we value life

GROWING TOGETHER

ANNUAL REPORT

2021

GROWING TOGETHER

Honoring our paramount commitment to ensure greater access towards quality healthcare and wellbeing for the community, We are fully geared to achieve sustainable growth through unity and dedication.

Bearing this dedication in mind, this annual report incorporates our progress, strategic outlook, and our key advancements towards enhancing our impact as We Are...

… Growing Together

ABOUT THIS REPORT

The Annual Report is a compilation of AGP's business activities for the reporting period of 2021. Broadly it consists of information regarding organizations state of affairs, performance and outlook. Moreover, this report highlights all significant events and matters including long term sustainability and integrated performance along with strategic and operation review by the Board of Directors.

Scope and Boundary

AGP is proud to present its Annual Report for the year 2021. This report focuses on Stakeholder Information, Corporate Governance, Directors' Report and Financial Statements for the year ended December 31, 2021. There have not been any significant changes to the scope, boundary, and reporting since the last reporting date as of December 31, 2020.

Forward Looking Statement

This Report includes 'Strategic Outlook' which elaborates on the expected future business of the Company whilst emphasizing on its financial performance in the future. It will also disclose the future approach of the Company as well as provide the status of the previous projects disclosed in the prior period's Forward Looking Statement. It also briefly explain the challenges the Company is likely to face in the year ahead and how the Company plans to manage those challenges and mitigate the associated risks.

Materiality

Determination of materiality levels, other than those provided under the applicable law and regulations, is judgmental and varies between organizations. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. Materiality levels are reviewed periodically and are appropriately updated.

External Assurance

Following elements of this report have been independently assured by external experts:

- Independent Auditor's Report on the Audit of Financial Statements
- Review Report on Compliance with Code of Corporate Governance

EY Ford Rhodes – Chartered Accountants

- Entity's Credit Rating

Pakistan Credit Rating Agency

- Green Office Initiatives Audit Diploma

World Wildlife Fund for Nature (WWF)

CONTENTS

01

COMPANY OVERVIEW

Delivering Together

With a legacy of 32 years, our high-quality products have consistently delivered on enhancing healthcare for the community. Through this dedication, We are prepared to enhance the quality of life today and for tomorrow.

Company Overview

General information about the Company and its operations

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Overview

The frameworks that have been considered in compiling this annual report are:

- 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 Financials 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 (CoCG), 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).

Statement of Adherence with International Integrated Reporting Framework

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. The report also details the nature and quality of the organization's relationships with its key stakeholders and sets out the financial and non-financial performance of the Company and also provide insight into the future prospects and outlook.

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 page 63 to 64.

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 relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

This integrated annual report also contains all the content elements set out in the integrated reporting framework, namely:

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

Reporting Period

This Annual Report covers the reporting period from January 1, 2021 to December 31, 2021. The Company views corporate reporting as an effective means of communicating with its stakeholders and providing an insight into the Company's governance, performance, strategy and future prospects.

OUR SIGNIFICANT EVENTS

FEB
- Board of Directors Meeting, Recommendation of Annual Audited Financial Statements and Final Dividend

APRIL
- Annual General Meeting, Approval of Annual Audited Financial Statements and Final Dividend
- Achieved highest monthly sales of PKR 884 million

JUNE
- Election of Directors, All Directors were re-elected

JULY
- Acquired a portfolio of 22 pharma brands through its subsidiary OBS AGP (Private) Limited

AUG
- Corporate Briefing Session was held, Summarizing the Sandoz Acquisition
- Secured 2nd position in Best Corporate Report Awards in Pharma Sector
- Participated in Pakistan Pharma Conference

SEPT
- Secured 16th position in Pharma Export submit and awards 2021 held by Pakistan Pharmaceutical Manufacturers Association

OCT
- PACRA maintained AGP's long term credit rating of A+ and short-term credit rating of A1

NOV
- Corporate Briefing Session was held, Summarized 3rd Quarter results and Business Updates

DEC
- Highest ever production of 4.3 million packs
- Annual Sales Conference 2021

ACHIEVING TOGETHER

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.

OUR 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.*

COMPANY INFORMATION

Board of Directors

Mr. Tariq Moinuddin Khan | Chairman
Ms. Nusrat Munshi | Managing Director & Chief Executive Officer
Mr. Zafar Iqbal Sobani | Independent Director
Mr. Naved Abid Khan | Independent Director
Mr. Kamran Nishat | Non-Executive Director
Mr. Mahmud Yar Hiraj | Non-Executive Director
Mr. Muhammad Kamran Mirza | Non-Executive Director

Audit Committee

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

Human Resource and Remuneration Committee

Mr. Naved Abid Khan | Chairman
Mr. Kamran Nishat | Member
Ms. Nusrat Munshi | Member
Mr. Mahmud Yar Hiraj | Member
Mr. Muhammad Kamran Mirza | Member

Strategy Committee

Mr. Kamran Nishat | Chairman
Ms. Nusrat Munshi | Member
Mr. Mahmud Yar Hiraj | Member
Mr. Muhammad Kamran Mirza | Member

Chief Financial Officer
Mr. Junaid Aslam

Head of Internal Audit
Ms. Eisha Athar Baqai

Legal Advisors
Sattar & Sattar

Bankers
Allied Bank Limited
Dubai Islamic Bank
Faysal Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Limited
Meezan Bank Limited
The Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited

Website
www.agp.com.pk

Email
info@agp.com.pk

Company Secretary
Mr. Umair Mukhtar

Auditors
EY Ford Rhodes
Chartered Accountants

Share Registrar
CDC Share Registrar Services Limited

Registered Office Plant -I
Address:
B-23-C, S.I.T.E., Karachi
Tel.: +9221 111-247-247
Fax: +9221 325706678

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

Plant-III
F/46, S.I.T.E., Super Highway
Phase II, Karachi

CODE OF CONDUCT

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.

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.
- Interaction should be transparent with shareholders, analysts, and other public.

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.

EMPLOYEE RESPONSIBILITIES

- No agreement with third parties without compliance 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 be avoided.
- Prohibition of substance use in the work environment.
- Family connections must be disclosed to the organization.

BUILDING TRUST TOGETHER

OUR CORE VALUES

01 ETHICS & INTEGRITY

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

02 DEVELOPING OUR PEOPLE

Our employees continuously develop themselves, their teams and organizational capabilities.

03 CUSTOMER FOCUS

All our actions are directed towards creating value for our customers and providing them with an unparalleled experience every time they deal with us.

04 ENTREPRENEURIAL THINKING

We all focus on delivering results and look to capitalize on new business opportunities.

05 INNOVATION

We develop and encourage the ability to make bold decisions, challenge status quo, change, innovate and 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, Kefzol & Nebcin in Pakistan

2006
Enters into an agree-ment with OM Switzerland (now Vifor) to manufacture & market selected

2007
Purchase UCB brand rights for Rigix in Pakistan

2009
Enters into a supply agreement with GSK Pakistan for manufacturing of UCB products

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

2015
AGP (Pvt.) Ltd. & AGP Health (Pvt.) Ltd. merge into AGP Limited (Formerly Appollo Pharma)

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

2020
OBS AGP (Pvt.) Ltd. is incorporated as a SPV to acquire certain Sandoz Brands in Pakistan

2021
Acquired 22 pharmaceutical brands from Sandoz AG

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 have 67 depots nationwide with 900+ owned vans and 12 stockists.
In Afghanistan region, we have partnered with a renowned distributor 'Al-Haj Malem Khan Mangal' to distribute our product in 9 major cities.

Warehouses-5

Smart Depots-40

Corporate Depots-27

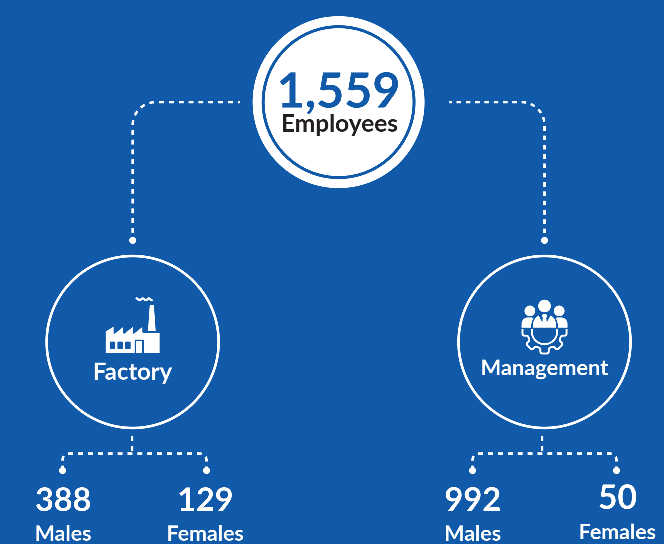
OUR IMPACT TODAY

Principle Activities

AGP is a pharmaceutical Company engaged in manufacturing and marketing their own products and under licensing arrangements with other renowned pharmaceutical companies.

Number of Employees

AGP has 1,559 employees, including third party contractual staff, to support its business activities across 3 manufacturing plants and head office. Appropriate disclosure of total and average number of employees has been made in note 40.1 of the financial statements.

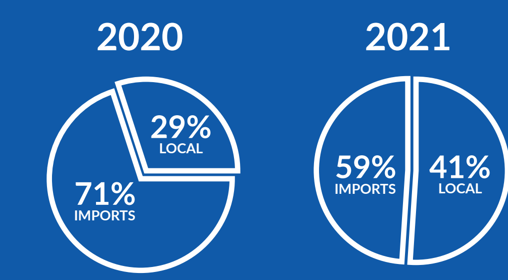


Position Within the Value Chain

The detailed illustration of value creation business model on pages 63 to 64 portraying Company's activities to create value for its stakeholders, by efficiently employing its capitals and effectively performing key business activities.

Composition of Local & Imported Materials

The Company procures raw material from local and imported sources. The composition of local versus imported materials improved by 12% during the year ended December 31, 2021 as shown below



Foreign Currency Sensitivity Analysis

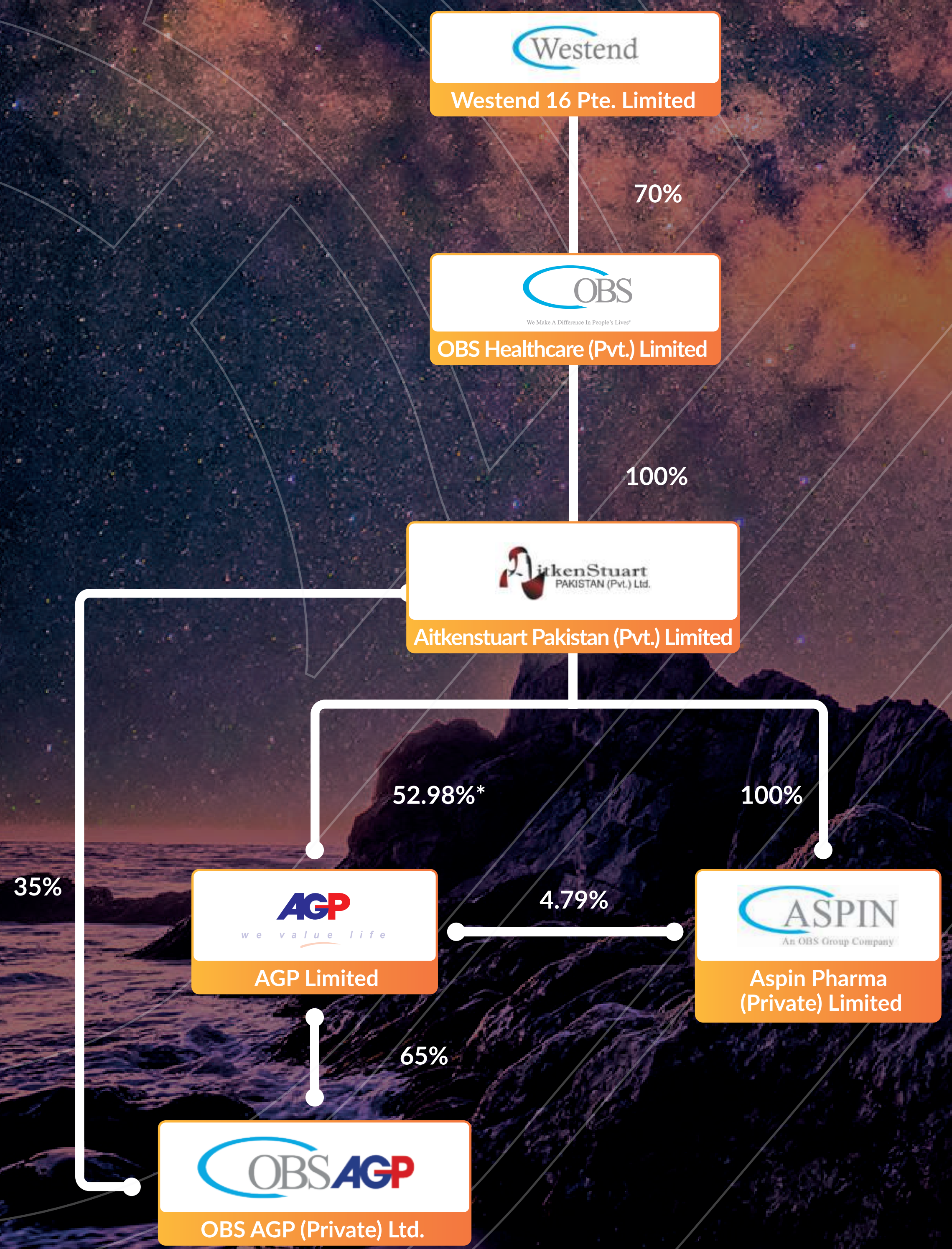
Based on the Company's results in 2021, every 1% increase in exchange rate, with all other variables held constant, will impact Profit Before Tax for the year by PKR 2.8 million

Significant Changes from Prior Years

Significant changes from 2020, have been appropriately disclosed in the relevant section in this report.

Particulars	Plant 1	Plant 2	Plant 3
Address	B-23-C, S.I.T.E., Karachi	D-109, S.I.T.E., Karachi	F/46, S.I.T.E., Super Highway, Phase II, Karachi
Annual Production (No. of packs)	35.4 million	6.9 million	1.1 million
No. of SKUs Manufactured	93	19	11
Major Brands Manufactured (Name of brands)	Rigix Range Osnate Range Anafortan Plus Range Sapsler-P Syrup	Ceclor Range Keflex Range	Kosnate - D Cofif Range Imuzer Range
Highest Manufactured Products (No. of packs)	Rigix Tablet 7.0 million	Ceclor Drops 1.9 million	Kosnate - D Sachets 0.1 million

GROUP STRUCTURE



Note: * AitkenStuart has increased it's shareholding to 55.8% in March 2022

ORGANIZATION STRUCTURE

OUR SENIOR MANAGEMENT

From Left to right

- Ms. Eisha Athar Baqai – Head of Internal Audit
- Mr. Sajid Qadeer – Head of Supply Chain
- Mr. Maaz Ahmed – Deputy Director Business Development and New Product Development
- Mr. Tanweer Mustafa Qazi – Director Commercial
- Mr. Umair Mukhtar – Director Business Planning & Corporate Affairs and Company Secretary
- Ms.Nusrat Munshi – Managing Director & CEO
- Mr. Junaid Aslam – Chief Financial Officer
- Dr. Omer Rafiq – Director Commercial
- Ms. Shumaila Amir – Director Plant Operations
- Mr. Junaid Jumani – Director Human Resources & Administration
- Mr. Syed Muhammad Imran – Director Quality Operations
- Mr. Abdul Sattar – Head of Information Solutions

PESTEL ANALYSIS

Political

- Lack of a consistent policy regime
- Unstable political environment
- Lack of infrastructure
- Strained geopolitical environment
- Initiatives to support the nation such as health care programs and financial support measures

Organization's Response

- Working together with Industry associations for constant liasing with the government and regulatory authorities
- Developing alternate vendor sources to mitigate supply chain disruption
- Availing and capitilazing on health care and financial support measures

Economic

- Adverse fluctuations in the exchange rate
- Double-digit inflation in the country is increasing the cost of operations
- Increasing interest rate increases the cost of debt.
- Hike of fuel and freight prices

Organization's Response

- Substituted Yuan for Dollar-denominated imports
- Securing debts on lowered interest rates for feasible capital expenditure
- Appropriate price adjustments as allowed by DRAP
- Efficient tax planning and securing refunds
- Early ordering and price locking of timely imported Active Pharmaceutical Ingredients

Socio-Cultural

- Increase in demand for pharmaceuticals due to aging population
- Rise in demand patterns because of the hike in pandemic
- Partnership with e-commerce companies to make products available in areas lacking hospitals and pharmacies
- Educational awareness of health-rated issues
- Enlargement of pie size of population with chronic diseases

Organization's Response

- Insights from COVID-19 pandemic led AGP to invest in related solutions
- Creating impact through CSR activities
- Partnering with organizations actively engaged in providing medical relief to the underprivileged
- Stressing on the quality of its products
- Creating awareness of diseases via social media channels

Technological

- Rapid technology advancements are making technology in use obsolete
- Artificial Intelligence, Digital Transformation, and Machine learning are being adopted to bring innovation to Pharmaceutical Industry
- Lack of technological research and development

Organization's Response

- AGP built an MRep portal to digitalize its capabilities and activities
- Contributing in Central Research Fund and liaising with international business partners for technological transfer
- Continuous investment in balancing, modernization, and restructuring of plants and machinery
- Exploring new technologies to aid in manufacturing and administration

Environmental

- Environmental pollution and depleting natural resources
- The need to move to green energy sources
- Natural disasters
- Business practices are impacting the environment

Organization's Response

- Collaborated with WWF and obtained green office certificate by practicing environmentally friendly businesss activities
- Installation of solar panels to reduce carbon footprint
- Measures to conserve water usage
- Water disposal to Sindh Environmental Protection Act, 2014 (SEPA) approved vendors only
- Ensuring compliance with National Environment Quality Standards (NEQS)

Legal

- Operate in heavily regulated industry.
- Compliance with Companies Act, 2017, CoCG and PSX Listing Regulation and Securities Act, 2015
- Levy of taxes and duties under Income Tax Ordinance, 2001, Sales Tax, 1990, Sindh Sales tax on Services Act, 2011 and Customs Act, 1969
- Weak implementation of intellectual property rights in the country

Organization's Response

- Filing hardship cases for price increase
- Providing feedback and input through pharma associations in formulating or revising drug policies
- Hiring professionally literate staff to ensure compliance with all the applicable laws and regulations
- Continues and thorough internal audit by professional firms to ensure compliance with applicable laws and regulations

SWOT ANALYSIS

S

STRENGTHS

- Diversified product portfolio, covering key therapeutic categories
- Distribution through Muller & Phipps enables us to reach across various towns and cities nationwide
- Equipped with best human resource talent
- Operational excellence and economies of scale
- Strong corporate governance with a focus on maintaining high quality of products
- Higher bargaining power over suppliers due to bulk purchasing and group structure
- Higher credit rating, which reflects strong financials and management

W

WEAKNESSES

- Reliance on imported raw materials
- Limited presence in international markets
- Low institutional sales
- Lack of research and development

O

OPPORTUNITIES

- The expected improvement in per capita spending on pharmaceutical products in Pakistan
- Increasing population coupled with increasing awareness and focus towards healthcare
- Higher profit margins in OTC and non-essential drugs and products
- Capitalizing on health care programs or schemes initiated by GoP
- Objective to explore inorganic growth opportunities

T

THREATS

- Increasing cost of doing business
- Heavily regulated and price-controlled industry
- Turbulent geo-economic situation in the region
- Failure to keep abreast with technological advancements
- High rate of counterfeit prevalence
- Intense competition from major industry players

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

AGP Limited has grown in leaps and bounds over the period of 3 decades. Our history demonstrates our strong commitment towards quality of products, standardization of processes, partnership with global pharmaceutical powerhouses and focus on strong governance with the aim of being more accessible to our customers. Our distribution networks spread all over the country and are streamlined to create value for our consumers, chemists and healthcare professionals. The Company's competitive landscape and market positioning in terms of Porter's five forces is explained below:

The Threat of New Entrants

The threat of new competition in the Pharma industry is in low to middle of the spectrum. The industry attracts new firms due to its high margins but the barriers to entry are much greater. These barriers include, high initial cost and extensive documentation for registration and approval to set up a drug manufacturing facility as well as market or sell the products. As this is a highly regulated industry, thus there are stringent protocols on the production, packaging and the price thus reducing the potential profit margins. As per IQVIA Q4 2021 report, sixty-eight (68) corporates are above one (1) Billion with 94% market share in Pakistan Pharma industry due to their strong distribution networks and economies of scale thus hindering the entrance of new companies.

Since its inception in 1989, AGP has established a reputation for its brand and has marked its presence in major therapeutic classes. The company enjoys the benefit of economies of scale, competent human resources and efficient production and quality management systems. Despite the presence of large number of local and international players in the market, AGP has been able to realize encouraging growth and financial performances.

Bargaining Power of Suppliers

There's an absence of high-quality active pharmaceutical ingredients in the local market, coupled with stringent quality criteria, high supplier switching costs and a precarious geopolitical environment restricts the options for raw materials vendors. To counter that challenge, AGP has diversified the options for sourcing raw materials to maintain the continuity of supplies and lessen the bargaining power of suppliers.

For packaging materials like glass bottles, cartons used in packing drugs are readily available from different sources, the overall bargaining power of suppliers is less as the market is highly competitive.

Bargaining Power of Buyers

Consumers have little power of bargaining due to the inherent nature of products being prescription-based and consumers having lack of knowledge towards the industry products. The company maintains a portfolio of prescription-based medicines and has always worked to increase brand loyalty by ensuring high quality and access to the products at optimal costs. AGP's products are endorsed by Key Opinion Leaders due to their quality, efficacy, useful and ethical marketing.

Institutional clients like clinics and organizations that purchase in bulk and apply strains on Pharma companies to keep prices competitive. On the contrary, Big Pharma companies have a huge bargaining power against larger business buyer to set prices on their own terms in regards to DRAP reforms, especially for medications with only one manufacturer gives Pharma companies immense leverage in the market.

Threat of Substitutes

In the prescription-based drug industry, the threat of substitute is relatively low due to the technical and undifferentiated characteristics of this product in the market. There are very few alternatives for therapeutic drugs in the market, including homeopathic medicine, herbal medicines and counterfeit products, however, these substitutes are of inferior quality, lack proper research of the benefits associated with these substitutes as DRAP does not regulate it and for life saving or risky medical treatment these substitutes lack the medical benefits.

The AGP products have high brand recognition, with a robust sales force and partnership with Muller & Phillips (M&P), the largest distribution house in the country, our products are easily available across the country. Our image of being a compliant entity which we have built over the years adds to the consumers' loyalty towards our products. Prevalence of counterfeits is reported to be on a much higher side that acts as substitutes for our products, in spite of this, AGP through trademarks, anti-counterfeiting raids and legal actions reduce the imitators in the markets. To counter the problem of counterfeit products, AGP introduced 2D bar codes on the products and unique designs into the packaging of core products to help customers distinguish products authentic products from counterfeits.

Competitive Rivalry:

The Pharmaceutical industry is majorly dominated by top 5 pharmaceuticals, who collectively owns 30% market share. AGP continues to strengthen its footsteps in Pakistan's pharmaceutical industry by remaining focused on serving its customers, strengthening and building stakeholder relationships, expanding and diversifying its product offering and exploring organic and inorganic opportunities for growth.

AGP along with its parent company, Aitken Stuart Pakistan (Private) Limited through a Special Purpose Vehicle, OBS AGP (Private) Limited, has successfully acquired a portfolio of 22 pharmaceutical brands from Sandoz AG, a company organized under the law of Switzerland, which are commercialized in Pakistan under the Sandoz brand.

EFFECT OF SEASONALITY

AGP Limited has existence almost in all major therapeutic categories operating in the country and presence all across Pakistan. AGP also has a sizeable active portfolio in Afghanistan. Thus no individual element of seasonality is likely to be material to the results of the Company as a whole. However, sales of certain of AGP's products, such as Ceclor, Keflex and Anafortan Plus, are subject to seasonal fluctuations. The sales are more pronounced during first and fourth quarter for Ceclor and Keflex, and during the second and third quarter for Anafortan Plus.

This impact was managed by proficient resource planning, advance procurement of imported materials, proper inventory management and effective production planning. Production environment is adjusted and planned in anticipation of sales forecast based on market demand. We ensured complete availability and accessibility of our medicines as per the needs and demands of our customers.

OUR TRUSTED PORTFOLIO

We offer healthcare products from diverse fields of medicine that constantly evolve with our customer's needs, enabling a healthier tomorrow. Our strong product portfolio can be broadly categorized in the following healthcare segments:

INTERNAL MEDICINE

Determined to offer high-quality generic pharmaceuticals to millions of people, 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 holds major share of this wide range portfolio whereas few other promising brands are Chymoral Forte, Ceclor tablets and Macusheild.

PEDIATRICS

Our focus is to deliver breakthrough innovations that extend and improve the lives of our upcoming generations. We are helping to eradicate 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. Osnate D is the leading brand of this segment followed by Ceclor.

GYNAE

Our Gynae portfolio consists of products belonging to rapidly growing and leading therapeutic classes, including Anafortan Plus, a market leader in Anti-Spasmodic Drugs, Rubiject in the segment of Iron Deficiency Anaemia and Kosnate-D, the first OMC with five essential minerals and vitamins of Pakistan.

CARDIOMETABOLIC

In 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 diabetes, hypertension and other cardiac ailment. To attain our vision, we have extended our product pipeline 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 combat the viral hepatitis transmission, we take pride in being the sole distributor of Mylan's products operating in the Hepatitis B & C therapeutic areas in Pakistan. With the vision to eliminate HCV & HBV as a major public health threat, we are creating value for our customers by constantly diversifying into newer sub therapeutic classes and providing quality products to strengthen our foothold in the segment.

ONCOLOGY

With the aim of creating a world where cancer is not only treatable but curable, we have collaborated with Mylan to enable provision of quality oncology medicines and biosimilars. Our dedicated oncology business unit is one of the most innovative portfolio that sees further enrichment with future launches in biosimilar field along with new drug therapies introduced through the platform.

NUTRACEUTICAL

In our wide range 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 ever changing world. With our new nutraceutical facility being fully operational, we are positive to further strengthen and expand our existing product pipeline.

NEUROPSYCHIATRY

We have consistently prioritized mental wellbeing of our consumers and have adherently positioned the importance of a healthy sanity at par with physical wellness of our consumers. AGP plans to curtail mental disorders originated from brain malfunction, by focusing on a portfolio consisting of four major neuro-medicines including AFDOL tablet, AFDOL Oral solution, Clozaril and ESI-DEP for treatment of cognitive and intellectual instability in the society.

ORTHOPEDIC

Dedicated to providing a solution for musculoskeletal system related illnesses, we at AGP have diversified and introduce a new specialized team of orthopedic drugs. The orthopedic category consists of various of drugs including ANALAR, BRIAX, Daplazole, KEFZOL, Sinaxamol, Mecovate, MelfaX and Osnate with each medicine treating a distinct disorder, ailment or disease under the same category medical unit. All an all our greater mission is to effectively and efficiently treat all musculoskeletal pains and diseases for a healthier future.

MARKETING

With a legacy spanning over thirty years, AGP has focused on creating value for all its stakeholders, especially customers as they are company's major focal point for growth and success. Adding on, AGP has made a strong mark in the minds of the consumer through our strong marketing model and capabilities, flourishing sustainable customer relationship services, diversified portfolio and vast network of health care providers and key opinion leaders (KOLs). At AGP, we ensure to leave our strong mark in the healthcare industry.

In 2021, new teams were formed to strengthen the portfolio including Orthopedic, Neuro-Psychiatry and Cardio-Metabolic. The relentless hard work of our marketers made Osnate D's way, joining Rigix in the 1 billion sales club. Rigix and Osnate remain the largest-selling anti-histamine and mineral supplements respectively with the growth of 19% and 22% in a fast-growing segment as per IQVIA Q4 of 2021.

Multi-Channel Marketing

The key to our success has been creating socially responsible and educational marketing campaigns, using both in-person and digital platforms to their full potential. We have an in-house organized and comprehensive information system for updating healthcare professionals about availability, safety, efficacy and usage techniques Staying committed to our customer's prosperity and society's health at large, we have developed interactive tools, such as HCP interaction application, to get regular feedback on our products from the experts and then to adapt to new solutions. Along with new technology incorporation, we also conducted pharmacist awareness program to empower and educate medical professionals about our offerings. Through these developments, we have achieved new milestones in accelerating the digital transformation of our marketing function. In 2021, healthcare professionals' coverage increased by 33% and chemist coverage by 16%.

To keep the healthcare infrastructure up and running, this year we have launched a trade marketing function with a core focus to improve the accessibility and visibility of our products. This segment has already shown promising results.

Educating our Consumers

Owing to our unwavering focus on educating our customers and the general public about the prevention and treatment of different diseases, this year we have launched several countrywide awareness campaigns engaging more than12,000 HCP via face to face and digital channels. Moreover, we have developed knowledge base HCP interactive application and air quality index on Rigix to ensure greater understanding of the brand and the benefits inculcated in its formula. Apart from this, AGP have also revitalized the packaging of Rigix Oral Solution to improve the brand recall.

Addressing to the worrisome statistics showing that 51% of women in Pakistan suffer from calcium deficiency, we initiated "Natural Calcium ki Baat Khawateen ky sath", radio programs, engaging 13 leading gynecologists all over Pakistan. In addition to that, all key social media platforms were utilized for information sessions on the role of probiotics, gut health, and child care, featuring leading healthcare experts. To enable and support a sustainable healthcare force, a systematic approach of monthly pharmacist education programs were launched.

Expanding our Horizon

AGP launched 5 new products in 2021, solidifying our commitment to creating inclusive and sustainable health solutions that meet the requirements of customers. Our new launches include Imunizer, a unique combination of Vitamin C & Zinc in a film quoted chewable form. A broad base of diversified health care solutions created stability for our investors.

Future Outlook

Through all of the aforementioned efforts, we have developed new capabilities that strengthened our customer relationships for the existing as well as the future with greater performance expected in 2022 and beyond.

OPERATIONS

We are focused to improve healthcare through consistent provision of supreme quality products and compliance to Good Manufacturing Practices. We are striving to make this possible through our key strategic priorities: investing in our state-of-the-art manufacturing facilities, delivering high quality products at optimal costs, meticulous production planning and working safety & sustainably with zero tolerance to accidents, defects and waste.

Sustainability, Health, and Protection

Ensuring the health and safety of our employees is our top priority. With the right awareness, focus, practices, and tools, we have stretched ourselves to identify and address gaps from highest to lowest risk level. We have excelled in machine safety by performing proactive validation studies, which helped in the provision of safe work equipment and plant for employees. Our aim of advancing health for humanity begins with advancing the health of our workers.

AGP encompasses a comprehensive set of policies, business practices, and procedures to mitigate environmental impacts. Environmental affairs across all areas of operations are managed according to the guidelines recommended by WHO (World Health Organization). We use Effluent Treatment Plant (ETP) as a key operational control to reduce the pollution load of our wastewater to meet all the legal standards for the wastewater discharge. Moreover, we also adhere to all compliance with Sindh Environmental Protection Agency (SEPA).

Production

We have 3 state-of-the-art manufacturing facilities which have been certified to comply with Good Manufacturing Practicing (GMP). The installation of cone blender, shipper sealer, and capacity enhancement, quantum leap in productivity has been boosted by 6.6%. To ensure a continuous process of growth, learning, and eventually, value addition across the entire organization, a platform is created for employees from all 3 sites for sharing experiences, challenges, and training among each other.

Plant-1

Plant -1 is our largest manufacturing facility located in the SITE Area, Karachi. Stretched over an area of 2.81 acres, it is well equipped for the production of a wide variety of dosage forms including Tablets, Capsules, Syrup, Suspension, Sachets, Liquid Parenteral, Ampoules & Semi Solids Preparation. To enhance the efficiency, we have increased the dispensing capacity by 200%, which reduced the dispensing time by 50%. With a target of efficient operations even at times of peak demand period, the storage facility of finished goods has been enhanced by 280%.

With our continuous efforts to upgrade our current manufacturing facilities and maximize our production capacity, we produced 4.3 million packs, highest number of packs in any month. Whereas for whole year, 35.3 million Packs were produced including major brands: Rigix, Osnate, Range, Anafortan, Urso and Chymarol Forte, along with new products launches, including Daplazole, and Truglif and others.

Plant-2

Plant 2 is our Cephalosporin manufacturing facility situated in SITE Area, Karachi, covering an area of 1.25 acres. In 2021, the annual production was 6.8 Million Packs of brands Ceclor, Keflex, and Ckinlare and others manufactured in the facility through strict coherence to high manufacturing standards in accordance with GMP.

Plant-3

Plant 3 is a state of the art nutraceutical facility located at Super Highway, Karachi. It has produced 1.1 Million Packs, major brands include Coffif, Kosnate-D and so-forth.

New Product Development

The company pursues substantial investment of new and improved products, processes, and technologies. It is our unwavering pledge to benchmark our products against the global standards. With deep insight in patient care, our team enables us to manufacture a range of complex generics and drug delivery based formulations. Our main area of focus remained development and extension of our product pipeline complied to the guidelines of DRAP and other concerned regulatory authorities.

Quality Assurance and Technological Integration

With our commitment to achieving collective prosperity, and society's wellbeing at the utmost fundamental level, we follow robust internal quality controls. Control checks are conducted through entire process chain from manufacturing, storage, delivery of products to our distributors and ultimately to our customers.
We adhere to quality control compliances with the local and international bodies, not only for ourselves but also for our suppliers. Our high-quality standards and compliance levels are evident from our exemplary performance in several audits and inspections conducted by various external agencies. Several trainings are held throughout the year to ensure adherence of practices to standards and to create a culture of quality.
Technology incorporated for better quality assurance are prevailing from year to year. We include MATTERSIZE 3000 for size determination, data integrity through QC instruments of HPLC, IR,UV,GC linked with cloud storage for internal backup and bulk hold time studies and cleaning validation for quality cross-checks. Furthermore, this year filter integrity tester has been installed to ensure the integrity of the sterile filter, and automate the entire procedure.

Regulatory Affairs

Our regulatory affairs department ensures compliance with legal and ISO requirements. We take pride in being ISO 14001, and ISO 45001 certified by IMS along with ISO 9001 certification by outsource auditor, which enables us to focus on accessing the risks in production, machines and processes. Further, we have also become FDA-21 CFR compliant by induction of new dissolution and melting point apparatus.

In the future we aim to further improve our technical operations through Quality assurance certifications, adherence to environmental-friendly practices, technology incorporation and improvement in employee wellbeing and safety.

SUPPLY CHAIN

The year 2021 has been the year of repercussions of COVID-19, where things were coming to normalization yet everyone faced a fair share of challenges. During this whole fiasco, our Supply Chain department remained steadfast and operated efficiently as well as effectively to ensure smooth and cost efficient business logistic management through; systematic function integration, coherent process coordination, efficient resource management and proper risk management.

Efficient Material Handling

Our supply chain department encompasses the core function of price maintenance, through efficient cost management and timely material handling. Additionally, our procurement team emerged successfully through the development of new sources of material, which was previously held as monopolistic supply . Furthermore, a couple of products were transitioned from import to local sources reducing the dependency on foreign imports to obtain greater stability in terms of foreign currency fluctuations and transportation obstacles especially during COVID-19. It was also ensured that the availability of the material does not face any trouble whilst the crisis of container shortage was at its peak. A couple of shipments were switched to FOB shipment mode, where we booked our forwarder and managed logistics from our end as per the need of the hour to avoid any delays in deliveries and overpricing.

Efficacious Cost Management

Department accomplished significant cost savings by adopting a proactive approach in order booking (timely) and rate negotiation with suppliers, accompanied with alternate source development of local material to obtain raw materials at best quality and lowest price . There was one more feat of import where we managed to keep the trend of increasing prices of the material stable.

Launch and smooth distribution of Sputnik Vaccination

In addition to efficient management of spply chain and logistics of pharma and nutra products, supply chain department manages one of its kind Sputnik - V vaccine from import to warehouse and from storage to transportation as per special requirements of the prodcuts all acoss Pakistan in 16 hospitals.

Acquisition of Pharmaceutical portfolio

The role of supply chain department is really commendable in the acquisition of newly acquired portfolio from Sandoz AG. Adequate resource planning, efficient inventory management, structured warehousing and timely distribution of resources enable the products to remain accessible to consumers all the time.

INFORMATION SOLUTIONS

Our IS team has made notable technological advancements in both internal processes and external engagements. As a result, despite unprecedented challenges posed by the COVID-19 pandemic, our IS team has made operations highly efficient, using automation and improved customer service to bolster service standards.

Keeping in mind the importance of data in strengthening management systems, we upgraded our software capabilities from Lotus Notes to a complete cloud-based solution by migrating to Microsoft Outlook. This upgrade has enabled our staff to access our data through different devices from anywhere in the world using an internet connection and a few key strokes. In addition to instant access, it has brought us a perfect back up plan in case of any disasters, as data will be backed up in real-time and can be retrieved instantly. This initiative has significantly plummeted costs incurred by storing data internally. Improved accessibility and better analytics have led to robust decision-making and boosted business performance.

Throughout the Company, several up-to-date and user-friendly digital platforms are being employed by the Human capital for day to day as well as tactical operations. Various SAP modules and custom-designed applications, such as our Medical Representative application (MRep) and Intelligence Applied System (IMS) are put to used to increase internal controls, and get in-depth insights. These applications have a personalized interface to provide daily analytics and regular updating of sales data and workforce performance, enabling the Company to ensure transparency and accountability with real time data.

Staying devoted to our customer satisfaction and their prosperity at large, we have configured various interactive tools including HCP application to inform medical representatives about our new offerings, availability of existing product portfolio and timely procurement of medicines and drugs. Moreover, this interactive HCP application provides two-way communication between HCP's/Pharma's and AGP itself, enabling HCP to provide recommendation and feedback for communication and portal improvement leading to greater motivation and improved satisfaction for our customers.

With our proactive approach, we are ready to continuously evolve our entire value chain to embrace all of the upcoming technological advancements. These measures help us in the most optimum utilization of resources to achieve our objective of profit maximization, along with the social objective of a greener business.

HR MANAGEMENT

Robust belief in success through people, we empower and drive our business by human capital, helping them to achieve their ambitions by enhancing their abilities, increasing their engagement, and developing a strong association between their purpose and organization goals. The core competencies lie in attracting top-notch industry talent, organizational development, building capabilities & expertise of employees, and providing them with a diverse and inclusive culture. As an organization, employees are our top most priority and biggest asset!

51 NEW FEMALE INDUCTEES	**07** MANAGEMENT TRAINEES HIRED	**1022** AVERAGE NUMBER OF EMPLOYEES	**20%** DIRECT REPORTEES OF MD ARE FEMALES
48 INTERNS HIRED	**179** TOTAL FEMALE EMPLOYEES	**01** DIFFERENTLY ABLED PERSON INDUCTED	**507** TOTAL SKILLED FACTORY WORKERS

Attracting Promising and Professional Talent

AGP continues to establish itself as an equal opportunity employer, unbiasedly attracting top talent. The continuous hunt and development of leadership strengthens our competitive advantage and is crucial to our success.

Along with the hiring of experienced professionals, our participation in recruitment drives and career fairs at reputable universities including Karachi university, IBA and many more continued in the year 2021, to attract young and passionate talent, through our systematic and organized MTO program. In addition to physical recruitment drive, the robust HR department at AGP attracted experienced and young talent both, through social media especially LinkedIn and other digital platforms.

We have a well-structured and bias-free hiring process to provide a consistent and equitable experience to everyone involved. With the new recruitment software in place, FlowHRM, the process has been automated and digitalized to ensure transparency.

We have a vast career development framework and provide accelerated growth opportunities. Our annual appraisal system enables employees to evaluate their own and team's performance, and status of work. Through these developments, our employees with the right knowledge, skills, and experience can easily climb up the ladder of success.

Nurturing Our Culture

In 2021, we continued our aim to provide a friendly and progressive atmosphere to our employees to foster them to grow, develop, build, and explore. With multiple avenues to engage, we listen to our employees on what they see as challenges and empower them to share their perspectives to improve their overall experience. Aiming to achieve a collaborative culture and greater engagement, gup shup corners were initiated, held once a month, to enhance cross-functional interaction. Moreover, To encourage our employees to continuously add value to the Company, we regularly reward and celebrate their achievements.

Welcome to All

Our ambitious and commitment to diversity and inclusion has been acknowledged by HR Metrics by rewarding us with 6 awards at “Global Diversity, Equity & Inclusion Benchmarks 2021”. The appreciation for our decades of devotion did not just stop there: this year AGP has been ranked amongst the top 10 organizations for Global diversity. We make a unique blend of people with different ages, religions, gender, and ethnicity, and then everyone works as one big family. As everyone comes with distinctive ideas, approaches, and opinions, it helps us to make holistic strategies to put our mark in the industry.

Training and Education

The focus on learning is a key part of our goal to ensure that employees can continuously reskill, upskill, and go above and beyond their abilities. We put the human capital forefront of all other assets and work for their growth and development. In 2021, we held numerous on-the-job and external training to make our employees adapt to the new and better ways to become a better fit for the future. One important way we are boosting our capability is by providing a personalized plan for every employee through a well-integrated Learning Management System (LMS). This way we also ensure that employees align their development objectives with our core values and vision: Growing Together.

Upholding Our slogan: “We Value Life” to make the greatest impact to advance health for humanity, we are developing future leaders for the industry. Every one of our employees lays hold of our company’s responsibilities to patients, consumers, customers, and healthcare professionals. Employees are guided by the company’s code of conduct to set rules and regulations of their expected behavior in whichever function they work for the advancement of a sole objective: “Ensure Longer and Healthier Life”.

FINANCE

The finance department is guided by strong ethical principles while staying focused on maximizing shareholder value, protecting the best interests of the organization and other stakeholders.

We are committed to achieving optimal profitability by keeping an eye on both short and long-run trends, remaining responsible for our organizational impact on the environment, while maintaining the highest professional standards.

From basic bookkeeping to assisting higher management in making informed strategic decisions, the finance department is one of the major pillars of our organization and an essential ingredient to a successful year. It plays a critical role in making financial decisions for both internal and external affairs, and the future direction for the Company through advanced budgeting and forecasting techniques. Different future risks are identified, appraised, outlined, and most importantly mitigated. We adhere to a strong internal framework approved by the Board in all functions.

Cross departmental collaboration is significant to corroborate common vision, smarter decision-making and improved coordination, keeping this view in mind, we partner with our business units to provide them strategic counseling and efficient resource allocation methods and practices to reduce unnecessary cost.

We follow stringent guideline from IFRSs and IAS to ensure transparency, relevancy to stakeholders, financial performance and strong adherence to ethical practices. Our 2nd position for the best annual report for the year 2020, itself is the verification and attestation of our adherence to best accounting and reporting standards in Pakistan.

Accelerating digital transformation, we use different tools to not only run efficient and effective finance operations, but also to do a thorough analysis before shaping an overall strategy for the Company.

OBS AGP KEY HIGHLIGHTS

OBS AGP (Private) Limited commenced operations on July 30, 2021 and immediately after the acquisition, the Company concentrated its focus on the integration and transition of the employees. Efforts were also made to increase the team strength and enhance the footprint of its distribution network. This enabled the Company to achieve sales of PKR 1.9 billion in only 5 months of operations thus exceeding the expectation of stakeholders.

In line with its objectives of maintaining a diverse & inclusive workplace culture, the Company increased its gender diversity ratio from 8% to 25%. During the first 3 months, over 30% of the employees who joined the Company from Sandoz were promoted after successful execution of nationwide assessment centers attended by 126 internal & external resources.

In September 2021, the Company successfully managed to digitalize its hiring process and calibrated itself to commence a major hiring exercise whereby over 300 employees were subsequently added to the workforce.

In November 2021, OBS AGP's Commercial Excellence team celebrated the launch of M Rep Application whereby the team integrated data architecture and business intelligence for mapping territories and healthcare practitioners. An in-house custom-made analyzer was introduced to help analyze IQVIA data and a smart share point concept was also introduced for FFM Onboarding.

Moving forward, OBS AGP under new management welcomed the new year with an ambitious objective of increasing sales to record levels with the addition of new teams and territories.

In line with AGP's commitment to its shareholders for creating value through organic and inorganic growth, the Company, through its subsidiary, OBS AGP (Private) Limited, successfully acquired a portfolio of 22 pharmaceutical products from Sandoz AG.

These products belong to various therapeutic classes and include well-established brands including Azomax, Amoxi-Clav, Ospamox, Zatofen, Ternelin and Nocid.

This acquisition has resulted in the strengthening of AGP's existing presence in the anti-infectives segment. Moreover, the acquisition has also opened up new opportunities in the oncology segment through the addition of the various oncology related products.

M. Kamran Mirza,
Chief Executive Officer
OBS AGP (Pvt.) Limited

OUR PEOPLE
OUR PRIDE















AWARDS AND ACHIEVEMENTS

Best Corporate Report Award

AGP's Annual Report 2020 secured 2nd position within the pharmaceutical sector in Best Corporate Report Awards competition conducted by the joint committee of ICAP and ICMAP.

Global Diversity and Inclusion Benchmarks Award

AGP participated 2nd time in Global Diversity and Inclusion Benchmarks (GDIB) Conference and Awards 2020 and made its mark by winning awards in 6 different categories.

Progressive Awards	Best Practice Award
• Leadership And Accountability • DEI Structure And Implementation • Recruitment • DEI Communications	• Work -life integration, flexibility, benefits • Community, Government Relations, Philanthrophy

Secured a Position in Pharma Export Summit Award

AGP has secured a position among top pharma companies in export sector and recognized at the first-ever "Pharma Export Summit and Awards 2021" held by the Pakistan Pharmaceutical Manufacturer's Association.tion.

ISO Certifications

- ISO 9001:2015 - Implementing and maintaining a company wide robust Quality Management System
- ISO 14001:2015 – Implementation of sustainable Environmental Management System
- ISO 45001:2018 – Occupational Health and Safety Management System

cGMP Certification

Both of pharmaceutical plants of AGP, is 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

The Company received the "Certificate of Shariah Compliance with KSE Meezan Index (KMI) Shariah Compliance Criteria" after the Shariah Compliance Review, conducted by Meezan Bank limited.

WWF Green Office Certificate

AGP with collaboration WWF participated in Green Office Initiative, an Environmental Management Plan to ensure sustainable practices in head office to conserve energy, waste and water.

SUSTAINABILITY AND CSR PRACTICES

Consistent with AGP core values of preserving and improving lives, the organization is committed to supporting and partnering with stakeholders and communities through Company's comprehensive sustainability framework. This framework focuses on creating shared value based on social, environmental, and economic parameters. We aim to incorporate sustainability in our day-to-day operations by investing in social wellbeing, making business practices eco-friendly, producing quality life-saving drugs, and providing a nurturing workplace culture. In the current year, AGP has contributed 5.2% of Company's Profit-After-Tax towards its sustainability and welfare of society in an exemplary manner that includes measures in the following key areas.

Building a Community

Believing in the power and profound impact of right knowledge at the right time, AGP initiated awareness campaigns on prevention and cure of prevailing health diseases, incorporating the latest trends in digitalization and social media.

AGP made a donation of Hepatitas medicine of PKR 69 million to aid patients in need. Considering the worrisome reports showing that 51% of women in Pakistan suffer from calcium deficiency, AGP launched dedicated series on the matter titled "Natural Calcium Ki Baat Khuwateen K Saath" on FM 100 hosting top health professionals and experts in the field. The series comprised of 12-programs that ran every Saturday on Radio Station featuring prominent consultants to provide their valuable insights on causes, symptoms, and prevention of calcium deficiency. In addition to that, AGP also hosted well-renowned doctors, for an informative session named "Pait ki Kahani Mahayreen ki Zabani". This was a continuation of several other sessions conducted by AGP for educating the public about prevalent diseases.

With resilience, dedication, and resourcefulness, AGP took several initiatives, critical to uplift the socio-economic status of the community. Some details of these initiatives are shared below:

AGP donated Hepatitis C medicine, MyHepAll, worth 69 Million to various renowned medical institutions including Liver Center, Memon Hospital and AIMS.

01

02

AGP held a 3-day long awareness session on breast cancer for the education of women to detect symptoms, and to take the right course of action for a successful cure.

AGP donated its hand sanitizer brand Zapol, to several organizations including Akhuwat, SOS Children Village, TCF, and Shahid Afridi Foundation (SAF).
Moreover, AGP held covid awareness session and executed vaccination drive in its vicinty to safeguard and protect its valuable human resource from COVID-19.

03

04

Initiated tree plantation campaign under the theme of "Each One Plant One", with the aim to propagate its commitment towards environmental conservation. To mark this commitment, AGP carried out several tree plantations drives in different areas, including Jinnah Postgraduate Medical centre (JPMC) ,The Citizen foundation (TCF) and several others.

Partnered with Ayesha Chundrigar Foundation (ACF) to support a program TNVR (Trap, Neuter, Vaccinate, Release/Relocate) for mass vaccination and neutering of stray dogs.

05

06

AGP's top management and employees carried out a beach cleaning activity at Nathiagali Beach to create awareness and play its role in protecting the environment.

AGP on a Mission: “Learn today, Lead tomorrow!”

To ensure sustainable business practices actively and continuously, AGP takes huge pride to partner with renowned Non-Profit Organizations to work collectively over the mission of empowering children and enabling moral, spiritual and intellectual enlightenment through the power of quality education.

Sponsered an annual scholarship fund of PKR 1 million at IBA Karachi to support promising students from underprivileged backgrounds. MD & CEO, AGP Ltd, Nusrat Munshi signed an agreement with Executive Director, IBA Karachi, Dr. S. Akbar Zaidi to provide financial support to students for a period of 4 years.

Donated to Ida Rieu Welfare Association - a school for the blind and crippled, combined with an industrial home for the poor. Ida Rieu also runs separate hostels for boys and girls as well as a dedicated vocational training center that provides in-house training in the fields of computer training, tailoring, embroidery, bookbinding, and cooking skills.

AGP Limited signed an MoU with SKMF to donate Pkr 2.3m as part of CSR and fund an yearlong education of (100) students of school adopted by Sharmeen Khan,. The foundation is working to assist the children coming from a disadvantaged background to provide them the quality education.

As part of our commitment to remove, class barrier and provide quality education to the deserving and under-priviledged, AGP sponsored a school of 200 students for a year in collaboration with The Citizen Foundation (TCF) in Jacobabad. AGP will provide PKR 3.8 million to TCF which will be used towards financing the school fees, books, and other administrative expenses of the school.

Protecting and Regenerating Nature

AGP continuously and consistently safeguards the environment, for this purpose we went into a purpose-driven partnership with a sustainability expert, World Wildlife Fund for Nature (WWF) for Green Office Certification. AGP implemented the Environment Managenet Plan at the head office with the aim to reduce carbon dioxide emissions and offices' ecological footprint. Implementation of this program helped our organization cut down on costs, reduce waste, make better procurement choices and become an environmentally aware workforce. This led to AGP achieving Green Office Certification, becoming the 2nd pharma to attain this accolad.

In congruent with the organization’s value of conserving nature, all the manufacturing sites at AGP are following National Environmental Quality Standard (NEQs). To attain sustainability and long-term growth, the Company is tirelessly working to refine its energy and resource consumption through the following steps:

- Installation of solar power systems at all 3 of its production facilities to reduce greenhouse gas emission that results in global warming
- Installation of sensor-driven taps that promote sustainable consumption of water
- Effluent water treatment plant for proper water disposal that complies with Sindh Environment Protection Agency (SEPA)
- Organizing training session to both upper and lower management for “Green House Program” at AGP’s own premise.

Consumer Protection and Safety

AGP takes stringent measures to ensure consumer protection and safety as it is cognizant of the critical nature of the pharmaceutical industry. The organization has taken steps to ensure safety and avoid counterfeits purchase; this includes the incorporation of unique design elements into the packaging of core brands and the introduction of 2D bar codes on the products manufactured at AGP.

Promoting Sustainability in Work

AGP has always taken the health and well-being of its people as its top priority and constantly strives to provide and maintain a safe and conducive working environment for its human resources.

Employees are considered as our valuable assets and necessary steps are taken to ensure their health and safety at all costs. To assure employees’ well-being, the Company conducts regular maintenance of machinery and training sessions to create awareness as well as mitigate all future possible risks and accident. AGP also conducts emergency response drills and fire risk assessments to prepare its staff for sudden mishaps and natural calamities. Lastly, to strengthen employee’s immune system, heart health, and memory and brain performance, the organization provides a hygienic and balanced diet to the workforce.

AGP works to enable diversity and equal employment opportunities to its staff by carrying out training sessions for diversity and inclusion as well as implementing equitable hiring practice. Adding on, we contribute to the fulfilment of human rights by ensuring compliance with laws and regulations wherever we operate and through our policies and programs.

AGP believes in youth empowerment as reflected by our hiring practices. We have taken numerous measures to increase youth’s participation within the organization.

AGP, enables an organizational culture that prioritizes employee engagement and maximizes their involvement and motivation, through this initiative, the Company undertook several activities and events to promote an inclusive and conducive environment among its workforce:

Diwali

Independence Day

Mother's Day

Women's Day

Easter

Milad

Christmas

Fathers Day

TOWARDS A SUSTAINABLE FUTURE

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

02

ZERO HUNGER

- Several ration drives were conducted for distribution of food to the underprivileged population and 100 bags of ration worth around PKR 3 million were distributed to needy families as part of our CSR.

05

GENDER EQUALITY

- We have female strength of over 11.5% as a total workforce;
- 1st female led pharmaceutical listed company;
- 25% of our senior management cadre consists of females reflecting our commitment to provide equal opportunities to females to flourish within the organization;
- Won GDEIB awards for the 3rd consecutive year and this year we are awarded in six different categories namely Recruitment, Leadership and Accountability, DEI structure and Implementation, Work Life integration, DEI Communications and Community, Government relations and Philanthropy.

