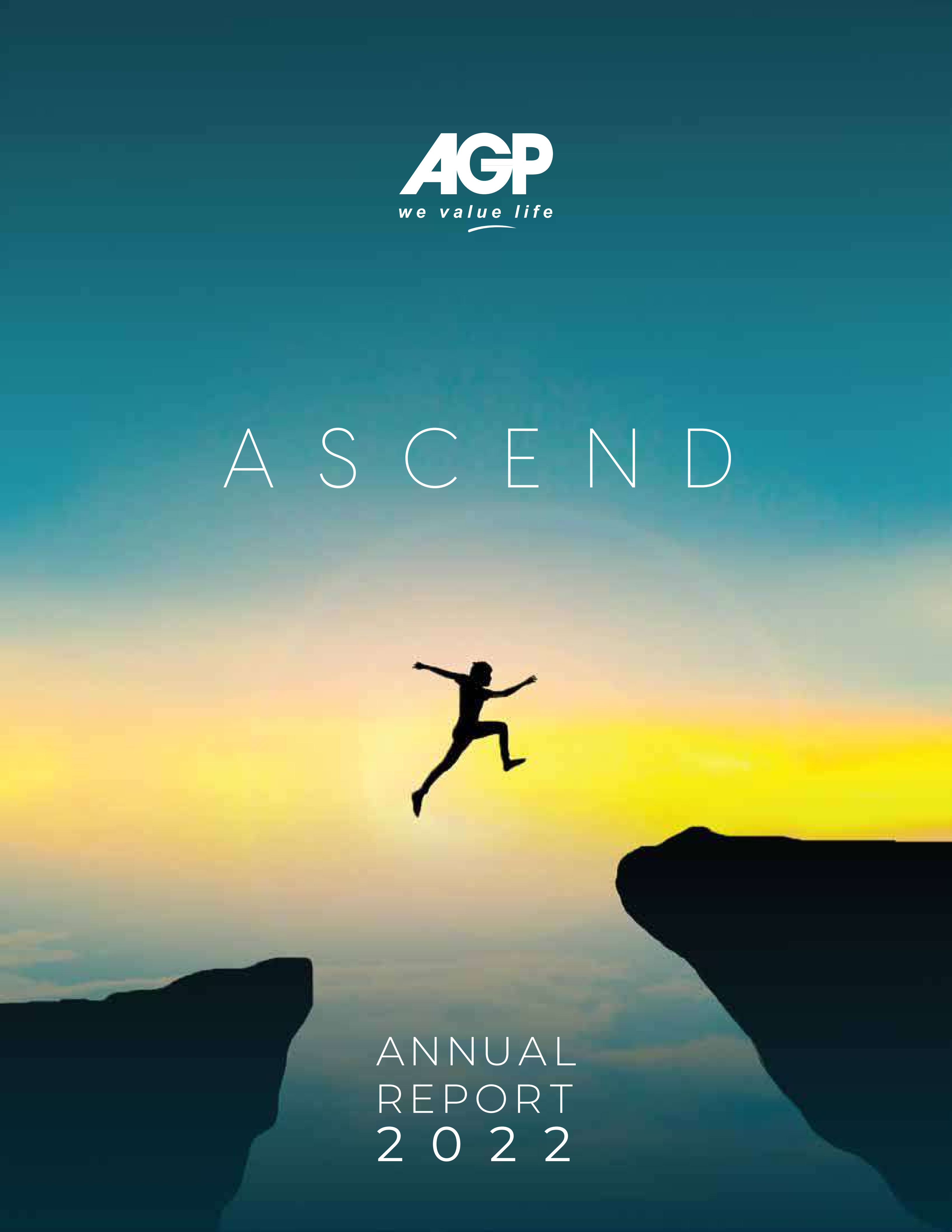
we value life

ASCEND



ANNUAL REPORT 2022

ASCEND

Driven by our steadfast commitment to providing greater access to quality healthcare and wellbeing for the community, we are fully equipped to unleash the potential of sustainable growth through unity and unwavering dedication.

Our annual report showcases our progress, strategic outlook, and key advancements in amplifying and strengthening our impact and and we look forward to reaching even greater heights in the years to come, as we keep on...

..."Ascending".

ABOUT THIS **REPORT**

The Annual Report is a compilation of AGP's business activities for the reporting period of 2022. Broadly it consists of information regarding organization situation, performance, and outlook. Moreover, this report highlights all significant events and matters including long term sustainability of the Company and its integrated performance along with strategic and operational review by the Board of Directors.

Scope and Boundary

AGP Limited is proud to present its Annual Report for the year 2022. This report focuses on Stakeholder Information, Corporate Governance, Directors' Report and Financial Statements for the year ended December 31, 2022.

There have not been any significant changes to the scope, boundary, and reporting since the last reporting date as of December 31, 2021.

Forward Looking Statement

The report encompasses a comprehensive section titled "Strategic Outlook," which offers an in-depth analysis of the Company's anticipated future business activities and financial performance. Additionally, the report will provide an update on the Company's previous projects mentioned in the previous Forward Looking Statement, as well as its approach for the future.

Furthermore, the report will address any potential challenges the Company may encounter in the upcoming year and outline the Company's plans for managing and mitigating associated risks.

Materiality

Determination of materiality levels, other than those provided under the applicable laws and regulations, is judgmental and varies between organizations. In general, matters are 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:

EY Ford Rhodes – Chartered Accountants

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

Pakistan Credit Rating Agency

- Entity's Credit Rating

World Wildlife Fund for Nature (WWF)

- Green Office Initiatives Audit Diploma

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01

COMPANY OVERVIEW

ASCENDING AMBITIOUSLY

Our legacy of 33 years is a testament to our commitment to high-quality products, and it also reflects our ambitious mindset and behavior towards enhancing quality of healthcare for the community.

Company Overview

General information about the Company and its operations

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Overview

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

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

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

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 67 & 68.

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

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

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

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

Reporting Period

This Annual Report covers the reporting period from January 1, 2022 to December 31, 2022. The Company views corporate reporting as a means of communicating with its stakeholders and providing an insight into the Company's governance, strategy, performance, and prospects.

OUR SIGNIFICANT EVENTS

MARCH
Board of Directors Meeting
Recommendation of Annual Audited Financial Statement

APRIL
Annual General Meeting
Approval of Annual Audited Financial Statements and Final Dividend

Corporate Briefing Session was held, summarizing the Annual Results and Business Update

JULY
Extraordinary General Meeting
Approval to invest in its Associated Company

SEPTEMBER
1st positions in ICAP / ICMAP Best Corporate Report Awards

Corporate Briefing Session was held, summarizing Half yearly results and Business Updates

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

Highest ever monthly sales of PKR 1.23 billion

Rigix became PKR 2 billion brand as per IQVIA MAT Aug 2022

Construction & commissioning Of dedicated Dry Suspension facility

NOVEMBER
Highest ever monthly production of 6.06 million units

Azomax became PKR 3 billion brand as per IQVIA MAT Sept 2022

DECEMBER
Annual Sales Conference 2022

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 and healthier life for all as we practice our slogan – *We Value Life.*

OUR **MISSION**

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

COMPANY INFORMATION

Board of Directors
Mr. Tariq Moinuddin Khan | Chairman
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

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

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

Chief Financial Officer
Mr. Junaid Aslam

Head of Internal Audit
Mr. Umair Muhammad Siddiq

Company Secretary
Mr. Umair Mukhtar

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limted
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Limited
Meezan Bank Limited
National Bank of Pakistan
The Bank of Punjab

Legal Advisor
Sattar & Sattar

Auditors
EY Ford Rhodes
Chartered Accountants

Share Registrar
CDC Share Registrar Services Limited

Website
www.agp.com.pk

Email
info@agp.com.pk

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

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

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

CODE OF CONDUCT

BUSINESS PRINCIPLES

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

BUSINESS INTEGRITY

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

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 the Company that is not in its interest.
- Unauthorized alteration of product labels or literature is strictly prohibited.
- Employment with the Company is and should be seen as a full-time occupation and for this reason, other employment or business association shall not be taken up.
- Prohibition of substance use in the work environment.
- Family connections must be disclosed to the organization.

COMPANY 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.

OUR CORE VALUES

BUILDING TRUST, MAINTAINING INTERGRITY

01 ETHICS & INTEGRITY

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

02 DEVELOPING OUR PEOPLE

Our employees consistently develop themselves, develop 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 work with us.

04 ENTREPRENEURIAL THINKING

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

05 INNOVATION

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

OUR **JOURNEY**

1989
AGP (Pvt.) Ltd. starts commercial operations

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

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

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

2006
Enters into an agreement with OM Switzerland (now Vifor) to manufacture & market selected products

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. merges 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

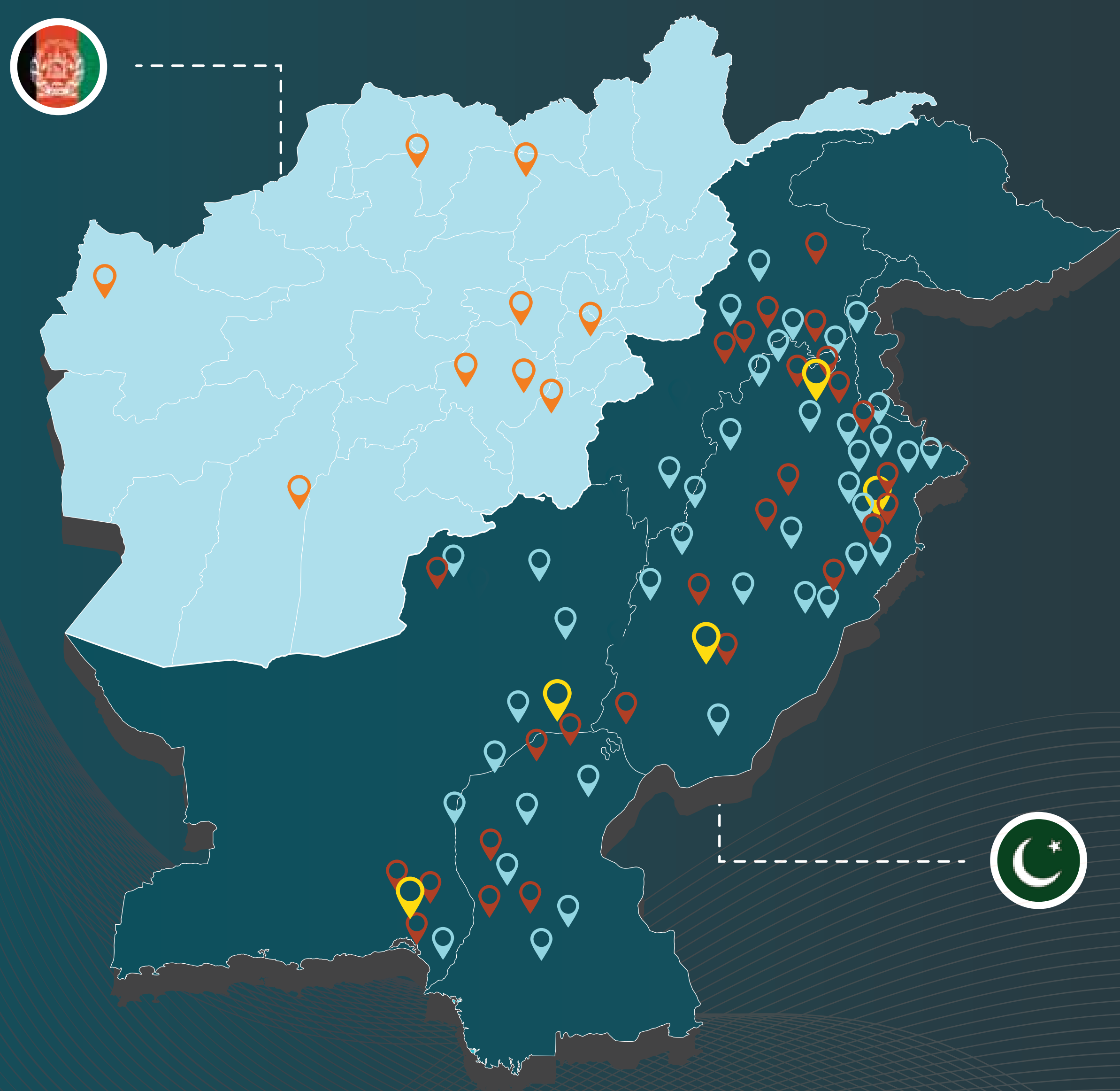
2021
Acquired 22 pharmaceutical brands from Sandoz Business Division

2022
Initiated the process to acquire 18 brands from Viatris Inc. commercialized in Pakistan under the brands previously owned by Pfizer Inc. The acquisition is currently under process.

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 has 71 depots nationwide with 900+ owned vans and 12 stockists.

In the international landscape, we have partnered with a renowned distributor 'Al-Haj Malem Khan Mangal' to distribute our product in 9 major cities of Afghanistan.



Smart Depot : 44 | Corporate Depot : 27 | Warehouse : 5

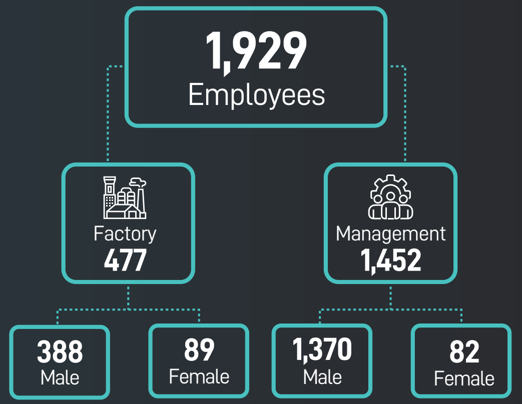
OUR
IMPACT TODAY

PRINCIPAL ACTIVITIES

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

NUMBER OF EMPLOYEES

AGP has 1,929 employees, including third party contractual staff, to support its business activities across its three manufacturing plants and head office. Appropriate disclosure of total and average number of employees has been made in note 41.1 of the financial statements.



POSITION WITHIN THE VALUE CHAIN

The detailed illustration of value creation business model on pages 67-68 portraying Company's activities to create value for its stakeholders, by employing its capital and 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 during the year ended December 31, 2022 as shown below:

FOREIGN CURRENCY SENSITIVITY ANALYSIS

Based on the Company's results in 2022, every 1% increase in exchange rate, with all other variables held constant, will impact Profit Before Tax for the year by PKR 4.0 million

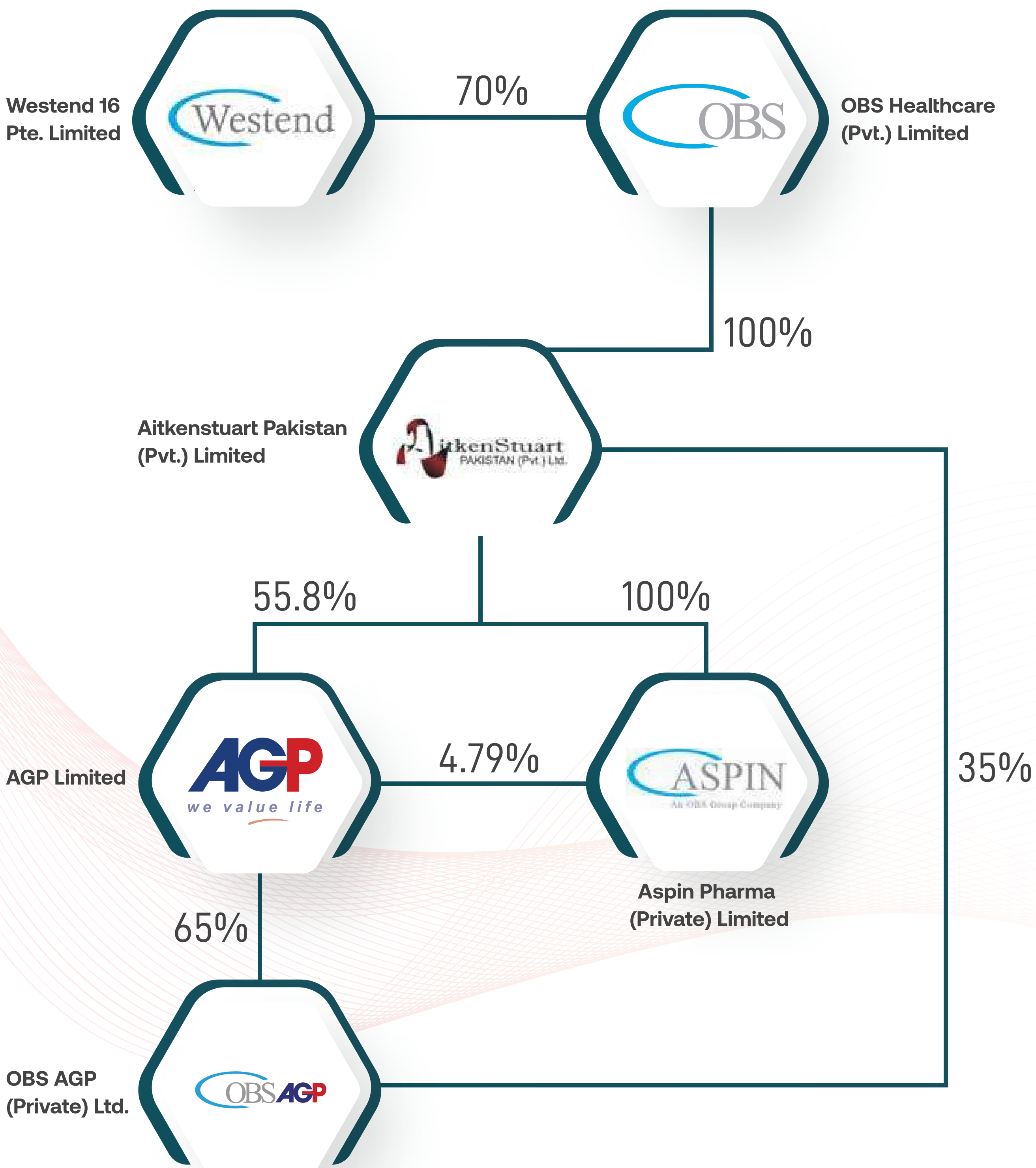
SIGNIFICANT CHANGES FROM PRIOR YEARS

Significant changes from 2021, have been appropriately disclosed in the relevant section in this report.

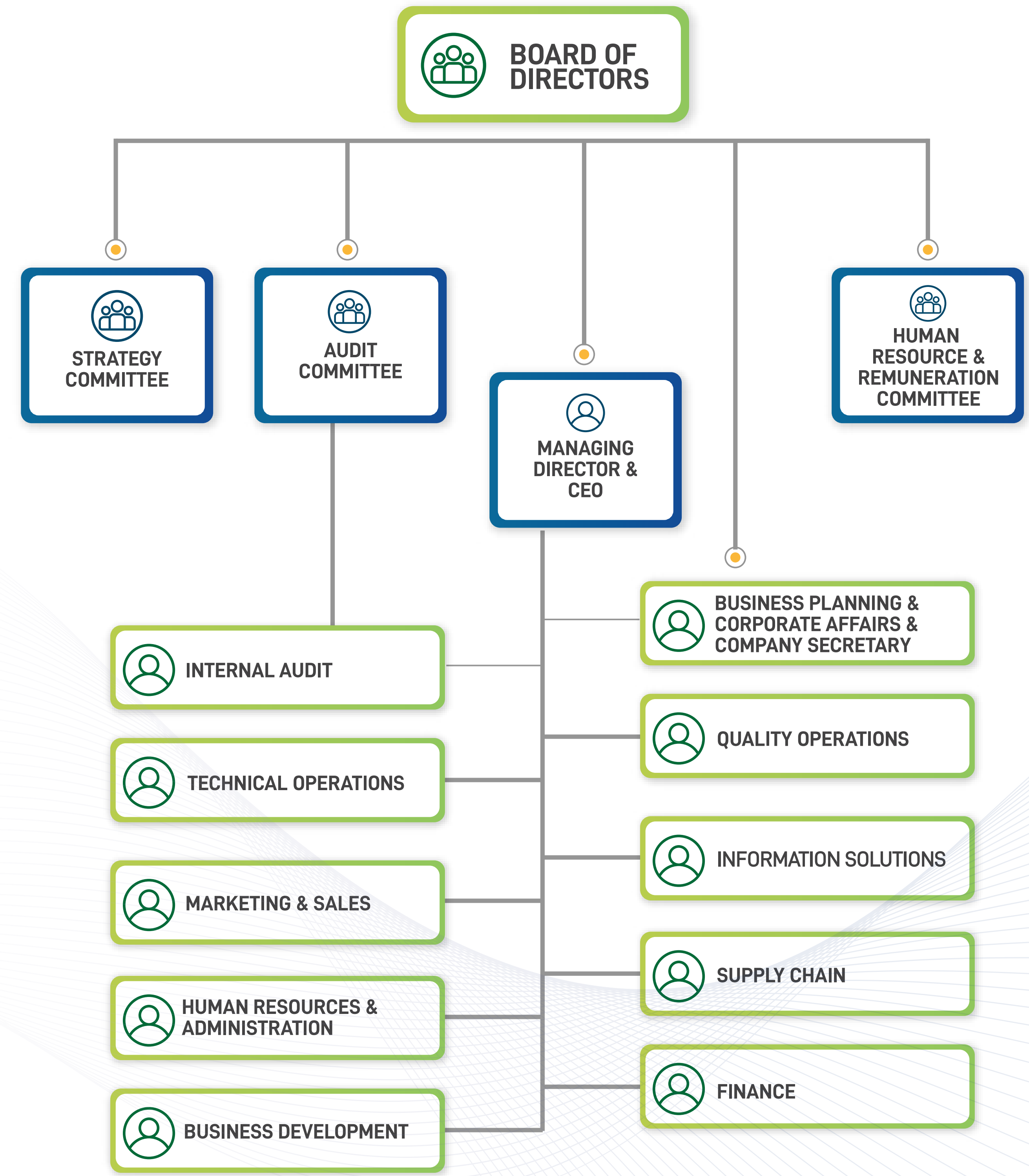
OUR
OPERATIONAL PERFORMANCE

PARTICULARS	PLANT 1 & HEAD OFFICE	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 (PKR in million)	10,981	2,400	383
Annual Production (No. of packs in million)	43.2	9.2	1.6
No. of SKUs Manufactured	116	19	10
Major Brands Manufactured (Name of brands)	Osnate, Rigix, Anfortan Plus, Chymoral Forte Tablet,	Ceclor, Keflex, Cinklare & M-Span	All - D Drop, Kosnate - D Plus Sachet, Cofif
Highest Manufactured Dosage form	Tablet	Drops	Drops
Highest Manufactured Dosage form (No. of packs in million)	14.6	2.4	0.7

GROUP STRUCTURE



ORGANIZATION STRUCTURE



OUR **SENIOR MANAGEMENT**

Left to right

- Mr. Junaid Aslam- Chief Financial Officer
- Mr. Maaz Ahmed- Deputy Director Business Development and NPD
- Mr. Junaid Jumani- Chief Human Resource Officer
- Mr Umair Mukhtar - Director Business Planning, Corporate Affairs & Company Secretary
- Mr. Sajid Qadeer - Head of Supply Chain
- Mr. Abdul Sattar - Deputy Director Information Solutions
- Dr. Omer Rafiq - Commercial Director

Left to right

- Mr. Tanveer Mustafa Qazi - Commercial Director
- Mr. Faizan Farid Khan - General Manager Production Operation
- Ms. Nusrat Munshi - Managing Director and CEO
- Mr Umair Muhammad Siddiq - Head of Internal Audit
- Mr. Syed Muhammad Imran - Director Quality Operations

P

Political

- Inconsistent regulatory policy regime
- Uncertain political and security environment
- Inadequate infrastructure for clinical trials
- Challenging geo-political environment
- Nation-building initiatives including healthcare programs and financial assistance measures

Organization's Response

- Working with industry stakeholders to retain continued interface with government and relevant regulatory bodies
- Localization and establishing alternative supplier sources to mitigate supply chain disruptions
- Capitalizing on healthcare and financial assistance measures
- Contributing to the Central Research Fund

E

Economic

- Exchange rate fluctuations that are unfavorable
- The country's hyperinflation inflation is increasing the cost of doing business
- The cost of debt is rising with increasing interest rates
- Soaring fuel and freight rates
- Levies of additional taxes and duties
- Supply chain disruptions, particularly cross border supplies

Organization's Response

- Yuan was substituted for dollar-denominated imports
- Financing secured at cheaper interest rates to finance feasible capital investment
- Timely price modifications in accordance with DRAP
- Carried out efficient tax planning and secured timely refunds
- Price locking and early procurement of certain Active Pharmaceutical Ingredients
- Maintaining optimal inventories to avoid stock out situation

S

Socio-Cultural

- Pharmaceutical use has increased as the geriatric population has grown
- Engagement with e-commerce platforms to make products more accessible
- Awareness about health-related topics is increasing
- Percentage of the population suffering from chronic illnesses is increasing.

