Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Company applies a simplified approach in calculating ECLs for its trade debts. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For trade debts, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the third parties and the economic environment.

The Company considers a financial asset in default when contractual payments are past due over 180 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Expected credit losses for a corporate guarantee contract are the cash shortfalls adjusted by the risks that are specific to the cash flows. Cash shortfalls are the difference between:

- the expected payments to reimburse the holder for a credit loss that it incurs; and
- any amount that an entity expects to receive from the holder, the debtor or any other party.

3.5.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The subsequent measurement of financial liabilities is described below:

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is the amount at which the financial liability is measured at initial recognition minus the principal repayments minus the cumulative amortisation using the EIR of any difference between that initial amount and the maturity amount. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

iii) Derecognition

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.6 Impairment of non-financial assets (including goodwill and intangibles with indefinite useful lives)

The carrying amounts of non-financial assets (other than inventories and deferred tax) are reviewed at each reporting date to determine and assess whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value-in-use and its fair value less costs to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

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

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses relating to goodwill are not reversed in future periods.

3.7 Advances, deposits and short term prepayments (other than financial assets)

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that an asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.8 Taxation

Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in statement of other comprehensive income or directly in equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account the available tax credits and rebates, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date and recognised after adjusting the impact of tax under FTR.

3.9 Provisions

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

3.10 Revenue recognition

3.10.1 Revenue from contracts with customers

a) Sale of goods

The Company is engaged in the manufacturing and selling of pharmaceutical products and related products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, i.e. either on delivery of the goods to the customer or goods collected by customers. The normal credit term is 30 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discounts). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

b) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provides certain customers with a right to return within a specified period.

i) **Right of return**

The contracts for sale of goods provide certain customers with a right to return the products within a specified time. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company will not be entitled. The Company applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue.

A refund liability is recognised for the goods that are expected to be returned (i.e. amount not included in the transaction price), where applicable. It is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. A right of return assets (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer, where applicable. Returns for the Company comprise of expired products or near expiry products (i.e. within 6 months to expiry), which are of zero value by the time of return and are subject to disposition as per prevailing statutory laws.

ii) **Discounts**

The Company offers discounts to certain distributors, who shall pass the same onwards and is accordingly accounted for as a reduction from the transaction price. A refund liability is recognised for the expected future discounts (i.e. the amount not included in the transaction price).

c) **Contract balances**

i) **Trade debts**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets as disclosed in note 3.5.1 'Financial assets' to these financial statements.

ii) **Contract liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.10.2 Other income

Other income is recorded on accrual basis and Interest income is accounted for using the Effective Interest Rate (EIR) method.

3.11 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.12 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.13 Segment reporting

For management purposes, the Company as a whole is considered to be a single cash generating unit i.e. pharmaceutical segment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4 PROPERTY, PLANT AND EQUIPMENT	Note	2023	2022
		------(Rupees in '000)------	
Operating fixed assets	4.1	2,975,399	3,038,546
Capital work-in-progress	4.2	489,066	376,770
		3,464,465	3,415,316

4.1 Operating fixed assets

	Land Freehold	Land Leasehold	Buildings Factory	Buildings Office	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	General electrical fittings	Refrigerators and air conditioners	Laboratory equipment	Computers and related accessories	Total
	(Rupees in '000)												
Net carrying value basis Year ended 31 December 2023													
Opening net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals													
Cost	-	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation	-	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
	-	-	-	-	[illegible]	-	[illegible]	[illegible]	-	-	-	[illegible]	[illegible]
Depreciation charge	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closing net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross carrying value basis as at 31 December 2023													
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	-	-	-	-	[illegible]	-	-	-	-	-	-	-	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rate of depreciation (%)	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Net carrying value basis Year ended 31 December 2022													
Opening net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals													
Cost	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
Depreciation charge	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closing net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross carrying value basis as at 31 December 2022													
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated impairment	-	-	-	-	[illegible]	-	-	-	-	-	-	-	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rate of depreciation (%)	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

4.1.1 Particulars of immovable assets (freehold and leasehold lands and buildings for factory and office premises) of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Karachi	B-230, S.I.T.E Karachi	Head Office and Production Plant	2.809
Karachi	D-109, S.I.T.E Karachi	Production Plant	1.25
Karachi	F-46, S.I.T.E Superhighway Phase II, Karachi	Production Plant	0.50
Karachi	E-194, S.I.T.E Superhighway Phase II, Karachi	Future expansion	0.50

4.1.2 Depreciation for the year has been allocated as follows:

	Note	2023	2022
		----- (Rupees in '000) -----	
Cost of sales	23	140,913	115,120
Administrative expenses	24	36,959	35,833
Marketing and selling expenses	25	73,875	58,043
		251,747	208,996

4.1.3 The cost of fully depreciated assets of the Company amounted to Rs. 307.25 million (2022: Rs. 260.15 million). In addition, land includes leasehold land having cost of Rs. 35.17 million remains idle as of 31 December 2023 and 2022.

4.1.4 The operating fixed assets of the Company is under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 14.2 and 14.3 to these financial statements.

4.1.5 Details of operating fixed assets disposed off during the year are as follows:

Description	Mode of disposal	Cost	Accumulated Depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Particulars of buyers
		----- (Rupees in '000) -----						
Aggregate amount of assets disposed off having NBV exceeding Rs. 500,000								
Motor vehicles								
[illegible]	Company policy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Employee	[illegible]
[illegible]	Company policy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Employee	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Aggregate amount of assets disposed off having NBV not exceeding Rs. 500,000		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Various	Various
	2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
	2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

4.1.6 During the year, as a result of annual reassessment of the review of the useful lives of operating fixed assets, the management has identified that there has been a change in the expected pattern of consumption of the future economic benefits embodied in the assets. Accordingly, useful lives for Motor Vehicles has been revised from 5 years to 8 years to reflect the changed pattern. These revisions were accounted for prospectively as changes in accounting estimates. Had there been no changes in accounting estimates, the profit before tax for the year and carrying value of such motor vehicles as at the year end would have been lower by Rs. 19.55 million.

4.2 The following is the movement in capital work-in-progress during the year:

	Note	2023	2022
		----- (Rupees in '000) -----	
Opening balance		376,770	348,283
Additions during the year	4.2.1	707,830	752,025
Transferred during the year to operating fixed assets	4.1	(597,540)	(723,538)
Closing balance		489,066	376,770

	2023	2022	2023	2022
	Additions during the year		Closing balance as at December 31	
	----- (Rupees in '000) -----			
4.2.1 Capital work-in-progress comprise of:				
Buildings - factory / office sites	285,131	225,461	363,443	219,243
Plant and machinery	20,392	80,076	25,553	76,029
Furniture and fixtures	2,669	25,444	-	-
Motor vehicles	107,077	304,035	-	41,472
Office equipment	6,364	10,605	-	-
Gas and electrical fittings	13,010	5,338	-	-
Refrigerators and air conditioners	139,714	27,181	100,070	35,026
Laboratory equipments	97,003	29,027	-	-
Computer and related accessories	28,426	37,743	-	-
	707,830	752,025	489,066	376,770

5 INTANGIBLE ASSETS

	Note	2023	2022
		------ (Rupees in '000) ------	
Goodwill	5.2 & 5.3	743,226	743,226
Trademarks - (indefinite lives)	5.2 & 5.3	4,641,087	4,641,087
Computer software		49,051	26,313
Capital work-in-progress	5.4	8,475	-
		5,441,839	5,410,626

5.1 Intangible assets

	Goodwill	Trademarks - indefinite	Trademarks - finite	Computer softwares	Total
	---------- (Rupees in '000) ----------				
Net carrying value basis					
Year ended 31 December 2023					
Opening net book value	743,226	4,641,087	-	26,313	5,410,626
Transfers (note 5.4)	-	-	-	35,832	35,832
Amortisation charge	-	-	-	(13,094)	(13,094)
Closing net book value	743,226	4,641,087	-	49,051	5,433,364
Gross carrying value basis					
As at 31 December 2023					
Cost	743,226	4,641,087	365,930	120,179	5,870,422
Accumulated amortisation	-	-	(365,930)	(71,128)	(437,058)
Net book value	743,226	4,641,087	-	49,051	5,433,364
Annual rate of amortisation (%)	-	-	10-20	10-33	
Net carrying value basis					
Year ended 31 December 2022					
Opening net book value	743,226	4,641,087	-	18,147	5,402,460
Transfers (note 5.4)	-	-	-	16,401	16,401
Amortisation charge	-	-	-	(8,235)	(8,235)
Closing net book value	743,226	4,641,087	-	26,313	5,410,626
Gross carrying value basis					
As at 31 December 2022					
Cost	743,226	4,641,087	365,930	84,347	5,834,590
Accumulated amortisation	-	-	(365,930)	(58,034)	(423,964)
Net book value	743,226	4,641,087	-	26,313	5,410,626
Annual rate of amortisation (%)	-	-	10-20	33	

5.2 Goodwill and trademarks

Goodwill of Rs. 743.23 million (2022: Rs. 743.23 million) and intangible assets (trademarks) of Rs. 4,702.52 million (2022: Rs. 4,702.52 million) arose due to business acquisition of AGP (Private) Limited in the year 2014 by the Holding Company [the then Appollo Pharma Limited, the parent company at that time], which were later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Appollo Pharma Limited changed its name to AGP Limited.

5.3 Impairment testing of goodwill and intangible assets (i.e. trademarks) having indefinite lives

5.3.1 Goodwill of Rs. 743.23 million (2022: Rs. 743.23 million) and trademarks having indefinite useful lives of Rs. 4,641.09 million (2022: Rs. 4,641.09 million) as disclosed in note 5.2 to these financial statements are allocated to the cash-generating unit (CGU) of the Company's pharmaceutical segment.

The Company has performed its annual impairment test as at 31 December 2023. The recoverable amount i.e. Rs. 13,744.65 million (2022: Rs. 20,628.83 million) of CGU, to which the goodwill and intangible assets having indefinite useful lives was allocated, is determined based on value-in-use calculation (discounted cash flow method) using future cash flow forecasts covering a five-year period. The pre-tax discount rate applied to cash flow projections is 21.65 percent (2022: 18.7 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is upto 5 percent. As a result of this assessment, the Company did not identify any impairment for the cash-generating unit to which assets aggregating to Rs. 5,384.31 million (2022: Rs. 5,384.31 million) are allocated.

5.3.2 Key assumptions used in discounted cashflows calculations

The calculation of discounted cashflows is most sensitive to the following assumptions:

a) Discount rates

b) Growth rates used to extrapolate cash flows beyond the forecast period

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the Company and the specific risk of the underlying assets.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five-year forecast period are based on published industry research and historical trends.

5.3.3 Sensitivity to changes in assumptions

a) **Discount rates**

A rise in the pre-tax discount rate by 1% will result in decrease of the recoverable amount by Rs. 842.85 million (2022: Rs. 1,458.84 million).

b) **Growth rates**

The management recognises that the modernisation of manufacturing plant and the possibility of new entrants including change in demand can have a significant impact on the growth rate assumptions. The effect of new entrants and change in market demand is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long term growth rate. A decline in long term growth rate by 1% will decrease the recoverable amount by Rs. 491.56 million (2022: Rs. 983.17 million).

5.3.4 The Company's market capitalisation as at year end, using the Level 1 input of the fair value hierarchy amounts to Rs. 10,986.8 million (2022: Rs. 11,017.2 million).

5.4 Amortisation for the year has been allocated as follows:	Note	2023	2022
		(Rupees in '000)	
Cost of sales	25	8,750	5,259
Administrative expenses	26	4,344	3,976
		13,094	9,235

5.5 The cost of fully amortised assets of the Company amounted to Rs. 109.56 million (2022: Rs. 407.51 million).

5.6 The following is the movement in capital work-in-progress during the year:	2023	2022
	(Rupees in '000)	
Opening balance	-	-
Additions during the year	44,307	16,401
Transferred during the year	(35,832)	(16,401)
Closing balance	8,475	-

6 LONG-TERM INVESTMENTS	Note	2023	2022
		(Rupees in '000)	
Investment in OBS AGP (Private) Limited - subsidiary company			
Investment - at cost	6.1	715,000	715,000
Corporate guarantee - at fair value		14,531	14,531
		729,531	729,531
Investment in OBS Pakistan (Private) Limited - subsidiary company			
Investment - at cost	6.2	2,324,048	-
Corporate guarantee - at fair value		11,050	-
		2,335,098	-
		3,064,629	729,531

6.1 OBS AGP (Private) Limited (OBS AGP) was incorporated in Pakistan as a private limited company in November 2020 under Companies Act, 2017. OBS AGP is in the business of trading pharmaceutical products. Since incorporation, OBS AGP was a wholly owned subsidiary of Aldenstuart Pakistan (Private) Limited. On 14 July 2021, the Company subscribed 55% shareholding of OBS AGP i.e. 5.5 million ordinary shares having face value of Rs 10 each, issued at Rs. 130 each.

6.2 OBS Pakistan (Private) Limited (OBS PK) was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS PK is in the business of trading pharmaceutical products. Since incorporation, OBS PK was a wholly owned subsidiary of Aldenstuart Pakistan (Private) Limited. During the year, from April 2023 to September 2023, the Company subscribed 91.82% shareholding of OBS PK i.e. 10.20 million ordinary shares having face value of Rs. 10 each issued at Rs. 175.50 each, 12.22 million ordinary shares having face value of Rs 10 each issued at Rs. 92.38 each, and 20 million ordinary shares issued at face value of Rs. 10 each.

7 LONG-TERM DEPOSITS AND RECEIVABLES	Note	2023	2022
		(Rupees in '000)	
Security deposits - unsecured, considered good		12,056	11,520
Receivables from employees - secured, considered good	7.1	19,369	16,355
Less: Recoverable within one year	8	(8,584)	(5,774)
		10,785	10,581
		22,841	22,101

7.1 Represents interest free receivables from the employees of the Company on account of purchase of vehicles (i.e. motor bikes) and laptops in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly installments.

8 STOCK-IN-TRADE

	Note	2023	2022
		------(Rupees in '000)------	
Raw and packing materials			
– In hand	8.1	1,765,496	1,123,154
– In transit		14,252	93,739
		1,779,748	1,216,893
Work-in-process		200,205	185,087
Finished goods			
– Manufacturing		552,693	444,058
– Trading		24,452	69,553
		577,145	513,611
Provision for obsolescence and slow moving stock	8.4	(30,474)	(39,738)
	8.2	2,526,624	1,875,853

8.1 Included herein items having value of Rs. 480.79 million (2022: Rs. 50.03 million), representing stock held by third parties.

8.2 Stock-in-trade includes items having cost of Rs. 30.66 million (2022: Rs. 21.38 million) written down to net realisable value of Rs. 25.69 million (2022: Rs. 18.45 million) resulting in a writedown of Rs. 4.97 million (2022: Rs. 2.19 million).

8.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 5,556.96 million and Rs. 748.14 million (2022: Rs. 2,838.70 million and Rs. 849.01 million), respectively that are charged to cost of sales.

8.4 Provision for obsolescence and slow moving stock is as follows:

	Note	2023	2022
		------(Rupees in '000)------	
Opening balance		39,738	44,511
Provision made during the year – net	29	40,756	44,158
Written off during the year		(50,020)	(48,931)
		30,474	39,738

9 TRADE DEBTS – unsecured

	Note	2023	2022
Related parties			
– GBS AGP (Private) Limited		341,067	128,053
– Aspin Pharma (Private) Limited		2,842	-
– Muller & Phipps Pakistan (Private) Limited		1,019,009	676,226
	9.3	1,362,918	804,279
Others than related parties		91,068	359,294
	9.1	1,453,986	1,163,573
Less: Allowances for expected credit losses	9.4	(4,047)	(1,205)
		1,449,939	1,162,368

9.1 The credit risk exposure on the Company's trade debts using provision matrix at year end is as follows:

	TOTAL	Current	Days past due: 1-30 days	30-90 days	90 and above days
	----------(Rupees in '000)----------				
2023					
Expected credit loss rate	0.28%	0.00%	0.00%	0.00%	11.99%
Estimated total gross carrying amount at default	1,453,986	1,008,196	300,276	111,764	33,750
Expected credit loss	4,047	-	-	-	4,047
2022					
Expected credit loss rate	0.10%	0.00%	0.00%	0.00%	6.40%
Estimated total gross carrying amount at default	1,163,573	949,732	40,121	22,044	18,826
Expected credit loss	1,205	-	-	-	1,205

9.2 The ageing analysis of unimpaired trade debts due from related parties is as follows:

	TOTAL	Current	Days past due: 1-30 days	30-90 days	90 and above days
	----------(Rupees in '000)----------				
2023					
GBS AGP (Private) Limited - Pakistan	341,067	11,420	232,618	79,217	18,812
Muller & Phipps Pakistan (Private) Limited	1,019,009	990,886	28,123	-	-
Aspin Pharma (Private) Limited	2,842	-	2,842	-	-
2022					
GBS AGP (Private) Limited - Pakistan	128,053	7,334	98,671	22,048	-
Muller & Phipps Pakistan (Private) Limited	676,226	657,350	16,535	-	2,341

9.3 The maximum amount outstanding from related parties at any time during the year calculated by reference to month end balances are as follows:

Related parties - associated companies	Note	2023	2022
		---- (Rupees in '000) ----	
GBS AGP (Private) Limited		677,493	155,753
Aspin Pharma (Private) Limited		18,160	14,883
Muller and Phipps Pakistan (Private) Limited		1,291,220	911,250

9.4 The movement in allowances for expected credit losses is as follows:

	Note	2023	2022
Opening balance		1,205	1,318
Charge / (reversal) of allowances for expected credit losses for the year	28	2,842	(113)
Closing balance	9.4.1	4,047	1,205

9.4.1 Included herein Rs. 2.14 million (2022: Rs. Nil) related to Muller and Phipps Pakistan (Private) Limited, a related party.

10 ADVANCES - unsecured, considered good	Note	2023	2022
		------ (Rupees in '000) ------	
Suppliers	10.1	393,469	213,277
Employees		7,029	4,798
		400,498	217,075

10.1 These are interest free and adjustable within the period of 6 months from the date of issuance.

11 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2023	2022
		------ (Rupees in '000) ------	
Trade deposits - considered good, unsecured			
Security deposits		31,921	11,794
Margin on letters of credit		172,577	140,739
		204,498	152,533
Prepayments - insurance		1,027	1,027
Other receivables - considered good			
Current portion of receivables from employees - secured	17	8,584	5,174
Receivable from Workers' Profit Participation Fund	11.4	2,750	-
Receivable from a subsidiary company - unsecured	11.1	4,645	7,589
Receivable from related parties - unsecured	11.2 & 11.3	32,845	40,349
Others - unsecured		3,624	356
		52,448	53,468
		257,973	207,028

11.1 Represent shared services charged by the Company to OBS AGP (Private) Limited (a subsidiary company).

11.2 Represent expenditure incurred on behalf of OBS Pharma (Private) Limited (a related party) amounting Rs. 32.85 million (2022: Nil) and Aspin Pharma (Private) Limited (a related party) amounting Rs. 0.02 million (2022: Nil). Pre-commencement expenditure incurred on behalf of OBS Pakistan (Private) Limited (now a subsidiary) amounting Nil (2022: Rs. 46.35 million).

11.3 The maximum amount outstanding from a related party at any time during the year calculated by reference to month-end balance is Rs. 32.85 million (2022: Rs. 46.35 million).

11.4 Workers' Profits Participation Fund	Note	2023	2022
		------ (Rupees in '000) ------	
Balance at the beginning of the year - payable		(10,807)	(2,399)
Allocation charged for the year	36	(91,310)	(107,670)
		(102,117)	(110,069)
Payments made during the year		104,867	99,262
Balance at the end of the year - receivable / (payable)		2,750	(10,807)

12 CASH AND BANK BALANCES	Note	2023	2022
		------ (Rupees in '000) ------	
Cash in hand		3,958	1,014
Balances held with banks			
Current accounts			
- local currency		32,890	7,251
- foreign currency		620	441
		33,510	7,692
Deposit accounts	12.1	100,314	140,041
	12.2 & 12.3	137,782	148,747

12.1 These carry markup at the rates ranging from 11.25% to 20.55% (2022: 4.50% to 14.50%) per annum.

12.2 Includes Rs. 76.60 million (2022: Rs. 131.03 million) marked as lien against the bank guarantee given.

12.3 The following information is disclosed by the Company being a Shariah compliant entity and listed on Islamic index.

	Financing Facility Obtained	Financing Facility Utilized	Current / Deposit Accounts	Profit / Markup Earned	Profit / Markup Paid
	-----------------	-----------------	(Rupees in '000)	-----------------	-----------------
2023					
Shariah compliant financings					
Short-term borrowings/deposits	1,450,000	725,893	451	2,543	56,503
Long-term financings	2,363,976	2,353,876	-	-	8,359
	3,813,976	3,079,769	451	2,543	64,862
Conventional financings					
Short-term borrowings/deposits	2,010,000	313,000	137,071	23,143	95,771
Long-term financing	75,000	28,077	-	-	2,027
	5,898,976	3,420,846	137,522	25,686	162,660
2022					
Shariah compliant financings					
Short-term borrowings/deposits	1,350,000	192,546	309	12,741	17,791
Long-term financings					
- Sukuk	2,449,000	-	-	-	3,359
- Diminishing musharakah	350,000	49,736	-	-	1,412
- Running musharakah					
	4,149,000	242,282	309	12,741	22,562
Conventional financings					
Short-term borrowings/deposits	1,050,000	496,437	146,764	9,812	34,109
Long-term financings	75,000	34,003	-	-	3,499
	5,274,000	772,722	147,073	22,553	60,170

12.4 Revenue earned during the year is in accordance with shariah compliant principles.

13 SHARE CAPITAL

Authorised share capital

2023	2022		2023	2022
----- Number of shares -----			----- (Rupees in '000) -----	
350,000,000	350,000,000	Ordinary shares of Rs. 10 each fully paid in cash	3,500,000	3,500,000

Issued, subscribed and paid-up capital

2023	2022		2023	2022
----- Number of shares -----			----- (Rupees in '000) -----	
280,000,000	280,000,000	Ordinary shares of Rs. 10 each fully paid in cash	2,800,000	2,800,000

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

13.2 Basic and diluted earnings per share (EPS)

	2023	2022
	----- (Rupees in '000) -----	
Profit for the year	1,190,188	1,470,034
	----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year	280,000,000	280,000,000
Basic and diluted earnings per share (EPS)	4.25	5.25

14 LONG-TERM FINANCINGS - secured

	Note	2023	2022
		----- (Rupees in '000) -----	
Running musharakah under SBP Refinance Scheme		-	48,136
SBP financing scheme for renewable energy	14.2	28,077	34,503
Syndicate term finance	14.3	2,474,909	-
Corporate guarantee contract	14.4	17,289	10,414
		2,520,255	93,055
Less: current maturity	20	(427,257)	(57,469)
		2,092,998	35,586

14.1 The movement in long-term financings is as follows:

	Note	2023	2022
		----- (Rupees in '000) -----	
Balance at beginning of the year		93,055	528,758
Proceeds received during the year		2,363,976	-
Related transaction cost		(23,449)	-
Corporate guarantee recognized		11,050	-
Corporate guarantee amortized	27	(4,195)	(2,965)
Finance cost for the year		351,405	51,312
Financings and interest repaid during the year		(271,587)	(483,027)
Balance at end of the year		2,520,255	93,055

14.2 The Company had obtained financing facility under SBP financing scheme for Renewable Energy of Rs. 75 million for a period of 7 years including 3 months grace period. The repayment will be made in 81 equal monthly installments after grace period. It carries mark-up at the SBP rate (i.e. 2%) + 4% per annum. The facility is secured against first pari passu hypothecation charge of Rs. 100 million over present and future plant and machinery of the Company. As of reporting date Rs. 25.7 million (2022: Rs. 25.7 million) of the facility remained unutilised.