03

GOOD HEALTH AND WELL-BEING

- To aid in the treatment of the life-threatening disease of Hepatitis in Pakistan, the Company donated Hep medicines amounting to around PKR 70 million to various healthcare institutions;
- Made donations to various medical camps in Khyber Pakhtunkhwa to help patients get free medical care;
- Initiated health awareness programs such as Natural Calcium Ki Baat Khawateen Ke Saath and Liver Care Web Series, conducted by medical and healthcare professionals.

04

QUALITY EDUCATION

- A policy is in place that provides educational scholarships to the needy and deserving children of factory workers and support staff;
- Partnered with IBA Karachi in the current year to sponsor two (2) students for their bachelor's program;
- Sponsored education of 300 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Sharmeen Khan Memorial Foundation (SKMF).

06

CLEAN WATER AND SANITATION

- Effluent water treatment plant is in place for proper water disposal that complies with Sindh Environment Protection Agency (SEPA) and approved by the competent regulatory authority;
- Conserving water by using taps with sensors and springs wherever possible;
- Donated Zapol Hand sanitizing liquid to several charitable organizations including Akhuwat Foundation, SOS Village and TCF.

The Company is consistently making efforts to promise a sustainable future by pursuing the achievement of maximum number of goals:

07

AFFORDABLE AND CLEAN ENERGY

- Installation of Solar Power System on all 3 plants that will cover around 15% of our energy needs;
- Collaborated with the WWF aiming to make AGP an environment friendly office by reducing its carbon footprint. The Company has successfully implemented the environment management system suggested by WWF and has also managed to become a Green Office Certified Company.

08

DECENT WORK AND ECONOMIC GROWTH

- Installation of Particle Size Analyzer (PSA) has played an instrumental role in improving our new product development process by enabling the management to perform inhouse testing of particles and not solely rely on Certificate of Analysis provided by vendors. PSA also provides more intelligence in the existing process and helps in detection of potential problems related to particle size at early stage;
- A day care center is being established to facilitate the working women to improve their morale and lower absenteeism and turnover;
- A proper framework is in place to ensure that similar opportunities, wages, and benefits are provided to male and female staff doing the same level of job with similar qualifications and experience.

10

REDUCED INEQUALITIES

- Duly adhere to all fiscal policies pertaining to labor wages and compensation;
- Increased wages of workers to support their living in inflationary environment;
- The composition of employees contains different ethnic groups including minority classes;
- The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor.

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

- AGP actively works on waste management and efficient consumption through an affluent water treatment plant and efficient use of natural resources by installation of solar panels at all 3 factories.

15

LIFE ON LAND

- Carried out plantation drives in various areas to promote the sustainability of the environment

OUR BUSINESS MODEL

We use our resources and our unique activities to provide high quality medicines and products and create long term value for our stakeholders in a responsible and sustainable way.

Our Resource

Human Capital
Our people help deliver our objectives with their scientific and technical knowledge and their expertise in regulation, intellectual property and commercialization

Social Capital
We efectively manage our relationships with regulators, suppliers and third parties. We also have a good corporate reputation which is instrumental in managing these relationships

Financial Capital
Access to cash, debt and equity enables us to invest in enhancing our capacities for today's and future needs

Intellectual Capital
We are equipped with a trusted brand name and have a diversified product portfolio. We also have expertise in business acquisition and integration, which enables us to achieve efficient and positive synergies

Manufacturing Capital
We have state of the art, cGMP compliant manufacturing facilities. Our manufacturing expertise enables us to deliver quality products of international standards and achieve economies of scale

Natural Capital
We focus on environmental protection and are inclined to adopt methodologies to conserve natural resources

How We Create Value

PRODUCT PIPELINE DEVELOPMENT

(Patient needs – Product registration)
We Invest in product portfolios that present opportunities for sustainable revenue growth. Our targeted acquisitions present value enhancement opportunities.

MANUFACTURING & SUPPLY CHAIN OPERATIONS

(Procurement - API imports - Manufacturing – Distribution)
We achieve supply chain efficiencies due to our high bargaining power and timely ordering capability
We capitalize on our unique manufacturing capacities and widespread distribution network, to achieve optimization of operational costs and ensure reliable supply of high quality products.

COMMERCIALIZATION

(Marketing and Sales – Healthcare Professional Engagement and Support – Patient use)
We generate organic revenue and profit growth through focused promotion of our products through our extensive sales force network and cost economization

REINVEST & DISTRIBUTE RETURNS

As part of our capital allocation framework we reinvest in our portfolio to provide the platform for future revenue growth, improved operational synergies and to create capacity for new value adding opportunities. We also provide adequate returns to shareholders in the form of Dividends

Achieving Outcome

For Employees
We employ 1,559 staff and offer them skill development and career growth opportunities, to attract, retain and motivate the best talent to support our business. We paid a sum of PKR 1,502 Million to employees as remuneration and benefits

For Patients
We provide quality products to improve health and thus quality of life of our patients in the community. We manufactured 43 Million no. of packs during the year.

For Vendors
Generating business and develop mutually beneficial long term relationships. Procurement of goods and services from local and international partners aggregate to an amount of PKR 1,870 Million in year.

For Distributors
Provide manufactured medicines for distribution across the country and borders. The medicines distributed worth PKR 7,044 Million in domestic and international markets.

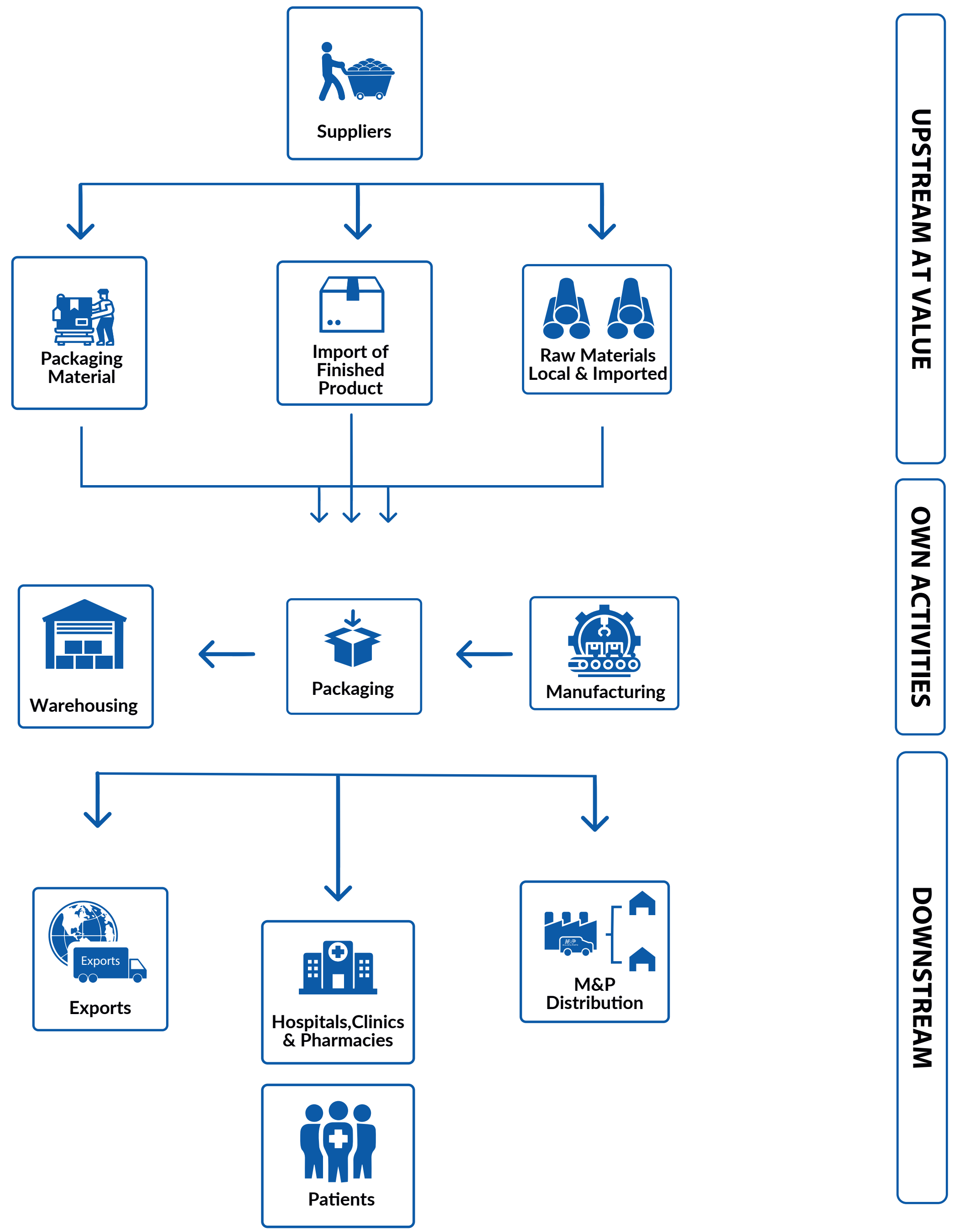
For Shareholders
In 2021, the Board recommended a final dividend of PKR 2.50 per share

For Economy
We contributed PKR 246 Million to national exchequer through direct and indirect taxes and statutory levies

For Environment
We take Initiatives to reduce the impact of our operations on the natural environment. We collaborate with WWF and obtained green office certificate.

OUR VALUE CHAIN

AGP has made concerted efforts to ensure that we maintain a strong and agile value-chain that fulfills the need of our end consumers effectively. The range of activities in place to ensure the provision of our products are illustrated in the diagram below.



STRATEGY AND RESOURCE ALLOCATION PLAN

We have designed a thorough action plan to shape the future direction of the Company, leveraging our brand name, quality management systems, strong organizational culture, professional excellence, and financial strength. We will follow through with these robust strategies to achieve our objectives successfully, creating value for our stakeholders.

Objectives	Increase Sales	Enter New Lines of Business	Cost Economization
Strategies	• Capitalize on the growth of top brands and high potential products • Concentrate to uplift sales of Tier-II products • Focus on expansion across borders and new product launches	• Diversifying our portfolio by going into new and relevant segments • Strengthen the existence into nutraceutical market segment	• Keep resource utilization and business processes at an optimum level • Develop alternate vendor source • Attain operational excellence, increasing production and cost efficiencies
Nature	Short term	Short to Medium Term	Short term to Medium Term
Priority	High	High	High
Resource allocated	Financial capital, human capital, social and relation-ship capital	Financial capital, human capital and intellectual capital	Financial capital, human capital, manufactured capital and intellectual capital
KPI monitored	• Growth rate of top brands, high potential products and Tier-II products • New export destinations • Improved customer loyalty and enhanced credibility	• Contribution in sales and profitability	• Profitability ratios such gross profit margin, net profit margin, earning per share and expense ratios

Objectives	Explore Avenues for Expansion	Be an Employer of choice	Achieve Market Leadership	Ensuring Social and Corporate Commitment
Strategies	• Explore and evaluate potential investments, mergers and acquisitions to maximize growth and shareholders' value.	• Enhance inclusion and diversity in work environment • Maintain work life balance • Motivate staff with learning and development opportunities • Provide career growth and incentivize adequately	• Continuously upgrade production facilities and human capital to maximize efficiency • Consistently maintain the quality of products	• Build brand equity through CSR • Focus on UN Sustainable Development Goals • Work on environmental concerns
Nature	Medium to Long Term	Medium to Long Term	Long Term	Long Term
Priority	Medium	High	Medium	Medium
Resource allocated	Financial capital, human capital, social and relationship 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 relation-ship capital
KPI monitored	• Market share, earning per share, return on equity and return on capital empoyed	• Employee turnover rate and feedback on surveys	• Market share, unit growth and value growth	• Community investments and energy conservation

Objectives	Increase Sales	Enter New Lines of Business	Cost Economization
Status	• Recorded overall sales growth of 6.8% • Domestic sales grew by 14.8% • Launched 5 new products	• Extended its product lines by diversifying into new medicines category namely Neuropsychiatry, Orthopedic, Cardio Metabolic and Nutraceutical	• Gross Profit increased by 6.6% against 2020. • Implemented effective cost controls measures • Continued developing alternate, reliable and economic vendor source • Converted 12% imports into local procurements
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 expand internationally • Fierce local and global competition, particularly in developed and emerging economies	• Early mover advantage in the private sector • Constant mutating virus • Risk of technological obsolescence as scientific studies are rapidly evolving	• Cost of production will be contained at an optimum level despite business growth, currency depreciation and rise in inflation and freight charges • Uncontrollable factors, particularly PKR devaluation, general inflation, pricing pressures by regulatory authorities and changes in tax laws
Impact due to external factors	• Increasing literacy rates is leading to higher awareness of the use of our products to not just cure and prevent illness but also to promote a healthy lifestyle • In post COVID-19 world, local and international governments are focusing on collective prosperity, safety, and health at the most fundamental level	• With the increasing awareness and promotion of mental health's importance in the country, consumers are more mindful and aware about the importance of a sound mental-hygiene as it greatly impacts social, emotional and psychological wellbeing of the people as well as the society. • The lifestyle in major areas of our country has become unbalanced which has in turn increased the reliance of individuals on Orthopedic and Nutraceutical medicine.	• Technological advancements make operational optimization easier and economical • The emerging trend of strategic partnerships, based upon trust and collective gain helps to benefit • Following the changes in eco-systems, green investments are important which will lead to substantial cost savings in the long run

Objectives	Explore Avenues for Expansion	Be an Employer of choice	Achieve Market Leadership	Ensuring Social and Corporate Commitment
Status	• Acquired a portfolio of 22 pharmaceutical brands from Sandoz AG which are commercialized in Pakistan under Sandoz Brand. • Consolidated revenue boosted to PKR 9.3 Billion and PAT to PKR 1.8 Billion leading ti enhanced EPS of PKR 6.24	• Ranked among top 10 organizations by HR metrics • Received 6 awards by Global Diversity, Equity & Inclusion Benchmarks 2021	• Obtained certificate of Registration with US FDA for Nutraceutical Plant (Plant III) • Ongoing process to have up to date state of the art production facilities • Enjoy early movers advantages for new therapies	• Installation of Solar Panels on all 3 plants resulted in energy saving of around 15% • Ongoing process of building an image through CSR activities • Actively worked towards supporting the education of underprivileged children • Collaboration with WWF Green Office to make our office practices greener
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	The KPI will remain relevant in future
Opportunities /Threats	• High potential to increase market share • Position the Company for better bargaining power over suppliers • Better spread of production overheads • Resultant business may produce negative synergies • Improper integration of businesses	• Ready pool of internal talent to fill the gaps and take up senior management positions in existing and new businesses • Time and resources are required for lateral hiring at higher levels of management. • New hirings are prone to cultural dealignment	• 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, leads to production downtime	• Community service commitment can be a source of confidence, trust and viewed positvely shareholders and stakeholders • Investment in CSR maybe viewed as cost by stakeholders
Impact due to external factors	• Enhanced transparency and strong corporate governance coupled with financial sources, provide more and more vibrant opportunities are available to invest • The process of market authorization transfer may be delayed due to regulatory requirements	• 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 • Minimum wages for workers as fixed by authority and compensation for management as determined by industry	• Increase in awareness and changing dietary habits and ecosystems are leading to an increase the consump-tion of our products. • The fierce competition is likely to impact the achievement of objectives	• Due to the evolution of social media, globalized pressure groups, and increased ecological sustainability concerns, the objective of a business has been transformed from only economical to both economical and social simultaneously.

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. The Company is sufficiently liquid with PKR 529 Million in cash and cash equivalents. There is a long-term debt of PKR 53 Million along with current maturity of PKR 481 Million. Over the long term, future cash generated from operations will be sufficient to fund operating and debt servicing costs, normal levels of capital expenditure, payments for business expansion programs, and other routine outflows including tax and statutory levies and dividends.

Making Strategic Decisions & Fostering Culture

The Board Strategy Committee has been formed to consider and deliberate on material investment proposals and proposed their suggestions and recommendation for review and approval of the Board Meeting. The Company has always focused on sensitizing its employees to address and report any ethical issue they come across through formal and designated channels, ensuring development of our organization culture stays our top priority. The Company continues to invest in the capacity enhancement of its manufacturing facilities, to continue to deliver enduring value for all its stakeholders.

Significant Plans

The Company plans to expand and grow through its subsidiary OBS-AGP, the acquisition that took place in 2021 of selected portfolios of products that are commercialized in Pakistan under the Sandoz brand. In addition to this, the company is constantly working towards building strategic partnerships and developing its revenue verticals.

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 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 RISKS AND HOW WE MANAGE THEM

Business Risk Management Framework

The Board at AGP, oversees the risk management process by ensuring that a proper risk management framework is in place under the oversight of the Board Audit Committee. For this purpose, the Board has approved the risk management policy of the Company which determines the Company's level of risk tolerance. Risk management systems are reviewed regularly by the executive management team to reflect changes in the environment, market conditions and Company's activities. Moreover, the principal risks are also presented annually to the Board Audit Committee for their review. The risk management framework of our Company is the structure governs the process of identification of potential threats to the organization and mitigating strategies to eliminate or minimize the impact of these risks, as well as the mechanism to effectively monitor, evaluate and implement this strategy. Managing risk is the responsibility of every employee at AGP. The Risk management policy empowers any employee to initiate required changes for the approvals of relevant tiers of the Risk Management Framework. A number of strategic, legal, regulatory, operational, financial and reputational risks are being faced by the Company. We manage these risks through appropriate risk mitigation plans, designated accountability and mechanisms for upward communication of any significant issues and incidents that may arise.

Management of Capital Structure

The Company's objective when managing capital is to safeguard its ability to remain as on-going concern and continue to provide sustainable returns to the stakeholders and thus maintain an optimal capital structure. The Company is currently financing majority of its operations through its own resources and running finance facility, if needed, or investing activities through equity and a balanced mix of long term and short term if needed. Furthermore, the Company has not defaulted in payment of any debt obligations during the year.

RISK # 1

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

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial, Human, Social, Manufactured & Relationship	Strategic / operational Risk	Medium term to medium term	Internal	★★★★☆		

OBJECTIVE

Achievement of synergies and operational optimization

MITIGATION PLAN

Effective governance structure and proactive management to seek and explore opportunities to bring synergies and harmonies through collaboration and engagement

OPPORTUNITY

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

RISK # 2

Increasing cost of doing business

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial	Financial Risk	Short term to medium term	External	★★★★☆		

OBJECTIVE

Operations optimization and cost economization

MITIGATION PLAN

Strict monitoring and oversight over budget

Alternate vendor source to local currency/Yuan

Balanced ordering+locking rates for medium term

OPPORTUNITY

Control cost and improve profitability

RISK # 3
Transfer of Market Authorization of acquired portfolio may not timely take place

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Manufactured	Financial and Operational Riskt	Short term to medium term	Internal and external	★★★★★		

OBJECTIVE
Timely transfer of Market Authorization

MITIGATION PLAN
Collating required information and proposing applications/forums

Timely and effective liaising with relevant stakeholders for smooth transfer

OPPORTUNITY
Enhance market share, increase revenue and profitability and reduce regulatory risk

RISK # 4
Capacity building may not be upgraded adequately

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial & Manufactured	Financial and Operational Risk	Short term to medium term	Internal	★★★★★		

OBJECTIVE
Integration and internalization of acquired portfolio

MITIGATION PLAN
Efficient project management

Adequate resource allocation

Proper planning and follow-up

OPPORTUNITY
Cost optimization and improve profitability

RISK # 5
Over relaince on fewer products

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial, Human and Manufactured	Strategic Operational Risk	Medium term to long term	Internal	★★★★★		

OBJECTIVE
Increase product base

MITIGATION PLAN
To diversify and expand the portfolio through live extension and launches in new therapeutic areas

OPPORTUNITY
Enhance sales volume and increase market share

RISK # 6
Failure to keep abreast with technological advancements and emerging cyberattacks

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

OBJECTIVE
Robust and reliable management information system

MITIGATION PLAN
An efficient enterprise resource planning system is in place to manage the business functions within a centralized and integrated system and implement effective security procedures as well as educate staff.

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

RISK # 7
Inability to attract, retain and develop high potential talent within the Company

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial, Human, Social & Relationship	Operational Risk	Short term to medium term	Internal and external			

OBJECTIVE
Be an employer of choice

MITIGATION PLAN
Promote a culture of employee training and development with opportunities of career growth aided by market competitive compensation.

OPPORTUNITY
Top talent is attracted and key staff is retained

RISK # 8
Highly restrictive regulatory environment and lack of market-oriented pricing policies

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial & Relationship	Strategic / Financial Risk	Medium term to Long term	External			

OBJECTIVE
Timely registration / approvals and supportive frameworks

MITIGATION PLAN
Regular dialogues with policy makers by management and Board members through diverse forums and associations. Regular liaising with regulators to encourage the implementation of favorable regulatory frameworks

OPPORTUNITY
Sustainable growth, improve revenue and profitability

RISK # 9
Strong market competition

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial, Social and Relationship	Strategic, Financial Risk	Long term	External			

OBJECTIVE
Achieve market leadership

MITIGATION PLAN
To gain a competitive edge, we have developed and implemented an efficient quality management system, that defines the quality systems and standards for our business.

OPPORTUNITY
Increase market share and enhance competitive landscape

RISK # 10
Infringement and unauthorized use of IP assets.

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

OBJECTIVE
Enhanced corporate image and protect intellectual property rights of brands

MITIGATION PLAN
Robust processes are followed to protect and prevent our Intellectual Property assets from infringement

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

RISK # 11
Volatile economic conditions

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

OBJECTIVE
To avoid business disruptions and cost

MITIGATION PLAN
AGP regularly monitors the market and follows best industry practices to avoid any unnecessary operational disruptions.

OPPORTUNITY
Ensure business continuity

Improve revenue and profitability

RISK # 12
Risk of non-compliance with applicable laws and regulations including amendments / changes in applicable laws

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial & Relationship	Legal and Compliance Risk	Short term to Medium term	Internal	★★★☆☆		

OBJECTIVE
Ensure compliance with all applicable laws and regulations

MITIGATION PLAN
Literate and experienced staff are rightly placed

Appropriate policies and procedures are in place in the oversight of professional and competent staff

OPPORTUNITY
Keep the Company compliant with all applicable laws and regulations

RISK # 13
Fluctuation in fair value of future cash flows

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial	Financial Risk	Short term to medium term	External	★★★★☆		

OBJECTIVE
Cost economization

MITIGATION PLAN
Interest risk is moderated by active management of cash flows to avoid or at least reduce short term borrowings and maintain arrangement with financial institutions to have access to the best possible rate. Currency risk is alleviated through careful selection of import countries which pose minimum risk of foreign currency fluctuation. Moreover, Company's exports in foreign currency are pursued to offset the adverse currency fluctuations

OPPORTUNITY
Increase sales volume by exports and efficient working capital management

RISK # 14
Customer or counterparty fails to meet its contractual obligations.

CAPITAL	TYPE	NATURE	SOURCE	LIKELIHOOD	IMPACT	RATING
Financial	Financial Risk	Short term to medium term	External	★★★☆☆		

OBJECTIVE
Loss avoidance

MITIGATION PLAN
Credit worthiness of the counterparty is evaluated every year and the management monitors the credit exposure towards the customers and records an allowance for expected credit loss

OPPORTUNITY
Improve profitability

02

CORPORATE GOVERNANCE

Striving Together

With our high standards of corporate governance and transparency, We continue to strive towards ensuring sustainable relationships with internal and external stakeholders and effective and open communication that foster organizational supremacy.

Governance

Details of the Corporate Governance framework and how the company engages with it's stakeholders.

DIRECTORS' PROFILE

Tariq Moinuddin Khan

Chairman – Board of Directors

Tariq Moinuddin 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.

Nusrat Munshi

Managing Director & Chief Executive Officer

She has a blend of experience of over 31 years in banking and pharmaceutical sector. She is the MD and CEO of AGP Limited and also serves as a director on the Board of OBS AGP (Private) Limited, OBS Healthcare (Private) Limited, Aspin Pharma (Private) Limited and OBS Green (Private) Limited. She joined AGP Limited in June 2007 and worked as Director of Finance, Information Systems and HR prior to her elevation as the Managing Director in 2009. With strong determination and unwavering commitment she successfully lead the Company during the critical process of change in ownership in 2014 and listing on the Pakistan Stock Exchange in 2018.

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

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

Naved Abid Khan

Chairman – Human Resource & Remuneration Committee
Independent Director

He brings along with him over 32 years of profound experience with 28 years of broad-based banking experience. He is currently serving as Chairman & CEO of Sharmeen Khan Memorial Foundation & Chairman Pakistan Microfinance Investment Company. He is also a Board Member of Karachi Shipyard and Engineering Works, NRSP Microfinance Bank Limited, Saif Power, Galiyat Development Authority, Naymat Collateral Management Company Limited, Bahria Foundation and Gas & Oil Company Pakistan.

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

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

Zafar Iqbal Sobani

Chairman – Audit Committee
Independent Director

He brings with him more than 40 years of in-depth experience in the manufacturing, power sector and audit profession in Pakistan and in the Middle East. Currently, he is on the Board of Privatization Commission of Pakistan, Karachi Water and Sewerage Board, Zephyr Power (Private) Limited, TRG (Pakistan) Limited, Primus Leasing Limited, IT Minds and Hadron Solar.

During his career, he has worked with House of Habib in the areas of New Project Development and Real Estate Management. He also led the power sector of the country as CEO of Hubco and Liberty Power Tech. Majority of his career was associated with Century Paper & Board Mills Limited, a part of Lakson Group, overseeing various business functions and 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 & Co. (a member firm of PwC) in Pakistan and Ernst and Young, Kingdom of Saudi Arabia.

He held the position as Chairman of Quality Control Board of ICAP and 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.

He holds qualification of Chartered Accountancy and Cost & Management Accountancy.

Mr. Kamran Nishat

Chairman - Strategy Committee
Non-Executive Director

Mr. Kamran 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, Logex (Private) Limited, Tech Sirat (Private) Limited, Veribest Brands Pakistan (Private) Limited and Tech Sirat Technology (Private) Limited.

He holds a rich professional experience in different sectors for more than 35 years. He is serving as the Independent Director at the Boards of Dawood Hercules Corporation Limited and Cyan Limited. He is also serving as Director at the Boards of AGP limited & Briogene (Private) Limited.

He is currently a member of Finance & Taxation subcommittee at the American Business Council. He has served as past president of American Business Coucil as well. Recently, he is serving 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.

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

Mahmud Yar Hiraj
Non–Executive Director

He is a founding partner at Baltoro Capital, a leading private equity firm. Baltoro Capital manages a Pakistan-focused private equity fund that seeks to capitalize on Pakistan's burgeoning domestic consumption market and growing competitiveness in product and services export opportunities. He is a member of the Investment Committee at Baltoro and is responsible for overseeing the performance of the Fund's portfolio companies.

He has over 20 years of experience in private equity, principal investments and investment banking. He has extensive local and international experience of working closely with top investors, sponsors and corporate boards in mapping out transformational journeys, growth plans and turnarounds for target companies and getting these implemented successfully by crafting suitable management teams and incentivizing them appropriately.

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. Previously, he has worked at leading global financial institutions and investment banks in U.S., 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.

He holds an MBA from Yale University and a BA from McGill University.

Muhammad Kamran Mirza
Non–Executive Director

He brings with him over 15 years of rich experience of Financial Markets focused primarily on Sell-side and Buy-side Investment Advisory. He is the CEO of OBS AGP (Private) Limited, a subsidiary of AGP Limited. Prior to joining OBS Group in 2018, he was associated with 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 various industrial sectors.

He joined JS Bank in 2007 as an analyst and owing to his entrepreneurial mindset and ability to steer the franchise to deliver strong performance through the cycles, he rose to a position of Head of Investment Banking in a very short span of time. Prior to joining JS Bank, he had a short stint with a leading telecom company as Projects Management Executive. He is a Board member of OBS Healthcare (Pvt.) Limited, Aspin Pharma (Pvt.) Limited, amongst others. He was 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,

I am pleased to present Chairman's review report for the year ended December 31, 2021.

In an environment where society's expectations are increasing day by day, it's more vital than ever that we maintain an unwavering commitment to governance and quality right across our business. That's why we are constantly looking for ways to meet and exceed expectations of our stakeholders and enhance the quality of our work.

I am delighted to state that the Company has delivered moderate but promising results despite a challenging macroeconomic environment. The major contribution to this performance is due to the hard work and untiring efforts of our human capital. I would also like to commend the performance of our Chief Executive Officer under whose leadership, the Company has continued on the path of growth.

In July 2021, we successfully acquired a portfolio of 22 pharmaceutical brands from Sandoz AG, which are commercialized in Pakistan under the Sandoz brand. The acquired brands have enhanced our outreach in various therapeutic classes including anti-infectives and oncology. I would like to extend my appreciation to the management of Sandoz AG and Novartis for all their support and cooperation throughout the acquisition.

At AGP, we have instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations. My fellow Board members have played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. I am appreciative of the valuable contributions of my fellow Board members, who offered unparalleled strategic guidance and directions in paving a prosperous way forward for the Company. Our Board comprises of diverse and proficient group of highly accomplished professionals.

The Board has formed three committees, Audit Committee, Human Resource and Remuneration Committee and Strategy Committee to review, deliberate and present their valuable recommendations as per their mandates. The members are adequately and appropriately placed in the respective committees on the basis of their relevant expertise and core functionality areas.

On behalf of the Board, I would like to express my gratitude to our stakeholders for their continued support and encouragement. I would also like to welcome on board the leadership and marketing and sales team of Sandoz business with the vision to continue growing together. I would specially like to place on record my appreciation for the outstanding efforts of our entire management team and employees without whom our success would not have been possible.

TARIQ MOINUDDIN KHAN
CHAIRMAN

CEO'S MESSAGE

The world may never be the same again as COVID-19 has transformed almost all the patterns of business environment, and social interactions and has urged us to adapt to the 'new normal'. Responding to it, we have started to see restoration of health, economies, and societies.

The macroeconomic environment brought new challenges across the globe, with unprecedented hike in commodity prices, exchange rate, inflation rate, fuel and freight prices and bottlenecks in the global supply chain. These factors have considerably increased the cost of doing business.

Despite these challenges, the Company was able to deliver a promising performance on the back of its trusted portfolio driven by quality considerations and patient centric approach. The utmost commitment and dedication of our treasured employees ensured that the supplies of our essential medicines are continuously available for the patients in need. It is through their valuable support, that the Company was able to progress towards achieving its strategic goals and objectives.

The year 2021 marked a monumental achievement in the history of AGP as we successfully acquired a pharmaceutical portfolio of twenty-two (22) well established brands from a renowned multinational company, Sandoz AG, which was commercialized in Pakistan by Novartis. For the purpose of the said acquisition, a separate company OBS AGP (Private) Limited ("OBS AGP") was incorporated, and we subsequently acquired Controlling Interest through equity investment. The acquisition has enhanced our product portfolio especially in anti-infectives and oncology therapeutic classes and increased our market share. We were also able to take on board the leadership team of the Sandoz division along with their marketing and sales division and are hopeful that their talent and experience would enhance the future prospects of our acquisition.

On a consolidated level, our revenue has crossed PKR 9.3 Billion mark with healthy gross margin exceeding 54% and recording gross profit of PKR 5.0 Billion. The net profit stood at PKR 1.8 Billion with and earnings per share of PKR 6.24. AGPs' sales growth is majorly attributed to a double-digit growth of 15% in domestic sale. I am elated to share that our flagship brands, Rigix crossed PKR 1.6 Billion sales mark followed by Osnate which achieved sales of PKR 1.1 Billion. During the year, the product portfolio was successfully expanded with 5 new products, making decent contribution to our topline. However, due to tensed geopolitical situation and temporary closure of borders, Afghanistan sales could not maintain the last years' growth trajectory. On subsidiary front, within a short span of only 5 months, the acquisition has started to unlock its full potential, as OBS AGP showed encouraging results. Azomax, the top brand of OBS AGP delivered a stellar performance with sales of PKR 1.3 Billion followed by Amoxi-clav and Zatofen.

It's an honor to announce that during the year, AGP has been recognized through various awards and acknowledgements which includes:

- Securing 2nd position in Best Corporate Report Awards Competition held by the joint committee of Institute of Chartered Accountants of Pakistan & Institute of Cost and Management Accountants of Pakistan;
- Recognition in Pharma export summit 2021, held by the Pakistan's Pharmaceutical Manufacturers Association;
- Winning accolades in 6 categories and ranked amongst top 10 companies for fostering a diverse and inclusive workplace environment at the Global Diversity and Inclusive Benchmark Awards;
- Becoming the 2nd company in the Pharmaceutical Industry, to obtain Green Office Certificate by WWF, for its efforts in ensuring environmentally sustainable business conduct and practices.

> *"As we move ahead, AGP is looking to achieve sustainable growth by utilizing Company's own resources and focusing on synergies and integration of the acquired business. The Company is making efforts to capitalize on its existing product pipeline, strengthen its portfolio by introducing new products and entering new therapeutic classes, penetrate deeper at domestic level and mark its presence in international markets."*

The Company remains cognizant of its social responsibility and actively contributes to the society. During the year, AGP went on a health mission and generously donated Hepatitis medicines to the tune of around PKR 70 Million to various healthcare institutions to aid in the treatment of the life-threatening disease of Hepatitis in Pakistan. Certain other medicines and sanitizers were also donated to reputed NGOs such as Akhuwat Foundation, SOS Village and The Citizen Foundation. AGP also hosted health awareness session called "Calcium ki baat khawateen ke saath" and "Liver Care Web Series" to promote health awareness amongst masses. To make the society greener and cleaner, AGP partnered with Ayesha Chundrigar Foundation (ACF) to support a program TNVR for mass vaccination and neutering of stray dogs and conducted various tree plantation drives in various areas of the country.

As we move ahead, AGP is looking to achieve sustainable growth by utilizing Company's own resources and focusing on synergies and integration of the acquired business. The Company is making efforts to capitalize on its existing product pipeline, strengthen its portfolio by introducing new products and entering new therapeutic classes, penetrate deeper at domestic level and mark its presence in international markets.

To pursue our aggressive growth strategy, we are focusing on infrastructure development and capacity enhancement in our manufacturing facilities and capability building of our human capital. The management is confident that these growth drivers, will translate and further uplift performance of the Company in the foreseeable future.

In the end, I would specially like to place on record my gratitude for outstanding efforts of our employees. I would like to welcome the OBS AGP employees to our family. I would also like to acknowledge the continued trust and confidence of our shareholders, suppliers, business partners and customers that has enabled us to grow sustainably.

What we do today will make a difference for tomorrow and beyond! We shall remain committed to continue delivering quality products and improving people's access towards healthcare and wellbeing by building on our core competencies, implementing viable growth strategies, following best governance practices and making a positive impact on the environment and the society to achieve new horizon and grow beyond the expectations of our stakeholders. Let us hold up to our objective of **"GROWING TOGETHER"**.

NUSRAT MUNSHI
MANAGING DIRECTOR AND CEO

CORPORATE GOVERNANCE FRAMEWORK

As we continue to grow and evolve, we remain focused on our ethics and principles . These include our governance and compliance frameworks. They form the bedrock of all our efforts and activities, while ensuring that we adhere to the highest standards of ethical and responsible behavior.

Compliance with the Best Practices of Code of Corporate Governance

The Board of Directors have throughout the financial year 2021, 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 applicable 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 safety of employees and society at large

Business Ethics and Anti-Corruption

Based on an ethical corporate culture, fundamental values of the Company are cornerstone of our operations. The values are integrated into daily work and business practices of all employees through the Code of Conduct and various unit-specific ethical compliance procedures. The Members of the Audit Committee meet at regular and defined statutory intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of 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 unjustified advantages to third parties. The Board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are encouraged to discuss it with peers or the Chair of the meeting or experts if required, for guidance.

Role of the Chairman

The Chair is responsible for the leadership and management of the Board and for ensuring that the Board and its committees' function effectively. He is also responsible for agreeing and regularly reviewing the training and development needs of each Director with the assistance of the Company Secretary for governance related matters and the CEO for industry-specific knowledge and insights. 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 Commitment

AGP's Chairman Mr. Tariq Moinuddin Khan is the chairman of OBS group and its subsidiary companies. He also serves as the Honorary General Consul of Netherlands, Karachi and Secretary General of World Federation of Consuls, Brussels for Pakistan Chapter.

Role of CEO

The CEO will have the overall responsibility for the implementation of the strategy approved by the Board, the operational management of the Company and the business enterprises connected with it supported by the members of senior management which heads their respective departments. The CEO reports to the Board of Directors and her 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 executive team with 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

The CEO, being part of the Board, attends every meeting of the Board. The CEO provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members. The performance of the CEO is assessed through the evaluation system set by the Company which is based on both qualitative and quantitative objectives. These objectives revolves around financial performance, processes improvement, 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 is also present on the Board of Directors. 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 also approved a gender diversity policy to provide a framework for governance of procedures and practices relating to enhancement of Gender Diversity within the Organization The Board has given categorical instructions that the Company shall pursue high standards of Human Resource Management practices to encourage participation in workforce from diverse groups, assist them in developing in-demand skills and create opportunities for them to advance into leadership roles within the Company.

The Company assign gender diversity targets to its senior management and incorporate these into their Key Performance Indicators (KPIs). The Human Resource Department will share workforce diversity trackers with senior management from time to time so they are fully aware of the progress and take appropriate actions, when required and will conduct Gender Pay Gap Analysis based on metrics and statistics as per International Standards relevant to the industry, in order to bridge any gender pay gap.

Whistleblowing policy

AGP does not tolerate any unlawful and unethical activity and pledges to take appropriate action to ensure compliance with law and safeguarding the interest of all stakeholders.

The Whistle Blowing Policy formalizes the Company's commitment to enabling its employees, shareholders and business associates to make fair and prompt disclosure of circumstances where it is genuinely believed that the Company's business is being carried out in an inappropriate manner or in violation of applicable laws, or the Company's policies, procedures and ethical values. The whistleblowing unit, comprising of senior officials, is entrusted with duty to resolve concerns or issues. Along with internal means, the stakeholders may also raise their concerns using e-mail and regular mail at the designated addresses mentioned on the official website of the Company. 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.

During the year, several complaints were received out of which majority were of trivial nature. The serious complaints, were thoroughly investigated, properly dealt and appropriate actions were taken as per the policy. The management also put in place effective mechanism to avoid such occurrence in future. The CEO presented a whistleblowing status report to the Audit Committee, disclosing how such matters were dealt with and finally concluded.

IT Governance

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

As discussed and agreed with the Board Audit Committee, the management has duly established Disaster Recovery [DR] site and developed a comprehensive DR Plan to ensure business continuity. The plan is reviewed periodically to ensure its effectiveness. Any significant matter pertaining to DR site is duly presented to the Board or its committees for the information, consideration and required decision.

Policy for Records Safety

The Company considered information as one of the most trusted business asset and place great emphasis for storage and safe custody of its financial and non-financial records. The Company uses an ERP system for recording its financial information. The access to electronic information has been limited and secured through implementation of a comprehensive password protected authorization matrix. The Company's physical record have been stored in efficient, secure and easy to retrieve manner. The records have been kept at secured places with adequate measures in place.

The Company believes that the information should be accessed on a need-to-know basis. For this purpose, the Company has put in place a mechanism to define required access control measures to Company's information, applications and system resources in a controlled environment to protect the privacy, security and confidentiality of Company Information technology resources.

Investors' Relations Policy

We have earned the trust of our investors and are fully committed to sustain it. Thus to set guidelines for handling and addressing Investors' and Shareholders' grievances effectively and ensuring their satisfaction, an Investor Grievance Policy has been formulated and strictly followed. The objective of this Policy is to enable effective communication and foster healthy relationships with shareholders / investors and resolve their concerns on a timely basis. The Company has internally established a mechanism for investor services and grievances handling. 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 has high standards of Human Resource Management practices to attract, induct, develop, retain and motivate high caliber talent who are qualified, capable and willing to contribute their best towards accomplishment of Company objectives.

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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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 also at the senior management level is encouraged.

7. 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 succession planning policy has been formally documented and followed.

Related Party Transaction Policy

The Company has a policy governing procedure for related party transaction and to ensure that all such transactions are reviewed, considered, approved and reported in accordance with the international accounting standards, applicable laws and regulations. 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 of 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 35 to the standalone and consolidated financial statements attached therein.

Environmental, Social and Governance Policy

The Company believes in promoting sustainability in business strategies related to Environment, Social and Governance including Health, Safety and Environment (HSE) aspects and provides a roadmap to the stakeholders to conduct business in a fair, transparent and responsible manner.

This policy ensures that business is conducted in a manner, which pro-actively ensures the safety of all employees, assets, interest of community and preservation of environment. It also serves as a guide to strategic plans and systematic management of Corporate Social Responsibility (CSR) initiatives and activities.

Committees of the Board

The Board of Directors of the Company oversees the operations and affairs of the Company in an effective and efficient manner and for the aforesaid purpose, the Board has constituted three (3) committees. These committees act as advisory bodies to the Board, advising the Board on key developments and keeping them updated about changes in the operating environment.

The Board comprises of two (2) independent directors who are not involved in the Company's management nor are connected with any business or other relationships that could interfere materially with, or appear to affect,• 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:

- 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
- 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 of the Board which is CEO of the Company. The CEO of the Company, Ms. Nusrat Munshi holds Non-Executive Directorship on the Board of the following companies:

- OBS AGP (Pvt) Limited
- OBS Healthcare (Pvt) Limited
- Aspin Pharma (Pvt) Limited
- OBS Green (Pvt) Limited

Board Meetings held outside Pakistan

No Board meeting was held outside Pakistan during the year 2021, 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 fourteen (14) 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 more than 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 item relates to consideration of their performance or terms and conditions of their service.

Board's Roles and Decision Making

The powers of the Board have been defined with special reference to, and in compliance with, the Companies Act 2017, the Code of Corporate Governance and the Articles of Association of the Company.

The core function of the Board is to act as stewards on behalf of the shareholders in governance of the Company. At AGP, the Board performs its duties by giving strategic directions to the management, setting performance targets and monitoring their achievements. Matters requiring a resolution by the Board in accordance with laws and regulations and important matters concerning management are resolved by the Board . The Board at AGP also oversees the business of the Company in light of emerging risks and opportunities on a regular basis.

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.

It is also responsible for identifying new areas of investment and expansion for the Company, managing the principal risks 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 her 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

Since the Board has duly complied with the Directors' training program requirements and the criteria as prescribed in the regulations, therefore the Board has not arranged the training program during the year. Further, only one member of the Board is yet to obtain the requisite certification which will ensure the accreditation of the entire Board.

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, 2021

Particulars	Number of Shares
Sponsors	148,950,434
Directors	36,004
Executives	875

Subsequent to the year end in March 2022, the sponsors have increased their shareholding to 156,850,434 number of shares. A detailed pattern of shareholding is disclosed on page 296 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 7th Annual General Meeting (AGM) of the Company held on April 26, 2021. 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

During the year, election of the Directors was held wherein all members are re-elected and hence the need of orientation did not arise.

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. During the year, the Company held election of directors. However, there was no change in the Board's members and structure and hence, the need for an external search consultancy for the appointment of Chairman or independent directors did not arise.

Pandemic Recovery Plan

The Company's Pandemic Recovery Plan with detailed explanation has been apropriately outlined on the next page of this Report.

PANDEMIC RECOVERY PLAN

As the global economy is recovering from the pandemic, AGP's management pursued a plan to ensure the smooth transition of its operations. Highlights of the steps taken are as follows:

Conducted vaccination and booster shot drives in its premises for employees.

Realizing the need to support the community, AGP donated its hand sanitizer, Zapol (internally manufactured based on the guidelines of World Health Organization) to various non-profit organizations.

Held meetings and workshops over video conferencing tools and phone calls to reduce face-to-face meetings.

Maintained high standards of hygiene and housekeeping practices through disinfectant sprays and placement of hand sanitizers at entryways and office rooms to encourage employees for constant sanitization.

AGP took all necessary measures to ensure its production processes and working conditions are fully compliant with the relevant health and safety SOPs.

As the importance of healthcare products during the COVID-19 was paramount, AGP made use of effective inventory management and robust mediums of the logistics to avoid serious consignment delays.

STAKEHOLDER'S RELATIONSHIP AND MANAGEMENT

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

Identification of Stakeholders

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

The finance department are constantly in active communication with banks, financial institutions, statutory auditors and authroities. The human resource department is in continous connection with the talent pool available in the market.

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.

ANALYST

Engagement Process

- One-to-one meetings between senior executives including CEO and institutional investors
- Corporate briefing sessions

Effect and Value

- Briefly explain key financial highlights and AGP's approach towards growth
- Apprise Company's stance in the market to create a positive and transparent image

SHAREHOLDERS

Engagement Process

- Annual general meeting
- Extra ordinary general meeting
- Corporate briefing sessions
- Communication and of interim results

Effect and Value

- Maintain regular and constructive dialogue with investors and shareholders to communicate performance update in order to build confidence and ensure continued access to capital

PATIENTS AND CONSUMERS

Engagement Process

- Pharma summits, medical conventions and conferences
- Engage ethically with institutions and healthcare professionals through our experienced and well-trained sales force

Effect and Value

- Feedback from summits and other engagements enable us to develop products and advocate for policies that better cater to the our valued customers needs

BANK AND OTHER LENDERS

Engagement Process

- Meetings and negotiation are held with banks/financial institutions to discuss working capital and other financing requirements

Effect and Value

- Access to the financial products at competitive prices

MEDIA

Engagement Process

- Different communication mediums including social media used on need basis to apprise the general public about new developments and activities

Effect and Value

- By informing the media of the developments and activities at AGP, effective awareness is created regarding the Company and the products and activities, indirectly having a positive impact

REGULATORS

Engagement Process

- Meetings with official according to business needs
- Submission of data for compliance
- Filing application for approval and registration

Effect and Value

- 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

Engagement Process

- Routine interactions and meetings
- Project based collaborations
- Trainings, both on the job and formal training courses
- Appraisals (conduced twice a year)
- Continuous feedback

Effect and Value

- 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

Engagement Process

- 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

Effect and Value

- Suppliers provide materials and services that support us in delivering high-quality, safe products for our patients

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 at the given link.

The CEO and management maintain a continued and active dialogue with institutional shareholders on performance of the Company through regular meetings. The CFO and 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 84%, and interactive engagement session was held with 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 with the Board Directors and senior management.

Corporate Briefing Session

In the third quarter of the year, the CEO, Ms. Nusrat Munshi, gave a presentation to shareholders and analysts. In this event, the CEO presented the details of the acquisition of a portfolio of 22 brands from Sandoz A.G. and the future outlook of the Company in light of this recent acquisition. Moreover, another analyst briefing was held in the fourth quarter in which the CEO presented the highlights of financial results strictly ensuring accuracy and completeness of information for the benefit of the audience. Both the sessions were concluded with a Question & Answer session and the questions were responded to the satisfaction of the attendees.

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 mainly 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 manner.

STATEMENT OF VALUE ADDED AND DISTRIBUTED

Wealth Generated

PKR In Million

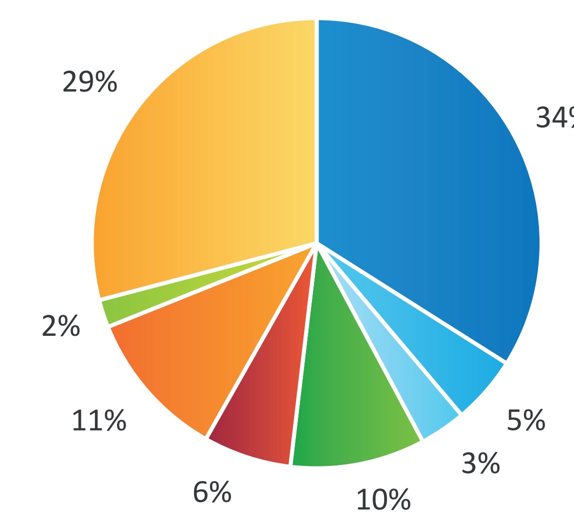
PKR **7,337** Revenue + **46** Other Operating income − **2,964** Cost of brought in goods and services = **4,419** Wealth Generated & Distributed

Wealth Distributed

PKR In Million

	2020	2021
Retained With Entity	747	1,285
Reinvested	381	474
Shareholders As Dividend	840	280
Employees As Remuneration And Benefits	1,309	1,502
Government As Taxes & Duties	300	215
Statutory Levies	150	147
Providers Of Long Term Finance	466	429
Society as Donation	11	88

Distribution in 2021



DIRECTORS' REPORT

The Board of Directors of your Company are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2021.

About the Company

The Company is primarily engaged in import, manufacturing, marketing and sales of pharmaceuticals and healthcare products in the domestic and export market. The Company owns a diversified portfolio of pharmaceutical brands and nutraceutical products which include Rigix, Osnate and Ceclor amongst its top brands. As at December 31, 2021, Aitkenstuart Pakistan (Private) Limited (Parent Company) holds 52.98% of the share capital of the Company.

During the year, the Company through its subsidiary OBS AGP (Private) Limited (OBS AGP), acquired 22 pharmaceutical brands from Sandoz AG, including Azomax, Zatofen and Ternelin amongst its top brands.

Economic Overview

Post COVID-19, the Government of Pakistan was faced with new challenges. The USD exchange rate moved to 176.5 as at December 31, 2021 from 159.8 on December 31, 2020. The upsurge in global demand resulted in higher commodity prices and extraordinary hike in fuel and freight cost. The average inflation rate for the calendar year remained at 9.5% demonstrating an upward trend in recent months, with 12.3% in December 2021 which is the highest single month hike in 2021. The substantial rise in exchange rate, fuel cost and inflation has adversely affected the cost of doing business.

Market Overview

The pharmaceutical industry in Pakistan recorded a sales value in excess of PKR 615 billion as per MAT Q4`2021 Industry Report[1]. During the year under review, retail pharma business witnessed a growth of 22.5% over the last year on the back of higher demand for medicines used in COVID-19 management. Moreover, high growth in infant milk formulations, a significant increase in medicines used in chronic illnesses segment and the annual CPI based price increase allowed by Drug Regulatory Authority of Pakistan (DRAP) were factors that augmented the industry growth.

Financial Results

Financial performance of AGP

The Company earned net revenue of PKR 7,420 Million in the current year as compared to PKR 6,946 Million in the prior year. Domestic sales of the Company grew by 14.8% over same period last year (SPLY) with Rigix, Osnate, Spasler and Navidoxine being the main growth drivers. However, the Company's sales were adversely impacted due to a decline in exports by 22.9% because of political unrest and border closure of Afghanistan resulting in the Company in a modest growth of 6.8% in sales on an overall basis. Despite exchange rate volatility and inflationary pressure particularly at the end of the year, the Company was able to maintain its gross margins at 55.5% due to a favorable sales mix.

The resumption of promotional activities along with hiring of additional head count to pursue aggressive growth targets have led to an increase of marketing and selling expenses by 15%. The administrative costs have also shown an increase of PKR 164 Million mainly on account of payroll expenses and investment in CSR activities and donations. Resultantly, AGP posted net profit and earnings per share of PKR 1,565 Million and PKR 5.59 respectively during the year ended December 31, 2021.

[1] issued by IQVIA Solutions Pakistan Private Limited, a pharma research company.

Financial performance of OBS AGP

The subsidiary of the Company has delivered encouraging results in the first five (5) months of its operations and achieved net sales of PKR 1,896 Million. Despite macroeconomic challenges, OBS AGP was able to register a gross margin of 49.4% due to favorable sales mix. The Company has effectively contained its operating cost and was able to translate healthy topline performance into net earnings of PKR 282 Million.

Capital Structure

Total equity at the year-end increased to PKR 9,495 Million as compared to PKR 8,210 Million last year, demonstrating an increase of 15.7%. The gearing ratio of the Company decreased to 5.5% from 12.7% in the current year. The Company continued to settle its long-term financing on a timely basis and made loan repayments of PKR 607 Million including PKR 480 Million as repayment of Sukuks. Outstanding Sukuk's amounting to PKR 241 Million as at December 31, 2021 will be fully repaid in 2022, making the Company substantially debt free. The repayments have reduced the long-term financings to PKR 521 Million as at December 31, 2021.

The Company made capital investment of PKR 474 Million through internally generated funds in line with the business plans for growth and expansion. The key components of the expenditure included the balancing, modernization and restructuring of plant and machinery to enhance existing capacities and upgrade infrastructure, construction of the new office block and purchase of motor vehicles.

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

Profit Distribution and Reserves

The revenue reserves – unappropriated profit of the Company at beginning of the year stood at PKR 5,410 Million. The net profit for the year increased the reserves by PKR 1,565 Million. On the other hand, final dividend payments decreased the reserves by PKR 280 Million respectively. The closing balance of unappropriated profit was PKR 6,695 Million, signifying an overall increase of 23.7%.

APPROPRIATIONS	PKR IN Million
Opening unappropriated profit	5,410
Net Profit	1,565
Final dividend at PKR 1 per share	(280)
Closing unappropriated profit	6,695

Dividend

In order to ensure sustainable return on investment to our shareholders, the Board of Directors of the Company in its meeting held on March 25, 2022, is pleased to recommend a final cash dividend of PKR 2.5 per share i.e., 25% for the year ended 2021, for shareholder's approval at the Annual General Meeting to be held on April 26, 2022.

Pattern of Shareholding

The Company's shares are listed on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2021, and other related information including trade of shares by Board Directors, CEO, substantial shareholder and/or their spouses and minor children is set out in the relevant section of pattern of shareholding in the annual report.

Subsequent Events

Subsequent to year end, Aitkenstuart Pakistan (Private) Limited has increased its shareholding to 55.80% from 52.98% by acquisition of additional 7.9 Million shares. 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.

Environmental Protection Agency (SEPA) but also go an extra mile in making concerted effort to exercise diligence in creating a positive social and environmental impact.