Organization's Response

- Making a positive impact through targeted CSR programs.
- Collaboration with agencies that are actively involved in delivering medical help to the underprivileged class
- Emphasizing the high quality of our products
- Increasing health awareness through social media platforms and communication

T

Technological

- Rapid technological advances are rendering current technologies outdated
- Artificial intelligence, digital transformation, and machine learning are being utilized to revolutionize the pharmaceutical industry
- Inadequate technological research and development
- Cyber security threats are detrimental to businesses

Organization's Response

- Planning to move to SAP S/4 HANA which will boost performance and enables real-time data insights and an overall faster access to your entire data volume
- To digitalize its skills and operations, AGP created an MRep site
- Coordinating technological transfer with foreign corporate partners
- Continuous investment to upgrade technologies and infrastructure
- Spreading awareness of cyber threats and implementing tools to mitigate it with proper IT governance and oversight to senior management and Board Audit Committee

E

Environmental

- Pollution of the environment and massive pressure on natural resources
- The necessity to transition to green energy sources
- Natural calamities
- Impact of Business practices on the environment

Organization's Response

- Collaborated with the WWF and obtained green office certificate by engaging in ecologically friendly corporate practices
- Installed solar panels on all three plants to reduce our carbon emissions
- Initiating water conservation measures
- Waste disposal to Sindh Environmental Protection Act, 2014 (SEPA) approved vendors only
- Maintaining National Environmental Quality Standards (NEQS)

L

Legal

- Working in a highly regulated sector and requirements of DRAP are stringent
- Compliance with the Companies Act of 2017, the listed Companies (Code of Corporate Governance) Regulations 2019, Rule Book of Pakistan Stock Exchange Limited (PSX), and the Securities Act of 2015
- Taxes are levied by the Income Tax Ordinance of 2001, the Sales Tax of 1990, the Sindh Sales Tax on Services Act of 2011, and the Customs Act of 1969
- The country's application and security of intellectual property rights is inadequate

Organization's Response

- Filing hardship claims where margins are very thin
- Active lobbying with pharma trade associations to provide feedback in drug policy formulation
- Regulatory bodies and foreign business partners conduct detailed audit of technical operations
- Professional firms conduct extensive audits to ensure compliance with applicable laws and regulations
- Inculcated culture within the organization where non-compliance is not tolerated

SWOT ANALYSIS

STRENGTHS

- Diversified product portfolio catering to many major therapeutic areas
- Distribution through Muller & Phipps allows us a deeper reach nationwide
- Highly qualified human capital to move us forward with efficiency
- Strong corporate governance with an emphasis on product quality
- Operational excellence and economies of scale due to group structure
- Greater bargaining power over suppliers due to bulk buying
- Higher credit rating reflects strong financial management

WEAKNESSES

- High dependance on imported raw materials and ingredients
- International presence is limited
- High reliance on fewer products
- Lack of research, development, and innovation
- Cashflow challenges due to prevailing economic climate

OPPORTUNITIES

- Pakistan's predicted increase in per-capita spending on pharmaceutical items
- Growing population is more focused towards healthcare
- High margins in OTC and non-essential products
- Capitalizing on health care programs or schemes initiated by Government of Pakistan
- Synergizing on the success of acquisition transaction
- Gaining market share as cost of doing business is even higher with multinationals

THREATS

- Political unrest and economic instability
- Massive devaluation of local currency, rising interest rate, hyperinflation and additional tax levies
- Industry is heavily regulated and price controlled
- Failure to keep up with technological developments
- High likelihood of counterfeit products

COMPETITIVE **LANDSCAPE** **& MARKET** POSITIONING

AGP Limited has grown in leaps and bounds over the period of more than 3 decades. Our history demonstrates our strong commitment towards quality of products, standardization of processes, partnership with global pharmaceutical powerhouses and focus on governance with the aim to add value 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:

01 The Threat of New Entrants

The threat of new competition in the Pharma industry lies within the low to middle range of the competitive spectrum. The industry attracts new firms due to its high to moderate 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 items. 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 2022 report, seventy- seven (77) corporates are above one (1) billion with around ~95% market share in Pakistan Pharma industry due to their diversified portfolio, 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 local and international players in the market, AGP has been able to realize encouraging growth and financial performances.

02 Bargaining Power of Suppliers

AGP has diversified the options for sourcing raw materials to maintain the continuity of supplies and lessen the bargaining power of suppliers. There's an absence of high-quality active pharmaceutical ingredients in the local market. The stringent quality criteria, high supplier switching costs and a precarious geopolitical environment restricts the options for raw materials vendors to set up their units domestically.
For packaging materials like glass bottles, cartons used in developing drugs are readily available from different sources, the overall bargaining power of suppliers is less as the market is highly competitive.

03 Bargaining Power of Buyers

The 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, usefulness and ethical marketing. Institutional clients like clinics and organizations purchase in bulk and apply strains on Pharma companies to keep prices competitive. On the contrary, big Pharma companies have a huge bargaining power to set prices on their own terms in compliance with DRAP reforms, especially for medications for which manufacturers have monopoly.

04 Threat of Substitutes

In the prescription-based drug industry, the threat of substitute is relatively low due to the technical and undifferentiated characteristics of products in the market. There are very few alternatives for therapeutic drugs in the market. Mostly, these substitutes are of inferior quality and lack proper research. The AGP brand has 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 malafidely acts as substitutes for our products. To counter the problem of counterfeit products, AGP uses 2D bar codes on all its major products and insert unique designs into the packaging of core products to help customers distinguish our authentic products from counterfeits. Proper awareness campaigns and detailing are performed to educate the customers.

05 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. AGP's market share is constantly increasing by organic and inorganic growth.

EFFECT OF SEASONALITY

AGP Limited has presence almost in all major therapeutic categories operating in the country and presence 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.

LEGISLATIVE & REGULATORY ENVIRONMENT OF THE COMPANY

The legislative and regulatory environment in which AGP operates is complex and highly regulated. The primary governing body for the Company is the Drug Regulatory Authority of Pakistan (DRAP), which is responsible for regulating the import, manufacture, and sale of pharmaceutical products in the country. DRAP ensures that all pharmaceutical companies comply with the strict regulations and standards for quality, safety, and efficacy of drugs. The government has also established laws and regulations that govern pharmaceutical pricing, marketing, and distribution, and companies must adhere to these rules. The intellectual property laws in Pakistan protect patents and trademarks, providing a legal framework for companies to protect their innovations and prevent others from copying their products. Overall, the legislative and regulatory environment in Pakistan creates a challenging yet secure environment for pharmaceutical companies to operate in, ensuring the safety and efficacy of medicines and protecting the rights of innovators.

OUR TRUSTED PORTFOLIO

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

INTERNAL MEDICINE

Our portfolio of Internal Medicine constitutes of treatment options for a number of therapeutic areas, including the gastrointestinal system, respiratory illness, ophthalmic, dental health and pain management. Our flagship brand, Rigix holds major share of this wide range portfolio whereas few other promising brands are Chymoral Forte, Ceclor tablets and Macusheild.

GYNAECOLOGY

Gynae has always been the forte of AGP with products being the market leader in their respective therapeutic classes. Our Gynae portfolio consists of products belonging to rapidly growing & leading therapeutic classes, including Osnate-D is which is a top-selling calcium supplement, and Anafortan, a market leader in pain management. We are serving Gynaecology & Orthopedics with a vision to create value in concerned arenas to promise better and healthier lives.

PEDIATRICS

Our focus is to deliver high-quality and high-value products that extend and improve the lives of our upcoming generations. We are helping to treat 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.

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

ORTHOPEDIC

Dedicated to providing a solution for musculoskeletal system related illnesses, we at AGP have diversified in a new product category of orthopedic drugs. The orthopedic category consists of various of drugs with each medicine treating a distinct disorder, ailment or disease under the same category medical unit. All in all, our greater mission is to effectively and efficiently treat all musculoskeletal pains and diseases for a healthier future.

NUTRACEUTICAL

In our wide 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.

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 our portfolio consisting of four major neuro-medicines for treatment of cognitive and intellectual instability in the market.

MARKETING

AGP has a customer-centric approach which has resulted in a lasting impression on the minds of our consumers, with their needs being the cornerstone of our business philosophy. Our strong and recognizable brand identity, our ability to connect with patients through healthcare providers across multiple channels, a diverse range of products, and a vast network of influential opinion leaders, has enabled us to not only maintain our position but also adapt to the ever-changing landscape of the healthcare industry.

Rigix has achieved a remarkable feat in 2022 by surpassing the PKR 2 billion milestone in revenue and emerging as the top-selling antihistamine in Pakistan, with an impressive 58.7% market share in the rapidly expanding industry. Following in its footsteps, Osnate-D has also taken significant strides towards joining the prestigious PKR 1 billion sales club. We take immense pride in these accomplishments, and our unwavering commitment to provide our customers with top-notch healthcare products remains stronger than ever.

Multi-Channel Marketing

Our success and strength in the healthcare industry can be largely attributed to the development of ethical and informative marketing campaigns, both digital and in-person. In addition, we have implemented a comprehensive information system to keep healthcare providers updated on product availability, safety, efficacy, and utilization methods. Our HCP interaction application allows for interactive engagement with experts, enabling us to adapt to new ideas and remain at the forefront of the industry. These efforts demonstrate our commitment to the prosperity of our customers and the general health of society. Despite the devastating impact of floods in Pakistan, we managed to achieve an impressive domestic growth rate of 24% during the year.

We take great care in communicating brand value messages to healthcare professionals (HCPs) with a commitment to impartiality and ethical messaging. Our efforts to educate HCPs on product features and efficacy are complemented by numerous initiatives to promote active engagement, such as campaigns, academic programs, workshops, and training. Through these initiatives, we seek to maintain a high standard of ethical communication and ensure that our messaging is both informative and effective in meeting the needs of HCPs.

By keeping our primary goal of enhancing products' accessibility and visibility, we enhanced our trade marketing department this year. Perfect Stores Program was launched in 2021 post-trade team expansion. It has driven availability, visibility, and awareness, expanded from 3 Cities in 2021 to 14 Cities in 2022 with all large chains and availability of Must Have SKUs (90 SKUs out of 130+ active AGP SKUs) at Perfect Stores improved from 32% to 93%.

Educating our Consumers

Our diverse portfolio has allowed us to establish a strong market presence in Pakistan, serving a wide range of therapeutic classes. Our commitment to human well-being is reflected in several national awareness campaigns launched via face-to-face and digital channels, which engage healthcare professionals (HCPs) and educate clients and the public on the prevention and treatment of various diseases. To ensure a deeper understanding of our brand and its advantages, we established Rigix care academy which executed 400 programs in wards emphasizing on the role of Rigix in controlling allergy including a Rigix safety campaign. AGP invited 1st Foreign Speaker Program on the role of Calcium Dobesilate in the Management of Chronic Venous Diseases (CVeDs).

In addition, we conducted informational sessions on probiotics, gut health, childcare, and mental health via significant social media platforms and arranged hands-on workshops with top medical professionals. Monthly pharmacist education programs were introduced to enable a sustainable healthcare workforce and enhance in-store recommendations for AGP products.
Gyne super league (GSL), a series of academic digital contests in Gyne Segment was held in teaching hospitals across Pakistan and engaged 20 potential Gyne wards encompassing 500+ Gynae doctors.

AGP continued the radio program "Natural Calcium ki Baat Khawateen ky sath" with the participation of 13 eminent gynaecologists from around Pakistan. In collaboration with Ziauddin, a mobile application was introduced to conduct emergency obstetric and neonatal care [EMONC] workshops for gynecologists.
The introduction of AGP's Cardiometabolic segment to renowned diabetes and cardiac societies of Pakistan led to the Corporate Memberships of the Pakistan Endocrine Society, Primary Care Diabetes Association, and Pakistan Hypertension League. We ensured the availability of the entire range on e-commerce platforms along with banners and branding for H&OTC Brands.

Expanding our Horizon

In 2022, AGP demonstrated its commitment in developing customer-driven, inclusive, and sustainable health solutions by introducing five new products. Our dedication to offering a wide range of diverse healthcare solutions also ensures stability for our investors. To meet the rising demands of the business, we have increased our sales and marketing staff. These efforts have resulted in the establishment of great brand equity, particularly for our top products. AGP remains focused on delivering healthcare solutions that address the evolving needs of our customers while maintaining our commitment to quality and ethical standards.

TECHNICAL OPERATIONS

AGP is committed to providing high-quality healthcare products, the production of which adheres to Good Manufacturing Practices (cGMP). We continuously strive to improve our quality system and invest in advanced manufacturing facilities, offer competitive pricing, prioritize production planning, and sustainability with zero tolerance for accidents, defects, and waste.

Production

We have two state-of-the-art pharmaceutical production facilities that are cGMP compliant and a nutraceutical plant that is US FDA approved. To ensure a continuous process of growth, learning, and eventually, value addition across the entire organization, a common platform is created for employees from all three sites, open for sharing successes, challenges, and training among each other.

Plant-1

Plant-1 is our largest manufacturing facility, located in Karachi's SITE Area. Spanning over 2.8 acres, it is outfitted to manufacture a wide range of dosage forms, including tablets, capsules, syrups, suspensions, sachets, liquid parenteral, ampoules, and semi-solids preparation.

Due in part to upgrading our current manufacturing facilities and optimizing our production capacity, we increased our production capacity by 22%, which stood at 43.2 million packs in 2022 compared to 35.4 million in the previous year. This included production of prominent brands like Rigix, Osnate, Anafortan, Urso, and Chymarol Forte, as well as new product offerings such as Daplazole and Truglif.

A state-of-the-art microbiology lab has also been set up at Plant I. This facility abides by the advanced Good Laboratory Practices (GLP) and WHO standards. It contains dedicated sterility suites for antibiotic and non-antibiotic testing.

AGP recently made strategic investments in its manufacturing facilities to expand its market share for the Azomax suspension range, which is the main brand of our subsidiary, OBS AGP. This included the construction of a new dry powder suspension facility and a finished goods quarantine area with a 432 pallet capacity to accommodate the increased demand for our products. In addition, AGP is currently in the process of revamping its granulation area, pending relevant approvals.

Plant-2

Situated close to Plant-1 and spanning 1.25 acres lies our Cephalosporin Production Plant. It manufactured 9.2 million packs during the year, majorly comprising of renowned brands, such as Ceclor, Keflex, and Cinklare, which were produced in strict conformity with cGMP.

Plant-3

Located on Karachi's Superhighway is our innovative and state of the art nutraceutical plant. It manufactured 1.6 million packs in 2022, with production of major brands, including All – D, Coffif, and Kosnate-D.

Sustainability, Health, and Protection

We believe ensuring the safety and health of our workforce is crucial for employee well-being and business productivity. By being aware, attentive, adopting appropriate practices, and utilizing suitable tools, we

have identified and addressed gaps in health and safety across all levels of risk. We ensure machine safety, which enables us in providing safe working environment to our employees. We firmly believe that improving the health of our employees is the first step in achieving our ambition of improving overall human health.
To minimize environmental impact, AGP has designed detailed policies, corporate practices, and processes. Environmental concerns are addressed in all areas of activities according to the guidelines recommended by WHO (World Health Organization). To lower the pollutant load of our wastewater and fulfill all regulatory wastewater discharge criteria, we use an Effluent Treatment Plant (ETP) that manages pollution within our wastewater to comply with Sindh Environmental Protection Agency (SEPA) regulations.

Quality Assurance

To ensure that the Company's procedures correspond to quality control standards and foster a culture which ensures quality control, several trainings of employees are conducted throughout the year. The Company has a practice of adopting technology that provides greater quality assurance to the Company. Some of the technologies being used by the Companies are as follows:

• MATTERSIZE 3000 is being used for size determination.
• Data integrity is maintained via cloud storage for internal backup and bulk hold duration investigations.
• Cleaning validation is done for quality cross-checks.
• A filter integrity tester is used to confirm the sterile filter's automated operation.

The main function of our quality team is to ensure that all legal and ISO requirements are satisfied. We are honoured to be ISO 14001 and ISO 45001 certified by IMS, as well as ISO 9001 certified by an outsourcing auditor, and these certifications allow us to focus on identifying risks in production, machines, and processes to ensure the smooth processing of the operations. In addition, we were also made FDA-21 CFR compliant after introducing improved dissolution and melting point apparatus.

Through quality assurance certifications, adherence to environmentally friendly practices, technology inclusion, and enhancements to staff wellness and safety, we intend to strengthen our technical operations in the future. Our quality culture is embedded in everything we do and serves as our competitive edge. We pledge to provide simple access to safe, effective, and high-quality products that are created, stored, and marketed in line with regulatory standards and Company values.

Engineering

The Engineering department undertakes a thorough review of all operations and projects to ensure production optimization and compliance with cGMP standards, while maintaining excellent team cohesion and creativity throughout their work. During the year, the team has successfully revamped the layout of HVAC systems and identified gaps in FGQ HVAC and proposed solutions. Engineering department is responsible for expansion of plant and head office projects. Through such activities, the Engineering team demonstrates its commitment to excellence, their ability to drive positive change and bring advancements within the organization.

Regulatory Affairs

The Regulatory Affairs department plays a pivotal role in ensuring compliance with all applicable laws and regulations related to drug development, manufacturing, and marketing. It is responsible for preparing and submitting regulatory applications, interacting with Drug Regulatory Authority of Pakistan (DRAP) along with other regulatory agencies, and developing regulatory strategies for product development, price change and compliance.

Team works closely with other departments within the organization to ensure that all products are safe and effective for patients. They monitor and respond to changes in regulations to ensure that our products comply with all applicable laws and regulations, such as Good Manufacturing Practice (cGMP) regulations and labeling requirements.

Business Development and New Product Development

Our department for Business Development and New Product Development is fully committed to the growth and improvement of our product pipeline, maintaining high quality standards mandated by DRAP and other regulatory authorities. Our dedication to global quality benchmarks is unyielding, and we persistently strive to launch new products with meticulous attention to documentation, specification, process validation, and optimization, in close collaboration with all relevant departments. With deep insight in patient care, our research and development team enable us to manufacture a range of complex generics and drug delivery-based formulations. Our record speaks for itself, as we have successfully introduced five new products, and our subsidiary OBS AGP has also added four innovative products to its product pipeline.

Exploring External Opportunities

AGP recognizes the importance of exploring international opportunities for export to expand our markets and increase revenue. With a focus on Africa and Asia, AGP is targeting regions with promising growth potential due to their growing populations and increasing demand for healthcare products and services.

However, expanding into these regions also presents unique challenges such as navigating regulatory environments and cultural differences. AGP is working with full force to address these challenges, conducting thorough market research, and developing tailored strategies to meet the specific needs of each region.

Through these efforts, AGP is well-positioned to tap into new markets and drive growth, while also contributing to improve healthcare outcomes in the regions we serve.

SUPPLY CHAIN

Ensuring effective supply chain management is pivotal in making the Company's products readily available to patients, healthcare providers, and other stakeholders, ultimately contributing to the organization's success.

Despite the challenges posed by the political and economic instability in 2022, our supply chain department remained resolute in its commitment to deliver efficient and effective supply chain management. The department proactively navigated the challenges of the year by implementing robust internal controls, integrating functions, coordinating processes, managing resources efficiently, and mitigating risks. Additionally, the team developed alternative sourcing strategies to ensure the availability of raw materials and maintain a cost-effective supply chain, thus enabling us to meet the demands of our stakeholders.

Flow of Materials

The smooth and efficient flow of goods to customers is a crucial aspect of AGP's operations, and this is managed by the diligent efforts of our supply chain department. This team oversees critical aspects of the supply chain process, including procurement, logistics, inventory management, and distribution, and collaborates closely with other departments to ensure that products meet the highest quality standards and comply with all relevant regulations. Their commitment to delivering products on time and in the right condition is essential to maintaining our reputation for excellence in the industry.

Efficient collaboration between the supply chain and production teams is essential to ensure timely manufacturing with necessary resources. The supply chain team plays a crucial role in managing inventory levels and ensuring quality assurance, enabling products to be delivered to the market in an efficient, cost-effective, and high-quality manner.

Efficient Material Handling

Efficient cost management and timely material handling are core functions of our supply chain department. Our procurement team has successfully developed new sources of material, previously monopolized, to maintain competitive pricing. We also transitioned some products from imports to local sources to increase stability in foreign currency fluctuations and transportation obstacles. Even during the peak of the container shortage crisis, we ensured the availability of materials without any disruptions. To avoid delays and overpricing, we switched to FOB shipment mode, where we booked our forwarder and managed logistics from our end as per the need of the hour. These actions demonstrate our commitment to efficient and effective supply chain management.

Productive Cost Management

The supply chain department manages a complex network of suppliers, contract manufacturers, distributors, and other partners, as well as a range of internal processes, such as demand planning and production scheduling. It is also responsible for ensuring that the company's operations are efficient, and for identifying opportunities to improve its performance.

INFORMATION SOLUTIONS

In 2022, our IS department has continued to build upon their impressive track record by achieving significant technological advancements in both their internal operations and external engagements. Their innovative use of automation and enhanced services have not only resulted in highly efficient processes but have also elevated the quality of our processes.

Recognizing the crucial role that data plays in fortifying management systems, we embarked on a migration journey from Lotus Notes to Microsoft Office 365. We have reaped substantial benefits such as improved collaboration, heightened productivity, advanced security and compliance measures, reduced IT expenses, and an overall enhanced user experience. With this migration, our data has become easily accessible, while the costs associated with data storage have been greatly reduced.

We successfully implemented the Shimadzu's LabSolutions CS CFR 21-part 11 compliant system for Quality Labs that provides complete data management to ensure secure information in networked labs. LabSolutions CS offers a user-friendly interface with customizable options for data analysis and report generation. It also includes features such as automated peak detection and integration, data validation, and audit trail functionality to ensure data integrity and regulatory compliance.

IS has successfully integrated Moodle LMS into our learning environment, leveraging the world's most customizable and trusted open-source learning management system. Developed through collaboration with Moodle's global community, this learning management system empowers our HR to create online learning environments that are flexible, safe, accessible, and highly engaging.

IS has streamlined its recruitment process by adopting FlowHCM On-Line Recruitment Application, enabling us to attract and hire highly talented individuals in a convenient and efficient manner. This has also proved to be highly beneficial for job seekers who can now easily search for and apply to job opportunities. In addition, IS has successfully implemented a Document Management System (DMS) software for document digitization. The scanning and digitization of documents have been securely stored in an easily accessible digital repository hosted on our local server, resulting in a safer and more efficient data processing system.

AGP has signed for the licenses of SAP S/4HANA cloud-based version RISE and SAP system migration from an older ECC 6.0 version in 2023. RISE with SAP is a Business Transformation as a Service (BTaaS) product that focuses on shifting customers into the SAP cloud product infrastructure. It is used in step-by-step acceleration of digital transformation, including evaluating current processes and optimizing them for updated cloud-based infrastructure.

These initiatives are indicative of our commitment to embracing technology to enhance our business operations, while prioritizing security, accessibility, and convenience for all stakeholders involved.

HR MANAGEMENT

AGP firmly believes that its success is driven by its people. Therefore, we place great emphasis on empowering and nurturing our human capital. We provide them with opportunities to enhance their skills, increase their engagement, and align their personal goals with the organization's objectives. By investing in our employees, we strive to create a culture of growth, development, and excellence, which not only benefits our organization but also promotes the personal and professional growth of our employees.

- **08** NEW FEMALE INDUCTEES
- **14** MANAGEMENT TRAINEES HIRED
- **1,860** AVERAGE NUMBER OF EMPLOYEES
- **30** NUMBER OF TRAININGS CONDUCTED
- **26** INTERNS HIRED
- **171** TOTAL FEMALE EMPLOYEES
- **04** DIFFERENTLY ABLED PERSON INDUCTED
- **477** TOTAL SKILLED FACTORY WORKERS

Attracting Promising and Professional Talent

AGP is an unbiased employer that places a high value on diversity and is dedicated to continuously searching for and developing strong leaders. Our company hires experienced professionals and actively participates in recruitment drives and employment fairs to attract new talent through our Management Trainee Officer (MTO) program. Additionally, our HR department leverages social media and other digital platforms, such as LinkedIn, to attract both experienced and new candidates. We strongly believe that a diverse and skilled workforce is essential to our success, and we remain committed to creating a culture that fosters growth, development, and inclusivity.

At our organization, we have implemented a well-organized recruiting procedure to ensure a consistent and fair experience for all candidates. Our recruitment process is streamlined and digitized using our recruitment software, Flow HRM, which promotes transparency and accountability.

We provide our employees with ample opportunities for career advancement and have established a comprehensive professional development framework to support their growth. Our annual appraisal system enables employees to evaluate their individual and team performance and provides a clear roadmap for their career progression based on their knowledge, skills, and experience.

We also maintain a well-defined talent management structure to create a sustainable and healthy talent pool. This includes identifying and developing high-potential employees including succession planning, as well as offering training and mentorship programs to support their professional growth. Our focus on talent management ensures that we have a skilled and diverse workforce that can drive the organization forward. Overall, we are committed to creating a supportive and rewarding work environment that enables our employees to reach their full potential.

Nurturing Our Culture

In 2022, we remain committed to fostering a welcoming and forward-thinking environment for our employees. We encourage our staff to learn, grow, build, and explore by providing them with a range of engagement opportunities.

We organize annual events to promote cross-functional interaction and foster a collaborative atmosphere. These events provide employees with a chance to network with colleagues from different departments, share ideas, and build lasting relationships. Additionally, we frequently recognize and celebrate our employees' accomplishments to motivate them to keep adding value to the business.

An All-Inclusive Environment

We are proud to have received eight awards from HR Metrics at the "Global Diversity, Equity & Inclusion Benchmarks 2022" in recognition of our unwavering commitment to diversity and inclusion. At our organization, we believe in providing equal treatment and opportunities to all employees, regardless of their gender, religion, culture, or age. This includes ensuring equality in pay, access to promotions and career advancements, representation in leadership positions, access to benefits and resources, and opportunities for professional development. It enhances employee morale, leads to better decision-making, and results in a more productive and efficient workplace.

We are committed to continuing our efforts to foster a culture of diversity and inclusion, and we believe that this is key to our long-term success.

Training and Education

At AGP, we believe that employee training is critical for improving performance, boosting efficiency, and preparing our staff for new roles and responsibilities. We offer a variety of training opportunities, including on-the-job training, seminars, courses, and e-learning, to ensure that our employees have the skills, knowledge, and information they need to succeed.

Our primary goal is to enhance job quality, eliminate mistakes and accidents, and promote professional growth. We view employee training as an investment in both our employees and our organization's future. As such, we prioritize human capital over all other assets and are committed to providing our employees with customized training plans through our well-integrated Learning Management System (LMS).

We will continue to provide our employees with the tools and resources they need to consistently upskill, reskill, and perform above their current level of competency.