14.3 The Company has obtained long-term finance of Rs. 2,364 million (2022: Rs. Nil) through the syndicate term finance agreement repayable in quarterly installments commencing from July 06, 2024 including grace period of 12 months over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the Company to the extent of Rs. 3,000 million. The facility has been used to inject equity in its associated company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatris Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

14.4 The Company has provided corporate guarantee to JS Bank Limited being the investment agent of its subsidiaries. This is in relation to secure all payment obligations and liabilities i.e. principal repayment and principal along with profit repayments for OBS AGP and OBS PK respectively, in respect of sukuk issued by the subsidiaries to the investment agent for the benefit of certificate holders of the subsidiaries (also see note 5 to these financial statements).

15 DEFERRED GRANT

	Note	2023	2022
		----- (Rupees in '000) -----	
Opening balance		2,334	16,503
Released to statement of profit or loss	27	(2,334)	(13,169)
Closing balance		-	2,334
Less: current portion	20	-	(1,751)
		-	583

16	GAS INFRASTRUCTURE DEVELOPMENT CESS	Note	2023	2022
			------ (Rupees in '000) ------	
	Gas Infrastructure Development Cess		8,561	8,429
	Less: Current portion	20	(1,555)	(1,004)
			6,306	7,425

16.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The Honourable Supreme Court of Pakistan (SCP) on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional and payable in 48 equal monthly installments. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GIDC Cess that became due up to 31 July 2020 w.e.f 2011. In September 2020 the Company, along with other companies, had challenged the implication of GIDC on the basis that burden of GIDC has not been passed to the customers. In the same year, Sindh High Court (SHC) passed a restrained order from taking any coercive action for recovery of GIDC from the Company. However, the Company has created a provision on a prudent basis.

17	DEFERRED TAX LIABILITIES – NET	2023	2022
		------ (Rupees in '000) ------	
	Taxable temporary differences		
	Accelerated tax depreciation / amortisation	203,033	141,560
	Deferred grant	-	684
		203,033	142,244
	Deductible temporary differences		
	Provisions	(11,958)	(11,979)
	Long term financings	-	(894)
		(11,958)	(12,873)
		191,075	129,371

18	TRADE AND OTHER PAYABLES	Note	2023	2022
			-----(Rupees in '000)-----	
	Creditors	18.1	1,144,004	841,324
	Accrued liabilities		573,925	602,773
	Payable to Alkhorayef Pakistan (Private) Limited - related party		31,160	-
	Payable to OBS AGP (Private) Limited - related party		3,836	-
	Compensated absences		55,906	45,144
	Contract liabilities (advances from customers)	18.2 & 18.3	581,286	114,303
	Retention money		972	313
	Other payables			
	- Provident fund	18.5	10,640	8,339
	- Infrastructure Cess	18.4	13,801	13,801
	- Workers' Profit Participation Fund	11.4	-	10,807
	- Workers' Welfare Fund	18.6	17,612	24,410
	- Central Research Fund	18.7	18,445	21,251
	- Withholding tax		18,139	11,746
	- Sales tax		23,259	8,365
	- Others		3,571	3,578
			2,496,555	1,807,846

18.1 Included herein is Rs. 13.31 million (2022: Rs. 28.07 million) payable to Aspin Pharma (Private) Limited, a related party.

18.2 These contract liabilities are unsecured and received under normal course of business. Revenue recognised during the year from amount included in contract liabilities at beginning of the year amounts to Rs. 73.74 million (2022: Rs. 42.714 million).

18.3 Includes advance received from OBS AGP (Private) Limited, a related party, for the sale of certain finished goods amounting to Rs. 574.959 million (2022: Rs. 83.93 million).

18.4 During the year ended December 31, 2007, the Sindh Excise and Taxation Authority imposed infrastructure cess of Rs. 16.440 million in respect of services rendered for the development and maintenance of the infrastructure, on the goods entering or leaving the province. The Company, along with other companies, challenged the above cess in the High Court of Sindh, which decided the case in favour of the Company. The Excise and Taxation Authority filed an appeal against the decision in the Supreme Court of Pakistan and in the year ended December 31, 2011, a payment of Rs. 2.639 million was made by the Company to the Excise and Taxation Authority based on an interim judgment by passed Supreme Court of Pakistan in this matter. The remaining liability is not being reversed pending the final decision on the said appeal.

18.5 Payable to the provident fund

18.5.1 Investments of provident fund have been made in accordance with the Provisions of Section 218 of the Act and the rules formulated for this purpose.

18.5.2 During the year, the Company's contribution to provident fund amounted to Rs. 55.83 million (2022: Rs. 33.75 million).

		Note	2023	2022
			------(Rupees in '000)------	
18.6	**Workers' Welfare Fund**			
	Balance at the beginning of the year		**24,483**	29,196
	Charge for the year	29	**17,646**	24,699
			42,129	53,895
	Payments made during the year		**(24,617)**	(29,412)
	Balance at the end of the year		**17,512**	24,483
18.7	**Central Research Fund**			
	Balance at the beginning of the year		**21,753**	20,619
	Charge for the year	29	**18,446**	21,752
			40,199	42,371
	Payments made during the year		**(21,754)**	(20,618)
	Balance at the end of the year		**18,445**	21,753

		Note	2023	2022
19	**SHORT-TERM BORROWINGS - Secured**			
	Running finance from Commercial banks	19.1	**212,000**	496,437
	Running musharakah from Islamic banks	19.2	**725,954**	192,645
			937,954	689,082

19.1 The Company obtained running finance facilities from Commercial banks upto Rs. 2,050 million (2022: Rs. 1,050 million) renewed during the year. The markup rate on this facility is 1 – 3 months KIBOR plus 0.30% to 1.25% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company. As of reporting date Rs. 1,838 million (2022: Rs. 553.56 million) of the facility limits remained unutilised and utilised portion is Rs. 212 million (2022: Rs. 496.44 million).

19.2 The Company obtained running musharakah facilities from Islamic banks upto Rs. 1,450 million (2022: Rs. 1,350 million) renewed during the year. The profit rate on this facility is 1 – 3 months KIBOR plus 0.50% to 1% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company. As of reporting date, Rs. 724.05 million (2022: 1,157.35 million) of the facility limits remained unutilised and utilised portion is Rs. 725.95 million (2022: Rs. 192.65 million).

		Note	2023	2022
20	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**		------(Rupees in '000)------	
	Long-term financings	14	**424,273**	54,553
	Deferred grant	15	**-**	1,761
	Gas Infrastructure Development Cess	18	**1,665**	1,604
	Current maturity of corporate guarantee	14.1	**2,884**	2,906
			428,822	61,024

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 In the year 2018, the Company received a demand for tax year 2017 from the taxation authorities concerning the payment of Rs. 12.5 million made by the Company to the Sindh Revenue Board (SRB) in respect of the Workers Welfare Fund (WWF). The Company filed an appeal before Commissioner Inland Revenue (CIR(A)), whereby the appeal was decided against the Company. In the year 2019, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) to allow expense in respect of WWF which is pending adjudication. The Company, in view of a tax advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

21.1.2 The Company was confronted with residual input taxes amounting to Rs. 49 million for non-apportionment against exempt supplies relating to the tax periods from July 2021 to March 2022 through a show cause notice (dated 11 May 2023). Later on, another SCN was issued to the Company which the department apprehends as in continuation with the earlier SCN stated above whereby the Company was alleged for non-apportionment of the total input tax claimed amounting to Rs. 27 million for the tax period of January 2022 against exempt supplies. It was confronted on 18 September 2023 against which an extension was sought to obtain a factual position from the Company.

The above proceeding was concluded on 4 October 2023 by the tax department without further correspondence and the sales tax demand was established amounting to Rs. 26.55 million by disallowing total local input tax, excluding amounts already surrendered by the company in the sales tax return.

The Company has filed an appeal before the Commissioner Inland Revenue Appeal (CIRA), which has been contested successfully. Hence, the impugned sales tax demand amounting to Rs. 26.55 million has been nullified and the case was remanded with the specific direction to take into account the stock position that the Company held on January 15, 2022 and permitted input tax on purchase invoices up to the extent of the stock position on the cutoff date mentioned supra. As directed, the re-adjudication proceeding will be initiated by the deputy commissioner to reconsider the stock position of the Company.

The Company based on the advice of the legal counsel, expects a favourable outcome, accordingly, no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
21.1.3	**Guarantees**	------(Rupees in '000)------	
	Bank guarantees		
	– total limit	492,000	492,000
	– unutilised portion	361,145	308,362
	– utilised portion	130,855	183,638

21.2 Commitments

21.2.1 As at 31 December 2023, capital expenditure contracted for but not incurred amounted to Rs. 442.45 million (2022: Rs. 269.12 million).

		Note	2023	2022
21.2.2	Corporate guarantee issued on behalf of subsidiary companies		------(Rupees in '000)------	
	- CBS AGP (Private) Limited		2,600,000	2,000,000
	- CBS Pakistan (Private) Limited		6,500,000	-

		2023	2022
21.3	**Letters of credit**		
	Letters of credit		
	– total limit	4,500,000	3,170,000
	– unutilised portion	3,452,365	2,532,111
	– utilised portion	1,047,635	637,889

22 REVENUE FROM CONTRACT WITH CUSTOMERS – net

	Note	2023	2022
Sale of goods (disaggregation by timing – at a point in time)			
Local (disaggregation by types of products)			
- Manufacturing		12,753,823	11,039,539
- Trading		1,047,770	1,160,049
		13,801,593	12,199,588
Export		1,876,217	1,214,321
		15,676,810	13,404,860
Less: Trade discounts		(1,675,478)	(1,108,604)
Sales returns		(53,814)	(56,200)
Sales tax		(89,748)	(77,544)
		(1,819,040)	(1,242,348)
	22.1 & 22.2	13,857,770	12,162,015

22.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 38.2 to these financial statements.

22.2 Included herein sales of Rs. 11,810 million (2022: Rs. 8,223 million) made to related parties (see note 38).

		Note	2023	2022
23	**COST OF SALES**		------(Rupees in '000)------	
	Cost of sales – manufacturing			
	Raw and packing materials consumed			
	Opening stock		1,123,154	503,459
	Purchases		6,335,112	3,714,355
	Available for consumption		7,458,266	4,217,814
	Closing stock	8	(1,765,496)	(1,123,154)
	Raw and packing material consumed		5,692,770	3,094,660
	Manufacturing cost			
	Salaries, wages and other benefits	23.1	968,027	775,976
	Stores and spares consumed		47,834	48,017
	Provision for obsolescence and slow moving stock - net	8.4	40,758	44,158
	Processing charges		84,753	14,875
	Freight		10,891	8,295
	Fuel, gas and electricity		300,843	197,338
	Repairs and maintenance		146,141	117,395
	Travelling and conveyance		18,758	31,315
	Insurance		18,181	15,314
	Laboratory expenses		52,187	55,071
	Rates and taxes		3,148	3,191
	Depreciation	4.1.2	140,913	119,120
	Amortisation	5.4	8,750	5,259
	Postage, telegraph and telephones		4,348	3,270
	Printing and stationery		8,894	8,426
			1,854,287	1,445,501
			7,547,057	4,540,161
	Work-in-process			
	Opening stock		185,087	92,865
	Closing stock	8	(200,206)	(185,087)
			(15,119)	(92,222)
	Cost of goods manufactured		7,531,938	4,447,939
	Finished goods			
	Opening stock		444,008	289,512
	Closing stock	8	(552,693)	(444,008)
			(108,685)	(154,496)
			7,423,254	4,293,443
	Cost of samples for marketing and sales promotion	25	(56,006)	(54,128)
	Cost of sales – trading			
	Opening stock		69,583	156,127
	Purchases		303,010	762,540
	Closing stock	8	(24,452)	(69,583)
			348,141	849,084
			7,715,389	5,088,399

23.1 Included herein Rs. 14.21 million (2022: Rs. 11.06 million) in respect of staff retirement benefits.

24 ADMINISTRATIVE EXPENSES	Note	2023	2022
		(Rupees in '000)	
Salaries and other benefits	24.1	285,285	228,544
Travelling and conveyance		371	825
Printing and stationery		7,387	5,604
Directors' remuneration		15,000	10,650
Meeting and conferences		2,702	1,692
Postage, telegrams and telephones		1,710	2,747
Legal and professional		40,291	26,999
Research cost		17,388	7,884
Repairs and maintenance		25,124	16,275
Software license renewals and maintenance fee		26,502	22,682
Subscription and fee		1,466	1,910
Advertisement		3,014	1,074
Auditors' remunerations	24.2	5,554	5,170
Donations	24.3	13,297	18,508
Insurance		1,649	1,540
Depreciation	4.1.2	30,959	25,530
Amortisation	5.4	4,344	3,970
Corporate social responsibility		9,550	4,791
Vehicle running expenses		505	527
		477,276	400,574

24.1 Included herein Rs. 7.34 million (2022: Rs. 6.93 million) in respect of staff retirement benefits.

24.2 Auditors' remunerations	2023	2022
	(Rupees in '000)	
Statutory audit fee - standalone	2,185	1,900
Statutory audit fee - consolidation	949	825
Half yearly review and other certifications	1,669	[illegible]
Sindh sales tax	409	301
Out of pocket expenses	342	405
	5,554	5,170

24.3 Donation to a single party exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	Note	2023	2022
		(Rupees in '000)	
The Citizens Foundation		4,200	13,845
The Patients' Behbud Society for AKUH	24.3.1	1,000	-
The Kidney Foundation		1,075	-
Sharmeen Khan Memorial Foundation	24.3.2	2,600	2,300
DG Health Punjab		-	2,278
Hepatitis & Infection Control Program - Government of Punjab		-	2,415
		8,875	[illegible]

24.3.1 Mr. Zafar Iqbal Sobani, a director of the Company is also a director in The Patients' Behbud Society for AKUH.

24.3.2 Mr. Navaid Abid Khan, a former director of the Company is also a trustee in Sharmeen Khan Memorial Foundation.

25 MARKETING AND SELLING EXPENSES	Note	2023	2022
		(Rupees in '000)	
Salaries and other benefits	25.1	1,525,939	1,295,596
Travelling and conveyance		539,688	440,355
Repairs and maintenance		13,201	9,967
Insurance		13,563	8,053
Depreciation	4.1.2	73,875	58,642
Printing and stationery		8,139	7,058
Samples	23	56,069	54,728
Sales promotion		656,015	468,758
Meeting and conferences		216,088	112,794
Communication		24,646	19,047
Subscription		28,212	18,626
Product registration fee		22,797	5,923
Freight, handling and transportation		99,044	119,254
		3,279,231	[illegible]

25.1 Included herein Rs. 24.29 million (2022: Rs. 22.31 million) in respect of staff retirement benefits.

26 OTHER EXPENSES	Note	2023	2022
		(Rupees in '000)	
Workers' Profit Participation Fund	11.4	91,310	117,073
Workers' Welfare Fund	16.3	17,646	24,695
Central Research Fund	16.7	18,445	21,792
Exchange loss - net		133,109	63,113
Charge / (reversal) of allowances for expected credit losses	9.3	2,842	(130)
		263,352	237,544

27 OTHER INCOME	Note	2023	2022
		(Rupees in '000)	
Income from financial assets			
Markup on deposit accounts		25,686	21,552
Income from non-financial assets			
Gain on sale of operating fixed assets - net	4.1.5	8,448	17,203
Dividend income	27.1	130,000	65,000
Amortization of government grant	15	2,334	12,168
Scrap sales		15,600	11,840
Amortization of corporate guarantee	14.1	4,195	2,908
		160,577	109,118
		186,263	130,670

27.1 Represents dividend received from OBS AGP (Private) Limited (a subsidiary company).

28 FINANCE COSTS	Note	2023	2022
		(Rupees in '000)	
Mark-up on:			
- long-term financings		351,405	28,641
- short-term borrowings		206,852	97,637
		558,257	126,278
Bank charges		27,788	9,884
		586,045	136,162

29 TAXATION	Note	2023	2022
Current		386,103	417,599
Prior		84,747	132,300
Deferred		61,704	43,410
	29.1	532,554	593,309

29.1 Through the Finance Act 2023, new slab rates for supertax has been introduced for tax year 2023 (financial year 2022) and onwards. As a result, the highest slab rate of 10% instead of 4% will be applicable on tax payers of all sectors having income in excess of Rs. 500 million. Accordingly, the Company has accounted for Rs. 78.55 million as a prior year tax expense for the financial year 2022 and Rs. 103 million as current period tax expense.

However, the Company has filed a petition in the Islamabad High Court (the "IHC") challenging the amendment made through Finance Act, 2023 and a stay order has been granted against the said amendment.

29.2 Relationship between income tax expense and accounting profit is as follows:

	2023	2022
	(Rupees in '000)	
Profit before taxation	1,722,740	2,022,343
Tax at the applicable tax rate of 29% (2022: 29%)	499,595	586,880
Prior year charge	84,747	132,300
Effect of lower tax rate	(175,125)	(181,220)
Effect of tax credits	(3,943)	(6,300)
Effect of super tax	103,966	52,365
Effect of non-deductible items	(3,111)	8,884
	532,554	593,309

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Managerial remuneration	33,012	27,554	-	-	481,113	333,450
Bonus	4,548	2,799	-	-	38,300	5,231
Performance incentive	37,632	35,537	-	-	6,529	5,358
Reimbursement of expenses	718	422	-	-	111,274	18,573
Provident fund	2,273	1,964	-	-	20,254	19,409
Others	7,645	5,688	-	-	38,263	21,312
	85,728	74,644	-	-	700,733	527,387
Number of persons	1	1	7	5	104	37

30.1 In addition, the chief executive and certain executives are provided with free use of Company maintained car in accordance with their entitlements.

30.2 During the year, fee paid to two (2022: two) independent directors and five (2022: four) non-executive directors for attending board and other meetings aggregating to Rs. 15 million (2022: Rs. 10.5 million). Traveling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 1.46 million (2022: Rs. 4.01 million). Number of non-executive directors at year end were five (2022: four).