We fully account for the sustainability aspect of our decisions while demonstrating high ethical values. We focus on minimizing our carbon footprint by reducing carbon emissions and undertaking projects that help in conservation of water and energy. As part of our "Go Green Strategy" to develop sustainable sources of energy, we made an investment of around PKR 75 Million in installing solar panels that are covering around 13% of our energy needs.

During the year, the Company collaborated with the Worldwide Fund for Nature (WWF) aiming to make AGP an environment friendly office by reducing its carbon footprint. WWF's Green Office initiative is a practical environmental management system (EMS) for offices which the Company has successfully implemented and has also managed to become a Green Office Certified Company.

Simultaneously, we are conducting tree plantation drives in various areas of Karachi to ensure a greener future. During the year, such a plantation drive was conducted at The Citizens Foundation Qayyumabad and Jinnah Postgraduate Medical College where the students along with the AGP team planted plants all over the campus whilst educating the students on the importance of such drives on the climate and environment.

In general, our production practices conform to international standards and comply with good manufacturing practices (cGMP). Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality of our medicines and safety of our employees. Similarly, our products pass through stringent quality criteria, adequately serving the needs of our customers. To help achieve these objectives, well designed trainings, and courses, both internal and external are imparted to concerned employees to maintain and further improve EHS performance in all operational areas of the Company.

Corporate Social Responsibility

The Company not only believes in the best corporate practices but also the exemplary social conduct. We believe in growing together and doing what we can to uplift the community and impact it in a positive way. During the year, the impact of Covid-19 was softened after majority of the adult population was vaccinated, however lockdowns and other movement restrictions continued to impact people and business major part of the year. As a significant player in the pharmaceutical industry, AGP remained fully cognizant of its responsibilities towards joining the community in the fight against the pandemic. The Company held vaccination drive of COVID-19 vaccine to inoculate its employees and their immediate families. The Company also held a drive to administer booster shots to its employees subsequent to the year end.

We have undertaken the sponsorship of various projects throughout the year pertaining to the promotion of wellbeing of the society and the education of the determined.

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

SDGs	ACTIONS
2. Zero Hunger	Several ration drives were conducted for distribution of food to the underprivileged population and 100 bags of ration worth around PKR 3 Million were distributed to deserving families as part of our CSR
3. Good Health and Well Being	To aid in the treatment of the life-threatening disease of Hepatitis in Pakistan, the Company donated Hep medicines amounting to around PKR 70 Million to various healthcare institutions; Made donations to various medical camps in Khyber Pakhtunkhwa to help patients get free medical care; Initiated health awareness programs such as Natural Calcium Ki Baat Khawateen Ke Saath and Liver Care Web Series. The sessions were conducted by medical experts.
4. Quality Education	A policy is in place that provides educational scholarships to the needy and deserving children of factory workers and support staff; Partnered with IBA Karachi in the current year to sponsor two (2) students for their bachelor's program; Sponsored education of 300 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Sharmeen Khan Memorial Foundation (SKMF).

SDGs	ACTIONS
5. Gender Equality	We have female strength of over 11.5% as a total workforce; 1st female led pharmaceutical listed company; 25% of our senior management cadre consists of females reflecting our commitment to provide equal opportunities to females to flourish within the organization; Won GDEIB awards for the 3rd consecutive year and this year we are awarded in six different categories namely Recruitment, Leadership and Accountability, DEI structure and Implementation, Work Life integration, DEI Communications and Community, Government relations and Philanthropy; Provide safe, convenient, and affordable transportation facility to our female employees of lower management staff.
6. Clean Water and Sanitation	Effluent water treatment plant is in place for proper water disposal that complies with Sindh Environment Protection Agency (SEPA) and approved by the competent regulatory authority; Conserving water by using taps with sensors and springs wherever possible; Donated Zapol Hand sanitizing liquid to several charitable organizations including Akhuwat Foundation, SOS Village and TCF.

SDGs	ACTIONS
7. Affordable and Clean Energy	Installation of Solar Power System on all three (3) plant that will cover around 13% of our energy needs; Collaborated with the WWF aiming to make AGP an environment friendly office by reducing its carbon footprint. The Company has successfully implemented the environment management system suggested by WWF and has also managed to become a Green Office Certified Company.
8. Decent Work and Economic Growth	Installation of Particle Size Analyzer (PSA) has played an instrumental role in improving our new product development process by enabling the management to perform inhouse testing of particles and not solely rely on Certificate of Analysis provided by vendors. PSA also provides more intelligence in the existing process and helps in detection of potential problems related to particle size at an early stage; A day care center has been established to facilitate the working women in continuing employment after motherhood, lower absenteeism and improve family life; A proper framework is in place to ensure that similar opportunities, wages and benefits are provided to male and female staff doing the same level of job with similar qualifications and experience.

SDGs	ACTIONS
10. Reduced inequalities	Duly adhere to all fiscal policies pertaining to labor wages and compensation; Increased wages of workers to support their living in inflationary environment; The composition of employees contains different ethnic groups including minority classes and differently abled persons; The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor.
12. Sustainable consumpti on and production patterns	AGP actively works on waste management and efficient consumption through an effluent water treatment plant and efficient use of natural resources by installation of solar panels at all three factories.
15. Life on earth	Carried out plantation drives in various areas to promote the sustainability of the environment

Risk Management

The Board of AGP believes that governance of risk is integral to Company's strategy and to the achievement of our long-term sustainable growth targets. The overall risk management framework focuses on mitigating potential adverse effects of risks and uncertainties being faced by the Company.

The management has maintained a sound system of risk identification and management. This entails identifying, evaluating and addressing strategic, financial, operational, reputational and legal and compliance risks faced by the Company. A summary of the principal risks, together with their mitigation plan, is presented to the Audit Committee for their review, consideration and necessary guidance. The conclusion and results are also shared with the Board.

The principal risks currently being faced by the Company include rising cost of doing business due to devaluation of the Pakistani rupee, price hike in fuel prices and freight cost, and domestic inflation. To contain this impact to the possible extent, the Company has adopted a strategy of early ordering and price locking of its major imported raw materials. The management will explore avenues for exports to hedge foreign currency volatility. To mitigate the inflationary pressure, we will apply for annual CPI based price increase as soon as it becomes due.

With the acquisition of the Sandoz portfolio through our subsidiary, OBS AGP, the Company also faces the risk of not achieving the intended level of synergies and efficient integration of functions and businesses. The Company in its efforts to mitigate this risk has developed effective governance framework, put in place adaptable and flexible systems and processes and actively seek and explore opportunities to bring synergies and harmonies through collaboration and engagement.

Composition and Meetings of the Board and its Committees

The Board comprises of eminent personnel from varied fields with a diverse skill set and knowledge in the relevant subjects, to provide strategic guidance to the Company. Our Board composition represents the interests of all categories of shareholders.

In addition to mandatory committees of the Board, i.e., Audit Committee and Human Resource & Remuneration Committee, the Company has also formed a Board Strategy Committee for reviewing the investment transactions and performance, and in overseeing the capital and financial resources.

The meetings of the Board and its committees were held as follows for adoption of best corporate governance practices by the Company and monitoring effectiveness of such practices:

Board of Directors (Board)	14
Board Audit Committee (BAC)	6
Human Resource & Remuneration Committee (HRC)	4
Board Strategy Committee (BSC)	3

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

Name	Categories	BOD	HRC	BAC	BSC
Mr. Tariq Moinuddin Khan	Non-Executive Director	14/14	-	-	-
Mr. Naved Abid Khan	Independent Director	14/14	4/4	-	-
Mr. Zafar Iqbal Sobani	Independent Director	14/14	-	6/6	-
Mr. Kamran Nishat*	Non-Executive Director	14/14	2/2	6/6	3/3
Ms. Nusrat Munshi	Executive Director	14/14	4/4	-	3/3
Mr. Mahmud Yar Hiraj	Executive Director	14/14	4/4	6/6	3/3
Mr. Muhammad Kamran Mirza	Non-Executive Director	14/14	4/4	6/6	3/3

* Joined HRC in June, 2021 on reconstitution of HRC after re-election of directors.

Following best governance practices, the Board has shown great commitment to protect the interest of shareholders. All members of Board and its committees attended all their respective meetings.

Mr. Tariq Moinuddin Khan chairs the meetings of Board and Mr. Zafar Iqbal Sobani, Mr. Naved Abid Khan and Mr. Kamran Nishat chair the meetings of BAC, HRC and BSC respectively. The meetings of the Board and its committees were presided over by their respective Chairman.

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

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

Adequacy of Internal Controls

The Board holds ultimate responsibility for the Company's systems of internal control and for reviewing its effectiveness. However, such a system is not designed to eliminate the risk of failure to achieve business objectives but to manage it and only provides reasonable rather than absolute assurance against material misstatement or loss. The Company has an independent internal audit function which has been outsourced to a reputable professional service firm, A.F.Ferguson & Co. (AFF) who are suitably qualified and experienced for the purpose.

The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Audit Committee. The internal audit plan is driven by the Company's organizational objectives and priorities, and the risks that may prevent the Company from meeting those objectives. The Audit Committee reviews the effectiveness of the internal control framework whereas AFF regularly monitors and provides assurance on the effectiveness and adequacy of the internal controls and risk management framework.

Board Evaluation

The Listed Companies (Code of Corporate Governance) Regulations, 2019 mandatorily requires evaluation of the Board of Directors as a whole. The Company has appointed Pakistan Institute of Corporate Governance (PICG) to evaluate the performance of the Board inclusive of its committees and members. PICG is a not-for-profit company engaged in promoting good corporate governance practices in Pakistan. Their faculty and staff comprise of professionals from diverse experiences and backgrounds. This shows the Board's commitment towards excellence in corporate governance. Results of these evaluations are then discussed in detail in the subsequent Board meeting to address the highlighted areas and improve the Board's performance.

Directors' Remuneration

In compliance with the Companies Act, 2017 and the listed companies (Code of Corporate Governance) Regulations, 2019, the Board has duly approved the remuneration of the members of the Board for attending meetings of the Board and its committees.

To attract and retain directors to successfully govern affairs of the Company and to encourage value addition, the levels of remuneration are appropriate and correspond with the expertise and responsibility and are in line with prevailing industry trends and business practices. However, the meeting fee is not placed at such level that it could be perceived to compromise the independence.

Disclosure with respect to remuneration package of each of the directors and chief executive including but not limited to salary, benefits, bonuses, performance and other incentives is as follows:

Name	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	------------- Rupees in '000 -------------					
Managerial remuneration	17,495	15,904	-	-	253,776	211,071
Bonus	2,392	2,171	-	-	6,529	19,547
Performance incentive	40,299	38,289	-	-	2,650	2,060
Reimbursement of expenses	447	403	-	-	37,558	22,523
Provident fund	1,196	1,085	-	-	12,873	10,788
Others	1,595	1,449	-	-	38,168	14,282
Total	63,424	59,301	-	-	351,554	280,271
Number of persons	1	1	6	6	64	52

During the year, twenty-seven (27) meetings of the Board and its committees were held whereas in the last year fourteen (14) such meetings took place. The fee paid to two (2) [(2020: two (2)] independent directors and four (4) [(2020: four (4)] non-executive directors for attending board and its committee meetings amounted to Rs. 12.2 Million (2020: Rs. 4.2 Million). Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 10.46 Million (2020: Rs. 11.5 Million). Number of non-executive directors at year end were four (2020: four).

Directors' Compliance Statement

The Board is pleased to state that:

- The financial statements prepared by the management fairly present its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- There are no significant doubts regarding the Company's ability to continue as a going concern;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International financial reporting standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Information regarding outstanding taxes and levies, as required by listing regulations, is disclosed in the notes to the financial statements;
- The Board has duly complied with the Directors' training program requirements 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; &
- The management of the Company is committed to good corporate governance and appropriate steps are taken to comply with best practices.

Provident Fund

The Company provides retirement benefits to its employees. This includes a contributory Provident Fund for all permanent employees. The value of investments of Define Contribution Provident fund based on their accounts as at December 31, 2021 was PKR 291 Million (audit in progress), whereas at December 31, 2020 it was PKR 299 Million (audited).

Auditors

The present auditors, M/s EY Ford Rhodes (EY), Chartered Accountants have issued an unmodified report on the standalone and consolidated financial statements of the Company. EY, being eligible, have offered themselves for reappointment for the financial year 2022. In concurrence with the Audit Committee, the Board has recommended the appointment of EY as the statutory auditors of the Company to the shareholders for their approval at the forthcoming Annual General Meeting.

Future Outlook

AGP will continue to strive for sustainable growth utilizing Company's own resources and focusing on synergies and integration of the acquired business. The Company plans to capitalize on its existing product pipeline, penetrating deeper into the domestic markets, marking the presence in international markets, and strengthening our portfolio by introducing new products and entering new therapeutic classes. Furthermore, to pursue our aggressive growth strategy, we aim to enhance our capacity through the continuous process of developing and strengthening the skills, abilities, processes, and resources for our organization to adapt, thrive and sustainably grow in a fast-changing and challenging world. These measures are expected to translate into an improved financial performance in the foreseeable future.

The Company is looking forward to a prosperous future for its employees, shareholders, partners, and customers, all of which we consider as our greatest assets. As we look to the year ahead, AGP is committed to continue build on our competencies, implementing strategies and best governance practices to deliver to the expectations of stakeholders and adding to a positive progress trajectory.

Response to Future Challenges and Uncertainties

We are seeking efficient means to maintain inventories at optimal level through booking orders and locking the rates to the extent possible. This would potentially lower the risk of increasing local fuel prices following the surge in global oil prices. We will continue to explore opportunities for alternate sources of raw material for ensuring sustained, efficient and cost-effective operations. In the year under review, we have shown a double-digit improvement of 12% in our raw material mix, in terms of local versus imported vendors.

We would keep a stringent eye on the external environment to remain mindful of the potential opportunities and possible threats. We anticipate the Government of Pakistan and Drug Regulatory Authority Pakistan (DRAP) in particular to play a positive role in implementing favorable policies to support the business of the pharmaceutical industry.

Acknowledgement

We hold our shareholders in high esteem for placing their utmost trust and confidence in AGP's capabilities, which has certainly enhanced with the addition of OBS AGP.

We would also like to express our gratitude to the treasured human capital of our Company and its subsidiary, who have been working relentlessly to stay committed to our mission, core values and ensuring Patient's accessibility to high quality medicines. The Company would also like to acknowledge the continued trust of our business partners, suppliers and customers, all of which we consider as our greatest assets.

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company's performance during the year 2021 and is thankful for their trust and confidence reposed in the Board and the management.

NUSRAT MUNSHI
MANAGING DIRECTOR AND CEO

MUHAMMAD KAMRAN MIRZA
NON-EXECUTIVE DIRECTOR

کمپنی اپنے ملازمین، شیئر ہولڈرز، پارٹنرز اور صارفین کے لیے ایک خوشحال مستقبل کے لیے پُر امید ہے، جن سبھی کو ہم اپنا سب سے بڑا اثاثہ سمجھتے ہیں۔ جیسا کہ ہم آنے والے سال کی طرف دیکھتے ہیں، اے جی پی ہماری کارکردگی کو آگے بڑھانے، حکمت عملیوں کے اطلاق اور نظم ونسق کے بہترین طریقوں پر عمل درآمد جاری رکھنے کے لیے پرعزم ہے تاکہ اسٹیک ہولڈرز کی توقعات کو پورا کیا جا سکے اور ایک مثبت پیشرفت کی رفتار میں اضافہ کیا جا سکے۔

۲۱۔ مستقبل کے چیلنجز اور غیر یقینی صورتحال کا جواب

ہم بکنگ آرڈرز اور ریٹس کو ممکنہ حد تک لاک کرنے کے ذریعے انوینٹری کو بہترین سطح پر برقرار رکھنے کے لیے موثر ذرائع تلاش کر رہے ہیں۔ اس سے تیل کی عالمی قیمتوں میں اضافے کے بعد مقامی ایندھن کی قیمتوں میں اضافے کا خطرہ ممکنہ طور پر کم ہو جائے گا۔ ہم پائیدار، موثر اور کفایت شعاری پر مبنی سرگرمیاں یقینی بنانے کے لیے خام مال کے متبادل ذرائع کے مواقع تلاش کرنا جاری رکھیں گے۔

زیر جائزہ سال میں، ہم نے اپنے خام مال کے مکس میں مقامی بمقابلہ درآمد شدہ وینڈرز کے لحاظ سے ۱۲٪ کی دوہرے ہندسے کی بہتری دکھائی ہے۔

ہم ممکنہ مواقع اور ممکنہ خطرات کو ذہن میں رکھتے ہوئے بیرونی ماحول پر کڑی نظر رکھیں گے۔ ہم حکومت پاکستان اور خاص طور پر ڈرگ ریگولیٹری اتھارٹی پاکستان (DRAP) سے امید کرتے ہیں کہ وہ فارماسیوٹیکل انڈسٹری کے کاروبار کو سپورٹ کرنے کے لیے سازگار پالیسیوں کے نفاذ میں مثبت کردار ادا کریں گے۔

۲۲۔ اعتراف

ہم اپنے قابلِ احترام شیئر ہولڈرز سے اے جی پی کی صلاحیتوں پر مکمل بھروسا اور اعتماد رکھنے پر خراجِ تحسین پیش کرتے ہیں، جس میں OBS AGP کی شمولیت سے یقیناً اضافہ ہوا ہے۔

ہم اپنی کمپنی اور اس کے ذیلی ادارے کے بیش قیمت انسانی سرمایے سے بھی اظہار تشکر کرتے ہیں جو ہمارے مشن، بنیادی اقدار سے جُڑے رہنے اور اعلیٰ معیار کی ادویات تک مریضوں کی رسائی یقینی بنانے کے لیے انتھک محنت کرتے رہے ہیں۔ کمپنی ہمارے بزنس پارٹنرز، سپلائیرز اور صارفین کے لگاتار اعتماد کا بھی اعتراف کرنا چاہے گی، جنہیں ہم اپنا عظیم ترین اثاثہ سمجھتے ہیں۔

بورڈ سال ۲۰۲۱ کے دوران کمپنی کی کارکردگی پر تبادلہ خیال کرنے کے لیے شیئر ہولڈرز کے آئندہ سالانہ اجلاس عام کا منتظر ہے اور بورڈ اور انتظامیہ پر ان کے بھروسے اور اعتماد کے لیے شکر گزار ہے۔

محترمہ نصرت منشی
چیف ایگزیکٹو آفیسر

محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر

۱۴۔ انٹرنل کنٹرولز کی موزونیت

بورڈ کمپنی کے انٹرنل کنٹرول سسٹمز اوران کے موثر ہونے کا جائزہ لینے کی حتمی ذمہ داری رکھتا ہے۔ تاہم، ایسا نظام کاروباری مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے کے لیے نہیں بنایا گیا ہے بلکہ اسے منظّم 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 انٹرنل 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 قابلیت اور تجربہ رکھتے ہیں۔

انٹرنل آڈٹ، انٹرنل آڈٹ پلان کے مطابق کیا جاتا ہے جس کا آڈٹ کمیٹی کی طرف سے باقاعدہ جائزہ لیا جاتا ہے اور منظوری دی جاتی ہے۔ انٹرنل آڈٹ پلان کے کمپنی کے تنظیمی مقاصد اور ترجیحات، اور وہ خطرات ہیں جو کمپنی کو ان مقاصد کو پورا کرنے سے روک سکتے ہیں۔ آڈٹ کمیٹی انٹرنل کنٹرول فریم ورک کے موثر ہونے کا جائزہ لیتی ہے جبکہ AFF باقاعدگی سے انٹرنل کنٹرولز اور رسک مینجمنٹ فریم ورک کے موثر اور کافی ہونے کی یقین دہانی فراہم کرتی ہے۔

۱۵۔ بورڈ کی تشخیص

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ لازمی طور پر بورڈ آف ڈائریکٹرز کی مجموعی تشخیص کا تقاضا کرتا ہے۔ کمپنی نے اپنی کمیٹیوں اور ممبران سمیت بورڈ کی کارکردگی کا جائزہ لینے کے لیے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کا تقرر کیا ہے۔ PICG ایک بلامنافع کمپنی ہے جو پاکستان میں کارپوریٹ گورننس کے اچھے طریقوں کو فروغ دینے میں مصروف ہے۔ ان کی فیکلٹی اور عملہ متنوع تجربات اور پس منظر سے تعلق رکھنے والے پیشہ ور افراد پر مشتمل ہے۔ یہ کارپوریٹ گورننس میں بہترین کارکردگی کے لیے بورڈ کے عزم کا اظہار کرتا ہے۔ ان تجزیوں کے نتائج پر بعد میں بورڈ کے اجلاس میں تفصیل سے بحث کی جاتی ہے تاکہ نشاندہی شدہ پہلوؤں سے عہدہ برآ ہوا جا سکے اور بورڈ کی کارکردگی کو بہتر بنایا جا سکے۔

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۔

کمپنی کے معاملات کو کامیابی سے چلانے کے لیے ڈائریکٹرز کو ترغیب دینے اور انہیں برقرار رکھنے اور قدر میں اضافے کی حوصلہ افزائی کے لیے، معاوضے کی سطحیں مناسب ہیں اور ان کی مہارت اور ذمہ داری کے شایان شان اور صنعت کے مروجہ رجحانات اور کاروباری طریقوں کے مطابق ہیں۔ تاہم، اجلاس کی فیس اس سطح پر نہیں رکھی گئی ہے کہ اسے آزادی پر سمجھوتا تصور کیا جا سکے۔

ہر ایک ڈائریکٹر اور چیف ایگزیکٹیو کے معاوضے کے پیکج کے حوالے سے انکشاف، جس میں بلا حد تنخواہ، فوائد، بونس، کارکردگی اور دیگر مراعات شامل ہیں، درج ذیل ہیں:

	چیف ایگزیکٹیو		ڈائریکٹر		ایگزیکٹیوز	
	۲۰۲۱	۲۰۲۰	۲۰۲۱	۲۰۲۰	۲۰۲۱	۲۰۲۰
		....	(ہزار روپے)......	....		
انتظامی اُجرت	۱۷،۴۹۵	۱۵،۹۰۴	-	-	۲۵۳،۷۷۶	۲۱۱،۰۷۱
بونس	۲،۳۹۲	۲،۱۷۱	-	-	۶،۵۲۹	۱۹،۵۴۷
کارکردگی پر مبنی مراعات	۴۰،۲۹۹	۳۸،۲۸۹	-	-	۲،۶۵۰	۲،۰۶۰
کیے گئے اخراجات کی واپسی	۴۴۷	۴۰۳	-	-	۳۷،۵۵۸	۲۲،۵۲۳
پروویڈنٹ فنڈ	۱،۱۹۶	۱،۰۸۵	-	-	۱۲،۸۷۳	۱۰،۷۸۸
دیگر	۱،۵۹۵	۱،۴۴۹	-	-	۳۸،۱۶۸	۱۴،۲۸۲
	۶۳،۴۲۴	۵۹،۳۰۱	-	-	۳۵۱،۵۵۴	۲۸۰،۲۷۱
	۱	۱	۶	۶	۶۴	۵۲

سال کے دوران بورڈ اور اس کی کمیٹیوں کے ستائیس (۲۷) اجلاس منعقد ہوئے جبکہ گزشتہ سال اس طرح کے چودہ (۱۴) اجلاس ہوئے۔ بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے دو (۲) خودمختار ڈائریکٹرز [(۲۰۲۰: دو (۲)] اور چار (۴) نان ایگزیکٹو ڈائریکٹرز [(۲۰۲۰: چار (۴)] کو ادا کی گئی فیس ۱۲.۲ ملین روپے تھی۔ (۲۰۲۰: ۴.۲ ملین روپے)۔ کمپنی کی طرف برداشت کیے جانے والے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے سفر اور بورڈنگ کے اخراجات ۴۶.۰ ملین روپے (۲۰۲۰: ۱۱.۵ ملین روپے) تھے۔ سال کے اختتام پر نان ایگزیکٹیو ڈائریکٹرز کی تعداد چار تھی۔ (۲۰۲۰: چار)۔

۱۷۔ ڈائریکٹرز کا کمپلائنس کا بیان

بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ:

۱۔ انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کی حالت، اس کے کام کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

۲۔ کمپنی کے اکاؤنٹس کی مناسب دیکھ بھال کی گئی ہے۔

۳۔ ایک جاری ادارے کے طور پر کاروبار جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی خاص شک نہیں ہے؛

۴۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانش مندانہ قوت فیصلہ پر مبنی ہیں۔

۵۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی، جیسا کہ پاکستان میں لاگو ہوتے ہے، پیروی کی گئی ہے، اور ان سے کسی بھی انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔

۶۔ انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔

۷۔ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی نمایاں انحراف نہیں کیا گیا ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔

۸۔ واجب الادا ٹیکسوں اور محصولات سے متعلق معلومات، جیسا کہ لسٹنگ ریگولیشنز کا تقاضا ہے، مالیاتی گوشواروں کے نوٹس میں ظاہر کی گئی ہیں۔

۹۔ بورڈ نے ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں اور ضوابط میں بیان کردہ معیارات کی مناسب تعمیل کی ہے۔

۱۰۔ گزشتہ چھ (۶) سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا سالانہ رپورٹ کے متعلقہ حصوں میں بیان کیا گیا ہے۔ اور

۱۱۔ 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 اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتی ہے۔ اس میں تمام مستقل ملازمین کے لیے ایک معاون پروویڈنٹ فنڈ شامل ہے۔ بمطابق ۳۱ دسمبر ۲۰۲۱، ان کے کھاتوں کی بنیاد پر ڈیفائن کنٹری بیوشن پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت ۲۹۱ ملین روپے تھی (آڈٹ جاری ہے) جبکہ ۳۱ دسمبر ۲۰۲۰ کو یہ ۲۹۹ ملین روپے (آڈٹ شدہ) تھی۔

۱۹۔ آڈیٹرز

موجودہ آڈیٹرز، میسرز EY Ford Rhodes (EY)، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے انفرادی اور اجتماعی مالیاتی گوشواروں پر ایک غیر ترمیم شدہ رپورٹ جاری کی ہے۔ EY نے، اہل ہونے کے ناطے، مالی سال ۲۰۲۲ کے لیے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ آڈٹ کمیٹی کے ساتھ اتفاق کرتے ہوئے، بورڈ نے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز سے منظوری کے لیے EY کی کمپنی کے قانونی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔

۲۰۔ مستقبل کی توقعات

اے جی پی، کمپنی کے اپنے وسائل کا استعمال کرتے ہوئے پائیدار ترقی کے لیے کوششیں جاری رکھے گا اور خریدے گئے کاروبار کی ہم آہنگی اور انضمام پر توجہ مرکوز رکھے گا۔ کمپنی اپنی موجودہ پروڈکٹ پائپ لائن سے فائدہ اٹھانے، ملکی مارکیٹوں میں گہرائی تک رسائی حاصل کرنے، بین الاقوامی منڈیوں میں موجودگی نشان زد کرتے ہوئے، اور نئی مصنوعات متعارف کروا کر اور نئی معالجاتی کلاسوں میں داخل ہو کر اپنے پورٹ فولیو کو مضبوط کرنے کا ارادہ رکھتی ہے۔ مزید برآں، اپنی جارحانہ نمو کی حکمت عملی کو آگے بڑھانے کے لیے، ہمارا نصب العین ہے کہ ہمارے ادارے کے لیے مہارتوں، صلاحیتوں، طریقوں اور وسائل کو ترقی دینے اور مضبوط کرنے کے مسلسل عمل کے ذریعے اپنی صلاحیت بڑھانا ہے تاکہ ہمارا ادارہ تیزی سے بدلتی ہوئی اور چیلنجنگ دنیا سے ہم آہنگ ہو، ترقی کی منازل طے کرے اور پائیدار نمو حاصل کرے۔ ان اقدامات سے مستقبل قریب میں مالیاتی کارکردگی میں بہتری آنے کی امید ہے۔

۸۔باوقار کام اور معاشی ترقی	• پارٹیکل سائز اینالائزر (PSA) کی تنصیب نے ہمارے نئے پروڈکٹ کی ترقی کے عمل کو بہتر بنانے میں ایک اہم کردار ادا کیا ہے جس سے انتظامیہ کو پارٹیکلز کی اندرون خانہ جانچ کرنے کے قابل بنا کر اور وینڈرز کے فراہم کردہ تجزیہ کے سرٹیفکیٹ پر مکمل انحصار نہیں کیا جاتا ہے۔PSA موجودہ عمل میں مزید ذہانت بھی فراہم کرتا ہے اور ابتدائی مرحلے میں پارٹیکل سائز سے متعلق ممکنہ مسائل کا پتہ لگانے میں مدد کرتا ہے۔ • ایک ڈے کیئر سنٹر قائم کیا گیا ہے تا کہ کام کرنے والی خواتین کو زچگی کے بعد ملازمت جاری رکھنے، غیر حاضری میں کمی اور خاندانی زندگی کو بہتر بنانے میں سہولت فراہم کی جا سکے۔ • اس بات کو یقینی بنانے کے لیے ایک مناسب فریم ورک موجود ہے کہ یکساں سطح کا کام کرنے والے مرد اور خواتین عملے کو یکساں مواقع، اجرت اور مراعات ایک جیسی قابلیت اور تجربے کے ساتھ فراہم کیے جائیں۔
۱۰۔عدم مساوات میں تخفیف	• مزدور کی اجرت اور معاوضے سے متعلق تمام مالیاتی پالیسیوں پر عملدرآمد۔مہنگائی کے ماحول میں ان کی زندگی کو سہارا دینے کے لیے مزدوروں کی اجرتوں میں اضافہ۔ • ملازمین کی تشکیل میں مختلف نسلی گروہ شامل ہیں جن میں اقلیتی طبقے اور مختلف طرح کے معذور افراد شامل ہیں۔ • انتظامیہ سختی سے اس بات کو یقینی بناتی ہے کہ تمام کارکنان اور عملہ ۱۸ سال سے زیادہ عمر کے ہوں اور چائلڈ لیبر کی سختی سے حوصلہ شکنی کرتی ہے۔
۱۲۔پائیدار کھپت اور پیداواری اسلوب	• اے جی پی فضلے کے انتظام اور موثر استعمال پر ایک ایفلوئنٹ واٹر ٹریٹمنٹ پلانٹ اور تینوں فیکٹریوں میں سولر پینلز کی تنصیب کے ذریعے قدرتی وسائل کے موثر استعمال پر فعال طور پر کام کر رہا ہے۔
۱5۔زمین پر حیات	• ماحول کی پائیداری کو فروغ دینے کے لیے مختلف علاقوں میں شجر کاری مہم چلائی گئی ہے۔

۱۲۔ خطرات کا انتظام (رسک مینجمنٹ)

اے جی پی کے بورڈ کا خیال ہے کہ خطرات کا نظم ونسق کمپنی کی حکمت عملی اور ہمارے طویل مدتی پائیدار ترقی کے اہداف کے حصول کے لیے لازمی ہے۔رسک مینجمنٹ کا مجموعی فریم ورک کمپنی کو درپیش خطرات اور غیر یقینی صورتحال کے ممکنہ منفی اثرات کو کم کرنے پر مرکوز ہے۔

انتظامیہ نے خطرے کی شناخت اور انتظام کا ایک مضبوط نظام برقرار رکھا ہوا ہے۔اس میں کمپنی کو درپیش اسٹریٹجک، مالیاتی، آپریشنل، ساکھ اور قانونی اور کمپلائنس کے خطرات کی شناخت، جانچ اور ان کا ازالہ کرنا شامل ہے۔بنیادی خطرات کا خلاصہ، ان میں تخفیف کے منصوبے کے ساتھ، ان کے جائزے، غور وغوض اور ضروری رہنمائی کے لیے آڈٹ کمیٹی کو پیش کیا جاتا ہے۔فیصلہ اور نتائج بھی بورڈ کے ساتھ شیئر کیے جاتے ہیں۔

اس وقت کمپنی کو جن بنیادی خطرات کا سامنا ہے ان میں پاکستانی روپے کی قدر میں کمی، ایندھن کی قیمتوں اور مال برداری کی قیمت میں اضافہ، اور ملکی افراط زر کی وجہ سے کاروبار کرنے کی بڑھتی ہوئی لاگت شامل ہیں۔ان اثرات پر ممکنہ حد تک قابو پانے کے لیے، کمپنی نے اپنے اہم درآمدی خام مال کی جلد آرڈرنگ اور پرائس لاکنگ کی حکمت عملی اپنائی ہے۔انتظامیہ غیر ملکی کرنسی کے اتار چڑھاؤ کو روکنے کے لیے برآمدات کے راستے تلاش کرے گی۔افراط زر کے دباؤ کو کم کرنے کے لیے، ہم لاگو ہوتے ہی سی پی آئی کی بنیاد پر سالانہ قیمت میں اضافے کے لیے درخواست دیں گے۔

ہماری ذیلی کمپنی، OBS AGP کے ذریعے Sandoz پورٹ فولیو کے حصول کے ساتھ، کمپنی کو ہم آہنگی اور فنکشنز اور کاروبار کے موثر انضمام کی مطلوبہ سطح حاصل نہ کر پانے کے خطرے کا بھی سامنا ہے۔کمپنی نے اس خطرے کو کم کرنے کی اپنی کوششوں میں موثر گورننس فریم ورک تیار کیا ہے، قابل اطلاق اور لچکدار نظام اور طریقہ کار ترتیب دیا ہے اور تعاون اور روابط کے ذریعے ہم آہنگی اور اتفاق لانے کے مواقع کی فعال طور پر تلاش اور جستجو کی گئی ہے۔

۱۳۔ بورڈ اور اس کی کمیٹیوں کی تشکیل اور اجلاس

بورڈ مختلف شعبوں سے تعلق رکھنے والے نامور افراد پر مشتمل ہے جو کمپنی کو حکمت عملی کی رہنمائی فراہم کرنے کے لیے متعلقہ مضامین میں متنوع مہارت اور علم رکھتے ہیں۔ہمارے بورڈ کی تشکیل تمام زمروں کے شیئر ہولڈرز کے مفادات کی نمائندگی کرتی ہے۔

بورڈ کی لازمی کمیٹیوں، یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے علاوہ، کمپنی نے انویسٹمنٹ ٹرانزیکشنز اور کارکردگی کا جائزہ لینے اور سرمائے اور مالی وسائل کی نگرانی کے لیے بورڈ اسٹریٹجی کمیٹی بھی تشکیل دی ہے۔کمپنی کی طرف سے کارپوریٹ گورننس کے بہترین طریقوں کو اپنانے اور اس طرح کے طریقوں کی تاثیر کی نگرانی کے لیے بورڈ اور اس کی کمیٹیوں کی اجلاس درج ذیل ہیں:

بورڈ آف ڈائریکٹرز (بورڈ)	۱۴
بورڈ آڈٹ کمیٹی (BAC)	٦
ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HRC)	۴
بورڈ اسٹریٹجی کمیٹی (BSC)	۳

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

نام	کیٹیگری	بورڈ آف ڈائریکٹرز	HRC	BAC	BSC
جناب طارق معین الدین خان	نان ایگزیکٹیو ڈائریکٹر	۱۴/۱۴	-	-	-
جناب نوید عابد خان	خودمختار ڈائریکٹر	۱۴/۱۴	۴/۴	-	-
جناب ظفر اقبال ثوبانی	خودمختار ڈائریکٹر	۱۴/۱۴	-	٦/٦	-
جناب کامران نشاط*	نان ایگزیکٹیو ڈائریکٹر	۱۴/۱۴	۲/۲	٦/٦	۳/۳
محترمہ نصرت منشی	ایگزیکٹیو ڈائریکٹر	۱۴/۱۴	۴/۴	-	۳/۳
جناب محمود یار ہراج	نان ایگزیکٹیو ڈائریکٹر	۱۴/۱۴	۴/۴	٦/٦	۳/۳
جناب محمد کامران مرزا	نان ایگزیکٹیو ڈائریکٹر	۱۴/۱۴	۴/۴	٦/٦	۳/۳

*ڈائریکٹرز کے دوبارہ انتخابات کے بعد HRC کی دوبارہ تشکیل پر جون ۲۰۲۱ میں HRC میں شامل ہوئے۔

نظم ونسق کے بہترین طریقوں کی پیروی کرتے ہوئے، بورڈ نے شیئر ہولڈرز کے مفادات کے تحفظ کے لیے زبردست عزم کا اظہار کیا ہے۔بورڈ اور اس کی کمیٹیوں کے تمام ممبران نے اپنے اپنے تمام اجلاسوں میں شرکت کی۔

جناب طارق معین الدین خان بورڈ کے اجلاسوں کی صدارت کرتے ہیں اور جناب ظفر اقبال ثوبانی، جناب نوید عابد خان اور جناب کامران نشاط بالترتیب BAC، HRC اور BSC کے اجلاسوں کی صدارت کرتے ہیں۔بورڈ اور اس کی کمیٹیوں کے اجلاسوں کی صدارت ان کے متعلقہ چیئرمین کرتے تھے۔

چیف فنانشل آفیسر اور کمپنی سکریٹری نے بورڈ کی تمام میٹنگوں میں شرکت کی سوائے میٹنگوں کے ایسے حصے کے جس میں ایجنڈا آئٹم اپنی یا دیگر سینئر مینجمنٹ اور ایگزیکٹیوز کی کارکردگی یا ان کی سروس کی شرائط وضوابط پر غور کرنے سے متعلق ہو۔

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

۹۔ بعد میں رونما ہونے والے واقعات

سال کے اختتام کے بعد، Aitkenstuart Pakistan (پرائیویٹ) لمیٹڈ نے اضافی ۹.۷ ملین شیئرز کے حصول کے ذریعے اپنے شیئر ہولڈنگ کو ۵۲.۹۸٪ سے بڑھا کر ۵۵.۸۰٪ کر دیا ہے۔ 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

اے جی پی میں، ہم ایک سماجی طور پر ذمہ دار کاروباری ادارہ ہونے پر فخر کرتے ہیں جو سماجی سرمایہ کاری اور ہمارے کاروباری فیصلوں سے حاصل ہونے والے فوائد کو انتہائی اہمیت دیتی ہے۔ ہم نہ صرف ماحولیاتی ریگولیٹری معیارات مثلاً ماحولیات، صحت اور حفاظت (EHS) کے معیارات اور سندھ انوائرمینٹل پروٹیکشن ایجنسی (SEPA) پر عمل کرتے ہوئے کاروباری سرگرمیاں سرانجام دینے پر یقین رکھتے ہیں، بلکہ ایک مثبت سماجی اور ماحولیاتی اثرات پیدا کرنے کے لیے مستعدی سے اور مل کر کام کرنے کے لیے اضافی پیش قدمی پر یقین رکھتے ہیں۔

- ہم اعلیٰ اخلاقی اقدار کا مظاہرہ کرتے ہوئے اپنے فیصلوں کے پائیدار ماحولیاتی پہلو کو مکمل طور پر مدنظر رکھتے ہیں۔ ہم کاربن کے اخراج کو کم کر کے اپنے کاربن کے اثرات کم کرنے پر توجہ مرکوز کرتے ہیں اور ایسے منصوبے بروئے کار لاتے ہیں جو پانی اور توانائی کے تحفظ میں مدد فراہم کرتے ہیں۔ توانائی کے ماحولیاتی پائیدار ذرائع تیار کرنے کے لیے ہماری "گو گرین حکمت عملی" کے حصے کے طور پر، ہم نے سولر پینلز کی تنصیب میں تقریباً ۷۵ ملین روپے کی سرمایہ کاری کی ہے جو ہماری توانائی کی ضروریات کا تقریباً ۱۳ فیصد پورا کر رہے ہیں۔
- سال کے دوران، کمپنی نے ورلڈ وائیڈ فنڈ فار نیچر (WWF) کے ساتھ تعاون کیا جس کا مقصد اے جی پی کو اس کے کاربن کے اثرات کم کر کے ایک ماحول دوست دفتر بنانا ہے۔ WWF کا گرین آفس اقدام دفاتر کے لیے ایک عملی ماحولیاتی انتظامی نظام (EMS) ہے جسے کمپنی نے کامیابی کے ساتھ نافذ کیا ہے اور گرین آفس سرٹیفائیڈ کمپنی بننے میں بھی کامیاب ہوئی ہے۔
- اس کے ساتھ ہی، ہم کراچی کے مختلف علاقوں میں شجر کاری مہم چلا رہے ہیں تا کہ سرسبز مستقبل کو یقینی بنایا جا سکے۔ سال کے دوران ایسی شجر کاری مہم کا انعقاد دی سٹیزن فاؤنڈیشن قیوم آباد اور جناح پوسٹ گریجویٹ میڈیکل کالج میں کیا گیا جہاں طلبا نے اے جی پی ٹیم کے ساتھ مل کر کیمپس میں پودے لگائے اور طلبا کو موسم اور ماحولیات کے حوالے سے اس طرح کی مہم کی اہمیت سے آگاہ کیا گیا۔

عام طور پر، ہمارے پیداواری طریقہ کار بین الاقوامی معیارات کے مطابق ہیں اور اچھے مینوفیکچرنگ طریقوں (cGMP) کی تعمیل کرتے ہیں۔ ہمارا طریقہ کار اور کنٹرول مستعد اور ماحولیاتی طور پر پائیدار ہیں، اس بات کو یقینی بناتے ہوئے کہ ہم اپنی ادویات کے معیار اور اپنے ملازمین کی حفاظت پر سمجھوتا نہیں کرتے۔ اسی طرح، ہماری مصنوعات معیار کے سخت معیارات سے گزرتی ہیں، جو ہمارے صارفین کی ضروریات کو مناسب طریقے سے پورا کرتی ہیں۔ ان مقاصد کو حاصل کرنے میں مدد کے لیے، اچھی طرح سے ڈیزائن کردہ تربیت، اور کورسز، متعلقہ ملازمین کو کمپنی کے تمام آپریشنل شعبوں میں EHS کی کارکردگی کو برقرار رکھنے اور مزید بہتر بنانے کے لیے اندرونی اور بیرونی دونوں طرح سے فراہم کیے جاتے ہیں۔

۱۱۔ کاروباری سماجی ذمہ داری

کمپنی نہ صرف بہترین کاروباری اطوار پر، بلکہ مثالی سماجی طرز عمل پر بھی یقین رکھتی ہے۔ ہم ایک دوسرے کے ساتھ بڑھنے اور کمیونٹی کی بہتری اور اس پر کووِڈ۔۱۹ کے اثرات میں کمی آئی، تاہم لاک ڈاؤن اور نقل وحرکت پر دیگر پابندیاں سال کے بڑے حصے میں لوگوں اور کاروبار کو متاثر کرتی رہیں۔ دواسازی کی صنعت میں ایک اہم کھلاڑی کے طور پر، اے جی پی عالمی وبا کے خلاف جنگ میں کمیونٹی میں شمولیت کی اپنی ذمہ داریوں سے پوری طرح باخبر رہا۔ کمپنی نے اپنے ملازمین اور ان کے قریبی خاندانوں کو ٹیکہ لگانے کے لیے کووِڈ۔۱۹ ویکسین کی ویکسینیشن مہم کا اہتمام کیا۔ کمپنی نے سال کے آخر تک اپنے ملازمین کو بوسٹر شاٹس دینے کے لیے ایک مہم کا بھی انتظام کیا۔

ہم نے سال بھر معاشرے کی فلاح و بہبود اور پرعزم افراد کی تعلیم سے متعلق مختلف منصوبوں کی اسپانسرشپ کا بیڑا اٹھایا ہے۔

حکومت پاکستان (GoP) کی طرف سے، پائیدار ترقیاتی اہداف (SDGs) کی پیروی میں فلاحی پائیداری بہتر بنانے کے لیے ہمارے لائحہ عمل کا خلاصہ درج ذیل جدول کے ذریعے کیا جا سکتا ہے:

پائیدار ترقیاتی اہداف (SDGs)	اقدامات
۲۔ زیرو ہنگر (کوئی بھوکا نہ سوئے)	• غریبوں کی آبادی میں خوراک کی تقسیم کے لیے راشن کی کئی مہموں کا اہتمام کیا گیا اور ہماری کاروباری سماجی ذمہ داری کے ایک حصے کے طور پر تقریباً ۳ ملین روپے مالیت کی راشن کے ۱۰۰ بیگز مستحق گھرانوں میں تقسیم کیے گئے۔
۳۔ اچھی صحت اور فلاح و بہبود	• پاکستان میں ہیپاٹائٹس کی زندگی کے لیے خطرناک بیماری کے علاج میں مدد کے لیے کمپنی نے صحت کی دیکھ بھال کے مختلف اداروں کو تقریباً ۷۰ ملین روپے مالیت کی ہیپاٹائٹس کی ادویات عطیہ کیں۔ • مریضوں کو مدد طبی امداد حاصل کرنے میں مدد دینے کے لیے خیبر پختونخوا میں مختلف میڈیکل کیمپس کو عطیات دیے۔ • ''نیچرل کیلیشیم کی بات، خواتین کے ساتھ'' اور لیور کیئر ویب سیریز جیسے صحت آگاہی پروگراموں کا آغاز کیا۔ • طبی ماہرین کی طرف سے نشستوں کا اہتمام کیا گیا۔
۴۔ معیاری تعلیم	• ایک پالیسی موجود ہے جو فیکٹری ورکرز اور معاون عملے کے ضرورت مند اور مستحق بچوں کو تعلیمی وظائف فراہم کرتی ہے۔ • دو (۲) طلبا کو ان کے بیچلر پروگرام کے لیے اسپانسر کرنے کے لیے موجودہ سال میں IBA کراچی کے ساتھ شراکت داری کی؛ • مشہور و معروف این جی اوز، دی سٹیزن فاؤنڈیشن (TCF) اور شرمین خان میموریل فاؤنڈیشن (SKMF) کے تعاون سے ۳۰۰ غیر مراعات یافتہ طالب علموں کی تعلیم کو سپانسر کیا گیا۔
۵۔ صنفی مساوات	• ہمارے پاس کل افرادی قوت کے طور پر خواتین کی تعداد ۱۱.۵٪ فیصد سے زیادہ ہے۔ • خاتون کی زیر قیادت پہلی فارماسیوٹیکل لسٹڈ کمپنی؛ • ہمارے سینئر مینجمنٹ کیڈر کا ۲۵٪ خواتین پر مشتمل ہے جو تنظیم کے اندر خواتین کو پھلنے پھولنے کے مساوی مواقع فراہم کرنے کے ہمارے عزم کی عکاسی کرتی ہے۔ • مسلسل تیسرے سال GDEIB ایوارڈز جیتے اور اس سال ہمیں چھ مختلف زمروں میں نوازا گیا ہے یعنی بھرتی، لیڈرشپ اور احتساب، DEI ڈھانچہ اور نفاذ، ورک لائف انٹیگریشن، DEI کمیونیکیشنز اینڈ کمیونٹی، حکومتی تعلقات اور انسان دوستی؛ • ہم اپنے زیریں انتظامی عملے کی خواتین ملازمین کو محفوظ، آسان اور سستی نقل و حمل کی سہولت فراہم کرتے ہیں۔
۶۔ صاف پانی اور طہارت	• پانی کو مناسب طریقے سے ٹھکانے لگانے کے لیے ایفلوئنٹ واٹر ٹریٹمنٹ پلانٹ موجود ہے جو سندھ انوائرمنٹ پروٹیکشن ایجنسی (SEPA) کی تعمیل کرتا ہے اور مجاز ریگولیٹری اتھارٹی سے منظور شدہ ہے۔ • جہاں بھی ممکن ہو سینسر اور جھرنوں کے ساتھ نلکوں کا استعمال کر کے پانی کو محفوظ کرنا؛ • زیپول ہینڈ سینیٹائزنگ لیکویڈ کئی خیراتی اداروں بشمول اخوت فاؤنڈیشن، ایس او ایس ویلج اور ٹی سی ایف کو عطیہ کیا گیا۔
۷۔ باکفایت اور صاف توانائی	• تینوں (۳) پلانٹوں پر سولر پاور سسٹم کی تنصیب جو ہماری توانائی کی ضروریات کا تقریباً ۱۳ فیصد پورا کرے گی۔ • WWF کے ساتھ تعاون کیا جس کا مقصد اے جی پی کے کاربن کے اثرات کم کر کے ایک ماحول دوست دفتر بنانا ہے۔ کمپنی نے WWF کے تجویز کردہ ماحولیات کے انتظام کے نظام کو کامیابی کے ساتھ نافذ کیا ہے اور گرین آفس سرٹیفائیڈ کمپنی بننے میں بھی کامیاب ہوئی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کے لیے ۳۱ دسمبر، ۲۰۲۲ کو ختم ہونے والے سال کے لیے سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعثِ 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 فارماسیوٹیکل برانڈز اور نیوٹراسیوٹیکل مصنوعات کے متنوع پورٹ فولیو کی مالک ہے جس میں اس کے سرفہرست برانڈز Rigix، Osnate اور Ceclor شامل ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۱، کمپنی کا ۵۲.۹۸٪ شیئر کیپیٹل Aitkenstuart Pakistan (Private) Limited (پیرنٹ کمپنی) کی ملکیت ہے۔

سال کے دوران، کمپنی نے اپنے ذیلی ادارے OBS AGP (پرائیویٹ) لمیٹڈ (OBS AGP) کے ذریعے Sandoz AG سے 22 فارماسیوٹیکل برانڈز حاصل کیے، جن میں Azomax، Zatofen اور Ternelin شامل ہیں۔

۲۔ معاشی جائزہ

کووِڈ۔۱۹ کے بعد، حکومت پاکستان کو نئے چیلنجز کا سامنا تھا۔ امریکی ڈالر کی شرح مبادلہ ۳۱ دسمبر ۲۰۲۰ کو ۱۵۹.۸ سے ۳۱ دسمبر ۲۰۲۱ کو ۱۷۶.۵ ہوگئی۔ عالمی مانگ میں اضافے کے نتیجے میں اجناس کی قیمتیں بلند ہوئیں اور ایندھن اور مال برداری کی لاگت میں غیر معمولی اضافہ ہوا۔ کیلنڈر سال کے لیے مہنگائی کی اوسط شرح ۹.۵٪ رہی جو دسمبر ۲۰۲۱ میں ۱۲.۳٪ کے ساتھ حالیہ مہینوں میں اضافے کے رجحان کو ظاہر کرتی ہے، جو کہ ۲۰۲۱ میں ایک ماہ میں سب سے زیادہ اضافہ ہے۔ شرح مبادلہ، ایندھن کی قیمت اور مہنگائی میں خاطر خواہ اضافے نے کاروبار کرنے کی لاگت کو منفی طور پر متاثر کیا ہے۔

۳۔ مارکیٹ کا جائزہ

MAT Q4`2021 انڈسٹری کے مطابق پاکستان میں دواسازی کی صنعت نے ۶۱۵ ارب روپے سے زیادہ مالیت کی فروخت ریکارڈ کی ہے 1۔ زیر جائزہ سال کے دوران دواسازی کے خوردہ کاروبار میں گزشتہ سال کے مقابلے میں ۲۲.۵٪ اضافہ دیکھنے میں آیا۔ مزید برآں کووِڈ۔۱۹ پر قابو پانے میں استعمال ہونے والی دواؤں کی زیادہ مانگ، بچوں کے دودھ کے فارمولوں میں زیادہ نمو، دائمی امراض میں استعمال ہونے والی دواؤں کے حصے میں نمایاں اضافہ اور ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی طرف سے دواؤں کی قیمتوں میں سالانہ CPI کی بنیاد پر اضافے کی اجازت وہ عوامل تھے جن سے صنعت کی نمو کو تقویت ملی۔

1 IQVIA سولوشنز پاکستان لمیٹڈ، ایک فارما ریسرچ کمپنی کی طرف سے جاری کردہ

۴۔ مالیاتی نتائج

AGP کی مالی کارکردگی

کمپنی نے پچھلے سال کے ۶،۹۴۶ ملین روپے کے مقابلے میں موجودہ سال میں ۷،۴۲۰ ملین روپے کی خالص آمدنی حاصل کی۔ کمپنی کی ملکی فروخت میں گزشتہ سال اسی مدت (SPLY) کے مقابلے میں ۱۴.۸٪ اضافہ ہوا جس میں Rigix، Osnate، Spasler اور Navidoxine نمو کے اہم محرک ہیں۔ تاہم، سیاسی بدامنی اور افغانستان کی سرحد کی بندش کی وجہ سے برآمدات میں ۲۲.۹٪ کمی کی وجہ سے کمپنی کی فروخت بری طرح متاثر ہوئی جس کے نتیجے میں کمپنی نے مجموعی طور پر فروخت میں ۶.۸٪ کی معمولی نمو حاصل کی۔ شرح مبادلہ میں اتار چڑھاؤ اور افراط زر کے دباؤ کے باوجود خاص طور پر سال کے آخر میں، کمپنی ایک سازگار سیلز مکس کی وجہ سے اپنا مجموعی مارجن ۵۵.۵٪ پر برقرار رکھنے میں کامیاب رہی۔

جارحانہ ترقی کے اہداف کو حاصل کرنے کے لیے پروموشنل سرگرمیوں کے دوبارہ آغاز کے ساتھ ساتھ اضافی افرادی قوت کی خدمات حاصل کرنے سے مارکیٹنگ اور فروخت کے اخراجات میں ۱۵٪ اضافہ ہوا ہے۔ انتظامی اخراجات میں بھی بنیادی طور پر پے رول کے اخراجات اور CSR سرگرمیوں اور عطیات میں سرمایہ کاری کی وجہ سے ۱۶۴ ملین روپے کا اضافہ ہوا ہے۔ نتیجتاً، اے جی پی نے ۳۱ دسمبر ۲۰۲۱ کو ختم ہونے والے سال کے دوران بالترتیب ۱،۵۶۵ ملین روپے اور ۵.۵۹ روپے فی شیئر کا خالص منافع اور آمدنی درج کرائی۔

OBS AGP کی مالی کارکردگی

کمپنی کے ذیلی ادارے نے اپنے آپریشنز کے پہلے پانچ (۵) مہینوں میں حوصلہ افزا نتائج دیے ہیں اور ۱،۸۹۶ ملین روپے کی خالص فروخت حاصل کی ہے۔ میکرو اکنامک چیلنجز کے باوجود، OBS AGP سازگار سیلز مکس کی وجہ سے ۴۹.۴٪ کا مجموعی مارجن رجسٹر کرانے میں کامیاب رہا۔ کمپنی نے مؤثر طریقے سے اپنی آپریٹنگ لاگت کو محدود رکھا ہے اور وہ صحت مند ٹاپ لائن کارکردگی کو ۲۸۲ ملین روپے کی خالص آمدنی میں تبدیل کرنے میں کامیاب رہا ہے۔

اجتماعی مالی کارکردگی

مجموعی طور پر، سال کے دوران ۹،۳۱۷ ملین روپے فروخت ریکارڈ کی گئی اور ۵،۰۵۵ ملین روپے کا مجموعی منافع حاصل ہوا۔ خالص منافع اور فی شیئر آمدنی بالترتیب ۱،۸۴۶ ملین روپے اور ۶.۲۴ روپے رہی۔

۵۔ سرمایے کی ساخت

سال کے اختتام پر کل ایکویٹی بڑھ کر ۹،۴۹۵ ملین روپے ہوگئی جو پچھلے سال ۸،۲۱۰ ملین روپے تھی، جو کہ ۱۵.۷٪ اضافہ ظاہر کرتی ہے۔ کمپنی کی ایکویٹی کا قرضوں کے مقابلے میں تناسب (The gearing ratio) موجودہ سال میں ۱۲.۷٪ سے کم ہو کر ۵.۵٪ رہ گیا۔ کمپنی نے اپنی طویل مدتی فنانسنگ کو بروقت بنیادوں پر طے کرنا جاری رکھا اور ۷۰۶ ملین روپے کے قرض کی ادائیگی کی جس میں ۴۸۰ ملین روپے صکوک کی ادائیگی کے طور پر شامل ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۱، صکوک کی بقایا رقم ۲۴۱ ملین روپے ہے جو ۲۰۲۲ میں مکمل طور پر ادا کردی جائے گی، جس سے کمپنی قرض سے کافی حد تک آزاد ہو جائے گی۔ قرض کی ان ادائیگیوں نے ۳۱ دسمبر ۲۰۲۱ تک طویل مدتی فنانسنگ کو ۵۲۱ ملین روپے تک کم کر دیا ہے۔

کمپنی نے ترقی اور توسیع کے کاروباری منصوبوں کے مطابق اندرونی طور پر پیدا کردہ فنڈز کے ذریعے ۴۷۴ ملین روپے کی سرمایہ کاری کی۔ اخراجات کے اہم اجزاء میں موجودہ صلاحیتوں کو بڑھانے اور انفراسٹرکچر کو اپ گریڈ کرنے، نئے آفس بلاک کی تعمیر اور موٹر گاڑیوں کی خریداری کے لیے، پلانٹ اور مشینری کی توازن کاری، جدید کاری اور تنظیم نو شامل ہے۔

سال کے دوران، PACRA نے اے جی پی کی طویل مدتی کریڈٹ ریٹنگ بالترتیب A+ اور قلیل مدتی کریڈٹ ریٹنگ A1 پر برقرار رکھی۔

۶۔ منافع کی تقسیم اور ذخائر

آمدنی کے ذخائر۔ سال کے آغاز میں کمپنی کا غیر تصرف شدہ منافع ۵،۴۱۰ ملین روپے رہا۔ سال کے خالص منافع نے ذخائر میں ۱،۵۶۵ ملین روپے کا اضافہ کیا۔ دوسری طرف، حتمی ڈیویڈنڈ کی ادائیگیوں نے ذخائر میں ۲۸۰ ملین روپے کی کمی کی۔ غیر تصرف شدہ منافع کا اختتامی بیلنس ۶،۶۹۵ ملین روپے تھا، جو مجموعی طور پر ۲۳.۷٪ اضافے کی نشاندہی کرتا ہے۔

تصرفات	ملین روپوں میں
ابتدائی غیر تصرف شدہ منافع	۵،۴۱۰
خالص منافع	۵،۵۶۵
حتمی ڈیویڈنڈ بحساب ۱ روپے فی شیئر	(۲۸۰)
اختتامی غیر تصرف شدہ منافع	۶،۶۹۵

۷۔ ڈیویڈنڈ

اپنے شیئر ہولڈرز کو سرمایہ کاری پر پائیدار منافع جات یقینی بنانے کے لیے، کمپنی کے بورڈ آف ڈائریکٹرز نے ۲۵ مارچ ۲۰۲۲ کو منعقدہ اپنے اجلاس میں ۲۶ اپریل ۲۰۲۲ کو منعقدہ سالانہ اجلاس عام میں شیئر ہولڈرز سے منظوری کے لیے بصد مسرت ۲.۵ روپے فی شیئر یعنی ختم ہونے والے سال ۲۰۲۱ کے لیے ۲۵٪ حتمی نقد منافع کی سفارش کی ہے۔

۸۔ شیئر ہولڈنگ کا اسلوب

کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۱، شیئر ہولڈنگ کی معلومات اور دیگر معلومات، بشمول کسی ڈائریکٹر، سی ای او، بڑے شیئر ہولڈرز اور / یا ان کے / کی شریک حیات اور چھوٹے بچوں کی طرف سے شیئرز کے لین دین کی معلومات سالانہ رپورٹ میں شیئر ہولڈنگ کے اسلوب سے متعلق حصے میں درج کی گئی ہیں۔

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, 2021.