FINANCE

The finance department is driven by a commitment to strong ethical principles, which includes prioritizing the maximization of shareholder value and protecting the best interests of the organization and all its stakeholders. We constantly monitor both short-term and long-term trends to ensure optimal profitability, while also taking responsibility for our impact on the environment and upholding the highest professional standards.

The finance department is a crucial component of our organization, providing support from basic bookkeeping to assisting in strategic decision-making. It plays a vital role in making financial decisions for both internal and external affairs, as well as for the future direction of the company through advanced budgeting and forecasting techniques. We identify, appraise, and outline potential future risks, and most importantly, we mitigate them. Our operations follow a strong internal framework that has been approved by the Board.

Collaboration between departments is vital for achieving a shared vision, making informed decisions, and improving coordination. With this in mind, we collaborate closely with our business units to provide strategic guidance and efficient resource allocation methods to reduce unnecessary costs.

To guarantee transparency, relevance to stakeholders, financial performance, and ethical practices, we adhere to strict guidelines from IFRS, ICAP, and ICMAP. Our commitment to these standards has been recognized through the 1st position in the pharmaceutical category of the best corporate report award 2021 by the Institute of Chartered Accountants (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). This accolade is a testament to our unwavering adherence to the highest accounting and reporting standards in Pakistan.

By embracing digital transformation, we leverage a range of tools not only to streamline our financial operations, but also to conduct comprehensive analyses that inform our overall strategic direction.

BUSINESS PLANNING AND CORPORATE AFFAIRS

The Business Planning and Corporate Affairs (BP & CA) department work towards the effective delivery of strategic governance, legal and statutory compliance, record management and public/government relations of the organization. It acts as a strategic liaison between the Board and management and ensure that directions from the Board are properly and duly implemented and relevant and required information is presented to the Board for efficient decision making.

Governance

The department is dedicated to upholding ethical principles and ensuring that as a listed entity, the Company operates within a framework of strict regulations and mandatory rules. The department is responsible for ensuring that the Company complies with all relevant requirements of the Companies Act, 2017, Securities Act 2105, the Code of Corporate Governance (CoCG) and other applicable regulations. Furthermore, the department is tasked with ensuring that the Board adheres to all pertinent rules and regulations and proposes effective solutions in relation to legal, corporate and commercial matters. Under the guidance of the Company Secretary, the department prepares study materials containing precise and relevant information to be presented to the Board during their respective quarterly and annual meetings and other meetings convened to deal with special or urgent agenda items.

In essence, the department serves as a crucial pillar of the Company's corporate governance framework, ensuring that it operates with integrity and in accordance with strategic vision set by Board of Directors under the umbrella of relevant laws and regulations and best corporate practices.

Special Projects

The department undertakes a wide range of special projects, spanning from acquisition to expansion projects. The head of the department works as a project lead in close coordination with CEO and Group Director New Ventures and actively liaise with other departments for successful separation and integration of mergers and acquisition transactions. Conducting financial and legal due diligences along with advisors and lawyers and preparing a business plan with the relevant departments are some of the crucial duties of the department in this strategic sphere. Notably, the department played a pivotal role in the latest acquisition of the Sandoz Portfolio and is actively involved in the undergoing acquisition of Viatris portfolio.

Corporate Affairs

Additionally, the department is vested with the responsibility for managing all Corporate Social Responsibility (CSR) related activities , investing in initiatives that serve to cultivate the image of the Company as a socially responsible and sustainable enterprise and improve its brand image.

The department also assumes responsibility of the maintaining up to date website with all the required content uploaded timely, correctly and accurately. The responsibility extends to include handling and management of social media platforms to disseminate corporate related posts and events to the relevant stakeholders and customers.

OBS AGP
KEY HIGHLIGHTS

OBS AGP witnessed an exceptional year with impressive growth in revenue which reached PKR 4.6 billion. This growth was a result of a strategy to penetrate into new markets and capture market share of competitors.

During the year, new teams were formed to increase the share-of-voice and to strengthen the portfolio. This strategy propelled sales of almost all products especially Azomax, the star brand of the Company, which is now ranked amongst the largest pharmaceutical brands in Pakistan with sales of over PKR 3 billion.

The Company continues to focus on its key segments. A dedicated women's healthcare team was also launched and new products were launched to diversify the sales mix and reduce concentration risk. The new launces included oncology drugs, anti-infectives and women healthcare products.

OBS AGP strives to continue its growth momentum by focusing on products with high growth potential, launching new products to complement the existing portfolio and further enhancing its outreach across Pakistan.

OBS AGP witnessed tremendous growth in 2022 which contributed significantly towards AGP's consolidated revenues. Majority of the brands gained market share with Azomax now ranked amongst the PKR 3 billion brands.

Pakistan's macroeconomic environment brought new challenges in the form of high inflation, rising interest rates, currency devaluation, rising energy prices etc. Although these factors increased the cost of doing business, the Company was still able to grow and generate net earnings of PKR 385.23 million.

OBS AGP will keep working towards sustainable growth by utilizing the company's resources and leveraging the brand value of the portfolio acquired from Sandoz. The Company is pursuing active marketing strategies and building on its human resource capacity to revive certain products that were not being promoted before the acquisition. In order to follow an ambitious growth strategy, we seek to increase our capacity through a continual process of strengthening the knowledge, competencies, systems, and resources that would enable the organization to adapt, prosper, and sustainably grow in a rapidly evolving business environment. The Company anticipates that these actions will result in further growth and improved financial performance.

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

OUR **PEOPLE** OUR **PRIDE**





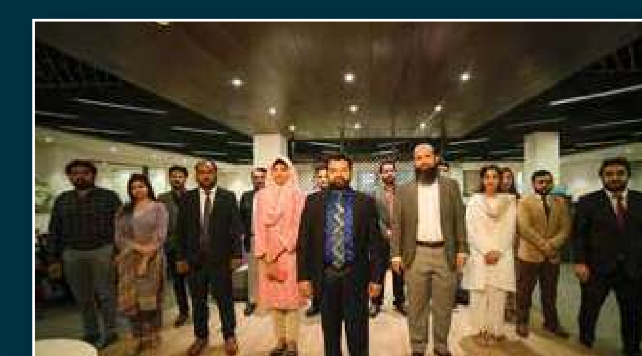












AWARDS AND ACHIEVEMENTS

AGP's Annual Report 2021 secured **1st position** within the pharmaceutical sector in Best Corporate Report Awards competition conducted by the joint committee of ICAP and ICMAP.

Best Corporate Report Award

AGP participated in Global Diversity and Inclusion Benchmarks (GDIB) Conference and Awards 2021 for the third time in a row and made its impression by winning awards in 8 different categories:

Global Diversity and Inclusion Benchmarks Award

01 DEI Structure and Implementation
02 Recruitment
03 Advancement and Retention
04 Work-Life Integration, Flexibility, & Benefits
05 DEI Communications
06 DEI Learning and Development
07 Community, Government Relations & Philanthropy
08 Services & Products Development

AGP got recognized amongst "Top 10 Pharmaceuticals in Asia" by Asia Business Outlook Magazine.

Recognition by International Magazine

ISO Certifications

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

ISO 14001-2015
Implementation of sustainable Environmental Management System

ISO 45001-2018
Occupational Health and Safety Management System

cGMP Certification

Both pharmaceutical plants of AGP are certified to comply with Current Good Manufacturing Practices (cGMP) as per the Drugs Act,1976 and the related Rules.

US FDA Certification

Obtained the US FDA certification of Registration of our Nutraceutical plant.

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 obtained the Green Office Certification for the 2nd year consecutively, an Environmental Management Plan of WWF, to ensure sustainable practices in head office to conserve energy, water, and waste.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

AGP is fully committed to uphold its core values of safeguarding and enhancing the value of lives. To achieve this objective, we work closely with reputed stakeholders and well-established communities by implementing a robust sustainability framework that prioritizes the creation of shared value across social, environmental, and economic dimensions. Our overarching aim is to fully embed sustainability in our day-to-day operations by promoting social well-being, adopting environmentally friendly business practices, and fostering a conducive work culture. AGP has demonstrated exemplary commitment to the betterment of society through various measures.

STRONG COMMUNITIES,BRIGHTER FUTURE:

AGP's steadfast determination and tireless perseverance has led to the successful implementation of multiple initiatives throughout the year. These measures are geared towards significantly improving the social and economic well-being of the community. Highlights of some of these initiatives are presented below:

01

Last Pinktober in the month of October, we gathered with our customers to raise awareness about Breast Cancer. The AGP family united to conduct a three-day awareness session on breast cancer, aimed at educating women on how to detect symptoms and take the appropriate measures for a successful cure.

02

As part of our commitment to promoting the health and well-being of society, AGP organized an Allergy Awareness Program at Pak Turk Maarif International School. This initiative was aimed at educating staff members on how to safeguard their students from potentially severe allergies.

03

We continued our collaboration with Ayesha Chundrigar Foundation (ACF) to aid their TNVR program (Trap, Neuter, Vaccinate, Release/Relocate) for the mass vaccination and neutering of stray dogs.

04

AGP collaborated with Cedar College, one of Karachi's leading educational institution, to provide aid and support flood victims who were in urgent need of assistance and resources.

Using the latest trends in digitalization and social media, AGP launched several awareness campaigns on the prevention and treatment of prevalent health conditions. Dr. Yusuf Kamal led an educational workshop on Diabetes Awareness, with a theme centered around "Education to Protect Tomorrow." Additionally, to promote the message of "Love Your Eyes," AGP marked World Sight Day by organizing a highly informative and engaging session, led by renowned expert Professor Dr. Saeed Iqbal, which included free eye testing for all workers.

AGP on a Mission: "Empowering Communities Through Education!"

AGP is dedicated to entrenching success of the society through education and development. In this regard, we actively collaborate with renowned non-profit organizations to empower children and facilitate their moral, spiritual, and intellectual growth by providing them with access to excellent education. The Company takes immense pride in working in partnership and remains steadfast in its resolve to support the education of underprivileged students.

01

AGP has taken the responsibility of supporting a school with 200 students in Jacobabad, run by The Citizens Foundation (TCF). AGP is delighted to partner with an organization like TCF to help fulfill in their mission of providing quality education throughout the country.

02

AGP and the Sharmeen Khan Memorial Foundation (SKMF) have joined hands to provide 100 students with high-quality education. SKMF is committed to helping underprivileged children by ensuring they receive excellent education.

03

The Company maintains its partnership with IBA Karachi to sponsor the undergraduate education of deserving students. The sponsorship will provide financial aid each year to support the selected students' academic pursuits.

NATURE FIRST, FOREVER

At AGP, we recognize the utmost importance of safeguarding the environment and have collaborated with the WorldWide Fund for Nature (WWF), a renowned sustainability expert, and obtained the Green Office Certification for the second consecutive year. This certification signifies our dedication to environmental sustainability. AGP has implemented the Environmental Management Plan (EMP) at the head Office to reduce carbon emissions and minimize ecological footprint. This initiative has yielded numerous benefits, including cost savings, reduced waste production, improved procurement practices, and a workforce that is more environmentally conscious.

In alignment with AGP's commitment to preserving the environment, all our manufacturing facilities adhere to the National Environmental Quality Standards (NEQs). Moreover, to attain sustainability and long-term growth, the Company is tirelessly working to refine its energy and resource consumption through the following steps:

- Solar power systems are operating at all 3 of our production facilities and provide ~ 13% of our energy needs and reduce our carbon footprint on the environment
- Conducted training sessions for all cadres of the management on the "Green House Program" at AGP's premises
- Effluent water treatment plant is being installed for proper water disposal that is compliant with Sindh Environment Protection Agency (SEPA)

AGP also celebrated World Ocean Day by undertaking a beach cleaning drive and commemorated Earth Day to provide awareness to its employees for a greener and more sustainable planet. We pledge to continue working towards sustainable development by taking conservative actions to protect water bodies.

Consumer Protection and Safety

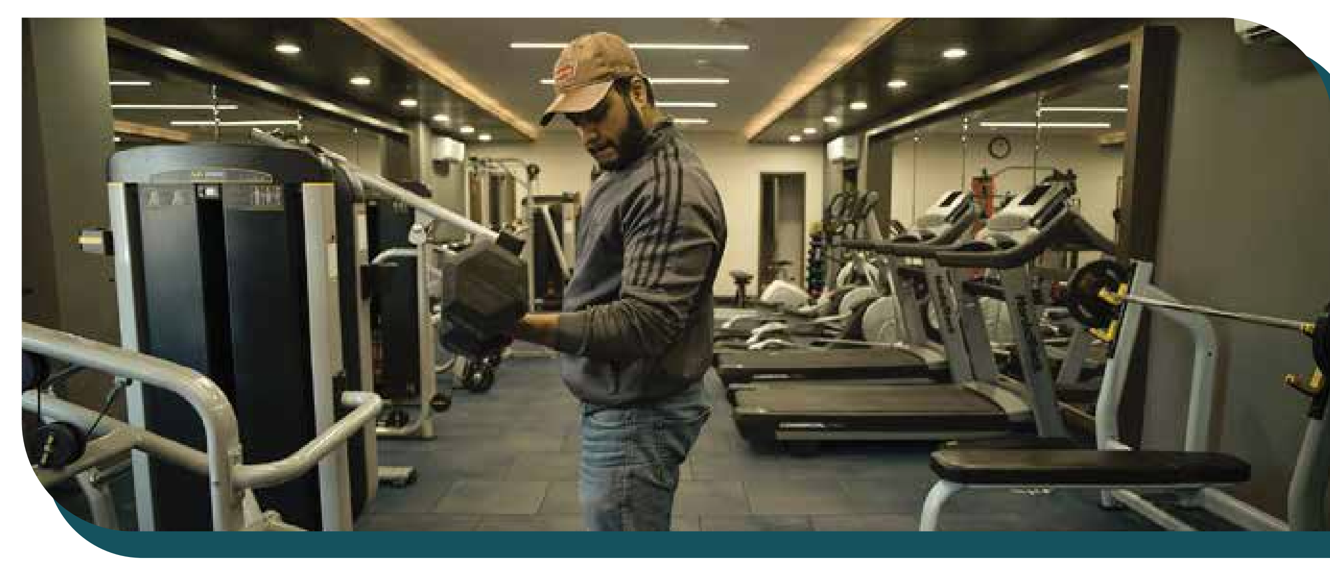
AGP places the utmost importance on consumer protection and safety, recognizing the critical nature of the pharmaceutical industry. To this end, the organization has implemented rigorous measures to guarantee safety and prevent counterfeit purchases. These measures include incorporating unique design elements into the packaging of core brands and introducing 2D bar codes on all products manufactured by AGP.

Promoting Health and Safety in Work

AGP places the highest priority on the health and well-being of our employees, and we are constantly striving to create and uphold a safe and conducive work environment for our invaluable human resources.

To promote the health and well-being of our employees and boost their motivation and engagement, we have made it our mission at our firm to cultivate a culture of health and wellness. With the fast-paced nature of modern work environment, unhealthy habits such as eating on-the-go and consuming sugary snacks and drinks have become commonplace, which can lead to negative impacts on the colleagues' health and productivity. To tackle this issue, we have partnered with Nutrilov to offer quick and nutritious snacking options that our employees can enjoy at work, allowing them to make healthier choices and improve their overall well-being.

A gym was inaugurated in 2022 to promote employee health and well-being, leading to improved mental and physical health. It improved employees' morale and served as a



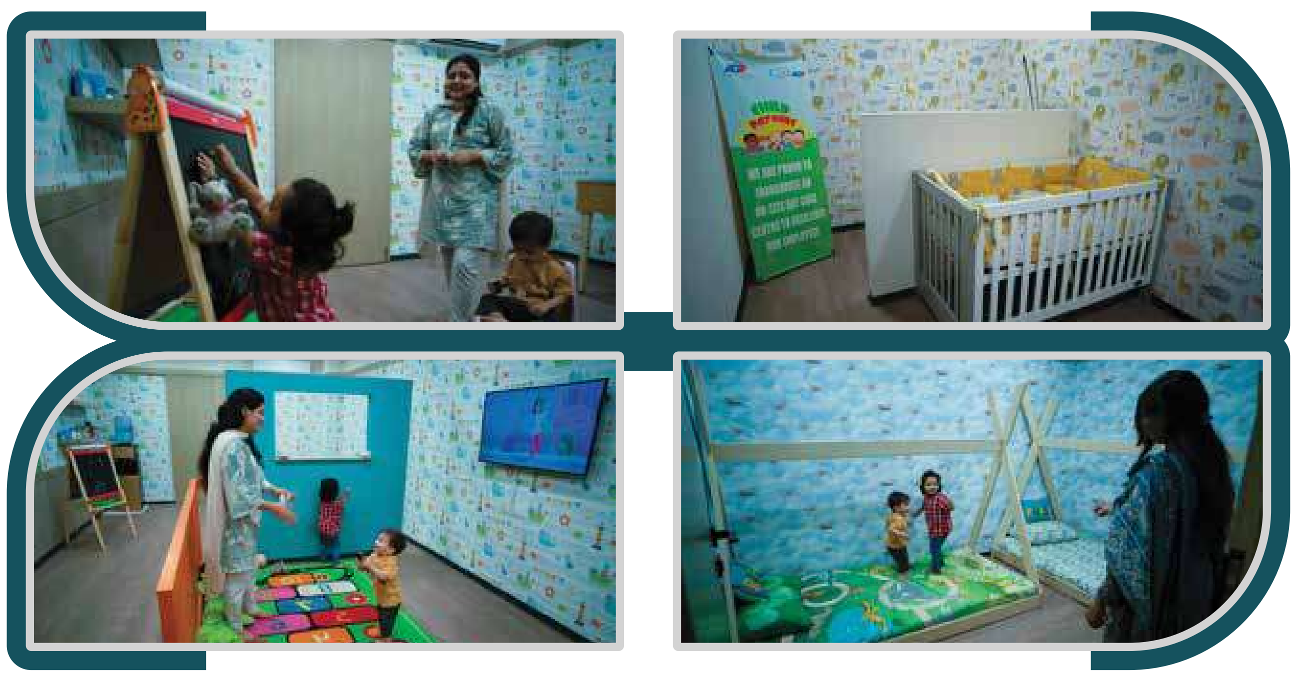
way for employees to socialize and build close relationships with colleagues at work.

AGP ensures safety of our employees, and we take all necessary steps to maintain the standards. The organization conducts regular factory machines maintenance and training sessions to safeguard the well-being of our employees by promoting health and safety awareness and minimizing future risks and accidents. Additionally, to prepare our personnel for unforeseen accidents and natural disasters, AGP conducts regular emergency response drills and fire risk assessments to ensure our preparedness and readiness in any foreseen event.

Encouraging Gender Diversity & Inclusion

In our pursuit of excellence, AGP strives to foster a work environment that promotes diversity, equity, and inclusion all around the Company. We firmly believe that our employees' diverse backgrounds, perspectives, and experiences enable us to drive innovation and create value for all stakeholders. To ensure that all employees are treated fairly and have equal opportunities for growth and advancement, we hold diversity and inclusion training sessions and implement fair hiring and development practices.

We hold ourselves to the highest ethical standards and ensure that we comply with all relevant laws and regulations. We believe that by embracing corporate social responsibility, we can make meaningful contributions towards upholding human rights in the regions where we operate and minimizing any negative impact on the environment and society. Our unwavering commitment to ethical business practices underlines our dedication in promoting a sustainable future for all.



In recognition of the challenges faced by working parents, AGP has implemented an on-site day care facility for its employees. This initiative offers a convenient and practical solution for working parents, particularly female staff, reducing the stress of finding reliable childcare outside the workplace.

The on-site day care facility provides a secure, nurturing environment for children of employees, allowing parents to focus on their work while being reassured that their children are receiving high-quality care. This initiative aligns with the Company's commitment to support its employees' work-life balance, as well as its dedication to promoting gender equality and diversity in the workplace.

AGP believes in youth empowerment, as proven by our recruiting strategies. We have implemented several programs aimed at increasing the participation of young people in our organization. These programs have facilitated a range of activities and events designed to foster an inclusive and welcoming environment for all our employees. Our commitment to youth empowerment is a testament to our dedication to building a strong and vibrant workforce that can help us achieve our goals and drive positive change in society. With a focus on employee engagement and inclusion, AGP launched several activities and events catering to our diverse workforce and needs to the society.

Christmas & Easter

Diwali

International Women's Day

World Diabetes Day

Iron Day

Manager Appreciation Day

Outdoor Exertion Program

New Year

Annual Picnic

Independence Day

PINKtober

Hepatitis Day

Iron Day

Nutrilov - Work Life Balance

Intern Day

TOWARDS A **SUSTAINABLE FUTURE**

Our strive towards improving sustainability, while pursuing United Nations' sustainable development goals (SDGs) as adopted by Government of Pakistan (GoP), are summarized in the following tables.

2 Zero Hunger

- PKR 1.65 million was donated to Imtiaz Provision Store for Ramzan Rashan packs

3 Good Health and Well Being

- Donated Hepatitis medicine worth ~ PKR 6 million to various healthcare institutions, to help combat Hepatitis in Pakistan.
- Donated PKR 1 million to AKUH's Patients Behbud Society to provide quality healthcare to the underprivileged.
- Various health awareness programs, such as Natural Calcium Ki Baat Khawateen Ke Saath and Liver Care Web Series, were conducted to spread awareness amongst masses.
- Donated to KDSP's fundraising carnival to support children with down syndrome.

4 Quality Education

- AGP has a policy of granting scholarships to the deserving children of factory workers and support staff.
- Sponsored education of 300 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Sharmeen Khan Memorial Foundation (SKMF). The investment in education of deserving students aggregates to PKR 7 million.
- AGP endowment fund of PKR 4 million, PKR 1 million each year, was established at IBA Karachi to sponsor 2 students for their bachelor's program.

5 Gender Equality

- 1st female-led pharmaceutical listed company.
- AGP's female-to-total workforce ratio is ~ 9% as a total work force.
- Secured Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards for the 4th consecutive year, bagging trophies in 8 different categories this year.
- AGP also provides convenient, and affordable transportation facility to its female employees of lower management staff.

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

6 Quality Education

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

7 Affordable & Clean Energy

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

8 Decent Work & Economic Growth

- A recently inaugurated day care center is helping our female staff to continue with their employment after motherhood, resulting in a better work-life balance and lower absenteeism.
- A suitable structure is in place ensuring equality amongst same level of work between the male and female employees with comparable qualifications and experience have similar opportunities and rewards.

10 Reduced inequalities

- AGP strictly follows all fiscal policies in relation to labor wages and compensation.
- Workers' wages were increased to aid them in the inflationary economy.
- Workers were also given additional bonuses to support their living in these difficult times.
- Various ethnic groups, including minority classes and differently abled people are part of AGP's family.
- 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

- Our quality control department ensures that the pharmaceuticals are produced as perinternational standards with minimum wastage at both the production and packaging stages.

OUR BUSINESS MODEL

We use our skilled resources and activities complying with best practices 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 production and processes.

Social Capital
We effectively and ethically manage our relationships with regulators, customers, suppliers and third parties. We enjoy our corporate reputation has played an instrumental role 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 success proven 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.

CULTURE: We are committed to build a high performance culture, underpinned by our values and Code of Conduct.

How We Create Value

PRODUCT PIPELINE DEVELOPMENT
(Patient needs – Product registration)
We invest in product portfolios that provide value to the consumer and present opportunities to us for sustainable 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 revenue and profit growth through focused promotion of our products through our extensive sales force network and nationwide distribution reach.

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 1,929 staff and offer them skill development and growth opportunities, to attract, retain and motivate the best talent to support our business. We paid a sum of PKR 2,208 million to the 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 around 54 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 4,360 million in year.

For Distributors
Provide manufactured medicines for distribution across the country and borders. The medicines distributed worth PKR 8,864 million in domestic and international markets.

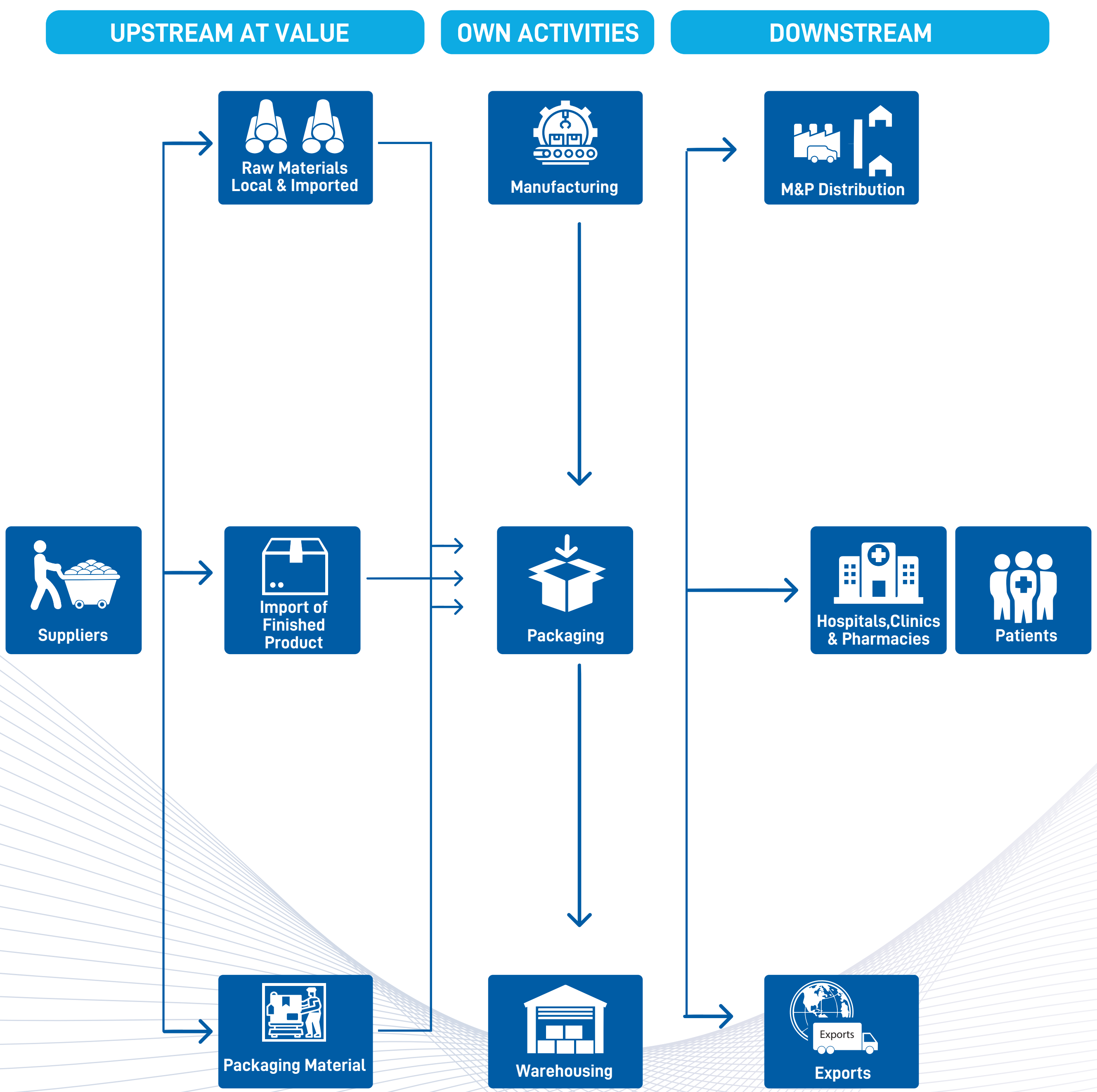
For Shareholders
In 2022, the Board recommended a final dividend of PKR 2.00 per share.