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

31 PRODUCTION CAPACITY

	2023	2022
	Number of packs in millions	
Available capacity	86	[illegible]
Actual Production	72.35	[illegible]

31.1 Actual production during the year is in line with market demand.

32 CASH GENERATED FROM OPERATIONS

	Note	2023	2022
		(Rupees in '000)	
Profit before taxation		1,722,740	[illegible]
Adjustments for non-cash items:			
Depreciation	4.1.3	293,747	[illegible]
Amortization	5	13,094	[illegible]
Charge / (reversal) of allowance for expected credit losses	26	2,842	[illegible]
Gain on disposal of operating fixed assets	27	(8,440)	[illegible]
Provision for obsolescence and slow moving stock	8	48,756	[illegible]
Stock written off during the year	8	(50,020)	[illegible]
Mark-up on deposit accounts	27	(36,686)	[illegible]
Reversal of GIDC	18	(848)	[illegible]
Amortization of government grant	27	(2,334)	[illegible]
Amortization of corporate guarantee fee	27	(4,195)	[illegible]
Finance costs	28	506,045	[illegible]
Dividend income		(130,000)	[illegible]
Workers' Profit Participation Fund	25	91,310	[illegible]
Workers' Welfare Fund	25	17,648	[illegible]
Central Research Fund	25	18,448	[illegible]
		800,555	[illegible]
Operating profit before working capital changes		2,523,295	[illegible]
Working capital changes			
Increase in current assets			
Stores, spares and loose tools		(1,840)	[illegible]
Stock-in-trade		(641,527)	[illegible]
Trade debts		(290,413)	[illegible]
Advances		(182,425)	[illegible]
Trade deposits, prepayments and other receivables		(27,228)	[illegible]
		(1,144,433)	[illegible]
Increase in current liabilities			
Trade and other payables		909,897	[illegible]
		2,288,759	[illegible]

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

33 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Cash and bank balances	12	137,783	149,047
Lien on bank balance	12.3	(78,623)	(110,439)
Short-term borrowings	18	(937,954)	(609,082)
		(878,794)	(570,474)

34 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, subsidiary companies, group companies, associated companies, staff retirement funds, directors and key management personnel. All transactions with related parties are executed into at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

Name and country of incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	2023	2022
				(Rupees in '000)	
Parent Company					
[illegible] Pakistan	Parent	[illegible]	Expenditure incurred by the Company on behalf of parent	[illegible]	-
[illegible] Limited - Pakistan	company	[illegible]	Expenditure incurred / paid by parent on behalf of the Company	[illegible]	-
			Dividend paid	[illegible]	[illegible]
Subsidiary Companies					
[illegible] Limited - Pakistan	Subsidiary company	[illegible]	Sale of goods	[illegible]	[illegible]
			Amount received against sale of goods	[illegible]	[illegible]
			Expenditure incurred by the Company on behalf of subsidiary	[illegible]	[illegible]
			Expenditure incurred / paid by subsidiary on behalf of the Company	[illegible]	[illegible]
			Dividend received	[illegible]	[illegible]
[illegible] Limited - Pakistan	Subsidiary company	[illegible]	Investment in subsidiary	[illegible]	-
			Interest charged	[illegible]	-
			Short term loan to subsidiary	[illegible]	-
			Repayment of short term loan from subsidiary	[illegible]	-
			Expenditure incurred by the Company on behalf of subsidiary	[illegible]	[illegible]
Group Companies					
[illegible] Limited - Pakistan	Common directorship	[illegible]	Sale of goods	[illegible]	[illegible]
			Amount received against sale of goods	[illegible]	[illegible]
			Expenditure incurred / paid by the Company on behalf of associate	[illegible]	[illegible]
			Expenditure incurred / paid by associate on behalf of the Company	[illegible]	[illegible]
			Dividend paid	[illegible]	[illegible]
[illegible] Limited - Pakistan	Common directorship	-	Expenditure incurred / paid by the Company on behalf of associate	[illegible]	-

Name and country of incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	2023	2022
				(Rupees in '000)	
Associated Company					
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	[illegible]	Sale of goods	[illegible]	[illegible]
			Amount received against sale of goods	[illegible]	[illegible]
			Settlement of discounts and expenses incurred on behalf of the Company	[illegible]	[illegible]
			Purchase of mobile phones	-	[illegible]
			Dividend paid	75,640	[illegible]
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	[illegible]	[illegible]
Key management personnel (other than Chief Executive - see note 37)			**Short term employee benefits:**		
			- Managerial remuneration	[illegible]	[illegible]
			- Bonus	[illegible]	[illegible]
			- Performance incentives	[illegible]	[illegible]
			- Reimbursement of expenses	[illegible]	[illegible]
			Post term employee benefits:		
			- Provident fund	[illegible]	[illegible]
			Others		
			- Dividend paid	[illegible]	[illegible]
			- Loans disbursed	[illegible]	[illegible]
			- Employee Share Option	[illegible]	[illegible]
Directors			Dividend paid	[illegible]	[illegible]
			Meeting fee	[illegible]	[illegible]
Others (due to common directorship)					
[illegible] Foundation - Pakistan*			Donation paid	[illegible]	[illegible]
The Aspire [illegible] - Pakistan			Donation paid	[illegible]	-
Muller & Phipps [illegible]			Services received	[illegible]	[illegible]

* [illegible]

34.4 [illegible]

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

[illegible]

38.1 Risk management framework

[illegible]

[illegible]

[illegible]

38.1.1 Financial assets and liabilities (excluding statutory assets and liabilities) by category and their respective maturities are as follows:

	Interest bearing			Non-interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
Deposits and receivables	-	-	-	254,196	22,841	277,037	277,037
Trade debts	-	-	-	1,449,939	-	1,449,939	1,449,939
Cash and bank balances	100,314	-	100,314	37,469	-	37,469	137,783
31 December 2023	100,314	-	100,314	1,741,604	22,841	1,764,445	1,864,759
Financial liabilities (at amortised cost)							
Long term borrowings	976,564	2,901,475	3,878,039	-	-	-	3,878,039
Trade and other payables	-	-	-	1,824,214	-	1,824,214	1,824,214
Unclaimed dividends	-	-	-	1,853	-	1,853	1,853
Accrued interest	-	-	-	76,540	-	76,540	76,540
Short term borrowings	937,954	-	937,954	-	-	-	937,954
31 December 2023	1,914,518	2,901,475	4,815,993	1,902,607	-	1,902,607	6,718,600

	Interest bearing			Non-interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
Deposits and receivables	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Trade debts	-	-	-	[illegible]	-	[illegible]	[illegible]
Cash and bank balances	[illegible]	-	[illegible]	[illegible]	-	[illegible]	[illegible]
31 December 2022	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial liabilities (at amortised cost)							
Long term financings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade and other payables	-	-	-	[illegible]	-	[illegible]	[illegible]
Unclaimed dividends	-	-	-	[illegible]	-	[illegible]	[illegible]
Accrued interest	-	-	-	[illegible]	-	[illegible]	[illegible]
Short term borrowings	[illegible]	-	[illegible]	-	-	-	[illegible]
31 December 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

38.1.2 The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

35.2 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital includes issued capital and reserves and the Company is not subject to any regulatory capital requirements. The Company finances its operations / investing activities through external facilities, in addition to its equity.

	Note	2023	2022
		------(Rupees in '000)------	
Long-term financings	14	**2,520,355**	93,059
Accrued interest		**76,540**	40,138
Short-term borrowings	18	**837,854**	583,080
Total debts		**3,534,749**	822,275
Less: Cash and bank balances	12	**(137,783)**	(149,847)
Net debts		**3,396,966**	672,428
Total capital		**10,853,471**	9,223,285
Gearing ratio		**31%**	7%

35.3 Credit risk

35.3.1 Credit risk is the risk of financial loss to the Company if the party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Credit risk of the Company arises principally from the trade debts, deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The management continuously monitors the credit exposure towards the customers and records an allowance for expected credit loss. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2023	2022
		------(Rupees in '000)------	
Long-term investment	5	**3,064,628**	229,551
Receivables and deposits	7 & 11	**277,037**	243,502
Trade debts	9	**1,449,539**	1,062,208
Bank balances	12	**133,824**	147,673
		4,925,428	2,289,075
Secured		**19,368**	16,758
Unsecured		**4,906,060**	2,272,310
		4,925,428	2,289,075
Not past due		**1,009,186**	846,732

35.3.2 The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as follows:

	2023	2022
	----(Rupees in '000)----	
Trade debts (note 9)		
Customers with no defaults in the past one year	**1,449,539**	1,062,208
Bank Balances (note 12)		
A-1+	**133,338**	146,575
A-1	**-**	340
Unrated	**486**	758
	133,824	147,673

35.3.3 As at reporting date, there are no financial assets that could otherwise be past due or impaired whose terms have been renegotiated.

35.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through committed credit facilities as disclosed in note 20 to these financial statements. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

The table below summarises the maturity profile of the Company's financial liabilities:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
			(Rupees in '000)		
2023					
Long-term financings	**-**	**142,814**	**833,750**	**2,901,475**	**3,878,039**
Trade and other payables	**55,904**	**1,763,756**	**4,544**	**-**	**1,824,214**
Unclaimed dividends	**-**	**1,053**	**-**	**-**	**1,053**
Accrued interest	**-**	**78,540**	**-**	**-**	**78,540**
Short-term borrowings	**837,854**	**-**	**-**	**-**	**837,854**
	893,880	**1,994,972**	**838,293**	**2,901,475**	**6,718,600**
2022					
Long-term financings	-	8,521	49,080	37,339	103,401
Trade and other payables	45,143	1,182,446	4,310	-	1,232,391
Unclaimed dividends	-	1,765	-	-	1,765
Accrued interest	-	40,138	-	-	40,138
Short-term borrowings	583,080	-	-	-	583,080
	774,206	1,143,865	53,454	37,339	2,237,405

35.5 Market risk

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

35.5.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. The Company manages interest rate risk by maintaining arrangement with number of financial institutions to have access to the best possible rate if financing from banks is required. Management of the Company estimates that 1% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Company's profit before tax for the next year by Rs. [illegible] million. However, in practice, the actual result may differ from the sensitivity analysis.

35.5.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is mainly exposed to such risk in respect of foreign currency receivables from customers, bank balances and payable to suppliers. The Company manages currency risk by carefully selecting countries for purchasing which pose minimum risk for foreign currency fluctuations. Moreover, the Company's exports in foreign currency are pursued to offset the adverse currency fluctuations.

The significant currency exposure at the year end is as follows:

	2023					2022				
	USD	EURO	CNY	GBP	CHF	USD	EURO	CNY	GBP	CHF
Financial assets										
Trade debts	150,701	-	-	-	-	-	-	-	-	-
Bank balances	-	1,852	-	-	-	-	1,650	-	-	-
	152,701	1,852	-	-	-	-	1,650	-	-	-
Financial liabilities										
Trade payables	(662,487)		(780,000)			(236,061)	(133,306)	(320,460)	(14,365)	(3,540)
	---------- (Equivalent Rs '000) ----------									
Financial assets										
Trade debts	42,487	-	-	-	-	-	-	-	-	-
Bank balances	-	621	-	-	-	-	487	-	-	-
	42,487	621	-	-	-	-	487	-	-	-
Financial liabilities										
Trade payables	(185,853)	-	(30,314)	-	-	(51,275)	(48,958)	(51,294)	(4,311)	(1,541)

The exchange rates applied during the year and at year end were as follows:

	Average rate for the year		Spot rate as at 31 December	
	2023	2022	2023	2022
	------ Rupees ------		------ Rupees ------	
US Dollar	279.36	202.37	281.75	226.43
Chinese Yuan	38.55	30.02	39.71	32.37
Euro	302.74	214.57	311.71	241.50
Swiss Franc	311.75	213.33	334.15	245.22
GBP	348.23	249.65	358.82	273.22

Sensitivity analysis

Every 10% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase profit before tax for the next year by Rs 17.45 million.

35.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainties about future values of investments securities movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity securities measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

35.6 Fair values of financial assets and liabilities

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

The following table shows assets recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

36 INFORMATION ABOUT OPERATING SEGMENTS

36.1 For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these financial statements are related to the Company's only reportable segment in Pakistan.

36.2 Export sale is made to Afghanistan and Sri Lanka amounting to Rs. 1,553.15 million and Rs. 5.37 million, respectively, which represents the geographical breakup of the Company's gross turnover (note 22).

36.3 The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

	2023	2022
	-----(Rupees in '000)-----	
Pakistan		
- Muller & Phipps Pakistan (Private) Limited (a related party)	9,932,890	7,182,812
- OBS AGP (Private) Limited (a subsidiary company)	1,644,950	359,831
Afghanistan		
- Al Haj Malem Khan Mangal	1,469,278	546,061

36.4 Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, intangibles assets and long-term deposits and receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37 DATE OF AUTHORISATION

These financial statements were authorised for issue on 14 February 2024 by the Board of Directors of the Company.

38 SUBSEQUENT EVENT

38.1 The Board of Directors in its meeting held on 14 February 2024 has proposed a final cash dividend for the year 2023 of Rs. 2.5 per share (2022: Rs. 2 per share), aggregating to Rs. 700 million (2022: Rs. 560 million) subject to approval of shareholders in the Annual General Meeting of the Company to be held on 10 March 2024.

39 GENERAL

39.1 The number of persons employed as at year end were 1574 (2022: 1463) and the average number of persons employed during the year were 1572 (2022: 1423).

39.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. However, there are no material transactions to report.

39.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer | Chief Executive Officer | Director

Consolidated Audit Report & Financial Statements

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the members of AGP Limited

Opinion

We have audited the annexed consolidated financial statements of **AGP Limited** and its subsidiary companies i.e. OBS AGP (Private) Limited and OBS Pakistan (Private) Limited (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
1. Impairment testing of goodwill and intangible assets having indefinite useful lives	
As disclosed in note 5 to the accompanying consolidated financial statements, the intangible assets include goodwill and indefinite life intangible assets (i.e. trademarks and brands) having aggregate carrying value of Rs. 17,409 million as of 31 December 2023 tested for impairment on an annual basis.	Our key audit procedures in this area included the following: We obtained an understanding of the Group's process over impairment assessment of intangible assets with indefinite lives.

EY

Building a better working world

Key audit matters	How our audit addressed the key audit matters
The determination of recoverable amount requires judgment in both identifying and then valuing the relevant cash-generating unit (CGU), and the impairment assessment for such assets involves significant judgments and estimates about future business performance, with key assumptions including cash flows, the overall long-term growth rate, royalty rate and discount rate used. Changes in these assumptions might lead to a significant change in the carrying values of the related assets, for such reasons we considered this as a key audit matter.	We obtained management's value in use calculation and assessed the methodology used. We examined the assumptions used by management, including forecasted revenue, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU assets and allocated goodwill. We also involved our specialist to: - assess the key assumptions and methodology used in the impairment analysis, in particular growth rate, royalty rate and discount rate applied; and - evaluate the sensitivity analysis performed around the key assumptions and challenged the outcomes of the assessment. We also assessed the adequacy of disclosures in the consolidated financial statements in accordance with the financial reporting standards.
2. Revenue Recognition	
As disclosed in note 3.9 to the accompanying consolidated financial statements, revenue from sale of goods is recognised when the control of goods is transferred which generally coincides with the delivery of goods. During the year, the Group recognised revenue of Rs. 18,743 million which is approximately 29.63% higher as compared to previous year (refer note 22). When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period. Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.	Our key audit procedures in this area amongst others included the following: We obtained an understanding of the Group's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process. We obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP. Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Group. Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch related documents and customer acknowledgement, on test basis.

EY

Building a better working world

Key audit matters	How our audit addressed the key audit matters
	Analysed various trends and benchmarks including growth in pharmaceutical industry and logical basis of the increase in revenue. Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Group and reviewed underlying documentation and business rationale of such journal entries. We assessed the adequacy of the Group's disclosures in accordance with applicable financial reporting standards.
3. Reorganisation of group	
As disclosed in note 2.7 to the accompanying consolidated financial statements, during the current year, the parent company (AftenStuart Pakistan (Private) Limited) renounced its right to subscribe shares of OBS Pakistan (Private) Limited (previously a wholly owned subsidiary of AftenStuart Pakistan (Private) Limited) in favor of the Holding Company. As a result, the Holding Company acquired 67.57% stake in OBS Pakistan (Private) Limited (the subsidiary company) on 05 April 2023. The said reorganisation involves entities under common control, therefore, the transactions is outside the scope of International Financial Reporting Standard (IFRS) 3 "Business Combinations." Accordingly, the said transaction is accounted for under the predecessor method of accounting as per the Accounting Standard "Accounting for common control transactions" approved by the Institute of Chartered Accountants of Pakistan. Since this is a significant transaction, and the accounting treatment is inherently complex, which require significant audit attention to understand the substance of the transaction, we consider this a key audit matter for our audit.	Our key audit procedures in this area amongst others included the following: Understanding the nature and purpose of common control transaction, including the underlying business rationale and commercial substance. Read the relevant minutes of the meetings of those charged with governance in relation to the reorganisation to obtain an understanding of the transaction and assessed whether appropriate accounting treatment has been applied. Reviewed the application of "Predecessor method" of accounting based on the requirements of Accounting Standard "Accounting for common control transactions" approved by the Institute of Chartered Accountants of Pakistan. Obtained and reviewed documentation related to the consideration paid and traced the payments made for consideration to bank statements and related supporting documentation. We assessed the adequacy of the Group's disclosures in accordance with applicable financial reporting standards.

Information Other than the Consolidated 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 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

Chartered Accountants

Place: Karachi

Date: 27 February 2024

UDIN Number: AR202310120578rKPmeR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023	2022
		------(Rupees in '000)------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,655,592	3,177,562
Intangible assets	6	17,540,245	[illegible]
Long-term deposits and receivables	5	37,605	[illegible]
		21,233,442	[illegible]
CURRENT ASSETS			
Stores, spares and loose tools		11,050	[illegible]
Stock-in-trade	7	3,074,082	[illegible]
Trade debts	8	1,612,796	[illegible]
Advances	9	424,079	[illegible]
Trade deposits, prepayments and other receivables	10	297,263	[illegible]
Taxation – net		158,446	-
Short-term investments	11	852,818	[illegible]
Cash and bank balances	12	202,308	[illegible]
		6,741,318	[illegible]
TOTAL ASSETS		27,974,760	[illegible]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	13	2,800,000	[illegible]
Reserve arising on reorganisation of group	2.7	(128,785)	-
Revenue reserve - unappropriated profit		8,769,792	[illegible]
		11,441,017	[illegible]
Non-controlling interest		919,165	[illegible]
		12,360,182	[illegible]
NON-CURRENT LIABILITIES			
Long-term financings	14	9,593,747	[illegible]
Deferred grant	15	-	[illegible]
Gas infrastructure development cess	16	6,996	[illegible]
Deferred tax liabilities - net	17	199,101	[illegible]
		9,799,844	[illegible]
CURRENT LIABILITIES			
Trade and other payables	18	2,851,827	[illegible]
Unclaimed dividends		1,853	[illegible]
Taxation – net		-	[illegible]
Short-term borrowings	19	1,535,666	[illegible]
Accrued interest		103,180	[illegible]
Current maturity of non-current liabilities	20	1,322,228	[illegible]
		5,814,724	[illegible]
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		27,974,760	[illegible]

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

https://www.sociabble.com/privacy-policy/#

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		------(Rupees in '000)------	
Revenue from contracts with customers - net	22	18,743,076	[illegible]
Cost of sales	23	(8,703,082)	(7,127,804)
Gross profit		10,039,994	[illegible]
Administrative expenses	24	(713,881)	[illegible]
Marketing and selling expenses	25	(4,910,622)	[illegible]
Other expenses	26	(273,942)	[illegible]
Other income	27	122,166	[illegible]
Finance costs	28	(1,629,098)	[illegible]
		(7,405,478)	[illegible]
Profit before taxation		2,634,516	2,440,852
Taxation	29	(811,414)	[illegible]
Profit for the year		1,823,102	[illegible]
Attributable to:			
Equity holders of the Holding Company		1,565,109	[illegible]
Non-controlling interest		257,993	[illegible]
		1,823,102	[illegible]
Earnings per share - basic and diluted	13.2	Rs. 5.59	[illegible]

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	-----(Rupees in '000)-----	
Profit for the year	1,823,102	1,704,773
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	1,823,102	1,704,773
Attributable to:		
Equity holders of the Holding Company	1,565,109	1,580,940
Non-controlling interest	257,993	124,833
	1,823,102	1,704,773

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	[illegible]	Unappropriated profits	Total	Non-controlling interest	Total equity
Balance as at 31 December 2021	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]		[illegible]
[illegible]					[illegible]	[illegible]
Balance as at 31 December 2022	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
[illegible]	-	-	[illegible]	[illegible]	-	[illegible]
[illegible]	-	-	-	-	[illegible]	[illegible]
Balance as at 31 December 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		------ (Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	32	4,037,719	[illegible]
Payments for:			
Finance costs		(384,720)	[illegible]
Income tax		(978,506)	[illegible]
Workers' Profit Participation Fund	[illegible]	(104,857)	[illegible]
Workers' Welfare Fund	[illegible]	(24,517)	[illegible]
Central Research Fund	[illegible]	(21,764)	[illegible]
Net cash flows generated from operating activities		2,572,855	[illegible]
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	[illegible]	(700,928)	[illegible]
Expenditure incurred on intangible assets	[illegible]	(8,857,401)	-
Proceeds from disposal of operating fixed assets	[illegible]	11,875	[illegible]
Acquisition of subsidiary		18,550	-
Deposits and receivables - paid		(10,447)	[illegible]
Purchase of short term investments		(1,192,510)	[illegible]
Proceeds from sale of short term investments		948,260	[illegible]
Interest income received		81,825	[illegible]
Net cash flows used in investing activities		(9,979,593)	[illegible]
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(425,942)	[illegible]
[illegible] received	27	10,592	[illegible]
Proceeds from issue of ordinary shares to minority shareholders		18,500	-
Proceeds from long term financings	[illegible]	8,813,055	[illegible]
Repayments of long term financings	[illegible]	(1,766,439)	[illegible]
[illegible]	[illegible]	52,416	[illegible]
Net cash flows generated from / (used in) financing activities		6,400,542	[illegible]
Net decrease in cash and cash equivalents		(808,395)	[illegible]
Cash and cash equivalents at the beginning of the year		(603,599)	[illegible]
Cash and cash equivalents at the end of the year	[illegible]	(1,411,994)	[illegible]

The annexed notes 1 to [illegible] form an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive Officer | Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. The Group and its operations

1.1 The Group consists of AGP Limited (the "Holding Company") and its subsidiary companies, OBS AGP (Private) Limited (the "OBS AGP") and OBS Pakistan (Private) Limited (the "OBS PK"), that have been consolidated in these financial statements. The principal activities of the Group include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.

1.2 AGP Limited - the Holding Company

The Holding Company was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Holding Company is situated at B-23C, S.I.T.E, Karachi.

1.3 OBS AGP (Private) Limited - a subsidiary company

OBS AGP was incorporated in Pakistan as a private limited company in November 2020 under Companies Act, 2017. OBS AGP is in the business of trading pharmaceutical products. Since incorporation, OBS AGP was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. Effective from 14 July 2021, the Holding Company acquired 65% shareholding of OBS AGP from Aitkenstuart Pakistan (Private) Limited at a cost of Rs. 78 million through purchase of ordinary right shares offered by OBS AGP which was renounced by Aitkenstuart Pakistan (Private) Limited.

1.4 OBS Pakistan (Private) Limited - a subsidiary company

OBS PK was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS PK is in the business of trading pharmaceutical products. Since incorporation, OBS PK was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. During the period from April 2023 to September 2023, the Holding Company acquired 91.52% shareholding of OBS PK i.e. 10.20 million ordinary shares having face value of Rs. 10 each, issued at Rs. 153.88 each, 10.20 million ordinary shares having face value of Rs. 10 each, issued at Rs. 92.26 each, and 20 million ordinary shares issued at face value of Rs 10 each.