Composition of the Audit Committee
The Audit Committee (Committee) comprises of the 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 professional 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 six (6) times during the year, quarterly meetings were held primarily to review and recommend interim and annual financial statements to the Board of Directors (Board) for its considerations and approval and two (2) meetings were held to review and recommend special business agenda of acquisition of pharmaceutical brands and Vaccine business. 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 provides updates of all significant matters discussed in the meeting to the Board.

Financial Statements

The Committee has concluded its annual review of the Company's performance, financial position, and cash flows during the year ended December 31, 2021, and reports that:

- The standalone and consolidated financial statements of the Company for the year ended December 31, 2021, 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.

- 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, 2021.

- 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.

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

- 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.

- 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.

- 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 purpose. The Company has also appointed a fulltime employee other than CFO, as Head of Internal Audit (HOIA) holding equivalent qualification prescribed under the Code of Corporate Governance. The HOIA functionally report to the Committee and administratively to the CEO and her performance appraisal was 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 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 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, 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.

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, 2021 and shall retire on the conclusion of the eight (8th) Annual General Meeting of the Company.

The Chairman of the Committee met the EY audit team along with engagement partner Mr. Arif Nazeer at the start of the audit to ensure appropriateness of audit planning and sufficiency of resources and discussed appropriate recording of acquisition of pharmaceutical brands 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. Arif Nazeer along with his senior team members without the presence of CEO, CFO and HOIA. The Committee discussed the audit process and any 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 2022 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 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.

ZAFAR IQBAL SOBANI
CHAIRMAN – AUDIT COMMITTEE
MARCH 24, 2022

EY
Building a better working world

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Independent Auditor's Review Report

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 for the year ended 31 December 2021 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 2021.

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 04 April 2022

UDIN Number: CR202110099CVIF9i2x8

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPLIANCE

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

AGP Limited
Year Ended 31 December 2021

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 7 as per the following:

a.	Male	06
b.	Female	01

2. The composition of the Board is as follows:

a.	Independent Directors*	02	Mr. Naved Abid Khan Mr. Zafar Iqbal Sobani
b.	Non-executive Directors	04	Mr. Tariq Moinuddin Khan Mr. Kamran Nishat 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 have 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. Mahmud Yar Hiraj (Non-Executive Director)
Mr. Muhammad Kamran Mirza (Non-Executive Director)

b. Human Resource and Remuneration Committee

Mr. Naved Abid Khan – Chairman (Independent Director)
Mr. Kamran Nishat (Non-Executive Director)
Ms. Nusrat Munshi (Executive Director)
Mr. Mahmud Yar Hiraj (Non-Executive Director)
Mr. Muhammad Kamran Mirza (Non-Executive Director)

c. Board Strategy Committee

Mr. Kamran Nishat – Chairman
Ms. Nusrat Munshi (Executive Director)
Mr. 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: Six (6) meetings during the financial year ended December 31, 2021;

b) Human Resource and Remuneration Committee: Four (4) meetings during the financial year ended December 31, 2021;

c) Board Strategy Committee: Three (3) meeting during the financial year ended December 31, 2021.

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.

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.

NUSRAT MUNSHI
MANAGING DIRECTOR
AND CEO

TARIQ MOINUDDIN KHAN
CHAIRMAN OF THE BOARD

STRATEGIC OUTLOOK

Analysis of Last Year's Forward-Looking Statement

As envisioned last year, in pursuance to our commitment to patients, doctors, healthcare professionals and all relevant stakeholders, we have acquired 22 well-established brands of Sandoz (operating under Novartis in Pakistan) by taking 65% stake of OBS AGP. Accordingly, through this acquisition we have enhanced our market share especially in anti-infective and oncology segments, enabling AGP to climb to the 15th rank as per IQVIA ranking. Moreover, through the continuous efforts of our human capital, we have strengthened our product portfolio by penetrating deeper into the domestic markets and launching 5 new products in various therapeutic classes and achieved an increase of 15% Pakistan market. Overall, our continuous efforts has helped us continue our journey towards operational and financial excellence.

Source of Information and Assumptions Used for Projections / Forecasts

A holistic view of past trends, prevailing market conditions, and future expectations are embedded in the framework for the development of business forecasts and projections. Comprehensive information from critical functions of the Company, including but not limited to Marketing and Sales, Production and Operations, Quality Management & Finance along with external industry and market analysis is used for the planning. External factors that are relevant and appropriate in the circumstances, such as macro and microeconomic indicators, market trends, availability of active pharmaceutical ingredients, data from regulatory authorities and research companies and competitors' actions are also considered when devising future plans.

These forecasts are adopted as a budget after approval by the Board of Directors. Periodic reviews of performance against the budgeted targets are performedto ensure adequate monitoring and control. Corrective actions including amendment of budget and reallocation of resources are initiated if required. New ventures have to pass through an extensive due diligence process encompassing the technical, financial, and legal feasibility studies with the involvement of the core management team and external experts, if and when required.

Future Outlook

AGP aims to strive for sustainable and challenging targets, focusing on synergies and integration of the acquired business. The Company plans to capitalize on its existing product pipeline penetrating deeper into the domestic markets, marking the presence in international markets, and strengthening our portfolio by introducing new products.

Furthermore, to pursue our aggressive growth objective, we aim to enhance our capacity through efficient utilization of resources, technology integration, and improvements in human capital through increase in productivity, streamlining of processes and implementation of cost-effective practices. Based on this, AGP is optimistic that the year 2022 will achieve higher growth than in last year in terms of both revenue and profitability.

In the coming year, AGP anticipates greater collaboration and engagement with employees, suppliers, healthcare professionals and all stakeholders with mutually beneficial outcomes leading to our vision of "growing together".

Response to Future Challenges and Uncertainties:

Despite AGP pursuing a favorable outlook and incorporating business practices to meet current and future demands through synergies and product innovation, politically stable, economically favourable and regulatory supportive environment is essential and integral for the above success.

The global COVID-19 virus, leading to uncertainties in availability of raw material, disruptions in distribution network and loss of production may affects AGP's revenue, resource allocation and profitability. In order to reduce uncertainty of availability of raw material, the Company has developed alternate vendor resources, maintain adequate inventory coverage and running efficient supply chain operations. In the year under review, we have an improvement of 12% in our raw material mix, in terms of local versus imported vendors Further to tackle absenteeism and disruption in distribution network, the company follows strict SOP's and monitors the market dynamics for proper resource and robust distribution planning.

Rise in global commodity prices leading to increase in domestic inflation and devaluation of currency increases the cost of doing business and adversely affect Company's performance.

We keep a stringent eye on the external environment to remain mindful of the potential opportunities and possible threats. The Company looks forward to favorable Government policies and measures to facilitate the business environment, and Drug Regulatory Authority Pakistan (DRAP) in particular to support the pharmaceutical industry.

For detailed review of the principal risks and mitigation strategies adopted by the management, please refer page 73-80 of the Annual Report.

03

FINANCIAL PERFORMANCE

Performing Together

With the full breadth and depth of our company's resources and expertise, We are accomplishing results in line with our aggressive growth strategies, while setting a new set of milestones to be achieved in the coming years.

Financial Performance

Review and analysis of the Company's Financial Performance for the year ended December 31, 2021.

2021 IN NUMBERS

Financial KPIs

REVENUE

2021	2020	Increase
7,420 Million	6,946 Million	6.8%

GROSS PROFIT

2021	2020	Increase
4,117 Million	3,861 Million	6.7%

NET PROFIT

2021	2020	Decrease
1,565 Million	1,587 Million	(1.4)%

EARNINGS PER SHARE

2021	2020	Decrease
5.59	5.67	(1.4)%

As compared to budget, sales performance remained lower due to temporary closure of Afghanistan borders and lack of adequate institutional orders. Despite foreign exchange rate volatility and inflationary pressure, the Company was able to maintain its gross and net margins over the budgeted targets due to favorable sales mix and containment of selling, general and administrative expenses.

Non-Financial KPIs

NO. OF NEW LAUNCHES

2021	2020	Remarks
5	4	The Company continued to make new product launches.

NO. OF EMPLOYEES

2021	2020	Remarks
1,165	976	The Company is targetting aggressive growth in the years to come and hence is increasing its workforce to cater to that expansion

SALES OF RIGIX

2021	2020	Increase
1,657 Million	1,446 Million	14.6%

FEMALE TO MALE RATIO

2021	2020	Remarks
11.5%	10.3%	Improvement in ratio as more females entered our workforce

The Company has strengthen its work force and launched 5 new products in line with the target to achieve sales growth. Female ratio has also improved to further enhance gender diversity and inclusion.

FINANCIAL RATIOS

	Unit	2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross Profit Ratio	%	55.5%	55.6%	58.5%	56.5%	60.8%	58.5%
Net Profit to Sales	%	21.1%	22.9%	23.1%	22.4%	26.1%	25.8%
EBITDA Margin	%	29.3%	32.0%	34.9%	32.1%	36.4%	38.9%
Operating Leverage Ratio	Times	(0.55)	0.12	1.62	0.07	0.43	1.50
Return on Equity (After tax)	%	16.5%	19.3%	19.4%	19.0%	22.4%	25.4%
Return on Capital Employed	%	16.2%	17.7%	17.3%	15.3%	16.1%	14.2%
Shareholders' Fund	%	84.8%	80.6%	77.7%	71.0%	64.6%	50.2%
Return on shareholders Fund	%	16.5%	19.3%	19.4%	18.9%	22.4%	25.4%
Return on Assets (After tax)	%	14.6%	16.0%	15.6%	13.8%	14.5%	12.9%
Return on Assets (Before tax)	%	17.9%	19.5%	19.7%	16.3%	15.6%	13.9%
Cost / Income Ratio	%	115.9%	95.7%	89.3%	101.7%	80.7%	65.5%
Return on Equity (Before tax)	%	20.1%	23.5%	24.5%	22.4%	24.2%	27.3%
Effective tax rate	%	18.1%	17.6%	20.7%	15.4%	7.5%	6.9%
Liquidity Ratios							
Current Ratio	Times	1.65	1.71	1.64	1.39	1.27	0.86
Quick / Acid test Ratio	Times	0.95	0.92	0.89	0.80	0.75	0.60
Cash to Current Liabilities	Times	0.34	0.25	0.09	0.02	0.02	0.25
Cash flow from operations to Sales	Times	0.29	0.23	0.24	0.18	0.20	0.25
Investment / Market Ratios							
Earnings per Share (EPS) and diluted EPS	PKR	5.59	5.67	5.17	4.31	4.41	4.31
Price Earning Ratio	Times	17.35	20.09	19.23	20.29	N/A	N/A
Price to book Ratio	Times	4.69	6.65	6.61	6.87	-	-
Dividend yield Ratio	%	1.0%	2.6%	1.4%	1.3%	-	-
Dividend pay out Ratio	%	17.9%	52.9%	26.3%	26.4%	-	-
Dividend cover Ratio	Times	5.59	1.89	3.81	3.78	-	-
Cash dividend per share	PKR	1.00	3.00	1.36	1.14	-	-
Market value per share							
- at the end of the year	PKR	96.99	113.90	99.40	87.40	N/A	N/A
- high during the year	PKR	154.07	126.90	99.70	107.20	N/A	N/A
- low during the year	PKR	82.21	73.00	51.50	68.40	N/A	N/A
Break-up value per share without Surplus on Revaluation of property, plant and equipment	PKR	33.91	29.32	26.65	22.74	19.68	15.28
Share Price (Y/E)	PKR	96.99	113.88	99.35	87.43	-	-
Capital Structure Ratios							
Financial leverage Ratio	Times	0.06	0.13	0.16	0.26	0.39	0.79
Weighted Average Cost of debt	%	5.9%	9.4%	14.8%	8.8%	10.6%	11.1%
Debt to Equity (as per book value)	Times	0.05	0.13	0.16	0.26	0.39	0.79
Interest cover Ratio	Times	22.40	13.69	9.04	8.13	5.82	4.24
Equity to Asset Ratio	Times	0.85	0.81	0.78	0.71	0.65	0.50
Debt to Asset Ratio	Times	0.05	0.10	0.13	0.19	0.25	0.40
Activity / Turnover Ratios							
Total Assets turnover Ratio (average assets)	Times	0.66	0.70	0.67	0.62	0.55	0.50
Fixed Assets turnover Ratio	Times	0.91	0.93	0.86	0.77	0.69	0.62
No. of Days in inventory	Days	126	130	127	114	117	98
No. of Days in receivables	Days	37	32	29	32	31	27
No. of Days in payables	Days	105	100	106	114	143	113
Operating cycle	Days	58	63	51	33	4	12
Employee Productivity Ratios							
Production per Employee	PKR in 000's	37	43	46.02	46	51	56
Revenue per Employee	PKR in 000's	6,369	7,117	6,948	6,116	6,004	6,561
Staff turnover Ratio	%	40.4%	27.0%	40.0%	30.7%	33.9%	28.6%
Net profit per Employee	PKR in 000's	1,343	1,626	1,607	1,371	1,568	1,696
Non-Financial Ratios							
% of Plant availability	%	71.4%	66.3%	66.8%	38.9%	79.1%	92.4%
Others							
Spares Inventory as % of Assets Cost	%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Maintenance Cost as % of Operating Expenses	%	1.2%	0.8%	0.7%	0.6%	1.3%	1.4%
Admin Expenses to Sales Ratio	%	5.3%	3.3%	2.5%	2.4%	2.8%	2.6%
Marketing & Promotional Expense to sales Ratio	%	21.8%	20.2%	20.7%	21.4%	22.2%	18.1%

RATIO ANALYSIS

Profitability Ratios

Domestic sales of the Company grew by 14.8% over the last year. However, the Company's sales were adversely impacted due to a decline in exports by 22.9% because of political unrest and temporary border closure of Afghanistan resulting in the Company achieving a modest growth of 6.8% in sales on overall basis. Despite exchange rate volatility and inflationary pressure particularly at the end of the year, the Company was able to maintain its gross margins at 55.5%. The restoration of promotional activities along with hiring of additional head count to pursue aggressive growth targets impacted the net profit of the Company. Further, the finance costs has decreased as the Company made major repayments of loan and is smoothly heading towards being a debt free Company in the coming year. The return on capital employed decreased by around 1.4% as the Company timely settled its liabilities, indicating a decrease in liabilities of the Company by 14.0%.

Liquidity Ratios

The Company maintained its current ratio to 1.7 times, maintaining its 6-year track for holding a steady ratio. This indicates that the Company is constantly improving its ability to meet its short term obligations, an excess of around 66% in the form of current assets. Due to the improvement in early settlement of liabilities, quick ratio increased to 0.95 times which is higher ever in the last six years.

Investment / Market Ratios

The Company's share traded on Pakistan Stock Exchange between the ranges of PKR 82.21 to PKR 154.07, with year-end share price closing at PKR 96.99. The earnings per share as at December 31, 2021 stand at PKR 5.59 per share as compared to PKR 5.67 per share at the last year end. The dividend policy of the Company maintained a strategic balance between retaining equity for profitable ventures and paying out dividend to its shareholders. Contributing with this objective for growth and development and yielding sufficient operational gains for our shareholders, the Company's Board of Directors have approved a total dividend of PKR 2.50 per share.

Capital Structure Ratios

The gearing ratio of the Company took a positive turn and decreased from 13% to 6% in the current year as the Company continued its settlement of long-term financing on a timely basis and made loan repayments of PKR 541 Million inclusive of repayments in nature of its running musharikah under SBP Refinance scheme, Diminishing musharika and for repayment of Sukuks. The repayments have reduced the long-term financings to PKR 527 Million as at December 31, 2021. The interest cover ratio has increased to a six-year high of 22.4 times, demonstrating improvement in the Company's ability to settle its financial obligations as financial cost have decreased. The equity to asset ratio has also increased to 0.85 from 0.81 denoting the Company's decrease in reliance on debt when purchasing assets.

Activity / Turnover Ratios

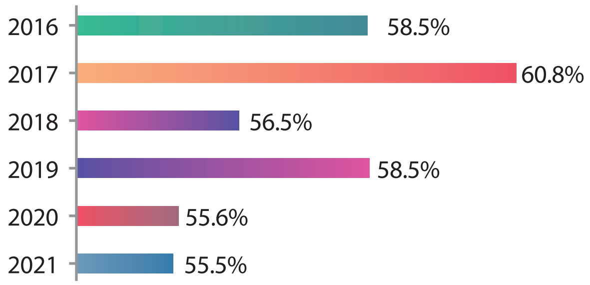
The total assets turnover ratio has continued its trajectory of a steady increase which shows that the Company's ability to generate sales from its assets have improved. This has been backed by an increase in the fixed assets turnover ratio. Despite the socio-economic difficulties , the Company ensured continuity in production and operation, including buffer stock at optimum levels. Hence, the operating cycle was recorded at 58 days as the number of days in inventory decreased by 4, number of days in receivable increased by 5 and number of days in payable increased by 5.

Methods and Assumptions used in compiling the financial performance indicators

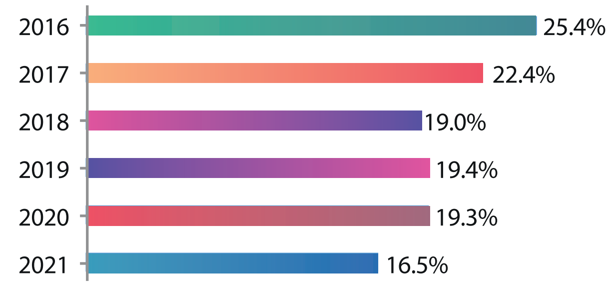
"The Company has set financial and non-financial indicators to track progress against strategic objectives. Sales are monitored regularly and future lines of actions are decided accordingly. The Company analyses a number of internal and external factors including availability and quality of in-house resources, economic indicators, geopolitical situation, competitors' positioning and general market trends while compiling KPIs. These indicators have been compiled through methodologies widely used in the industry and are reviewed regularly by the Management Team and on quarterly basis by the Board to take appropriate corrective actions when and where necessary.

GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

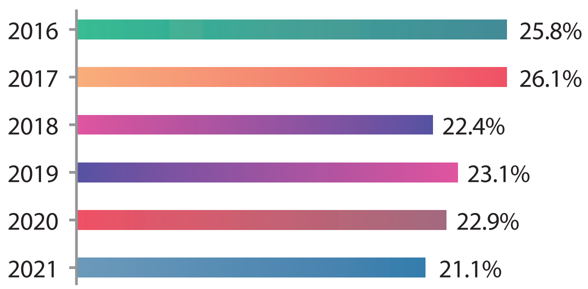
GROSS PROFIT TO SALES (%)



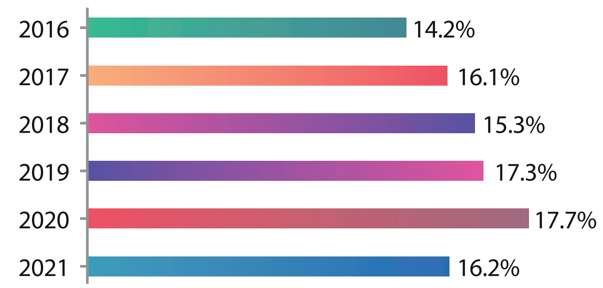
RETURN ON EQUITY - AFTER TAX (%)



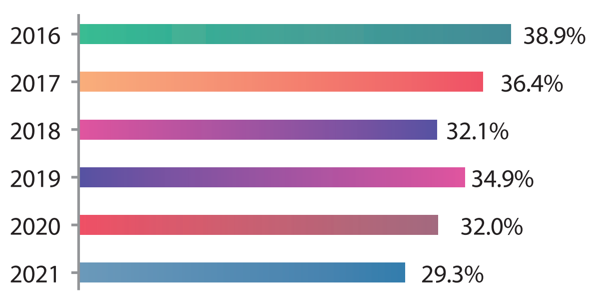
NET PROFIT TO SALES (%)



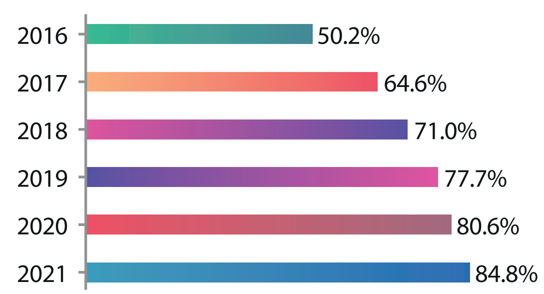
RETURN ON CAPITAL EMPLOYED (%)



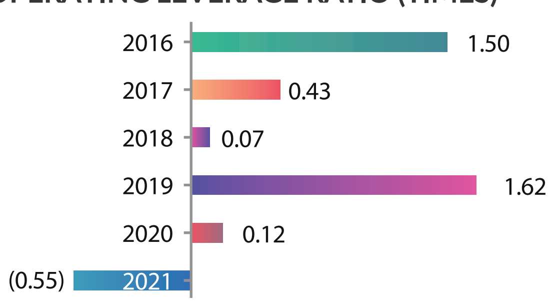
EBITDA MARGIN TO SALES (%)



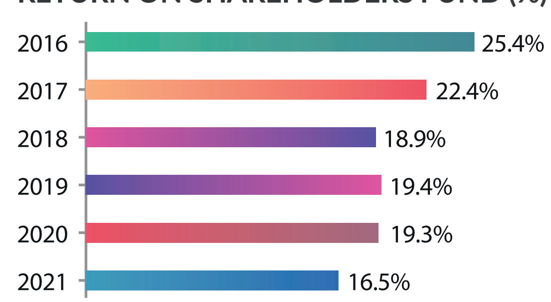
SHAREHOLDERS' FUND (%)



OPERATING LEVERAGE RATIO (TIMES)

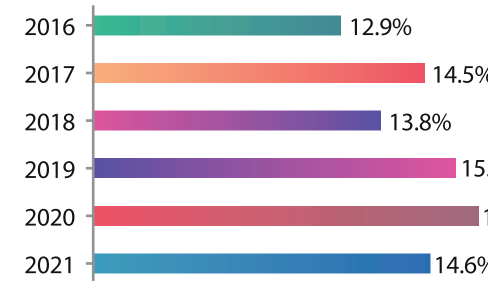


RETURN ON SHAREHOLDERS FUND (%)

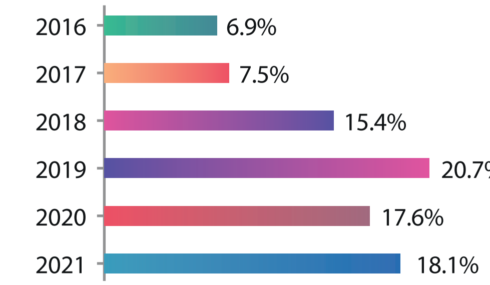


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

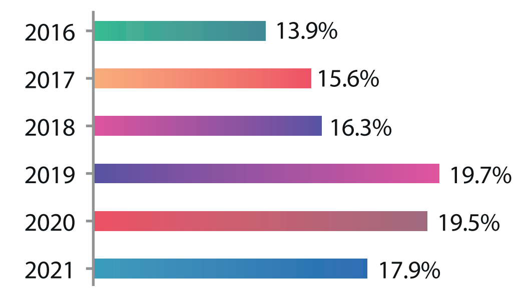
RETURN ON ASSETS - AFTER TAX (%)



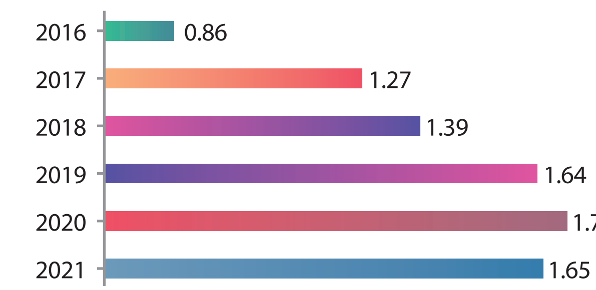
EFFECTIVE TAX RATE (%)



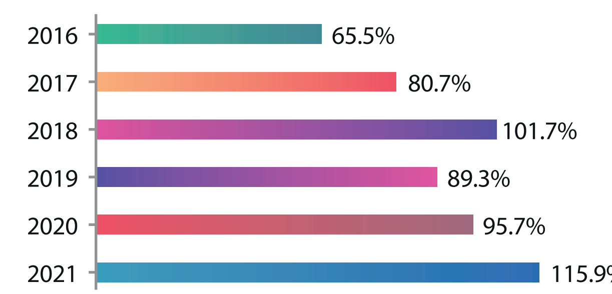
RETURN ON ASSETS - BEFORE TAX (%)



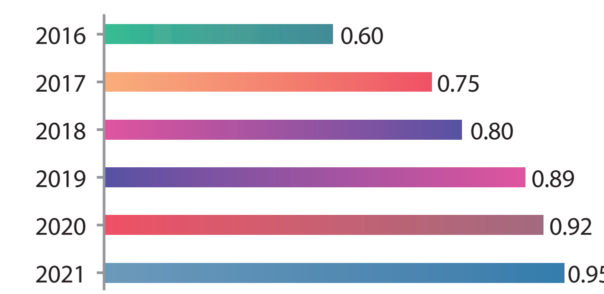
CURRENT RATIO (TIMES)



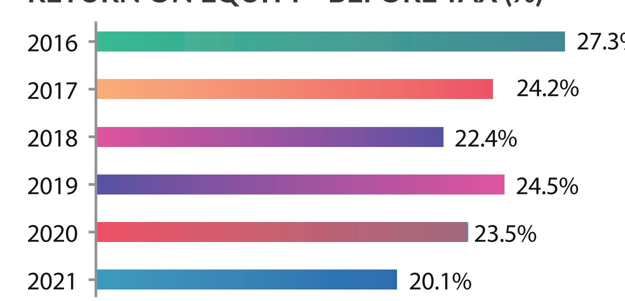
COST / INCOME RATIO (%)



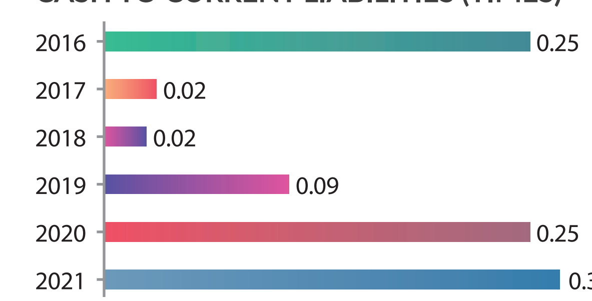
QUICK/ACID TEST RATIO (TIMES)



RETURN ON EQUITY - BEFORE TAX (%)

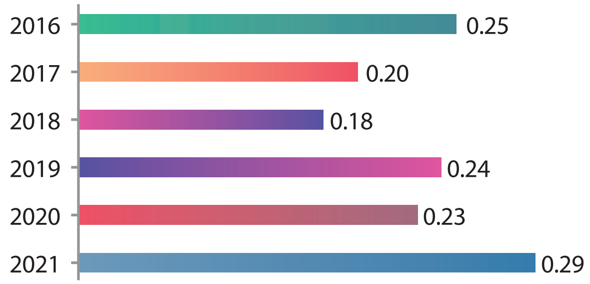


CASH TO CURRENT LIABILITIES (TIMES)

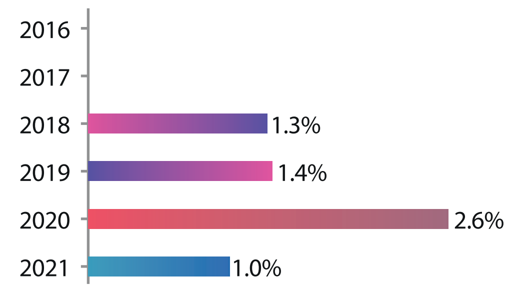


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

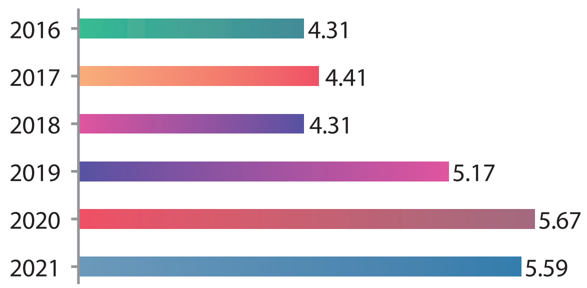
CASH FLOW FROM OPERATIONS TO SALES (TIMES)



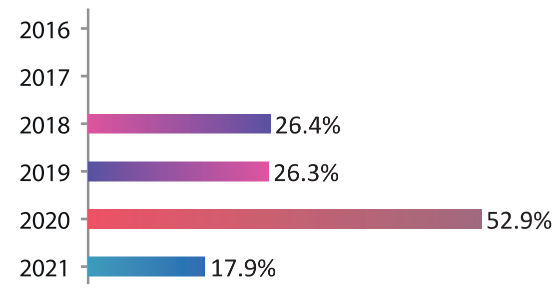
DIVIDEND YIELD RATIO * (%)



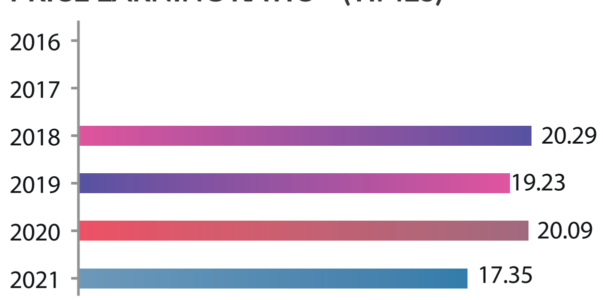
EARNINGS PER SHARE (EPS) AND DILUTED EPS (PKR)



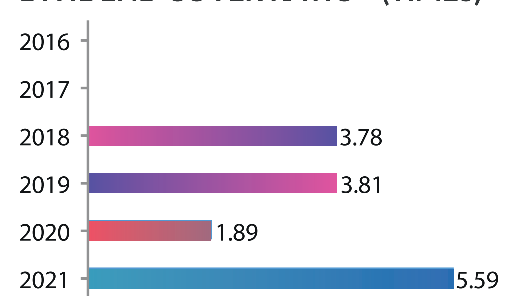
DIVIDEND PAY OUT RATIO * (%)



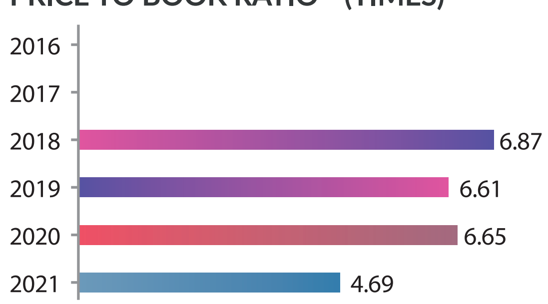
PRICE EARNING RATIO * (TIMES)



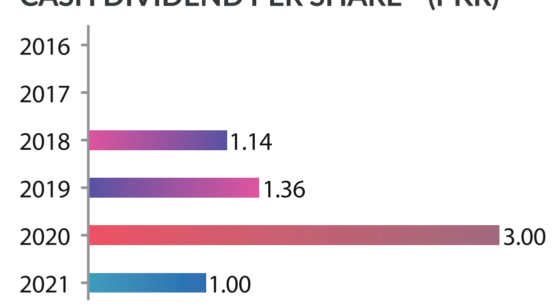
DIVIDEND COVER RATIO * (TIMES)



PRICE TO BOOK RATIO * (TIMES)



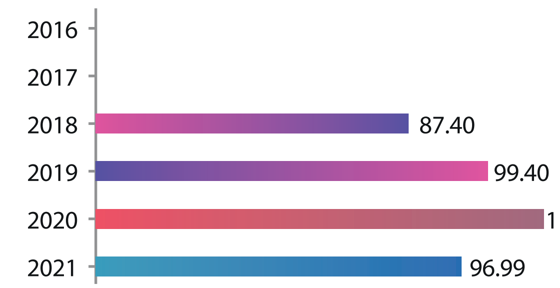
CASH DIVIDEND PER SHARE * (PKR)



*The Company got listed on PSX in 2018.

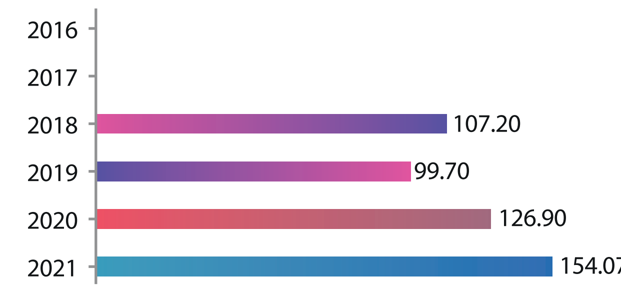
GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

MARKET VALUE PER SHARE *
- AT THE END OF THE YEAR - (PKR)

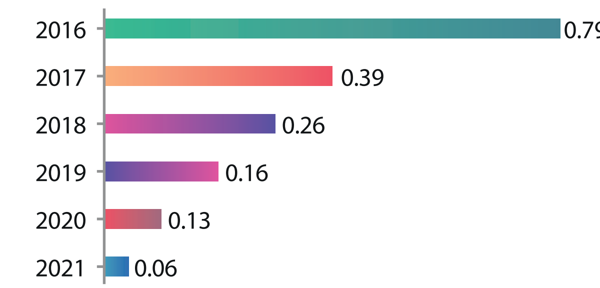


SHARE PRICE - Y/E * (PKR)

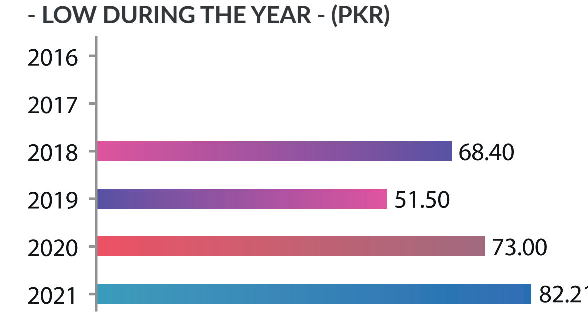
MARKET VALUE PER SHARE *
- HIGH DURING THE YEAR - (PKR)



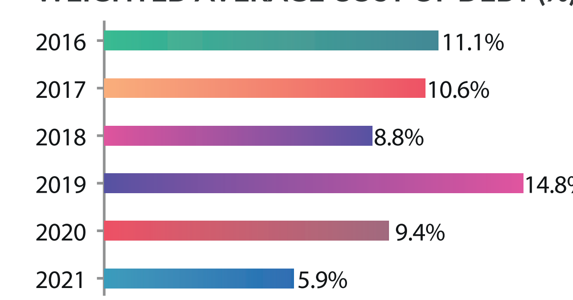
FINANCIAL LEVERAGE RATIO (TIMES)



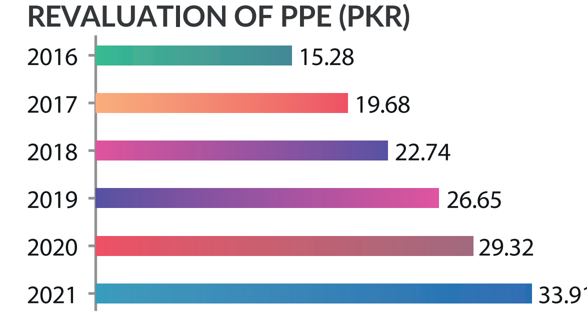
MARKET VALUE PER SHARE *
- LOW DURING THE YEAR - (PKR)



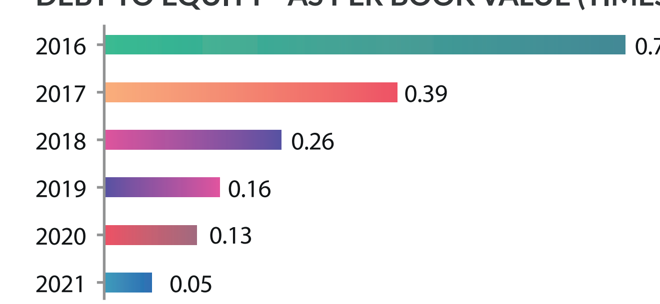
WEIGHTED AVERAGE COST OF DEBT (%)



BREAK - UP VALUE PER SHARE W/O SURPLUS ON REVALUATION OF PPE (PKR)



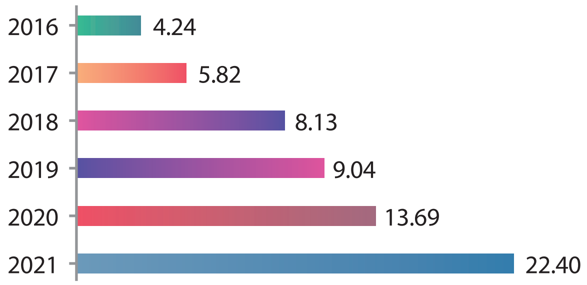
DEBT TO EQUITY - AS PER BOOK VALUE (TIMES)



*The Company got listed on PSX in 2018.

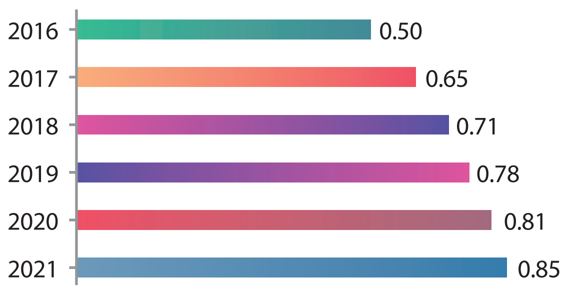
GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

INTEREST COVER RATIO (TIMES)

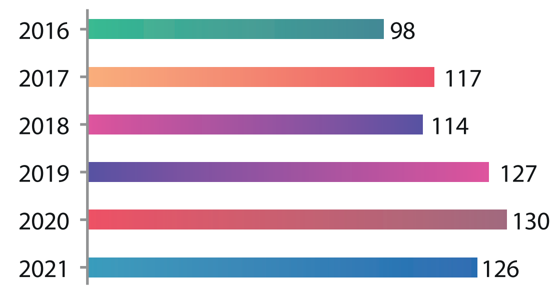


FIXED ASSETS TURNOVER RATIO (TIMES)

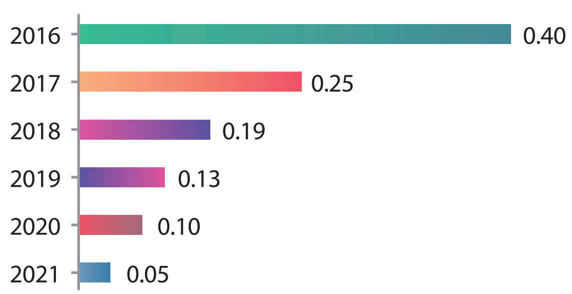
EQUITY TO ASSET RATIO (TIMES)



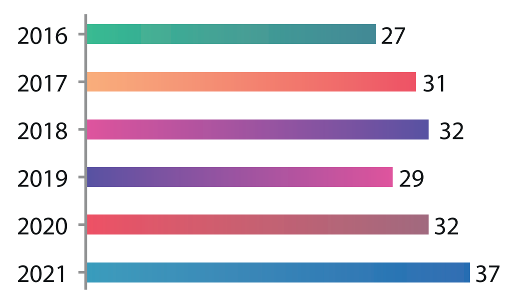
NO. OF DAYS IN INVENTORY (DAYS)



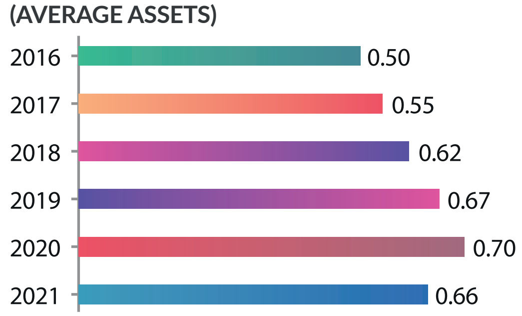
DEBT TO ASSET RATIO (TIMES)



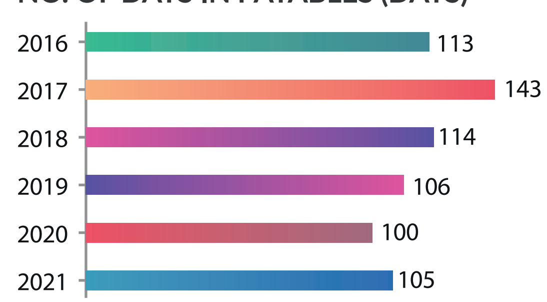
NO. OF DAYS IN RECEIVABLES (DAYS)



TOTAL ASSETS TURNOVER RATIO (TIMES)
(AVERAGE ASSETS)

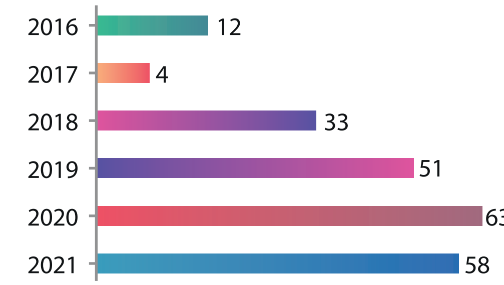


NO. OF DAYS IN PAYABLES (DAYS)

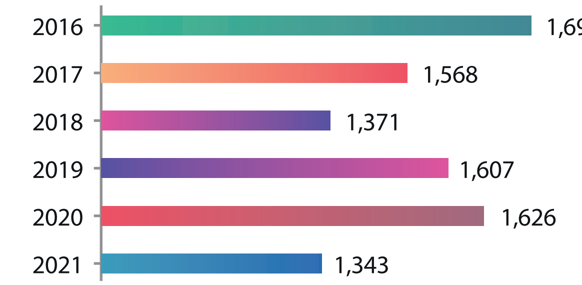


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

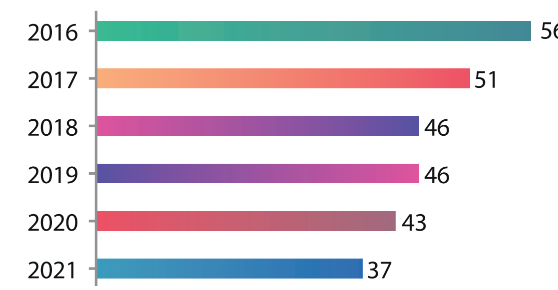
OPERATING CYCLE (DAYS)



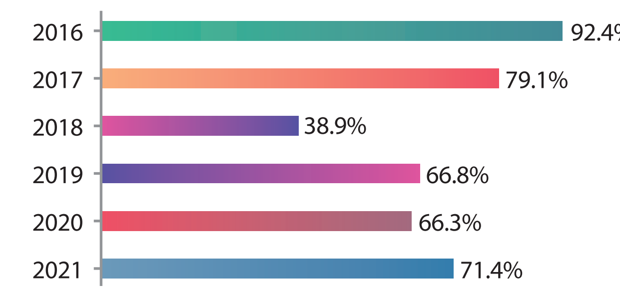
NET PROFIT PER EMPLOYEE (PKR IN 000's)



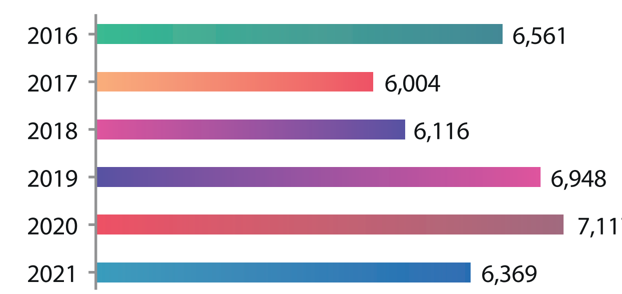
PRODUCTION PER EMPLOYEE (PKR IN 000's)



% OF PLANT AVAILABILITY (%)

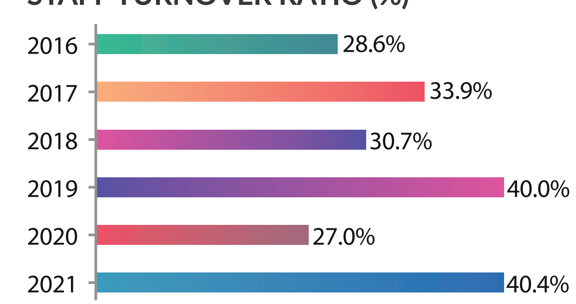


REVENUE PER EMPLOYEE (PKR IN 000's)

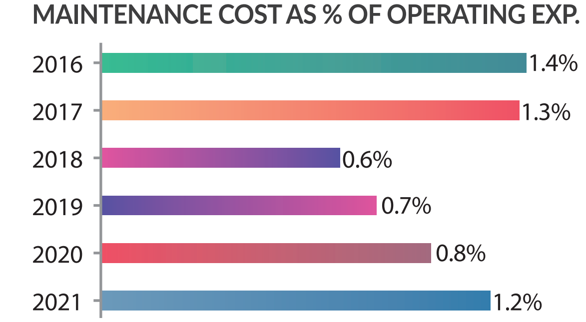


SPARES INVENTORY AS % OF ASSETS COST (%)

STAFF TURNOVER RATIO (%)

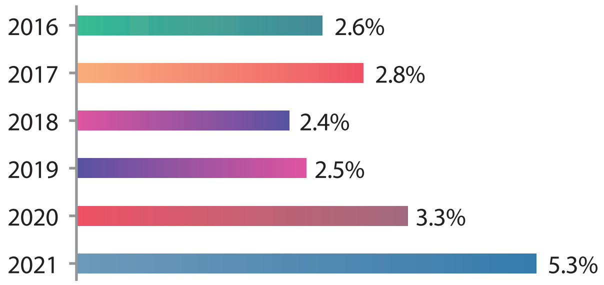


MAINTENANCE COST AS % OF OPERATING EXP. (%)

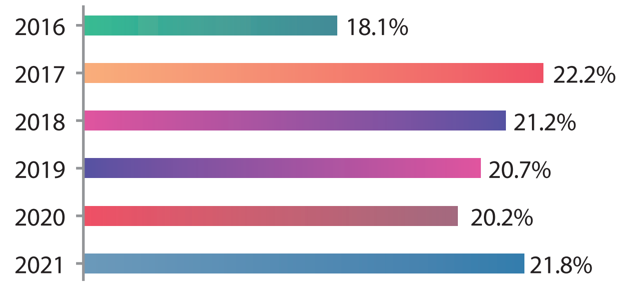


GRAPHICAL PRESENTATION OF FINANCIAL ANALYSIS

ADMIN EXPENSES TO SALES RATIO (%)



MARKETING & PROMO EXP. TO SALES RATIO (%)



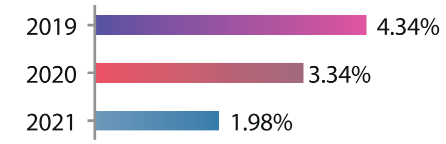
ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES

Unit (%)	2021	2020	2019
Loan on Interest to market capitalization of the Company	1.98%	3.34%	4.34%
Total interest-taking deposits to market capitalization of total equity	0.89%	0.95%	0.40%
Income generated from prohibited components to Total Income	0.05%	0.05%	0.04%
Net liquid assets per share to M.V per share	3.17%	2.36%	1.09%
Interest Bearing Debt to Total Assets	4.80%	10.45%	12.58%
Non-Shariah Compliant Investments to Total Assets	0.03%	0.04%	0.03%
Non- Shariah Compliant Income to Total revenue	0.05%	0.05%	0.04%
Illiquid Assets to Total Assets	78.45%	77.83%	82.78%

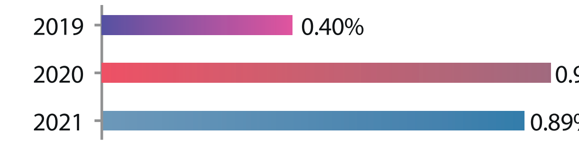
GRAPHICAL PRESENTATION

(ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES)

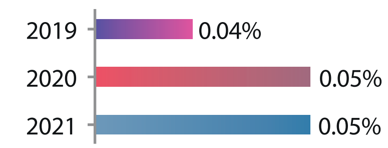
LOAN ON INTEREST TO MARKET CAPITALIZATION OF THE COMPANY (%)



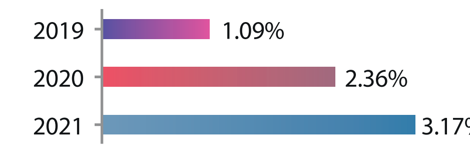
TOTAL INTEREST - TAKING DEPOSITS TO MARKET CAPITALIZATION OF TOTAL EQUITY (%)



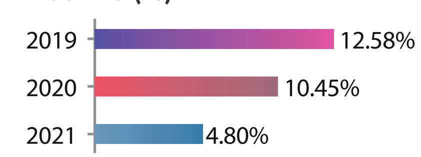
INCOME GENERATED FROM PROHIBITED COMPONENTS TO TOTAL INCOME (%)



NET LIQUID ASSETS PER SHARE TO M.V. PER SHARE (%)

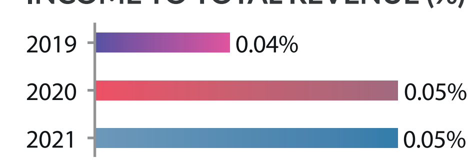


INTEREST BEARING DEBT TO TOTAL ASSETS (%)



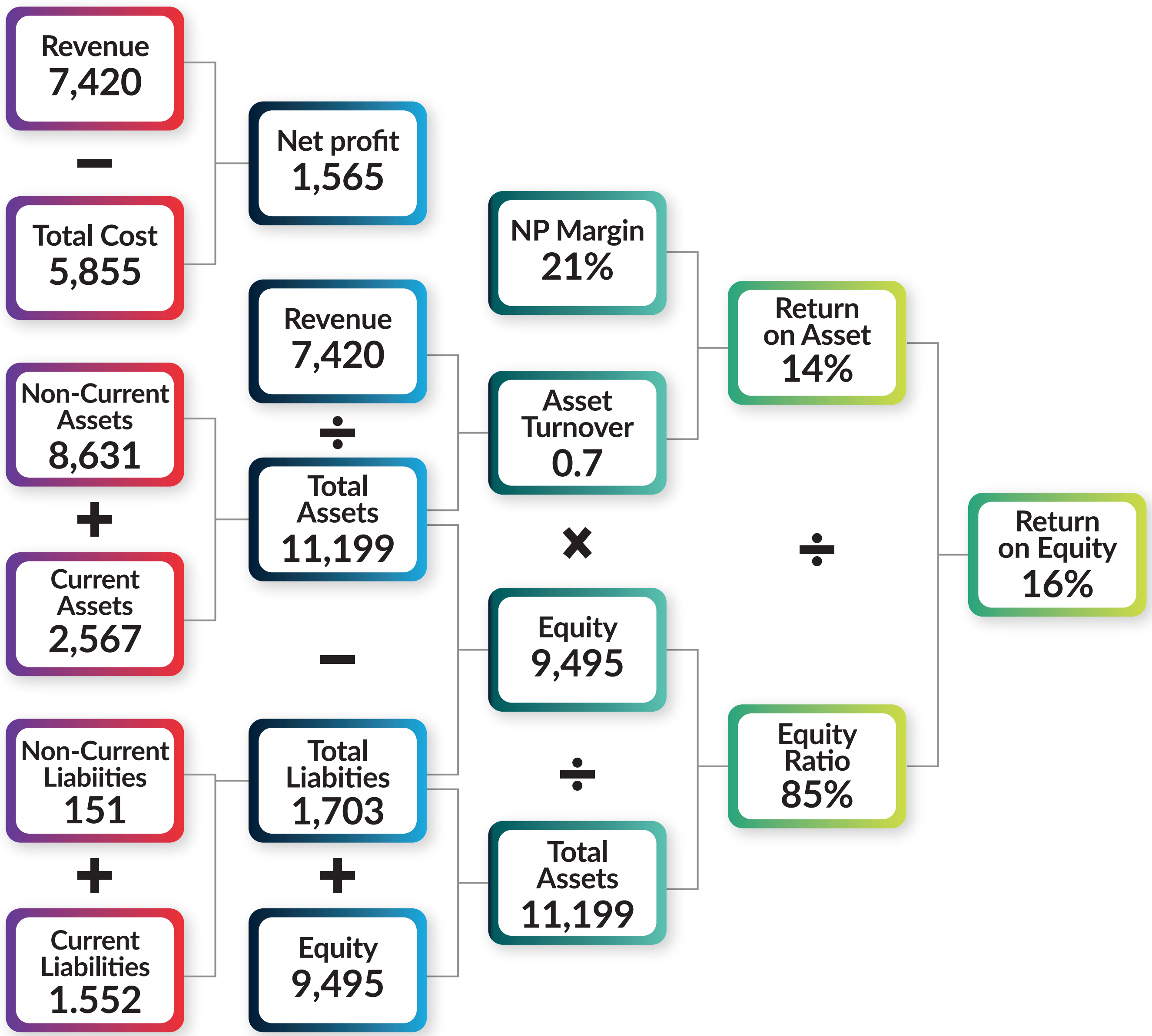
NON-SHARIAH COMPLIANT INVESTMENTS TO TOTAL ASSETS (%)

NON- SHARIAH COMPLIANT INCOME TO TOTAL REVENUE (%)



ILLIQUID ASSETS TO TOTAL ASSETS (%)

DUPONT ANALYSIS



DUPONT ANALYSIS	2021	2020
Tax burden	82%	82%
Interest burden	96%	93%
EBIT margin	20%	30%
Asset turnover	0.7 x	0.7 x
Leverage	0.06	0.13
Return on equity	16%	19%

The topline performance of PKR 7,420 Million along with contained cost of goods sold, administration, marketing and selling expenses have led the Company to achieve a net profit of PKR 1,565 million, that is 21% net margin of topline performance. The total asset base of the Company stands at PKR 11.2 billion comprising of non-current assets of PKR 8.6 billion and current assets of PKR 2.6 billion. Total asset and revenue yield asset turnover ratio of 0.7 for the year 2021. Return on asset as a product of net margin and asset turnover comes out at 14%.