For Economy
We contributed PKR 941 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 have renewed 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 & RESOURCE ALLOCATION PLAN

We have created a plan to set overall objectives for the growth of our business and to develop appropriate strategies to achieve them by leveraging on our brand name, quality management systems, strong organizational culture, professional excellence and financial strength. We will follow through with these strategies and achieve our objectives successfully, creating value for our stakeholders.

OBJECTIVES	INCREASE SALES	ENTER NEW LINES OF BUSINESS	COST ECONOMIZATION	EXPLORE AVENUES FOR EXPANSION	BE AN EMPLOYER OF CHOICE	ACHIEVE MARKET LEADERSHIP	DELIVER ON SOCIAL AND CORPORATE COMMITMENT
Strategies	• Capitalize on the growth of top brands and high potential products • Launching new products	• Diversifying our portfolio by going into new therapies • Focus on new export avenues by venturing with cross border business partners	• Keep resource utilization and business processes at an optimum level • Develop alternate vendor source • Explore possibilities of localization • Attain operational excellence by improving and benchmarking methods of manufacturing	• 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 appropriately	• Consistently maintain and enhance the quality of products and gain market share through organic and inorganic means • Maintain and attain leadership position of top brands and high potential brands in the respective therapeutic areas	• Build brand equity through CSR • Focus on UN Sustainable Development Goals • Work on environmental concerns • Spread education and build the nation • Economic hardships need extraordinary CSR determination
Nature	Short term	Short term to Medium Term	Short term to Medium Term	Short term to Medium Term	Medium term to Long Term	Medium Term to Long Term	Medium Term to Long Term
Priority	High	High	High	Medium	Medium	Medium	High
Resource allocated	Financial, human, social and relationship capital	Financial, human and intellectual capital	Financial, human, manufactured and intellectual capital	Financial, human, social and relationship capital	Financial, human, social and relationship capital	Financial, human, manufactured, intellectual, social and relationship capital	Financial, human, social and relationship capital
KPI monitored	Growth rate of top brands and high-potential products. Improved customer loyalty and enhanced credibility No. of products launched in a year	Contribution in sales and profitability No. of international regions added to supply products Inflows of foreign currency	Profitability ratios i.e. gross profit margin, net profit margin, earning per share and expense ratios	Market share, earning per share and return on equity, ROIC	Employee turnover rate and feedback on surveys	Market share, unit growth and value growth	Community investments and energy efficiency
Status	• Recorded overall sales growth of 38.3%. • Domestic retails sales grew by 24.1% • Launched 5 new products on Standalone basis • Afghanistan sales crossed PKR 1 billion milestone	• Onboarded new marketing team to extend product lines. • Establish a dedicated department to register the company and products in Afrasian markets	• Profitability remained suppressed due currency devaluation, inflation and additional taxes. • Implemented effective cost controls measures • Developed alternate, reliable and economic vendor source	• Successful integration of OBS AGP (Private) Limited (the subsidiary company) has resulted in significant cost savings and synergies on a groups level. • Acquisition of Pfizer (Viatris) brand is under process.	• Received 8 awards by "Global Diversity, Equity & Inclusion Benchmarks" in 2022 • Established a reputation where it is easy to attract talent	• Top brands are market leaders in their respective segment • Organic growth coupled with acquisition, are boosting the market share	• Initiatives including installation of solar panels in all three plants have been taken for conservation of energy • 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

OBJECTIVES	INCREASE SALES	ENTER NEW LINES OF BUSINESS	COST ECONOMIZATION
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 • Regulated product pricing • The political environment may affect the ability of the organization to implement its strategy	• First mover advantage in the private sector • Develop international footprint to increase customer base and forex advantage • Risk of technological obsolescence as scientific studies on new products is rapidly evolving. • Fierce global competition	• Cost of production is contained achieved at an optimum level despite external challenges • Uncontrollable factors, particularly PKR devaluation, general inflation, pricing pressures by regulatory authorities, and changes in tax laws
Impact due to external factors	• The rise in literacy rates is resulting in greater understanding and recognition of our products' potential to not only prevent and treat illnesses but also encourage a healthy lifestyle	•The lifestyle in major areas of our country has become unbalanced which has in turn increased the reliance of individuals on orthopedic medicine. Globalization and ease of communication has made it easier for businesses to expand cross borders	• Technological advancements make operational optimization far easier and economical • Following the changes in eco-systems, green investments and clean energy utilization are key for sustainable future
Sustainable competitive advantage and value creation	High-quality products are easily available across the country, improving the lives of consumers	Developing high-quality drugs and the ability to manufacture in a cost-effective manner	Strong manufacturing capabilities led to competitive advantage without compromising the quality

OBJECTIVES	EXPLORE AVENUES FOR EXPANSION	BE AN EMPLOYER OF CHOICE	ACHIEVE MARKET LEADERSHIP	DELIVER ON SOCIAL AND CORPORATE COMMITMENT
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 as a group of companies • Better spread of production overheads • Delays in projects finalization due unavailability of foreign currency may impact the project feasibility • The political environment may affect the ability of the organization to implement	• Ready pool of internal talent to fill the vacancies and take up senior management positions when due. • High cost to retain talent • Sufficient growth opportunities to allow internal elevations	• 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 • Negative publicity and malafide criticism
Impact due to external factors	• Delays in obtaining regulatory approvals for acquisitions mergers can cause business interruptions and unnecessary increase project costs.	• 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	• Changing dietary habits and ecosystems are leading to an increase the consumption of pharma products	• Due to the evolution of social media, globalized pressure groups, and increased ecological sustainability concerns, the objective of a business has been transformed from economic to both economic and socioeconomic
Sustainable competitive advantage and value creation	Economies of scale, implementing efficient processes and standardized practices for integrating businesses can result in maximizing the benefits of synergy	Attractive HR policies and the provision of leisure facilities improve the work environment and increase employee satisfaction.	Onboarding and building effective sales team, business development and regulatory affairs to achieve market leadership position	• Engaging in impactful CSR projects with the aim to benefit the society • Focusing on achievement of Sustainable Development Goals

LIQUIDITY POSITION OF THE COMPANY

The Company has an effective cash flow management system to timely meet the working capital and financing needs of the Company. However, equity investments and overdue receivables impacted the liquidity position of the Company with an overdraft of PKR 670 Million in cash and cash equivalents. The cash generated from operations will be sufficient to fund operations and running finance servicing costs, normal levels of capital expenditure, payments for business expansion programs, and other routine outflows including tax and statutory levies and dividends.

STRATEGY TO OVERCOME ANY LIQUIDITY PROBLEMS

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

MAKING STRATEGIC DECISIONS & FOSTERING CULTURE

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

SIGNIFICANT CHANGES IN OBJECTIVES & 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.

SIGNIFICANT PLANS

The Board of Director has endorsed the Company's plans to expand and grow organically and 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, the Company continues to explore possible acquisition targets, deemed strategically fit for inorganic growth opportunities. The management is currently pursuing a transaction for acquisition of a selected portfolio of products from Viatris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. ,which is currently under process.

The Company will secure a competitive edge by steadily strengthening and enhancing its capacity to adapt, flourish, and develop in a challenging and changing environment. Accordingly, during the year, CAPEX of more than PKR 155 million has been incurred specifically to develop the capacity for internalization of the portfolio acquired from Sandoz AG. For the next year, CAPEX of more than PKR 185 million is budgeted particularly to almost double the manufacturing capacity of liquid lines.

OUR KEY RISKS & 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 governing 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 changes in the policy subject to 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 shareholders, benefits for other stakeholders and to 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 long term financing and short-term borrowings in addition to its equity. Furthermore, the Company has not defaulted in payment of any debt obligations during the year.

RISK # 1

Country default risk increases as the forex reserve have reached an all-time low level

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

OBJECTIVE
To avoid or manage country risk to an acceptable level

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

OPPORTUNITY
To compete effectively

RISK # 2

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

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

OBJECTIVE
Avoid stock out situation

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

OPPORTUNITY
Achieve sustainable market penetration

RISK # 3

Increasing primarily because of PKR devaluation, rise in fuel cost, utilities and general inflationary pressures and imposition of additional taxes and duties

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

OBJECTIVE
Operations optimization and cost economization

MITIGATION PLAN
Early ordering and locking rates in advance for purchase orders
Exploring economical international and local sources of inputs and materials.
Effective budgeting and monitoring

OPPORTUNITY
Control cost and improve profitability

RISK # 4

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

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

OBJECTIVE
To avoid business disruptions and cost

MITIGATION PLAN
Regular monitoring of the market and following the market trend to avoid any unnecessary operational disruptions. Government intervention is beyond the Company's control

OPPORTUNITY
Improve revenue and profitability

RISK # 5

Separation and integration of new business ventures includes risks of compliance, financials, reputation, operational etc.

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

OBJECTIVE
Implementation of corporate strategy and growth

MITIGATION PLAN
Oversight of board strategy committee for short to medium term

OPPORTUNITY
Growth in business, particularly in terms of volume and market share

RISK # 6

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

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

OBJECTIVE
Achievement of synergies and cost optimization

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

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

RISK # 7

Production infrastructure / capacity building may not be upgraded timely for internalization of Sandoz portfolio

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

OBJECTIVE
Integration and internalization of Sandoz portfolio

MITIGATION PLAN
Efficient project management for capacity building and enhancement.
Incured significant CAPEX during the year to build in house production capacities

OPPORTUNITY
Cost optimization and improve profitability

RISK # 8

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

CAPITAL	Financial, Human, Manufactured & Social Relationship
TYPE	Strategic risk
NATURE	Medium to Long term
SOURCE	Internal
LIKELIHOOD	
IMPACT	
RATING	★★★★

OBJECTIVE
Increase product base

MITIGATION PLAN
To diversify and expand the business through organic and inorganic means, such as through mergers and acquisitions and launching new products

OPPORTUNITY
Enhance sales volume and increase market share

RISK # 9

Failure to keep abreast with technological advancements and emerging cyber attacks

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

OBJECTIVE
Achieve competetive position

MITIGATION PLAN
Upgrading ERP system to SAP HANA and BAC is charged with oversight of IT governance and evaluating the adequacy of cybersecurity along with the formation of IT Steering Committee

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

RISK # 10

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

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

OBJECTIVE
Timely registration / approvals

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

OPPORTUNITY
Improve revenue and profitability

RISK # 11

The risk that fair value of future cash flows will fluctuate because of changes in market prices, i.e. changes in interest rates, foreign exchange rates and equity prices which may adversely affect our financial performances

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

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 # 12

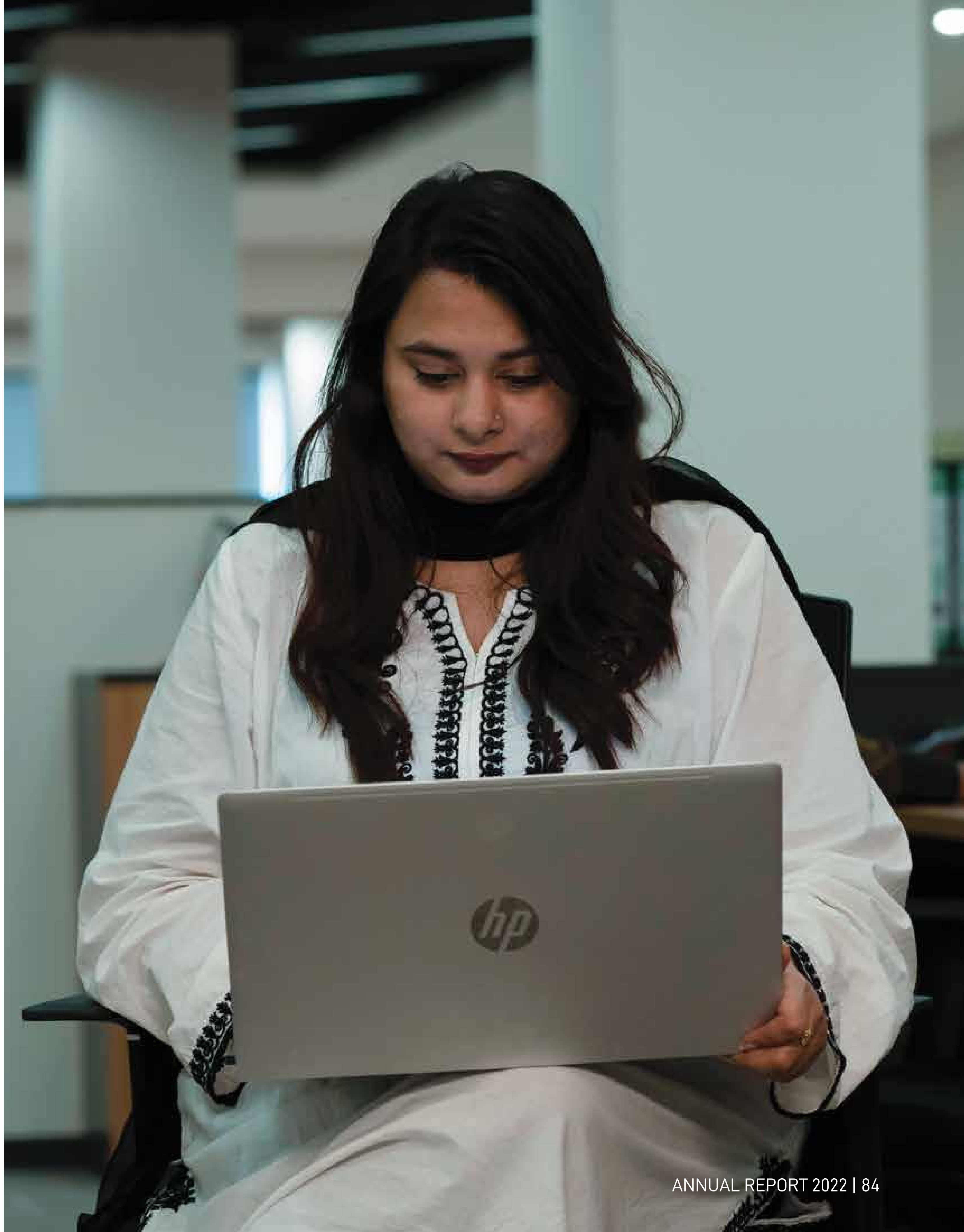
Company will not be able to meet its financial obligations as they fall due and does not have sufficient cash balances

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

OBJECTIVE
Cost economization

MITIGATION PLAN
Prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through an adequate amount of committed credit facilities including best rates negotiated with the banks for the purpose of OD

OPPORTUNITY
Efficient and effective cash flow management



02

CORPORATE **GOVERNANCE**

ASCENDING TRANSPARENTLY

We strive to establish enduring relationships with internal and external stakeholders through transparent governance and purposeful communication, fostering organizational synergies for business success.

Company Overview

General information about the Company and its operations

DIRECTORS' PROFILE

TARIQ MOINUDDIN KHAN

Non–Executive Director

Mr. Tariq Moinuddin Khan, Chairman of OBS Group, has over 4 decades 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. Besides being Chairman of AGP, he holds directorship in 10 other companies.

He commenced his career with leading companies in Canada followed by a move to Saudi Arabia where he worked with the Saudi Royal family and eventually joined Organon where he served as the Managing Director for KSA and Pakistan.

In 2006, he acquired Organon's Pakistan operations through a management buyout. This acquisition was the start of a series of acquisition through which OBS Group established itself as one of the largest pharmaceutical groups 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, 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 33 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, 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 rich experience of more than 40 years 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 Limited, TRG (Pakistan) Limited, Sindh General Provident Investment Fund, Sindh Province Pension Fund, Primus Leasing Limited, IT Minds, Trellis Housing Hadron Solar, amongst others.

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.

KAMRAN NISHAT

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 rich professional experience in different sectors for more than 36 years. He is serving as an 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, and Chairman of the Board of Directors at OBS AGP (Pvt) Ltd.

He is currently a member of the Executive Committee and Chairman of the Industry, Trade & Logistics subcommittee at the American Business Council. He has served as past president of the American Business Council as well. Recently, he served at the National Skills University Islamabad as a member of the Advisory Council and he is also contributing to The Board of Trustees of Developments in Literacy (DIL).

In the past, he served as a Member of the Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP) and the Information Technology Committee (South) of the ICAP and Management Association of Pakistan.

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 21 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 the Chairman's review report for the year ended December 31, 2022. It brings me immense pride to preside over the organization that plays a crucial part in advancing health and well-being of the society and improving the quality of life of mankind.

We have successfully navigated the challenges posed by the difficult economic climate and political unrest, ascending the Company towards another year of great achievement. The performance of the Company has been commendable as we achieve new milestones. I would like to acknowledge the exceptional leadership of our Chief Executive Officer and dedicated contributions of our executive management whose efforts have propelled the Company toward consistent growth.

The management has also led to the successful integration of Sandoz portfolio that was acquired last year. The business has started to unlock its full potential and reaching new heights. We remained steadfast on our strategic objective of expanding through inorganic means and seized an opportunity to acquire selected products from Viatris Inc., currently marketed under the Pfizer brand in Pakistan.

At AGP, our commitment to integrity and a culture of compliance have enabled us to flourish. The Board of Directors, comprising of professionals possessing in-depth knowledge of the industry and strong business acumen, is dedicated to adhering with the highest level of corporate governance. Thus, strong governance has allowed us to maintain utmost ethical principles in our business practices. I would like to express my deep gratitude and admiration for the Board of Directors, whose guidance has been truly invaluable in developing and executing a multifaceted long-term strategy for the Company.

The Board has set up three vital committees - the Audit Committee, Human Resource and Remuneration Committee, and Strategy Committee - with the responsibility of carefully examining, discussing, and offering valuable recommendations in accordance with their specific mandates. Each committee comprises members with the relevant expertise and core functional areas, strategically placed to maximize their contributions.

On behalf of the Board, I would like to extend the appreciation to the stakeholders and the management team of AGP and OBS AGP for their unwavering support which has contributed significantly towards growth of the Organization. We are committed to upholding the highest standards of business ethics and are optimistic about the future of the Company. We believe working together with resilience and perseverance would let us ascend continuously.

TARIQ MOINUDDIN KHAN
CHAIRMAN

CEO'S MESSAGE

The journey of 2022 proved to be a remarkable year for AGP as we delivered encouraging financial results in the midst of economic difficulties and political uncertainties. These extraordinary achievements are a testament to the remarkable dedication and hard work of our employees. It is through their valuable support, that the Company was able to progress towards achieving its strategic goals and objectives.

AGP on a consolidated level has accomplished the milestone of PKR 14.5 billion in revenue, marking a incredible achievement that reflects our steadfast dedication and hard work. This represents a growth of more than 55% over the last year. Both companies, AGP and its subsidiary OBS AGP, showed exceptional performance where AGP sales boosted to over PKR 10 billion, with a growth of more than 38% over the last year and OBS AGP sales lifted to PKR 4.6 billion against 2021 last 5 months sale of PKR 1.9 billion. Majority of the revenue comprises of domestic retail sales which demonstrated an impressive growth rate of more than 25% driven by the robust performance of our top brands. Our flagship brands continued to excel and gain market share. Azomax joined PKR 3 billion club and Rigix ascended to the prestigious PKR 2 billion revenue club, followed by Osnate and Ceclor with revenues of PKR 1.3 billion and PKR 1.2 billion respectively. Sales to Afghanistan performed exceptionally well as AGP went with full force for market penetration and crossed PKR 1 billion for the first time with remarkable growth of 75% over the last year. The sales growth is also supported by institutional sales which reached around PKR 1 billion, primarily attributable to a one-time order from Director General Health Punjab. To strengthen our portfolio, we launched 10 new products in various therapeutic classes.

The impressive sales performance could not be translated into the bottom line as cost of doing business increased significantly due to external uncontrollable factors. Gross margins remained under pressure mainly due to massive devaluation of local currency and profitability remained suppressed on account of inflationary pressures, soaring fuel prices and levy of additional taxes. Resultantly, on consolidated basis, the Company posted net profit of PKR 1.7 billion, with an earnings of PKR 5.61 per share.

To ensure sustainable return on investment for our esteemed shareholders, the Board of Directors has announced a final dividend of PKR 2 per share for the year 2022.

This has been an extraordinary period of pride for AGP. The management has gone above and beyond to secure distinguished awards and accolades for the Company.

- Attained 1st position in Best Corporate Report Awards held by the joint committee of ICAP & ICMA.
- Won Global Diversity and Inclusion Benchmark Awards in 8 categories by HR Metrics.
- Obtained Green Office Certificate by WWF for the 2nd consecutive year.
- Recognized amongst "Top 10 Pharmaceuticals in Asia" by Asia Business Outlook Magazine.

As a socially responsible organization, we firmly believe in giving back to the society and making a positive impact on the environment around us. Throughout the year, we have been actively engaged in CSR activities aimed at creating a better society. These initiatives reflect our core values and our steadfast commitment in making a meaningful difference in the lives of those in need.

Pursuing our mission to support education, AGP adopted The Citizen Foundation Jacobabad School comprising of 200 students. We also sponsored education of 100 students of Sharmeen Khan Memorial Foundation and provided an endowment fund with the Institute of Business Administration. In line with our commitment to provide quality healthcare, AGP donated Hepatitis medicine to various healthcare institutions to combat Hepatitis in Pakistan. We also joined hands with Patients' Behbud Society (PBS) of The Aga Khan University Hospital to provide quality healthcare to underprivileged individuals. AGP participated in a fundraising carnival by Karachi Down Syndrome Program to support and empower individuals with Down syndrome. Furthermore, we conducted several health awareness programs such as Natural Calcium Ki Baat Khawateen Ke Saath and Liver Care Web Series.

Economic disparities and political disruptions will continue to pose unprecedented challenges for the business community. The future profitability will remain threatened by ongoing foreign exchange volatility, rise in global commodity prices, domestic inflation, increase in fuel and shipping costs, and interest rates. However, AGP will remain abundantly cautious and leverage on its internal strengths, manufacturing efficiencies and human resource capabilities to grow and expand its market share. We will seek to capitalize on the success of the existing product portfolio along with development of new medications that target both current and emerging therapeutic needs of the market. We are exploring international avenues to emerge across borders that will establish our footprint in export markets.

We remain confident in our ability to harness the full potential of our subsidiary company and drive sustained growth for years to come through a combination of strategic planning and execution. We will continue to explore possible acquisition targets, deemed strategically fit for inorganic growth opportunities.

The management is currently pursuing a transaction for acquisition of a selected portfolio of products from Viatris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. ("Brands").") which is currently under process. We are optimistic that dedicated efforts of the management coupled with valuable guidelines and directions from the Board of Directors would enable the Company to maintain its growth momentum.

In the end, I want to recognize the efforts of our valuable human resources, who have worked diligently to uphold our vision and achieve our strategic objectives. I would like to extend my gratitude to all our customers, suppliers, business partners, and esteemed shareholders for their continuous trust and confidence in the management of the Company. Finally, I would like to thank and appreciate our Board of Directors and Chairman in particular, for navigating us through another year of growth and success.

Our success is a testament to the talent, expertise, and dedication of the AGP family, and we look forward to reaching even greater heights in the years to come, as we keep on **"Ascending".**

NUSRAT MUNSHI
MANAGING DIRECTOR AND CEO

CORPORATE GOVERNANCE FRAMEWORK

With our ascend into the future, our unwavering commitment to ethics and principles remains at the forefront of our endeavors. Our governance and compliance frameworks serve as the foundation of all our actions and initiatives, ensuring that we uphold the most stringent standards of ethical and accountable conduct. These frameworks underpin our efforts to maintain a culture of integrity, and to continuously meet and exceed the expectations of all stakeholders.

Compliance with the Best Practices of Code of Corporate Governance

Adhering to the Company standards, the Board of Directors have throughout the financial year 2022, complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (CoCG) Rule Book of the Pakistan Stock Exchange Limited (PSX) and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP). Report of the Board's Audit Committee on adherence to the CoCG , Statement of Compliance with the CoCG by the Chairman and the Chief Executive Officer and review report by the Company's Auditors are included in this Report.