1.5 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.81% (2022: 55.81%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

1.6 Geographical location and addresses of major business units of the Group are as under:

Location	Purpose
a) Holding Company	
B-23C, S.I.T.E, Karachi	Head Office and Production Plant
D-108, S.I.T.E, Karachi	Production Plant
F/46, S.I.T.E Superhighway Phase II, Karachi	Production plant
b) OBS AGP	
2nd floor, B-23C, S.I.T.E, Karachi	Registered office
c) OBS PK	
Floor 2B, B-23-C, S.I.T.E.	Registered office

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

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

2.4 Shariah related disclosures

As at reporting date, the Holding Company is listed on the PSX-KMI All Share Islamic Index. The Holding Company accordingly, as per requirements specified in the sub-clause 10 of clause VI of Part I of the Fourth Schedule to the Companies Act, 2017, has provided disclosures applicable to it in note 12.3 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2.5 Adoption of amendments to approved accounting standards effective during the year

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

Amendments to approved accounting standards

IAS 8 Definition of Accounting Estimates (Amendments)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's financial statements.

IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's financial statements.

IAS 12 International Tax Reform—Pillar Two Model Rules (Amendments)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's financial statements.

2.6 Standards and amendments to approved accounting standards that are not yet effective

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

Amendments		Effective date (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004

The Group expects that above standards and amendments to the approved accounting standards will not have any material impact on the Group's financial statements in the period of initial application.

2.7 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary companies.

The financial statements of the subsidiary companies were prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The assets and liabilities of the subsidiaries, have been consolidated on line-by-line basis and the carrying values of the investment held by the Holding Company is eliminated against the subsidiarys' share capital and pre-acquisition reserves, if any in the consolidated financial statements. Material intra-group balances and transactions are also eliminated.

Acquisition of controlling interest in entities that are under common control of the Shareholder which lack commercial substance and are based on a decision by the Shareholder are accounted for in accordance with the pooling of interest method of accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

During the current year, the parent company (Aitkenstuart Pakistan (Private) Limited) renounced its right to subscribe shares of OBS Pakistan (Private) Limited (previously a wholly owned subsidiary of the parent company Aitkenstuart Pakistan (Private) Limited) in favor of the Holding Company. As a result, the Holding Company acquired 67.57% stake in OBS Pakistan (Private) Limited from Aitkenstuart Pakistan (Private) Limited on 05 April 2023. As this reorganisation involves entities under common control, therefore, the difference between the carrying amounts of net assets of OBS Pakistan (Private) Limited as of 05 April 2023 and consideration paid have been incorporated in these consolidated financial statements within equity (Reserve arising on reorganisation of group). Effect of reorganisation is summarized as follows:

	05 April 2023
	OBS Pakistan (Private) Limited
	Rs in '000
Non Current Assets	8,601,886
Current Assets	452,559
	9,054,445
Non Current Liabilities	-
Current Liabilities	8,601,886
	8,601,886
Carrying amount of net assets as of 05 April 2023	452,559
Proportionate share in net assets %	67.57%
Proportionate share in net assets	305,794
Consideration paid	434,559
Reserve arising on reorganisation of group	(128,765)

2.8 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Impairment of non-financial assets (goodwill and intangible assets having indefinite useful lives)

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cashflow (DCF) model and Royalty Relief Method. The cash flows are derived from the Group's forecasts for the next five years to nine years based on historical trends and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model and Royalty Relief Method as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and intangibles having indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the CGUs, including a sensitivity analysis, are disclosed and further explained in note 5.3 to these consolidated financial statements.

b) Allowances for expected credit losses (ECL) of trade receivables

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The provision matrix is based on the Group's historical observed default rates. The Group calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Any change might affect the carrying value and amount of expected credit loss charge to profit or loss.

c) Taxes

In making the estimates for income taxes, the Group takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Group's view differs with the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The management consider tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

d) Residual value and useful life of property, plant and equipment

The Group reviews the appropriateness of the rate of depreciation, depreciation method, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in estimates in future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Group in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

(i) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, which is stated at cost less accumulated impairment losses, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to consolidated statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal instalments over the lease period and charged to consolidated statement of profit or loss. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal. The rates of depreciation are disclosed in note 4.1 to these consolidated financial statements.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably and assets so replaced, if any, are derecognised or retired.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consist of costs incurred and advances made in respect of operating fixed assets and intangible assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired separately (other than goodwill and intangible assets having indefinite useful lives) following initial recognition, are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

The useful life of intangible assets are assessed as either finite or indefinite. Amortisation of finite intangible assets are based on the cost of an asset less its residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Full month's amortisation is charged in the month of addition when asset is available for use, whereas amortisation on disposals is charged up to the month in which the disposal takes place. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Intangible assets (goodwill and intangibles having an indefinite useful lives) are stated at cost less accumulated impairment losses, if any. These are not amortised but tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired at the cash-generating unit (CGU) level. The assessment of the indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.3 Stock-in-trade

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

- Raw and packing material - weighted average cost.
- Work-in-process and semi-finished goods – cost of direct materials and labour plus attributable overheads.
- Finished goods (manufactured and trading products) - weighted average cost.
- Stock in transit - invoice price plus other charges paid thereon.

Cost of raw material and finished trading goods comprises purchase costs and other incidental charges incurred in bringing the inventories to their present location and condition. Manufactured finished goods and work-in-progress include prime cost and appropriate portion of production overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and the estimated costs necessary to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

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

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.4.1 Financial assets

i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost, if any (except for financial assets at fair value through profit or loss, in which case transaction cost is charged to profit or loss). Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- financial assets at amortised cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The Group only has financial assets carried at amortised cost and financial assets at fair value through profit and loss.

a) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade debts, deposits, certain portion of other receivables, short term investments and cash and bank balances.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as dividend income in the statement of profit or loss when the right of payment has been established.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

iv) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group applies a simplified approach in calculating ECLs for its trade debts. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For trade debts, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the third parties and the economic environment.

The Group considers a financial asset in default when contractual payments are past due over 180 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Expected credit losses for a corporate guarantee contract are the cash shortfalls adjusted by the risks that are specific to the cash flows. Cash shortfalls are the difference between:

- the expected payments to reimburse the holder for a credit loss that it incurs; and

- any amount that an entity expects to receive from the holder, the debtor or any other party.

3.4.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) **Subsequent measurement**

The subsequent measurement of financial liabilities is described below.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is the amount at which the financial liability is measured at initial recognition minus the principal repayments minus the cumulative amortisation using the EIR of any difference between that initial amount and the maturity amount. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

iii) **Derecognition**

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Impairment of non-financial assets (including goodwill and intangibles with indefinite useful lives)

The carrying amounts of non-financial assets (other than inventories and deferred tax) are reviewed at each reporting date to determine and assess whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value-in-use and its fair value less costs to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

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

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses relating to goodwill are not reversed in future periods.

3.6 Advances, deposits and short term prepayments (other than financial assets)

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each consolidated statement of financial position date to determine whether there is an indication that an asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.7 Taxation

Income tax expense is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in consolidated statement of other comprehensive income or directly in equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account the available tax credits and rebates, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date and recognised after adjusting the impact of tax under FTR.

3.8 Provisions

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

3.9 Revenue recognition

3.9.1 Revenue from contracts with customers

a) Sale of goods

The Group is engaged in the manufacturing and selling of pharmaceutical products and related products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, i.e. either on delivery of the goods to the customer or goods collected by customers. The normal credit term is 30 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. discounts). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

b) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provides certain customers with a right to return within a specified period.

i) Right of return

The contracts for sales of goods provides certain customers with a right to return the products within a specified time. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will not be entitled. The Group applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue.

A refund liability is recognised for the goods that are expected to be returned (i.e. amount not included in the transaction price), where applicable. It is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. A right of return assets (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer, where applicable. Returns for the Group comprise of expired products or near expiry products (i.e. within 3 months to expiry), which are of zero value by the time of return and are subject to disposition as per prevailing statutory laws.

ii) Discounts

The Group offers discounts to certain distributors, who shall pass the same onwards and accordingly accounted for as a reduction from the transaction price. A refund liability is recognised for the expected future discounts (i.e. the amount not included in the transaction price).

c) Contract balances

i) Trade debts

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets as disclosed in note 3.4.1 'financial assets' to these consolidated financial statements.

ii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.9.2 Other income

Other income is recorded on accrual basis and interest income is accounted for using the effective interest rate (EIR) method.

3.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.12 Segment reporting

For management purposes, the Group is considered to have three cash generating units i.e. pharmaceutical segment of AGP Limited, OBS AGP (Private) Limited and OBS Pakistan (Private) Limited. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		------(Rupees in '000)------	
Operating fixed assets	4.1	3,158,249	2,798,702
Capital work-in-progress	4.2	499,343	378,770
		3,655,592	3,177,552

4.1 Operating fixed assets

[illegible]

*[illegible]

4.1.1 [illegible]

Location	Addresses	Usage of immovable property	Total Area (Acres)
[illegible]	[illegible]	[illegible]	2.809
[illegible]	[illegible]	[illegible]	1.25
[illegible]	[illegible]	[illegible]	8.50
[illegible]	[illegible]	[illegible]	0.50

4.1.2 [illegible]

	Note	2023	2022
		---(Rupees in '000)---	
[illegible]	23	140,812	[illegible]
[illegible]	24	38,854	[illegible]
[illegible]	25	116,002	[illegible]
		295,668	[illegible]

4.1.3 [illegible]

4.1.4 [illegible]

4.1.5 [illegible]

[illegible]

4.1.6 [illegible]

[illegible]

4.2 [illegible]

	Note	2023	2022
		---(Rupees in '000)---	
[illegible]		378,770	[illegible]
[illegible]	4.2.1	788,928	[illegible]
[illegible]	4.1	(668,355)	[illegible]
[illegible]		499,343	378,770

	2023	2022	2023	2022
	Additions during the year		Closing balance as at	
4.2.1 Capital work-in-progress comprise of:	(Rupees in '000)			
Buildings - factory / office sites	380,131	[illegible]	383,443	[illegible]
Plant and machinery	28,352	68,278	25,553	76,022
Furniture and fixtures	2,309	23,444	-	-
Motor vehicles	144,785	[illegible]	12,277	[illegible]
Office equipment	5,164	[illegible]	-	-
Gas and electrical fittings	13,010	[illegible]	-	-
Refrigerators and air conditioners	138,714	[illegible]	100,070	[illegible]
Laboratory equipments	87,003	[illegible]	-	-
Computer and related accessories	43,815	[illegible]	-	-
	[illegible]	[illegible]	[illegible]	[illegible]

5 INTANGIBLE ASSETS

	Note	2023	2022
Goodwill	5.1, 5.2 & 5.3	743,226	743,226
Trademarks - (indefinite lives)	5.1, 5.2 & 5.3	16,665,957	7,164,071
Trademarks - (finite lives)	5.1	58,456	66,173
Computer software	5.1	54,131	23,583
Capital work-in-progress	5.4	8,475	-
		17,530,245	7,997,053

5.1 Intangible assets

	Goodwill	Trademarks - indefinite	Trademarks - finite	Computer software	Total
	(Rupees in '000)				
Net carrying value basis					
Year ended 31 December 2023					
Opening net book value	743,226	7,164,071	66,173	23,583	7,997,053
Transfers (note 5.4)	-	9,501,886	-	47,040	9,548,926
Amortisation charge	-	-	(7,717)	(16,492)	(24,209)
Closing net book value	743,226	16,665,957	58,456	54,131	17,521,770
Gross carrying value basis					
As at 31 December 2023					
Cost	743,226	16,665,957	443,097	131,854	17,984,134
Accumulated amortisation	-	-	(384,641)	(77,723)	(462,364)
Net book value	743,226	16,665,957	58,456	54,131	17,521,770
Annual rate of amortisation (%)	-	-	10-20	33	
Net carrying value basis					
Year ended 31 December 2022					
Opening net book value	743,226	7,164,071	[illegible]	[illegible]	[illegible]
Transfers (note 5.4)	-	-	-	[illegible]	[illegible]
Amortisation charge	-	-	[illegible]	[illegible]	[illegible]
Closing net book value	743,226	7,164,071	66,173	23,583	7,997,053
Gross carrying value basis					
As at 31 December 2022					
Cost	743,226	7,164,071	443,097	84,814	8,435,208
Accumulated amortisation	-	-	(376,924)	(61,231)	(438,155)
Net book value	743,226	7,164,071	66,173	23,583	7,997,053
Annual rate of amortisation (%)	-	-	10-20	33	

5.2 Goodwill and trademarks

5.2.1 Goodwill of Rs. 743.23 million (2022: Rs. 743.23 million) and intangible assets (trademarks) of Rs. 4,701.52 million (2022: Rs. 4,701.52 million) arose due to business acquisition of AGP (Private) Limited in the year 2014 by the Holding Company (the then Appollo Pharma Limited, the parent company at that time) which were later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Appollo Pharma Limited changed its name to AGP Limited.

5.2.2 OBS AGP (a subsidiary company) has signed an asset purchase agreement (APA) with Sandoz AG in January 2021 to acquire trademarks subject to fulfilment of certain procedural and regulatory requirements. This transaction was completed on 28 July 2021 and OBS AGP in total acquired 22 trademarks at an aggregated cost of Rs. 3,503.35 million.

5.2.3 During the year, OBS PK (a subsidiary company) acquired 17 trademarks at an aggregated cost of Rs. 9,502 million from Viatris Inc.

5.3 Impairment testing of goodwill and intangible assets (i.e. trademarks) having indefinite lives

5.3.1 Goodwill of Rs. 743.23 million (2022: Rs. 743.23 million) and trademarks having indefinite useful lives of Rs. 4,641.05 million (2022: Rs. 4,641.09 million) as disclosed in note 5.1 to these consolidated financial statements are allocated to the cash-generating unit (CGU) of the Holding Company's pharmaceutical segment.

The Holding Company has performed its annual impairment test as at 31 December 2023. The recoverable amount i.e. Rs. 13,744.66 million (2022: Rs. 20,623.83 million) of CGU to which the goodwill and intangible assets having indefinite useful lives was allocated, is determined based on value-in-use calculation (discounted cash flow method) using future cash flow forecasts covering a five-year period. The pre-tax discount rate applied to cash flow projections is 21.05 percent (2022: 18.7 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is upto 5 percent. As a result of this assessment, the management of the Holding Company did not identify any impairment for the cash-generating unit to which assets aggregating to Rs. 5,384.31 million (2022: Rs. 5,384.31 million) are allocated.

Key assumptions used in discounted cashflows calculations

The calculation of discounted cashflows is most sensitive to the following assumptions:

a) Discount rates; and

b) Growth rates used to extrapolate cash flows beyond the forecast period.

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the Holding Company and the specific risk of the underlying assets.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five-year forecast period are based on published industry research and historical trends.

Sensitivity to changes in assumptions

a) Discount rates

A rise in the pre-tax discount rate by 1% will result in decrease of the recoverable amount by Rs. 547.65 million (2022: Rs. 1,466.84 million).

b) Growth rates

The management recognises that the modernisation of manufacturing plant and the possibility of new entrants including change in demand can have a significant impact on the growth rate assumptions. The effect of new entrants and change in market demand is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate. A decline in long-term growth rate by 1% will decrease the recoverable amount by Rs. 464.51 million (2022: Rs. 903.07 million).

The Holding Company's market capitalisation as at year end, using the level 1 input of the fair value hierarchy amounts to Rs. 11,888.2 million (2022: Rs. 18,177.2 million).

5.3.2 Trademarks having indefinite useful lives of Rs. 3,422.98 million (2022: Rs. 3,422.98 million) are allocated to the cash-generating unit of OBS AGP's pharmaceutical segment as disclosed in note 5.2.2 to these consolidated financial statements. OBS AGP has performed its annual impairment test as at 31 December 2023. The recoverable amount i.e. Rs. 3,790.6 million (2022: Rs. 4,775.65 million) of the intangible assets having indefinite useful lives is determined based on value-in-use calculation (royalty relief method) using future cash flow forecast covering a five-year period. The post-tax discount rate applied to cash flow projections is 21.37 percent (2022: 17.97 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is 4 percent (2022: 4 percent). As a result of this assessment, the management of OBS AGP did not identify any impairment for the cash-generating unit to which these assets of Rs. 3,422.98 million (2022: Rs. 3,422.98 million) are allocated.

Key assumptions used in discounted cash flow calculations

The calculation of discounted cashflow is most sensitive to the following assumptions:

a) Discount rates; and

b) Growth rates used to extrapolate cash flows beyond the forecast period.

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the OBS AGP and specific risk of underlying asset.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five year forecast period are based on published industry research and historical trends.

Sensitive to changes in assumptions

a) Discount rates

A rise in the post-tax discount rate by 1% will result in decrease in recoverable amount by Rs. 242.57 million (2022: Rs. 329.8 million).

b) Growth rates

The management recognises that the possibility of new entrants including change in demand, can have a significant impact on growth rate assumptions. The effect of new entrants and change in market demand is not expected to have an adverse impact on the forecasts but could yield a reasonably possible alternative to the estimated long-term growth rate. A decline in the long-term growth rate by 1% will decrease the recoverable amount by Rs. 130.32 million (2022: Rs. 180.59 million).

5.3.3 Trademarks having indefinite useful lives of Rs. 8,592 million (2022: Rs. Nil) are allocated to the cash-generating unit of the OBS PK pharmaceutical segment as disclosed in note 5.2.3 to these consolidated financial statements. These are allocated to the cash-generating unit (CGU) of OBS PK's pharmaceutical segment. OBS PK has performed its annual impairment test as at 31 December 2023. The recoverable amount i.e. Rs. 10,550.7 million of the intangible assets having indefinite useful lives is determined based on value-in-use calculation (discounted cash flow method) using future cash flow forecasts covering a nine-year period. The post-tax discount rate applied to cash flow projections is 24.04 percent and the growth rate used to extrapolate the cash flows beyond the nine-year period is 5 percent. As a result of this assessment, OBS PK did not identify any impairment for the cash-generating unit to which these assets aggregating to Rs. 8,592 million (2022: Rs. Nil) are allocated.

Key assumptions used in discounted cash flow calculations

The calculation of discounted cashflow is most sensitive to the following assumptions:

a) Discount rates; and

b) Growth rates used to extrapolate cash flows beyond the forecast period.

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the Group and specific risk of underlying asset.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five year forecast period are based on published industry research and historical trends.

5.3.4 Sensitivity to changes in assumptions

a) Discount rates

A rise in the post-tax discount rate by 1% will result in decrease in recoverable amount by Rs. 623.01 million (2022: Rs. Nil).

b) Growth rates

The management recognises that the possibility of new entrants including change in demand can have a significant impact on growth rate assumptions. The effect of new entrants and change in market demand is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate. A decline in the long-term growth rate by 1% will decrease the recoverable amount by Rs. 197.69 million (2022: Rs. Nil).

5.4 Amortisation for the year has been allocated as follows:	Note	2023	2022
		-----(Rupees in '000)-----	
Cost of sales	23	16,467	12,979
Administrative expenses	24	7,089	6,043
Marketing and selling expenses	25	653	716
		24,209	19,738

5.5 The cost of fully amortised assets of the Group amounted to Rs. 409.54 million (2022: Rs. 407.51 million).

5.6 The following is the movement in capital work-in-progress during the year

	2023	2022
	-----(Rupees in '000)-----	
Opening balance	-	-
Additions during the year	8,657,401	20,167
Transferred during the year	(8,648,926)	(20,167)
Closing balance	8,475	-

6 LONG-TERM DEPOSITS AND RECEIVABLES	Note	2023	2022
		-----(Rupees in '000)-----	
Security deposits - unsecured, considered good		12,096	11,550
Receivables from employees - secured, considered good	6.1	38,766	21,836
Less: Recoverable within one year	10	(13,217)	(6,228)
		25,549	15,608
		37,645	27,158

6.1 Represents interest free receivables from the employees of the Group on account of purchase of vehicles (i.e. motor bikes) and laptops, in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly instalments.

7 STOCK-IN-TRADE	Note	2023	2022
		-----(Rupees in '000)-----	
Raw and packing materials			
- In hand	7.1	1,765,496	1,122,154
- In transit		14,252	93,733
		1,779,748	1,215,887
Work-in-process		200,205	185,993
Finished goods			
- Manufacturing		552,693	444,098
- Trading	7.1	573,510	435,829
		1,126,203	879,927
Provision for obsolescence and slow moving stock	7.4	(31,294)	(43,813)
	7.2	3,074,862	2,237,994

7.1 Included herein items having value of Rs. 1,077.03 million (2022: Rs. 450.81 million), representing stock held by third parties, out of which stock of Rs. 556.35 million (2022: Rs. 401.15 million) is held with Muller & Phipps Pakistan (Private) Limited (a related party).

7.2 Stock-in-trade includes items having cost of Rs. 30.60 million (2022: Rs. 21.18 million) written down to net realisable value of Rs. 25.69 million (2022: Rs. 18.48 million) resulting in a writedown of Rs. 4.97 million (2022: Rs. 2.70 million).

7.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 5,558.95 million and Rs. 3,211.03 million (2022: Rs. 2,508.08 million and Rs. 3,081.39 million) respectively that are charged to cost of sales.