Total liabilities of the Company stand at PKR 1.7 billion, comprising of current liabilities PKR 1.5 billion and non-current liabilities of PKR 151 million. The excess of total assets over total liabilities results in equity of PKR 9.5 billion which represents around 85% of total assets. These variables and parameters, ultimately yield return on equity of 16% for the year 2021

FREE CASHFLOWS

	2021	2020	2019	2018	2017	2016
Profit before taxation	1,911	1,927	1,825	1,426	1,333	1,168
Adjustment of non-cash items	372	422	494	382	450	537
Changes in working capital	164	(292)	(119)	(322)	(132)	43
	2,447	2,057	2,200	1,486	1,651	1,748
Less: Capital expenditure	(474)	(381)	(433)	(337)	(194)	(125)
Free Cash Flows	**1,973**	**1,676**	**1,767**	**1,149**	**1,457**	**1,623**

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).

	2021	2020	2019	2018
	2,194	2,182	2,002	1,546
Cost of Capital	(1,026)	(1,052)	(1,262)	(1,084)
Economic Value Added	1,168	1,130	740	462

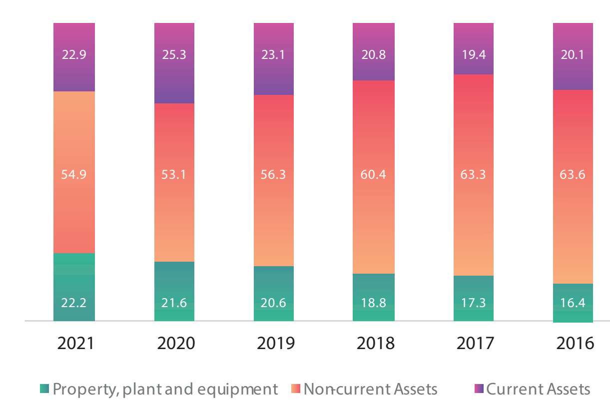
VERTICAL ANALYSIS

(PKR in Million)

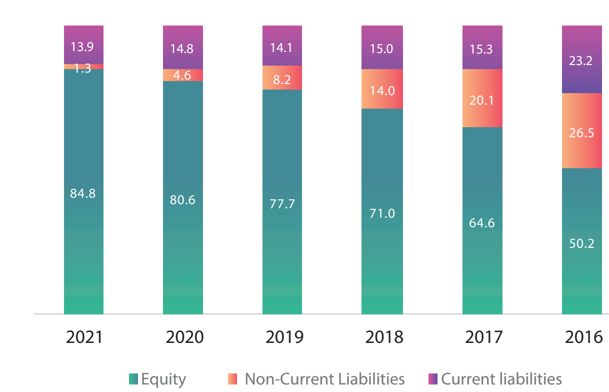
	---- 2021 ----		---- 2020 ----		---- 2019 ----		---- 2018 ----		---- 2017 ----		---- 2016 ----	
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
Statement of Financial Position												
Assets												
Non-current Assets												
Property, plant and equipment	2,484	*22.2*	2,203	*21.6*	1,977	*20.6*	1,685	*18.8*	1,479	*17.3*	1,393	*16.4*
Intangible assets	5,403	*48.3*	5,398	*53.0*	5,395	*56.2*	5,398	*60.2*	5,385	*63.2*	5,402	*63.5*
Investment in subsidiary	730	*6.5*	-	-	-	-	-	-	-	-	-	-
Long-term loans, deposits and receivables	15	*0.1*	14	*0.1*	14	*0.1*	12	*0.1*	11	*0.1*	9	*0.1*
	8,631	*77.1*	7,615	*74.7*	7,385	*76.9*	7,095	*79.2*	6,875	*80.6*	6,804	*79.9*
Current Assets												
Stores, spares and loose tools	8	*0.1*	7	*0.1*	7	*0.1*	7	*0.1*	7	*0.1*	7	*0.1*
Stock-in-trade	1,096	*9.8*	1,184	*11.6*	1,013	*10.6*	797	*8.9*	670	*7.9*	513	*6.0*
Trade debts	788	*7.0*	705	*6.9*	523	*5.4*	483	*5.4*	467	*5.5*	345	*4.1*
Loans and advances	64	*0.6*	30	*0.3*	34	*0.4*	67	*0.7*	48	*0.6*	58	*0.7*
Trade deposits, prepayments and other receivables	61	*0.5*	31	*0.3*	88	*0.9*	5	*0.1*	7	*0.1*	4	*0.0*
Taxation – net	21	*0.2*	248	*2.4*	435	*4.5*	483	*5.4*	423	*5.0*	280	*3.3*
Short term investments	200	*1.8*	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	329	*2.9*	370	*3.6*	117	*1.2*	24	*0.3*	30	*0.4*	502	*5.9*
	2,567	*22.9*	2,575	*25.3*	2,216	*23.1*	1,868	*20.8*	1,652	*19.4*	1,709	*20.1*
Total Assets	**11,199**	*100.0*	**10,191**	*100.0*	**9,602**	*100.0*	**8,963**	*100.0*	**8,527**	*100.0*	**8,513**	*100.0*
Equity & Liabilities												
Equity												
Share Capital	2,800	*25.0*	2,800	*27.5*	2,800	*29.2*	2,800	*31.2*	2,800	*32.8*	2,800	*32.9*
Revenue reserve	6,695	*59.8*	5,410	*53.1*	4,663	*48.6*	3,568	*39.8*	2,711	*31.8*	1,477	*17.4*
	9,495	*84.8*	8,210	*80.6*	7,463	*77.7*	6,368	*71.0*	5,511	*64.6*	4,277	*50.2*
Non-Current Liabilities												
Long-term financing	53	*0.5*	400	*3.9*	717	*7.5*	1,192	*13.3*	1,673	*19.6*	2,231	*26.2*
Deffered grant	4	0.0	8	0.1	-	-	-	-	-	-	-	-
Gas infrastructure develeopment cess	8	0.1	8	0.1	-	-	-	-	-	-	-	-
Deferred Taxation	86	*0.8*	56	*0.6*	71	*0.7*	59	*0.7*	41	*0.5*	26	*0.3*
	151	*1.3*	472	*4.6*	788	*8.2*	1,251	*14.0*	1,714	*20.1*	2,257	*26.5*
Current liabilities												
Trade and other payables	1,064	*9.5*	837	*8.2*	846	*8.8*	660	*7.4*	801	*9.4*	692	*8.1*
Unclaimed dividend	2	*0.0*	2	*0.0*	1	*0.0*	31	*0.3*	-	-	-	-
Accrued interest	2	*0.0*	4	*0.0*	13	*0.1*	18	*0.2*	11	*0.1*	127	*1.5*
Short-term borrowings	4	*0.0*	-	-	-	-	145	*1.6*	-	-	22	*0.3*
Current maturity of long-term financing	481	*4.3*	665	*6.5*	491	*5.1*	490	*5.5*	490	*5.7*	1,138	*13.4*
	1,552	*13.9*	1,508	*14.8*	1,351	*14.1*	1,344	*15.0*	1,302	*15.3*	1,979	*23.2*
Total Equity & Liabilities	**11,199**	*100.0*	**10,191**	*100.0*	**9,602**	*100.0*	**8,963**	*100.0*	**8,527**	*100.0*	**8,513**	*100.0*
Statement of profit or loss												
Net sales	7,420	*100.0*	6,946	*100.0*	6,253	*100.0*	5,382	*100.0*	4,725	*100.0*	4,206	*100.0*
Cost of sales	3,303	*44.5*	3,086	*44.4*	2,594	*41.5*	2,341	*43.5*	1,851	*39.2*	1,746	*41.5*
Gross profit	**4,117**	*55.5*	**3,861**	*55.6*	**3,659**	*58.5*	**3,041**	*56.5*	**2,874**	*60.8*	**2,460**	*58.5*
Administration expenses	391	*5.3*	227	*3.3*	158	*2.5*	127	*2.4*	134	*2.8*	109	*2.6*
Marekting & selling exenses	1,615	*21.8*	1,404	*20.2*	1,294	*20.7*	1,153	*21.4*	1,050	*22.2*	763	*18.1*
Other expenses	157	*2.1*	183	*2.6*	167	*2.7*	152	*2.8*	100	*2.1*	102	*2.4*
Other income	46	*0.6*	32	*0.5*	11	*0.2*	17	*0.3*	20	*0.4*	42	*1.0*
Finance cost	89	*1.2*	152	*2.2*	227	*3.6*	200	*3.7*	277	*5.9*	361	*8.6*
Profit before tax	**1,911**	*25.8*	**1,927**	*27.7*	**1,825**	*29.2*	**1,426**	*26.5*	**1,333**	*28.2*	**1,168**	*27.8*
Taxation	(346)	*(4.7)*	339	*4.9*	378	*6.1*	220	*4.1*	100	*2.1*	81	*1.9*
Profit after tax	**1,565**	*21.1*	**1,587**	*22.9*	**1,446**	*23.1*	**1,206**	*22.4*	**1,234**	*26.1*	**1,087**	*25.8*
Operating Profits	2,112	*28.5*	2,230	*32.1*	2,207	*35.3*	1,760	*32.7*	1,690	*35.8*	1,588	*37.8*

GRAPHICAL PRESENTATION OF VERTICAL ANALYSIS

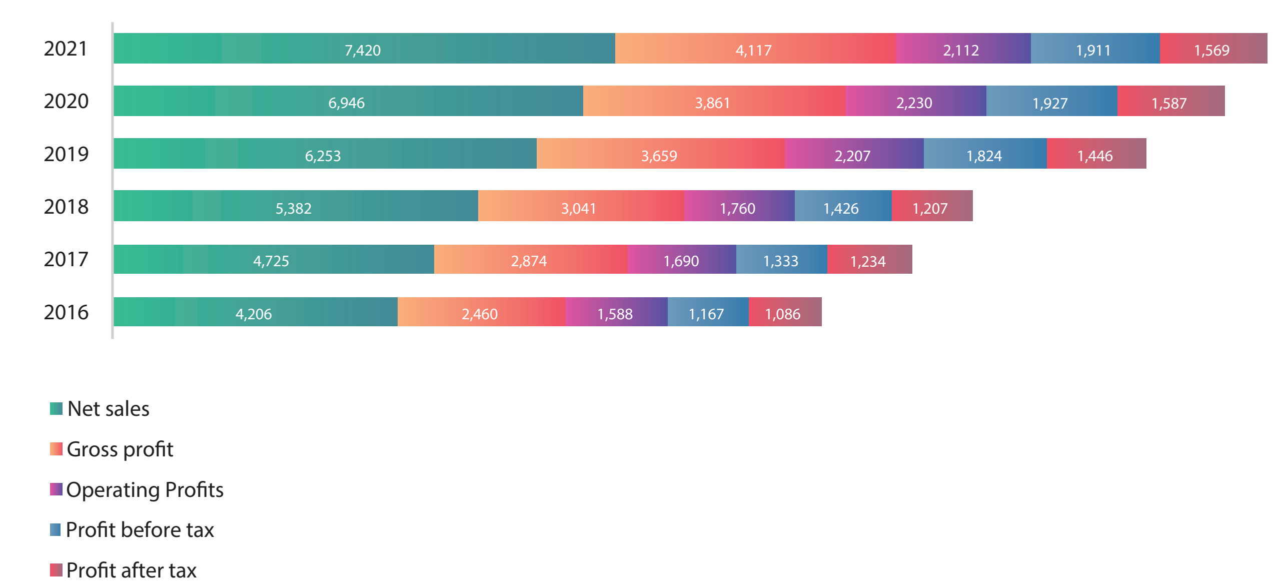
Financial Position Analysis - Assets
(Percentage)



Financial Position Analysis - Equity & Liabilities
(Percentage)



Profit or Loss Analysis
(PKR in Million)



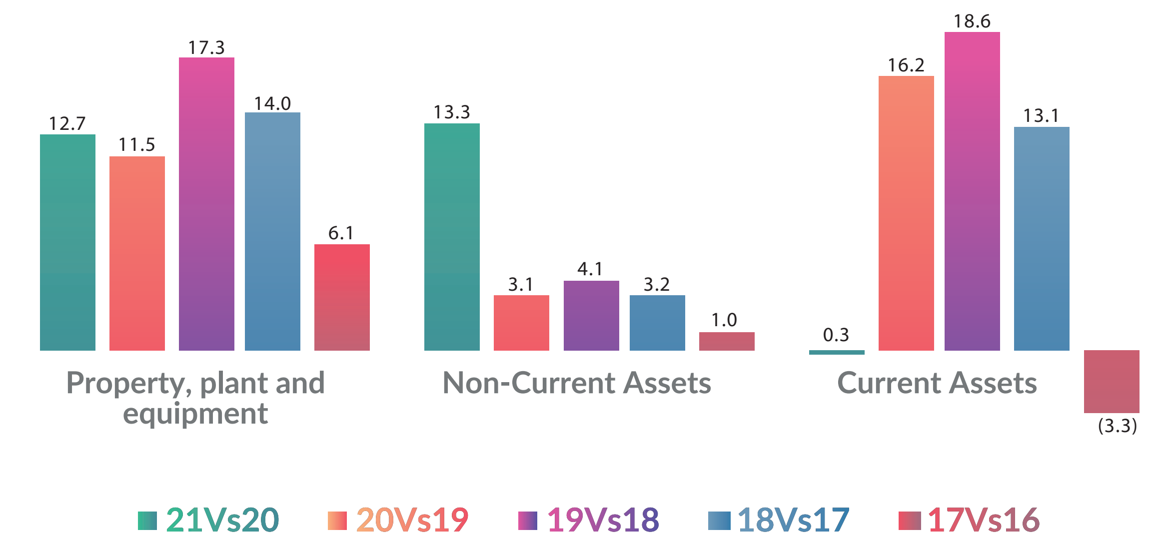
HORIZONTAL ANALYSIS

(PKR in Million)

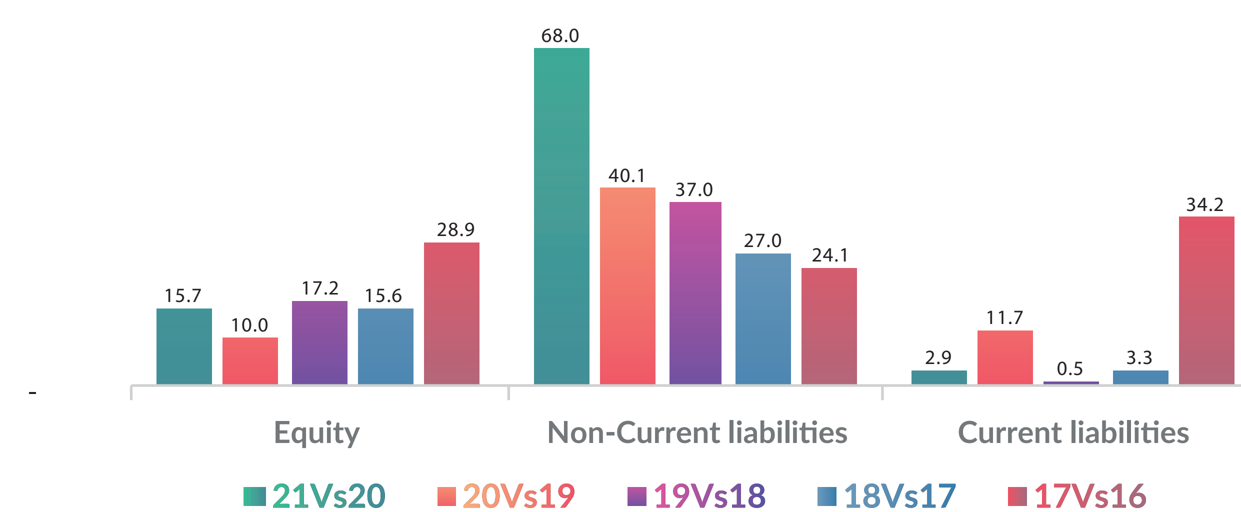
	2021 PKR	21Vs20 %	2020 PKR	20Vs19 %	2019 PKR	19Vs18 %	2018 PKR	18Vs17 %	2017 PKR	17Vs16 %	2016 PKR
Statement of Financial Position											
Assets											
Non-Current Assets											
Property, plant and equipment	2,484	12.7	2,203	11.5	1,977	17.3	1,685	14.0	1,479	6.1	1,393
Intangible assets	5,403	0.1	5,398	0.1	5,395	(0.06)	5,398	0.2	5,385	(0.3)	5,402
Investment in subsidiary	730	100.0	-								
Long-term loans, deposits and receivables	15	2.0	14	6.1	14	13.3	12	9.9	11	26.6	9
	8,631	13.3	7,615	3.1	7,385	4.1	7,095	3.2	6,875	1.0	6,804
Current Assets											
Stores, spares and loose tools	8	18.8	7	5.3	7	(9.0)	7	10.9	7	3.1	7
Stock-in-trade	1,096	(7.5)	1,184	16.9	1,013	27.1	797	19.0	670	30.6	513
Trade debts	788	11.8	705	35.0	523	8.1	483	3.6	467	35.1	345
Loans and advances	64	111.6	30	(11.4)	34	(49.4)	67	38.8	48	(17.5)	58
Trade deposits, prepayments and other receivables	61	97.0	31	(64.6)	88	1,512.4	5	(23.7)	7	100.6	4
Taxation – net	21	(91.7)	248	(43.1)	435	(10.1)	483	14.2	423	51.1	280
Short term investments	200	100.0	-								
Cash and bank balances	329	(11.1)	370	215.6	117	379.7	24	(19.4)	30	(94.0)	502
	2,567	(0.3)	2,575	16.2	2,216	18.6	1,868	13.1	1,652	(3.3)	1,709
Total Assets	**11,199**	9.9	**10,191**	6.1	**9,602**	7.1	**8,963**	5.1	**8,527**	0.2	**8,513**
Equity & Liabilities											
Equity											
Share Capital	2,800	-	2,800	-	2,800	-	2,800	-	2,800	-	2,800
Revenue reserve	6,695	23.7	5,410	16.0	4,663	30.7	3,568	31.6	2,711	83.5	1,477
	9,495	15.7	8,210	10.0	7,463	17.2	6,368	15.6	5,511	28.9	4,277
Non-Current liabilities											
Long-term financing	53	(86.7)	400	(44.3)	717	(39.8)	1,192	(28.8)	1,673	(25.0)	2,231
Deffered grant	4	(52.1)	8	100.0	-	-	-	-	-	-	-
Gas infrastructure develeopment cess	8	(1.3)	8	100.0	-	-	-	-	-	-	-
Deffered Taxation	86	53.0	56	(20.8)	71	20.2	59	43.7	41	57.9	26
	151	(68.0)	472	(40.1)	788	(37.0)	1,251	(27.0)	1,714	(24.1)	2,257
Current liabilities											
Trade and other payables	1,064	27.1	837	(1.0)	846	28.0	660	(17.5)	801	15.7	692
Unclaimed dividend	2	(0.9)	2	75.5	1	(96.9)	31	100.0	-	-	-
Accrued interest	2	(47.6)	4	(70.8)	13	(26.4)	18	63.6	11	(91.3)	127
Short-term borrowings	4	100.0	-	-	-	(100.0)	145	100.0	-	(100.0)	22
Current maturity of long-term financing	481	(27.7)	665	35.5	491	0.3	490	-	490	(57.0)	1,138
	1,552	2.9	1,508	11.7	1,351	0.5	1,344	3.3	1,302	(34.2)	1,979
Total Equity & Liabilities	**11,199**	9.9	**10,191**	6.1	**9,602**	7.1	**8,963**	5.1	**8,527**	0.2	**8,513**
Statement of profit or loss											
Net sales	7,420	6.8	6,946	11.1	6,253	16.2	5,382	13.9	4,725	12.3	4,206
Cost of sales	3,303	7.0	3,086	19.0	2,594	10.8	2,341	26.5	1,851	6.0	1,746
Gross profit	**4,117**	6.6	**3,861**	5.5	**3,659**	20.3	**3,041**	5.8	**2,874**	16.8	**2,460**
Administration expenses	391	72.4	227	43.6	158	24.1	127	(5.1)	134	23.2	109
Marekting & selling exenses	1,615	15.0	1,404	8.5	1,294	12.2	1,153	9.9	1,050	37.6	763
Other expenses	157	(14.2)	183	9.7	167	10.2	152	52.1	100	(1.9)	102
Other income	46	46.0	32	180.4	11	(33.6)	17	(13.0)	20	(53.6)	42
Finance cost	89	(41.2)	152	(33.1)	227	13.5	200	(27.8)	277	(23.3)	361
Profit before tax	**1,911**	(0.8)	**1,927**	5.6	**1,825**	28.0	**1,426**	6.9	**1,333**	14.2	**1,168**
Taxation	346	2.1	339	(10.3)	378	72.1	220	120.9	100	23.1	81
Profit after tax	**1,565**	(1.4)	**1,587**	9.8	**1,446**	20.0	**1,206**	(2.3)	**1,234**	13.5	**1,087**

GRAPHICAL PRESENTATION OF HORIZONTAL ANALYSIS

Financial Position Analysis - Assets (Percentage)



Financial Position Analysis - Equity & Liabilities (Percentage)



SUMMARY OF STATEMENT OF FINANCIAL POSITION

	2021	2020	2019	2018	2017	2016
Property, plant and equipment	2,484	2,203	1,977	1,685	1,479	1,393
Intangible assets	5,403	5,398	5,395	5,398	5,385	5,402
Investment in subsidiary	730	-	-	-	-	-
Long-term deposits and receivables	15	14	14	12	11	9
Non - Current Assets	8,632	7,615	7,386	7,095	6,875	6,804
Current Assets	2,567	2,576	2,216	1,868	1,652	1,709
TOTAL ASSETS	**11,199**	**10,191**	**9,602**	**8,963**	**8,527**	**8,513**
Share capital	2,800	2,800	2,800	2,800	2,800	2,800
Revenue reserve - unappropriated profits	6,695	5,410	4,663	3,568	2,711	1,477
TOTAL EQUITY	**9,495**	**8,210**	**7,463**	**6,368**	**5,511**	**4,277**
Non - Current Liabilities	151	473	788	1,251	1,714	2,257
Current Liabilities	1,553	1,508	1,351	1,344	1,302	1,979
TOTAL LIABILITIES	**1,704**	**1,981**	**2,139**	**2,595**	**3,016**	**4,236**
TOTAL EQUITY AND LIABILITIES	**11,199**	**10,191**	**9,602**	**8,963**	**8,527**	**8,513**

SUMMARY OF STATEMENT OF PROFIT OR LOSS

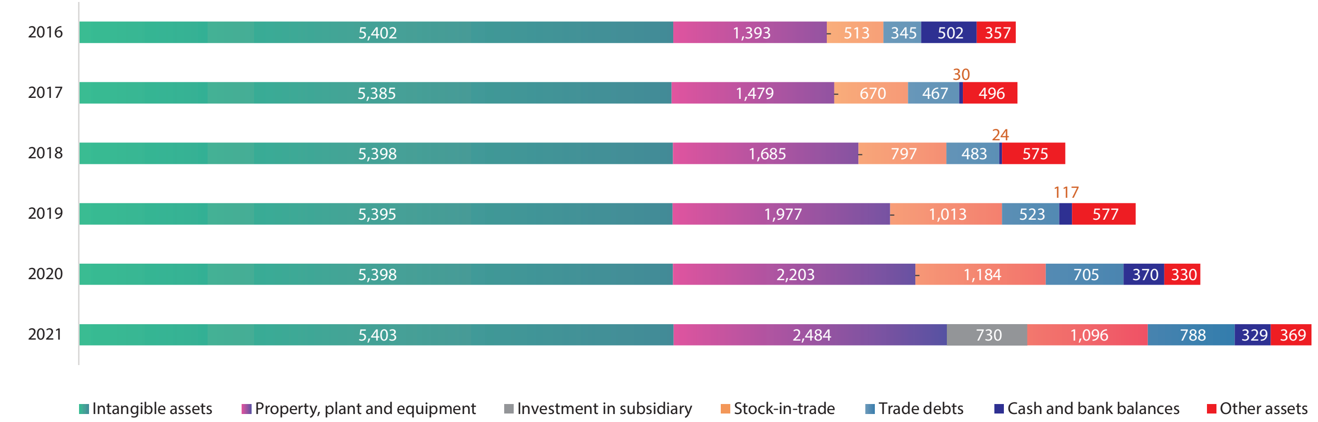
	2021	2020	2019	2018	2017	2016
Net Sales	7,420	6,946	6,253	5,382	4,725	4,206
Gross profit	4,117	3,861	3,659	3,041	2,874	2,460
Operating Profit	2,001	2,078	2,052	1,626	1,610	1,529
Profit before taxation	1,911	1,927	1,825	1,426	1,333	1,168
Taxation	346	339	378	219	100	81
Profit after tax	1,565	1,587	1,446	1,207	1,234	1,087

SUMMARY OF CASH FLOW STATEMENT

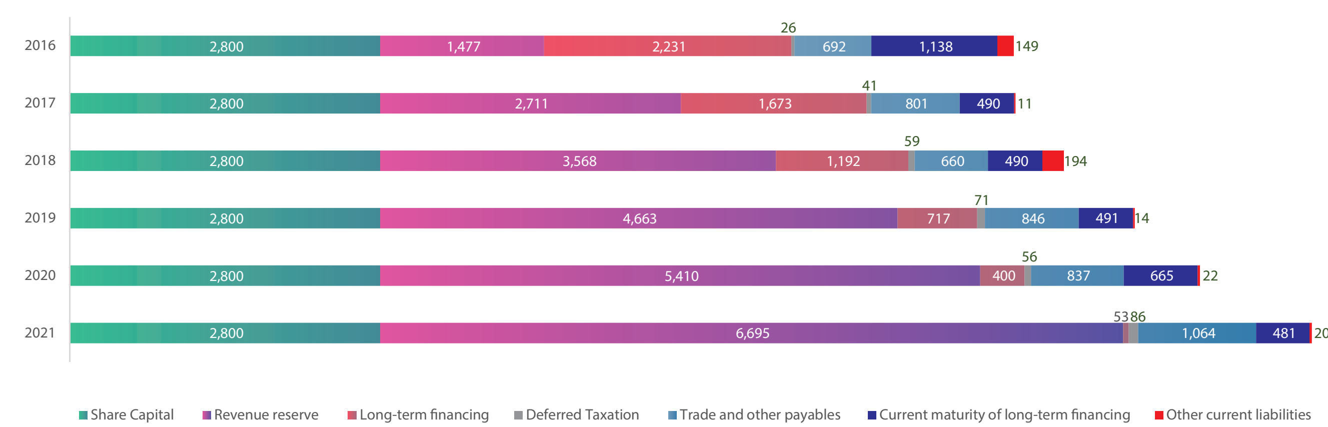
	2021	2020	2019	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Profit before taxation	1,911	1,927	1,825	1,426	1,333	1,168
Adjustments for non cash and other items	372	432	494	382	450	537
Changes in working capital	164	(292)	(119)	(322)	(132)	43
Cash generated from operations	2,448	2,067	2,200	1,486	1,651	1,748
Finance costs paid	(62)	(160)	(231)	(169)	(372)	(418)
Income tax paid	(90)	(167)	(318)	(261)	(228)	(214)
Statutory charges paid	(147)	(150)	(144)	(89)	(115)	(73)
Net cash flows generated from operating activities	2,149	1,590	1,507	967	936	1,043
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(474)	(381)	(433)	(337)	(194)	(125)
Investment in subsidiary	(715)	-	-	-	-	-
Proceeds from disposal of operating fixed assets	17	8	12	14	16	19
Others	16	13	6	5	(2)	-
Net cash flows used in investing activities	(1,156)	(360)	(415)	(318)	(180)	(106)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid	(280)	(839)	(380)	(319)	-	-
Short term borrowings	4	-	-	-	-	-
Long-term financings repaid - net	(558)	(138)	(474)	(480)	(1,206)	(1,116)
Net cash flows used in financing activities	(834)	(977)	(854)	(799)	(1,206)	(1,116)
Net increase / (decrease) in cash and cash equivalents	159	253	238	(151)	(450)	(179)
Cash and cash equivalents at the beginning of the year	370	117	(121)	30	480	659
Cash and cash equivalents at the end of the year	529	370	117	(121)	30	480

GRAPHICAL PRESENTATION OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

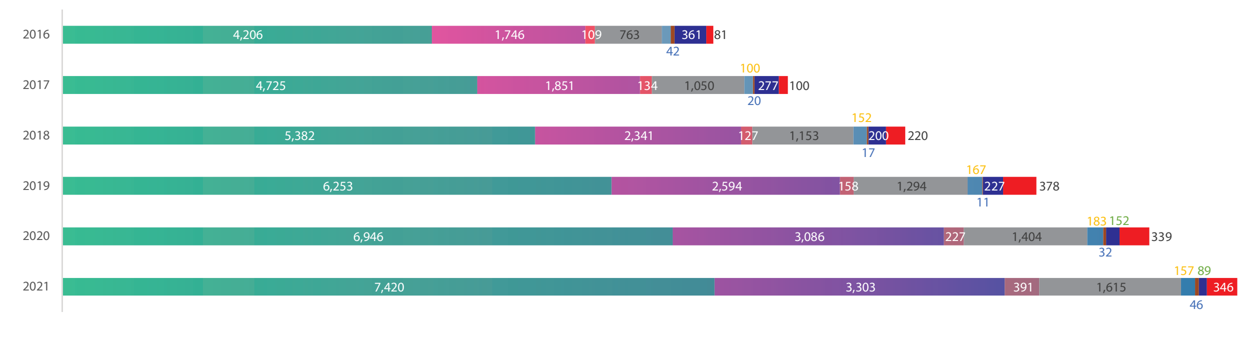
SUMMARY OF FINANCIAL POSITION - ASSETS



SUMMARY OF FINANCIAL POSITION - EQUITY AND LIABILITIES



SUMMARY OF PROFIT AND LOSS

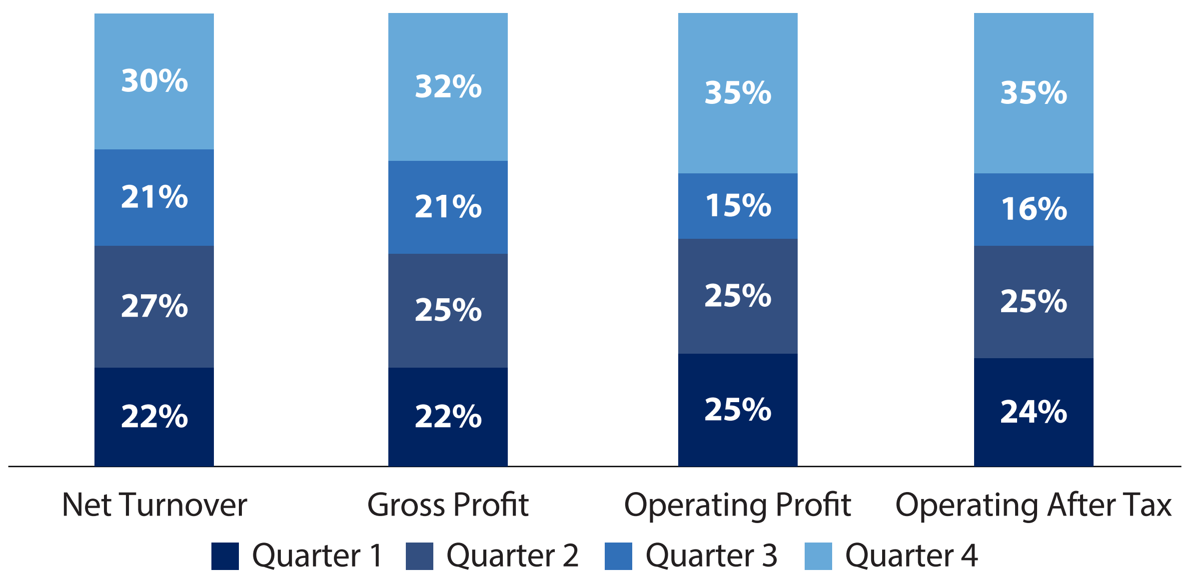


STATEMENT OF CASH FLOWS DIRECT METHOD

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer - net	7,337,361	6,763,600
Cash paid to supplier / employees / service providers	(4,889,228)	(4,696,229)
Finance costs	(62,503)	(161,171)
Income tax	(89,723)	(166,786)
Workers' Profit Participation Fund	(98,969)	(105,937)
Workers' Welfare Fund	(27,099)	(24,307)
Central Research Fund	(20,788)	(19,664)
Net cash flows generated from operating activities	2,149,051	1,589,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(474,319)	(380,568)
Investment in subsidiary	(715,000)	-
Proceeds from disposal of operating fixed assets	16,580	7,521
Long-term deposits and receivables	(290)	(825)
Interest income received	16,595	13,745
Net cash flows used in investing activities	(1,156,434)	(360,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(280,015)	(839,268)
Short term borrowings	3,989	-
Long-term financings repaid - net	(557,513)	(137,485)
Net cashflows used in financing activities	(833,539)	(976,753)
Net increase in cash and cash equivalents	159,078	252,626
Cash and cash equivalents at the beginning of the year	369,780	117,154
Cash and cash equivalents at the end of the year	528,858	369,780

QUARTERLY ANALYSIS

PKR in Million	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 1	1,642	925	492	383
Quarter 2	2,005	1,036	501	389
Quarter 3	1,547	838	310	247
Quarter 4	2,226	1,319	698	546
Total	7,420	4,117	2,001	1,565



Net revenue of the Company stood at PKR 7,420 Million for the current year as compared to PKR 6,946 Million over the last year . Domestic sales of the Company grew by 14.8% over with Rigix, Osnate, Spasler and Navidoxine being the main growth contributors. However, the Company's sales were adversely impacted due to a decline in exports by 22.9% because of political unrest and temporary border closure of Afghanistan resulting in the in a modest growth of 6.8% in sales on an overall basis. Despite exchange rate volatility and inflationary pressure particularly at the end of the year, the Company was able to maintain its gross margins at 55.5%. The resumption of promotional activities along with hiring of additional head count to pursue aggressive growth targets have led to an increase of marketing and selling expenses by 15%. The administrative costs have also shown an increase of PKR 164 Million mainly on account of payroll expenses and investment in CSR activities and donations. Resultantly, AGP posted net profit and earnings per share of PKR 1,565 Million and PKR 5.59 respectively during the year. A detailed financial analysis of quarterly performance is shown below.

Quarter	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 1	Net revenue for the quarter is at PKR 1,642 Million, which is 6.5% lower than the same period last year (SPLY) mainly due to a substantial decrease in tender based sales to institutions. The Afghanistan sales continued to show promising growth and registered an increase of 20.3%.	Gross profit was PKR 925 Million during the quarter. The gross profit margin for the first quarter steadily increased to 56.3% from 55.3% during the SPLY.	Operating profit was PKR 492 Million which was 16.9% lower than SPLY as travel related restrictions eased off and promotional activities resumed, marketing and selling expenses have increased to normal levels, and as a result, witnessed an increase of 25.9% compared to the SPLY.	The Company recorded profit after tax of PKR 383 Million for the first quarter of 2021, as compared to PKR 435 Million in the corresponding period last year. The EPS for the quarter stood at PKR 1.37.
Quarter 2	As COVID-19 restrictions started to ease down, the Company enhanced its sales growth during this quarter when compared with the prior period. The revenue for the quarter crossed PKR 2 Billion which shows increase of 41% than SPLY.	Gross profit was recorded at PKR 1,036 Million, which translated in to a gross margin of 52% showing a decrease of 4% due to increasing manufacturing cost in the current period.	Operating profit was registered at PKR 501 Million. Operating margin was restricted to 25% as the operating expenses of the Company increased due to ease in COVID-19 lockdown.	The Company earned a PAT of PKR 389 Million, 21.4% higher than SPLY and EPS for the quarter was PKR 1.39 for the quarter.

Quarter	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 3	This quarter proved to be stressful for the Company as Sales declined by 15% as compared with SPLY. This is mainly attributable to a decline in Afghanistan sales due to political instability in the region restricted the revenue.	Gross profit was PKR 838 Million which decreased by 12% than SPLY. Gross margin was recorded at 54% in the quarter.	Operating profit was PKR 310 Million which was 41% lower than SPLY and translates in to an operating margin of 20%.	The Company earned a PAT of PKR 247 Million, 40.6% lower than SPLY. Net margin was maintained at 16% with the EPS of PKR 0.88
Quarter 4	Most impressive quarter throughout the year where sales grew by 14% in this quarter compared to SPLY and recorded at PKR 2,226 Million. Both domestic retail portfolio and Afghanistan sales showed encouraging growth in the quarter.	Gross profit was recorded at PKR 1,319 Million which is 13% higher than SPLY and translates in to a year highest gross margin of 59%. The margins improved because of better sales mix of high margin products and recovery of exports due to regaining stability in the region.	Operating profit showed an encouraging increase of 29% than SPLY as the Company's operating profit reached PKR 698 Million in the quarter.	The Company earned a PAT of PKR 546 Million which is 31% higher than SPLY. Net Margin for the quarter was recorded at 25% with EPS of PKR 1.95.

SIX YEARS ANALYSIS

Statement of Financial Position Analysis

Assets

The overall non-current assets mainly consist of property, plant and equipment and intangibles. Property, plant and equipment have increased by PKR 1,091 Million over the last six years mainly because capital expenditures of PKR 1,944 Million which were offset to an extent by depreciation and disposals. The majority of the capital expenditures were incurred for balancing, modernization and replacements of plant and machinery to enhance and upgrade manufacturing capacities and operational efficiencies of the Company. There was no impairment in intangibles which were maintained at PKR 5,402 Million... During the year, the Company made an investment in the subsidiary amounting to PKR 730 Million, including PKR 15 Million ion account of fair value of financial guarantee.

The current assets have increased by PKR 858 Million over the last 6 years due to investment in working capital to manage increasing business operations. In line with business volume, stock-in-trade is recorded at PKR 1,096 Million, showing an increase of more than 2 times over the last 6 years. The Company is maintaining an optimum level of inventory to ensure uninterrupted production and supply of medicines in the market. The Company's number of days in receivables are maintained at around 37 days and have increased by PKR 444 Million over the last 6 years.

Equity and Liabilities

The equity of the Company comprises of Shareholder's equity and revenue reserves. The Company's equity increased to PKR 9,495 Million from PKR 4,277 Million over the last 6 years after adjustments for dividend payments to shareholders of PKR 1,818 million. There were no further changes on the Company's equity during the 6 years period.

The long-term financing has decreased as the Company settled its long-term debts of PKR 3,971 Million with internal sources over the last 6 years. The Company has restructured its long-term debts from syndicate finance arrangement in June 2017 by issuing 5-year Sukuk bonds which enabled the Company to avail lower financing costs due to floating rate of markup associated with Sukuk certificates.

Further in the year 2020, the Company has availed Refinance Scheme for Payment of Wages & Salaries introduced by the State Bank of Pakistan to the tune of PKR 315 Million. The current liabilities have reduced by PKR 427 Million in the last 6 years majorly due to reduction of current payments of long-term liabilities, as more fully explained in the preceding paragraph.

Statement of Profit & Loss Analysis

Net Revenue

The revenue of the Company has grown with a cumulative average growth rate (CAGR) of 12% over the last 6 years. . Focusing on growth, the Company has increased its sales of high performing products namely Rigix, Ceclore, Osnate and Anafortan. . The increase in sales is mainly on the back of strong performance of the domestic retail portfolio aptly supported by robust growth in exports. In the current year, the Company had to face a shortfall in its export sales due to political instability in Afghanistan, but the Company is seeing positive signs of growth in exports from the start of 2022 as the geopolitical conditions in Afghanistan are stabilizing.

Cost of Sales

The Company has witnessed an increase of PKR 1,557 Million since the last 6 years in its cost of sales reaching to an amount of PKR 3,303 Million in the current year. After the recovery from COVID-19, the Company's expenses relating to freight, travelling and promotional expenses have increased due to overall increase in fuel prices, inflation and significant devaluation of local currency. The Company has always focused to bring efficiency in operations and resultantly Company's cost economization efforts along with business-friendly measures taken by DRAP have enabled the Company to maintain impressive gross margins in excess of 55% throughout the period of 6 years.

Expenditures

The increase in administrative and marketing expenses is mainly on account of strengthening of human resources required to support growing business needs of the Company. Addition of nutraceutical plant has also augmented expenditures whereas economic benefits associated with the business proposition will flow to the entity in the short term to medium term. Upsurge in domestic inflation and fuel prices have also led business expenditures to rise.

Despite these factors, Company's resilient focus on cost containment has enabled the Company to contain expenses well within the average industry range. Finance costs have decreased substantially as the principal payment of outstanding loans has decreased due to timely payments and reduction in policy rates over the last 6 years.

Net Profit

In spite of rising costs of doing business due to macroeconomic factors and challenges posed by socio economic conditions such as increase in devaluation of local currency, freight and inflation, the impressive top-line performance coupled with efficient cost control measures have led the Company to maintain net margin in excess of 21% over the last 6 years..

Cash flow Analysis

Operating Activities

The cash flow from operating activities has grown with a CAGR of 15.5% in the last 6 years . The finance costs have reduced as the long-term liabilities are decreasing due to timely repayments of loan instalments. Due to efficient tax management, the payments for income tax have decreased significantly as the Company has managed to realize and settle tax refunds of earlier years.

Investing Activities

Capital investments of PKR 2,536 Million were made during the last 6 years which mainly includes fixed capital expenditure of PKR 1,944 Million and investment in subsidiary of PKR 715 Million. Fixed capital expenditure mainly pertains to balancing, modernization and replacement of plant and machinery.

Financing Activities

In the last years, the Company made principal repayments of long-term liabilities cumulating to PKR 3,971 Million as agreed with the financial institution. In order to ensure sustainable return on investment to the shareholders, the Company also made dividend payments totaling to PKR 1,818 Million with the year wise break-up as follows:

Year	Dividend Per Share (In PKR)
2021	1.00
2020	3.00
2019	1.25
2018	1.25

SHARE PRICE SENSITIVITY ANALYSIS

Share Price Information

The Company's shares are listed on the Pakistan Stock Exchange (PSX), which represents the Country's capital market. The Company's share price is affected by both internal and external factors. The financial performance directly impacts its share price and external factors, such as economic and political environment of the Country, Government regulations, macroeconomic indicators and stakeholder view also impact the share price. During the year, AGP's share price remained an attraction for investors due to monumental acquisition of pharmaceutical brands and encouraging financial performance despite challenging socio-economic environment. In 2021, the highest share price was recorded at Rs. 154.07 whereas the lowest price was recorded at Rs. 84.34 whereas the closing prices recorded at 31st December 2021 was Rs. 96.99.

Market Capitalization Sensitivity

The capital market witnessed a decline of 4.4% during the year, recording a market capitalization of PKR 7,685 Billion, as compared to PKR 8,035 billion in the preceding year. KSE-100 index also showed a minor decrease moving to 44,596 points from 44,435 points at the start of the year, registering an decrease of 0.4% compared to the last year. The share price of AGP witnessed a decrease and its market capitalization decreased to PKR 27.2 Billion from PKR 31.9 Billion, a decrease of 14.8%, while there has been no change in the number of shares outstanding of the Company throughout the year.

Foreign Currency Sensitivity

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 (mainly USD) payable to international vendors. 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 PKR 27.93 Million.

Interest Rate Sensitivity

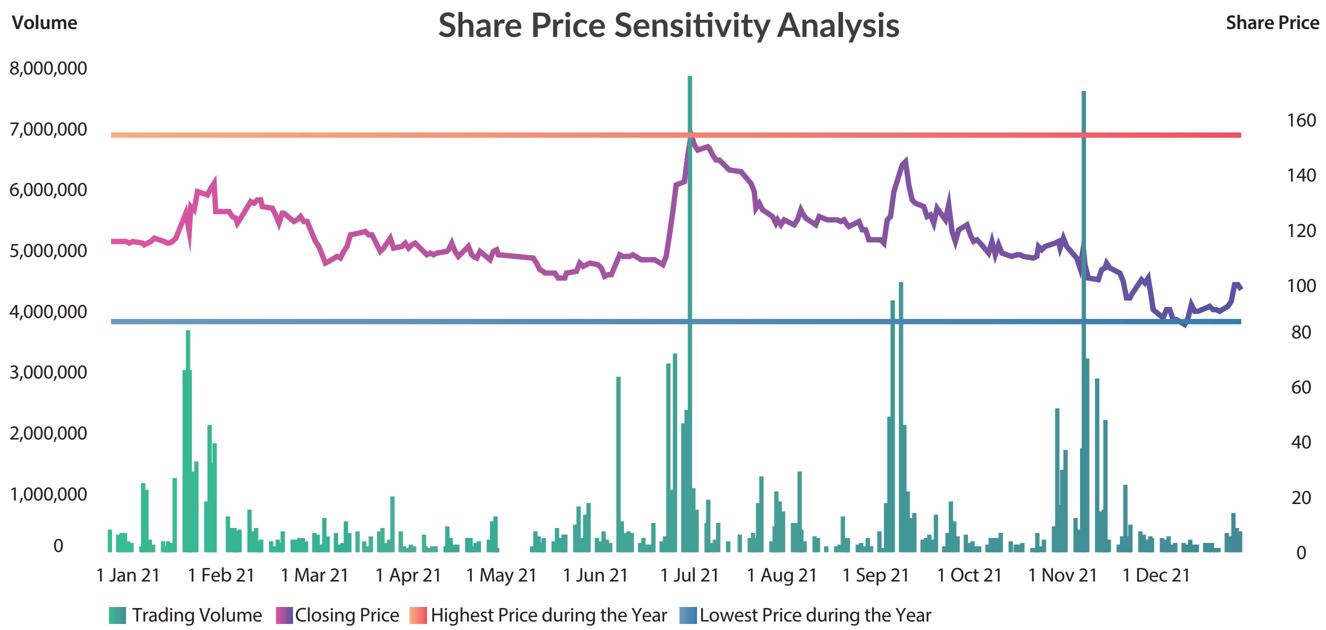
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. Management of the Company estimates that 10% increase or decrease in the market interest rate, with all other factors remaining constant, would decrease or increase the Company's profit before tax for the next year by PKR 8.05 million.

Selling price sensitivity

The Company operate in a price regulated industry and revenue of the Company is determined as a product of price increase allowed by DRAP which is capped at 10% of CPI increase on an annual basis. Therefore, the price of the Company's products is directly dependent on CPI increase announced by GoP.

Raw Material sensitivity

The Company's relies on imports for most of its key raw materials and active pharmaceutical ingredients. High raw material prices result in lower margins and lower profitability.



CAPEX RATIONALIZATION

During the year 2021, the Company made capital investment of PKR 474 Million through internally generated funds. The funds were utilized to revamp and construct the AGP Corporate Office building including the construction of an underground basement parking, prayer area and record rooms. Similarly, capital expenditure was incurred on the factory building for constructing a new dispensing suit, dry suspension facility and expansion of Liquid Manufacturing and Packaging areas. Further capital expenditure was incurred on the purchase of Computer accessories, Plant and Machinery, Lab Equipment and Nutraceutical Plant.

The Company plans to incur capital expenditure in the year 2022 for construction of new offices for team members incorporated from the acquisition of OBS - AGP. Further, as the Company is planning for capacity enhancement the Company is expecting significant expenditure on revamping of the factory building during the year 2022. In addition, capital expenditure will also be incurred on the purchase of vehicles for the new hires, for employees to be promoted and replacement of vehicles.

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 4.24 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 web link: http://agp.com.pk/documentary/

04

FINANCIAL STATEMENTS

Achieving Together

With dedicated efforts to register optimum fnancial and operational results, we are achieving newer heights as we experience organic and inorganic growth while maximizing effciency.

Financial Statements

Standalone and Consolidated Financial Statements of the Company along with Reports by the Independent External Auditor

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Pakistan

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INDEPENDENT AUDITORS' REPORT

To the members of AGP Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **AGP Limited** (the Company), which comprise the statement of financial position as at **31 December 2021**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit, its other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill and intangible assets having indefinite useful lives	
(Refer note 6.3 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 2021, and tested for impairment at least 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 audit procedures amongst others, included review of Company's intangible assets impairment process and evaluating the Company's assumptions used in assessing the recoverability of intangible assets, in particular, cash flow projections, growth rate and discount rate. We assessed the methodologies used by the management in the impairment analysis and determination of CGU, to which it relates. We involved our specialist to: - assess the key assumptions and methodologies used in the impairment analysis, in particular growth rate and discount rate applied; - examine 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; 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.

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 auditors' report thereon.