Governance Practices beyond Legal Requirements

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

• Best corporate reporting practices as recommended jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountant of Pakistan (ICMAP)

• Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc. in the Annual Report

• Implementation of Health, Safety and Environment practices to ensure wellbeing of employees and society

Business Ethics & Anti-Corruption

Based on an ethical corporate culture, fundamental values of the Company are the 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 Commitments

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 effective executive team and appropriate succession plans.

• Placing significant issues for the information, consideration and decision, as the case may be, of the Board or its committees.

Evaluation of the performance of the Chief Executive

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 revolve 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 also has a gender diversity policy which provides 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 assigns gender diversity targets to its senior management and incorporates 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

During the year, the Audit Committee of the Company included the oversight of IT governance and cyber security in its Terms of Reference. Details are mentioned under IT Governance and Cyber Security (page 113).

Policy for Records Safety

The Company considers information as one of the most trusted business asset and places 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 is 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 also maintains an internal 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 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 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 formally documented succession planning policy is followed.

Related Party Transaction Policy

The Company has a policy governing procedure for related party transaction 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;

• 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 36 to the standalone and consolidated financial statements attached therein.

Environmental, Social & Governance Policy

The Company believes in promoting 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 neither 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;

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

• Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports;

• Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO;

• Determination of compliance with relevant statutory requirements;

• Monitoring compliance with Code of Corporate Governance;

• Review of arrangement for staff and management to report to the Audit Committee in confidence, concerns, if any, about actual or potential improprieties and recommend instituting remedial and mitigating measures;

• Recommend to the Board the appointment of external auditors, their removal and audit fees;

• Consideration of any other issue or matter as may be assigned by the BOD.

Human Resource & 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
- Aspin Pharma (Pvt) Limited
- OBS Green (Pvt) Limited

Board Meetings held outside Pakistan

No Board meeting was held outside Pakistan during the year 2022, 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 nine (9) meetings during the year. The notices and relevant materials, including agendas of the meetings were circulated in advance, in a timely manner other than those meetings which were emergent in nature. Decisions made by the Board during the meetings were appropriately recorded in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the directors for endorsement and were approved in the subsequent Board meetings.

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

Board's Roles & 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.

They are 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

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

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

Trading in Shares by Directors and Executives

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

Shares held by Sponsors / Directors / Executives Shares

During the year, the Sponsor's, Directors and Executives of the Company held the following number of shares as of December 31, 2022.

Particulars	Number of Shares
Sponsors	156,850,434
Directors	36,004
Executives	1,500

A detailed pattern of shareholding is disclosed on page ------ 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 8th Annual General Meeting (AGM) of the Company held on April 26, 2022. Queries raised during the last AGM of the Company pertained to the Company's published financial statements, which were responded by Board members, the CEO and Company Secretary and resolved to the satisfaction of the shareholders.

Presence of the Chairperson Audit Committee at the AGM

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

Formal Orientation Program

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

• The Company's vision and strategies

• Company's core competencies, investments, diversification ventures, etc.

• Organizational / group structure, associations and other related parties

• Summary of the Company's major assets, liabilities, noteworthy contracts and major competitors

• Major risks both external and internal, including legal and regulatory risks and constraints

• Critical performance indicators

• Summary of major members, stakeholders, suppliers and auditors

• Role and responsibility of the Director as per the Companies Act, including Code of Corporate Governance and any other regulatory laws applicable in Pakistan

• AGP's expectations from the Board, in terms of output, professional behavior, values and ethics

• Major policies of the Company

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

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

The Company has effectively maintained the structure of its Board of Directors with the composition of a Chairman, two (2) independent directors and four (4) non-executive directors. In the year 2021, 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.

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 management to understand and consider stakeholder views and cater to their needs and interests.

Identification of Stakeholders

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

Stakeholders' Engagement Process

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

SHAREHOLDERS

Engagement Process	Effect and Value
• One-to-one meetings between senior executives including CEO and institutional investors • Corporate briefing sessions	• Briefly explain key financial highlights and AGP's approach towards growth • Clarifies the Company's stance in the market to create a positive and transparent image

ANALYST

Engagement Process	Effect and Value
• Annual general meeting • Extra ordinary general meeting • Corporate briefing sessions • Communication proceeding communication of interim results	• Maintain regular and constructive dialogue with investors and shareholders to communicate performance update in order to build confidence and ensure continued access to capital

PATIENTS AND CONSUMERS

Engagement Process	Effect and Value
• Pharma summits, medical conventions and conferences • Engage ethically with institutions and healthcare professionals through our experienced and well-trained marketing team	• Feedback from summits and other engagements enable us to develop products and advocate for policies that better cater to unmet needs

BANK AND OTHER LENDERS

Engagement Process	Effect and Value
• Meetings and negotiation are held with banks/financial institutions to discuss working capital and other financing requirements	• Access to the financial products at competitive prices

MEDIA

Engagement Process	Effect and Value
• Different communication mediums including social media used on need basis to apprise the general public about new developments and activities	• By informing the media of the developments and activities at AGP, effective awareness is created regarding the Company and the products and activities, indirectly having a positive impact

REGULATORS

Engagement Process	Effect and Value
• Meetings with officials according to business needs • Submission of data for review and compliance • Filing application for approval and registration	• Understanding and ensuring compliance with all legal and regulatory requirements • Dialogue with regulatory authorities to address matters impacting business operations and new product registrations

EMPLOYEES

Engagement Process	Effect and Value
• Routine interactions and meetings • Project based collaborations • Trainings, both on the job and formal training courses • Appraisals (conduced twice a year) • Continuous feedback	• The Company realizes that employees are its most valuable resource representing the Company in the industry and community • Providing a nurturing and friendly work environment that helps the Company to maintain a dedicated and competent workforce • Motivated workforce supports effective implementation of strategies

SUPPLIERS

Engagement Process	Effect and Value
• Engaging with suppliers to monitor quality, delivery and performance • Regular auditing of suppliers' quality processes to ensure they comply with relevant regulations and required standards	• Suppliers provide materials and services that support us in delivering high-quality, safe products for our patients

Participation at General Meetings

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

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

Last Annual General Meeting

The last Annual General Meeting had a considerable level of attendance, of more than 85.1%, and interactive engagement by shareholders. All the proposed resolutions were duly approved by shareholders. The Annual General Meeting held by the Company, provided an opportunity to put questions to the Board during the formal proceedings, while providing shareholders the chance to meet informally with the Board Directors and senior management.

Corporate Briefing Session

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

Redressal of investor complaints

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

IT GOVERNANCE
& CYBER SECURITY

Board responsibility statement

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

IT governance and cyber security policy and programs

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

IT steering committee

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

IT governance and cyber security policy & programs

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

Early Warning System

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

Independent Comprehensive Security Assessment

Management engages third-party experts to perform risk assessment and penetration testing as and when it is deemed necessary. During the last assessment conducted in the year 2020, certain improvement areas were identified and addressed.

Disaster Recovery Plan And It Personnel Training

The Company has a documented disaster recovery plan entailing the relevant recovery strategies. As per the plan, the drill is executed at least once a year. Apart from disaster mitigation, the drill exercise also helps in training the relevant IT and administration personnel.

The management actively and regularly plans and conducts training of its staff, including IT department, depending on their unique skill set and training requirements as their roles and responsibilities.

Digital Transformation

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

Management of risk associated with ERP

To evaluate the risk and controls on ERP projects and ensure seamless and smooth ERP transitions and updating, the Company deploy adequate resources and onboard consultants with rich experience and in-depth knowledge of ERP. For our ongoing ERP updating to SAP S/4HANA, we engaged with Systems Limited as our implementation partner. Systems Limited is running a business of software development, trading of software and business process outsourcing services with proven track record of successful SAP implementation. Rise with SAP will provide more integration across all functions of the organization with enhanced system efficiency and security.
Appropriate training courses are planned to be provided to the users of SAP S/4HANA as a part of the implementation. Following best corporate practices and SOPs, the implementation will not be concluded unless User Acceptance Testing [UAT] is properly executed for all modules such as Finance, HR, Supply Chain and Warehouse Management etc. To ensure transition success, all relevant trainings will be conducted by a team of professionals employed at Systems Limited. The IS steering committee along with IT officials will oversee the project and ensure its effective implementation.

STATEMENT OF VALUE ADDED AND DISTRIBUTED

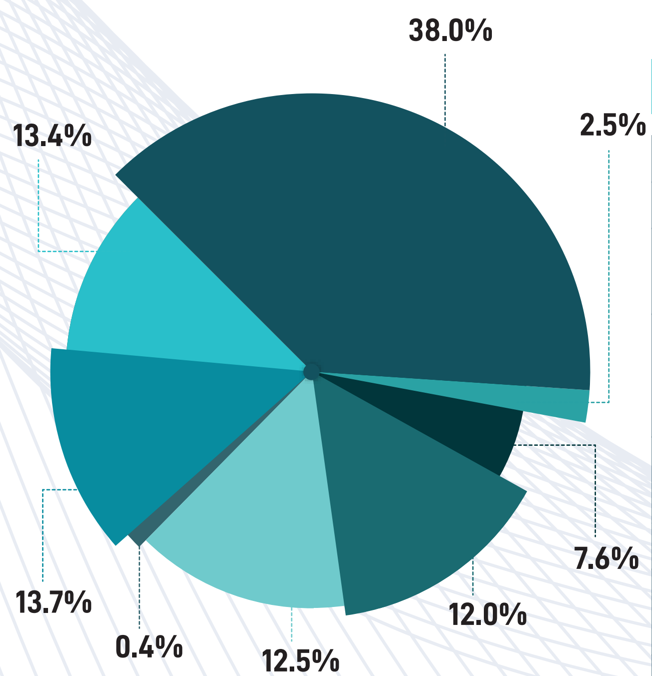
Wealth Generated

PKR in Million

Revenue		Other Operating Income		Cost of brought in goods and services		Wealth Generated & Distributed
10,262	+	51	-	4,495	=	5,818

Wealth Distributed

PKR in Million



	2022	2021
Retained With Entity	728	1,285
Reinvested	778	474
Shareholders as Dividend	700	280
Employees as Remuneration And Benefits	2,208	1,502
Government as Taxes & Duties	794	215
Statutory Levies	146	147
Providers Of Long Term Finance	440	429
Society as Donations	23	88

Distribution in 2022

DIRECTOR'S REPORT

The Board of Directors of AGP Limited (AGP / the Company) are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2022.

About the Company

The Company primarily manufactures, markets, imports, and sells pharmaceutical and healt hcare products in the domestic and international markets. The Company owns a range of quality products catering to distinct therapeutic needs of the market. As of December 31, 2022, Aitkenstuart Pakistan (Private) Limited (the Parent company) owns 55.8% of the equity interest in the Company. AGP owns 65% shareholding in its subsidiary OBS AGP (Private) Limited (OBS AGP), which owns a portfolio acquired from Sandoz AG.

Economic Overview

The economic and political situation of the country poses unprecedented challenges to the business community. Forex reserves have significantly declined due to which the government has taken measures to control the outflow resulting in implications for acute supply chain disruptions. Severe PKR devaluation coupled with high inflation, increase in energy and freight prices, along with imposition of additional taxes has significantly raised cost of doing business in the country. In addition, a wave of new taxes has further added to the already high costs for businesses.

Market Overview

As per Industry Report issued by IQVIA Solutions Pakistan Pvt. Ltd., a pharma research company, the pharmaceutical industry in Pakistan has crossed PKR 700 billion mark for the year 2022 with a growth of 14.3% over last year wherein volumetric growth is 7.5%.

The growth is primarily driven by drugs used in chronic illnesses and infection segment. The annual CPI-based price increase allowed by the Drug Regulatory Authority of Pakistan (DRAP) also supported industry growth.T

Financial Results

Financial performance of AGP

Despite tough economic conditions, AGP delivered a stellar growth in revenue and achieved a key milestone by

surpassing PKR 10 billion with remarkable growth of 38.3% over last year. Domestic retail sales which constitute majority of the revenue, displayed a promising growth of 24.1% on the back of performance by top brands. Sales to Afghanistan have performed exceptionally well and crossed PKR 1 billion for the first time with remarkable growth of 75%. Overall sales growth for AGP was also supported by an increase in institutional sales which reached around PKR 1 billion, primarily attributable to a onetime order from Director General Health Punjab.

The impressive sales performance could not translate to the bottom line as cost of doing business has increased significantly due to external uncontrollable factors. Gross margins remained under pressure mainly due to massive devaluation of local currency. The management continued to strictly monitor and curtail its expenses and resultantly administrative expenses increased by 4%, despite significant increase in business volume and extreme inflationary pressures. However, as part of strategic measures to augment sales growth, the Company made investment in human resource capital. Accordingly, existing teams were strengthened, and new teams were added, which considerably increased marketing and selling expenses. Other income has increased by PKR 85 million primarily on account of dividend income received from the subsidiary company, OBS AGP. Whereas other expenses have witnessed an increase by PKR 80 million due to the devaluation of local currency.

During the year, the Company successfully paid off its long term Sukuk finance, however, sharp rise in interest rates has caused finance cost to rise by PKR 47 million.

Tax expense has witnessed a significant increase of PKR 247 million mainly on account of super tax levied vide Finance Act 2022. In an interim order, partial relief has been granted by the Honorable Supreme Court of Pakistan. However, being prudent, the

Company has maintained its full provision in the financial statements.
On account of above reasons and submissions, the Company posted net profit of PKR 1,428 million with earnings per share of PKR 5.10 on stand-along basis.

Financial performance of OBS AGP
The performance of the acquired portfolio has been remarkable under the new management and governance structure. In its first full year of operations, the Company achieved net revenues of PKR 4.6 billion and recorded profit after tax of PKR 385 million. During the years, the Company paid dividend of PKR 100 million to its shareholders.

Consolidated financial performance
The encouraging topline performance, of both AGP and OBS AGP, translates to consolidated revenue of PKR 14.5 billion, representing an increase of 55.2% over the last year. The profitability remained suppressed because of tough business environment. Resultantly, consolidated net profit is recorded at PKR 1.7 billion and net profit attributable to parent Company stands at PKR 1.6 billion with EPS of PKR 5.61.

Capital Structure

Total equity at the end of the fiscal year grew by 7.7% to PKR 10.2 billion, from PKR 9.5 billion in 2021. The Company has significantly improved its gearing ratio to 0.90% from 5.2% this year by making loan repayments of PKR 440 million including the settlement of its Sukuk. As of December 31, 2022, the long-term financing has been reduced to PKR 93 million. Keeping in line with development and expansion objectives, the Company invested PKR 778 million in capital expenditure avenues from internally generated resources. The investment includes balancing, modernization, and restructuring of equipment and machinery to improve current capabilities and modernize infrastructure amongst other capital projects.Throughout the year, PACRA maintained AGP's long-term credit rating at A+ and its shortterm credit rating at A1.

Profit Distribution and Reserves

The Company's revenue reserves – unappropriated profit stood at PKR 6.7 billion at the start of 2022. Profit after tax for 2022 increased reserves by PKR 1.4 billion. Whereas dividend payments led to a reduction of PKR 0.7 billion to the reserves. Accordingly, the reserves closed at PKR 7.4 billion, signifying an increase of 10.9% for the year.

APPROPRIATIONS	PKR IN BILLIONS
Opening unappropriated profit	6.7
Net Profit	1.4
Final dividend at PKR 2.5 per share	(0.7)
Closing unappropriated profit	7.4

Dividend

The Board of Directors, in its meeting held on February 24, 2023, recommended a final cash dividend of PKR 2 per share, that is 20%, for the year ended 2022. The same shall be placed for shareholders' approval at the forthcoming Annual General Meeting scheduled to be held on April 19, 2023.

Pattern of Shareholding

The shares of AGP are listed on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2022, 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 2022.

Subsequent Events

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

Nurturing the Environment

While delivering impressive sales performance, we remain fully cognizant of ethical standards and principles of sustainability in our business decisions. We are committed to decreasing our carbon footprint by reducing carbon emissions and implementing programs that promote water and energy conservation. We believe and practice conducting business operations while adhering to environmental standards and regulations of Sindh Environmental Protection Agency (SEPA) to create a positive social and environmental impact.

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

APPROPRIATIONS	PKR IN BILLIONS
Water consumption reduction	3%
Paper consumption reduction	5%
Waste reduction	5%
Energy consumption reduction	3%

Our manufacturing operations adhere to international standards and good manufacturing practices (cGMP). Our methods and procedures are sustainable, and controls are effectively in place guaranteeing that quality of our medications and safety of our staff are not jeopardized at any cost.
Similarly, our products meet high-quality standards. To facilitate accomplishing our goals and objectives, well-designed internal and external training and courses are provided to relevant employees to maintain and enhance EHS performance for the entire Company

Corporate Social Responsibility (CSR)

AGP places great emphasis on social development so that both the Company and the community at large can ascend together. In this regard, we have supported various projects aimed at promoting societal well-being and educating high-potential candidates. As a socially responsible corporation, we acknowledge our obligation to balance present-day requirements with future responsibilities. To fulfill our mission of serving humanity, we donated funds to Aga Khan University Hospital (AKUH) for deprived patients, partnered with organizations for flood relief victims, and the Baluchistan health department to help poor patients. We also extended educational support to well reputed academic institutes and donated medicines to those in need.

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

SDGs	Actions
SDG 2 Zero Hunger	• PKR 1.65 million was donated to Imtiaz Provision Store for Ramzan Rashan packs
SDG 3 Good Health and Well Being	• Donated Hepatitis medicine worth ~ PKR 6 million to various health-care institutions, to help combat Hepatitis in Pakistan. • Donated PKR 1 million to AKUH's Patients Behbud Society to provide quality healthcare to the underprivileged. • Various health awareness programs, such as Natural Calcium Ki Baat Khawateen Ke Saath and Liver Care Web Series, were conducted to spread awareness amongst masses. • Donated to KDSP's fundraising carnival to support children with down syndrome.
SDG 4 Quality Education	• AGP has a policy of granting scholarships to the deserving children of factory workers and support staff. • Sponsored education of 300 underprivileged students in collaboration with renowned and reputable NGOs, The Citizen Foundation (TCF) and Sharmeen Khan Memorial Foundation (SKMF). The investment in education of deserving students aggregates to PKR 7 million. • AGP endowment fund of PKR 4 million, PKR 1 million each year, was established at IBA Karachi to sponsor 2 students for their bachelor's program

SDGs	Actions
SDG 5 Gender Equality	• 1 st female-led pharmaceutical listed company. • AGP's female-to-total workforce ratio is ~ 9% as a total workforce. • Secured Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards for the 4th consecutive year, bagging trophies in 8 different categories this year. • AGP also provides convenient, and affordable transportation facility to its female employees of lower management staff.
SDG 6 Clean Water and Sanitation	• Using sensor-equipped taps and springs wherever possible to conserve water • An effluent water treatment plant within the Company premises ensures proper water disposal that complies with SEPA
SDG 7 Affordable and Clean Energy	• Solar Power System on all three (3) plants cater to about 13% of AGP's energy needs. • Obtained and maintained the WWF Green Office certification to make AGP an environment friendly office, adopting WWF's recommended environment management system (EMS) and reducing our carbon footprint.

SDGs	Actions
SDG 8 Decent Work and Economic Growth	•A recently inaugurated day care center is helping our female staff to continue with their employment after motherhood, resulting in a better work-life balance and lower absenteeism. • A suitable structure is in place ensuring equality amongst same level of work between the male and female employees with comparable qualifications and experience have similar opportunities and rewards.
SDG 10 Reduced inequalities	• AGP strictly follows all fiscal policies in relation to labor wages and compensation. • Workers' wages were increased to aid them in the inflationary economy. • Workers were also given additional bonuses to support heir living in these difficult times. • Various ethnic groups, including minority classes and differently abled people are part of AGP's family. • The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor.
SDG 12 Responsible consumption and production	• Our quality control department ensures that the pharmaceuticals are produced as per international standards with minimum wastage at both the production and packaging stages.

12. Risk Management

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

Pakistan is facing multidimensional economic crisis which has adversely impacted the cost of doing business. Macroeconomic risks remain high as the Country faces challenges associated with a large current account deficit, high public debt, and lower demand from its traditional export markets amid subdued global growth.

To mitigate the impact to the best possible extent, the Company has planned to maintain inventories at optimum level. Negotiation with Chinese suppliers for payment in Yuan with better LC terms is already in process and has yielded some success. Further, we are diversifying the supplier base to local vendors where possible. Management has also devised an adaptable procurement plan on demand forecasting based on market dynamics. Besides these concerted efforts, we are profoundly seeking avenues for export opportunities to safeguard ourselves against foreign currency volatility.

Composition and Meeting of the Board and its Committees

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

Board of Directors	BOD	9
Board Audit Committee	BAC	6
Human Resource & Remuneration Committee	HRC	3
Board Strategy Committee	BSC	1

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

Name	Categories	BOD	HRC	BAC	BSC
Mr. Tariq Moinuddin Khan	Non-Executive Director	8/9	-	-	-
Mr. Naved Abid Khan	Independent Director	9/9	3/3	-	-
Mr. Zafar Iqbal Sobani	Independent Director	9/9	-	6/6	-
Mr. Kamran Nishat*	Non-Executive Director	9/9	3/3	6/6	1/1
Ms. Nusrat Munshi	Executive Director	9/9	3/3	-	1/1
Mr. Mahmud Yar Hiraj	Executive Director	9/9	3/3	6/6	1/1
Mr. Muhammad Kamran Mirza	Non-Executive Director	9/9	3/3	6/6	1/1

Mr. Tariq Moinuddin Khan chairs the meetings of the 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 Chairmen except for 1 Board meeting where Mr. Tariq Moinuddin Khan was granted leave of absence and Mr. Naved Abid Khan chaired the meeting. All members of the Board and its committees attended all their respective meetings except for one instance only.

The Chief Financial Officer and Company Secretary attended all meetings of the Board except such part of the meetings wherein agenda item relates to the consideration of the 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 the Audit Committee.

Adequacy of Internal Controls

The Board is ultimately responsible for the Company's internal control mechanisms and their efficacy. However, system in place is intended to manage rather than eliminate the risk of failing to meet business objectives, and it only gives reasonable rather than absoluteassurance against major misstatement or loss. The Company has an independent internal audit function that has been outsourced to A.F.Ferguson & Co. (AFF), a well reputed professional service firm that deploys suitably qualified and experienced staff for the purpose. The internal audit is carried out in accordance with the internal audit plan, which is duly reviewed and approved by the Audit Committee. The internal audit plan is guided by the organization's objectives and priorities, as well as the risks that may prohibit the business from attaining those objectives. The Audit Committee evaluates the efficacy of the internal control system, whilst the AFF monitors and certifies the effectiveness and appropriateness of the internal controls and risk management framework on a regular basis.

The Board also understands the value and its responsibility of having an information technology (IT) governance framework which is clearly defined and focuses on enterprise governance, IT leadership, implementing IT strategy, IT framework, and IT processes. The Audit Committee is charged with oversight of IT Governance, and adequacy and effectiveness of cyber security controls measures. Nominated representative from the IT Steering Committee, comprising of members from the senior management, shall keep Audit Committee updated on a timely basis and seek their guidance where necessary.
The Audit Committee shall inform the Board on matters that are deemed necessary and critical.

Board Evaluation

Following best corporate governance practices and as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, AGP has engaged Pakistan Institute of Corporate Governance (PICG) for evaluating the Board's performance, as well as that of its committees and members. The findings of PICG's assessments are discussed in depth at the following Board meeting to address the highlighted areas and enhance the Board's performance.
PICG is a public-private collaboration with a varied team with rich credentials and experiences targeted at developing good corporate governance standards in Pakistan.

Directors' Remuneration

The Board of Directors, in accordance with the Companies Act, 2017 and the Code of Corporate Governance, has approved the remuneration of the Board members for attending meetings of the Board and its committees.

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

The details of the remunerations, which include but are not limited to salary, benefits, bonuses,

Name	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	------------- Rupees in '000 -------------					
Managerial remuneration	27,554	17,495	-	-	383,450	253,776
Bonus	3,789	2,392	-	-	15,218	6,529
Performance incentive	38,337	40,299	-	-	5,958	2,650
Reimbursement of expenses	465	447	-	-	85,173	37,558
Provident fund	1,894	1,196	-	-	16,406	12,873
Others	2,935	1,595	-	-	21,182	38,168
	74,974	63,424	-	-	527,388	351,554
Number of persons	1	1	6	6	87	64

During the year, 19 meetings of the Board and its ommittees were convened as compared to 27 meetings held in the preceding year. During the year, fee paid to two (2021: two) independent directors and four (2021: four) non-executive directors for attending board and other meetings aggregating to Rs. 10.5 million (2021: Rs. 12.2 million). Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 4.01 million (2021: Rs. 10.46 million). Number of non-executive directors at year end were four (2021: four).
Directors' Compliance Statement
The Board is pleased to state that:

a. Management's financial statements correctly portray its state of affairs, the results of its activities, cash flows, and changes in equity.
b. The Company's books of account have been kept properly.
c. There are no substantial concerns about the

Company's capacity to continue as a going concern.

d. Appropriate accounting rules were regularly followed in the compilation of the financial statements, and accounting assumptions were based on reasonable and competent judgment.

e. International financial reporting standards as applicable in Pakistan were followed in the compilation of the financial statements, and any deviation was sufficiently stated.

f. The internal control system is well-designed and has been efficiently implemented and monitored.

g. There has been no major deviation from the best corporate governance procedures described in the listing requirements.

h. Information on unpaid taxes and levies, as required by listing regulations, is reported in the notes to the financial statements.

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

j. The key operating and financial data for the last six (6) years is set out in the relevant sections of the annual report; and

k. The Company's management is committed to best corporate governance and appropriate steps are taken to comply with best practices.

Provident Fund

All permanent employees are eligible for a contributed Provident Fund as part of the company's retirement benefits. According to their records, the value of Define Contribution Provident Fund investments as of December 31, 2022, was PKR 327 million (audit in progress), whereas it was PKR 291 million as of December 31, 2021 (audited).