7.4 Provision for obsolescence and slow moving stock is as follows:	Note	2023	2022
		-----(Rupees in '000)-----	
Opening balance		43,813	45,121
Provision made during the year - net	23	39,354	44,723
Written off during the year		(51,873)	(46,031)
		31,294	43,813

8 TRADE DEBTS - unsecured	Note	2023	2022
Related parties			
- Aspin Pharma (Private) Limited		2,842	-
- Muller and Phipps Pakistan (Private) Limited		1,797,981	594,498
	8.2	1,800,823	594,498
Others than related parties		116,019	763,727
	8.1	1,916,842	1,358,225
Less: Allowance for expected credit losses	8.4	(4,047)	(1,105)
		1,912,795	1,357,120

8.1 The credit risk exposure on the Group's trade debts using provision matrix at year end is as follows:

	TOTAL	Current	Days past due: 1-30 days	Days past due: 30-90 days	Days past due: 90 and above days
	----------(Rupees in '000)	----------			
2023					
Expected credit loss rate	0.21%	0%	0%	0%	21.37%
Estimated total gross carrying amount at default	1,916,842	997,498	858,704	40,701	18,938
Expected credit loss	4,047	-	-	-	4,047
2022					
Expected credit loss rate	[illegible]	0%	0%	0%	[illegible]
Estimated total gross carrying amount at default	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expected credit loss	1,206	-	-	-	1,206

8.2 The ageing analysis of unimpaired trade debts due from related parties is as follows:

	TOTAL	Current	Days past due: 1-30 days	Days past due: 30-90 days	Days past due: 90 and above days
	----------(Rupees in '000)	----------			
2023					
Muller and Phipps Pakistan (Private) Limited	1,797,881	990,986	802,160	4,735	-
Aspin Pharma (Private) Limited	2,842	2,842	-	-	-
2022					
Muller and Phipps Pakistan (Private) Limited	[illegible]	[illegible]	[illegible]	-	2,340
	[illegible]	[illegible]	[illegible]	-	2,340

8.3 The maximum amount outstanding from related parties at any time during the year calculated by reference to month end balances is as follows:

Related parties	Note	2023	2022
		(Rupees in '000)	
Aspin Pharma (Private) Limited		16,140	[illegible]
Muller and Phipps Pakistan (Private) Limited		2,352,098	[illegible]

8.4 The movement in allowance for expected credit losses is as follows:

	Note	2023	2022
Opening balance		1,206	[illegible]
Charge / (reversal) of allowance for expected credit losses	35	2,842	[illegible]
Closing balance	8.4.1	4,047	1,206

8.4.1 Included herein Rs. [illegible] million (2022: Rs. [illegible]) related to Muller and Phipps Pakistan (Private) Limited, a related party.

9 ADVANCES - unsecured, considered good	Note	2023	2022
		(Rupees in '000)	
Suppliers	9.1	424,116	[illegible]
Employees		8,993	[illegible]
		434,078	[illegible]

9.1 [illegible]

10 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2023	2022
		(Rupees in '000)	
Trade deposits - considered good, unsecured			
Security deposits		35,926	[illegible]
Margin on letters of credit		172,577	[illegible]
		208,503	[illegible]
Prepayments - insurance		4,875	[illegible]
Other receivables - considered good			
Current portion of receivables from employees - secured	8	13,217	[illegible]
Receivable from Workers' Profit Participation Fund	10.3	2,750	-
Receivables from related parties - unsecured	10.1 & 10.2	61,620	[illegible]
Others - unsecured		10,208	[illegible]
		87,985	[illegible]
		297,253	[illegible]

10.1 [illegible]

10.2 The maximum amount outstanding from a related party at any time during the year calculated by reference to month end balances is Rs. [illegible] million (2022: Rs. [illegible] million).

10.3 Workers' Profits Participation Fund	Note	2023	2022
		(Rupees in '000)	
Balance at the beginning of the year		(10,807)	[illegible]
Allocation for the year	29	(95,310)	[illegible]
		(102,117)	[illegible]
Payments made during the year		104,867	[illegible]
Balance at the end of the year		2,750	[illegible]

11 SHORT TERM INVESTMENTS

	Note	2023	2022
Mutual funds - At fair value through profit or loss			
MCB Alhamra Islamic [illegible] units having net asset value (NAV) of [illegible]		188,170	-
Alfalah Asset Management [illegible] units having net asset value (NAV) of [illegible]		282,446	-
Al Meezan Investment [illegible] units having net asset value (NAV) of [illegible]		76,899	-
	11.1	547,519	-
Term deposit receipts - at amortised cost	11.2	100,000	[illegible]
		653,518	[illegible]

11.1 [illegible]

11.2 [illegible]

12 CASH AND BANK BALANCES

	Note	2023	2022
		(Rupees in '000)	
Cash in hand		3,991	[illegible]
Balances held with banks			
Current accounts			
- local currency		33,069	[illegible]
- foreign currency		620	[illegible]
Deposit accounts	12.1	164,625	[illegible]
		198,314	[illegible]
	12.2 & 12.3	202,305	[illegible]

12.1 These carry markup at the rates ranging from [illegible] to [illegible] (2022: [illegible]) per annum.

12.2 The amount included Rs. [illegible] million (2022: Rs. [illegible] million) marked as lien against the bank guarantee given.

12.3 The following information is disclosed by the Holding Company being a Shariah compliant entity and listed on Islamic index:

	Financing Facility Obtained	Financing Facility Utilized	Current / Deposit Accounts	Profit / Markup Earned	Profit / Markup Paid
	(Rupees in '000)				
2023					
Shariah compliant financings					
Short-term borrowings/deposits	1,450,000	725,893	451	2,543	55,503
Long-term financings	2,363,976	2,363,976	-	-	9,359
	3,813,976	3,089,869	451	2,543	64,862
Conventional financings					
Short-term borrowings/deposits	2,050,000	272,000	137,071	23,143	95,771
Long-term financing	75,000	28,077	-	-	2,027
	5,938,976	3,389,946	137,522	25,686	162,660
2022					
Shariah compliant financings					
Short-term borrowing/deposits	[illegible]	[illegible]	509	12,741	[illegible]
Long-term financings					
- Sukuk	2,448,000	-	-	-	[illegible]
- Running musharakah	350,000	[illegible]	-	-	[illegible]
	[illegible]	[illegible]	509	12,741	[illegible]
Conventional financings					
Short-term borrowing/deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term financings	75,000	[illegible]	-	-	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12.4 Revenue earned during the year is in accordance with shariah compliant principles.

13 SHARE CAPITAL

Authorised share capital

2023	2022		2023	2022
Number of shares			(Rupees in '000)	
350,000,000	350,000,000	Ordinary shares of Rs. 10 each fully paid in cash	3,500,000	3,500,000

Issued, subscribed and paid-up capital

2023	2022		2023	2022
Number of shares			(Rupees in '000)	
280,000,000	280,000,000	Ordinary shares of Rs. 10 each fully paid in cash	2,800,000	2,800,000

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

13.2 Basic and diluted earnings per share (EPS)	2023	2022
	(Rupees in '000)	
Profit attributable to equity holders of the Holding Company	1,566,103	[illegible]
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	280,000,000	280,000,000
Basic and diluted earnings per share (EPS)	5.59	5.61

14 LONG-TERM FINANCINGS - secured

	Note	2023	2022
		(Rupees in '000)	
Running musharakah under SBP Refinance Scheme		-	[illegible]
SBP financing scheme for renewable energy	14.2	28,077	[illegible]
Syndicate term finance	14.3	2,474,909	-
Diminishing musharakah	14.4	72,351	[illegible]
Sukuk (net of transaction cost of Rs. [illegible] million (2022: Rs. [illegible] million))	14.5, 14.6 & 14.7	8,339,073	[illegible]
		10,914,410	2,595,924
Less: current maturity	20	(1,320,663)	[illegible]
		9,593,747	[illegible]

14.1 The movement in long-term financings are as follows:

	2023	2022
Balance at beginning of the year	2,595,924	[illegible]
Proceeds received during the year	8,603,655	[illegible]
Related transaction cost	(123,648)	-
Finance cost for the year	1,270,970	[illegible]
Financings repaid during the year	(1,532,790)	[illegible]
Balance at end of the year	10,914,410	2,595,924

14.2 The Holding Company had obtained financing facility under SBP financing scheme for Renewable Energy of Rs. 75 million for a period of 7 years including 3 months grace period. The repayment will be made in 81 equal monthly installments after grace period. It carries mark-up at the SBP rate (i.e. 2%) + 4% per annum. The facility is secured against first pari passu hypothecation charge of Rs. 100 million over present and future plant and machinery of the Holding Company. As of reporting date, Rs. 25.7 million (2022: Rs. 25.7 million) of the facility remained unutilized.

14.3 The Holding Company has obtained long-term finance of Rs. 2,384 million (2022: Rs. Nil) through the syndicate term finance agreement, repayable in quarterly installments commencing from July 06, 2024 including grace period of 12 month over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the Holding Company to the extent of Rs. 3,000 million. The facility is availed to inject equity in its subsidiary company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatris Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

14.4 OBS AGP (Private) Limited (subsidiary company) has obtained diminishing musharakah facility of Rs. 100 million (2022: Rs. 100 million) from BankIslami Pakistan Limited for purchase of vehicles of 5 years. The facility carries profit at the rate of 6 months KIBOR + 0.65% per annum.

14.5 OBS AGP (Private) Limited (subsidiary company) issued sukuk certificates of Rs. 2,800 million, which are repayable in quarterly instalments of Rs. 162.5 million commencing from 15 October 2022, over the term of 5 years including one year grace period. These carry profit rate of 3 months KIBOR + 1.55% per annum and are secured against the present and future fixed assets and corporate guarantee of the Holding Company aggregating to Rs. 2,800 million (2022: Rs. 2,800 million), charge through pledge of shares of Holding Company held by Aitkenstuart Pakistan (Private) Limited to the extent of Rs. 1,400 million (2022: Rs. 1,400 million).

14.6 OBS Pakistan (subsidiary company) has issued sukuk certificates of Rs. 3,900 million, which are repayable in quarterly installments of Rs. 163.83 million commencing from February 2025, over the term of 7 years including 18 months grace period. These carry profit rate of 3 months KIBOR + 1.60% per annum and are secured against pledge of shares worth Rs. 6,500 million of the Holding Company by Aitkenstuart Pakistan (Private) Limited (parent company of the Group), and Corporate Guarantee issued by the Holding Company.

14.7 OBS Pakistan (subsidiary company) has issued sukuk certificates of Rs. 2,880 million, which are repayable in quarterly installments of Rs. 120.84 million commencing from August 2025, over the term of 7 years including 18 months grace period. These carry profit rate of 3 months KIBOR + 1.60% per annum and are secured against the present and future fixed assets aggregating to Rs. 3,625 million and corporate guarantee of the Holding Company.

			2023	2022
15	**DEFERRED GRANT**	**Note**	**------ (Rupees in '000) ------**	
	Balance at beginning of the year		**2,334**	14,503
	Released to consolidated statement of profit or loss	27	**(2,334)**	(12,169)
	Balance at end of the year		**-**	2,334
	Less: Current portion	20	**-**	(1,751)
			-	583

16	**GAS INFRASTRUCTURE DEVELOPMENT CESS**			
	Gas Infrastructure Development Cess		**8,561**	9,209
	Less: Current portion	20	**(1,565)**	(1,804)
			6,996	7,405

16.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Holding Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The Honourable Supreme Court of Pakistan (SCP) on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional and payable in 48 equal monthly installments. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers have to pay the GID Cess that become due up to 31 July 2020 w.e.f 2011. In September 2020, the Holding Company had challenged the implication of GIDC on the basis that burden of GIDC has not been passed to the customers in the same year. Sindh High Court (SHC) passed a restrained order from taking any coercive action for recovery of GIDC from the Holding Company. However, the Holding Company has created a provision on a prudent basis.

		2023	2022
17	**DEFERRED TAX LIABILITIES - NET**	**------ (Rupees in '000) ------**	
	Taxable temporary differences		
	Accelerated tax depreciation / amortisation	**211,378**	144,836
	Deferred grant	**-**	694
		211,378	145,530
	Deductible temporary differences		
	Provisions	**(12,277)**	(13,524)
	Long-term financings	**-**	(594)
		(12,277)	(14,118)
		199,101	131,412

18	TRADE AND OTHER PAYABLES	Note	2023	2022
			(Rupees in '000)	
	Creditors	18.1	1,374,151	879,511
	Accrued liabilities		579,880	303,002
	Compensated absences		64,822	45,133
	Payable to Aftermarket Pakistan (Private) Limited - related party		126,186	-
	Contract liabilities (advances from customers)	18.2	35,299	23,510
	Retention money		872	1,183
	Other payables			
	- Provident fund	18.4	23,657	7,094
	- Infrastructure Cess	18.3	13,801	13,925
	- Workers' Profit Participation Fund	18.2	-	10,807
	- Workers' Welfare Fund	18.5	17,512	24,483
	- Central Research Fund	18.6	18,445	21,753
	- Withholding tax		168,288	27,208
	- Sales tax		28,224	7,800
	- Others		3,571	3,579
			2,051,827	1,788,584

18.1 Included herein Rs. [illegible] million (2022: [illegible] million) payable to Aspin Pharma (Private) Limited, a related party.

18.2 These contract liabilities are unsecured and received under normal course of business. Revenue recognised during the year from amount included in contract liabilities at beginning of the year amounts to Rs. [illegible] million (2022: Rs. [illegible] million).

18.3 During the year ended December 31, 2007, the Sindh Excise and Taxation Authority imposed infrastructure cess of Rs. [illegible] million in respect of services rendered for the development and maintenance of the infrastructure on the goods entering or leaving the province. The Holding Company, along with other companies, challenged the above cess in the High Court of Sindh, which decided the case in favour of the Holding Company. The Excise and Taxation Authority filed an appeal against the decision in the Supreme Court of Pakistan and in the year ended December 31, [illegible] a payment of Rs. [illegible] million was made by the Holding Company to the Excise and Taxation Authority based on an interim judgment by passed Supreme Court of Pakistan in this matter. The remaining liability is not being reversed pending the final decision on the said appeal.

18.4 **Payable to the provident fund**

OBS Pakistan (subsidiary company) operates an unfunded / un-approved contributory provident fund for its permanent staff. However, the subsidiary company is not maintaining a separate trust and separate bank account in respect of provident fund required under Section 218 (i) of the Act and all the contributions are currently deposited in the bank account of the subsidiary company. All other investments of provident fund have been made in accordance with the provisions of Section 218 of the Act and the rules formulated for the purpose.

During the year, the Group's contribution to provident fund amounts to Rs. [illegible] million (2022: Rs. [illegible] million).

18.5	Workers' Welfare Fund	Note	2023	2022
			(Rupees in '000)	
	Balance at the beginning of the year		24,483	25,190
	Charge for the year	28	17,646	24,590
			42,129	49,780
	Payments made during the year		(24,617)	(25,297)
	Balance at the end of the year		17,512	24,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18.6	Central Research Fund	Note	2023	2022
			(Rupees in '000)	
	Balance at the beginning of the year		21,753	[illegible]
	Charge for the year	28	18,446	21,752
			40,199	[illegible]
	Payments made during the year		(21,754)	[illegible]
	Balance at the end of the year		18,445	21,753

19	SHORT-TERM BORROWINGS - Secured	Note	2023	2022
	Running finance from commercial banks	19.1 & 19.3	809,712	496,457
	Running musharaka from Islamic banks	19.2	725,954	155,545
			1,535,666	652,002

19.1 The Holding Company obtained running finance facilities from commercial banks upto Rs. [illegible] million (2022: Rs. [illegible] million) renewed during the year. The markup rate on this facility is 1 - 3 months KIBOR plus [illegible] to [illegible] per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Holding Company. As of reporting date, Rs. [illegible] million (2022: Rs. [illegible] million) of the facility limits remained unutilised and utilised portion is Rs. [illegible] million (2022: Rs. [illegible] million).

19.2 The Holding Company obtained running musharakah facilities from Islamic banks upto Rs. [illegible] million (2022: Rs. [illegible] million) renewed during the year. The profit rate on this facility is 1 - 3 months KIBOR plus [illegible] to [illegible] per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Holding Company. As of reporting date, Rs. [illegible] million (2022: Rs. [illegible] million) of the facility limits remained unutilised and utilised portion is Rs. [illegible] million (2022: Rs. [illegible] million).

19.3 OBS AGP (subsidiary company) obtained running finance facilities from commercial banks upto Rs. [illegible] million (2022: Rs. Nil) carrying markup at the rate of 1 - 3 months KIBOR + [illegible] to [illegible] per annum (2022: 3 months KIBOR + [illegible] to [illegible] per annum) which is payable quarterly. The facility is secured by way of hypothecation charge over current assets of the subsidiary company. As of reporting date, Rs. [illegible] million (2022: Rs. [illegible] million) of the facility limits remained unutilised and utilised portion is Rs. [illegible] million (2022: Rs. Nil).

20	CURRENT MATURITY OF NON-CURRENT LIABILITIES	Note	2023	2022
			(Rupees in '000)	
	Long term financings	14	1,320,683	727,317
	Deferred grant	15	-	1,751
	Gas Infrastructure Development Cess	16	1,545	1,804
			1,322,228	[illegible]

21 **CONTINGENCIES AND COMMITMENTS**

21.1 **Contingencies**

21.1.1 In the year 2018, the Holding Company received a demand for tax year 2017 from the taxation authorities concerning the payment of Rs. [illegible] million made by the Holding Company to the Sindh Revenue Board (SRB) in respect of the Workers' Welfare Fund (WWF). The Holding Company filed an appeal before Commissioner Inland Revenue (CIR(A)), whereby the appeal was decided against the Holding Company. In the year 2019, the Holding Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) to allow expense in respect of WWF which is pending adjudication. The Holding Company, in view of its tax advisor, expects a favorable outcome, accordingly, no provision has been made in these consolidated financial statements.

21.1.2 The Holding Company was confronted with disallowed input taxes amounting to Rs. [illegible] million for non-apportionment against exempt supplies relating to the tax periods from July 2021 to March 2023 through a show cause notice (dated [illegible] May 2023). Later on, another SCN was issued to the Holding Company, which the department considers as in continuation with the earlier SCN stated above, whereby the Holding Company was alleged for non-apportionment of the total input tax claimed amounting to Rs. [illegible] million for the tax period of January 2022 against exempt supplies. It was confronted on [illegible] September 2023 against which an extension was sought to obtain a factual position from the Holding Company.

The above proceeding was concluded on 4 October 2023 by the tax department without further correspondence and the sales tax demand was established amounting to Rs. [illegible] million by disallowing total [illegible] input tax excluding amounts already [illegible] by the Holding Company in the Sales tax returns.

The Holding Company has filed an appeal before the Commissioner Inland Revenue Appeal (CIRA) which has been [illegible] successfully. Hence the impugned sales tax demand amounting to Rs. [illegible] million has been [illegible] and the case was remanded with the specific direction to take into account the stock position that the Holding Company held on January [illegible], 2022 and permitted input tax on purchase invoices up to the extent of the stock position on the [illegible]. As directed, the re-adjudication proceeding will be initiated by the deputy commissioner to reconcile the stock position of the Holding Company.

The Holding Company, based on the advice of the legal counsel, expects a favourable outcome; accordingly, no provision has been made in these consolidated financial statements.

21.1.2 Guarantees

	2023	2022
	(Rupees in '000)	
Bank guarantee		
- total limit	612,522	527,540
- unutilised portion	361,145	300,000
- utilised portion	251,377	227,540

21.2 Commitments

21.3 As at 31 December 2023, capital expenditure contracted for but not incurred amounted to Rs. [illegible] million (2022: Rs. [illegible] million).

21.4 Letters of credit

	2023	2022
	(Rupees in '000)	
Letters of credit		
- total limit	4,500,000	[illegible]
- unutilised portion	3,452,365	[illegible]
- utilised portion	1,047,635	[illegible]

21.5 Ijarah agreement

The subsidiary company has entered into an agreement in respect of purchase of vehicles under Ijarah arrangement for a period of five years the rentals of which is payable monthly by the subsidiary company. Future rentals payable under are as follows:

	Note	2023	2022
		(Rupees in '000)	
Not later than one year		30,617	40,267
Later than one year but not later than five years		74,092	[illegible]
		104,709	[illegible]

22 REVENUE FROM CONTRACTS WITH CUSTOMERS - net

	Note	2023	2022
Sale of goods (disaggregation by timing - at a point in time)			
Local (disaggregation by types of products)			
- Manufacturing		10,904,743	[illegible]
- Trading		8,466,704	[illegible]
		19,371,447	[illegible]
Export		1,875,217	[illegible]
		21,246,664	[illegible]
Less: Trade discounts		(2,168,807)	[illegible]
Sales returns		(144,033)	[illegible]
Sales tax		(190,748)	[illegible]
		(2,503,588)	[illegible]
	22.1 & 22.2	18,743,076	[illegible]

22.1 The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note [illegible] to these consolidated financial statements.

22.2 Included herein sales of Rs. [illegible] million (2022: Rs. [illegible] million) made to related parties (see note [illegible]).