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

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

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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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 04 April 2022

UDIN Number: AR202110099ClRaS64qf

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
		----------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**2,483,874**	2,203,001
Intangible assets	6	**5,403,460**	5,397,875
Long-term investment	7	**729,531**	-
Long-term deposits and receivables	8	**14,629**	14,339
		8,631,494	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		**8,490**	7,144
Stock-in-trade	9	**1,095,909**	1,184,441
Trade debts	10	**788,387**	705,290
Loans and advances	11	**63,515**	30,016
Trade deposits, prepayments and other receivables	12	**61,370**	31,157
Taxation – net		**20,618**	247,623
Short-term investments	12.2	**200,000**	-
Cash and bank balances	13	**328,858**	369,780
		2,567,147	2,575,451
TOTAL ASSETS		**11,198,641**	10,190,666
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	14	**2,800,000**	2,800,000
Revenue reserve - unappropriated profits		**6,695,251**	5,410,326
		9,495,251	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings	15	**52,985**	399,732
Deferred grant	16	**3,788**	7,906
Gas infrastructure development cess	17	**8,278**	8,383
Deferred tax liabilities - net	18	**85,961**	56,201
		151,012	472,222
CURRENT LIABILITIES			
Trade and other payables	19	**1,063,826**	837,209
Unclaimed dividends		**1,686**	1,701
Accrued interest		**2,028**	3,870
Short-term borrowings	20	**3,989**	-
Current maturity of non-current liabilities	21	**480,849**	665,338
		1,552,378	1,508,118
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		**11,198,641**	10,190,666

The annexed notes 1 to 40 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 2021

	Note	2021	2020
		----------(Rupees in '000)----------	
Revenue from contracts with customers - net	23	**7,420,458**	6,946,355
Cost of sales	24	**(3,303,198)**	(3,085,723)
Gross profit		**4,117,260**	3,860,632
Administrative expenses	25	**(390,726)**	(226,693)
Marketing and selling expenses	26	**(1,614,736)**	(1,403,883)
Other expenses	27	**(157,202)**	(183,172)
Other income	28	**46,120**	31,588
Finance costs	29	**(89,303)**	(151,792)
		(2,205,847)	(1,933,952)
Profit before taxation		**1,911,413**	1,926,680
Taxation	30	**(346,488)**	(339,253)
Profit for the year		**1,564,925**	1,587,427
Earnings per share - basic and diluted	14.2	**Rs. 5.59**	Rs. 5.67

The annexed notes 1 to 40 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 2021

	2021	2020
	----------- (Rupees in '000) ---------	
Profit for the year	**1,564,925**	1,587,427
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	**1,564,925**	1,587,427

The annexed notes 1 to 40 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 2021

	Share capital	Revenue reserve - Unappropriated profits	Total
		---------------- Rupees in '000----------------	
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899
Profit for the year	-	1,587,427	1,587,427
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,587,427	1,587,427
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share	-	(560,000)	(560,000)
Interim dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)
Balance as at 31 December 2020	**2,800,000**	**5,410,326**	**8,210,326**
Profit for the year	-	**1,564,925**	**1,564,925**
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	**1,564,925**	**1,564,925**
Final dividend for the year ended 31 December 2020 @ Re. 1 per share	-	**(280,000)**	**(280,000)**
Balance as at 31 December 2021	**2,800,000**	**6,695,251**	**9,495,251**

The annexed notes 1 to 40 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 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	33	**2,448,133**	2,057,163
Payments for:			
Finance costs		**(62,503)**	(141,370)
Income tax		**(89,723)**	(166,786)
Workers' Profit Participation Fund	19.3	**(98,969)**	(105,937)
Workers' Welfare Fund	19.4	**(27,099)**	(24,307)
Central Research Fund	19.5	**(20,788)**	(19,664)
Net cash flows generated from operating activities		**2,149,051**	1,599,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.2.1	**(474,319)**	(380,568)
Investment made in the subsidiary company	7	**(715,000)**	-
Proceeds from disposal of operating fixed assets	5.1.5	**16,580**	7,521
Deposits and receivables - paid / given		**(460)**	(919)
- received back		**170**	94
Interest income received		**16,595**	13,745
Net cash flows used in investing activities		**(1,156,434)**	(360,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(280,015)**	(839,268)
Long-term financings - obtained		**49,308**	343,884
- repaid		**(606,821)**	(490,962)
Short-term borrowings		**3,989**	-
Net cash flows used in financing activities		**(833,539)**	(986,346)
Net increase in cash and cash equivalents		**159,078**	252,626
Cash and cash equivalents at the beginning of the year		**369,780**	117,154
Cash and cash equivalents at the end of the year	34	**528,858**	369,780

The annexed notes 1 to 40 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 2021

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 52.98% (2020: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company. Subsequent to the reporting date, shareholding of Aitkenstuart Pakistan (Private) Limited in the Company increased to 55.8%.

1.3 During the year, the Company acquired 65% shareholding of OBS AGP (Private) Limited (OBS AGP) from Aitkenstuart Pakistan (Private) Limited at a cost of Rs. 715 million through purchase of ordinary right shares offered by OBS AGP which was renounced by Aitkenstuart Pakistan (Private) Limited and other shareholders of OBS AGP. Resultantly, OBS AGP became subsidiary effective from 14 July 2021. OBS AGP was incorporated in Pakistan as a private limited company in November 2020 under Companies Act, 2017. Currently, OBS AGP is trading pharmaceutical products.

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

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

1.6 Geographical location and addressess 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. 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.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for financial guarantee at fair value (note 7) and financing facilities, grant and cess carried at amortised cost (notes 15 to 17) to these financial statements.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Standards, amendments, interpretations and improvements adopted 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:

Amended standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (Amendment)

IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to standards did not have any material effect on these financial statements of the Company.

4.2 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 6.3 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.

4.3 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 instalments 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 in respect of operating fixed assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

4.4 Intangible assets

Intangible assets acquired seperately 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 intangile 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 upto 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.

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 indefinte 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.

4.5 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses, if any, except for financial guarantee contract.

Financial gurantee contract (FGC) is recognised initially at fair value. After initial recognition, FGC is measured at the higher of:

- the amount of the loss allowance determined in accordance with accounting policy for impairment of financial asset (note 4.8.1(ii)(d)); and

- the amount initially recognised less cumulative amount of income recognised in accordance with revenue from contract with customers, where appropriate.

4.6 Stores, spares and loose tools

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

4.7 Stock-in-trade

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

- Raw and packing material - weighted average cost.
- Work-in-process and semi-finished goods - cost of direct materials and labor 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.

4.8 Financial Instruments

4.8.1 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 classifed 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 into following categories:

a) 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.

b) Financial assets designated at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

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c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to statement of profit or loss. Dividends are recognised as dividend income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity investments at fair value through OCI during the current and last year and as of reporting date.

d) 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 statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Company 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.

The Company does not have any listed equity investments at fair value through profit or loss during the current and last year and as of reporting date.

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 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 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 financial 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.

4.8.2 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.

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ii) Subsequent measurement

The measurement of financial liablities depends on their classificaiton, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

b) 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.

4.8.3 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.

4.9 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 of 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.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank overdrafts, term deposits (having maturity of less than 3 months) and current / deposit accounts held with banks, which are subject to insignificant risk of change.

4.11 Borrowing costs

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

4.12 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.

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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 recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax on goodwill and intangible assets having indefinte useful lives are considered on account of tax consequences that would follow from the expected manner of recovery of these assets. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax is charged or credited to statement of profit or loss. However, deferred tax relating to items recognised directly in the other comprehensive income is recognised in the statement of comprehensive income or directly in equity.

Deferred tax asset and deferred tax liabilities are offset only if there is a legally enforceable right to offset current assets and liabilities and they relate to the income tax levied by same tax authority.

4.13 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The financing facilities are recognised and measured in accordance with the accounting policies as disclosed in note 4.8.2 to these financial statements.

4.14 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.

4.15 Employee benefits

4.15.1 Staff provident fund

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

4.15.2 Compensated absences

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

4.16 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognised in Statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.17 Revenue recognition

4.17.1 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).

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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 sales of goods provides 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 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 4.8.1 '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.

4.17.2 Other income

Other income is recorded on accrual basis and interest income is accounted for using the effective interest rate (EIR) method.

4.18 Dividends and other appropriations

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

4.19 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.

4.20 Earnings per share

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

4.21 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.

4.22 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 1 of the Fourth Schedule to the Companies Act, 2017, has provided disclosures applicable to it in note 13.2 to these financial statements.

4.23 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.

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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.

4.24 Standards, interpretations, amendments and improvements to approved accounting standards that are not yet effective

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

Amended standards		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

Standards		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

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

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

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

4.25 COVID-19 impact on the Company's financial position and performance

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 in China. Since then, the virus has spread worldwide. On March 11, 2020, the World Health Organization declared COVID-19 outbreak to be a pandemic. COVID-19 significantly impacted the world economy in 2020 and may continue to do so in years to come.

The Company however, being covered under essential services of providing pharmaceutical products is in a better position with less being impacted in terms of the financial performance. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to expected credit losses under IFRS 9, 'Financial Instruments', the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets', provisions and contingent liabilities under IAS 37 'Provisions, contingent liabilities and contingent assets', revenue under IFRS 15 ' Revenue from contracts with customers' and going concern assumption used for the preparation of these financial statements. According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

	Note	2021	2020
		----------(Rupees in '000)----------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,235,591	1,858,858
Capital work-in-progress	5.2	248,283	344,143
		2,483,874	2,203,001

5.1 Operating fixed assets

	Land		Buildings		Plant and machinery	Furniture and fixtures	Motor Vehicles	Office equipments	Gas and electrical fittings	Refrigerators and air-conditioners	Laboratory equipments	Computers and related accessories	Total
	Freehold	Leasehold	Factory	Office									
	------- Rupees in ' 000 -------												
Net carrying value basis Year ended 31 December 2021													
Opening net book value	369,000	224,560	426,585	9,631	391,411	21,275	138,403	28,084	7,064	97,465	120,341	25,039	1,858,858
*Transfers (note 5.2.1)	-	-	15,561	259,815	62,438	25,494	54,357	11,826	37,840	30,576	32,187	24,930	555,024
Disposals (at NBV)													
Cost	-	-	(1,043)	(857)	(10,113)	(71)	(25,405)	(621)	-	(1,919)	-	(3,069)	(43,098)
Depreciation	-	-	198	675	4,016	71	18,769	261	-	1,564	-	2,886	28,440
	-	-	(845)	(182)	(6,097)	-	(6,636)	(360)	-	(355)	-	(183)	(14,658)
Depreciation charge	-	(4,259)	(17,068)	(10,582)	(25,510)	(4,673)	(39,654)	(4,729)	(3,511)	(16,699)	(19,678)	(17,270)	(163,633)
Closing net book value	**369,000**	**220,301**	**424,233**	**258,682**	**422,242**	**42,096**	**146,470**	**34,821**	**41,393**	**110,987**	**132,850**	**32,516**	**2,235,591**
Gross carrying value basis As at 31 December 2021													
Cost	369,000	245,284	524,308	283,462	536,541	61,554	236,695	58,378	49,353	170,615	225,710	77,780	2,838,680
Accumulated depreciation	-	(24,983)	(100,075)	(24,780)	(112,289)	(19,458)	(90,225)	(23,557)	(7,960)	(59,628)	(92,860)	(45,264)	(601,079)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	**369,000**	**220,301**	**424,233**	**258,682**	**422,242**	**42,096**	**146,470**	**34,821**	**41,393**	**110,987**	**132,850**	**32,516**	**2,235,591**
Net carrying value basis Year ended 31 December 2020													
Opening net book value	369,000	228,819	398,022	12,193	385,910	21,793	153,330	22,613	4,346	102,422	129,520	18,104	1,846,072
*Transfers (note 5.2.1)	-	-	44,617	-	33,134	2,770	25,449	9,572	3,591	10,294	8,891	19,435	157,753
Disposals (at NBV)													
Cost	-	-	-	-	(7,230)	(26)	(11,981)	(1,607)	(192)	(2,781)	-	(12,253)	(36,070)
Depreciation	-	-	-	-	5,092	26	8,490	1,499	167	2,722	-	12,253	30,249
	-	-	-	-	(2,138)	-	(3,491)	(108)	(25)	(59)	-	-	(5,821)
Assets written off (at NBV)													
Cost	-	-	-	(1,464)	(5,676)	(355)	-	(414)	(30)	(60)	(1,445)	(625)	(10,069)
Depreciation	-	-	-	1,428	4,031	355	-	414	26	60	1,404	625	8,343
	-	-	-	(36)	(1,645)	-	-	-	(4)	-	(41)	-	(1,726)
Depreciation charge	-	(4,259)	(16,054)	(2,526)	(23,850)	(3,288)	(36,885)	(3,993)	(844)	(15,192)	(18,029)	(12,500)	(137,420)
Closing net book value	**369,000**	**224,560**	**426,585**	**9,631**	**391,411**	**21,275**	**138,403**	**28,084**	**7,064**	**97,465**	**120,341**	**25,039**	**1,858,858**
Gross carrying value basis As at 31 December 2020													
Cost	369,000	245,284	509,790	24,504	484,216	36,131	207,743	47,173	11,513	141,958	193,523	55,919	2,326,754
Accumulated depreciation	-	(20,724)	(83,205)	(14,873)	(90,795)	(14,856)	(69,340)	(19,089)	(4,449)	(44,493)	(73,182)	(30,880)	(465,886)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	**369,000**	**224,560**	**426,585**	**9,631**	**391,411**	**21,275**	**138,403**	**28,084**	**7,064**	**97,465**	**120,341**	**25,039**	**1,858,858**
Annual rate of depreciation (%)	**-**	**60 / 91 years**	**3.33**	**5**	**5**	**10**	**20**	**10**	**10**	**10**	**10**	**33**	

* Represents assets transfers from capital work-in-progress (note 5.2.1)

5.1.1 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	Covered Area (Acres)
Karachi	B-23C, 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-134, S.I.T.E Superhighway Phase II, Karachi	Future expansion	0.50

	Note	2021	2020
		----------(Rupees in '000)----	
5.1.2 Deprecation for the year has been allocated as follows:			
Cost of sales	24	**102,648**	93,744
Administrative expenses	25	**24,612**	8,928
Marketing and selling expenses	26	**36,373**	34,748
		163,633	137,420

5.1.3 The cost of fully depreciated assets of the Company amounted to Rs. 261.43 million (2020: Rs. 238.95 million). In addition, land includes leasehold land having cost of Rs. 35.17 million remains idle as of 31 December 2021 and 2020.

5.1.4 The operating fixed assets of the Company is under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 15.6 to these financial statements.

5.1.5 Details of operating fixed assets disposed off during the year are as follows:

Description	Mode of disposal	Cost	Accumulated Depreciation	Net book value	Sales 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								
Plant and machinery								
Generator - Diesel	Bid	3,365	2,062	1,303	657	(646)	Third party	Oriental Trading Company
Marico carton/Lable imprinting machine stampee	Bid	1,929	675	1,254	185	(1,069)	Third party	Mohd. Hashim & Sons
Dryer DPP-250S	Bid	1,299	124	1,175	501	(674)	Third party	Oriental Trading Company
Bottle Blowing Machine	Bid	1,250	120	1,130	483	(647)	Third party	Oriental Trading Company
		7,843	2,981	4,862	1,826	(3,036)		
Motor vehicles								
Toyota Fortuner TDR Sportivo BF-9409	Company policy	5,135	4,067	1,068	2,054	986	Employee	Ms. Nusrat Munshi
Toyota Corolla GLI A/T BKZ-486	Company policy	1,969	1,046	923	886	(37)	Employee	Mr. Ghani Gul
Honda Civic i-vtec BHC-479	Company policy	2,363	1,862	501	945	444	Employee	Mr. Shakil Ahmed
Honda Civic i-Vtech BMV-584	Company policy	2,513	1,376	1,137	754	(383)	Employee	Mr. Tauqir Ahmed
		11,980	8,351	3,629	4,639	1,010		
Aggregate amount of assets disposed off having NBV not exceeding Rs. 500,000		23,275	17,109	6,166	10,115	3,949	various	various
	2021	**43,098**	**28,441**	**14,657**	**16,580**	**1,923**		
	2020	36,070	30,249	5,821	7,521	1,700		

	2021	2020	2021	2020
	Additions during the year		Closing balance as at December 31	
	(Rupees in '000)			
5.2 Capital work-in-progress comprise of:				
Buildings - factory / office sites	**147,396**	170,701	**81,608**	209,587
Plant and machinery	**47,285**	70,223	**62,064**	77,221
Furniture and fixtures	**10,086**	18,195	**17**	15,425
Motor vehicles	**91,328**	27,967	**39,488**	2,517
Office equipment	**11,826**	9,572	**-**	-
Gas and electrical fittings	**37,842**	3,591	**-**	-
Refrigerators and air conditioners	**17,843**	26,796	**8,828**	21,561
Laboratory equipments	**29,546**	11,596	**64**	2,705
Computer and related accessories	**22,780**	20,344	**559**	2,709
Solar panels	**50,156**	5,498	**55,655**	5,498
Softwares	**8,231**	16,085	**-**	6,920
	474,319	380,568	**248,283**	344,143

	Note	2021	2020
		(Rupees in '000)	
5.2.1 The following is the movement in capital work-in-progress during the year:			
Opening balance		**344,143**	130,492
Additions during the year	5.2	**474,319**	380,568
Transferred during the year to:			
- operating fixed assets	5.1	**(555,024)**	(157,753)
- intangible assets	6.1	**(15,155)**	(9,164)
Closing balance		**248,283**	344,143

6. INTANGIBLE ASSETS

	Note	2021	2020
Goodwill	6.2 & 6.3	**743,226**	743,226
Trademarks - (indefinite lives)	6.2 & 6.3	**4,641,087**	4,641,087
Computer software		**19,147**	13,562
		5,403,460	5,397,875

	Goodwill	Trademarks - Indefinite	Trademarks - finite	Computer softwares	Total
	(Rupees in '000)				
6.1 Intangible assets					
Net carrying value basis Year ended 31 December 2021					
Opening net book value	743,226	4,641,087	-	13,562	5,397,875
Transfers (note 5.2.1)	-	-	-	15,155	15,155
Amortisation charge	-	-	-	(9,570)	(9,570)
Closing net book value	**743,226**	**4,641,087**	**-**	**19,147**	**5,403,460**
Gross carrying value basis As at 31 December 2021					
Cost	743,226	4,641,087	365,930	67,946	5,818,189
Accumulated amortisation	-	-	(365,930)	(48,799)	(414,729)
Net book value	**743,226**	**4,641,087**	**-**	**19,147**	**5,403,460**
Net carrying value basis Year ended 31 December 2020					
Opening net book value	743,226	4,641,087	-	10,742	5,395,055
Transfers (note 5.2.1)	-	-	-	9,164	9,164
Amortisation charge	-	-	-	(6,344)	(6,344)
Closing net book value	**743,226**	**4,641,087**	**-**	**13,562**	**5,397,875**
Gross carrying value basis As at 31 December 2020					
Cost	743,226	4,641,087	365,930	52,791	5,803,034
Accumulated amortisation	-	-	(365,930)	(39,229)	(405,159)
Net book value	**743,226**	**4,641,087**	**-**	**13,562**	**5,397,875**
Annual rate of amortisation (%)	**-**	**-**	**10-20**	**33**	

6.2 Goodwill and trademarks

Goodwill of Rs. 743.23 million and intangible assets (trademarks) of 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, Apollo Pharma Limited changed its name to AGP Limited.

6.3 Impairment testing of goodwill and intangible assets (i.e. trademarks) having indefinite lives

6.3.1 Goodwill of Rs. 743.23 million and trademarks having indefinite useful lives of Rs. 4,641.09 million as disclosed in note 6.2 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 2021. The recoverable amount i.e. Rs. 27,288.05 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 14.9 percent and the growth rate used to extrapolate the cash flows beyond the five-year period is 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 are allocated.

6.3.2 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 forcast period are based on published industry research and historical trends.

6.3.3 Sensitivity to changes in assumptions

a) Discount rates

A rise in the pre-tax discount rate by 2% will result in decrease of the recoverable amount by Rs. 4,908.96 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. 1,970.47 million.

6.3.4 The Company's market capitalisation as at year end, using the Level 1 input of the fair value hierarchy amounts to Rs. 27,157.2 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		---(Rupees in '000)---	
6.4 Amortisation for the year has been allocated as follows:			
Cost of sales	24	**2,796**	1,081
Administrative expenses	25	**6,774**	5,236
Marketing and selling expenses	26	**-**	27
		9,570	6,344

6.5 The cost of fully amortized assets of the Company amounted to Rs. 407.27 million (2020: Rs. 393.21 million).

	Note	2021	2020
		---(Rupees in '000)---	
7. LONG-TERM INVESTMENT			
Investment in subsidiary company - OBS AGP			
Investment - at cost	7.1	**715,000**	-
Financial guarantee - at fair value	15.1 & 15.6	**14,531**	-
		729,531	-

7.1 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. On 14 July 2021, the Company acquired 65% shareholding of OBS AGP (Private) Limited i.e. 6.5 million ordinary shares having face value of Rs 10 each, issued at Rs. 110 each.

	Note	2021	2020
		---(Rupees in '000)---	
8. LONG-TERM DEPOSITS AND RECEIVABLES			
Security deposits - unsecured, considered good		**10,125**	9,665
Receivables from employees - secured, considered good	8.1	**8,851**	8,202
Less: Recoverable within one year	12	**(4,347)**	(3,528)
		4,504	4,674
		14,629	14,339

8.1 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 employement terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly installments. The discounting impact of these receivables to their present value is not considered by the management of the Company, as the financial impact is immaterial.

		Note	2021	2020
			(Rupees in '000)	
9.	**STOCK-IN-TRADE**			
	Raw and packing materials			
	- In hand	9.1	503,469	568,332
	- In transit		107,967	32,442
			611,436	600,774
	Work-in-process		82,865	86,860
	Finished goods			
	- Manufacturing		289,992	217,995
	- Trading		156,127	376,498
			446,119	594,493
	Provision for obsolescence and slow moving stock	9.4	(44,511)	(97,686)
		9.2	1,095,909	1,184,441

9.1 Included herein items having value of Rs. 19.83 million (2020: Rs. 14.87 million), representing stock held by third parties.

9.2 Stock-in-trade includes items having cost of Rs. 10.86 million (2020: Rs. 1.56 million) written down to net realisable value of Rs. 8.63 million (2020: Rs. 1.20 million) resulting in a writedown of Rs. 2.23 million (2020: Rs. 0.36 million).

9.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 1,791.82 million and Rs. 516.77 million (2020: Rs 1,807.4 million and Rs 385.84 million), respectively that are charged to cost of sales.

		Note	2021	2020
			(Rupees in '000)	
9.4	Provision for obsolescence and slow moving stock is as follows:			
	Opening balance		97,686	21,110
	Provision made during the year - net		49,526	93,270
	Written off during the year	9.4.1	(102,701)	(16,694)
			44,511	97,686

9.4.1 Included herein Rs. 89.87 million on account of write-off for SARS Covid Antibody Kits, since the testing was not executed as per the initially anticipated volumes and accordingly, the same was written off during the year against the provision booked in year 2020.

		Note	2021	2020
			(Rupees in '000)	
10.	**TRADE DEBTS - unsecured**			
	Related parties (associated companies)			
	- OBS Pakistan (Private) Limited		-	3,490
	- Aspin Pharma (Private) Limited		-	3,140
	- Muller & Phipps Pakistan (Private) Limited		769,735	654,779
		10.2	769,735	661,409
	Others than related parties		19,970	44,785
		10.1	789,705	706,194
	Less: Allowances for expected credit losses	10.4	(1,318)	(904)
			788,387	705,290

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10.1 The credit risk exposure on the Company's trade debts using provision matrix at year end is as follows:

			Days past due		
	TOTAL	Current	1-30 days	30-90 days	90 and above days
			(Rupees in '000)		
2021					
Expected credit loss rate	0.17%	0%	0%	0%	5.70%
Estimated total gross carrying amount at default	789,705	733,634	28,920	4,043	23,108
Expected credit loss	1,318	-	-	-	1,318
2020					
Expected credit loss rate	0.13%	0%	0%	0%	3.95%
Estimated total gross carrying amount at default	706,194	606,203	75,303	1,786	22,902
Expected credit loss	904	-	-	-	904

10.2 The ageing analysis of unimpaired trade debts due from related parties is as follows:

			Days past due		
	TOTAL	Current	1-30 days	30-90 days	90 and above days
			(Rupees in '000)		
2021					
Muller & Phipps Pakistan (Private) Limited	769,735	732,148	27,226	3,605	6,756
2020					
OBS Pakistan (Private) Limited	3,490	-	909	2,581	-
Aspin Pharma (Private) Limited	3,141	3,101	-	40	-
Muller & Phipps Pakistan (Private) Limited	654,778	600,827	37,794	86	16,071
	661,409	603,928	38,703	2,707	16,071

10.3 The maximum amount outstanding from related parties at any time during the year calculated by reference to month end balances are as follows:

	Note	2021	2020
		(Rupees in '000)	
Related parties - associated companies			
OBS Pakistan (Private) Limited		-	3,826
Aspin Pharma (Private) Limited		7,355	18,428
Muller and Phipps Pakistan (Private) Limited		769,735	664,625

10.4 The movement in allowances for expected credit losses is as follows:

	Note	2021	2020
Opening balance		904	1,224
Charge / (reversal) of allowances for expected credit losses for the year	27	414	(320)
Closing balance	10.4.1	1,318	904

10.4.1 Included herein Rs. 0.17 million (2020: Rs. 0.81 million) related to Muller and Phipps Pakistan (Private) Limited, a related party.

	Note	2021	2020
		------- (Rupees in '000) -------	
11. LOANS AND ADVANCES - Considered good			
Advances - unsecured			
- suppliers	11.1	52,320	18,954
- employees		9,534	9,423
- custom authorities / clearing agents		1,661	1,639
	11.2	63,515	30,016

11.1 Includes advances paid to the following foreign companies as of 31 December:

Name of the company	Address	2021	2020	Terms, conditions and period
		------(Rupees in '000)----		
CTX Lifesciences Pvt. Ltd.	Sachin Mag Road,GIDC Sachin Surat-394230, India	70	-	Purchase of goods to be settled within 30 days of advance payment
Finzelberg GmbH & Co. KG	Koblenzer Str, 48-56 56626 Anderenach Germany	1,427	-	Purchase of goods to be settled within 30 days of advance payment
ASECOS GMBH	Weiherfeldsiedlung16-18 Asecos Germany, Sicherheit Und Umweslschuz Germany	1,051	-	Purchase of goods to be settled within 120 days of advance payment
Shanghai Shigan Industrial Co Ltd	Shanghai 10 Floor, Building 5, Shenxin Plaza Jiuxin Road Songjiang District China	1,415	-	Purchase of goods to be settled within 30 days of advance payment

11.2 These are interest free and adjustable within the period of 6 months.

	Note	2021	2020
		------- (Rupees in '000) -------	
12. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits - considered good, unsecured			
Security deposits		9,764	9,108
Margin on letters of credit		25,207	16,112
		34,971	25,220
Prepayments - insurance		938	383
Other receivables			
Current portion of receivables from employees - secured	8	4,347	3,528
Receivable from Workers' Profit Participation Fund	19.3	-	694
Receivable from a subsidiary company - unsecured	12.1	17,989	-
Others - unsecured		3,125	1,332
		25,461	5,554
		61,370	31,157

12.1 Represent shared services charged by the Company to OBS AGP (Private) Limited (a subsidiary company).

12.2 SHORT-TERM INVESTMENTS - at amortised cost

Represent investment in term deposit receipts having maturity less than 3 months carrying profit at the rate of 10.27% to 10.30% per annum.

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	Note	2021	2020
		------- (Rupees in '000) -------	
13. CASH AND BANK BALANCES			
Cash at banks			
Current accounts			
- local currency		85,633	66,854
- foreign currency		402	346
Deposit accounts	13.1	242,139	301,757
		328,174	368,957
Cash in hand		684	823
	13.2	328,858	369,780

13.1 These carry markup at the rates ranging from 2.71% to 7.78% (2020: 2.75% to 11.66%) per annum.

13.2 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)				
2021					
Shariah compliant financings					
Short-term borrowings	900,000	-	157,340	12,820	412
Long-term financings					
-Sukuk	2,448,000	2,448,000	-	-	47,784
-Diminishing musharikah	25,000	-	-	-	354
-Running musharikah	350,000	343,884	-	-	5,240
	3,723,000	2,791,884	157,340	12,820	53,790
Conventional financings					
Short-term borrowings	1,000,000	3,989	170,834	3,775	668
Long-term financings	75,000	49,308	-	-	2,281
	4,798,000	2,845,181	328,174	16,595	56,739
2020					
Shariah compliant financings					
Short-term borrowings	700,000	-	294,814	10,073	295
Long-term financings					
-Sukuk	2,448,000	2,448,000	-	-	127,075
-Diminishing musharikah	25,000	6,807	-	-	845
-Running musharikah	350,000	343,884	-	-	1,150
	3,523,000	2,798,691	294,814	10,073	129,365
Conventional financings					
Short-term borrowings	900,000	-	74,143	3,672	1,995
	4,423,000	2,798,691	368,957	13,745	131,360

14. SHARE CAPITAL

Authorised share capital

2021	2020		2021	2020
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, subcribed and paid-up capital

2021	2020		2021	2020
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

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

14.2 Basic and diluted earnings per share (EPS)

	2021	2020
	(Rupees in '000)	
Profit for the year	**1,564,925**	1,587,427
	Number of shares	
Weighted average number of ordinary outstanding during the year	**280,000,000**	280,000,000
Basic and diluted earnings per share (EPS)	**5.59**	5.67

15. LONG-TERM FINANCINGS - secured

	Note	2021	2020
		(Rupees in '000)	
Running musharikah under SBP Refinance Scheme	15.2	**225,889**	314,560
SBP financing scheme for renewable energy	15.3	**40,777**	-
Diminishing musharikah	15.4	**-**	5,105
Sukuk [net of transaction cost of Rs. 4.03 million (2020: Rs. 13.25 million)]	15.5	**240,770**	721,177
Financial guarantee contract	15.6	**13,320**	-
		520,756	1,040,842
Less: current maturity	21	**(467,771)**	(641,110)
		52,985	399,732

15.1 The movement in long-term financings is as follows:

	Note	2021	2020
Balance at beginning of the year		**1,040,842**	1,208,026
Proceeds received during the year		**49,308**	343,884
Financial guarantee recognised	7	**14,531**	-
Amount recognized as government grant	16	**(4,711)**	(39,907)
Effect of unwinding for the year		**27,607**	19,801
Financings repaid during the year		**(606,821)**	(490,962)
Balance at end of the year		**520,756**	1,040,842

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15.2 With a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of COVID-19 outbreak, State Bank of Pakistan (SBP) had introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the workers and employees of business concerns for three (3) months (i.e. April 2020 to June 2020) at a subsidized mark-up rate. However, since the impact of pandemic continues, later on the facility was extended to the Company for a further period of three (3) months (i.e. from July 2020 to September 2020). Accordingly, the Company has accounted for deferred grant as disclosed in note 16 to these financial statements.

The Company has availed and entered into an arrangement of said refinancing scheme with the Faysal Bank Limited (FBL) up to Rs. 350 million for a period of 2.5 years including 6 months grace period. The repayment will be made in 8 equal instalments after the grace period. It carries profit rate of SBP rate (i.e. Nil) + 1% per annum. The facility is secured against first pari passu hypothecation charge of Rs. 466.67 million over current assets of the Company. The security is common for funded facilities.

15.3 During the year, the Company has 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 parri 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 of the facility remained unutilised.

15.4 The Company had obtained diminishing musharikah (DM) facility of Rs. 25 million from Bank Islami Pakistan Limited for purchase of private and commercial vehicles. The facility limit utilised is repayable in equal monthly installments of Rs. 0.11 million in arrears. The maximum period of finance is 5 years. The facility carries profit at the rate of 6 months KIBOR + 1.5% per annum with floor of 14% and cap of 24%. The facility is secured against 15% share of the Company (minimum), and ownership title over DM assets duly insured comprehensively. During the year, the Company repaid the final installment and accordingly, charge created thereon was released.

15.5 The Company had obtained long-term finance of Rs. 2,448 million through the issuance of Sukuk certificates repayable in quarterly installments commencing from September 2017, over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.30% per annum and are secured against the present and future property, plant and equipment of the Company to the extent of Rs. 2,412 million.

15.6 The Company has provided corporate guarantee to JS Bank Limited being the investment agent of its subsidiary OBS AGP (Private) Limited. This is in relation to secure all payment obligations and liabilities in respect of sukuk issued by the subsidary to the investment agent for the benefit of certificate holders of the subsidary (also see note 7 to these financial statements).

16. DEFERRED GRANT

	Note	2021	2020
		Rupees in '000	
Opening balance		**29,699**	-
Recognised during the year	15.1	**4,711**	39,907
Released to statement of profit or loss	28	**(19,907)**	(10,208)
Closing balance		**14,503**	29,699
Less: current portion	21	**(10,715)**	(21,793)
		3,788	7,906

	Note	2021	2020
		------- Rupees in '000 -------	
17. GAS INFRASTRUCTURE DEVELOPMENT CESS			
Gas Infrastructure Development Cess		10,641	10,818
Less: Current portion	21	(2,363)	(2,435)
		8,278	8,383

17.1 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. 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 upto 31 July 2020 w.e.f 2011. Gas companies raised the bill for recovery of GIDC which was restrained by High Courts on petitions filed by the gas consumers and associations. Later, in November 2020, the SCP also dismissed all review petitions. Accordingly, the Company had recognised a liability for GIDC.

	Note	2021	2020
		------- Rupees in '000 -------	
18. DEFERRED TAX LIABILITIES - NET			
Taxable temporary differences			
Accelerated tax depreciation / amortisation		98,150	82,217
Deferred grant (notes 15.2 and 15.3)		5,920	7,837
		104,070	90,054
Deductible temporary differences			
Provisions		(12,189)	(26,016)
Financings (notes 15.2 and 15.3)		(5,920)	(7,837)
		(18,109)	(33,853)
		85,961	56,201

	Note	2021	2020
19. TRADE AND OTHER PAYABLES			
Creditors	19.1	558,203	464,351
Accrued liabilities		338,531	245,649
Compensated absences		37,686	34,217
Contract liabilities (advances from customers)		42,784	-
Retention money		2,095	13,192
Other payables:			
- Provident fund	19.2	6,031	5,622
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund	19.3	2,399	-
- Workers' Welfare Fund	19.4	26,196	26,918
- Central Research Fund	19.5	20,619	20,789
- Withholding tax		7,371	5,831
- Sales tax		6,011	4,954
- Others		2,099	1,885
		1,063,826	837,209

19.1 Included herein Rs. 14.68 million (2020: Nil) payable to Aspin Pharma (Private) Limited, a related party.

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19.2 Payable to the provident fund

19.2.1 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.

19.2.2 During the year, the Company's contribution to provident fund amounted to Rs. 32.14 million (2020: Rs. 27.17 million).

	2021	2020
	------- Rupees in '000 -------	
19.3 Workers' Profits Participation Fund		
Balance at the beginning of the year - (receivable) / payable	(694)	2,335
Allocation for the year	102,062	102,908
	101,368	105,243
Payments made during the year	(98,969)	(105,937)
Balance at the end of the year - payable / (receivable)	2,399	(694)
19.4 Workers' Welfare Fund		
Balance at the beginning of the year	26,918	24,096
Charge for the year	26,377	27,129
	53,295	51,225
Payments made during the year	(27,099)	(24,307)
Balance at the end of the year	26,196	26,918
19.5 Central Research Fund		
Balance at the beginning of the year	20,789	19,664
Charge for the year	20,618	20,789
	41,407	40,453
Payments made during the year	(20,788)	(19,664)
Balance at the end of the year	20,619	20,789

20. SHORT-TERM BORROWINGS - Secured

20.1 As of reporting date, the facilities relating to running finance under mark-up arrangements obtained from commercial banks of Rs.1,000 million (2020: Rs. 900 million) carrying markup at the rate of 1 - 3 months KIBOR plus 0.30% to 1.50% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company. As of reporting date, Rs. 996.01 million of the facility limits remained unutilised and utilised portion is Rs. 3.99 million.

20.2 As of reporting date, the facilities relating to running musharka arrangements obtained from islamic banks of Rs. 900 million (2020: Rs. 700 million) remained fully unutilised carrying markup at rate of 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.

	Note	2021	2020
		------- Rupees in '000 -------	
21. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term financings	15	467,771	641,110
Deferred grant	16	10,715	21,793
Gas Infrastructure Development Cess	17	2,363	2,435
		480,849	665,338

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 In year 2018, the Company received a demand for tax year 2017 from the taxation authorities of Rs.133.43 million in respect of amortisation of goodwill and the payment of Rs. 12.5 million made by the Company towards Sindh Revenue Board (SRB) in respect of Workers Welfare Fund (WWF) disallowed. The Company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the above mentioned demand and the case was decided in favor of the Company in respect of amortisation of goodwill allowed, whereas WWF has been rejected. In the year 2019, the Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) to allow expense in respect of WWF which is pending adjudication. Whereas, during 2018, the taxation authority filed an appeal before ATIR against amortisation of goodwill allowed by CIR(A), for which the hearing was fixed on 08 October 2021 by ATIR and the case was decided in favour of the Company. The Company, in view of a tax advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

22.1.2 In year 2008, the Company imported consignments of Medicines (Multivitamin) against which, it filed goods declaration through their authorized clearing agent. The Company declared the description of goods as medicines and claimed assessment under relevant PCT Code. The Custom Authorities rejected these assessments and issued demand notices to the Company indicating short levy of duty / taxes. The Deputy Collector of Customs, Air Freight Unit/Jinnah International Airport, Karachi, passed an order against the Company according to which the Company was liable to pay the short paid amount of Rs.1.17 million against the respective consignments / demand notices. The Company filed appeal before the Collectors of Customs, Sales Tax & Federal Excise (Appeals) which was decided in favor of the Company vide their order dated 30 October 2009. The Deputy Collector of Customs, Air Freight Unit approached the learned Tribunal, Customs, Central Excise & Sales Tax, Bench, and filed appeal against the said order which was also dismissed and decided in favour of the Company vide order dated 23 December 2010. Thereafter, the Collector of Customs (Preventive) filed the title reference before the SHC which is pending adjudication. The Company, in view of a legal advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

22.1.3 In year 2020, during the course of tax audits for tax years 2018 and 2019, the Company had received a show cause notice from Sindh Revenue Board (SRB), for depositing Sindh Sales Tax (SST) of Rs. 22.21 million on account of contract labour services acquired by the Company during years ended 31 December 2017 and 2018 based on the contention by SRB that the services of labour and manpower supply are covered under Second Schedule to the Sindh Sales Tax on Services Act, 2011 (the Act). In addition, under Withholding Rules 2014, the Company is liable to deduct the amount of sales tax at the applicable tax rate on the basis of gross value of the taxable services.

On the other hand, the Company's contention was that SRB relied upon the Notifications issued by SRB to impose SST on the reimbursements of, inter alia, salary payments that the Company made to providers of services, though these reimbursements do not fall within the definition of "labour and manpower supply services" under Section 2(55A) of the Act nor do they constitute part of the value of such taxable service. Therefore, the amount of sales tax shall be worked out on the basis of net value of the taxable services. Further, the Notifications were unlawful and unconstitutional, as under the Constitution no tax may be levied for the purposes of the province except by or under an Act of the Provincial Assembly. Hence, being aggrieved, the Company had filed a constitutional petition C.P.No. D-1014 of 2020 with the Honourable High Court of Sindh (SHC) against the said show cause notice, whereby SHC had granted a stay order dated 17 February 2020 against recovery of the amount and directed SRB not to pass any final adverse order till next date of hearing. On 17 November 2020, the case was decided in favour of the Company. However, SRB has filed an appeal against the said order with the Honorable Supreme Court of Pakistan which is pending adjudication. The Company expects a favourable outcome on this matter and accordingly, no provision has been made in these financial statements.

22.1.4 Economic Coordination Committee (ECC) of the Cabinet in its meeting held on 26 June 2019 had taken the decision to discontinue Industrial Support Package (ISP) for industrial consumers, which includes a decreased off peak hour rate/unit. The decision was effective from 01 July 2019, but since, there were some clarity issues, as to timeline and implementation, therefore K-Electric Limited (KEL) continued to provide relief to industrial consumers during off-peak hours under the support package. However, as per Ministry of Energy Corrigendum of SRO 575 (1) / 2019 dated 22 January 2020, industrial tariff rates were revised w.e.f 01 July 2019 due to withdrawal of ISP from off-peak consumption, accordingly, the impact of the same amounted to Rs. 5.46 million had been included in the energy bill for the month of March 2020 by KEL. The Company being aggrieved filed a constitutional petition C.P.No. D-2300 of 2020 against the withdrawal of ISP in the Honourable High Court of Sindh (SHC), whereby SHC has granted stay order dated 28 April 2020 in respect of recovery of ISP charges. The SHC had declared the above mentioned corrigendum as illegal and ordered KEL to refund or adjust any sums paid by consumers or reissue bills to petitioners who have not paid bills or ISP component. However, KEL has filed an appeal against the said SHC order which is pending adjudication. The Company is confident of a favourable outcome, hence, no provision for the above charges has been made in these financial statements.

	2021	2020
	(Rupees in '000)	
22.1.5 Guarantees		
Bank guarantees		
- limit	310,000	310,000
- unutilised portion	269,554	287,160
- utilised portion	40,446	22,840

22.2 Commitments

22.2.1 As at 31 December 2021, capital expenditure contracted for but not incurred amounted to Rs. 180.88 million (2020: Rs. 95.67 million).

	2021	2020
	(Rupees in '000)	
22.2.2 Financial guarantee issued on behalf of subsidiary company	2,600,000	-

22.3 Letters of credit

	2021	2020
Letters of credit		
- limit	2,620,000	2,320,000
- unutilised portion	2,186,879	2,117,043
- utilised portion	433,121	202,957

	Note	2021	2020
		----------(Rupees in '000)----------	
23. REVENUE FROM CONTRACT WTH CUSTOMERS - net			
Sale of goods (disaggregation by timing - at a point in time)			
Local (disaggregation by types of products)			
- Manufacturing		6,717,742	6,002,331
- Trading		684,481	993,388
		7,402,223	6,995,719
Export		558,920	738,224
		7,961,143	7,733,943
Less: Trade discounts		(475,908)	(735,389)
Sales returns		(39,718)	(38,172)
Sales tax		(25,059)	(14,027)
		(540,685)	(787,588)
	23.1 & 23.2	7,420,458	6,946,355

23.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 37.3 to these financial statements.

23.2 Included herein sales of Rs. 6,379 million (2020: Rs. 5,667 million) made to related parties (see note 35).

NOTES TO THE FINANCIAL STATEMENTS
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	Note	2021	2020
		----------(Rupees in '000)----------	
24. COST OF SALES			
Cost of sales – manufacturing			
Raw and packing materials consumed			
Opening stock		600,774	556,869
Purchases		1,870,485	1,880,289
Available for consumption		2,471,259	2,437,158
Closing stock	9	(611,436)	(600,774)
Raw and packing material consumed		1,859,823	1,836,384
Manufacturing cost			
Salaries, wages and other benefits	24.1	563,265	461,214
Stores and spares consumed		27,842	25,794
Provision for obsolescence and slow moving stock - net	9.4	49,526	93,270
Processing charges		12,202	10,634
Freight		4,733	5,798
Fuel, gas and electricity		141,091	117,014
Repairs and maintenance		87,104	74,973
Travelling and conveyance		20,149	20,080
Insurance		13,206	5,956
Laboratory expenses		29,733	26,216
Rates and taxes		1,607	874
Depreciation	5.1.2	102,648	93,744
Amortisation	6.4	2,796	1,081
Postage, telegraph and telephones		3,029	2,377
Printing and stationery		6,448	6,041
		1,065,379	945,066
		2,925,202	2,781,450
Work-in-process			
Opening stock		86,860	58,022
Closing stock	9	(82,865)	(86,860)
		3,995	(28,838)
Cost of goods manufactured		2,929,197	2,752,612
Finished goods			
Opening stock		217,995	217,846
Closing stock	9	(289,992)	(217,995)
		(71,997)	(149)
		2,857,200	2,752,463
Cost of samples for marketing and sales promotion	26	(70,772)	(52,583)
Cost of sales – trading			
Opening stock		376,498	201,774
Purchases		296,399	560,567
Closing stock	9	(156,127)	(376,498)
	9.3	516,770	385,843
		3,303,198	3,085,723

24.1 Included herein Rs. 8.83 million (2020: Rs. 7.70 million) in respect of staff retirement benefits.

	Note	2021	2020
		------(Rupees in '000)------	
25. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	25.1	152,789	118,653
Travelling and conveyance		1,523	408
Printing and stationery		3,506	1,610
Directors' remuneration		12,200	4,200
Postage, telegrams and telephones		1,045	467
Legal and professional		52,349	43,659
Research cost		2,500	1,500
Repairs and maintenance		19,299	6,937
Software license renewals and maintenance fee		16,056	16,724
Subscription and fee		2,207	1,362
Advertisement		2,268	2,063
Auditors' remunerations	25.2	3,677	3,213
Donations	25.3	80,953	8,790
Insurance		1,308	439
Depreciation	5.1.2	24,612	8,928
Amortisation	6.4	6,774	5,236
Corporate social responsibility		7,014	2,146
Vehicle running expenses		646	358
		390,726	226,693

25.1 Included herein Rs. 4.67 million (2020: Rs. 3.69 million) in respect of staff retirement benefits.

	2021	2020
	---------(Rupees in '000)--------	
25.2 Auditors' remunerations		
Statutory audit fee - seperate	1,836	1,663
- consolidation	500	-
Special audit fee	-	120
Half yearly review and other certifications	863	1,264
Out of pocket expenses	478	166
	3,677	3,213

25.3 Donation to a single party exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	2021	2020
	---------(Rupees in '000)--------	
Patients' Aid Foundation	-	2,944
National Institute of Kidney Diseases	-	1,100
Saylani Welfare Trust	-	1,041
Liver Center	17,324	-
	17,324	5,085

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

	Note	2021	2020
		---------(Rupees in '000)--------	
26. MARKETING AND SELLING EXPENSES			
Salaries and other benefits	26.1	785,890	685,379
Travelling and conveyance		221,704	180,877
Repairs and maintenance		4,614	6,021
Insurance		5,012	4,557
Depreciation	5.1.2	36,373	34,748
Amortisation	6.4	-	27
Printing and stationery		3,420	3,709
Samples	24	70,772	52,583
Sales promotion		263,780	284,983
Meeting and conferences		107,035	60,927
Communication		15,858	14,890
Subscription		22,108	14,295
Freight, handling and transportation		78,170	60,887
		1,614,736	1,403,883

26.1 Included herein Rs.18.64 million (2020: Rs. 15.79 million) in respect of staff retirement benefits.

	Note	2021	2020
		---------(Rupees in '000)--------	
27. OTHER EXPENSES			
Workers' Profit Participation Fund	19.3	102,062	102,908
Workers' Welfare Fund	19.4	26,377	27,129
Central Research Fund	19.5	20,618	20,789
Exchange loss - net		7,731	30,940
Charge / (reversal) of allowances for expected credit losses	10.4	414	(320)
Assets written off	5.1	-	1,726
		157,202	183,172
28. OTHER INCOME			
Income from financial assets			
Markup on deposit accounts		16,595	13,745
Income from non-financial assets			
Gain on sale of operating fixed assets (net)	5.1.5	1,923	1,700
Amortisation of government grant	16	19,907	10,208
Scrap sales		6,484	5,935
Amortisation of financial guarantee		1,211	-
		29,525	17,843
		46,120	31,588
29. FINANCE COSTS			
Mark-up on:			
- long-term financings		80,385	141,722
- short term borrowings		1,324	2,290
		81,709	144,012
Bank charges		7,594	7,780
		89,303	151,792

	2021	2020
	(Rupees in '000)	

30. TAXATION

	2021	2020
Current	317,600	353,207
Prior	(872)	765
Deferred	29,760	(14,719)
	346,488	339,253

30.1 Relationship between income tax expense and accounting profit is as follows:

	2021	2020
Profit before taxation	1,911,413	1,926,680
Tax at the applicable tax rate of 29% (2020: 29%)	554,310	558,737
Prior year charge	(872)	765
Effect of lower tax rate	(168,898)	(177,152)
Effect of tax credits	(37,376)	(38,550)
Effect of non-deductible items	(676)	(4,547)
	346,488	339,253

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Managerial remuneration	17,495	15,904	-	-	253,776	211,071
Bonus	2,392	2,171	-	-	6,529	19,547
Performance incentive	40,299	38,289	-	-	2,650	2,060
Reimbursement of expenses	447	403	-	-	37,558	22,523
Provident fund	1,196	1,085	-	-	12,873	10,788
Others	1,595	1,449	-	-	38,168	14,282
	63,424	59,301	-	-	351,554	280,271
Number of persons	1	1	6	6	64	52

31.1 In addition, the chief executive and certain executives are provided with free use of Company maintained car in accordance with their entitlements.

31.2 During the year, fee paid to two (2020: two) independent directors and four (2020: four) non-executive directors for attending board and other meetings aggregating to Rs. 12.2 million (2020: Rs. 4.2 million). Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 10.46 million (2020: Rs. 11.5 million). Number of non-executive directors at year end were four (2020: four).

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

32. PRODUCTION CAPACITY

The capacity and production of the Company's plants is indeterminable, as these are multi-product plants involving varying processes of manufacturing. The Company's production is based on market demand.

33. CASH GENERATED FROM OPERATIONS

	Note	2021	2020
		(Rupees in '000)	
Profit before taxation		1,911,413	1,926,680
Adjustments for non-cash items:			
Depreciation	5.1.2	163,633	137,420
Amortisation	6.4	9,570	6,344
Charge / (reversal) of allowances for expected credit losses	27	414	(320)
Gain on disposal of operating fixed assets	28	(1,923)	(1,700)
Assets written off	27	-	1,726
Mark-up on deposits accounts	28	(16,595)	(13,745)
Amortisation of government grant	28	(19,907)	(10,208)
Amortisation of financial guarantee	28	(1,211)	-
Finance costs	29	89,303	151,792
Workers' Profit Participation Fund	27	102,062	102,908
Workers' Welfare Fund	27	26,377	27,129
Central Research Fund	27	20,618	20,789
		372,341	422,135
Operating profit before working capital changes		2,283,754	2,348,815
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(1,346)	(359)
Stock-in-trade		88,532	(171,040)
Trade debts		(83,511)	(182,435)
Loans and advances		(33,499)	3,847
Trade deposits, prepayments and other receivables		(30,907)	57,477
		(60,731)	(292,510)
Increase / (decrease) in current liabilities			
Trade and other payables		225,110	858
		2,448,133	2,057,163

34. CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	13	328,858	369,780
Short-term investments	12.2	200,000	-
		528,858	369,780

35. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, subsidiary company, 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	2021	2020
				----- (Rupees in '000) -----	
Parent company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company	52.98% (2020: 52.98%)	Dividend paid	148,350	445,051
Subsidiary Company					
OBS AGP (Private) Limited - Pakistan	Subsidiary company	65% (2020: Nil)	Investment made during the year	715,000	-
			Expenditure incurred by the Company on behalf of subsidiary	49,223	-
			Expenditure paid by the Company on behalf of subsidiary	31,234	-
Associated companies					
*OBS Pakistan (Private) Limited - Pakistan	Common directorship (significant influence)	-	Sale of goods	-	4,408
			Amount received against sale of goods	3,490	1,543
			Expenditure incurred / paid by the Company on behalf of associate	-	2,334
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2020: 4.79%)	Sale of goods	25,938	38,637
			Amount received against sale of goods	29,079	36,550
			Expenditure incurred / paid by the Company on behalf of associate	680	745
			Expenditure incurred / paid by associate on behalf of the Company	23,067	13,249
			Dividend paid	13,400	40,200
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2020: 13.54%)	Sale of goods	6,353,057	5,624,161
			Amount received against sale of goods	6,238,100	5,461,207
			Settlement of discounts given on behalf of the Company	120,250	77,812
			Dividend paid	37,920	113,760
OBS Green (Private) Ltd - Pakistan	Common directorship	-	Purchase / payment of personal protective equipment kits	-	400
			Service received / paid for test kits	-	546
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	31,734	26,201
Key management personnel (other than Chief Executive - see note 31)			**Short-term employee benefits:**		
			- Managerial remuneration	90,146	68,962
			- Bonus	2,977	7,899
			- Performance incentives	300	-
			- Reimbursement of expenses	8,153	3,525
			Post-term employee benefits:		
			- Provident fund	4,620	3,556
			Others		
			- Dividend paid	6	19
			- Leave encashment	10,628	4,589
			- Ex-gratia	15,366	-
Directors			Dividend paid	631	1,893
			Board and other meeting fee	12,200	4,200
Others (due to common directorship)					
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	104,290	119,657
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	43	48
Baltoro Partners (Private) Limited - Pakistan			Purchase of test kits	-	240

* As of reporting date, it is no longer a related party of the Company.

35.1 The related parties status of outstanding receivables / payables as at 31 December 2021 and 2020 is disclosed in respective notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency, interest rate and other price risks). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. No changes were made in the risk management framework and capital management of the Company during the year ended 31 December 2021.