Auditors

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

Being eligible, EY has offered themselves to be eappointed as the Company's auditors for the year 2023. In agreement with the Audit Committee, the Board has proposed to shareholders for approval at the forthcoming Annual General Meeting the reappointment of EY as AGP's statutory auditors for the year 2023

20. Future Outlook

Despite unprecedented challenges posed by economic and political conditions, AGP is devoted to expanding and increasing its market share. Capitalizing on the existing product portfolio and synergies from the subsidiary company, AGP will leverage on organic growth prospects. The preparation is underway to develop new medications that target both current and emerging therapeutic needs aims to increase our share in the domestic market and emerge across borders that will establish our footprint in export markets. In order to achieve our growth objectives, AGP has incurred and budgeted sizeable CAPEX to enhance its manufacturing capacity in the current and next year respectively. Nevertheless, the future profitability will remain threatened by ongoing foreign exchange volatility, a rise in global commodity prices, domestic inflation, an increase in fuel and shipping costs, and interest rates. We will continue to explore possible acquisition targets, deemed strategically fit for inorganic growth opportunities. The management is currently pursuing a transaction for acquisition of a selected portfolio of products from Viatris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. ("Brands").") which is currently under process.

Response to Future Challenges and Uncertainties

To counter the challenges posed by the economic distress in the Country, we are making efforts to diversify our supplier base and move from import to local supplies while maintaining quality standards which has been the cornerstone of our existence. Further, we are focusing on creating a strong export base and emphasizing on inventory building by maintaining buffer stock to optimize inventory levels. To remain aware of prospective opportunities and potential hazards, we stay abundantly cautious on the evolving external factors. We trust and have confidence that the GoP, and the Drug Regulatory Authority Pakistan (DRAP) in particular, will play an instrumental role in stabilizing the business environment. Business oriented policies and financial support measures will certainly assist business community to regain stability and grow sustainably.

Acknowledgment

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

NUSRAT MUNSHI
MANAGING DIRECTOR AND CEO

MUHAMMAD KAMRAN MIRZA
NON–EXECUTIVE DIRECTOR

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(٦) 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

تمام مستقل ملازمین کمپنی کے ریٹائرمنٹ فوائد کے حصے کے طور پر ایک مشترکہ پروویڈنٹ فنڈ کے اہل ہیں۔ان کے ریکارڈ کے مطابق، بمطابق ۳۱ دسمبر ۲۰۲۲، ڈیفائن کنٹری بیوشن پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت ۳۲۷ ملین روپے (آڈٹ جاری ہے) تھی، جبکہ ۳۱ دسمبر ۲۰۲۱ تک یہ ۲۹۱ ملین روپے تھی (آڈٹ شدہ)۔

۱۹۔آڈیٹرز

میسرز EY Ford Rhodes (EY)، چارٹرڈ اکاؤنٹنٹس، اور کمپنی کے موجودہ آڈیٹرز، نے اے جی پی کے انفرادی اور اجتماعی مالیاتی گوشواروں پر ایک رپورٹ جاری کی ہے۔
EY نے، اہل ہونے کے ناطے، مالی سال ۲۰۲۳ کے لیے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔آڈٹ کمیٹی کے ساتھ اتفاق کرتے ہوئے، بورڈ نے آئندہ سالانہ اجلاس عام 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

معاشی اور سیاسی حالات سے پیدا ہونے والے بے مثل چیلنجوں کے باوجود، اے جی پی اپنے مارکیٹ شیئر کو بڑھانے اور بڑھانے کے لیے یکسو ہے۔ذیلی کمپنی سے موجودہ پروڈکٹ پورٹ فولیو اور ہم آہنگی پر سرمایہ کاری کرتے ہوئے، اے جی پی نامیاتی نمو کے امکانات سے فائدہ اٹھائے گی۔نئی ادویات تیار کرنے کی تیاری جاری ہے جو موجودہ اور ابھرتی ہوئی علاج کی ضروریات کو ہدف بناتی ہیں جس کا مقصد مقامی مارکیٹ میں ہمارا حصہ بڑھانا اور سرحدوں کے پار نمایاں ہونا ہے جس سے برآمدی منڈیوں میں ہمارا نقش قدم مستحکم ہوگا۔ہمارے ترقی کے مقاصد کو حاصل کرنے کے لیے، اے جی پی نے موجودہ اور اگلے سال میں اپنی مینوفیکچرنگ کی صلاحیت بڑھانے کے لیے CAPEX پر بڑے پیمانے پر خرچ کیا ہے اور بجٹ رکھا ہے۔
اس کے باوجود، مستقبل میں منافع جات کو جاری غیر ملکی زرمبادلہ کے اتار چڑھاؤ، عالمی اجناس کی قیمتوں میں اضافے، ملکی افراط زر، ایندھن اور شپنگ کے اخراجات میں اضافے اور سود کی شرحوں سے خطرہ رہے گا۔
ہم ممکنہ حصول کے اہداف کی تلاش جاری رکھیں گے، جو غیر نامیاتی نمو کے مواقع کے لیے حکمت عملی کے مطابق سمجھے جاتے ہیں۔انتظامیہ فی الحال Viatris انکارپوریٹڈ ("Viatris") سے مصنوعات کے منتخب پورٹ فولیو کے حصول کے لیے ایک ٹرانزیکشن کی جستجو میں ہے، (جو پاکستان میں بنیادی طور پر فائزر انکارپوریشن (Pfizer Inc.) کی ملکیت میں برانڈز ("Brands") کے تحت فروخت کی جارہی ہیں۔") جو فی الحال زیر عمل ہے۔

۲۱۔مستقبل کے چیلنجز اور غیر یقینی صورتحال کا جواب

ملک میں معاشی پریشانی سے پیدا ہونے والے چیلنجوں کا مقابلہ کرنے کے لیے، ہم اپنا سپلائر بیس متنوع بنانے اور معیار کی سطح برقرار رکھتے ہوئے، جو ہمارے وجود کا سنگ بنیاد رہا ہے، درآمد سے مقامی سپلائی میں منتقل کرنے کی کوشش کر رہے ہیں۔مزید برآں، ہم انوینٹری کی سطح کو بہتر بنانے کے لیے بفر اسٹاک کو برقرار رکھ کر ایک مضبوط ایکسپورٹ بیس بنانے اور انوینٹری بلڈنگ پر زور دینے پر توجہ مرکوز کر رہے ہیں۔
ممکنہ مواقع اور ممکنہ خطرات سے آگاہ رہنے کے لیے، ہم بدلتے ہوئے بیرونی عوامل پر بہت محتاط رہتے ہیں۔ہمیں اعتماد اور بھروسا ہے کہ حکومتِ پاکستان، خاص طور پر ڈرگ ریگولیٹری اتھارٹی پاکستان (DRAP)، کاروباری ماحول مستحکم کرنے میں اہم کردار ادا کرے گی۔کاروبار پر مبنی پالیسیاں اور مالی معاونت کے اقدامات یقینی طور پر کاروباری برادری کو استحکام حاصل کرنے اور پائیدار ترقی میں مدد فراہم کریں گے۔

۲۲۔متفق

ہم اپنی کمپنی اور اس کے ذیلی ادارے کے بیش قیمت انسانی سرمایے سے اظہار تشکر کرتے ہیں جو ہمارا نصب العین اور بنیادی اقدار برقرار رکھنے اور اعلیٰ معیار کی ادویات تک مریضوں کی رسائی یقینی بنانے کے لیے انتھک محنت کرتے رہے ہیں۔ہم پر لگاتار اعتماد پر ہم اپنے کلائنٹس، سپلائیرز اور بزنس پارٹنرز کا بھی شکریہ ادا کرنا چاہیں گے۔ہم کمپنی کی انتظامیہ اعتماد اور بھروسے پر اپنے قابلِ احترام شیئر ہولڈرز کے بھی شکر گزار ہیں۔

محترمہ نصرت منشی
چیف ایگزیکٹو آفیسر

محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر

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

۱۴۔ انٹرنل کنٹرولز کی موزونیت

بورڈ کمپنی کے انٹرنل کنٹرول سسٹمز اور ان 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 رکھنے والا عملہ تعینات کرتی ہے۔

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 کے ساتھ ساتھ ان خطرات کے حوالے سے بھی رہنمائی کرتا ہے جو کاروبار کو ان مقاصد کے حصول 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 موزوں ہونے کی نگرانی اور تصدیق کرتی ہے۔

بورڈ انفارمیشن ٹیکنالوجی (آئی ٹی) گورننس فریم ورک کی اہمیت اور اس کی ذمہ داری بھی سمجھتا ہے جو واضح طور پر بیان کیا گیا ہے اور انٹرپرائز گورننس، آئی ٹی قیادت، آئی ٹی حکمت عملی، آئی ٹی فریم ورک، اور آئی ٹی عمل کو نافذ کرنے پر توجہ مرکوز کرتا ہے۔ آڈٹ کمیٹی پر آئی ٹی گورننس کی نگرانی، اور سائبر سیکیورٹی کنٹرول کے اقدامات کے موزوں اور مؤثر ہونے کی ذمہ داری سونپی گئی ہے۔ آئی ٹی اسٹیئرنگ کمیٹی کے نامزد نمائندے، جن میں سینئر مینجمنٹ کے ممبران شامل ہیں، آڈٹ کمیٹی کو بروقت اپ ڈیٹ رکھیں گے اور جہاں ضروری ہو ان کی رہنمائی حاصل کریں گے۔ آڈٹ کمیٹی بورڈ کو ان معاملات سے آگاہ کرے گی جو ضروری اور اہم سمجھے جاتے ہیں۔

۱۵۔ بورڈ کی تشخیص

کارپوریٹ گوورننس کے بہترین معمولات کی پیروی اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ کے تقاضے کے مطابق اے جی پی 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 بلا منافع 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۔ PICG کے ان تجزیوں کے نتائج پر بورڈ کے آئندہ جلاس میں تفصیل سے بحث کی جاتی ہے تاکہ نشاندہی شدہ پہلوؤں سے عہدہ برآ ہوا جاسکے اور بورڈ کی کارکردگی کو بہتر بنایا جاسکے۔

PICG عمدہ کوائف اور اور تجربات کی حامل ایک متنوع ٹیم کے ساتھ ایک سرکاری نجی تعاون ہے جس کا مقصد پاکستان میں اچھے کارپوریٹ گورننس معیارات تیار کرنا ہے۔

۱۶۔ ڈائریکٹرز کا معاوضہ

بورڈ نے کمپنیز ایکٹ، ۲۰۱۷ اور کوڈ آف کارپوریٹ گورننس کے مطابق، بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے بورڈ کے اراکین کے معاوضے کی منظوری دی ہے۔

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 جاسکے۔

معاوضے کا فیصلہ صنعت کے رجحانات اور کاروباری طریقوں کے مطابق کیا جاتا ہے تاکہ بورڈ کے تمام ارکان کی استقامت کے ساتھ ساتھ کمپنی کے ذریعہ ان کی وابستگی برقرار رکھنا یقینی بنایا جاسکے۔ تاہم، اجلاس کی فیس اس سطح پر نہیں رکھی جاتی ہے کہ اسے بورڈ کے ارکان کی آزادی پر سمجھوتا سمجھا جاسکے۔

معاوضوں کی تفصیلات، جن میں ڈائریکٹرز اور چیف ایگزیکٹوز کے لیے بلا حد تنخواہ، فوائد، بونس، کارکردگی اور دیگر مراعات شامل ہیں، درج ذیل ہیں:

	چیف ایگزیکٹو		ڈائریکٹر		ایگزیکٹوز	
	۲۰۲۲	۲۰۲۱	۲۰۲۲	۲۰۲۱	۲۰۲۲	۲۰۲۱
	.... (ہزار روپے)					
انتظامی اُجرت	۲۷،۵۵۴	۱۷،۴۹۵	-	-	۳۸۳،۴۵۰	۲۵۳،۷۷۶
بونس	۲،۷۸۹	۲،۳۹۲	-	-	۱۵،۲۱۸	۶،۵۲۹
کارکردگی پر مبنی مراعات	۳۸،۳۳۷	۴۰،۲۹۹	-	-	۵،۹۵۸	۲،۶۵۰
کیے گئے اخراجات کی واپسی	۴۶۵	۴۴۷	-	-	۸۵،۱۷۳	۳۷،۵۵۸
پروویڈنٹ فنڈ	۱،۸۹۴	۱،۱۹۶	-	-	۱۶،۴۰۶	۱۲،۸۷۳
دیگر	۲،۹۳۵	۱،۵۹۵	-	-	۲۱،۱۸۲	۳۸،۱۶۸
	۷۴،۹۷۴	۶۳،۴۲۴	-	-	۵۲۷،۳۸۸	۳۵۱،۵۵۴
افراد کی تعداد	۱	۱	۶	۶	۸۷	۶۴

سال کے دوران بورڈ اور اس کی کمیٹیوں کے ۱۹ اجلاس منعقد ہوئے جبکہ گزشتہ سال اس طرح کے ۲۷ اجلاس ہوئے۔ بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے دو خودمختار ڈائریکٹرز [(۲۰۲۱: دو] اور ۴ نان ایگزیکٹو ڈائریکٹرز [(۲۰۲۱: چار] کو ادا کی گئی مجموعی فیس ۵.۰ ملین روپے تھی۔ (۲۰۲۱: ۱۲.۲ ملین روپے)۔ کمپنی کی طرف برداشت کیے جانے والے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے سفر اور بورڈنگ کے اخراجات ۱۰.۱ ملین روپے (۲۰۲۱: ۱۰.۴۶ ملین روپے) تھے۔ سال کے اختتام پر نان ایگزیکٹو ڈائریکٹرز کی تعداد چار تھی۔ (۲۰۲۱: 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 دانشمندانہ 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۔

SDG9 عدم مساوات میں تخفیف	• اے جی پی مزدور کی اجرت اور معاوضے سے متعلق تمام مالیاتی پالیسیوں پر سختی سے عملدرآمد کرتی ہے • مہنگائی کے ماحول میں انھیں سہارا دینے کے لیے مزدوروں کی اجرتوں میں اضافہ کیا گیا ہے۔ • ان مشکل حالات میں انھیں جینے میں سہارا دینے کے لیے اضافی بونس بھی دیے گئے ہیں۔ • ملازمین کی تشکیل میں مختلف نسلی گروہ، بشمول اقلیتی طبقے اور مختلف طرح کے باصلاحیت افراد اے جی پی کی فیملی کا حصہ 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	• ہمارا کوالٹی کنٹرول ڈیپارٹمنٹ یہ بات یقینی بناتا ہے کہ دوائیں بین الاقوامی معیار کے مطابق تیار کی جائیں جس میں پیداوار اور پیکیجنگ دونوں مراحل میں کم سے کم ضیاع ہو۔۔

۱۲۔ خطرات کا انتظام (رسک منیجمنٹ)

بورڈ آف ڈائریکٹرز 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۔ پورے رسک مینجمنٹ سسٹم کا مقصد کمپنی کو درپیش خطرات اور غیر یقینی صورتحال کی وجہ سے پیدا ہونے والی کسی بھی ممکنہ کوتاہیوں کو کم کرنا ہے۔

ایک مؤثر خطرے کی شناخت اور انتظام کی منصوبہ بندی کو برقرار رکھا اور پیروی کی گئی ہے۔ کمپنی کے اسٹریٹجک، مالی، آپریشنل، ساکھ، قانونی اور تعمیل کے خطرات کا پتہ لگانا، تجزیہ اور تخفیف سب اس عمل کا حصہ ہیں۔ آڈٹ کمیٹی تشخیص، بحث، اور کسی بھی ضروری سفارشات کے لئے ان کے متعلقہ تخفیف منصوبوں کے ساتھ ساتھ اہم خطرات کا جائزہ لیتی ہے۔ فیصلوں اور نتائج سے بورڈ کو بھی آگاہ رکھا جاتا ہے۔

پاکستان کو کثیر جہتی معاشی بحران کا سامنا ہے جس نے کاروبار کرنے کی لاگت پر منفی اثر ڈالا ہے۔ معاشی خطرات زیادہ ہیں کیونکہ ملک کو سست عالمی نمو کے درمیان اپنی روایتی برآمدی منڈیوں سے بڑے کرنٹ اکاؤنٹ خسارے، بلند سرکاری قرض اور کم طلب سے وابستہ چیلنجوں کا سامنا ہے۔

یہ اثرات بہترین ممکنہ حد تک کم کرنے کے لیے، کمپنی نے انوینٹریز کو زیادہ سے زیادہ سطح پر برقرار رکھنے کا منصوبہ بنایا ہے۔ بہتر LC شرائط کے ساتھ یوآن میں ادائیگی کے لیے چینی سپلائرز کے ساتھ بات چیت پہلے سے ہی عمل میں ہے اور اس نے کچھ کامیابی حاصل کی ہے۔ مزید یہ کہ، ہم جہاں ممکن ہو مقامی دکانداروں کو سپلائر بیس متنوع بنا رہے ہیں۔ مینجمنٹ نے مارکیٹ کی حرکیات کی بنیاد پر طلب کی پیش گوئی پر ایک موافقت پذیر خریداری کا منصوبہ بھی تیار کیا ہے۔ ان مربوط کوششوں کے علاوہ، ہم غیر ملکی کرنسی کے اتار چڑھاؤ سے اپنے آپ کو بچانے کے لیے برآمدی مواقع کے لیے راستے تلاش کر رہے ہیں۔

۱۳۔ بورڈ اور اس کی کمیٹیوں کی تشکیل اور اجلاس

کمپنی کو اسٹریٹجک قیادت دینے کے لیے بورڈ مختلف شعبوں سے تعلق رکھنے والے نامور پروفیشنل 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 آف ڈائریکٹرز ہر قسم کے حصص یافتگان کے مفادات کی خدمت کرتے ہیں اور خاص طور پر اقلیتی مفادات کو یقینی بناتے ہیں۔

بورڈ کی لازمی کمیٹیوں، یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے علاوہ، کمپنی کے پاس انویسٹمنٹ ٹرانزیکشنز اور کارکردگی کا جائزہ لینے اور سرمائے اور مالی وسائل کی نگرانی کے لیے بورڈ اسٹریٹجی کمیٹی بھی 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 (BOD)	۹
بورڈ آڈٹ کمیٹی (BAC)	۶
ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HRC)	۳
بورڈ اسٹریٹجی کمیٹی (BSC)	۱

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	۸/۹	-	-	-
جناب نوید عابد خان	خود مختار ڈائریکٹر	۹/۹	۳/۳	-	-
جناب ظفر اقبال ثوبانی	خود مختار ڈائریکٹر	۹/۹	-	۶/۶	-
جناب کامران نشاط	نان ایگزیکٹیو ڈائریکٹر	۹/۹	۳/۳	۶/۶	۱/۱
محترمہ نصرت منشی	ایگزیکٹیو ڈائریکٹر	۹/۹	۳/۳	-	۱/۱
جناب محمود یار ہراج	نان ایگزیکٹیو ڈائریکٹر	۹/۹	۳/۳	۶/۶	۱/۱
جناب محمد کامران مرزا	نان ایگزیکٹیو ڈائریکٹر	۹/۹	۳/۳	۶/۶	۱/۱

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۔

بورڈ اور اس کی کمیٹیوں کے اجلاسوں کی صدارت ان کے متعلقہ چیئرمین نے کی، سوائے بورڈ کے ایک اجلاس کے جہاں مسٹر طارق معین الدین خان کو رخصت کی اجازت دی گئی اور مسٹر نوید عابد خان نے اجلاس کی صدارت کی۔ بورڈ کے تمام ممبران اور اس کی کمیٹیوں نے صرف ایک موقع کے علاوہ اپنے تمام متعلقہ اجلاسوں میں شرکت کی۔

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۔

SDG3 اچھی صحت اور فلاح و بہبود	• پاکستان میں ہیپا ٹائٹس سے مقابلے میں مدد کے لیے کمپنی نے صحت کی دیکھ بھال کے مختلف اداروں کو تقریباً ٦٠ ملین روپے مالیت کی ہیپا ٹائٹس کی ادویات عطیہ کیں۔ • کم وسائل رکھنے والے افراد کو صحت کی معیاری دیکھ بھال فراہم کرنے لیے آغا خان یونیورسٹی ہاسپٹل کی پیشنٹس بہبود سوسائٹی کو ایک ملین روپے عطیہ کیے گئے۔ • عوام میں صحت سے متعلق آگاہی پھیلانے کے مختلف پروگراموں مثلاً نیچرل کیلیشیم کی بات، خواتین کے ساتھ'' اور لیور کیئر ویب سیریز کا اہتمام کیا گیا۔ • ڈاؤن سنڈرم میں مبتلا بچوں کی معاونت کے لیے KDSP کے فنڈ ریزنگ کارنیول کو عطیہ دیا گیا۔
SDG4 معیاری تعلیم	• اے جی پی فیکٹری ورکرز اور معاون عملے کے ضرورت منداور مستحق بچوں کو تعلیمی وظائف فراہم کرنے کے لیے ایک پالیسی رکھتی ہے۔ • دو (٢) 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 ٣٠٠ کم مراعات یافتہ طالب علموں کی تعلیم کو سپانسر کیا گیا۔ مستحق طلبہ کی تعلیم میں مجموعی طور پر ے ملین روپے کی سرمایہ کاری کی گئی۔ • ٢ طلبا کو ان کا بیچلرز پروگرام اسپانسر کرنے کے لیے آئی بی اے کراچی میں ۴ ملین روپے، فی سال املین روپے، کا اے جی پی انڈوومنٹ فنڈ قائم کیا گیا۔

SDG5 صنفی مساوات	• خاتون کی زیر قیادت پہلی فارماسیوٹیکل لسٹڈ کمپنی؛ • اے جی پی کا کل افرادی قوت کے طور پر خواتین کا کل افرادی سے تناسب ۹ ٪ ہے۔ • ہمارے سینئر مینجمنٹ کیڈر کا ٢٥٪ 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 چوتھے سال کے لیے گلوبل ڈائیورسٹی، ایکویٹی اینڈ انکلوژن بینچ مارکس (GDEIB) ایوارڈز جیتے اور اس سال ہمیں ٨ مختلف زمروں میں نوازا گیا ہے۔ • ہم اپنے زیریں انتظامی عملے کی خواتین ملازمین کو باسہولت اور سستی نقل و حمل کی سہولت فراہم کرتے ہیں۔
SDG6 صاف پانی اور طہارت	• پانی کو مناسب طریقے سے ٹھکانے لگانے کے لیے کمپنی کے احاطے میں ایفلوئنٹ واٹر ٹریٹمنٹ پلانٹ موجود ہے جو SEPA کی تعمیل کرتا ہے۔ • پانی کی بچت کے لیے جہاں بھی ممکن ہو سینسر والے نلکوں اور جھرنوں کا استعمال؛
SGD7 باکفایت اور صاف توانائی	• اے جی پی کی توانائی کی ضروریات کا تقریباً ١٣ فیصد پورا کرنے کے لیے تینوں (٣) پلانٹوں پر سولر پاور سسٹم۔ • اے جی پی کو ایک ماحول دوست آفس بنانے کے لیے WWF گرین آفس سرٹیفکیشن حاصل کرنا اور برقرار رکھنا، WWF کے تجویز کردہ ماحولیات کے نظام (EMS) کا نفاذ اور ہمارا کاربن فٹ پرنٹ کم کرنا۔
SDG8 باوقار کام اور معاشی ترقی	• حال ہی میں کھولا گیا ایک ڈے کیئر سنٹر کام کرنے والی ہماری خاتون اسٹاف کو زچگی کے بعد ملازمت جاری رکھنے میں مدد فراہم کر رہا ہے جس کا نتیجہ کام اور زندگی میں بہتر توازن اور غیر حاضری میں کمی کی صورت میں سامنے آرہا ہے۔ • 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۔

۶۔ منافع کی تقسیم اور ذخائر

آمدنی کے ذخائر۔۲۰۲۲ کے آغاز میں کمپنی کا غیر تصرف شدہ منافع ۶۷۰۰ ملین روپے رہا۔۲۰۲۲ کے لیے بعد از ٹیکس منافع نے ذخائر میں ۱۴۰۰ ملین روپے کا اضافہ کیا۔ جب کہ ڈیویڈنڈ کی ادائیگی کے نتیجے میں ذخائر میں ۷۰۰ ملین روپے تک کمی ہوئی۔ اسی کے مطابق ذخائر ۷۴۰۰ ملین روپے پر بند ہوئے، جو سال کے لیے ۱۰.۹٪ روپے کا ایک نمایاں اضافے کی نشاندہی کرتے ہیں۔

تصرفات	ملین روپوں میں
ابتدائی غیر تصرف شدہ منافع	۶۷۰۰
خالص منافع	۱۴۰۰
حتمی ڈیویڈنڈ بحساب ۲.۵ روپے فی شیئر	(۰.۷)
اختتامی غیر تصرف شدہ منافع	۷۴۰۰

۷۔ ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے ۲۴ فروری ۲۰۲۳ کو منعقدہ اپنے اجلاس میں بصد مسرت ختم ہونے والے سال ۲۰۲۲ کے لیے ۲ روپے فی شیئر یعنی ۲۰٪ فائنل کیش ڈیویڈنڈ کی سفارش کی ہے۔ اسے ۱۹ اپریل ۲۰۲۳ کو منعقدہ آیندہ سالانہ اجلاس عام میں شیئر ہولڈرز سے منظوری کے لیے رکھا جائے گا۔

۸۔ شیئر ہولڈنگ کا اسلوب

اے جی پی کے شیئرز پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۲ شیئر ہولڈنگ کی معلومات اور دیگر معلومات، بشمول بورڈ ڈائریکٹرز، 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 ۲۰۲۲ میں شیئر ہولڈنگ کے اسلوب سے متعلق حصے میں درج کی گئی ہیں۔