FOR THE YEAR ENDED 31 DECEMBER 2023

23 COST OF SALES

	Note	2023	2022
		(Rupees in '000)	
Cost of sales – manufacturing			
Raw and packing materials consumed			
Opening stock		1,223,154	503,459
Purchases		4,615,284	[illegible]
Available for consumption		5,838,438	[illegible]
Closing stock	7	(1,965,496)	[illegible]
Raw and packing material consumed		3,872,942	[illegible]
Manufacturing cost			
Salaries, wages and other benefits	23.1	966,027	[illegible]
Stores and spares consumed		47,934	[illegible]
Provision for obsolescence and slow moving stock - net	7.4	40,758	44,158
Processing charges		84,793	14,875
Freight, handling and transportation		10,851	[illegible]
Fuel, gas and electricity		305,296	[illegible]
Repairs and maintenance		148,141	[illegible]
Travelling and conveyance		19,759	[illegible]
Insurance		18,185	[illegible]
Laboratory expenses		52,187	[illegible]
Rates and taxes		3,149	[illegible]
Depreciation	4.1.2	140,912	[illegible]
Amortisation	5.4	8,750	[illegible]
Postage, telegraph and telephone		4,345	[illegible]
Printing and stationery		5,034	[illegible]
		1,858,909	[illegible]
		5,731,851	[illegible]
Work-in-process			
Opening stock		185,087	[illegible]
Closing stock	7	(200,205)	(185,087)
		(15,118)	[illegible]
Cost of goods manufactured		5,716,733	[illegible]
Finished goods			
Opening stock		444,008	[illegible]
Closing stock	7	(552,693)	(444,008)
		(108,685)	[illegible]
		5,608,048	[illegible]
Cost of samples for marketing and sales promotion	25	(155,079)	(201,401)
Cost of sales – trading			
Opening stock		435,119	[illegible]
Purchases		3,343,726	[illegible]
Closing stock	7	(573,510)	[illegible]
		3,205,335	[illegible]
Direct expenses			
Amortisation	5.4	7,717	[illegible]
(Reversal) / provision for slow moving and obsolete stock - net	7.4	(1,402)	[illegible]
Warehousing and logistics charges	23.2	38,463	[illegible]
		44,778	[illegible]
		8,703,082	[illegible]

23.1 Included herein Rs. [illegible] million (2022: Rs. [illegible] million) in respect of staff retirement benefits.

23.2 Include warehousing charges paid / payable by the subsidiary company to a related party (see note [illegible]).

24 ADMINISTRATIVE EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Salaries and other benefits	24.1	384,786	335,517
Travelling and conveyance		22,833	2,402
Printing and stationery		7,970	7,911
Ijarah lease		-	482
Directors' remuneration		15,000	10,500
Meeting and conferences		2,792	1,692
Postage, telegrams and telephones		1,933	3,712
Legal and professional		66,051	40,167
Research cost		48,662	17,679
Repairs and maintenance		47,604	21,486
Software license renewals and maintenance fee		31,410	29,008
Subscription and fee		1,456	2,653
Advertisement		3,014	1,074
Auditors' remunerations	24.2	8,072	7,325
Donations	24.3	16,723	20,864
Insurance		2,834	3,234
Depreciation	4.3.2	38,604	35,841
Amortisation	5.4	7,099	6,043
Corporate social responsibility		12,449	8,075
Vehicle running expenses		505	705
		713,881	582,187

24.1 Included herein Rs.11.48 million (2022: Rs. 9.04 million) in respect of staff retirement benefits.

24.2 Auditors' remunerations

	2023	2022
	(Rupees in '000)	
Statutory audit fee		
- standalone	2,188	1,900
- consolidation	949	825
- subsidiary companies	2,165	1,150
Half yearly review and other assurance certifications	1,669	2,425
Sindh sales tax	573	548
Out of pocket expenses	532	525
	8,073	7,325

24.3 Donation to a single party exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	Note	2023	2022
		(Rupees in '000)	
The Citizens Foundation		4,200	3,846
The Patients' Behbud Society for AKUH	24.3.1	1,000	-
The Kidney Foundation		3,170	1,500
Shamoon Khan Memorial Foundation	24.3.2	2,600	2,300
DG Health Punjab		-	3,225
Hepatitis & Infection Control Program - Government of Punjab			2,415
		10,970	13,286

24.3.1 Mr. Zafar Sabir Sultan, a director of the Holding Company is also a director in The Patients' Behbud Society for AKUH.

24.3.2 Mr. Nayed Abid Khan, director of the Holding Company, is also a trustee in Shamoon Khan Memorial Foundation.

25 MARKETING AND SELLING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Salaries and other benefits	25.1	2,336,009	1,757,278
Travelling and conveyance		780,340	664,066
Repairs and maintenance		19,534	12,000
Insurance		19,872	6,472
Depreciation	4.1.2	116,092	73,258
Amortisation	5.4	653	781
Ijarah lease		32,425	21,784
Printing and stationery		14,066	8,867
Samples	23	195,079	201,401
Sales promotion		883,742	583,324
Meeting and conferences		331,176	224,706
Communication		44,827	34,507
Subscription		47,088	28,567
Freight, handling and transportation		116,822	93,900
Product registration fee		22,797	-
		4,910,522	3,644,185

25.1 Included herein Rs. 62.75 million (2022: Rs. 33.84 million) in respect of staff retirement benefits.

26 OTHER EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Workers' Profit Participation Fund	10.3	91,310	107,070
Workers' Welfare Fund	10.5	17,646	24,000
Central Research Fund	10.6	16,446	21,752
Exchange loss - net		143,698	83,643
Charge / (reversal) of allowance for expected credit losses	9.4	2,842	(113)
		273,842	237,352

27 OTHER INCOME

	Note	2023	2022
Income from financial assets			
Markup on deposit account		43,913	24,589
Dividend income on mutual funds		10,552	3,484
Capital gain on sale of short term investments		-	418
Markup on term deposit receipts (TDRs)		37,913	15,317
		92,378	43,827
Income from non-financial assets			
Gain on sale of operating fixed assets - net	4.1.5	8,586	17,231
Amortisation of government grant	15	2,334	12,193
Scrap sales		15,569	11,940
Others	27.1	3,298	3,072
		29,787	44,712
		122,165	89,939

27.1 This pertains to income earned through tender participation under a profit or loss sharing arrangement with Novartis Pharma (Pakistan) Limited.

28 FINANCE COSTS

	Note	2023	2022
		(Rupees in '000)	
Mark-up on:			
- long term financings		1,296,172	[illegible]
- short term borrowings		300,601	[illegible]
		1,596,773	524,202
Bank charges		32,325	10,582
		1,425,098	534,784

29 TAXATION

	Note	2023	2022
Current		650,772	[illegible]
Prior		92,854	[illegible]
Deferred		67,788	[illegible]
	29.1	811,414	[illegible]

29.1 Through the Finance Act 2023 [illegible] for tax year 2023 [illegible] and onwards. As a result, [illegible] of Rs. 500 million. Accordingly the Group has accounted for Rs. [illegible] million as prior year tax expense for the FY 2022 and Rs. [illegible] million as current period tax expense.

However, the Group has filed a petition in the Islamabad High Court [illegible] challenging the amendment made through Finance Act, 2023 and a stay order has been granted against the said amendment.

29.2 Relationship between income tax expense and accounting profit is as follows:

	2023	2022
	(Rupees in '000)	
Profit before taxation	2,434,519	2,440,893
Tax at the applicable tax rate of 29% (2022: 29%)	706,290	[illegible]
Prior year charge	92,854	[illegible]
Effect of lower tax rate	(265,891)	[illegible]
Effect of tax credits	(3,943)	[illegible]
Effect of super tax	167,720	[illegible]
Effect of non-deductible items	20,005	20,475
	811,414	[illegible]

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Managerial remuneration	82,454	[illegible]	-	-	580,347	[illegible]
Bonus	8,801	7,288	-	-	49,884	[illegible]
Performance incentive	27,532	[illegible]	-	-	17,722	[illegible]
Reimbursement of expenses	5,472	[illegible]	-	-	167,709	[illegible]
Provident fund	4,288	3,000	-	-	37,884	[illegible]
Others	10,288	4,850	-	-	51,310	[illegible]
	138,847	[illegible]	-	-	1,014,827	[illegible]
Number of persons	2	2	8	6	182	[illegible]

30.1 In addition, the chief executive and certain executives are provided with free use of the Group maintained car in accordance with their entitlement.

30.2 During the year, fee paid to [illegible] independent directors and [illegible] non-executive directors for attending board and other meetings aggregating to Rs. [illegible] million (2022: Rs. [illegible] million). Travelling and boarding expenses of executives and non-executive directors [illegible] Holding Company amounted to Rs. [illegible] million (2022: Rs. [illegible] million). Number of non-executive directors at year end were [illegible] (2022: four).

30.3 No remuneration was paid/payable to any of the directors other than chief executives.

31 PRODUCTION CAPACITY

	2023	2022
	Number of packs in millions	
The capacity and production of the Holding Company plant is as follow:		
Available capacity	95	95
Actual production	72.35	54.03

31.1 Actual production during the year is in line with market demand.

32 CASH GENERATED FROM OPERATIONS

	Note	2023	2022
		(Rupees in '000)	
Profit before taxation		2,634,516	2,440,893
Adjustments for non-cash items:			
Depreciation	4.2	295,608	[illegible]
Amortisation	5.4	24,209	[illegible]
Charge / (reversal) of allowance for expected credit losses	26	2,842	[illegible]
Provision for obsolescence and slow moving stock	7.4	35,354	[illegible]
Stock written off during the year	7.4	(91,873)	[illegible]
Amortisation of government grant	27	(2,324)	[illegible]
Gain on disposal of operating fixed assets	27	(9,586)	[illegible]
Reversal of GIDC		(648)	[illegible]
Mark-up on deposits accounts	27	(43,913)	[illegible]
Mark-up on term deposit receipts (TDRs)	27	(37,613)	[illegible]
Dividend income	27	(10,652)	[illegible]
Capital gain on sale of short term investments	27	-	[illegible]
Finance costs	28	1,620,098	[illegible]
Workers' Profit Participation Fund	26	91,310	[illegible]
Workers' Welfare Fund	26	17,648	[illegible]
Central Research Fund	26	18,446	[illegible]
		1,962,694	[illegible]
Operating profit before working capital changes		4,597,210	[illegible]
Working capital changes			
Increase in current assets			
Stores, spares and loose tools		(1,643)	[illegible]
Stock-in-trade		(825,049)	[illegible]
Trade debts		(558,517)	[illegible]
Loans and advances		(195,833)	[illegible]
Trade deposits, prepayments and other receivables		(63,178)	[illegible]
		(1,614,420)	[illegible]
Increase in current liabilities			
Trade and other payables		1,104,329	[illegible]
		4,087,119	[illegible]

33 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Cash and bank balances	13	201,305	[illegible]
Lien on bank balance	13.2	(78,623)	[illegible]
Short term borrowings	19	(1,535,666)	[illegible]
		(1,411,984)	[illegible]

34 TRANSACTIONS WITH RELATED PARTIES

[illegible]

Name and country of incorporation	Basis of relationship	% of shares held by related	Nature of transactions	2023	2022
				(Rupees in '000)	
Parent company					
[illegible]	[illegible]	[illegible]	[illegible]	2,894	[illegible]
			[illegible]	32,419	[illegible]
			[illegible]	252,775	-
			[illegible]	86,030	-
			[illegible]	365,506	[illegible]
Associated Company					
[illegible]	[illegible]	-	[illegible]	50,594	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Staff retirement benefits			[illegible]	[illegible]	[illegible]
Key management personnel			Short-term employee benefits	[illegible]	[illegible]
			Post-term employee benefits	[illegible]	[illegible]
			Others	[illegible]	[illegible]
Directors			[illegible]	[illegible]	[illegible]
Others			[illegible]	[illegible]	[illegible]

34.1 [illegible]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

35 OPERATING SEGMENT RESULTS

	The Holding Company		OBS AGP		OBS PAK		Total	
	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ended December 31, 2022
	(Rupees in '000)							
Sales:								
[illegible]	1,069,947	[illegible]	-	-	-	-	1,069,947	[illegible]
[illegible]	5,270	-	-	-	-	-	5,270	-
	1,075,217	[illegible]	-	-	-	-	1,075,217	[illegible]
Inter-segment	1,844,592	[illegible]	-	-	-	-	1,844,850	[illegible]
Local	[illegible]	[illegible]	5,866,642	[illegible]	1,710,123	-	[illegible]	[illegible]
Turnover	[illegible]	[illegible]	5,866,642	[illegible]	1,710,123	-	[illegible]	[illegible]
Sales tax	(180,748)	[illegible]	-	[illegible]	-	-	(180,748)	[illegible]
Sales return	[illegible]	[illegible]	(40,408)	[illegible]	-	-	[illegible]	[illegible]
Discounts	(1,676,478)	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Net turnover	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Cost of sales	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Gross profit	[illegible]	[illegible]	[illegible]	[illegible]	1,163,477	-	[illegible]	[illegible]
Marketing and selling expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Administrative expense	(427,279)	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Operating result	[illegible]	[illegible]	[illegible]	[illegible]	703,243	-	[illegible]	[illegible]
Segment assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unallocated assets	-	-	-	-	-	-	-	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Segment liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Unallocated liabilities	-	-	-	-	-	-	-	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Depreciation and amortisation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Interest expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Income tax expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]

35.1 [illegible]

35.2 Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities

	2023	2022
	(Rupees in '000)	
35.2.1 Net turnover		
Total net turnover for reportable segments	20,588,025	14,053,464
Elimination of inter-segment/group net turnover from subsidiary	(1,844,949)	(574,668)
Total net turnover - note 22	18,743,076	13,478,796
35.2.2 Cost of sales		
Total cost of sales for reportable segments	(10,558,882)	(7,446,860)
Elimination of inter-segment/group purchases from the Holding Company	1,855,800	[illegible]
Total cost of sales - note 23	(8,703,082)	(7,127,804)
35.2.3 Assets		
Total assets for reportable segments	32,138,471	[illegible]
Elimination of inter-segment/group transactions	(4,163,711)	[illegible]
Total assets	27,974,760	[illegible]
35.2.4 Liabilities		
Total liabilities for reportable segments	16,716,875	[illegible]
Elimination of inter-segment/group transactions	(1,102,297)	[illegible]
Total liabilities	15,614,578	[illegible]

35.3 Revenue from [illegible] (Private) Limited, a related party, amounting to Rs. [illegible] million (2022: Rs. [illegible] million) represents 10% or more of the Group's overall revenue related to manufacturing and trading goods.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency, interest rate and other price risk). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. No changes were made in the risk management framework and capital management of the Group during the year ended 31 December 2023.

36.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, 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 audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

36.1.1 Financial assets and liabilities (excluding statutory assets and liabilities) by categories and their respective maturities are as follows:

	Interest bearing			Non-interest bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets							
Amortised cost							
Short term investments	110,000	-	110,000	-	-	-	110,000
Deposits and receivables	-	-	-	299,638	37,605	337,243	337,243
Trade debts	-	-	-	1,902,798	-	1,902,798	1,902,798
Cash and bank balances	164,626	-	164,626	37,680	-	37,680	202,306
Fair value through profit and loss							
Short term investments	-	-	-	542,518	-	542,518	542,518
31 December 2023	274,626	-	274,626	2,782,634	37,605	2,820,239	3,094,865
Financial liabilities							
Amortised cost							
Long term financings	1,842,439	10,866,440	12,708,879	-	-	-	12,708,879
Trade and other payables	-	-	-	2,472,248	-	2,472,248	2,472,248
Unclaimed dividends	-	-	-	1,853	-	1,853	1,853
Accrued interest	-	-	-	103,180	-	103,180	103,180
Short term borrowings	1,535,666	-	1,535,666	-	-	-	1,535,666
31 December 2023	3,378,105	10,866,440	14,244,545	2,577,281	-	2,577,281	16,821,826

	Interest bearing			Non-interest bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
Short term investments	110,000	-	110,000	-	-	-	110,000
Deposits and receivables	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Trade debts	-	-	-	[illegible]	-	[illegible]	[illegible]
Cash and bank balances	[illegible]	-	[illegible]	[illegible]	-	[illegible]	[illegible]
31 December 2022	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial liabilities (at amortised cost)							
Long term financings	[illegible]	[illegible]	[illegible]	-	-	-	[illegible]
Trade and other payables	-	-	-	[illegible]	-	[illegible]	[illegible]
Unclaimed dividends	-	-	-	1,700	-	1,700	1,700
Accrued interest	-	-	-	[illegible]	-	[illegible]	[illegible]
Short term borrowings	[illegible]	-	[illegible]	-	-	-	[illegible]
31 December 2022	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]

36.2 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital includes issued capital and reserves and the Group is not subject to any regulatory capital requirements. The Group is currently financing majority of its operations / investing activities through long term financing and short-term financing facilities, in addition to its equity.

	Note	2023	2022
		(Rupees in '000)	
Long-term financings	14	10,914,410	2,995,004
Accrued interest		103,160	129,752
Short-term borrowings	19	1,535,666	589,080
Total debts		12,553,236	3,414,758
Less: Cash and bank balances	12	202,305	216,532
Lien on bank balances	12	(78,623)	(131,039)
		123,682	85,493
Net debts		12,429,554	3,329,265
Total capital		12,300,182	8,131,471
Gearing ratio		50%	29%

36.3 Credit risk

36.3.1 Credit risk is the risk of financial loss to the Group if one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. Credit risk of the Group arises principally from the trade debts, deposits, other receivables, short term investments and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The management continuously monitors the credit exposure towards the customers and records an allowance for expected credit loss. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings. The Group aims to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2023	2022
		(Rupees in '000)	
Short-term investments	11	662,518	305,000
Receivables and deposits	6 & 10	327,243	344,432
Trade debts	8	1,912,795	1,157,720
Bank balances	12	198,314	214,358
		3,100,870	2,021,510
Secured		38,766	21,836
Unsecured		3,062,104	1,999,674
		3,100,870	2,021,510
Past due		997,499	70,773

36.3.2 The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as follows:

	2023	2022
	(Rupees in '000)	
Trade debts (note 8)		
Customers with no defaults in the past one year	1,912,795	1,157,720
Bank Balances (note 12)		
A-1+	197,847	210,042
A-1	31	4,058
Unrated	436	258
	198,314	214,358
Short Term Investment (note 11)		
A-1+	662,518	305,000

36.3.3 As at reporting date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

36.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through committed credit facilities as disclosed in note 21 to these consolidated financial statements. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	Rupees in '000				
2023					
Long-term financings	-	250,221	1,592,218	10,866,440	12,708,879
Trade and other payables	64,822	2,502,883	4,543	-	2,572,248
Unclaimed dividends	-	1,853	-	-	1,853
Accrued interest	-	103,160	-	-	103,160
Short-term borrowings	1,535,666	-	-	-	1,535,666
	1,600,488	2,858,117	1,596,761	10,866,440	16,921,806
2022					
Long-term financings	-	290,981	809,863	2,459,371	3,855,215
Trade and other payables	146,133	2,521,724	4,391	-	2,672,248
Unclaimed dividends	-	1,798	-	-	1,798
Accrued interest	-	120,752	-	-	120,752
Short-term borrowings	589,080	-	-	-	589,080
	735,215	2,950,252	902,254	2,459,371	7,048,092

36.5 Market risk

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

36.5.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. The Group manages interest rate risk by maintaining arrangement with number of financial institutions to have access to the best possible rate if financing from banks is required. Management of the Group estimates that 1% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Group's profit before tax for the next year by Rs. [illegible] million, however, in practice the actual result may differ from this sensitivity analysis.

36.5.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Group is mainly exposed to such risk in respect of foreign currency receivables from customers, bank balances and payable to suppliers. The Group manages currency risk by carefully selecting countries for purchasing which pose minimum risk for foreign currency fluctuations. Moreover, the Group's exports in foreign currency are pursued to offset the adverse currency fluctuations.

The significant currency exposure at the year end is as follows:

	2023					2022				
	USD	EURO	CNY	GBP	CHF	USD	EURO	CNY	GBP	CHF
Financial assets										
Trade debts	155,791	-	-	-	-	-	-	-	-	-
Bank balances	-	1,985	-	-	-	-	1,983	-	-	-
	155,791	1,985	-	-	-	-	1,983	-	-	-
Financial liabilities										
Trade payables	(632,467)	-	(180,962)	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Equivalent Rs '000									
Financial assets										
Trade debts	42,485	-	-	-	-	-	-	-	-	-
Bank balances	-	431	-	-	-	-	431	-	-	-
	42,485	431	-	-	-	-	431	-	-	-
Financial liabilities										
Trade payables	(186,690)	-	(36,074)	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The exchange rates applied during the year and at year end were as follows:

	Average rate for the year		Spot rate as at 31 December	
	2023	2022	2023	2022
	Rupees		Rupees	
US Dollar	279.08	202.87	281.78	226.43
Chinese Yuan	39.55	30.20	39.71	32.57
Euro	302.74	214.53	311.71	241.28
Swiss Franc	311.75	211.02	334.39	245.22
GBP	348.23	249.45	358.52	272.27

Sensitivity analysis

Every 10% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase profit before tax for the next year by Rs 11.45 million (2022: Rs. 40.43 million).

36.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainties about future values of investments securities movements in prices of equity investments. The Group is not exposed to any equity price risk, as the Group does not have any investment in equity securities measured at fair value.

36.6 Fair values of financial assets and liabilities

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

The following table shows assets recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial assets carried at fair value that require categorisation in Level 1, Level 2 and Level 3 except for investment carried at fair value through profit and loss in Level 2 category amounting to Rs 542.516 million (2022: Rs. Nil).

The market prices of mutual funds have been obtained from Mutual Fund Association of Pakistan.

37 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 14 February 2024 by the Board of Directors of the Holding Company.

38 SUBSEQUENT EVENT

38.1 The Board of Directors in its meeting held on 14 February 2024 has proposed a final cash dividend for the year 2023 of Rs. 2.50 per share (2022: Rs. 2 per share) aggregating to Rs. 700 million (2022: Rs. 560 million) subject to approval of shareholders in the Annual General Meeting of the Holding Company to be held on 19 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

39 GENERAL

39.1 The number of persons employed as at year end were 2371 (2022: 1945) and the average number of persons employed during the year were 2305 (2022: 1943).

39.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. However, there are no material transactions to report.

39.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer	**Chief Executive Officer**	**Director**

05

SHAREHOLDERS' INFORMATION

We are committed to prioritizing the interests of our valued shareholders, aiming to maximize their value by generating adequate returns and safeguarding their interests.