36.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company'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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

36.1.1 Financial assets and liabilities (excluding statutory assets and liabilities) by category and their respective maturities are as follows:

	Interest bearing			Non-Interest bearing			
	Maturity 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	200,000	-	200,000	-	-	-	200,000
Deposits and receivables	-	-	-	60,432	14,629	75,061	75,061
Trade debts	-	-	-	788,387	-	788,387	788,387
Cash and bank balances	242,139	-	242,139	86,035	-	86,035	328,174
31 December 2021	442,139	-	442,139	934,854	14,629	949,483	1,391,622
Financial liabilities (at amortised cost)							
Long-term financings	467,771	52,985	520,756	-	-	-	520,756
Trade and other payables	-	-	-	987,429	-	987,429	987,429
Unclaimed dividends	-	-	-	1,686	-	1,686	1,686
Accrued interest	-	-	-	2,028	-	2,028	2,028
Short-term borrowings	3,989	-	3,989	-	-	-	3,989
31 December 2021	471,760	52,985	524,745	991,143	-	991,143	1,515,888

	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)							
Deposits and receivables	-	-	-	30,080	14,339	44,419	44,419
Trade debts	-	-	-	705,290	-	705,290	705,290
Cash and bank balances	301,757	-	301,757	67,200	-	67,200	368,957
31 December 2020	301,757	-	301,757	802,570	14,339	816,909	1,118,666
Financial liabilities (at amortised cost)							
Long-term financings	641,110	399,732	1,040,842	-	-	-	1,040,842
Trade and other payables	-	-	-	764,916	-	764,916	764,916
Unclaimed dividends	-	-	-	1,701	-	1,701	1,701
Accrued interest	-	-	-	3,870	-	3,870	3,870
31 December 2020	641,110	399,732	1,040,842	770,487	-	770,487	1,811,329

36.1.2 The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

36.2 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	2021	2020
		(Rupees in '000)	
Long-term financings	15	520,756	1,040,842
Accrued interest		2,028	3,870
Short-term borrowings	20	3,989	-
Total debts		526,773	1,044,712
Less: Cash and bank balances	13	(328,858)	(369,780)
Net debts		197,915	674,932
Total capital		9,495,251	8,210,326
Gearing ratio		2%	8%

36.3 Credit risk

36.3.1 Credit risk is the risk of financial loss to the Company 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 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	2021	2020
		(Rupees in '000)	
Long-term investment	7	729,531	-
Short-term investments	12.2	200,000	-
Receivables and deposits	8 & 12	75,061	44,419
Trade debts	10	788,387	705,290
Bank balances	13	328,174	368,957
		2,121,153	1,118,666
Secured		8,851	8,202
Unsecured		2,112,302	1,110,464
		2,121,153	1,118,666
Not past due		733,634	606,203

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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:

	2021	2020
	(Rupees in '000)	
Trade debts (note 10)		
Customers with no defaults in the past one year	788,387	705,290
Bank Balances (note 13)		
A-1+	326,021	316,806
A-1	2,010	52,151
Unrated	143	-
	328,174	368,957

36.3.3 As at reporting date, there are no financial assets that could otherwise be past due or impaired whose terms have been renegotiated.

36.4 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:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	Rupees in '000				
2021					
Long-term financings	-	116,943	350,828	52,985	520,756
Trade and other payables	37,686	945,549	4,194	-	987,429
Unclaimed dividends	-	1,686	-	-	1,686
Accrued interest	-	2,028	-	-	2,028
Short-term borrowings	3,989	-	-	-	3,989
	41,675	1,066,206	355,022	52,985	1,515,888
2020					
Long-term financings	-	160,277	480,833	399,732	1,040,842
Trade and other payables	34,217	715,622	15,077	-	764,916
Unclaimed dividends	-	1,701	-	-	1,701
Accrued interest	-	3,870	-	-	3,870
	34,217	881,470	495,910	399,732	1,811,329

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 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 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 Rs 8.05 million. However, in practice, the actual result may differ from the 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 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:

	2021					2020		
	USD	**EURO**	**CNY**	**GBP**	**CHF**	USD	EURO	CNY
Financial assets								
Trade debts	-	-	-	-	-	150,144	-	-
Bank balances	-	1,992	-	-	-	-	1,992	-
	-	1,992	-	-	-	150,144	1,992	-
Financial liabilities								
Trade payables	(1,131,638)	(59,725)	(1,968,177)	(23,908)	(25,014)	(1,067,898)	(28,506)	(1,990,298)
	------------------------ Equivalent Rs '000 ----------------------							
Financial assets								
Trade debts	-	-	-	-	-	23,998	-	-
Bank balances	-	402	-	-	-	-	392	-
	-	402	-	-	-	23,998	392	-
Financial liabilities								
Trade payables	(201,623)	(12,056)	(55,038)	(5,713)	(4,851)	(170,687)	(5,606)	(48,684)

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	
	2021	2020	2021	2020
	-----------Rupees---------		-----------Rupees-----------	
US Dollar	169.00	162.02	178.17	159.83
Chinese Yuan	26.21	23.42	27.96	24.46
Euro	199.25	184.20	201.86	196.64
Swiss Franc	187.71	172.13	193.93	181.49
GBP	228.71	210.95	238.96	218.45

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 27.93 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

36.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainities 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.

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.

37. INFORMATION ABOUT OPERATING SEGMENTS

37.1 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.

37.2 Export sale is made to Afghanistan which represents the geographical breakup of the Company's gross turnover (note 23).

37.3 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:

	2021	2020
	------ (Rupees in '000) ------	
<u>Pakistan</u>		
- Muller & Phipps Pakistan (Private) Limited	6,353,057	5,624,161

37.4 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.

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on 25 March 2022 by the Board of Directors of the Company.

39. SUBSEQUENT EVENT

39.1 The Board of Directors in its meeting held on 25 March 2022 has proposed a final cash dividend for the year 2021 of Rs. 2.5 per share (2020: Rs. 2 per share), aggregating to Rs. 700 million (2020: Rs. 560 million) subject to approval of shareholders in the Annual General Meeting of the Company to be held on 26 April 2022.

40. GENERAL

40.1 The number of persons employed as at year end were 1,151 (2020: 976) and the average number of persons employed during the year were 1,022 (2020: 967).

40.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. However, there are no material transactions to report.

40.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer | Chief Executive Officer | Director

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INDEPENDENT AUDITORS' REPORT

To the members of AGP Limited

Opinion

We have audited the annexed consolidated financial statements of **AGP Limited** and its subsidiary company i.e. OBS AGP (Private) Limited (the Group), which comprise the consolidated statement of financial position as at **31 December 2021**, 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 a summary of significant accounting policies and other explanatory 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 2021, 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 *Auditors' 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 is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Impairment testing of goodwill and intangible assets having indefinite useful lives	
(Refer note 6.3 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. 8,807 million as of 31 December 2021, and tested for impairment at least on an annual basis.	Our audit procedures amongst others, included review of Group's intangible assets impairment process and evaluating the Group's assumptions used in assessing the recoverability of intangible assets, in particular, revenue and cash flow projections / forecasts, royalty rates, growth rates and discount rates.

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Key audit matter	How the matter was addressed in our audit
The determination of recoverable amount requires judgement in both identifying and then valuing the relevant cash-generating units (CGUs), and the impairment assessment for such assets involves significant judgments and estimates about future business performance, with key assumptions including revenue and cash flow projections / forecasts, royalty rates, the overall long-term growth rates and discount rates 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 assessed the methodologies used by the management in the impairment analysis and determination of CGUs, to which it relates. We involved our specialist to: - assess the key assumptions and methodologies used in the impairment analysis, in particular growth rates, royalty rates and discount rates applied; - examine the assumptions used by management, including forecasted revenues, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGUs assets and allocated goodwill; 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.

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

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

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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.

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

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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 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.

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

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 04 April 2022

UDIN Number: AR2021100997XK9ujDhw

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021	2020
		----------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,497,553	2,203,001
Intangible assets	6	8,906,624	5,397,875
Long-term deposits and receivables	7	15,622	14,339
		11,419,799	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		8,490	7,144
Stock-in-trade	8	1,592,912	1,184,441
Trade debts	9	1,045,062	705,290
Loans and advances	10	65,741	30,016
Trade deposits, prepayments and other receivables	11	44,821	31,157
Taxation – net		-	247,623
Short-term investments	12	235,000	-
Cash and bank balances	13	456,798	369,780
		3,448,824	2,575,451
TOTAL ASSETS		14,868,623	10,190,666
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	14	2,800,000	2,800,000
Revenue reserve - unappropriated profits		6,877,508	5,410,326
		9,677,508	8,210,326
Non-controling interest		483,790	-
		10,161,298	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings	15	2,458,796	399,732
Deferred grant	16	3,788	7,906
Gas infrastructure development cess	17	8,278	8,383
Deferred tax liabilities - net	18	102,970	56,201
		2,573,832	472,222
CURRENT LIABILITIES			
Trade and other payables	19	1,401,858	837,209
Unclaimed dividends		1,686	1,701
Accrued interest		55,429	3,870
Taxation – net		30,088	-
Short-term borrowings	20	3,989	-
Current maturity of non-current liabilities	21	640,443	665,338
		2,133,493	1,508,118
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		14,868,623	10,190,666

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		---------(Rupees in '000)---------	
Revenue from contracts with customers - net	23	**9,316,754**	6,946,355
Cost of sales	24	**(4,261,841)**	(3,085,723)
Gross profit		**5,054,913**	3,860,632
Administrative expenses	25	**(472,944)**	(226,693)
Marketing and selling expenses	26	**(1,962,549)**	(1,403,883)
Other expenses	27	**(157,202)**	(183,172)
Other income	28	**50,644**	31,588
Finance costs	29	**(205,114)**	(151,792)
		(2,747,165)	(1,933,952)
Profit before taxation		**2,307,748**	1,926,680
Taxation	30	**(461,776)**	(339,253)
Profit for the year		**1,845,972**	1,587,427
Profit attributable to:			
Equity holders of the parent company		**1,747,182**	1,587,427
Non-controlling interest		**98,790**	-
		1,845,972	1,587,427
Earnings per share - basic and diluted	14.2	**Rs. 6.24**	Rs. 5.67

The annexed notes 1 to 40 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 2021

	2021	2020
	----------(Rupees in '000)---------	
Profit for the year	**1,845,972**	1,587,427
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	**1,845,972**	1,587,427

The annexed notes 1 to 40 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 2021

	Attributable to owners of the parent company				
	Share capital	Revenue reserve - Unappropriated profits	Total reserves	Non-controlling interest	Total equity
	---------Rupees in '000---------				
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899	-	7,462,899
Profit for the year	-	1,587,427	1,587,427	-	1,587,427
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	1,587,427	1,587,427	-	1,587,427
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share	-	(560,000)	(560,000)	-	(560,000)
Interim dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)	-	(280,000)
Balance as at 31 December 2020	**2,800,000**	**5,410,326**	**8,210,326**	**-**	**8,210,326**
Acquisition of a subsidiary company (note 1.3)	-	-	-	**385,000**	**385,000**
Profit for the year	-	**1,747,182**	**1,747,182**	**98,790**	**1,845,972**
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	**1,747,182**	**1,747,182**	**98,790**	**1,845,972**
Final dividend for the year ended 31 December 2020 @ Re. 1 per share	-	**(280,000)**	**(280,000)**	-	**(280,000)**
Balance as at 31 December 2021	**2,800,000**	**6,877,508**	**9,677,508**	**483,790**	**10,161,298**

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Financial Officer   Chief Executive Officer   Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	33	**2,518,008**	2,057,163
Payments for:			
Finance costs		**(124,913)**	(141,370)
Income tax		**(137,296)**	(166,786)
Workers' Profit Participation Fund	19.4	**(98,969)**	(105,937)
Workers' Welfare Fund	19.5	**(27,099)**	(24,307)
Central Research Fund	19.6	**(20,788)**	(19,664)
Net cash flows generated from operating activities		**2,108,943**	1,599,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.2.1	**(495,970)**	(380,568)
Expenditure incurred for intangible assets		**(3,458,768)**	-
Proceeds from disposal of operating fixed assets	5.1.5	**16,580**	7,521
Deposits and receivables - paid / given		**(1,453)**	(919)
- received back		**170**	94
Interest income received		**22,330**	13,745
Net cash flows used in investing activities		**(3,917,111)**	(360,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(280,015)**	(839,268)
Proceeds from issue of ordinary shares to minority shareholders		**385,000**	-
Long-term financings - obtained	15.1	**2,628,033**	343,884
- repaid	15.1	**(606,821)**	(490,962)
Short-term borrowings - obtained	20.1	**511,121**	-
- repaid	20.1	**(507,132)**	-
Net cash flows generated from / (used in) financing activities		**2,130,186**	(986,346)
Net increase in cash and cash equivalents		**322,018**	252,626
Cash and cash equivalents at the beginning of the year		**369,780**	117,154
Cash and cash equivalents at the end of the year	34	**691,798**	369,780

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Financial Officer   Chief Executive Officer   Director

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consist of AGP Limited (the "Holding Company") and its subsidiary company, OBS AGP (Private) Limited (the "OBS AGP"), that has 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. 715 million through purchase of ordinary right shares offered by OBS AGP which was renounced by Aitkenstuart Pakistan (Private) Limited and other shareholders of OBS AGP.

1.4 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 52.98% (2020: 52.98%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company. Subsequent to the reporting date, shareholding of Aitkenstuart Pakistan (Private) Limited in the Holding Company increased to 55.8%.

1.5 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-109, 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

2. 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.

3. BASIS OF PREPARATION AND BASIS OF CONSOLIDATION

3.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for financing facilities, grant and cess carried at amortised cost (notes 15 to 17 to these consolidated financial statements).

3.2 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 parent 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 company.

The financial statements of the subsidiary company was prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The assets and liabilities of the subsidiary, have been consolidated on line-by-line basis and the carrying values of the investment held by the Holding Company is eliminated against the subsidiary's share capital and pre-acquisition reserves, if any in the consolidated financial statements. Material intra-group balances and transactions are also eliminated.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Standards, amendments, interpretations and improvements adopted 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:

Amended standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (Amendment)
IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to standard did not have any material effect on these consolidated financial statements.

4.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 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 6.3 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.

4.3 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 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 5.1 to these consolidated financial statements.

The residual value, depreciation method and the useful life 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 and consists of costs incurred in respect of operating fixed assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

4.4 Intangible assets

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 upto 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.

4.5 Stores, spares and loose tools

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

4.6 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.

4.7 Financial Instruments

4.7.1 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 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:

a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. 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.

b) Financial assets designated at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of profit or loss. Dividends are recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any equity investments at fair value through OCI during the current and last year and as of reporting date.

d) 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 consolidated statement of profit or loss when the right of payment has been established.

The Group does not have any listed equity investments at fair value through profit or loss during the current and last year and as of reporting date.

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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4.7.2 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 measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through consolidated statement of profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

b) 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.

4.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

4.8 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 of 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.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank overdrafts, term deposits (having maturity of less than 3 months) and current / deposit accounts held with banks, which are subject to insignificant risk of change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4.10 Borrowing costs

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

4.11 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 recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax on goodwill and intangible assets having indefinite useful lives are considered on account of tax consequences that would follow from the expected manner of recovery of these assets. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax is charged or credited to consolidated statement of profit or loss. However, deferred tax relating to items recognised directly in the other comprehensive income is recognised in the consolidated statement of comprehensive income or directly in equity.

Deferred tax asset and deferred tax liabilities are offset only if there is a legally enforceable right to offset current assets and liabilities and they relate to the income tax levied by same tax authority.

4.12 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The financing facilities are recognised and measured in accordance with the accounting policies as disclosed in note 4.7.2 to these consolidated financial statements.

4.13 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.

4.14 Employee benefits

4.14.1 Staff provident fund

The Group operates approved contributory provident fund for all its permanent staff. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 8.33% to 10% of basic salary and cost of living allowance.

4.14.2 Compensated absences

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

4.15 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognised in consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Revenue recognition

4.16.1 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.

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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 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 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 4.7.1 '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.

4.16.2 Other income

Other income is recorded on accrual basis and interest income is accounted for using the effective interest rate (EIR) method.

4.17 Dividends and other appropriations

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

4.18 Segment reporting

For management purposes, the Group forms a single operating and reporting segment i.e. pharmaceutical segment, which procured or manufactured pharmaceutical products. 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.

4.19 Earnings per share

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

4.20 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.

4.21 Shariah related disclosures

As of 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 1 of the 4th Schedule to the Companies Act, 2017, has provided disclosures applicable to it in note 13.2 to these consolidated financial statements.

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4.22 Ijarah leases

Leases under Shariah compliant ijarah contracts if any, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as ijarah. Payments made under these arrangements are charged to the consolidated statement of profit or loss on straight line basis over the lease term.

4.23 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 off, 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.

4.24 Standards, interpretations, amendments and improvements to approved accounting standards that are not yet effective

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

Amended standards		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

Standards		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

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

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

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

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4.25 COVID-19 impact on the Group's financial position and performance

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 in China. Since then, the virus has spread worldwide. On March 11, 2020, the World Health Organization declared COVID-19 outbreak to be a pandemic. COVID-19 significantly impacted the world economy in 2020 and may continue to do so in years to come.

The Group however, being covered under essential services of providing pharmaceutical products is in a better position with less being impacted in terms of the financial performance. The management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to expected credit losses under IFRS 9, 'Financial Instruments', the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets', provisions and contingent liabilities under IAS 37 'Provisions, contingent liabilities and contingent assets', revenue under IFRS 15 'Revenue from contracts with customers' and going concern assumption used for the preparation of these consolidated financial statements. According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these consolidated financial statements.

	Note	2021	2020
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**2,249,270**	1,858,858
Capital work-in-progress	5.2.1	**248,283**	344,143
		2,497,553	2,203,001

5.1 Operating fixed assets

	Land		Buildings		Plant and machinery	Furniture and fixtures	Motor Vehicles	Office equipments	Gas and electrical fittings	Refrigrators and air-conditioners	Laboratory equipments	Computers and related accessories	Total
	Freehold	Leasehold	Factory	Office									
	---------- Rupees in ' 000 ----------												
Net carrying value basis Year ended 31 December 2021													
Opening net book value	369,000	224,560	426,585	9,631	391,411	21,275	138,403	28,084	7,064	97,465	120,341	25,039	1,858,858
*Transfers (note 5.2.1)	-	-	15,561	259,815	62,438	25,990	54,357	11,826	37,840	30,576	32,187	39,384	569,974
Disposals (at NBV)													
Cost	-	-	(1,043)	(857)	(10,113)	(71)	(25,405)	(621)	-	(1,919)	-	(3,069)	(43,098)
Depreciation	-	-	198	675	4,016	71	18,769	261	-	1,564	-	2,886	28,440
	-	-	(845)	(182)	(6,097)	-	(6,636)	(360)	-	(355)	-	(183)	(14,658)
Depreciation charge	-	(4,259)	(17,068)	(10,582)	(25,510)	(4,680)	(39,654)	(4,729)	(3,511)	(16,699)	(19,678)	(18,534)	(164,904)
Closing net book value	**369,000**	**220,301**	**424,233**	**258,682**	**422,242**	**42,585**	**146,470**	**34,821**	**41,393**	**110,987**	**132,850**	**45,706**	**2,249,270**
Gross carrying value basis As at 31 December 2021													
Cost	369,000	245,284	524,308	283,462	536,541	62,050	236,695	58,378	49,353	170,615	225,710	92,234	2,853,630
Accumulated depreciation	-	(24,983)	(100,075)	(24,780)	(112,289)	(19,465)	(90,225)	(23,557)	(7,960)	(59,628)	(92,860)	(46,528)	(602,350)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	**369,000**	**220,301**	**424,233**	**258,682**	**422,242**	**42,585**	**146,470**	**34,821**	**41,393**	**110,987**	**132,850**	**45,706**	**2,249,270**
Net carrying value basis Year ended 31 December 2020													
Opening net book value	369,000	228,819	398,022	12,193	385,910	21,793	153,330	22,613	4,346	102,422	129,520	18,104	1,846,072
*Transfers (note 5.2.1)	-	-	44,617	-	33,134	2,770	25,449	9,572	3,591	10,294	8,891	19,435	157,753
Disposals (at NBV)													
Cost	-	-	-	-	(7,230)	(26)	(11,981)	(1,607)	(192)	(2,781)	-	(12,253)	(36,070)
Depreciation	-	-	-	-	5,092	26	8,490	1,499	167	2,722	-	12,253	30,249
	-	-	-	-	(2,138)	-	(3,491)	(108)	(25)	(59)	-	-	(5,821)
Assets written off (at NBV)													
Cost	-	-	-	(1,464)	(5,676)	(355)	-	(414)	(30)	(60)	(1,445)	(625)	(10,069)
Depreciation	-	-	-	1,428	4,031	355	-	414	26	60	1,404	625	8,343
	-	-	-	(36)	(1,645)	-	-	-	(4)	-	(41)	-	(1,726)
Depreciation charge	-	(4,259)	(16,054)	(2,526)	(23,850)	(3,288)	(36,885)	(3,993)	(844)	(15,192)	(18,029)	(12,500)	(137,420)
Closing net book value	**369,000**	**224,560**	**426,585**	**9,631**	**391,411**	**21,275**	**138,403**	**28,084**	**7,064**	**97,465**	**120,341**	**25,039**	**1,858,858**
Gross carrying value basis As at 31 December 2020													
Cost	369,000	245,284	509,790	24,504	484,216	36,131	207,743	47,173	11,513	141,958	193,523	55,919	2,326,754
Accumulated depreciation	-	(20,724)	(83,205)	(14,873)	(90,795)	(14,856)	(69,340)	(19,089)	(4,449)	(44,493)	(73,182)	(30,880)	(465,886)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	**369,000**	**224,560**	**426,585**	**9,631**	**391,411**	**21,275**	**138,403**	**28,084**	**7,064**	**97,465**	**120,341**	**25,039**	**1,858,858**
Annual rate of depreciation (%)	-	60 / 91 years	3.33	5	5	10	20	10	10	10	10	33	

* Represents assets transfers from capital work-in-progress (note 5.2.1)

5.1.1 Particulars of immovable assets (freehold and leasehold lands and buildings for factory and office premises) of the Group are as follows:

Location	Addresses	Usage of immovable property	Covered Area (Acres)
Karachi	B-23C, S.I.T.E Karachi	Head Office and Production Plant	2.809
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-134, S.I.T.E Superhighway Phase II, Karachi	Future expansion	0.50

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	Note	2021	2020
		------- (Rupees in '000) -------	
5.1.2 Deprecation for the year has been allocated as follows:			
Cost of sales	24	**102,648**	93,744
Administrative expenses	25	**24,876**	8,928
Marketing and selling expenses	26	**37,380**	34,748
		164,904	137,420

5.1.3 The cost of fully depreciated assets of the Group amounted to Rs. 261.43 million (2020: Rs. 238.95 million). In addition, land includes leasehold land having cost of Rs. 35.17 million remains idle as of 31 December 2021 and 2020.

5.1.4 The operating fixed assets of the Group is under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 15.6 to these consolidated financial statements.

5.1.5 Details of operating fixed assets disposed off during the year are as follows:

Description	Mode of disposal	Cost	Accumulated Depreciation	Net book value	Sales proceeds	Gain / (loss)	Relationship of purchaser with the Group	Particulars of buyers
		---------- (Rupees in '000) ----------						
Aggregate amount of assets disposed off having NBV exceeding Rs. 500,000								
Plant and machinery								
Generator - Diesel	Bid	3,365	2,062	1,303	657	(646)	Third party	Oriental Trading Company
Marico carton/Lable imprinting machine stampee	Bid	1,929	675	1,254	185	(1,069)	Third party	Mohd. Hashim & Sons
Dryer DPP-250S	Bid	1,299	124	1,175	501	(674)	Third party	Oriental Trading Company
Bottle Blowing Machine	Bid	1,250	120	1,130	483	(647)	Third party	Oriental Trading Company
		7,843	2,981	4,862	1,826	(3,036)		
Motor vehicles								
Toyota Fortuner TDR Sportivo BF-9409	Company policy	5,135	4,067	1,068	2,054	986	Employee	Ms. Nusrat Munshi
Toyota Corolla GLI A/T BKZ-486	Company policy	1,969	1,046	923	886	(37)	Employee	Mr. Ghani Gul
Honda Civic i-vtec BHC-479	Company policy	2,363	1,862	501	945	444	Employee	Mr. Shakil Ahmed
Honda Civic i-Vtech BMV-584	Company policy	2,513	1,376	1,137	754	(383)	Employee	Mr. Tauqir Ahmed
		11,980	8,351	3,629	4,639	1,010		
Aggregate amount of assets disposed off having NBV not exceeding Rs. 500,000		23,275	17,109	6,166	10,115	3,949	various	various
	2021	**43,098**	**28,441**	**14,657**	**16,580**	**1,923**		
	2020	36,070	30,249	5,821	7,521	1,700		

	2021	2020	2021	2020
	Additions during the year		Closing balance as at	
	(Rupees in '000)			
5.2 Capital work-in-progress comprise of:				
Buildings - factory / office sites	**147,396**	170,701	**81,608**	209,587
Plant and machinery	**47,285**	70,223	**62,064**	77,221
Furniture and fixtures	**10,582**	18,195	**17**	15,425
Motor vehicles	**91,328**	27,967	**39,488**	2,517
Office equipment	**11,826**	9,572	**-**	-
Gas and electrical fittings	**37,842**	3,591	**-**	-
Refrigerators and air conditioners	**17,843**	26,796	**8,828**	21,561
Laboratory equipments	**29,546**	11,596	**64**	2,705
Computer and related accessories	**37,234**	20,344	**559**	2,709
Solar panels	**50,156**	5,498	**55,655**	5,498
Softwares	**14,932**	16,085	**-**	6,920
	495,970	380,568	**248,283**	344,143

5.2.1 The following is the movement in capital work-in-progress during the year:

	Note	2021	2020
		(Rupees in '000)	
Opening balance		**344,143**	130,492
Additions during the year	5.2	**495,970**	380,568
Transferred during the year to:			
- operating fixed assets	5.1	**(569,974)**	(157,753)
- intangible assets	6.1	**(21,856)**	(9,164)
Closing balance		**248,283**	344,143

6. INTANGIBLE ASSETS

	Note	2021	2020
Goodwill	6.2 & 6.3	**743,226**	743,226
Trademarks - (indefinite lives)	6.2 & 6.3	**8,064,071**	4,641,087
Trademarks - (definite lives)	6.2	**73,890**	-
Computer software		**25,437**	13,562
		8,906,624	5,397,875

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	Goodwill	Trademarks - Indefinite	Trademarks - finite	Computer softwares	Total
	Rupees '000				
6.1 Intangible assets					
Net carrying value basis Year ended 31 December 2021					
Opening net book value	743,226	4,641,087	-	13,562	5,397,875
Transfers (note 5.2.1)	-	-	-	21,856	21,856
Additions during the year	-	3,422,984	77,167	-	3,500,151
Amortisation charge	-	-	(3,277)	(9,981)	(13,258)
Closing net book value	**743,226**	**8,064,071**	**73,890**	**25,437**	**8,906,624**
Gross carrying value basis As at 31 December 2021					
Cost	743,226	8,064,071	443,097	74,647	9,325,041
Accumulated amortisation	-	-	(369,207)	(49,210)	(418,417)
Net book value	**743,226**	**8,064,071**	**73,890**	**25,437**	**8,906,624**
Net carrying value basis Year ended 31 December 2020					
Opening net book value	743,226	4,641,087	-	10,742	5,395,055
Transfers (note 5.2.1)	-	-	-	9,164	9,164
Amortisation charge	-	-	-	(6,344)	(6,344)
Closing net book value	**743,226**	**4,641,087**	**-**	**13,562**	**5,397,875**
Gross carrying value basis As at 31 December 2020					
Cost	743,226	4,641,087	365,930	52,791	5,803,034
Accumulated amortisation	-	-	(365,930)	(39,229)	(405,159)
Net book value	**743,226**	**4,641,087**	**-**	**13,562**	**5,397,875**
Annual rate of amortisation (%)	**-**	**-**	**10-20**	**33**	

6.2 Goodwill and trademarks

6.2.1 Goodwill of Rs. 743.23 million and intangible assets (trademarks) of 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 was later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Apollo Pharma Limited changed its name to AGP Limited.

6.2.2 OBS AGP (a subsidiary company) has signed an asset purhase 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 29 July 2021 and OBS AGP in total acquired 22 trademarks at an aggregated cost of Rs. 3,500.15 million, which includes consultancy fee of Rs. 318.33 million charged by / paid to Aitkenstuart Pakistan (Private) Limited (the then parent company).

6.3 Impairment testing of goodwill and intangible assets (i.e. trademarks) having indefinite lives

6.3.1 The Group is considered and divided into two cash-generating units (CGUs) i.e. the Holding Company's pharmaceutical segment and related products, and OBS AGP's pharmaceutical segment.

Goodwill of Rs. 743.23 million and trademarks having indefinite useful lives of Rs. 4,641.09 million as disclosed in note 6.2.1 to these consolidated financial statements are allocated to the cash-generating unit (CGU) of the Holding Company's pharmaceutical segment and related products.

The Group has performed its annual impairment test as at 31 December 2021. The recoverable amount i.e. Rs. 27,288.05 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 14.9 percent and the growth rate used to extrapolate the cash flows beyond the five-year period is 5 percent. As a result of this assessment, the Group did not identify any impairment for the cash-generating unit to which assets aggregating to 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
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 2% will result in decrease of the recoverable amount by Rs. 4,908.96 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. 1,970.47 million.

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6.3.2 Trademarks having indefinite useful lives of Rs. 3,422.98 million are allocated to the cash-generating unit of the OBS AGP's pharmaceutical segment as disclosed in note 6.2.2 to these consolidated financial statements. The Group has performed its annual impairment test as at 31 December 2021. The recoverable amount i.e. Rs. 4,891.92 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 nine-year period, which is considered to be the best estimate to determine the value-in-use calculation. The post-tax discount rate applied to cash flow projections is 19.37 percent and the growth rate used to extrapolate the cash flows beyond the nine-year period is 4 percent. As a result of this assessment, the management of Group did not identify any impairment for the cash-generating unit to which Rs. 3,422.98 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
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 OBS AGP and specific risk of underlying assets.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the nine-year forecast period are based on published industry research and historical trends.

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. 435.53 million.

b) Growth rates

The management recognises that the modernisation of manufacuring plant and 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. 195.24 million.

	Note	2021	2020
		(Rupees in '000)	
6.4 Amortisation for the year has been allocated as follows:			
Cost of sales	24	6,073	1,081
Administrative expenses	25	7,185	5,236
Marketing and selling expenses	26	-	27
		13,258	6,344

6.5 The cost of fully amortized assets of the Group amounted to Rs. 407.27 million (2020: Rs. 393.21 million).

7. LONG-TERM DEPOSITS AND RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Security deposits - unsecured, considered good		10,125	9,665
Receivables from employees - secured, considered good	7.1	10,110	8,202
Less: Recoverable within one year	11	(4,613)	(3,528)
		5,497	4,674
		15,622	14,339

7.1 Represents interest free receivables from the employees of the Group on acocunt of purchase of vehicles (i.e. motor bikes) and laptops, in accordance with their employement terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly installments. The discounting impact of these receivables to their present value is not considered by the management of the Group, as the financial impact is immaterial.

8. STOCK-IN-TRADE

	Note	2021	2020
		(Rupees in '000)	
Raw and packing materials			
- In hand	8.1	503,469	568,332
- In transit		107,967	32,442
		611,436	600,774
Work-in-process		82,865	86,860
Finished goods			
- Manufacturing		289,992	217,995
- Trading	8.1	656,640	376,498
		946,632	594,493
Provision for obsolescence and slow moving stock	8.4	(48,021)	(97,686)
	8.2	1,592,912	1,184,441

8.1 Included herein items having value of Rs. 520.34 million (2020: Rs. 14.87 million), representing stock held by third parties, out of which stock of Rs. 500.51 million is held with Muller & Phipps Pakistan (Private) Limited (a related party).

8.2 Stock-in-trade includes items having cost of Rs. 10.86 million (2020: Rs. 1.56 million) written down to net realisable value of Rs. 8.63 million (2020: Rs. 1.20 million) resulting in a writedown of Rs. 2.23 million (2020: Rs. 0.36 million).

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8.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 1,791.82 million and Rs. 1,487.32 million (2020: Rs. 1,807.40 million and Rs. 385.84 million), respectively that are charged to cost of sales.

	Note	2021	2020
		(Rupees in '000)	
8.4 Provision for obsolescence and slow moving stock is as follows:			
Opening balance		97,686	21,110
Provision made during the year - net	8.4.1	53,036	93,270
Written off during the year		(102,701)	(16,694)
		48,021	97,686

8.4.1 Included herein Rs. 89.36 million on account of write-off for SARS Covid Antibody Kits, since the testing was not executed as per the initially anticipated volumes and accordingly, the same was written off during the year against the provision booked in year 2020.

9. TRADE DEBTS - unsecured

	Note	2021	2020
		(Rupees in '000)	
Related parties (associated companies)			
- OBS Pakistan (Private) Limited		-	3,490
- Aspin Pharma (Private) Limited		-	3,140
- Muller and Phipps Pakistan (Private) Limited		1,024,602	654,779
	9.2	1,024,602	661,409
Others than related parties		21,778	44,785
	9.1	1,046,380	706,194
Less: Allowances for expected credit losses	9.4	(1,318)	(904)
		1,045,062	705,290

9.1 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	30-90 days	90 and above days
	----------(Rupees in '000)----------				
2021					
Expected credit loss rate	0.13%	0%	0%	0%	5.70%
Estimated total gross carrying amount at default	1,046,380	983,871	34,835	4,564	23,110
Expected credit loss	1,318	-	-	-	1,318
2020					
Expected credit loss rate	0.13%	0%	0%	0%	3.95%
Estimated total gross carrying amount at default	706,194	606,203	75,303	1,786	22,902
Expected credit loss	904	-	-	-	904

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)----------				
2021					
Muller and Phipps Pakistan (Private) Limited	1,024,602	980,579	33,141	4,126	6,756
2020					
OBS Pakistan (Private) Limited	3,490	-	909	2,581	-
Aspin Pharma (Private) Limited	3,141	3,101	-	40	-
Muller and Phipps Pakistan (Private) Limited	654,778	600,827	37,794	86	16,071
	661,409	603,928	38,703	2,707	16,071

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:

	Note	2021	2020
		------ (Rupees in '000) ------	
Related parties - associated companies			
OBS Pakistan (Private) Limited		-	3,826
Aspin Pharma (Private) Limited		7,355	18,428
Muller and Phipps Pakistan (Private) Limited		1,155,899	664,625

9.4 The movement in allowances for expected credit losses is as follows:

	Note	2021	2020
Opening balance		904	1,224
Charge / (reversal) of allowances for expected credit losses for the year	27	414	(320)
Closing balance	9.4.1	1,318	904

9.4.1 Included herein Rs. 0.17 million (2020: Rs. 0.81 million) related to Muller and Phipps Pakistan (Private) Limited, a related party.

	Note	2021	2020
		------ (Rupees in '000) ------	
10. LOANS AND ADVANCES - Considered good			
Advances - unsecured			
- suppliers	10.1	54,214	18,954
- employees		9,866	9,423
- custom authorities / clearing agents		1,661	1,639
	10.2	65,741	30,016

10.1 Includes advances paid to the following foreign companies as of 31 December:

Name of the company	Address	2021	2020	Terms, conditions and period
		------(Rupees in '000)------		
CTX Lifesciences Pvt. Ltd.	Sachin Mag Road, GIDC Sachin Surat-394230, India	70	-	Purchase of goods to be settled within 30 days of advance payment
Finzelberg GmbH & Co. KG	Koblenzer Str, 48-56 56626 Anderenach Germany	1,427	-	Purchase of goods to be settled within 30 days of advance payment
ASECOS GMBH	Weiherfeldsiedlung 16-18 Asecos Germany, Sicherheit Und Umwesltschuz Germany	1,051	-	Purchase of goods to be settled within 120 days of advance payment
Shanghai Shigan Industrial Co Ltd	Shanghai 10 Floor, Building 5, Shenxin Plaza Jiuxin Road Songjiang District China	1,415	-	Purchase of goods to be settled within 30 days of advance payment

10.2 These are interest free and adjustable within the period of 6 months.

	Note	2021	2020
		------ (Rupees in '000) ------	
11. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits - considered good, unsecured			
Security deposits		9,764	9,108
Margin on letters of credit		25,207	16,112
		34,971	25,220
Prepayments - insurance		2,112	383
Other receivables			
Current portion of receivables from employees - secured	7	4,613	3,528
Receivable from Workers' Profit Participation Fund	19.4	-	694
Others - unsecured		3,125	1,332
		7,738	5,554
		44,821	31,157

12. SHORT-TERM INVESTMENTS

12.1 Represent investment in term deposit receipts (at amortised cost) having maturity less than 3 months carrying profit at the rate of 10% to 10.30% per annum.

	Note	2021	2020
		------ (Rupees in '000) ------	
13. CASH AND BANK BALANCES			
Cash at banks			
Current accounts			
- local currency		213,570	66,854
- foreign currency		402	346
Deposit accounts	13.1	242,139	301,757
		456,111	368,957
Cash in hand		687	823
	13.2	456,798	369,780

13.1 These carry markup at the rates ranging from 2.71% to 7.78% (2020: 2.75% to 11.66%) per annum.

13.2 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) ----------				
2021					
Shariah compliant financings					
Short-term borrowings	900,000	-	157,340	12,820	412
Long-term financings					
-Sukuk	2,448,000	2,448,000	-	-	47,784
-Diminishing musharikah	25,000	-	-	-	354
-Running musharikah	350,000	343,884	-	-	5,240
	3,723,000	2,791,884	157,340	12,820	53,790
Conventional financings					
Short-term borrowings	1,000,000	3,989	170,834	3,775	668
Long-term financings	75,000	49,308	-	-	2,281
	4,798,000	2,845,181	328,174	16,595	56,739
2020					
Shariah compliant financings					
Short-term borrowings	700,000	-	294,814	10,073	295
Long-term financings					
-Sukuk	2,448,000	721,177	-	-	127,075
-Diminishing musharikah	25,000	5,105	-	-	845
-Running musharikah	350,000	658,444	-	-	1,150
	3,523,000	1,384,726	294,814	10,073	129,365
Conventional financings					
Short-term borrowings	900,000	-	74,143	3,672	1,995
	4,423,000	1,384,726	368,957	13,745	131,360

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14. SHARE CAPITAL

Authorised share capital

2021	2020		2021	2020
---- 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, subcribed and paid-up capital

2021	2020		2021	2020
---- 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

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

	2021	2020
	---- (Rupees in '000) ----	
14.2 Basic and diluted earnings per share (EPS)		
Profit attributable to equity holders of the parent company	1,747,182	1,587,427
	---- Number of shares ----	
Weighted average number of ordinary outstanding during the year	280,000,000	280,000,000
Basic and diluted earnings per share (EPS)	6.24	5.67

	Note	2021	2020
		---- (Rupees in '000) ----	
15. LONG-TERM FINANCINGS - secured			
Running musharikah under SBP Refinance Scheme	15.2	225,889	314,560
SBP financing scheme for renewable energy	15.3	40,777	-
Diminishing musharikah	15.4	-	5,105
Sukuk [net of transaction cost of Rs. 4.03 million (2020: Rs. 13.25 million)]	15.5	240,770	721,177
Sukuk [net of transaction cost of Rs. 21.26 million]	15.6	2,578,725	-
		3,086,161	1,040,842
Less: current maturity	21	(627,365)	(641,110)
		2,458,796	399,732

15.1 The movement in long-term financings are as follows:

	Note	2021	2020
Balance at beginning of the year		1,040,842	1,208,026
Proceeds received during the year		2,628,033	343,884
Amount recognized as government grant	16	(4,711)	(39,907)
Effect of unwinding for the year		28,818	19,801
Financings repaid during the year		(606,821)	(490,962)
Balance at end of the year		3,086,161	1,040,842

15.2 With a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of COVID-19 outbreak, State Bank of Pakistan (SBP) had introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the workers and employees of business concerns for three (3) months (i.e. April 2020 to June 2020) at a subsidized mark-up rate. However, since the impact of pandemic continues, later on the facility was extended to the Holding Company for a further period of three (3) months (i.e. from July 2020 to September 2020). Accordingly, the Holding Company has accounted for deferred grant as disclosed in note 16 to these consolidated financial statements.

The Holding Company has availed and entered into an arrangement of said refinancing scheme with the Faysal Bank Limited (FBL) up to Rs.350 million for a period of 2.5 years including 6 months grace period. The repayment will be made in 8 equal instalments after the grace period. It carries profit rate of SBP rate (i.e. Nil) + 1% per annum. The facility is secured against first pari passu hypothecation charge of Rs. 466.67 million over current assets of the Holding Company. The security is common for funded facilities.

15.3 During the year, the Holding Company has 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 parri 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 of the facility remained unutilised.

15.4 The Holding Company had obtained diminishing musharikah (DM) facility of Rs. 25 million from Bank Islami Pakistan Limited for purchase of private and commercial vehicles. The facility limit utilised is repayable in equal monthly installments of Rs. 0.11 million in arrears. The maximum period of finance is 5 years. The facility carries profit at the rate of 6 months KIBOR + 1.5% per annum with floor of 14% and cap of 24%. The facility is secured against 15% share of the Holding Company (minimum), and ownership title over DM assets duly insured comprehensively. During the year, the Holding Company repaid the final installment and accordingly, charge created thereon was released.

15.5 The Holding Company had obtained long-term finance of Rs. 2,448 million through the issuance of Sukuk certificates repayable in quarterly installments commencing from September 2017, over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.30% per annum and are secured against the present and future property, plant and equipment of the Holding Company to the extent of Rs. 2,412 million.

15.6 During the year, the subsidiary company has issued sukuk certificates of Rs. 2,600 million, which are repayable in quarterly installments 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. 2,600 million, charge through pledge of shares of the Holding Company held by Aitkenstuart Pakistan (Private) Limited to the extent of Rs. 1,400 million.

16. DEFERRED GRANT

	Note	2021	2020
		------ (Rupees in '000) ------	
Balance at beginning of the year		29,699	-
Recognised during the year	15	4,711	39,907
Released to consolidated statement of profit or loss	28	(19,907)	(10,208)
Balance at end of the year		14,503	29,699
Less: Current portion	21	(10,715)	(21,793)
		3,788	7,906

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17. GAS INFRASTRUCTURE DEVELOPMENT CESS

	Note	2021	2020
		------ (Rupees in '000) ------	
Gas Infrastructure Development Cess		10,641	10,818
Less: Current portion	21	(2,363)	(2,435)
		8,278	8,383

17.1 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. 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 upto 31 July 2020 w.e.f 2011. Gas companies raised the bill for recovery of GIDC which was restrained by High Courts on petitions filed by the gas consumers and associations. Later, in November 2020, the SCP also dismissed all review petitions. Accordingly, the Holding Company had recognised a liability for GIDC.

18. DEFERRED TAX LIABILITIES - NET

	Note	2021	2020
		------ (Rupees in '000) ------	
Taxable temporary differences			
Accelerated tax depreciation / amortisation		116,177	82,217
Deferred grant (notes 15.2 and 15.3)		5,920	7,837
		122,097	90,054
Deductible temporary differences			
Provisions		(13,207)	(26,016)
Financings (notes 15.2 and 15.3)		(5,920)	(7,837)
		(19,127)	(33,853)
		102,970	56,201

19. TRADE AND OTHER PAYABLES

	Note	2021	2020
Creditors	19.1	573,834	464,351
Accrued liabilities		534,680	245,649
Compensated absences		37,686	34,217
Contract liabilities (advances from customers)		42,784	-
Retention money		2,095	13,192
Other payables:			
- Provident fund	19.2	7,438	5,622
- Employees	19.3	123,295	-
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund	19.4	2,399	-
- Workers' Welfare Fund	19.5	26,196	26,918
- Central Research Fund	19.6	20,619	20,789
- Withholding tax		7,966	5,831
- Sales tax		6,277	4,954
- Others		2,788	1,885
		1,401,858	837,209

19.1 Included herein Rs. 14.68 million (2020: Nil) and Rs. 4.41 million payable to Aspin Pharma (Private) Limited and Muller & Phipps Pakistan (Private) Limited respectively, related parties.

19.2 Payable to the provident fund

19.2.1 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.

19.2.2 During the year, the Group's contribution to provident fund amounted to Rs. 35.55 million (2020: Rs. 27.17 million).

19.3 Payable to employees under APA signed with Sandoz AG.

	Note	2021	2020
		---------- Rupees in '000 ----------	
19.4 Workers' Profits Participation Fund			
Balance at the beginning of the year		(694)	2,335
Allocation for the year		102,062	102,908
		101,368	105,243
Payments made during the year		(98,969)	(105,937)
Balance at the end of the year - payable / (receivable)		2,399	(694)
19.5 Workers' Welfare Fund			
Balance at the beginning of the year		26,918	24,096
Charge for the year		26,377	27,129
		53,295	51,225
Payments made during the year		(27,099)	(24,307)
Balance at the end of the year		26,196	26,918
19.6 Central Research Fund			
Balance at the beginning of the year		20,789	19,664
Charge for the year		20,618	20,789
		41,407	40,453
Payments made during the year		(20,788)	(19,664)
Balance at the end of the year		20,619	20,789

20. SHORT-TERM BORROWINGS - Secured

20.1 The movement in short-term borrowings is as follows:

	2021	2020
Balance at beginning of the year	-	-
Financings obtained during the year	511,121	-
Financings repaid during the year	(507,132)	-
Balance at end of the year	3,989	-

20.2 As of reporting date, the facilities relating to running finance under mark-up arrangements obtained from commercial banks of Rs.1,000 million (2020: Rs. 900 million) carrying markup at the rate of 1 - 3 months KIBOR plus 0.30% to 1.50% 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. 996.01 million of the facility limits remained unutilised and utilised portion is Rs. 3.99 million.

20.3 As of reporting date, the facilities relating to running musharka arrangements obtained from islamic banks of Rs. 900 million (2020: Rs. 700 million) remained fully unutilised carrying markup at rate of 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 Holding Company.

20.4 During the year, the subsidiary company has obtained running finance facility from the commercial bank aggregating Rs. 300 million which remained fully unutilised as of reporting date. It carries markup at the rate of 3 months KIBOR plus 0.30% per annum which is payable quarterly. The facility is secured by way of hypothecation charge over current assets of the subsidiary company.

	Note	2021	2020
		---------- Rupees in '000 ----------	
21. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term financings	15	627,365	641,110
Deferred grant	16	10,715	21,793
Gas Infrastructure Development Cess	17	2,363	2,435
		640,443	665,338

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 In year 2018, the Holding Company received a demand for tax year 2017 from the taxation authorities of Rs.133.43 million in respect of amortisation of goodwill and the payment of Rs. 12.5 million made by the Holding Company towards Sindh Revenue Board (SRB) in respect of Workers Welfare Fund (WWF) disallowed. The Holding Company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the above mentioned demand and the case was decided in favor of the Holding Company in respect of amortisation of goodwill allowed, whereas WWF has been rejected. In the year 2019, the Holding Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) to allow expense in respect of WWF which is pending adjudication. Whereas, during 2018, the taxation authority filed an appeal before ATIR against amortisation of goodwill allowed by CIR(A), for which the hearing was fixed on 08 October 2021 by ATIR and the case was decided in favour of the Holding Company. The Holding Company, in view of a tax advice, expects a favorable outcome, accordingly, no provision has been made in these consolidated financial statements.

22.1.2 In year 2008, the Holding Company imported consignments of Medicines (Multivitamin) against which, it filed goods declaration through their authorized clearing agent. The Holding Company declared the description of goods as medicines and claimed assessment under relevant PCT Code. The Custom Authorities rejected these assessments and issued demand notices to the Holding Company indicating short levy of duty / taxes. The Deputy Collector of Customs, Air Freight Unit/Jinnah International Airport, Karachi, passed an order against the Holding Company according to which the Holding Company was liable to pay the short paid amount of Rs.1.17 million against the respective consignments / demand notices. The Holding Company filed appeal before the Collectors of Customs, Sales Tax & Federal Excise (Appeals) which was decided in favor of the Holding Company vide their order dated 30 October 2009. The Deputy Collector of Customs, Air Freight Unit approached the learned Tribunal, Customs, Central Excise & Sales Tax, Bench, and filed appeal against the said order which was also dismissed and decided in favour of the Holding Company vide order dated 23 December 2010. Thereafter, the Collector of Customs (Preventive) filed the title reference before the SHC which is pending adjudication. The Holding Company, in view of a legal advice, expects a favorable outcome, accordingly, no provision has been made in these consolidated financial statements.

22.1.3 In year 2020, during the course of tax audits for tax years 2018 and 2019, the Holding Company had received a show cause notice from Sindh Revenue Board (SRB), for depositing Sindh Sales Tax (SST) of Rs. 22.21 million on account of contract labour services acquired by the Holding Company during years ended 31 December 2017 and 2018 based on the contention by SRB that the services of labour and manpower supply are covered under Second Schedule to the Sindh Sales Tax on Services Act, 2011 (the Act). In addition, under Withholding Rules 2014, the Holding Company is liable to deduct the amount of sales tax at the applicable tax rate on the basis of gross value of the taxable services.

On the other hand, the Holding Company's contention was that SRB relied upon the Notifications issued by SRB to impose SST on the reimbursements of, inter alia, salary payments that the Holding Company made to providers of services, though these reimbursements do not fall within the definition of "labour and manpower supply services" under Section 2(55A) of the Act nor do they constitute part of the value of such taxable service. Therefore, the amount of sales tax shall be worked out on the basis of net value of the taxable services. Further, the Notifications were unlawful and unconstitutional, as under the Constitution no tax may be levied for the purposes of the province except by or under an Act of the Provincial Assembly. Hence, being aggrieved, the Holding Company had filed a constitutional petition C.P.No. D-1014 of 2020 with the Honourable High Court of Sindh (SHC) against the said show cause notice, whereby SHC had granted a stay order dated 17 February 2020 against recovery of the amount and directed SRB not to pass any final adverse order till next date of hearing. On 17 November 2020, the case was decided in favour of the Holding Company. However, SRB has filed an appeal against the said order with the Honorable Supreme Court of Pakistan which is pending adjudication. The Holding Company expects a favourable outcome on this matter and accordingly, no provision has been made in these consolidated financial statements.

22.1.4 Economic Coordination Committee (ECC) of the Cabinet in its meeting held on 26 June 2019 had taken the decision to discontinue Industrial Support Package (ISP) for industrial consumers, which includes a decreased off peak hour rate/unit. The decision was effective from 01 July 2019, but since, there were some clarity issues, as to timeline and implementation, therefore K-Electric Limited (KEL) continued to provide relief to industrial consumers during off-peak hours under the support package. However, as per Ministry of Energy Corrigendum of SRO 575 (1) / 2019 dated 22 January 2020, industrial tariff rates were revised w.e.f 01 July 2019 due to withdrawal of ISP from off-peak consumption, accordingly, the impact of the same amounted to Rs. 5.46 million had been included in the energy bill for the month of March 2020 by KEL. The Holding Company being aggrieved filed a constitutional petition C.P.No. D-2300 of 2020 against the withdrawal of ISP in the Honourable High Court of Sindh (SHC), whereby SHC has granted stay order dated 28 April 2020 in respect of recovery of ISP charges. The SHC had declared the above mentioned corrigendum as illegal and ordered KEL to refund or adjust any sums paid by consumers or reissue bills to petitioners who have not paid bills or ISP component. However, KEL has filed an appeal against the said SHC order which is pending adjudication. The Holding Company is confident of a favourable outcome, hence, no provision for the above charges has been made in these consolidated financial statements.

22.1.5 Guarantees

	2021	2020
	---------(Rupees in '000)---------	
Bank guarantees		
- limit	310,000	310,000
- unutilised portion	269,554	287,160
- utilised portion	40,446	22,840

22.2 Commitments

22.2.1 As at 31 December 2021, capital expenditure contracted for but not incurred amounted to Rs. 180.88 million (2020: Rs. 95.67 million).