۹۔ بعد میں رونما ہونے والے واقعات

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

۱۰۔ ماحول کی نگہداشت

فروخت کی متاثر کن کارکردگی پیش کرنے کے دوران، ہم اپنے کاروباری فیصلوں میں اخلاقی معیارات اور پائیداری کے اصولوں سے پوری طرح واقف ہیں۔ ہم کاربن کا اخراج کم کرکے اور پانی اور توانائی کے تحفظ کو فروغ دینے والے پروگراموں کو نافذ کرکے اپنا کاربن فٹ پرنٹ کم کرنے کے لیے پرعزم ہیں۔ ہم مثبت سماجی اور ماحولیاتی اثرات پیدا کرنے کے لیے سندھ ماحولیاتی تحفظ ایجنسی (SEPA) کے ماحولیاتی معیارات اور ضوابط پر عمل کرتے ہوئے کاروباری سرگرمیوں پر یقین رکھتے ہیں اور ان پر عمل کرتے ہیں۔

پائیدار توانائی کے ذرائع قائم کرنے کے لیے ہماری " گو گرین حکمت عملی " کے ایک حصے کے طور پر، ہم شمسی پینل کے ذریعہ اپنی توانائی کی ضروریات کا تقریباً ۱۳٪ پورا کرتے ہیں۔ کاربن کے اخراج میں کمی کے ذریعے اے جی پی کو زیادہ ماحول دوست دفتر بنانے کے لیے ورلڈ وائڈ فنڈ فار نیچر (WWF) کے ساتھ ہماری شراکت کے ایک حصے کے طور پر، ہم ایک موثر اور موثر ماحولیاتی انتظامی نظام (EMS) پر عمل کرتے رہتے ہیں۔ اپنے پائیدار اہداف کے ایک حصے کے طور پر، ہم درج ذیل کے حصول کے لیے کام کر رہے ہیں:

پانی کی کھپت میں کمی	٪۳
کاغذ کی کھپت میں کمی	٪۵
کچرے میں کمی	٪۵
توانائی کی کھپت میں کمی	٪۳

ہمارے مینوفیکچرنگ آپریشنز بین الاقوامی معیارات کے مطابق ہیں اور مینوفیکچرنگ کے اچھے 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، ہمارے اہداف اور 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

اے جی پی سماجی ترقی پر بہت زور دیتی ہے تاکہ کمپنی اور کمیونٹی دونوں ایک ساتھ پروان چڑھ سکیں۔ اس سلسلے میں، ہم نے معاشرتی بہبود کو فروغ دینے اور اعلیٰ ممکنہ امیدواروں کو تعلیم دینے کے مقصد سے مختلف منصوبوں میں معاونت کی ہے۔ سماجی طور پر ذمہ دار کارپوریشن کے طور پر، ہم موجودہ وقت کی ضروریات کو مستقبل کی ذمہ داریوں کے ساتھ متوازن کرنے کی اپنی ذمہ داری کو تسلیم کرتے ہیں۔ انسانیت کی خدمت کا اپنا مشن پورا کرنے کے لیے، ہم نے وسائل سے محروم مریضوں کے لیے آغا خان یونیورسٹی ہسپتال (اے کے یو ایچ) کو فنڈز عطیہ کیے، سیلاب متاثرین کے لیے تنظیموں اور بلوچستان کے محکمہ صحت کے ساتھ شراکت داری کی تاکہ غریب مریضوں کی مدد کی جاسکے۔ ہم نے معروف تعلیمی اداروں کو بھی تعلیمی مدد فراہم کی اور ضرورت مندوں کو دوائیں عطیہ کیں۔

حکومت پاکستان (جی او پی) کی طرف سے اختیار کردہ اقوام متحدہ کے پائیدار ترقیاتی اہداف (SDGs) پر عمل کرتے ہوئے پائیداری بہتر بنانے کے لیے ہماری کوششوں کا خلاصہ مندرجہ ذیل جدول کے ذریعے کیا جاسکتا ہے:

پائیدار ترقیاتی اہداف (SDGs)	اقدامات
SDG2 زیرو ہنگر (کوئی بھوکا نہ سوئے)	رمضان راشن پیکس کے لیے ۶۵. املین روپے امتیاز پروویژن اسٹور کو عطیہ کیے گئے۔

ڈائریکٹرز رپورٹ

اے جی پی لمیٹڈ (AGP/ کمپنی) کے بورڈ آف ڈائریکٹرز کے لیے ۳۱ دسمبر، ۲۰۲۳ کو ختم ہونے والے سال کے لیے سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا 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 مینوفیکچرنگ، مارکیٹنگ، درآمد اور فروخت کرتی ہے۔ کمپنی مارکیٹ کی مخصوص معالجاتی ضروریات پوری کرنے کے لیے معیاری مصنوعات کے وسیع انتخاب کی مالک ہے۔ بمطابق ۳۱ دسمبر ۲۰۲۲، Aitkenstuart Pakistan (Private) Limited (پیرنٹ کمپنی) کے ۵۵.۸٪ ایکویٹی انٹرسٹ کی مالک ہے۔

اے جی پی اپنے ذیلی ادارے OBS AGP (پرائیویٹ) لمیٹڈ (OBS AGP) میں ۶۵٪ شیئر ہولڈنگ کی مالک ہے، جو Sandoz AG سے حاصل کردہ ایک پورٹ فولیو کا مالک ہے۔

۲۔ معاشی جائزہ

ملک کی معاشی اور سیاسی صورتحال کے باعث تاجر برادری کے لیے بے مثل چیلنجز کا شکار ہے۔ غیر ملکی زرمبادلہ کے ذخائر میں نمایاں کمی ہوئی ہے جس کی وجہ سے حکومت نے اخراج کنٹرول کرنے کے لیے اقدامات کیے ہیں جس کے نتیجے میں سپلائی چین میں شدید خلل پڑنے کا خدشہ ہے۔ پاکستانی روپے کی قدر میں شدید کمی کے ساتھ ساتھ بلند افراط زر، توانائی اور مال برداری کی لاگتوں میں اضافے کے ساتھ ساتھ اضافی ٹیکسوں کے نفاذ نے ملک میں کاروبار کرنے کی لاگت میں نمایاں اضافہ کیا ہے۔ اس کے علاوہ، نئے ٹیکسوں کی لہر نے کاروباری اداروں کے لیے پہلے سے ہی زیادہ لاگت میں مزید اضافہ کر دیا ہے۔

۳۔ مارکیٹ کا جائزہ

IQVIA سولوشنز پاکستان لمیٹڈ، ایک فارما ریسرچ کمپنی کی طرف سے جاری کردہ انڈسٹری رپورٹ کے مطابق پاکستان میں فارماسیوٹیکل انڈسٹری نے سال ۲۰۲۲ کے لیے ۷۰۰۰۰ ملین روپے کا ہندسہ عبور کرلیا ہے جس میں گزشتہ سال کے مقابلے میں ۱۴.۳٪ اضافہ ہوا ہے جس میں حجمی نمو ۵.۷٪ ہے۔ یہ نمو بنیادی طور پر دائمی بیماریوں اور انفیکشن کے حصے میں استعمال ہونے والی دوائیوں سے ہوئی ہے۔ ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی جانب سے سالانہ CPI کی بنیاد پر قیمتوں میں اضافے نے بھی صنعت کی نمو کو سہارا دیا۔

۴۔ مالیاتی نتائج

اے جی پی کی مالی کارکردگی

مشکل معاشی حالات کے باوجود اے جی پی نے آمدنی میں نمایاں اضافہ کیا اور گزشتہ سال کے مقابلے میں ۳۸.۳٪ کی نمایاں نمو کے ساتھ ۱۰۰۰۰ ملین روپے سے تجاوز کر کے ایک اہم سنگ میل حاصل کیا۔ گھریلو خوردہ فروخت نے، جس پر آمدنی کا بیشتر حصہ مشتمل ہے، ٹاپ برانڈز کی کارکردگی کی بدولت ۴۱.۲٪ کی امید افزا نمو ظاہر کی۔ افغانستان کو فروخت نے غیر معمولی طور پر اچھی کارکردگی کا مظاہرہ کیا ہے اور پہلی بار ۵۷٪ کی قابل ذکر نمو کے ساتھ ۱۰۰۰ ارب روپے سے تجاوز کر گئی۔ اے جی پی کے لیے فروخت کی مجموعی نمو کو ادارہ جاتی فروخت میں اضافے سے بھی مدد ملی جو بنیادی طور پر ڈائریکٹر جنرل ہیلتھ پنجاب کے یک وقتی کے آرڈر کی وجہ سے ایک

ارب روپے سے تجاوز کر گئی۔

فروخت کی متاثر کن کارکردگی کو باٹم لائن میں تبدیل نہیں کیا جا سکا کیونکہ کنٹرول سے باہر بیرونی عوامل کی وجہ سے کاروبار کرنے کی لاگت میں نمایاں طور پر اضافہ ہوا۔ مقامی کرنسی کی قدر میں بڑے پیمانے پر کمی کی وجہ سے مجموعی منافع جات پر دباؤ برقرار رہا۔ انتظامیہ نے اپنے اخراجات کی سختی سے نگرانی اور ان میں کمی جاری رکھی اور اس کے نتیجے میں کاروباری حجم میں نمایاں اضافے اور افراط زر کے شدید دباؤ کے باوجود انتظامی اخراجات میں ۴٪ ہی اضافہ ہوا۔ تاہم، فروخت میں اضافے کے لیے اسٹریٹجک اقدامات کے حصے کے طور پر، کمپنی نے انسانی وسائل کے سرمایہ میں سرمایہ کاری کی۔ اس کے مطابق، موجودہ ٹیمیں مضبوط کی گئی تھیں، اور نئی ٹیمیں شامل کی گئی تھیں، جس سے مارکیٹنگ اور فروخت کے اخراجات میں نمایاں اضافہ کیا۔ دیگر آمدنی میں ۸۵ ملین روپے کا اضافہ ہوا ہے جس کی بنیادی وجہ ڈچ کمپنی او بی ایس اے جی پی سے حاصل کردہ منافع کی آمدنی ہے۔ جبکہ دیگر اخراجات میں مقامی کرنسی کی قدر میں کمی کی وجہ سے ۸۰ ملین روپے کا اضافہ ہوا ہے۔ سال کے دوران، کمپنی نے کامیابی سے اپنی طویل مدتی صکوک فنانسنگ ادا کی، تاہم، سود کی شرحوں میں تیزی سے اضافہ ہوا ہے جس کی وجہ سے فنانسنگ کی لاگت ۷۴ ملین روپے بڑھ گئی ہے۔ ٹیکس کے اخراجات میں ۲۴۷ ملین روپے کا نمایاں اضافہ ہوا ہے جس کی بنیادی وجہ فنانس ایکٹ ۲۰۲۲ کے تحت لگایا گیا سپر ٹیکس ہے۔ عزت مآب سپریم کورٹ آف پاکستان نے اپنے عبوری حکم نامے میں نے جزوی ریلیف دیا ہے۔ احتیاط پر کاربند ہونے کی وجہ سے کمپنی نے اپنے مالیاتی گوشواروں میں اپنی مکمل پروویژن برقرار رکھی ہے۔

مذکورہ بالا وجوہات اور معروضات کے پیش نظر کمپنی نے اسٹینڈ-الون کی بنیاد پر ۵.۱۰ روپے فی شیئر کی آمدنی کے ساتھ ۴۲۸، املین روپے کا خالص منافع ریکارڈ کیا۔

OBS AGP کی مالی کارکردگی

حاصل کردہ پورٹ فولیو کی کارکردگی نئے انتظامی اور انضباطی ڈھانچے کے تحت شاندار رہی ہے۔ کمپنی نے اپنے آپریشنز کے پہلے مکمل سال میں ۴۶۰۰ ملین روپے کی آمدن اور ۵۸۳ ملین روپے کا بعد از ٹیکس منافع ریکارڈ کرایا۔ سال کے دوران کمپنی نے اپنے حصص یافتگان کو ۱۰۰ ملین روپے کا ڈیویڈنڈ ادا کیا۔

اجتماعی مالی کارکردگی

اے جی پی اور او بی ایس اے جی پی دونوں کی حوصلہ افزا ٹاپ لائن کارکردگی ۱۴۵۰۰ ملین روپے کی مجموعی آمدن کی شکل میں سامنے آئی جو گزشتہ سال کے مقابلے میں ۵۰.۲٪ اضافہ ہے۔ کٹھن کاروباری ماحول کی وجہ سے نفع رسانی دباؤ میں رہی۔ جس کے نتیجے میں مجموعی خالص منافع ۱۷۰۰ ملین روپے ریکارڈ کیا گیا ہے اور ۵.۶۱ روپے فی شیئر آمدنی کے ساتھ پیرنٹ کمپنی سے منسوب خالص منافع ۱۶۰۰ ملین روپے رہا۔

۵۔ سرمایے کی ساخت

سال کے اختتام پر کل ایکویٹی ۲۰۲۱ میں ۹۵۰۰ ملین روپے سے ۷.۷٪ اضافے کے ساتھ ۱۰۲۰۰ ارب روپے ہوگئی۔ کمپنی نے ۴۴۰ ملین روپے کے قرضوں کی واپسی بشمول اپنے صکوک کی بے باقی کے ذریعے اس سال اپنا ایکویٹی کا قرضوں کے مقابلے میں تناسب (The gearing ratio) ۵.۳۲٪ سے ۰.۹۲٪ تک نمایاں طور پر بہتر کیا ہے۔ کمپنی نے اپنی کو بروقت بنیادوں پر طے کرنا جاری رکھا اور ۶۰۷ ملین روپے کے قرض کی ادائیگی کی جس میں ۴۸۰ ملین روپے صکوک کی ادائیگی کے طور پر شامل ہیں۔ بمطابق ۳۱ دسمبر ۲۰۲۲ طویل مدتی فنانسنگ ۹۳ ملین روپے تک کم کی جا چکی ہے۔

کمپنی نے ترقی اور توسیع کے کاروباری مقاصد کے مطابق اندرونی طور پر پیدا کردہ فنڈز کے ذریعے سرمایہ کے اخراجات کے مواقع میں ۸۷۷ ملین روپے کی سرمایہ کاری کی۔ سرمایہ کاری میں دیگر مالیاتی منصوبوں میں موجودہ صلاحیتوں کو بڑھانے اور انفراسٹرکچر کو جدید بنانے کے لیے آلات اور مشینری کی توازن کاری، جدید کاری اور تنظیم نو شامل ہے۔

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

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, 2022.

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 professionals and the Committee as a whole possesses significant economic, financial and business acumen.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Internal Auditors are not members of the Committee but attended all its meetings during the year at the invitation of the Chairman. The Committee has appointed a company secretary as a secretary of the Committee.

Meetings of the Audit Committee

The Committee met six (6) times during the year. This included quarterly meetings held primarily to review and recommend interim and annual financial statements to the Board of Directors (Board) for its consideration and approval. In addition, two (2) meetings were held to consider agenda other than financial results and recommend the same to the Board. 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, 2022, and reports that:

- The standalone and consolidated financial statements of the Company for the year ended December 31, 2022, 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, 2022.

- 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 full-time employee other than CFO, as Head of Internal Audit (HOIA) holding equivalent qualification prescribed under the Code of Corporate Governance. The HOIA functionally reports to the Committee and administratively to the CEO and his performance appraisal 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 the internal audit function.

The internal audit is conducted as per the internal audit plan duly approved by the Committee. All internal audit reports are provided for the review of external auditors. The internal auditors also discussed major findings in relation to the reports with the Committee, and the Committee reports matters of significance to the Board.

Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives including a reliable 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, 2022, and shall retire on the conclusion of the ninth (9th) Annual General Meeting of the Company.

The Chairman of the Committee met the EY audit team along with engagement partner Mr. Omer Chugtai at the start of the audit on December 28, 2022, to ensure the appropriateness of audit planning and sufficiency of resources and discussed the appropriate recording of investment in subsidiary in the financial statements. The Committee reviewed the Management Letter issued by external auditors along with Management's response / actions plans. At year-end meeting, the Committee met Mr. Omer Chugtai 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 2023 at the forthcoming Annual General Meeting of the Company.

Conclusion

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

ZAFAR IQBAL SOBANI
Chairman – Audit Committee
& Independent Director

EY
Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AGP Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **AGP Limited** (the Company) for the year ended **31 December 2022** 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 2022.**

EY Ford Rhodes

Chartered Accountants

Place: Karachi

UDIN: CR202210120uc4YEVrHW

Date: 22 March 2023

STATEMENT OF COMPLIANCE

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

AGP Limited
YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

a. Audit Committee

- Mr. Zafar Iqbal Sobani – Chairman (Independent Director)
- Mr. Kamran Nishat (Non-Executive Director)
- Mr. 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, 2022

b) HR and Remuneration Committee: Three (3) meetings during the financial year ended December 31, 2022

c) Board Strategy Committee: One (1) meeting during the financial year ended December 31, 2022

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

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

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

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

NUSRAT MUNSHI
MANAGING DIRECTOR AND CEO

TARIQ MOINUDDIN KHAN
CHAIRMAN OF THE BOARD

STRATEGIC OUTLOOK

Analysis of Last Year's Forward-Looking Statement

In line with the Company's vision and mission to provide excellent healthcare to the patients, healthcare professionals, and other relevant stakeholders, the Company has shown significant growth this year despite facing severe economic challenges. The Company on a consolidated level expanded its product portfolio by introducing 10 new products in various therapeutic classes, resulting in the second-highest growth of 27.8% amongst the top 15 pharmaceutical companies in Pakistan. Our ongoing endeavors have enabled us to maintain our progress towards achieving operational and financial excellence. To achieve the long-term goal of inorganic growth, the Company is in the process of acquiring a portfolio of well-established brands from Viatris Inc, which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc, through equity investment in OBS Pakistan (Private) Limited.

Source of Information and Assumptions Used for Projections / Forecasts

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 performed to 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

Despite unprecedented challenges posed by economic and political conditions, AGP is devoted to expanding and increasing its market share. Capitalizing on the existing product portfolio and synergies from the subsidiary company, AGP will leverage on growth prospects. The preparation is underway to develop new medications that target both current and emerging therapeutic needs aims to increase our share in the domestic market and emerge across borders that will establish our footprint in export markets. To achieve our growth objectives, AGP has incurred and budgeted sizeable CAPEX to enhance its manufacturing capacity in the current and next year respectively.
Nevertheless, the future profitability will remain threatened by ongoing foreign exchange volatility, a rise in global commodity prices, domestic inflation, an increase in fuel and shipping costs, and interest rates.
The management is currently pursuing a transaction for acquisition of a selected portfolio of products from Viatris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. ("Brands").") which is currently under process.
We will continue to explore possible acquisition targets, deemed strategically fit for inorganic growth opportunities.

Response to Future Challenges and Uncertainties

To counter the challenges posed by the economic distress in the Country, we are making efforts to diversify our supplier base and move from import to local supplies while maintaining quality standards which has been the cornerstone of our existence. Further, we are focusing on creating a strong export base and emphasizing on inventory building by maintaining buffer stock to optimize inventory levels.
To remain aware of prospective opportunities and potential threats, we stay abundantly cautious on the evolving external factors. We trust and have confidence that the GoP, and the Drug Regulatory Authority Pakistan (DRAP) in particular, will play an instrumental role in stabilizing the business environment. Business oriented policies and financial support measures will certainly assist business community to regain stability and grow sustainably. For a comprehensive review of the principal risks and management's mitigation strategies, please refer to pages 73-80 of the Annual Report.

03

FINANCIAL PERFORMANCE

ASCENDING RESILIENTLY

We are making remarkable progress in line with our aggressive growth strategies. As we continue to ascend, we are also setting new milestones for the future, driven by our resilience and commitment to excellence.

Financial Performance

Review and analysis of the Company's Financial Performance for the year ended December 31, 2022.

2022 IN NUMBERS

Financial KPIs

The Company achieved remarkable revenue growth of 38.3% on the back of impressive performance of top products, significantly improved Afghanistan sales and institutional business. It could not fully translate to the bottom line mainly due to massive currency devaluation . Marketing and selling expenses have increased due to a planned increase in headcount to support sales growth, however, the Company managed the operations well, and resultantly EBITDA has improved over the last year. Net profit is further affected by severe inflationary pressures, rising interest cost, and additional tax levies.

	2022	2021	Change
REVENUE	10,262 Million	7,420 Million	Increase 38.3%
GROSS PROFIT	5,223 Million	4,117 Million	Increase 26.8%
EBITDA	2,376 Million	2,173 Million	Increase 9.3%
NET PROFIT AFTER TAX	1,428 Million	1,565 Million	Decrease (8.7)%
TOTAL ASSETS	12,829 Million	11,199 Million	Increase 14.6%

Non Financial KPIs

The Company has strengthened its workforce and launched 5 new products in line with the target to achieve sales growth. The continued focus on improving manufacturing efficiency has led the Company to increase its production by 24.4%. We also commissioned a dedicated dry suspension facility during the year. The female-to-male ratio has decreased due to the increase in the planned headcount of field force staff which are predominantly male employees.

	2022	2021	Increase / Remarks
NO. OF NEW LAUNCHES	5	5	Remarks: The Company remained committed to launching new products.
NO. OF EMPLOYEES	1,463	1,151	Remarks: The Company is pursuing an ambitious growth strategy in the years ahead and is subsequently expanding its workforce.
SALES OF RIGIX	2,050 Million	1,657 Million	Increase 23.8%
NO. OF PACKS PRODUCED	54 Million	43 Million	Increase 24.4%
FEMALE TO MALE RATIO	9.0%	11.5%	Remarks: High no. of hirings in sales team, which is a male-dominant field.

FINANCIAL **RATIOS**

	Unit	2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross Profit Ratio	%	50.89	55.49	55.58	58.52	56.50	60.83
Net Profit to Sales	%	13.92	21.09	22.85	23.13	22.42	26.11
EBITDA Margin	%	23.15	29.29	31.99	34.91	32.14	36.37
Operating Leverage Ratio	Times	0.20	(0.55)	0.12	1.62	0.07	0.43
Return on Equity (After tax)	%	13.97	16.48	19.33	19.38	18.95	22.39
Return on Capital Employed	%	14.05	16.24	17.71	17.30	15.35	16.11
Shareholders' Fund	%	79.69	84.79	80.57	77.73	71.04	64.63
Return on Equity (Before Tax)	%	19.77	20.13	23.47	24.45	22.39	24.20
Return on Shareholders Fund (After tax)	%	13.97	16.48	19.33	19.38	18.95	22.39
Cost / Income Ratio	%	169.03	115.94	95.71	89.26	101.66	80.70
Return on Assets (Before tax)	%	16.83	17.87	19.47	19.66	16.30	15.65
Return on Assets (After tax)	%	11.89	14.63	16.04	15.58	13.80	14.48
Effective tax rate	%	29.35	18.13	17.61	20.74	15.36	7.47
Liquidity Ratios							
Current Ratio	Times	1.50	1.65	1.71	1.64	1.39	1.27
Quick / Acid test Ratio	Times	0.73	0.95	0.92	0.89	0.80	0.75
Cash to Current Liabilities	Times	(0.28)	0.34	0.25	0.09	0.02	0.02
Cash flow from operations to Sales	Times	0.07	0.29	0.23	0.24	0.18	0.20
Cash flow to capital expenditure	Times	0.99	4.83	4.37	3.61	3.13	5.32
Cash flow coverage ratio	Times	0.94	4.00	1.49	1.25	0.53	0.43
Investment / Market Ratios							
Earnings per Share (EPS) and Diluted EPS	PKR	5.10	5.59	5.67	5.17	4.31	4.41
Price Earning Ratio	Times	12.74	17.35	20.09	19.23	20.29	N/A
Price to book Ratio	Times	2.45	4.69	6.65	6.61	6.87	-
Dividend yield Ratio	%	3.80	1.00	2.60	1.40	1.30	-
Dividend pay out Ratio	%	49.00	17.90	52.90	26.30	26.40	-
Dividend cover Ratio	Times	2.04	5.59	1.89	3.81	3.78	-
Cash dividend per share	PKR	2.50	1.00	3.00	1.36	1.14	-
Market value per share							
- at the end of the year	PKR	64.99	96.99	113.9	99.4	87.4	N/A
- high during the year	PKR	98.09	154.07	126.9	99.7	107.2	N/A
- low during the year	PKR	64.99	82.21	73.0	51.5	68.4	N/A
Break-up value per share without Surplus on Revaluation of property, plant and equipment	PKR	36.51	33.91	29.32	26.65	22.74	19.68
Share Price (Y/E)	PKR	64.99	96.99	113.88	99.35	87.43	-
Capital Structure Ratios							
Financial leverage Ratio	Times	0.08	0.06	0.13	0.16	0.26	0.39
Weighted Average Cost of debt	%	10.58	5.90	9.40	14.80	8.80	10.60
Debt to Equity (as per book value)	Times	0.01	0.05	0.13	0.16	0.26	0.39
Interest cover Ratio	Times	15.80	22.40	13.70	9.00	8.10	5.80
Debt to Asset Ratio	Times	0.01	0.05	0.11	0.13	0.19	0.25
Equity to Asset Ratio	Times	0.80	0.85	0.81	0.78	0.71	0.65
Net Assets per share	PKR	36.51	33.91	29.32	26.65	22.74	19.68
Activity / Turnover Ratios							
Total Assets turnover Ratio (average assets)	Times	0.85	0.69	0.70	0.67	0.62	0.55
Fixed Assets turnover Ratio	Times	0.80	0.91	0.93	0.86	0.77	0.69
No. of Days in inventory	Days	108	126	130	127	114	117
No. of Days in receivables	Days	35	37	32	29	32	31
No. of Days in payables	Days	97	105	100	106	114	143
Operating cycle	Days	45	58	63	51	33	4
Employee Productivity Ratios							
Production per Employee	PKR in 000's	37	37	43	46.02	46	51
Revenue per Employee	PKR in Mn	7.0	6.4	7.1	6.9	6.1	6.0
Net profit per Employee	PKR in Mn	1.0	1.3	1.6	1.6	1.4	1.6
Staff turnover Ratio	%	45.5	40.4	27.0	40.0	30.7	33.9
Non-Financial Ratios							
% of Plant availability	%	77.0	71.4	66.3	66.8	38.9	79.1
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	%	1.47	1.19	0.79	0.68	0.58	1.3
Admin Expenses to Sales Ratio	%	4.0	5.3	3.3	2.5	2.4	2.8
Marketing & Promotional Expense to sales Ratio	%	24.9	21.8	20.2	20.7	21.4	22.2

RATIO ANALYSIS

Profitability Ratios

AGP achieved impressive revenue growth of 38.3% despite tough economic conditions. Domestic retail sales, which make up the majority of revenue, showed promising growth of 24.1% driven by top brands. Sales to Afghanistan have performed exceptionally well and crossed PKR 1 billion for the first time with remarkable growth of 75%. Overall sales growth was also supported by an increase in institutional sales reached around PKR 1 billion. However, the impressive topline performance did not fully translate to the bottom line mainly due to massive currency devaluation and kept gross margins low at 50.9%.