SHAREHOLDERS' INFORMATION

Notice of Annual General Meeting along with other information for shareholders

315 Notice of AGM
339 Pattern of Shareholding
342 Form of Proxy
345 Standard Request Form
346 E-Dividend Mandate Form

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 10th Annual General Meeting (Meeting) of Shareholders of AGP Limited (the Company) will be held on Tuesday, March 19, 2024, 02:30 P.M. at Ramada Karachi Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, through in person and video link facility to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 6th Extraordinary General Meeting held on July 19, 2023.
2. To consider, approve and adopt the Standalone and Consolidated Audited Financial Statements of the Company together with Directors' and Auditors' Reports thereon for the year ended December 31, 2023.
3. To appoint auditors for the year ending December 31, 2024, and fix their remuneration. The Board of Directors has recommended the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the Company in the annual general meeting to replace retiring auditors, M/s. EY Ford Rhodes, Chartered Accountants.
4. To consider and approve the payment of final dividend at the rate of PKR 2.5 per share (i.e. 25%) as recommended by the Board of Directors.
5. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

6. To consider and, if deemed fit, pass, with or without modification(s), the following resolutions as ordinary resolutions to enable and authorize the Company to circulate the annual audited financial statements to the members of the Company through QR enabled code and weblink as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 389(I)/2023 dated March 21, 2023, instead of circulating the same through CD/DVD/USB.

RESOLVED THAT
"the Company be and is hereby authorized to circulate its annual audited financial statements, to the members of the Company through QR enabled code and weblink."

FURTHER RESOLVED THAT
"the Chief Financial Officer or Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents, as may be necessary or incidental for the purpose of implementing this resolution."

7. To consider and, if deemed appropriate, pass with or without modification, the following special resolution to insert the new clauses in the Articles of Association of the Company.

RESOLVED THAT
"the Company be and is hereby accorded to amend clauses 130 of the Articles of Association as under:"

Existing clause	Proposed Clause
Clause 130 – Subject to the provisions of the Act, a resolution in writing, signed by all the Directors (or in their absence their Alternate Directors) for the time being in Pakistan (not being less than the requisite quorum of Directors), or by all the members of a committee for the time being in Pakistan, as the case may be, shall be a valid and effectual as if it had been passed at a meeting of the Directors or as the case may be, of such committee duly called and constituted in accordance with the provisions of these Articles. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. A telex message or facsimile transmission or electronic mail sent by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Articles.	Clause 130 – Subject to the provisions of the Act, a resolution in writing, signed by majority of the Directors for the time being in Pakistan (not being less than the requisite quorum of Directors) or by majority of the members of a committee for the time being in Pakistan, as the case may be, shall be a valid and effectual as if it had been passed at a meeting of the Directors or as the case may be, of such committee duly called and constituted in accordance with the provisions of these Articles. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. A telex message or facsimile transmission or electronic mail sent by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Articles.

FURTHER RESOLVED THAT
"the Chief Financial Officer or Company Secretary be and are hereby authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of the Companies and complying with all other regulatory requirements so as to effectuate the altering of the Articles of Association and implementing the aforesaid."

FURTHER RESOLVED THAT
"the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized persons or may be suggested, directed and advised by the Securities & Exchange Commission of Pakistan and / Registrar of the Companies which suggestion, direction and advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of members to pass a fresh special resolution."

8. To consider the extension or renewal of funding facilities to and from associated companies, namely OBS AGP (Private) Limited and OBS Pakistan (Private) Limited, which were renewed earlier by the shareholders in their meeting held on July 19, 2023 and, if deemed appropriate, pass with or without modification, the following resolution as a special resolution as required under Section 199 of the Companies Act, 2017 read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

RESOLVED THAT
"the Company be and is hereby authorized to renew and extend for a further period of twelve (12) months, short term funded and / or unfunded financing facilities and / or security to and from its associated companies, namely OBS AGP (Private) Limited and OBS Pakistan (Private) Limited, up to the amount of PKR 500 Million each to meet excess debt requirements and / or funding shortfalls or to otherwise assist the Company and such associated companies in meeting and fulfilling their financial obligations."

FURTHER RESOLVED THAT
"such facilities extended by the Company to its associated companies as per the preceding resolution, will initially be extended for a period of one (1) year and shall be renewable annually for each successive year, unless not renewed."

FURTHER RESOLVED THAT
"the Chief Executive Officer together with Chief Financial Officer or Company Secretary of the Company be and are hereby jointly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents, as may be necessary or incidental for the purpose of implementing this resolution."

A Statement under section 134(3) of the Companies Act 2017 relating to the above mentioned special businesses mentioned in Agenda no. 6, 7 and 8 are annexed with the notice.

Karachi
Dated: February 27, 2024

By Order of the Board

Umair Mukhtar
Company Secretary

NOTES:

1. **Closure of share transfer books**
The share transfer books of the Company will remain closed from March 12, 2024 to March 19, 2024 (both days inclusive). Transfers received in order at the office of our Registrar, namely CDC Share Registrar Services Limited situated at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi - 74400 by the close of business on March 11, 2024, will be treated as being in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the Meeting.

2. **Appointment of proxy holder**
A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the registered office of the Company or emailed at corp.affairs@agp.com.pk not later than forty-eight (48) hours before the time of holding the Meeting. In calculating the aforesaid time period, no account shall be taken of any day that is not a working day. A member shall not be entitled to appoint more than one proxy. Proxy form is available at Company's website www.agp.com.pk and also attached at the end of the annual report.

3. **Guidelines for CDC Account Holders**
Any individual Beneficial Owner of CDC, entitled to vote at the Meeting, must bring his/her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the Board of Directors' resolution / power of attorney with specimen signature of the nominee for such purpose.

CDC account holders shall follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

4. **Participation in the Annual General Meeting**
SECP through its Circular No. 4 of 2021 dated 15 February 2021, Circular No. 6 of 2021 dated 3 March 2021 read together with the clarification bearing number SMD/SE/2(20)/2021/117 dated 15 December 2021 has directed listed companies to ensure the participation of members in general meeting through electronic means as a regular feature in addition to holding physical meetings.

Accordingly, in compliance with the directives from SECP, the Company is also providing the facility to its shareholders to attend the Meeting through video link. To avail this facility, members are requested to register their following particulars by sending an e-mail at corp.affairs@agp.com.pk.

Folio / CDC account no.	No. of shares held	Name CNIC	Cell No.	Email address

After necessary verification, the video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours on March 15, 2024. The shareholders are also encouraged to send their comments / suggestions related to the agenda items of the Meeting on the above-mentioned e-mail address by the close of business hours on March 15, 2024.

5. **Notice of AGM and Annual Report**
The notice of the Meeting and the Annual Report 2023 shall be uploaded on the official website www.agp.com.pk of the Company and posted at PUCAR.

The Annual Report 2023 shall be e-mailed to the members who have provided their valid email addresses to the Company or Registrar. Other members, who wish to receive the Annual Report 2023 through email or hard copy at their registered address may send us the request at corp.affairs@agp.com.pk as per the standard request form available at the Company's website https://agp.com.pk/wp-content/uploads/2023/08/Standard-Request-Form.pdf. Members are requested to intimate any change in their registered email addresses on a timely manner, to ensure effective communication by the Company.

6. Polling on Special Business
The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 (Regulations) amended through notification dated December 05, 2022, issued by SECP, wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

7. E-voting procedure
1. Details of the e-voting facility will be shared through an email with those members of the Company whose valid CNIC Numbers, cellular phone numbers and email address are available in the register of members of the Company by the close of business on March 11, 2024.
2. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited, being the e-voting service provider.
3. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
4. E-voting lines will start from March 13, 2024, 09:00 a.m. and shall close on March 18, 2024, at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

8. Postal ballot
Members may alternatively opt for voting through postal ballot. The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC should reach the Chairman of the meeting through post on the Company's registered address, AGP Limited, B-23-C, S.I.T.E., Karachi with attention to the Company Secretary, or email with subject "Voting through Postal Ballot" at corp.affairs@agp.com.pk no later than March 18, 2024, during working hours. The signature on the ballot paper, shall match with the signature on CNIC. The postal ballot paper will be placed on the Company's website www.agp.com.pk at least seven (7) days before the meeting.

9. Scrutinizer
In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s UHY Hassan Naeem & Co, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

10. Video Conference Facility
Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate ten percent (10%) or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate Members regarding venue of video conference facility at least five (5) days before the date of the Meeting along with complete information necessary to enable them to access such facility.

In order to avail this facility please provide the following information to our Registrar:

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

____
Signature of member"

11. Electronic payment of cash dividend
In accordance with the provisions of section 242 of the Companies Act 2017, a listed company is required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders who have not yet provided their relevant information are requested to provide the same as mentioned on an E-Dividend Mandate Form available at the website of the Company to the Registrar. The CDC account holders must submit their information directly to their broker (participant) / CDC.

As per the provisions of the section 243(3) of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017, the Company may withhold the payment of dividend to shareholders who have not provided valid bank details and copy of CNIC or NTN.

12. Withholding tax on dividends
In pursuance to section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, the rates of deduction of income tax from dividend payments shall be 15% for a person appearing in Active Taxpayers List (ATL) and 30% for a person not appearing in ATL. However, the provisions of withholding tax at additional rate from the person not appearing in ATL are not applicable to the extent of dividend payment to non-resident persons.

In case of joint shareholders, tax will be deducted on the basis of shareholding of each shareholder as may be notified by them, in writing as follows, to our Registrar, by the close of business hours on March 11, 2024, or if no such notification is received each shareholder shall be assumed to have an equal number of shares.

Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint shareholder	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

Withholding Tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Registrar by close of business on the first (1st) day of book closure.

13. Unclaimed Dividend
As per the provisions of section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which remain unclaimed / unpaid for a period of three (3) years from the date on which it was due and payable are required to be deposited with the SECP in an account specified by the Federal Government. Shareholders whose dividend remains unclaimed till date are requested to approach the Company to claim their unclaimed / unpaid amount of dividend. In case, no claim is filed with the Company within the due time frame, the Company shall proceed to deposit the unclaimed / unpaid amount dividend or any other share with the Federal Government pursuance to section 244(2) of the Act.

14. Conversion of Physical Securities Into Book Entry Form
In accordance with section 72 of the Companies Act, 2017, SECP through its letter dated March 26, 2021, has advised all listed companies to pursue their shareholders to replace their shares in physical form into book entry form within a period not exceeding four (4) years from the date of promulgation of the Companies Act, 2017. Consequently, all shareholders bearing physical folios / share certificates are requested to convert their shares from physical form into book entry form at the earliest. Maintaining shares in book entry form has many advantages such as safe custody of shares with the CDC, fast and convenient selling of shares, avoidance of formalities required for the issuance of duplicate shares and paper less environment which makes the process eco-friendly.

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

AGENDA ITEM NO. 6

SECP has allowed listed companies, through its SRO No. 389(I)/2023 dated March 21, 2023, to circulate the annual audited financial statements to the members of the Company through QR enabled code and weblink (instead of CD/DVD/USB), subject to approval of shareholders in the annual general meeting.

Where an email address has been provided by the shareholder, the Company shall circulate annual audited financial statements to the member through email.

A shareholder may request the Company to provide a hard copy of the annual audited financial statements, and the same shall be provided at the shareholder's registered address free of cost, upon receipt of a duly completed request form, as available on the Company's website. https://agp.com.pk/wp-content/uploads/2023/06/Standard-Request-Form.pdf.

None of the Directors have any interest in the above-mentioned special business.

AGENDA ITEM NO. 7

Clause 122 of the Articles of Association of the Company is altered in order to bring it at par with the changes introduced vide the Companies (Amendment) Act, 2021 dated December 1, 2021.

The aforesaid above alteration to the Articles of Association of the Company is being proposed to smooth out the procedural requirement so that affairs of the Company may be conducted expeditiously to ultimately benefit the shareholders of the Company.

The proposed alteration in the Articles of Association of the Company is in line with the applicable provisions of the law and regulatory framework.

None of the Directors have any interest in the above-mentioned special business.

AGENDA ITEM NO. 8

The Shareholders in their meeting held on July 31, 2023 had approved the extension or renewal of funding facilities / security up to PKR 500 million to and from each of its associated companies, namely OBS AGP (Private) Limited (OBS AGP) and OBS Pakistan (Private) Limited (OBS PK) for a period of one (1) year and the same is being proposed for renewal for a further period of one (1) year. Each financing facility will be provided on an arms length basis and will carry a markup rate which is not lower than the average borrowing cost of the Company. The extension or utilization of funding facilities will ensure that short-term funds are readily available for the Company and associated companies and will help them to manage their working capital requirements efficiently.

These short-term facilities have been utilized during the year by one of the subsidiaries, OBS Pakistan (Private) Limited. There is no balance outstanding at the end of the year. Interest rate was duly charged on the facility and recorded in the accounts.

These short-term facilities are being renewed as earlier approved by the shareholders.

These short-term facilities have been utilized during the year by one of the subsidiaries, OBS Pakistan (Private) Limited. There is no balance outstanding at the end of the year. Interest rate was duly charged on the facility and recorded in the accounts.

These short-term facilities are being renewed as earlier approved by the shareholders.

UPDATE UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

SR. NO.	DESCRIPTION	INFORMATION REQUIRED
1 (a)	Disclosures for all types of investments	
(A)	Regarding Associated Company or Associated Undertakings	
(i)	Name of the associated company or associated undertakings	OBS AGP (Private) Limited (OBS AGP) OBS Pakistan (Private) Limited (OBS PK)
(ii)	Basis of relationship	Subsidiaries
(iii)	Earnings per share for the last three years	see table (iii) below
(iv)	Break-up value per share, based on latest audited financial statements	see table (iv) below
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Main items of the financial statements (audited) of OBS AGP and OBS Pakistan for the year ended Dec 31, 2023 are given below. The figures are PKR in million. See table (v) below
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations	Not Applicable
(B)	General Disclosures	
(i)	Maximum amount of investment to be made	Short term funded and / or unfunded financing facilities, up to PKR 500 million each.

(iii)

Years	OBS AGP	OBS PK
2021	PKR 29.23	Not Applicable
2022	PKR 29.52	Not Applicable
2023	PKR 5.11	PKR 11.05

(iv)

OBS AGP	OBS PK
As at Dec 31, 2023	As at Dec 31, 2023
PKR 157.85	PKR 58.66

(v)

Items	OBS AGP	OBS PK
Total Assets	5,582	3,075
Total Liabilities	3,404	7,000
Total Equity	1,978	2,190
Net Sales	5,057	1,073
Gross Profit	2,193	1,103
Profit Before Tax	772	248
Profit After Tax	511	230

(iii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	Provision of short term finance facilities will meet the operational and short term requirements of the Company and its associated companies.	
(iv)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The Company will facilitate the associated companies by using its own unutilized credit lines.	
	(I)	Justification for investment through borrowings	The associated companies will pay a markup rate which is not lower than the average borrowing cost of the Company.	
	(II)	Details of collateral, guarantees provided and assets pledged for obtaining such funds	The Company secures its overdraft lines by providing a joint hypothecation charge on pari passu basis over its current assets.	
	(III)	Cost benefit analysis	The Company will charge the associated companies a rate which will add to its profitability.	
(ix)		Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Each financing facility will be provided on an arm's length basis.	
(x)		Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	**OBS AGP** Adam, sponsor and parent of the AGP, holds twenty-eight percent (28%) shareholding in OBS AGP. Mr. Tariq Moinuddin Khan, sponsor and Chairman of AGP, is the ultimate beneficial owner of Adam. The following Directors of AGP are also on the Board of Directors of OBS AGP: • Mr. Kamran Nishat • Mr. Muhammad Kamran Nasir • Mr. Muhammad Kamran Mirza Mr. Muhammad Kamran Nasir (indirectly) and Mr. Muhammad Kamran Mirza, hold three and a half percent (3.5%) each, shareholding in OBS AGP. Mr. Kamran Nishat, Director of AGP, is the CEO of Muller & Phipps (M&P) and M&P is the authorized distributor of OBS AGP.	**OBS PK** Adam, sponsor and parent of AGP, holds two and seventy-three hundredths percent (2.73%) shareholding in OBS PK against the provision of collateral from its own sources, to secure the financing of up to PKR 3.5 billion availed by OBS PK. Mr. Tariq Moinuddin Khan, sponsor and Chairman of AGP, is the ultimate beneficial owner of Adam. The following Directors of AGP are also on the Board of Directors of OBS PK: • Mr. Muhammad Kamran Nasir • Mr. Mahmud Yar Hiraj • Mr. Muhammad Kamran Mirza Mr. Muhammad Kamran Nasir and Mr. Muhammad Kamran Mirza, Directors of AGP, hold two and seventy-three hundredths percent (2.73%) each, shareholding in OBS PK. Mr. Kamran Nishat, Director of AGP, is the CEO of Muller & Phipps (M&P) and M&P is the authorized distributor of OBS PK.
(xi)		In case any investment in associated company or undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write-offs	**OBS AGP** The facility has never been utilized / availed.	**OBS PK** A total amount of PKR 2,010 million has been extended in portions, not exceeding PKR 483 million at any point in time and received along with markup during the year ended December 31, 2023.
			There is no impairment or write-offs in any of these facilities.	
(xii)		Any other important details necessary for the members to understand the transaction	Not Applicable	
(c)		In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made		
(I)		Category-wise amount of investment	Short term funded and / or unfunded financing facilities up to PKR 500 million each.	
(II)		Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing of the Company is as follows: • under conventional arrangements, ranges from 1-3 months KIBOR + 0.2% - 1.25% per annum payable quarterly. • under Islamic arrangements, ranges from 1-3 months KIBOR + 0.2% - 1% per annum payable quarterly.	
(III)		Rate of interest, markup, profit, fees, or commission etc. to be charged by investing company	It shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher.	

(ix)		Particulars of collateral or security to be obtained in relation to the proposed investment	No security is required to be obtained. The Company and its associated companies are confident that any financing arrangement will be repaid timely.
(x)		If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(xi)		Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The short term funded and / or unfunded financing facilities are for a period of one (1) year and renewable annually for each successive year, unless not renewed. Repayment will be made on the availability of the funds and at a rate which shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, if higher.

Except to the extent as mentioned in E(v) above, the Board of Directors of the Company have no direct or indirect interest in this Special Business, except and to the extent of their respective share holding in the Company.

The annual audited financial statements of OBS AGP and OBS PK for the year ended December 31, 2023, shall be made available for inspection of the members in the meeting.

[illegible]

[illegible]

[illegible] OBS AGP [illegible] OBS PK [illegible]

[illegible] 2,910 [illegible] 500 [illegible] 31 [illegible] 2023 [illegible]	[illegible]	[illegible]		(xi)
[illegible]				
[illegible]	[illegible]			(xii)
[illegible]				(c)
[illegible] 500 [illegible]	[illegible]			(i)
[illegible] 3-1 KIBOR + 0.3% – 1.25% [illegible] 3-1 KIBOR + 0.5% – 1% [illegible]	[illegible] (KIBOR) [illegible]			(ii)
[illegible] KIBOR [illegible]	[illegible]			(iii)
[illegible]	[illegible]			(iv)
[illegible]	[illegible]			(v)
[illegible] (1) [illegible] KIBOR [illegible]	[illegible]			(vi)

[illegible]		[illegible]		(iii)
[illegible]		[illegible]	(i)	
[illegible] pari passu [illegible]		[illegible]	(ii)	
[illegible]		[illegible]	(iii)	
[illegible]		[illegible]		(iv)
[illegible] AGP [illegible] Alliken [illegible] OBS PK [illegible] OBS PK (2.73%) [illegible] Alliken [illegible] AGP [illegible] PK [illegible] OBS [illegible] PK [illegible] OBS (2.72%) [illegible] (M&P) [illegible] PK M&P [illegible] OBS [illegible]	[illegible] AGP Alliken [illegible] AGP OBS [illegible] (98%) [illegible] AGP [illegible] AGP [illegible] OBS [illegible] (3.5%) [illegible] AGP [illegible] (M&P) Philipps Miller & [illegible] AGP M&P [illegible] OBS [illegible]	[illegible]		(v)

دی کمپنیز (وابستہ کمپنیوں یا ایسوسی ایٹڈ انڈر ٹیکنگز میں سرمایہ کاری) ریگولیشنز، 2017 کے تحت ضروری معلومات

سیریل نمبر		تفصیل	درکار معلومات
(a)		[illegible]	
(A)		[illegible]	
(i)		[illegible]	OBS AGP [illegible] (OBS AGP) OBS [illegible] (OBS PK)
(ii)		[illegible]	[illegible]
(iii)		[illegible]	

سال	OBS AGP	OBS. PK
۲۰۲۱	28.23 روپے	[illegible]
۲۰۲۲	38.52 روپے	
۲۰۲۳	51.11 روپے	11.06

سیریل نمبر		تفصیل	درکار معلومات	
(iv)		[illegible]	OBS AGP [illegible] 197.86 روپے	OBS PK [illegible] 58.66 روپے
(v)		[illegible]	31 [illegible] 2023 [illegible] OBS AGP اور OBS [illegible]	

[illegible]	OBS AGP	OBS PK
مجموعی اثاثے	5,383	9,670
کل واجبات	3,404	7,080
کل ایکویٹی	1,979	2,590
خالص فروخت	5,057	1,673
کل منافع	2,763	1,103
منافع قبل از محصول	772	249
منافع بعد از ٹیکس	511	250

سیریل نمبر		تفصیل	درکار معلومات
(vi)		[illegible]	[illegible]
(B)		[illegible]	
(i)		[illegible]	[illegible] 500 [illegible]
(ii)		[illegible]	[illegible]

کمپنیز ایکٹ، ۲۰۱۷ کے سیکشن (۳)۱۳۴ کے تحت بیان

ایجنڈا آئٹم نمبر ۹

[illegible] ۲۰۲۳/(۱) ۳۸۹ [illegible] ۲۰۲۳ [illegible]
[illegible] CD/DVD/USB [illegible] QR [illegible]
[illegible]
[illegible]
[illegible]

https://agp.com.pk/wp-content/uploads/2023/09/Standard-Request-Form.pdf

[illegible]

ایجنڈا آئٹم نمبر [illegible]

[illegible] 130 [illegible] 2021 [illegible]
[illegible]
[illegible]
[illegible]

ایجنڈا آئٹم نمبر [illegible]

[illegible] OBS AGP [illegible] OBS AGP [illegible] OBS [illegible] OBS PK [illegible]
[illegible] 500 [illegible]
[illegible]
[illegible] OBS [illegible]
[illegible]