22.3 Letters of credit

	2021	2020
	---------(Rupees in '000)---------	
Letters of credit		
- limit	2,620,000	2,320,000
- unutilised portion	2,186,879	2,117,043
- utilised portion	433,121	202,957

22.4 Ijarah agreement

The subsidiary company has entered in 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	2021	2020
		---------(Rupees in '000)---------	
Not later than one year		2,883	-
Later than one year but not later than five years		9,403	-
		12,286	-

23. REVENUE FROM CONTRACT WTH CUSTOMERS - net

Sale of goods (disaggregation by timing - at a point in time)

	Note	2021	2020
Local (disaggregation by types of products)			
- Manufacturing		6,717,742	6,002,331
- Trading		2,692,413	993,388
		9,410,155	6,995,719
Export		558,920	738,224
		9,969,075	7,733,943
Less: Trade discounts		(587,544)	(735,389)
Sales returns		(39,718)	(38,172)
Sales tax		(25,059)	(14,027)
		(652,321)	(787,588)
	23.1 & 23.2	9,316,754	6,946,355

23.1 The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note 37.3 to these consolidated financial statements.

23.2 Included herein sales of Rs. 8,067 million (2020: Rs. 5,667 million) made to related parties (see note 35).

24. COST OF SALES

	Note	2021	2020
		(Rupees in '000)	
Cost of sales – manufacturing			
Raw and packing materials consumed			
Opening stock		600,774	556,869
Purchases		1,870,485	1,880,289
Available for consumption		2,471,259	2,437,158
Closing stock	8	(611,436)	(600,774)
Raw and packing material consumed		1,859,823	1,836,384
Manufacturing cost			
Salaries, wages and other benefits	24.1	563,265	461,214
Stores and spares consumed		27,842	25,794
Provision for obsolescence and slow moving stock - net	8.4	49,526	93,270
Processing charges		12,202	10,634
Freight, handling and transportation		4,733	5,798
Fuel, gas and electricity		141,091	117,014
Repairs and maintenance		87,104	74,973
Travelling and conveyance		20,149	20,080
Insurance		13,206	5,956
Laboratory expenses		29,733	26,216
Rates and taxes		1,607	874
Depreciation	5.1.2	102,648	93,744
Amortisation	6.4	2,796	1,081
Postage, telegraph and telephones		3,029	2,377
Printing and stationery		6,448	6,041
		1,065,379	945,066
		2,925,202	2,781,450
Work-in-process			
Opening stock		86,860	58,022
Closing stock	8	(82,865)	(86,860)
		3,995	(28,838)
Cost of goods manufactured		2,929,197	2,752,612
Finished goods			
Opening stock		217,995	217,846
Closing stock	8	(289,992)	(217,995)
		(71,997)	(149)
		2,857,200	2,752,463
Cost of samples for marketing and sales promotion	26	(99,167)	(52,583)
Cost of sales – trading			
Opening stock		376,498	201,774
Purchases		1,767,465	560,567
Closing stock	8	(656,640)	(376,498)
	8.3	1,487,323	385,843
Direct expenses			
Amortisation	6.4	3,277	-
Provision for obsolescence and slow moving stock - net	8.4	3,510	-
Warehousing charges	24.2	9,698	-
		16,485	-
		4,261,841	3,085,723

24.1 Included herein Rs. 8.83 million (2020: Rs. 7.70 million) in respect of staff retirement benefits.

24.2 Represent warehousing charges paid / payable by the subsidiary company to a related party (see note 35).

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25. ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Salaries and other benefits	25.1	169,827	118,653
Travelling and conveyance		4,382	408
Printing and stationery		3,856	1,610
Ijarah lease		37	-
Directors' remuneration		12,200	4,200
Postage, telegrams and telephones		1,052	467
Legal and professional		78,004	43,659
Research cost		13,968	1,500
Repairs and maintenance		26,029	6,937
Freight, handling and transportation		3,267	-
Software license renewals and maintenance fee		18,481	16,724
Subscription and fee		11,531	1,362
Advertisement		2,268	2,063
Auditors' remunerations	25.2	4,777	3,213
Donations	25.3	81,458	8,790
Insurance		2,053	439
Depreciation	5.1.2	24,876	8,928
Amortisation	6.4	7,185	5,236
Corporate social responsibility		7,014	2,146
Vehicle running expenses		679	358
		472,944	226,693

25.1 Included herein Rs. 4.75 million (2020: Rs. 3.69 million) in respect of staff retirement benefits.

25.2 Auditors' remunerations

	2021	2020
	(Rupees in '000)	
Statutory audit fee - seperate	1,836	1,663
- consolidation	500	-
- subsidiary company	1,000	-
Special audit fee	-	120
Half yearly review and other assurance / certifications	863	1,264
Out of pocket expenses	578	166
	4,777	3,213

25.3 Donation to a single party exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	2021	2020
	(Rupees in '000)	
Patients' Aid Foundation	-	2,944
National Institute of Kidney Diseases	-	1,100
Saylani Welfare Trust	-	1,041
Liver Center	17,324	-
	17,324	5,085

25.3.1 None of the directors of the Group or their spouses had any interest in the donee.

	Note	2021	2020
		(Rupees in '000)	
26. MARKETING AND SELLING EXPENSES			
Salaries and other benefits	26.1	916,595	685,379
Travelling and conveyance		242,557	180,877
Repairs and maintenance		4,614	6,021
Insurance		5,073	4,557
Depreciation	5.1.2	37,380	34,748
Amortisation	6.4	-	27
Ijarah lease		1,564	-
Printing and stationery		4,416	3,709
Samples	24	99,167	52,583
Sales promotion		337,360	284,983
Meeting and conferences		192,546	60,927
Communication		19,638	14,890
Subscription		22,108	14,295
Freight, handling and transportation		79,531	60,887
		1,962,549	1,403,883

26.1 Included herein Rs.21.97 million (2020: Rs. 15.79 million) in respect of staff retirement benefits.

	Note	2021	2020
		(Rupees in '000)	
27. OTHER EXPENSES			
Workers' Profit Participation Fund	19.4	102,062	102,908
Workers' Welfare Fund	19.5	26,377	27,129
Central Research Fund	19.6	20,618	20,789
Exchange loss - net		7,731	30,940
Charge / (reversal) of allowances for expected credit losses	9.4	414	(320)
Assets written off	5.1	-	1,726
		157,202	183,172
28. OTHER INCOME			
Income from financial assets			
Markup on deposit accounts		22,330	13,745
Income from non-financial assets			
Gain on sale of operating fixed assets (net)	5.1.5	1,923	1,700
Government grant	16	19,907	10,208
Scrap sales		6,484	5,935
		28,314	17,848
		50,644	31,593
29. FINANCE COSTS			
Mark-up on:			
- long-term financings		193,705	141,722
- short-term borrowings		3,778	2,290
		197,483	144,012
Bank charges		7,631	7,780
		205,114	151,792

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	Note	2021	2020
		(Rupees in '000)	
30. TAXATION			
Current		415,879	353,207
Prior		(872)	765
Deferred		46,769	(14,719)
		461,776	339,253

30.1 Relationship between income tax expense and accounting profit is as follows:

	2021	2020
Profit before taxation	2,307,748	1,926,680
Tax at the applicable tax rate of 29% (2020: 29%)	669,247	558,737
Prior year charge	(872)	765
Effect of lower tax rate	(168,898)	(177,152)
Effect of tax credits	(37,376)	(41,099)
Effect of non-deductible items	(325)	(1,998)
	461,776	339,253

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Managerial remuneration	29,054	15,904	-	-	263,180	211,071
Bonus	2,392	2,171	-	-	6,529	19,547
Performance incentive	40,299	38,289	-	-	2,650	2,060
Reimbursement of expenses	975	403	-	-	40,375	22,523
Provident fund	1,697	1,085	-	-	13,473	10,788
Others	3,549	1,449	-	-	60,657	14,282
	77,966	59,301	-	-	386,864	280,271
Number of persons	2	1	10	6	67	52

31.1 In addition, the chief executive and certain executives are provided with free use of the Group maintained car in accordance with their entitlements.

31.2 During the year, fee paid to two (2020: two) independent directors and four (2020: four) non-executive directors for attending board and other meetings aggregating to Rs. 12.2 million (2020: Rs. 4.2 million). Travelling and boarding expenses of executive and non-executive directors borne by the Holding Company amounted to Rs. 10.46 million (2020: Rs. 11.5 million). Number of non-executive directors at year end were seven (2020: four).

31.3 No remuneration was paid/payable to any of the directors other than chief executives.

32. PRODUCTION CAPACITY

The capacity and production of the Holding Company's plants is indeterminable, as these are multi-product plants involving varying processes of manufacturing. The Holding Company's production is based on market demand.

33. CASH GENERATED FROM OPERATIONS

	Note	2021	2020
		---- (Rupees in '000) ----	
Profit before taxation		**2,307,748**	1,926,680
Adjustments for non-cash items:			
Depreciation	5.1.2	**164,904**	137,420
Amortisation	6.4	**13,258**	6,344
Charge / (reversal) of allowances for expected credit losses	27	**414**	(320)
Amortisation of government grant	28	**(19,907)**	(10,208)
Gain on disposal of operating fixed assets	28	**(1,923)**	(1,700)
Assets written off	27	**-**	1,726
Mark-up on deposits accounts	28	**(22,330)**	(13,745)
Finance costs	29	**205,114**	151,792
Workers' Profit Participation Fund	27	**102,062**	102,908
Workers' Welfare Fund	27	**26,377**	27,129
Central Research Fund	27	**20,618**	20,789
		488,587	422,135
Operating profit before working capital changes		**2,796,335**	2,348,815
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(1,346)**	(359)
Stock-in-trade		**(408,471)**	(171,040)
Trade debts		**(340,186)**	(182,435)
Loans and advances		**(35,725)**	3,847
Trade deposits, prepayments and other receivables		**(14,358)**	57,477
		(800,086)	(292,510)
Increase in current liabilities			
Trade and other payables		**521,759**	858
		2,518,008	2,057,163

34. CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	13	**456,798**	369,780
Short-term investments	12	**235,000**	-
		691,798	369,780

35. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprises parent 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 Holding Company. Transactions with related parties, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name and country of Incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	2021	2020
				------(Rupees in '000)------	
Parent company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company of the Group	52.98% (2020: 52.98%)	Dividend paid	**148,350**	445,051
			Expenditure incurred / paid by parent company of the Group on behalf of the Group	**19,041**	-
Associated companies					
*OBS Pakistan (Private) Limited - Pakistan	Common directorship (significant influence)	-	Sale of goods	**-**	4,408
			Amount received against sale of goods	**3,490**	1,543
			Expenditure incurred / paid by the Group on behalf of associate	**-**	2,334
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2020: 4.79%)	Sale of goods	**25,938**	38,637
			Amount received against sale of goods	**29,079**	36,550
			Expenditure incurred / paid by the Group on behalf of associate	**680**	745
			Expenditure incurred / paid by associate on behalf of the Group	**23,067**	13,249
			Dividend paid	**13,400**	40,200
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2020: 13.54%)	Sale of goods	**8,041,457**	5,624,161
			Amount received against sale of goods	**7,671,633**	5,461,207
			Settlement of discounts given on behalf of the Group	**120,250**	77,812
			Warehouse charges	**9,698**	-
			Amount paid against warehouse charges	**5,288**	-
			Dividend paid	**37,920**	113,760
OBS Green (Private) Ltd - Pakistan	Common directorship	-	Purchase / payment of personal protective equipment kits	**-**	400
			Service received / paid for test kits	**-**	546
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	**33,733**	26,201
Key management personnel (other than Chief Executive - see note 31)			**Short-term employee benefits**		
			- Managerial remuneration	**91,589**	68,962
			- Bonus	**2,977**	7,899
			- Performance incentives	**300**	
			- Reimbursement of expenses	**8,521**	3,525
			Post-term employee benefits		
			- Provident fund	**4,695**	3,556
			Others		
			- Dividend paid	**6**	19
			- Leave encashment	**10,628**	4,589
			- Ex-gratia	**15,366**	-
Directors			Dividend paid	**631**	1,893
			Board and other meeting fee	**12,200**	4,200
Others (due to common directorship)					
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	**104,290**	119,657
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	**43**	48
Baltoro Partners (Private) Limited - Pakistan			Purchase of test kits	**-**	240

* As of reporting date, it is no longer a related party of the Group.

35.1 The related parties status of outstanding receivables / payables as at 31 December 2021 and 2020 is disclosed in respective notes to these consolidated financial statements.

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 risks). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise 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 2021.

36.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and over sight 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 (excludings 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 (at amortised cost)							
Short-term investments	235,000	-	235,000	-	-	-	235,000
Deposits and receivables	-	-	-	42,709	15,622	58,331	58,331
Trade debts	-	-	-	1,045,062	-	1,045,062	1,045,062
Cash and bank balances	242,139	-	242,139	213,972	-	213,972	456,111
31 December 2021	477,139	-	477,139	1,301,743	15,622	1,317,365	1,794,504
Financial liabilities (at amortised cost)							
Long-term financings	627,365	2,458,796	3,086,161	-	-	-	3,086,161
Trade and other payables	-	-	-	1,324,600	-	1,324,600	1,324,600
Unclaimed dividends	-	-	-	1,686	-	1,686	1,686
Accrued interest	-	-	-	55,429	-	55,429	55,429
Short-term borrowings	3,989	-	3,989	-	-	-	3,989
31 December 2021	631,354	2,458,796	3,090,150	1,381,715	-	1,381,715	4,471,865

	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)							
Deposits and receivables	-	-	-	30,080	14,339	44,419	44,419
Trade debts	-	-	-	705,290	-	705,290	705,290
Cash and bank balances	301,757	-	301,757	67,200	-	67,200	368,957
December 31, 2020	301,757	-	301,757	802,570	14,339	816,909	1,118,666
Financial liabilities (at amortised cost)							
Long-term financings	641,110	399,732	1,040,842	-	-	-	1,040,842
Trade and other payables	-	-	-	764,916	-	764,916	764,916
Unclaimed dividends	-	-	-	1,701	-	1,701	1,701
Accrued interest	-	-	-	3,870	-	3,870	3,870
December 31, 2020	641,110	399,732	1,040,842	770,487	-	770,487	1,811,329

36.1.2 The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

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	2021	2020
		(Rupees in '000)	
Long-term financings	15	3,086,161	1,040,842
Accrued interest		55,429	3,870
Short-term borrowings	20	3,989	-
Total debts		3,145,579	1,044,712
Less: Cash and bank balances	13	456,798	369,780
Net debts		2,688,781	674,932
Total capital		10,161,298	8,210,326
Gearing ratio		21%	8%

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 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 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	2021	2020
		(Rupees in '000)	
Short-term investments	12	235,000	-
Receivables and deposits	7 & 11	58,331	44,419
Trade debts	9	1,045,062	705,290
Bank balances	13	456,111	368,957
		1,794,504	1,118,666
Secured		10,110	8,202
Unsecured		1,784,394	1,110,464
		1,794,504	1,118,666
Not past due		983,871	606,203

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:

	2021	2020
	-------(Rupees in '000)-------	
Trade debts (note 9)		
Customers with no defaults in the past one year	1,045,062	705,290
Bank Balances (note 13)		
A-1+	390,830	316,806
A-1	65,138	52,151
Unrated	143	-
	456,111	368,957

36.3.3 As at reporting date, there are no financial assets that could 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 20 to these consolidated financial statements.

The table below summarises the maturity profile of the Group's financial liabilities:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	------------------- Rupees in '000 -------------------				
2021					
Long-term financings	-	156,841	470,524	2,458,796	3,086,161
Trade and other payables	37,686	1,282,031	4,883	-	1,324,600
Unclaimed dividends	-	1,686	-	-	1,686
Accrued interest	-	55,429	-	-	55,429
Short-term borrowings	3,989	-	-	-	3,989
	41,675	1,495,987	475,407	2,458,796	4,471,865
2020					
Long-term financings	-	160,277	480,833	399,732	1,040,842
Trade and other payables	34,217	715,622	15,077	-	764,916
Unclaimed dividends	-	1,701	-	-	1,701
Accrued interest	-	3,870	-	-	3,870
	34,217	881,470	495,910	399,732	1,811,329

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 10% 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. 253.27 million. However, in practice, the actual result may differ from the 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:

	2021					2020		
	USD	EURO	CNY	GBP	CHF	USD	EURO	CNY
Financial assets								
Trade debts	-	-	-	-	-	150,144	-	-
Bank balances	-	1,992	-	-	-	-	1,992	-
	-	1,992	-	-	-	150,144	1,992	-
Financial liabilities								
Trade payables	(1,131,638)	(59,725)	(1,968,177)	(23,908)	(25,014)	(1,067,898)	(28,506)	(1,990,298)
	------------------- Equivalent Rs '000 -------------------							
Financial assets								
Trade debts	-	-	-	-	-	23,998	-	-
Bank balances	-	402	-	-	-	-	392	-
	-	402	-	-	-	23,998	392	-
Financial liabilities								
Trade payables	(201,623)	(12,056)	(55,038)	(5,713)	(4,851)	(170,687)	(5,606)	(48,684)

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	
	2021	2020	2021	2020
	------- Rupees -------		------- Rupees -------	
US Dollar	169.00	162.02	178.17	159.83
Chinese Yuan	26.21	23.42	27.96	24.46
Euro	199.25	184.20	201.86	196.64
Swiss Franc	187.71	172.13	193.93	181.49
GBP	228.71	210.95	238.96	218.45

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 27.93 million.

36.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainities 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 consolidated financial statements approximate their fair values.

37. INFORMATION ABOUT OPERATING SEGMENTS

37.1 For management purposes, the activities of the Group are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Group 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 Group are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these consolidated financial statements are related to the Group's only reportable segment in Pakistan.

37.2 Export sale is made to Afghanistan which represents the geographical breakup of the Group's gross turnover (see note 23).

37.3 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 Group's overall revenue related to manufactured and trading goods is as follows:

	2021	2020
	---(Rupees in '000)---	
Pakistan		
- Muller and Phipps Pakistan (Private) Limited	8,041,457	5,624,161

37.4 Non-current assets of the Group are confined within Pakistan and consist of property, plant and equipment, intangibles assets and long-term deposits and receivables.

38. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 25 March 2022 by the Board of Directors of the Holding Company.

39. SUBSEQUENT EVENT

39.1 The Board of Directors in its meeting held on 25 March 2022 has proposed a final cash dividend for the year 2021 of Rs. 2.5 per share (2020: Rs. 2 per share), aggregating to Rs. 700 million (2020: Rs. 560 million) subject to approval of shareholders in the Annual General Meeting of the Holding Company to be held on 26 April 2022.

40. GENERAL

40.1 The number of persons employed as at year end were 1,375 (2020: 976) and the average number of persons employed during the year were 1,222 (2020: 967).

40.2 Comparative figures for consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflow are not comparable, as OBS AGP (Private) Limited became the subsidiary company in current year.

40.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. However, there are no material transactions to report.

40.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer | Chief Executive Officer | Director

05

SHAREHOLDERS' INFORMATION

Promising Together

With our determination to honor the interests of our esteemed shareholders, we carry the promise of maximizing their value by generating sufficient returns and protecting their interests.

Shareholders' Information

Notice of Annual General Meeting along with other information for shareholders

NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 8th Annual General Meeting (Meeting) of the Shareholders of AGP Limited (the Company) will be held on Tuesday, April 26, 2022 11.00 A.M. at Avari Towers, 244 Fatima Jinnah Road, Karachi Cantonment, Karachi, through in-person and video link facility to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 3rd Extraordinary General Meeting held on June 09, 2021.

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, 2021.

3. To appoint Auditors for the year ending December 31, 2022 and fix their remuneration.

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.

By Order of the Board

Karachi.
Dated: April 04, 2022

Umair Mukhtar
Company Secretary

NOTES:

1. Closure of share transfer books

The share transfer books of the Company will remain closed from April 19, 2022 to April 26, 2022 (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 April 18, 2022 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 the 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 this 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).

NOTICE OF 8TH ANNUAL GENERAL MEETING

4. Participation in the Annual General Meeting

SECP through its Circular No. 4 of 2021 dated 15 February 2021 and 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 and to ensure health and safety of our valued shareholders in consideration of continued impact of COVID-19 pandemic, 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 April 22, 2022. 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 April 22, 2022.

Moreover, members who will physically attend the Meeting are requested to strictly follow COVID-19 related SOPs and protocols and the management shall make necessary arrangements in this regard for holding the Meeting at the designated avenue. The Company continues to monitor the impact of COVID-19 and any relevant updates regarding the Meeting will be announced on the website of the Company and through PUCARS.

5. Notice of AGM and Annual Report

SECP, through its SRO 470(1)/2016 dated 31 May 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc. to its shareholders through CD/DVD/USB at their registered addresses. Accordingly, the Company has sent its Annual Report 2021 to its shareholders in the form of CD. Further, the notice of the Meeting and the Annual Report 2021 shall be uploaded on the official website of the Company and posted at PUCAR.

The Annual Report 2021 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 2021 through email may send us the request at corp.affairs@agp.com.pk as per the standard request form available at the Company's website. A complete set of Annual Report 2021 can also be downloaded from the following:

website link of the Company	QR code
https://agp.com.pk/financial-statements/	

Members are requested to intimate any change in their registered e-mail addresses on a timely manner, to ensure effective communication by the Company.

6. **E- Voting**

Members can exercise their right to poll subject to meeting of requirement of Section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

7. **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"

8. **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 are requested to provide the information 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.

9. **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.

NOTICE OF 8TH ANNUAL GENERAL MEETING

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 on April 18, 2022, 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 No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	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.

10. **Unclaimed Dividend**

As per the provisions of section 244 of the Companies Act 2017, any shares issued, or dividend declared by the Company which remains 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 or any other share certificate from the Company. In case, no claim is filed with the Company within the due time frame, the Company shall proceed to deposit the unclaimed / unpaid amount of dividend with the Federal Government pursuance to section 244(2) of the Act.

11. **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.

۶۔ ای ووٹنگ

ممبران کمپنیز ایکٹ ۲۰۱۷ کی شق ۱۴۳ تا ۱۴۵ اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی لاگو شقوں کے تقاضوں سے مشروط اجلاس میں اپنا حق رائے دہی استعمال کرسکتے ہیں۔

۷۔ وڈیو کانفرنس

کمپنیز ایکٹ ۲۰۱۷ کی شق ۱۳۲(۲) کی پیروی میں، اگر کمپنی کو کسی جغرافیائی مقام پر مقیم ۱۰ فیصد (۱۰٪) یا اس سے زائد مجموعی شیئر ہولڈنگ والے ممبران کی طرف سے سالانہ اجلاسِ عام کی تاریخ انعقاد سے کم از کم سات (۷) دن پہلے وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کی رضامندی موصول ہو تو کمپنی اس شہر میں وڈیو کانفرنس کی سہولت کا بندوبست کرے گی بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔

کمپنی ممبران کو اجلاس کی تاریخ سے کم از کم پانچ (۵) دن پہلے ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں مطلع کرے گی اور اس کے ساتھ اس طرح کی سہولت تک رسائی حاصل کرنے کے لیے ضروری مکمل معلومات فراہم کرے گی۔ اس سہولت سے فائدہ اٹھانے کے لیے براہ کرم ہمارے رجسٹرار کو درج ذیل معلومات فراہم کریں:

میں /ہم .... ساکن .... ، بحیثیت اے جی پی لمیٹڈ کے ایک ممبر، مالک .... عدد عام شیئرز ، بمطابق رجسٹر فولیو نمبر سی ڈی سی /اکاؤنٹ نمبر .... بذریعہ ہٰذا وڈیو کانفرنس فیسیلیٹی بمقام .... حاصل کرنا چاہتا ہوں/ چاہتے ہیں (براہ کرم شہر کا نام داخل کریں)۔

____

ممبر کے دستخط

۸۔ کیش ڈیویڈنڈ کی برقی طریقے سے ادائیگی

کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۴۲ کے تقاضوں کے مطابق ایک لسٹڈ کمپنی کی طرف سے حتمی کیش ڈیویڈنڈ کی برقی طریقے سے حق دار شیئر ہولڈرز کی طرف سے ان کے نامزد کردہ بینک اکاؤنٹ میں براہ راست ادائیگی مطلوب ہے۔ اسی کے مطابق شیئر ہولڈرز سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب ای ڈیویڈنڈ مینڈیٹ فارم پر مذکورہ معلومات رجسٹرار کو فراہم کریں۔ سی ڈی سی اکاؤنٹ ہولڈرز اپنی معلومات لازماً براہ راست اپنے بروکر (شریک) / سی ڈی سی کو فراہم کریں۔

کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۴۳(۳) اور کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز ۲۰۱۷ کی ریگولیشن ۶ کے تقاضوں کے مطابق کمپنی ایسے شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روک سکتی ہے جنہوں نے بینک کی کارآمد تفصیلات اور CNIC یا NTN کی کاپی مہیا نہ کی ہو۔

۹۔ ڈیویڈنڈ پرود ہولڈنگ ٹیکس

انکم ٹیکس آرڈیننس، ۲۰۰۱ کے پہلے شیڈول کے حصہ III کے ڈویژن I کے ساتھ پڑھے گئے سیکشن ۱۵۰ کے مطابق، ڈیویڈنڈ کی ادائیگیوں سے انکم ٹیکس کی کٹوتی کی شرح ایکٹیو ٹیکس دہندگان کی فہرست (ATL) میں ظاہر ہونے والے شخص کے لیے ۱۵٪ ہوگی اور ATL میں ظاہر نہ ہونے والے شخص کے لیے ۳۰٪۔ تاہم، ATL میں ظاہر نہ ہونے والے شخص سے اضافی شرح پرود ہولڈنگ ٹیکس کی دفعات غیر رہائشی افراد کو ڈیویڈنڈ کی ادائیگی کی حد تک لاگو نہیں ہوتی ہیں۔

مشترکہ شیئر ہولڈرز کی صورت میں، ہر شیئر ہولڈر کی شیئر ہولڈنگ کی بنیاد پر ٹیکس کاٹ لیا جائے گا، جیسا کہ ان کی طرف سے تحریری طور پر، ہمارے رجسٹرار کو، ۱۸ اپریل ۲۰۲۲ کو کاروبار کے اختتام تک اطلاع دے دی گئی ہو، یا اگر اس طرح کی اطلاع موصول نہیں ہوتی ہے تو فرض کیا جائے گا کہ ہر شیئر ہولڈر کے پاس مساوی تعداد میں شیئرز موجود ہیں:

فولیو/CDS اکاؤنٹ نمبر	کل شیئرز	بنیادی شیئر ہولڈر		شریک شیئر ہولڈر	
		نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

ڈیویڈنڈ کی آمدنی سے ودہولڈنگ ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب رجسٹرار کو کھاتے بند ہونے کے پہلے (1st) دن کاروبار کے اختتام تک ٹیکس استثنٰی کے کارآمد سرٹیفکیٹ کی ایک کاپی دستیاب کرادی گئی ہو۔

۱۰۔ غیر دعویدار ڈیویڈنڈ

کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۴۴ کی دفعات کے مطابق، کمپنی کی طرف سے جاری کردہ کسی بھی حصص، یا اعلان کردہ ڈیویڈنڈ جو اس تاریخ سے تین (۳) سال کی مدت تک غیر دعویدار/ غیر ادا شدہ رہتا ہے جس دن یہ واجب الادا اور قابل ادائیگی تھا، ایس ای سی پی کے پاس وفاقی حکومت کی طرف سے متعین کردہ اکاؤنٹ میں جمع کیا جائے۔ وہ شیئر ہولڈرز جن کی طرف سے ڈیویڈنڈ کا آج تک دعویٰ نہیں کیا گیا ہے، ان سے درخواست کی جاتی ہے کہ وہ اپنے غیر دعویٰ شدہ/ غیر ادا شدہ ڈیویڈنڈ کی رقم یا کسی دوسرے شیئر سٹوفکیٹ کے دعوے کے لیے کمپنی سے رابطہ کریں۔ اگر مقررہ مدت کے اندر کمپنی کے پاس کوئی دعویٰ دائر نہیں کیا جاتا ہے تو کمپنیز ایکٹ کے سیکشن ۲۴۴(۲) کے مطابق وفاقی حکومت کے پاس غیر دعویٰ شدہ/ غیر ادا شدہ ڈیویڈنڈ کی رقم یا کوئی دیگر شیئر جمع کروانے کے لیے پیش قدمی کرے۔

۱۱۔ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کرنا

ایس ای سی پی نے اپنے ۲۶ مارچ ۲۰۲۱ کے خط کے ذریعے کمپنیز ایکٹ، ۲۰۱۷ کی شق ۷۲ کے مطابق، تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے شیئر ہولڈرز کو کمپنیز ایکٹ، ۲۰۱۷ کے نفاذ کی تاریخ سے زیادہ سے زیادہ چار (۴) سال کے اندر اپنے فزیکل شکل کے شیئرز کو بک انٹری فارم میں تبدیل کرنے کے لیے قائل کریں۔ نتیجتاً، فزیکل فولیو/ شیئر سرٹیفکیٹ والے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کریں۔ بک انٹری فارم میں شیئرز رکھنے کے بہت سے فوائد ہیں جیسے سی ڈی سی کے پاس شیئرز کی محفوظ تحویل، شیئرز کی تیز رفتار اور آسان فروخت، ڈپلیکیٹ شیئرز کے اجرا کے لیے درکار رسمی کارروائیوں سے بچاؤ اور غیر دستاویزی ماحول جو طریقہ کار کو ماحول دوست بناتا ہے۔

اے جی پی لمیٹڈ

اطلاع برائے آٹھواں سالانہ اجلاسِ عام

بذریعہ ہٰذا اطلاع دی جاتی ہے کہ اے جی پی لمیٹڈ (کمپنی) کے شیئر ہولڈرز کا آٹھواں سالانہ اجلاسِ عام (اجلاس) بروز منگل، ۲۶ اپریل ۲۰۲۲ء کو صبح ۱۱ بجے بمقام آواری ٹاورز ہوٹل، فاطمہ جناح روڈ، کراچی بذریعہ بصورت حاضری اور وڈیو لنک فیسیلیٹی منعقد ہو رہا ہے جس میں درج ذیل کارروائی عمل میں لائی جائے گی:

عمومی کارروائی:

۱۔ ۹ جون ۲۰۲۱ کو منعقدہ تیسرے غیر معمولی اجلاسِ عام کی کارروائی کی توثیق کرنا۔

۲۔ ۳۱ دسمبر ۲۰۲۱ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ انفرادی اور اجتماعی مالیاتی گوشواروں مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس پر غور وخوض، منظوری اور اطلاق۔

۳۔ ۳۱ دسمبر ۲۰۲۱ کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔

۴۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق فی شیئر ۲.۵ روپے (یعنی ۲۵٪) کی شرح سے حتمی ڈیویڈنڈ کی ادائیگی پر غور وخوض اور منظوری۔

۵۔ اجلاس کے سربراہ کی اجلاس سے کوئی دیگر کارروائی عمل میں لانا۔

کراچی	بحکم بورڈ
بتاریخ: ۴ اپریل ۲۰۲۲	عمیر مختار
	کمپنی سیکریٹری

نوٹس:

۱۔ شیئر منتقلی کے کھاتوں کی بندش

کمپنی کے شیئر ٹرانسفر رجسٹرز ۱۹ اپریل ۲۰۲۲ تا ۲۶ اپریل ۲۰۲۲ (بشمول دونوں یوم) بند رہیں گے۔ ۱۸ اپریل ۲۰۲۲ء کو کاروباری اوقات کے اختتام تک ہمارے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بمقام سی ڈی سی ہاؤس، ۹۹۔ بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی موصول ہونے والے ٹرانسفرز اجلاس میں شرکت اور ووٹنگ کے لیے بروقت تصور کیے جائیں گے۔

۲۔ نمائندے کی تقرری

اجلاس میں شرکت اور ووٹ دینے کا اہل کوئی ممبر اپنی جگہ شرکت کرنے اور ووٹ دینے کے لیے کسی دوسرے ممبر کو اپنا نمائندہ (پروکسی) مقرر کرنے کا استحقاق رکھتا ہے۔ نمائندگی ناموں کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا ای میل corp.affairs@agp.com.pk پر لازماً موصول ہو جائیں۔ مذکورہ مدت کا حساب کرتے ہوئے کوئی بھی ایسا دن شمار نہیں کیا جائے گا جو کاروباری دن ہو۔ کوئی بھی ممبر ایک سے زیادہ نمائندے مقرر کرنے کا حق دار نہیں ہوگا۔ نمائندگی نامہ (پروکسی فارم) کمپنی کی ویب سائٹ ww.agp.com.pk پر دستیاب ہے اور سالانہ رپورٹ کے اختتام پر بھی منسلک ہے۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈرز کے لیے ہدایات

سی ڈی سی کا کوئی بھی انفرادی استفادہ کنندہ مالک، جو اس میٹنگ میں ووٹ دینے کا حق دار ہے، اسے شناخت ثابت کرنے کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) لانا ہوگا، اور نمائندے کی صورت میں، شیئر ہولڈر کے تصدیق شدہ CNIC کی ایک کاپی نمائندگی نامے کے ساتھ منسلک کرنی چاہیے۔ کارپوریٹ ممبران کے نمائندوں کو اس مقصد کے لیے بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نامزد شخص کے دستخط کے ہمراہ ساتھ لانا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر ۱، بتاریخ ۲۶ جنوری، ۲۰۰۰ء میں طے کردہ درج ذیل ہدایات کی پیروی کرنا ہوگی۔

۴۔ سالانہ اجلاس عام میں شرکت کے لیے:

ایس ای سی پی نے اپنے ۲۰۲۱ کے سرکلر نمبر ۴، بمورخہ ۱۵ فروری ۲۰۲۱، ہمراہ پڑھا جائے سرکلر نمبر ۶ بابت ۲۰۲۱ بمورخہ ۳ مارچ ۲۰۲۱، حامل وضاحتی نمبر SMD/SE/۲(۲۰)/۲۰۲۱/۱۱۷ بمورخہ ۱۵ دسمبر ۲۰۲۱، کے ذریعے لسٹڈ کمپنیوں کو ہدایت کی کہ وہ جسمانی اجلاسوں کے علاوہ الیکٹرانک ذرائع سے عام میٹنگ میں ممبران کی شرکت کو یقینی بنائیں۔

اسی مناسبت سے، SECP کی ہدایات کی تعمیل میں اور کوویڈ۔۱۹ کے مسلسل اثرات کے پیش نظر ہمارے قابل قدر شیئر ہولڈرز کی صحت اور حفاظت کو یقینی بنانے کے لیے، کمپنی اپنے شیئر ہولڈرز کو ویڈیو لنک کے ذریعے میٹنگ میں شرکت کی سہولت بھی فراہم کر رہی ہے۔ اس سہولت سے فائدہ اٹھانے کے لیے، اراکین سے درخواست کی جاتی ہے کہ وہ اپنی درج ذیل تفصیلات corp.affairs@agp.com.pk پر ای میل بھیج کر رجسٹر ہوں:

فولیو/سی ڈی سی اکاؤنٹ نمبر	شیئرز کی تعداد	نام	CNIC	موبائل فون نمبر	ای میل ایڈریس

ضروری تصدیق کے بعد، ویڈیو لنک اور لاگ ان کی معلومات ان شیئر ہولڈرز کے ساتھ شیئر کی جائیں گی جن کے تمام مطلوبہ تفصیلات کے حامل ای میلز، دیے گئے ای میل ایڈریس پر ۲۲ اپریل ۲۰۲۲ کو کاروباری اوقات کے اختتام تک یا اس سے پہلے موصول ہو چکے ہوں گے۔ شیئر ہولڈرز کو ترغیب دی جاتی ہے کہ وہ میٹنگ کے ایجنڈا آئٹمز سے متعلق اپنے تبصرے/تجاویز مذکورہ ای میل ایڈریس پر ۲۲ اپریل ۲۰۲۲ کو کاروباری اوقات کے اختتام تک بھیج دیں۔

مزید برآں، جسمانی طور پر اجلاس میں شرکت کرنے والے ممبران سے درخواست کی جاتی ہے کہ وہ کوویڈ۔۱۹ سے متعلق SOPs اور پروٹوکول پر سختی سے عمل کریں اور انتظامیہ اس سلسلے میں اجلاس کو مقررہ جگہ پر منعقد کرنے کے لیے ضروری انتظامات کرے گی۔ کمپنی کوویڈ۔۱۹ کے اثرات کی نگرانی جاری رکھے ہوئے ہے اور اجلاس سے متعلق کسی بھی متعلقہ اپ ڈیٹ کا اعلان کمپنی کی ویب سائٹ پر اور PUCARS کے ذریعے کیا جائے گا۔

۵۔ سالانہ اجلاس عام اور سالانہ رپورٹ کا نوٹس

ایس ای سی پی نے اپنے SRO ۴۷۰(۱)/۲۰۱۶ بمورخہ ۳۱ مئی ۲۰۱۶ کے ذریعے کمپنیوں کو سالانہ بیلنس شیٹ، نفع اور نقصان اکاؤنٹ، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ کو CD/DVD/USB کے ذریعے اپنے شیئر ہولڈرز تک ان کے رجسٹرڈ پتے پر پہنچانے کی اجازت دی ہے۔ اسی مناسبت سے، کمپنی نے اپنی سالانہ رپورٹ ۲۰۲۱ اپنے شیئر ہولڈرز کو سی ڈی کی شکل میں بھیج دی ہے۔ مزید برآں، اجلاس کا نوٹس اور سالانہ رپورٹ ۲۰۲۱ کمپنی کی آفیشل ویب سائٹ پر اپ لوڈ کی جائے گی اور اسے PUCAR پر پوسٹ کیا جائے گا۔

سالانہ رپورٹ ۲۰۲۱ ان اراکین کو ای میل کی جائے گی جنہوں نے کمپنی یا رجسٹرار کو اپنے درست ای میل ایڈریس فراہم کیے ہیں۔ دیگر ممبران جو سالانہ رپورٹ ۲۰۲۱ کو ای میل کے ذریعے حاصل کرنا چاہتے ہیں وہ کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم کے مطابق ہمیں corp.affairs@agp.com.pk پر درخواست بھیج سکتے ہیں۔ سالانہ رپورٹ ۲۰۲۱ کا مکمل سیٹ درج ذیل سے بھی ڈاؤن لوڈ کیا جا سکتا ہے۔

کمپنی کی ویب سائٹ کا لنک	QR کوڈ
https://agp.com.pk/financial-statements/	

ممبران سے درخواست ہے کہ کمپنی کی طرف سے موثر رابطہ یقینی بنانے کے لیے اپنے ای میل ایڈریس میں کسی تبدیلی کی بروقت اطلاع دیں۔

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31,2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
457	1	to	100	25,718
1363	101	to	500	607,161
629	501	to	1000	593,140
615	1001	to	5000	1,515,341
121	5001	to	10000	970,073
42	10001	to	15000	527,121
18	15001	to	20000	332,401
14	20001	to	25000	327,342
17	25001	to	30000	474,946
7	30001	to	35000	228,500
7	35001	to	40000	258,050
3	40001	to	45000	130,114
4	45001	to	50000	197,500
1	50001	to	55000	50,600
2	55001	to	60000	116,000
5	60001	to	65000	309,913
2	65001	to	70000	136,300
2	70001	to	75000	145,500
2	75001	to	80000	160,000
1	80001	to	85000	85,000
2	90001	to	95000	183,100
2	95001	to	100000	200,000
2	100001	to	105000	207,200
1	110001	to	115000	111,000
2	120001	to	125000	247,250
2	130001	to	135000	264,400
1	155001	to	160000	160,000
1	170001	to	175000	172,400
2	185001	to	190000	373,700
1	240001	to	245000	242,900
1	275001	to	280000	275,950
1	280001	to	285000	280,500
1	290001	to	295000	292,625
1	320001	to	325000	321,100
1	330001	to	335000	331,800
1	340001	to	345000	341,600
1	345001	to	350000	348,100
1	375001	to	380000	377,500
1	455001	to	460000	458,100
1	480001	to	485000	483,400
1	595001	to	600000	600,000
1	795001	to	800000	800,000
1	2600001	to	2605000	2,602,000
1	3225001	to	3230000	3,229,900
1	3355001	to	3360000	3,359,200
1	5335001	to	5340000	5,335,700
1	6795001	to	6800000	6,795,500
1	7190001	to	7195000	7,191,000
1	10755001	to	10760000	10,758,361
1	13395001	to	13400000	13,400,000
1	26790001	to	26795000	26,794,560
1	37915001	to	37920000	37,920,000
1	148350001	to	148355000	148,350,434
3,351				**280,000,000**

PATTERN OF SHAREHOLDING REPORT

AS OF DECEMBER 31,2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
TARIQ MOINUDDIN KHAN	1	600,000	0.21
MUHAMMAD KAMRAN MIRZA	1	30,500	0.01
FAIZA KAMRAN	1	5,000	0.00
ZAFAR IQBAL SOBANI	1	500	0.00
NAVEED A. KHAN	1	1	0.00
NUSRAT MUNSHI	1	1	0.00
KAMRAN NISHAT	1	1	0.00
MAHMUD YAR HIRAJ	1	1	0.00
Associated Companies, undertakings and related parties			
AITKENSTUART PAKISTAN (PRIVATE) LIMITED	1	148,350,434	52.98
ASPIN PHARMA (PVT.) LIMITED	1	13,400,000	4.79
HAREEM JUNAID	1	500	0.00
JUNAID	1	375	0.00
MULLER & PHIPPS (PAKISTAN) (PRIVATE) LIMITED	1	37,920,000	13.54
Public Sector Companies and Corporations	NIL	-	-
Banks, Development Finance Institutions, Non-banking Finance Companies, insurance companies, takaful, modarabas and pension funds	12	10,295,800	3.68
Mutual Funds			
CDC - TRUSTEE JS LARGE CAP. FUND	1	80,000	0.03
CDC - TRUSTEE MEEZAN BALANCED FUND	1	500	0.00
CDC - TRUSTEE JS ISLAMIC FUND	1	100,000	0.04
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	105,000	0.04
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	19,876	0.01
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	280,500	0.10
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	348,100	0.12
CDC - TRUSTEE NBP STOCK FUND	1	341,600	0.12
CDC - TRUSTEE NBP BALANCED FUND	1	36,500	0.01
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND	1	186,500	0.07
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	27,600	0.01
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	132,000	0.05
MC FSL - TRUSTEE JS GROWTH FUND	1	458,100	0.16
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	19,000	0.01
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	43,000	0.02
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	13,300	0.00
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	73,500	0.03
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	33,600	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	15,000	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	9,000	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	25,000	0.01
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	91,600	0.03
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	91,500	0.03
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	13,800	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	242,900	0.09
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	1,700	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	321,100	0.11
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	1	3,000	0.00
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1	39,200	0.01
General Public			
a. Local	3143	14,316,397	5.11
b. Foreign	91	140,193	0.05
Foreign Companies	3	8,738,000	3.12
OTHERS	60	43,049,821	15.37
Totals	**3351**	**280,000,000**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Aitkenstuart Pakistan (Private) Limited	148,350,434	52.98
Muller & Phipps (Pakistan) (Private) Limited	37,920,000	13.54
Baltoro Growth Fund	26,794,560	9.57

Details of trading in shares by Executive during the year

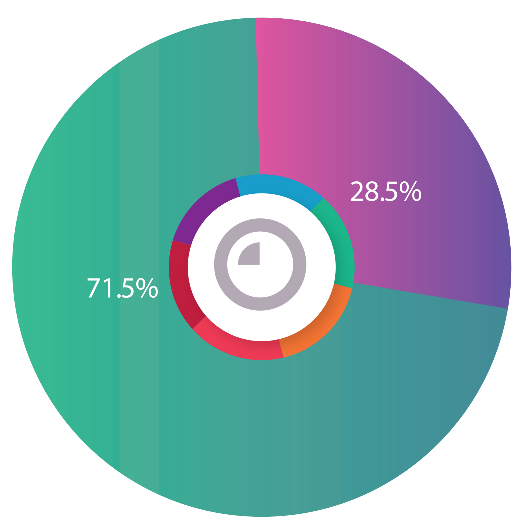
There was no trading of shares by Executives during the year.

Executive means the CEO, Chief Operating Officer, CFO, HOIA, Company Secretary and employees of the Company whose annual basic salary exceeds the threshold of PKR 5 Million as determined by Board of Directors.

FREE FLOAT OF SHARES

Free Float Shares of the Company are 79,692,061 i.e. (28.5%) out of the total 280,000,000 Shares of the Company as at 31 December 2021.

Free Float of shares 28.5%
Non - Free Float 71.5%



FORM OF PROXY

AGP Limited

EIGHT ANNUAL GENERAL MEETING

I/We_____________________________ of __________________________, being a Member of AGP Limited holding __________________ ordinary shares, HEREBY APPOINT_____________________________ of _______________________, or falling him/her ___________________ of ____________________ as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, April 26, 2022 11.00 A.M. at Avari Towers, 244 Fatima Jinnah Road, Karachi Cantonment, Karachi, through in - person and video link facility to transact the following business.

As witness my/our hand(s) this _____ day of _________________ 2022.

Ten Rupees Revenue Stamps

Signed in the presence of:

Witness 1		Witness 2	
Signature:	________________	Signature:	________________
Name:	________________	Name:	________________
CNIC No.:	________________	CNIC No.:	________________
Address:	________________	Address:	________________

Name of Shareholder: ________________

Folio No. / CDC Account No.: ________________

Signature of the Shareholder: ________________

Notes:

1. The Member is requested:
   a. to affix Revenue Stamp of Rs. 10/- at the place indicated above;
   b. to sign in the same style of signature as is registered with the Company;
   c. to write down his/her Folio Number/CDC Account Number.

2. For the appointment of the above Proxy to be valid, this instrument of proxy must be received at the Share Registrar of the Company, CDC Share Registrar Services Limited, CDC House, 99-B, Block - B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi 74400, at least 48 hours before the time fixed for the Meeting.

3. Any alteration made in this instrument of proxy should be initialed by the person who signs it. In addition to this above, the following requirements have to be met for CDC Account Holders / Corporate Entities:

   I. Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.

   II. The Proxy must produce his original CNIC or original passport at the time of the Meeting.

   III. In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (unless it has been provided earlier) along with proxy forms to the Share Registrars.

نمائندگی نامہ
اے جی پی لمیٹڈ
آٹھواں سالانہ اجلاسِ عام

میں / ہم .... ساکن .... ، بحیثیت اے جی پی کے ایک ممبر ، .... عدد عام شیئرز کا / کے مالک، بذریعہ ہٰذا محترم / محترمہ .... ساکن .... اے جی پی لمیٹڈ کے ایک ممبر کو یا ان کے شریک نہ ہونے پر محترم / محترمہ .... ساکن ....، کمپنی کے ایک اور ممبر کو بطور میرا / ہمارا نمائندہ بروز منگل ۲۶ اپریل ۲۰۲۲ کو صبح ۱۱ بجے آواری ٹاورز ہوٹل، فاطمہ جناح روڈ، کراچی میں منعقدہ کمپنی کے سالانہ اجلاس عام میں ذاتی طور پر یا بذریعہ وڈیو لنک فیسیلٹی درج ذیل کارروائی میں حصہ لینے کے لیے نامزد کرنا چاہتا ہوں / چاہتے ہیں۔

آج بطور گواہ بروز .... بتاریخ .... ۲۰۲۲ء میری / ہماری طرف سے دستخط کیے گئے۔

دس روپے کی
ریوینیو اسٹیمپ

درج ذیل گواہان کی موجودگی میں دستخط کیے گئے۔

گواہان

۱۔ دستخط ....
نام ....
پتا ....
....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

۲۔ دستخط ....
نام ....
پتا ....
....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

نام (جلی حروف میں) ....
(فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر) ....
شیئر ہولڈرز کے دستخط ....

نوٹس:

۱۔ ممبران سے درخواست ہے کہ:
(i) مندرجہ بالا دی گئی جگہ پر ۱۰ روپے کا ریوینیو اسٹیمپ چپکائیں
(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 موثر ہونے کے لیے ضروری ہے کہ نمائندگی نامے اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، بمقام ۹۹۔ بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو لازماً موصول ہو جائیں۔
۳۔ اس نمائندگی نامے میں کیے گئے کسی رد و بدل کی صورت میں دستخط کنندہ اپنے مختصر دستخط ثبت کرے۔

مندرجہ بالا کے علاوہ، سی ڈی سی اکاؤنٹ ہولڈرز / کاروباری اداروں کو درج ذیل تقاضے پورے کرنے ہوں گے:
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- کاروباری اداروں کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نمائندے / اٹارنی کے دستخط کے نمونے کے ساتھ شیئر رجسٹرار کو پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا 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/CD/USB/DVD or Any Other Media**

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit or Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members/shareholders, along with the Notice of the Annual General Meeting (AGM) through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hard copy of Audited Annual Financial Statements along with a Notice of the AGM via e-mail, shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above said SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me in hard form instead of Email/CD/DVD/USB or any others Electronic Media.

OPTION 1 – VIA EMAIL

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
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

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
Folio / CDC Account Number:	
Address (to receive Financial Statements along with Notice of General Meeting(s) instead of CD/DVD/ USB.):	

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

____
SHAREHOLDER SIGNATURE

E - DIVIDEND MANDATE FORM

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 & Land Line Number	
Email Address	

Shareholder's Bank Detail	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

Date: _____________

____
(Signature of Shareholder)

Notes:

1. Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.

2. Signature must match with specimen signature registered with the Company.

3. The Shareholder who hold shares in physical form are requested to submit the above-mentioned information to the Share Registrar. The Shareholders who hold shares in Central Depository Company are requested to submit the above-mentioned information to their Broker (Participant) with a copy of E-Dividend Mandate Form to the Share Registrar.

4. The name and address of the Share Registrar of the Company is as follows:

   CDC Share Registrar Service Limited
   CDC House 99-B, Block B, S.M.C.H.S.
   Main Shahra-e-Faisal Karachi 74400 Pakistan

ANNEXURE

FRAMEWORK FOR ANNUAL REPORTING
BEST CORPORATE REPORT AWARDS 2021

1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
S. No.	Particulars	Pg. No.
1.01	Principal business activities and markets local and international including key brands, products and services.	11, 12, 26 - 28
1.02	Geographical location and address of all business units including sales units and plants.	5 - 6, 33 - 36
1.03	Mission, vision, code of conduct, culture, ethics and values.	4, 7, 8
1.04	Ownership, operating structure and relationship with group companies and nature of those relations. Also name and country of origin of the holding company/subsidiary company, if such Companies are a foreign company.	15, 184
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	16
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	63 - 64
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	12
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	65
1.09	Significant factors effecting the external environment and the associated organization’s response (external environment includes political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	19 - 20, 25
1.1	Significant changes from prior years (regarding the information disclosed in this section).	12
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	12
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, and the intensity of competitive rivalry).	23 - 24

2	STRATEGY AND RESOURCE ALLOCATION	
S. No.	Particulars	Pg. No.
2.01	Short, medium and long term strategic objectives.	67 - 71
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	67 - 71
2.03	Resource allocation plans to implement the strategy and financial capital structure. (Resource mean CAPITALS including financial capital (e.g. liquidity, cash flows, financing arrangements); human capital, manufactured capital (e.g. building, equipment, infrastructure); intellectual capital (e.g. patents, copyrights, software, licenses, knowledge, system, procedures); social and relationship capital and natural capital).	67 - 71
2.04	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	67 - 71
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	67 - 71
2.06	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.	67 - 71
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	71
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	71
2.09	Significant changes in objectives and strategies from prior years.	71

3	RISKS AND OPPORTUNITIES	
S. No.	Particulars	Pg. No.
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	74 - 80
3.02	Description of the Risk Management Framework including risk management methodology.	73
3.03	Sources of risks and opportunities (internal and external).	74 - 80
3.04	The initiatives taken by the company in promoting and enabling innovation.	69 - 70
3.05	Assessment of the ‘likelihood’ that the risk or opportunity will come to fruition and the ‘magnitude’ of its effect if it does.	74 - 80
3.06	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.	74 - 80
3.07	Board’s efforts for determining the company’s level of risk tolerance by establishing risk management policies.	73
3.08	A statement from the Board of Directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance, solvency or liquidity.	121
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	73

4	GOVERNANCE	
S. No.	Particulars	Pg. No.
4.01	a) Leadership structure of those charged with governance: b) Name of independent directors indicating justification for their independence. b) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	140, 82 - 94, 107 - 108
4.02	Review Report by the Chairman of the Company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	95
4.03	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.	101-111
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members' of the Shariah Board.	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the Board and its committees, CEO and the Chairman.	107 - 108, 117 - 125
4.06	Disclosure if the Board's Performance evaluation is carried out by an external consultant once in three years.	110, 123
4.07	Details of formal orientation courses for Directors.	111
4.08	Directors' Training Program (DTP) attended by Directors, female executive and head of department from the Institutes approved by the SECP and names of those who availed exemptions during the year.	110
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	110, 123 - 124
4.10	a) Policy for remuneration to Non-executive directors including independent directors. b) Policy of retention of Board fee by the Executive Director earned by him against his services as non-executive director in other companies.	109
4.11	Policy for security clearance of foreign directors.	110
4.12	How the organization's implemented governance practices exceeding legal requirements.	101
4.13	Board's policy on diversity, (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	103
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	108
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding. b) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. c) Approved Policy for related party transactions including policy for disclosure of Interest by directors in this regard.	107, 223
4.16	Details of Board meetings held outside Pakistan during the year.	108
4.17	Disclosure of Policy for actual and perceived conflicts of interest relating to members of the Board of directors and a disclosure that how such a conflict is managed and monitored.	102
4.18	Investors' grievance policy.	105
4.19	Policy for safety records of the company.	105
4.20	Disclosure of IT Governance Policy.	105
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	105
4.22	Human resource management policies including preparation of a succession plan.	105
4.23	Social and environmental responsibility policy.	105
4.24	Review by the Board of the organization's business continuity plan or disaster recovery plan.	104
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	16
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	101
4.27	A brief description about role of the Chairman and the CEO.	102, 103
4.28	Shares held by Sponsors / Directors / Executives.	110
4.29	Salient features of TOR and attendance in meetings of the Board Committees (Audit, Human Resource, Nomination and Risk management).	107 - 108, 122
4.30	Timely Communication: Date of authorization of Financial Statements by the Board of Directors: within 40 Days within 60 days (Entities requiring approval from a Regulator before finalization of their Financial Statements would be provided a 20 days relaxation, on providing evidence to the Committee)	
4.31	Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the Committee with at least one member qualifie as "financially literate and all members are non-executive Independent directors including the Chairman of the Audit Committee. b) Role of the Committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to audit committee and evaluation of Internal Auditors performance. e) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	135 - 137

4.31	h) The Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the Company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance	
4.32	Presence of the chairman of the audit committee at the AGM to answer questions on the audit committee's activities and matters within the scope of the audit committee's responsibilities.	110
4.33	Where an external search consultancy has been used in the appointment of the Chairman or a non-Executive Director, it should be disclosed if it has any other connection with the company.	111
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5	PERFORMANCE AND POSITION	
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5.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; and (b) Performance against targets /budget (c) Objectives to assess stewardship of management. The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits. Note: Analysis of non-financial performance shall be presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework <IR>, i.e. human capital, manufactured capital, intellectual capital, social and relationship capital and natural capital. Inspiration can also be taken from the Specific Standard Disclosures of G4 Guidelines of the Global Reporting Initiative (GRI) for measurement and reporting on non-financial KPIs.	145 - 174
5.02	Analysis of financial statements: a) Financial Ratios (Refer Annexure 'I') b) DuPont analysis c) Free Cash Flow d) Economic Value Added (EVA)	147 - 158
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5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	167 - 169
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5.13	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	174
5.14	Brief description and reasons; • for not declaring dividend despite earning profits and future prospects of dividend. • where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	N/A
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / weblink on company's annual report).	174

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6.02	Explanation as to how the performance of the entity meets the forward-looking disclosures made in the previous year.	143 - 144
6.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	143 - 144
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16	Treasury shares in respect of issued share capital of a company.	N/A
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought	215
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22	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
23	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
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