[illegible]

پول کھلنے ہدایات

[illegible]

[illegible]	[illegible]	[illegible]
		[illegible] 8
		[illegible] 7
		[illegible] 6

[illegible] corp.affairs@agp.com.pk [illegible] www.agp.com.pk [illegible]

اے جی پی لمیٹڈ

پوسٹل بیلٹ پیپر

[illegible] 2024 [illegible] +92-21-111-247-247 [illegible] www.agp.com.pk [illegible]	
[illegible]	
[illegible]	
[illegible]	
[illegible]	
CNIC [illegible]	
[illegible]	
[illegible]	
CNIC [illegible]	

[illegible] 6 [illegible]

[illegible] USB/DVD/CD [illegible] QR [illegible] (SECP) [illegible] S.R.O.389(I) 2023 [illegible] 21 [illegible] 2023 [illegible]

[illegible] QR [illegible]

[illegible] 7 [illegible]

[illegible] 130 [illegible]

[illegible]	[illegible]
[illegible] 130 [illegible]	[illegible] 130 [illegible]

نوٹس:

(1) [illegible] 2024 [illegible] 12 [illegible] 19 [illegible] 2024 [illegible] 99-B [illegible] S.M.C.H.S. [illegible] 74400 [illegible] 11 [illegible] 2024 [illegible]

(2) [illegible] corp.affairs@agp.com.pk [illegible] (48) [illegible] www.agp.com.pk [illegible]

(3) CDC [illegible] CNIC [illegible] CNIC [illegible] SECP [illegible] 2000 [illegible] 26 [illegible]

(4) [illegible] 2021 [illegible] 4 [illegible] 2021 [illegible] 16 [illegible] 2021 [illegible] 6 [illegible] 2021 [illegible] 3 [illegible] 2021 [illegible] SMD/SE/2(20)/2021/117 [illegible] 15 [illegible]

[illegible] SECP [illegible] corp.affairs@agp.com.pk [illegible]

CDC [illegible]	[illegible]	[illegible]	CNIC [illegible]	[illegible]	[illegible]

[illegible] 15 [illegible] 2024 [illegible] 2024 [illegible] 15 [illegible]

(5) [illegible] 2023 [illegible] www.agp.com.pk [illegible] PUCARS [illegible] 2023 [illegible] 2023 [illegible] https://agp.com.pk/wp-content/uploads/2023/06/Standard-Request-Form.pdf [illegible] corp.afairs@agp.com.pk [illegible]

(6) [illegible] SECP [illegible] 2022 [illegible] 03 [illegible] 2016 [illegible] SECP [illegible]

(7) [illegible]

1- [illegible] CNIC [illegible] 11 [illegible] 2024 [illegible]

2- [illegible]

3- [illegible]

4- [illegible] 13 [illegible] 2014 [illegible] 09:00 [illegible] 18 [illegible] 2024 [illegible] 5:00 [illegible]

(8) [illegible] CNIC [illegible] S.I.T.E.B-73-C [illegible] AGP [illegible] corp.affairs@agp.com.pk [illegible] 18 [illegible] 2024 [illegible] CNIC [illegible] www.agp.com.pk [illegible] (7) [illegible]

(9) [illegible] 11 [illegible] M/S. UHY HASSAN NAEEM & CO. [illegible] SCR [illegible] 11A [illegible]

(10) [illegible] 2017 [illegible] 132(2) [illegible] (10) [illegible]

[illegible] AGP [illegible]

(11) [illegible] 2015 [illegible] 4 [illegible] 2017 [illegible] 243(3) [illegible] 2017 [illegible] 9 [illegible] CNIC [illegible] NTN [illegible]

(12) [illegible] 2001 [illegible] III [illegible] 150 [illegible] ATL [illegible] 15% [illegible] ATL [illegible] 30% [illegible] ATL [illegible] 2024 [illegible] 11 [illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	CNIC [illegible]	[illegible]	CNIC [illegible]	[illegible]

[illegible]

(13) [illegible] 2017 [illegible] 244 [illegible] (3) [illegible] 244(2) [illegible]

(14) [illegible] 2017 [illegible] 72 [illegible] 26 [illegible] 2021 [illegible] 2017 [illegible]

اے جی پی

10 ویں سالانہ اجلاس عام کی اطلاع

عمومی امور

[illegible]

خصوصی امور

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

کراچی

مورخہ 27 مارچ 2024

حسب الحکم

[illegible]

کمپنی سیکرٹری

PATTERN OF SHAREHOLDING

As of December 31, 2023

# Of Shareholders	Shareholdings Slab			Total Shares Held
[illegible]	1	To	100	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]	[illegible]	To	[illegible]	[illegible]
[illegible]				[illegible]

PATTERN OF SHAREHOLDING

As of December 31, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
Associated Companies, undertakings and related parties			
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
Employees and their spouses			
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
Public sector company and corporations	[illegible]	-	-
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]			
Mutual Funds and Modarbas			
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
General Public			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Foreign Companies	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

PATTERN OF SHAREHOLDING

As of December 31, 2023

Share holders holding 5% or more	Shares Held	Percentage
[illegible] Pakistan (Private) Limited	[illegible]	[illegible]
Muller & Phipps Pakistan (Private) Limited	[illegible]	[illegible]
[illegible] Growth Fund	[illegible]	[illegible]

Details of trading in shares by Executive during the year

[illegible]

[illegible]

Free Float of Shares

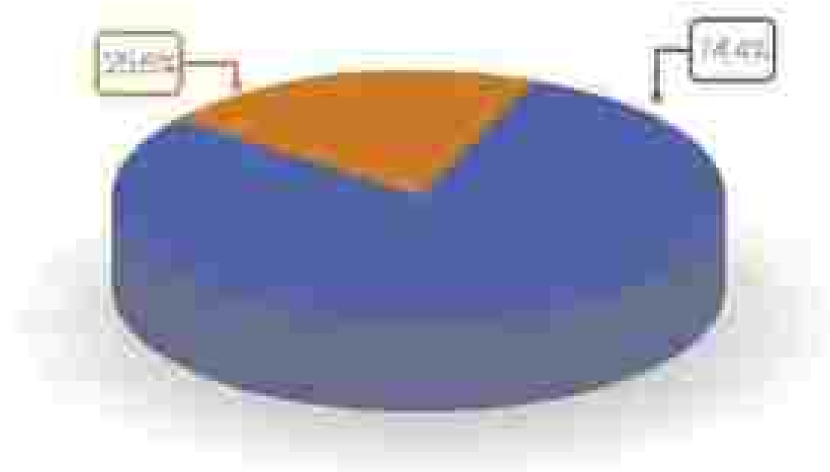
[illegible]

Free Float of shares [illegible]

Non - Free Float [illegible]

Free Float of Shares

Free Float Shares as at 31 December 2023



FORM OF PROXY

AGP Limited

TENTH ANNUAL GENERAL MEETING

[illegible]

Ten Rupees Revenue Stamp

Witness 1

Signature: __________

Name: __________

CNIC No: __________

Address: __________

Witness 2

Signature: __________

Name: __________

CNIC No: __________

Address: __________

Name of Shareholder: __________

Folio No. / CDC Account No: __________

Signature of the Shareholder: __________

Notes:

1. The Member is requested:
   a. [illegible]
   b. [illegible]
   c. [illegible]
2. [illegible]
3. [illegible]

نمائندگی نامہ

اے جی پی لمیٹڈ

دسواں سالانہ اجلاس عام

میں / ہم ______ ساکن ______ بحیثیت اے جی پی کے ایک ممبر ______ عدد عام شیئرز کلاس کے مالک بذریعہ ہذا محترم / محترمہ ______ ساکن ______ اے جی پی لمیٹڈ کے ایک ممبر کو یا ان کے شرکت نہ ہونے پر محترم / محترمہ ______ ساکن ______ کمپنی کے ایک اور ممبر کو بطور میرا / ہمارا نمائندہ بروز ______ ۲۰۲۴ء بوقت ______ بجے، کراچی میں منعقدہ کمپنی کے سالانہ اجلاس عام میں یا اس کے کسی ملتوی شدہ اجلاس میں حصہ لینے کے لیے نامزد کرتا ہوں / کرتے ہیں۔

آج بروز ______ تاریخ ______ ۲۰۲۴ء میری / ہماری طرف سے بدست خود دستخط کیے گئے۔

دس روپے کی
ریونیو اسٹیمپ

درج ذیل گواہان کی موجودگی میں دستخط کیے گئے۔

گواہان

۱۔ دستخط ______	۲۔ دستخط ______
نام ______	نام ______
پتہ ______	پتہ ______
______	______
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______

شیئر ہولڈر کا نام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ______

شیئر ہولڈر کے دستخط ______

نوٹس:

۱۔ ممبران سے درخواست ہے کہ:

(i) متعلقہ جگہ پر دستخط کرنے سے قبل دس روپے کا ریونیو اسٹیمپ چسپاں کریں۔

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

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

۲۔ نمائندگی کے مؤثر ہونے کے لیے ضروری ہے کہ نمائندگی نامہ اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹرار / ہیڈ آفس کو موصول ہو جائے اور اسے کمپنیز ایکٹ ۲۰۱۷ کی دفعہ ۱۳۷ کے مطابق پُر کیا جائے اور اگر ممبر کارپوریٹ باڈی ہو تو اس کی مہر کے ساتھ ہو۔

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

سینٹرل ڈپازٹری سسٹم (سی ڈی سی) اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لیے درج ذیل ہدایات پر عمل کرنا ہوگا:

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

(ii) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iii) کارپوریٹ اداروں کی صورت میں نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ اور دستخط کا نمونہ ساتھ میں شیئر رجسٹرار کے پاس جمع کرانا ہوگا بشرطیکہ اس سے پہلے فراہم نہ کیا گیا ہو۔

STANDARD REQUEST FORM CIRCULATION OF ANNUAL AUDITED ACCOUNTS

The Company Secretary
AGP Limited
B-23-C, S.I.T.E.
Karachi-75700
Pakistan

Subject: **Circulation of Annual Audited Accounts via Email or Any Other Media**

[illegible]

[illegible]

[illegible]

OPTION 1 – VIA EMAIL

Shareholder's Detail	
Name of the Member(s) / Shareholder(s)	
CNIC / NICOP #	
Folio / CDC Account Number	
Valid Email address (to receive Financial Statements along with Notice of General Meeting(s) instead of hard copy CD/DVD/USB)	

OPTION 2 – HARD COPY

Shareholder's Detail	
Name of the Member(s) / Shareholder(s)	
CNIC / NICOP #	
Folio / CDC Account Number	
Address (to receive Financial Statements along with Notice of General Meeting(s) instead of CD/DVD/USB)	

[illegible]

____
SHAREHOLDER SIGNATURE

E – DIVIDEND MANDATE FORM

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	AGP Limited
Name of Shareholder	
Folio No./CDC Participants ID A/C No.	
CNIC No. (for individual shareholders)	
NTN (for corporate shareholders)	
(please attach a photocopy)	
Passport No. (for foreign shareholders)	
Cell Number & Landline Number	
Email Address	

Shareholder's Bank Detail	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	

[illegible]

Date:____________ ______________________
(Signature of Shareholder)

Notes:

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]
CDC Share Registrar Services Limited
CDC House 99-B, Block B, S.M.C.H.S.
Main Shahra-e-Faisal Karachi 74400 Pakistan

ANNEXURES

CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES 2013

Governance Benchmark

S.N.	Direction	Comments
1	[illegible]	[illegible]
2	[illegible]	[illegible]
3	[illegible]	[illegible]
4	[illegible]	[illegible]
5	[illegible]	Yes, the CSR policy is consistent with the Code of Conduct of the Company.
6	[illegible]	[illegible]
7	[illegible]	CSR initiatives are incorporated within our business strategy.
8	Is there a specific CSR committee?	[illegible]
9	[illegible]	[illegible]
10	[illegible]	[illegible]
11	[illegible]	[illegible]
12	[illegible]	[illegible]

S.N.	Direction	Comments
13	[illegible]	[illegible]
14	[illegible]	
15	[illegible]	[illegible]
16	[illegible]	[illegible]
17	[illegible]	[illegible]
18	[illegible]	[illegible]
19	[illegible]	[illegible]
20	[illegible]	[illegible]
21	[illegible]	[illegible]
22	[illegible]	[illegible]

S.N.	Direction	Comments
23	Does the board review and approve external reporting of CSR issues in compliance of relevant regulatory requirements?	There are no instances of any CSR issue that does not comply with the regulatory framework.
24	Does the board consider CSR report as a record of company's performance on CSR goals for reporting to all stakeholders?	CSR updates are presented to the stakeholders in the relevant sections of the annual report.

FRAMEWORK FOR ANNUAL REPORTING

BEST CORPORATE REPORT AWARDS 2023

1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	Pg No.
1.01	Mission, vision, code of conduct, ethics and values.	3, 7-8
1.02	Principal business activities and markets (local and international) including key brands, products and services.	9-12, 77-52
1.03	Geographical location and address of all business units including sales units and plants.	6, 35
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	15, 204
1.05	Disclosure of beneficial ownership (including indirect ownership) and flow chart of group shareholding and relationship with holding company/ subsidiary company or associated undertaking.	15
1.06	Organizational chart indicating functional and administrative reporting, presented with legends.	16
1.07	Position of the reporting organization within the value chain showing connection with other business in the upstream and downstream value chain.	17
1.08	(i) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. (ii) The effect of seasonality on business in terms of production and sales.	18-22, 25
1.09	The legislative and regulatory environment in which the organization operates.	36
1.10	The legitimate needs, interests of key stakeholders and industry trends.	108-123, 128
1.11	SWOT Analysis of the company.	21-22
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	23-24
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	18, 32
1.14	History of major events.	5-6
1.15	Details of significant events occurred during the year and after the reporting period.	2

2	STRATEGY AND RESOURCE ALLOCATION	Pg No.
2.01	Short, medium and long term strategic objectives and strategies in place to achieve these objectives.	81-84
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital b) Human Capital c) Manufactured Capital d) Intellectual Capital e) Social and Relationship Capital; and f) Natural Capital	81-84
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and to result value created by the business.	81-84
2.04	The effect of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	81-84
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	81-84
2.06	The company's sustainability strategy with measurable objectives and targets.	81-84
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	85-86
2.08	(i) Information about defaults in payment of any debts with reasons and (ii) Board's strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	85

3	RISKS AND OPPORTUNITIES	Pg No.
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of capitals.	87-93
3.02	A declaration from Board for determining the following: (i) Company's level of risk tolerance by establishing risk management policies (ii) The company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	87-120
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	87
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	87-93
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	78-80

4	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)	Pg No.
4.01	Board's statement for adoption of best practices for CSR.	115, 121-122
4.02	Board's statement about the company's strategic objectives on ESG (Environmental, social and governance)/ sustainability reporting.	114
4.03	Assessment of how the company's sustainability practices can affect their financial performance.	115
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR reporting and human practices including: a) any corporate social obligations applicable on the company; b) company progress towards CSR initiatives during the year; and c) company's responsibility towards the staff health & safety.	115-123
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	341-345
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social group.	113-114

5	GOVERNANCE	Pg No.
5.01	Board composition a) Leadership structure of those charged with governance b) Name of independent directors indicating justification for their independence c) Diversity in the board i.e. competencies, requisite knowledge, skills and experience d) Profile of each director including education, experience and involvement / engagement in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director	[illegible]
5.02	A brief description about role of the Chairman and the CEO	[illegible]
5.03	A statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management	[illegible]
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives	104
5.05	[illegible]	[illegible]
5.06	[illegible]	[illegible]
5.07	[illegible]	[illegible]
5.08	[illegible]	[illegible]
5.09	[illegible]	[illegible]
5.10	[illegible]	[illegible]
5.11	[illegible]	[illegible]
5.12	[illegible]	[illegible]
5.13	[illegible]	[illegible]
5.14	[illegible]	[illegible]
5.15	[illegible]	[illegible]
5.16	**Timely Communication:** [illegible]	N/A
5.17	[illegible]	[illegible]
5.18	[illegible]	[illegible]
5.19	[illegible]	[illegible]
5.20	[illegible]	[illegible]
5.21	[illegible]	[illegible]
5.22	[illegible]	[illegible]

6	ANALYSIS OF THE FINANCIAL INFORMATION	Pg No.
6.01	[illegible]	[illegible]
6.02	[illegible]	[illegible]
6.03	[illegible]	[illegible]
6.04	[illegible]	[illegible]

6.16	Methods and assumptions used in compiling the indicators	182
6.17	Cash Flow Statement based on Direct Method (especially Cash Flow for specific funds e.g. Zakat)	182
6.18	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	216
6.19	a) Share price sensitivity analysis using key variables (i.e. selling price, raw materials cost, interest rate and currency) with the consequent impact on the company's earnings. b) Composition of local versus imported materials and sensitivity analysis in narrative form due to foreign currency fluctuations.	189-190
6.20	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	N/A
6.21	CEO presentation video on the company's business performance of the year covering the company's business strategy and future outlook. (Please provide relevant webpage link of the video in the company's annual report)	118

7	BUSINESS MODEL	Pg No.
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4 of the International Integrated Reporting Framework.	75-79
7.02	Explanation of any material changes in the entity's business model during the year.	75-79

8	DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY	Pg No.
8.01	The board responsibility statement on the evaluation and assessment of legal and regulatory implications of cyber risks and the responsibilities of the board in view of any breaches.	125-126
8.02	Disclosure related to IT governance and cybersecurity programme, policies and procedures and industry specific requirements for cybersecurity and strategic outlook.	125-126
8.03	Disclosure about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on the issue.	125-126
8.04	Disclosure that at least one board level committee is charged with oversight of IT governance and cybersecurity matters and how the board committee [illegible] oversight function [illegible].	125-126
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communicate them to the board about cybersecurity risks and incidents.	125-126
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	125-126
8.07	Disclosure about incident response, contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	125-126
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4th industrial revolution (4IR), Block Chain, AI, Cloud Computing etc. to improve transparency, reporting and governance.	125-126
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	125-126

9	FUTURE OUTLOOK	Pg No.
9.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	157-158
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	157-158
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	157-158
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	157-158

10	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT	Pg No.
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	122-124
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company and how these relationships are managed. These engagements may be with: a) Institutional investors b) Customers & suppliers c) Banks and other lenders d) Media e) Regulators f) Local committees; and g) Analysts	122-124
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	126
10.04	Investors' Relations section on the corporate website.	116
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	126
10.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration b) Government as taxes (separately direct and indirect) c) Shareholders as dividends d) Providers of financing capital as financial charges e) Society as donations; and f) Retained within the business	127
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	124
10.08	Highlights about Redressal of investors' complaints.	124

11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	Pg No.
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)).	[illegible]
11.02	Adoption of International Integrated Reporting Framework by fully applying the fundamental Concepts, Content Elements and Guiding Principles.	[illegible]
11.03	BCR criteria cross referred with page numbers of the annual report. (Details can be maintained by companies on the Investor Relation section of the company's website)	261-263

12	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	Pg No.
12.01	Specific disclosures of the financial statements required under the Companies Act 2017 and IFRS **(Annexure II)**	357

14	INDUSTRY SPECIFIC DISCLOSURES (IF APPLICABLE)	Pg No.
a.	Disclosures required for Banking Company (Annexure III)	N/A
b.	Disclosures required for Insurance Company (Annexure IV)	N/A
c.	Disclosures required for Exploration and Production (E&P) Company (Annexure V)	N/A

ANNEXURE II – SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS (REFER SECTION 12 OF THE CRITERIA)

		Pg No.
1.	Fair value of Property, Plant and Equipment	N/A
2.	Particulars of significant/ material assets and immovable property including location and area of land	[illegible]
3.	Capacity of an industrial unit, actual production and the reasons for shortfall	240
4.	Recoverable value in case of revaluation of Property, Plant and Equipment or Investment property	N/A
5.	Specific disclosures required for Shariah compliant companies/ companies listed on the Islamic index as required under clause 5 of the Fourth schedule of the Companies Act, 2017	[illegible]
6.	Disclosure requirements for common control transactions as specified under the Accounting Standard on "Accounting for Common Control Transactions" developed by ICAP and notified by SECP through [illegible]	[illegible]
7.	Disclosure about Human Resource Accounting [illegible]	N/A
8.	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s), implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans	N/A
9.	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A

Q	DISCLOSURES BEYOND BCR CRITERIA	Pg No.
1.	MD & CEO's Message	[illegible]
2.	Contribution to national exchequer	[illegible]
3.	Directors' Report in Urdu	[illegible]
4.	Reporting on differently abled people employed by the company	[illegible]
5.	[illegible] beyond BCR Criteria	[illegible]
6.	[illegible] (Summary) highlights	[illegible]
7.	[illegible] (Summary) highlights	[illegible]
8.	[illegible]	[illegible]
9.	[illegible]	
10.	[illegible]	[illegible]

HOW THE ORGANIZATION'S IMPLEMENTED GOVERNANCE PRACTICES HAVE BEEN EXCEEDING LEGAL REQUIREMENTS

Subject	Statutory requirement	Company Conduct
Executive Directors	Not more than one	The Company has only 1 executive director out of [illegible] board members [illegible]
Board Committees	Board Audit Committee and Human Resource and Remuneration Committee are mandatory for listed companies	The Board has formed an additional Committee, Board Strategy Committee to review and provide guidance on strategic [illegible] proposals and investments.
Meeting of Board of Directors	Once a quarter	[illegible] meetings were held to consider matters of strategic importance in addition to 4 meetings held to consider financial results
Meeting of Board of Human Resource and Remuneration Committee	Once a year	In total, 4 meetings were held to [illegible] human resource practices per strategic vision of the Company
Audit committee meeting with the external auditors	Once a year	[illegible]
Directors' Training Program (DTP)	[illegible]	All directors, except [illegible], have completed DTP

WWF GREEN OFFICE

[illegible]

[illegible]

[illegible]

[illegible]