The management continued to monitor expenses closely, resulting in only a 4% increase in administrative expenses despite significant business volume and inflationary pressures. The Company paid off its long term Sukuk finance successfully, but a sharp rise in interest rates led to an increase in finance costs. As a result, net profit margin was 13.9% with an EBITDA margin of 23.2% and return on capital employed decreased to 14%.

Liquidity Ratios

The current ratio of the Company has decreased to 1.5 as a result of short-term financing requirements. This decrease has also affected the quick ratio, which has fallen to 0.73 times. However, the Company has a track record of generating sufficient cashflows, as evidenced by the trend in liquidity ratios over the past 6 years. Therefore, it is expected that the Company will be able to improve its liquidity position to sustainable levels in the future.

Investment / Market Ratios

Throughout the year, the Company's shares were traded on the Pakistan Stock Exchange within a range of PKR 64.9 to PKR 98.1. The share price eventually closed at PKR 64.9 at the end of the year, which is lower compared to PKR 96.9 in the previous year. The decrease in earnings per share to PKR 5.10 in 2022 from PKR 5.59 in 2021 is due to the worsening of economic situation. The Company's dividend policy strives to achieve a strategic equilibrium between retaining sufficient equity for profitable opportunities and providing adequate returns to shareholders. To achieve this objective, the Board of Directors has approved a total dividend payout of PKR 2.0 per share.

Capital Structure Ratios

The debt-to-equity ratio of the Company has improved significantly to 0.01 from 0.05 times last year, following the complete payment of its long-term Sukuk finance. However, the interest cover ratio has decreased to 15.8 times compared to 22.4 times last year, due to a significant increase in interest rates.

Activity / Turnover Ratios

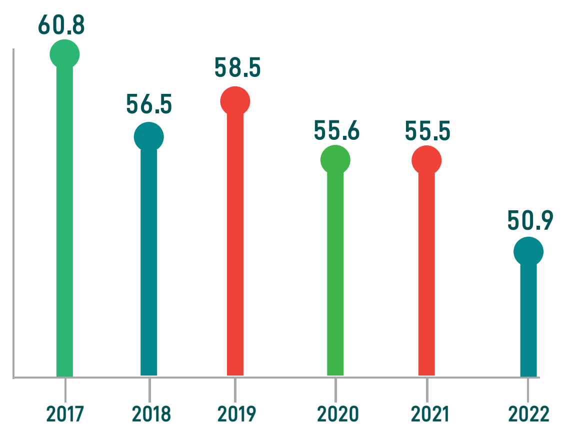
The Company's capacity to generate sales from its assets has improved, as evidenced by the consistent increase of the total assets turnover ratio, which now stands at 0.8 times, compared to 0.7 in the last year. Despite political and economic challenges, the Company has successfully run its production and operation and maintained buffer stock at optimal levels. As a result, the operating cycle has shortened to 45.2 days from 57.7 days, with inventory days decreasing by 18, receivable days decreasing by 2, and payable days decreasing by 8.

Methods and Assumptions Used in Compiling the Financial Performance Indicators

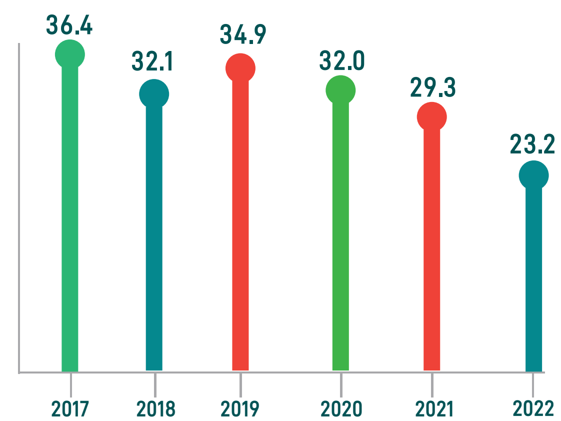
To monitor progress against its strategic objectives, the Company has established both financial and non-financial indicators. Sales are regularly monitored, and future courses of action are determined based on the results. The Company takes into account a variety of internal and external factors, including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

GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

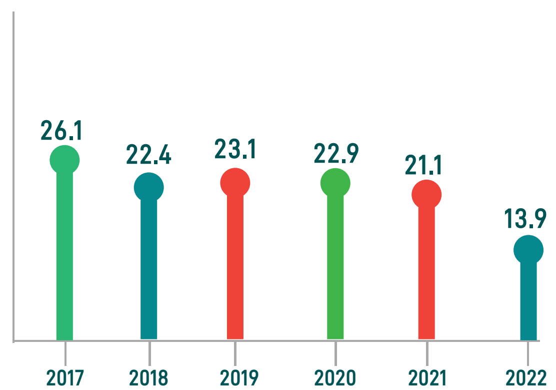
GROSS PROFIT TO SALES (%)



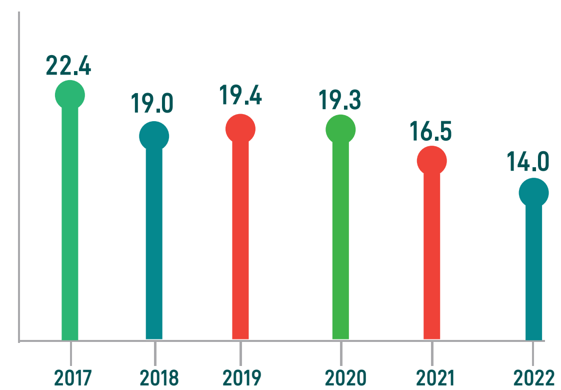
EBITDA MARGIN TO SALES (%)



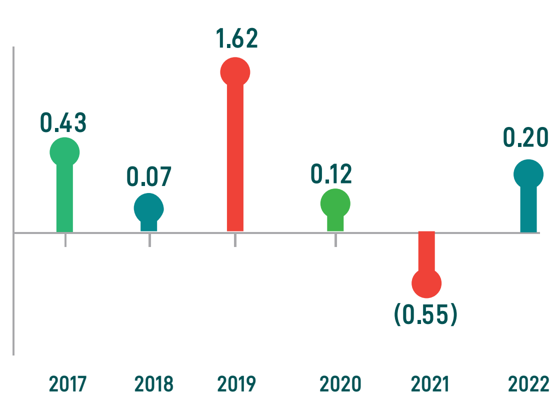
NET PROFIT TO SALES (%)



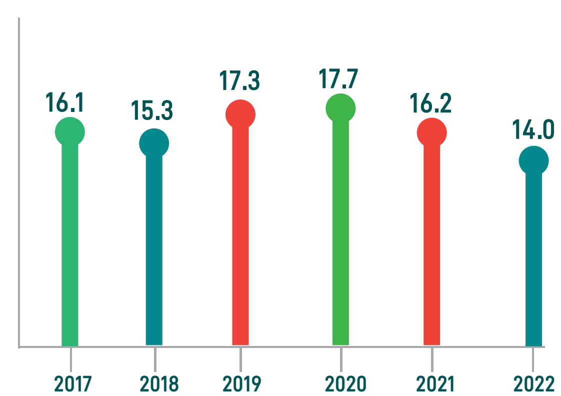
RETURN ON EQUITY - AFTER TAX (%)



OPERATING LEVERAGE RATIO (TIMES)

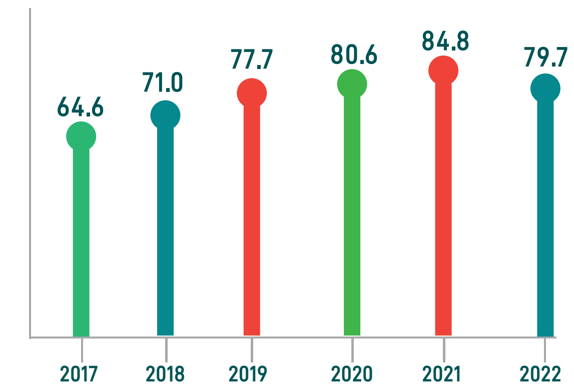


RETURN ON CAPITAL EMPLOYED (%)

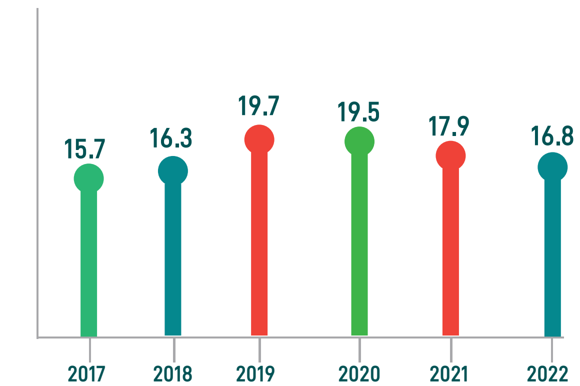


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

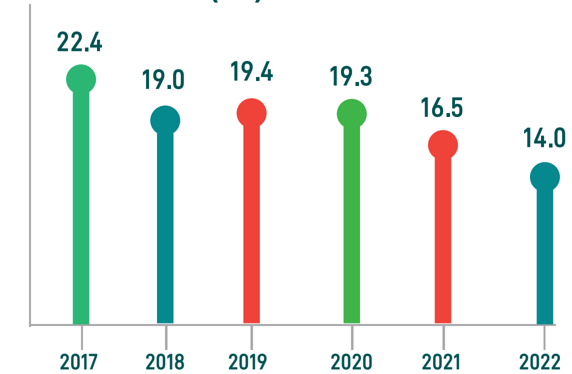
SHAREHOLDERS' FUND (%)



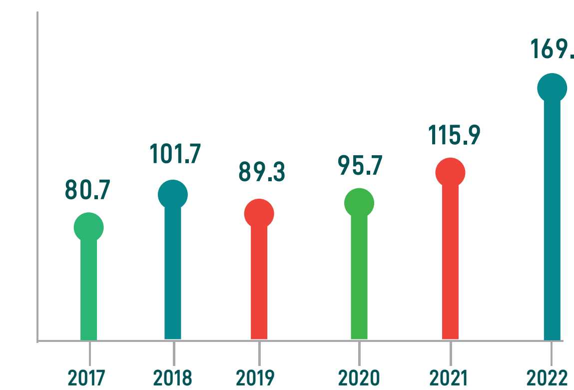
RETURN ON ASSETS - BEFORE TAX (%)



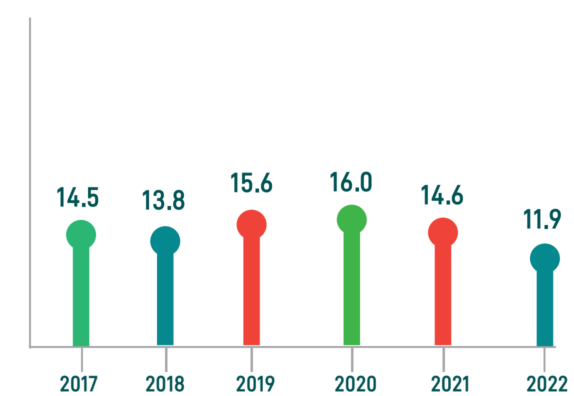
RETURN ON SHAREHOLDERS FUND - AFTER TAX (%)



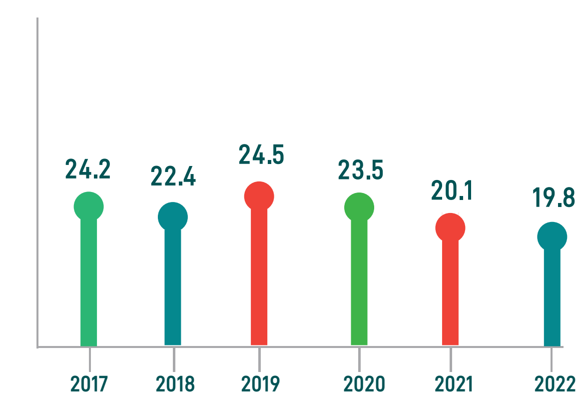
COST / INCOME RATIO (%)



RETURN ON ASSETS - AFTER TAX (%)

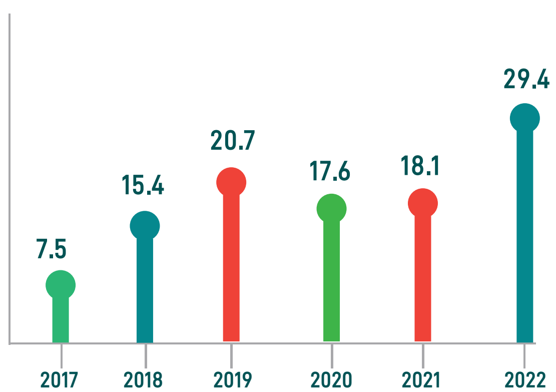


RETURN ON EQUITY - BEFORE TAX (%)

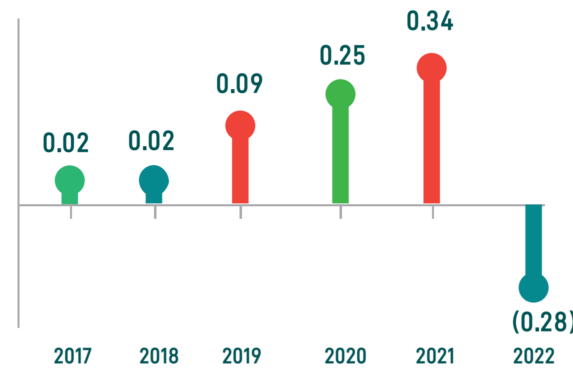


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

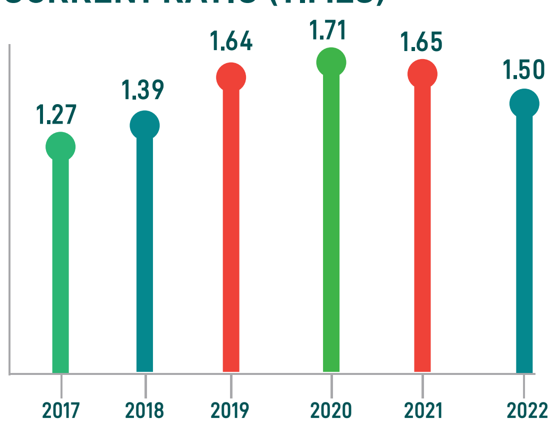
EFFECTIVE TAX RATE (%)



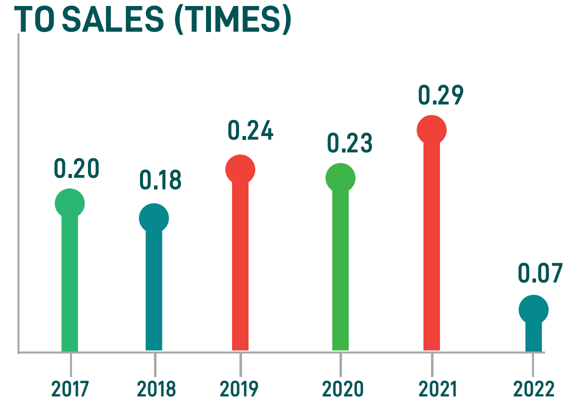
CASH TO CURRENT LIABILITIES (TIMES)



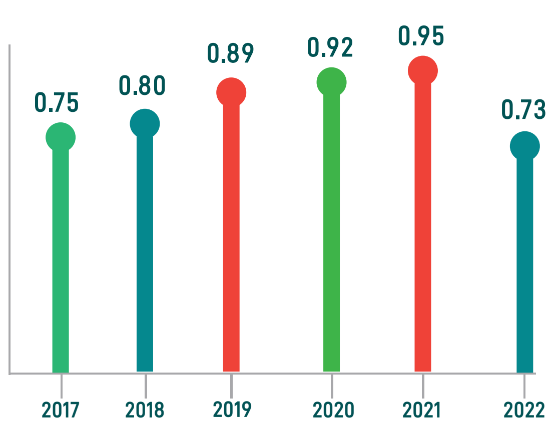
CURRENT RATIO (TIMES)



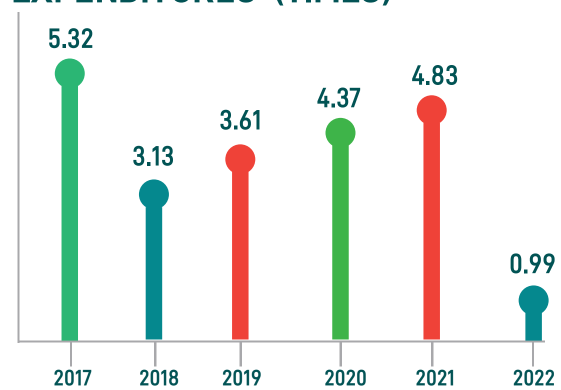
CASH FLOW FROM OPERATIONS TO SALES (TIMES)



QUICK / ACID TEST RATIO (TIMES)

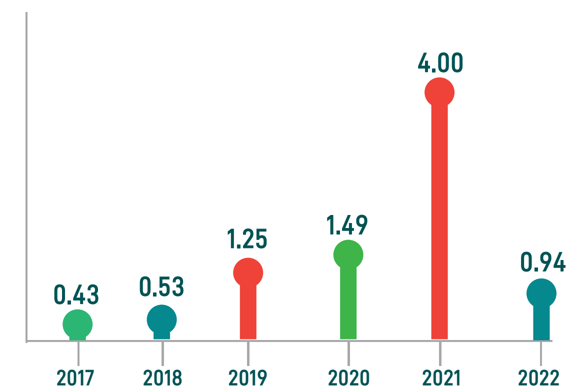


CASH FLOW TO CAPITAL EXPENDITURES (TIMES)

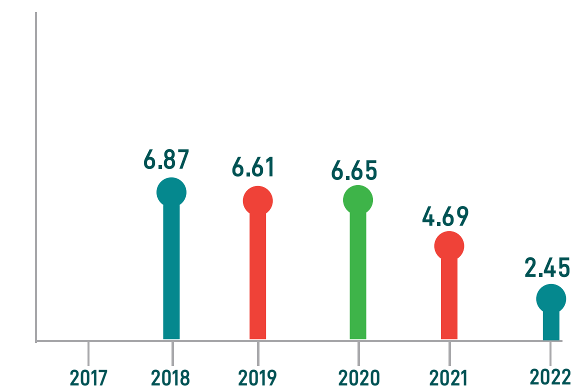


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

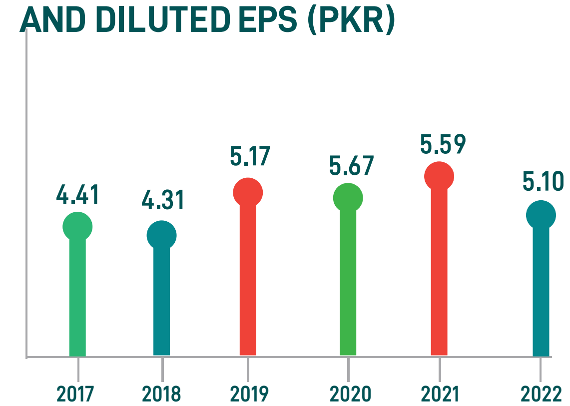
CASH FLOW COVERAGE RATIO (TIMES)



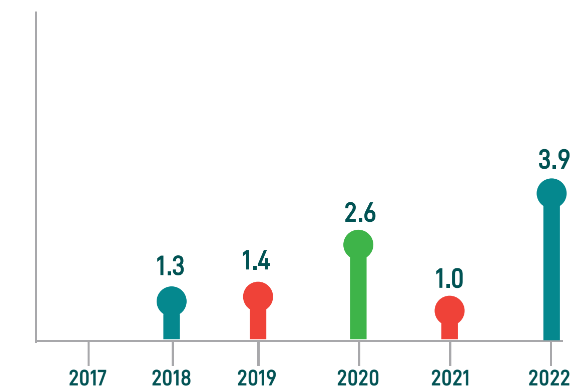
PRICE TO BOOK RATIO* (TIMES)



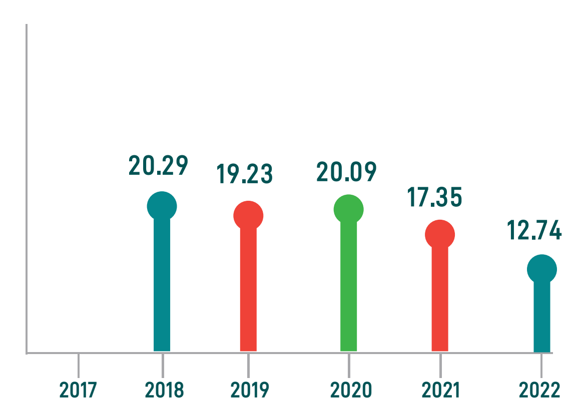
EARNINGS PER SHARE (EPS) AND DILUTED EPS (PKR)



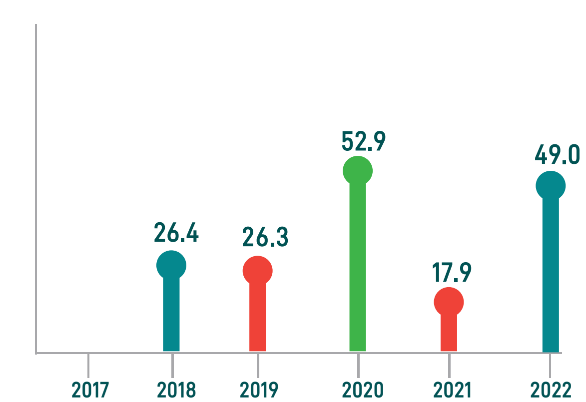
DIVIDEND YIELD RATIO* (%)



PRICE EARNING RATIO* (TIMES)



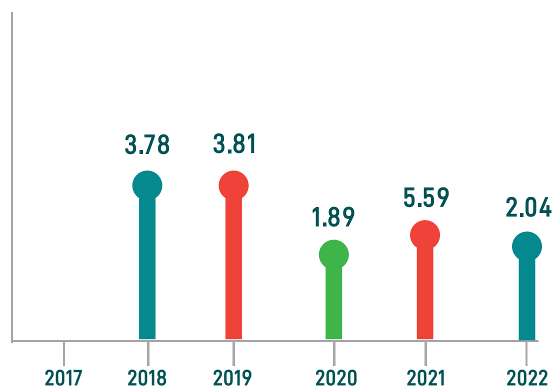
DIVIDEND PAY OUT RATIO* (%)



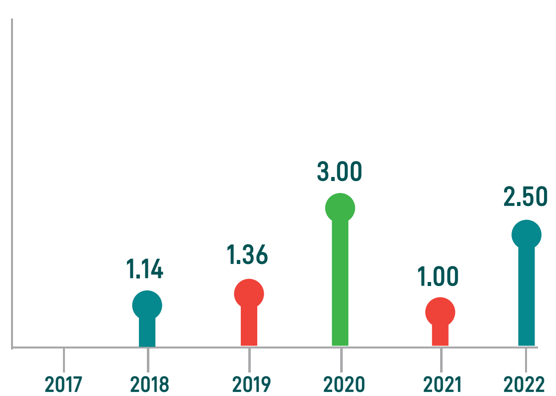
* The Company got listed on PSX in 2018

GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

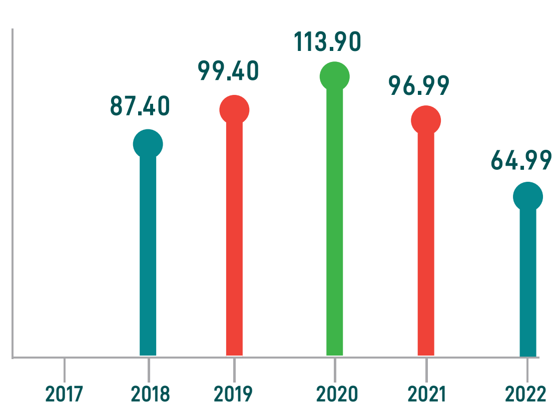
DIVIDEND COVER RATIO* (TIMES)



CASH DIVIDEND PER SHARE* (PKR)

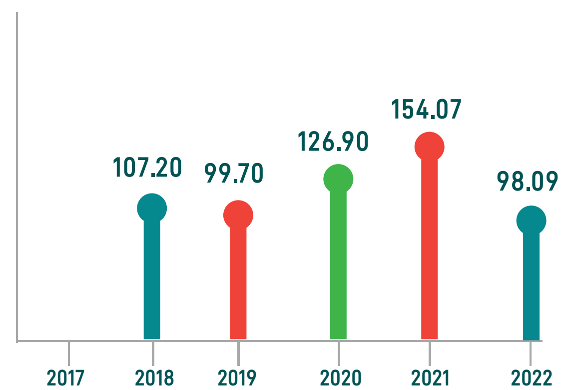


MARKET VALUE PER SHARE* AT YEAR END (PKR)

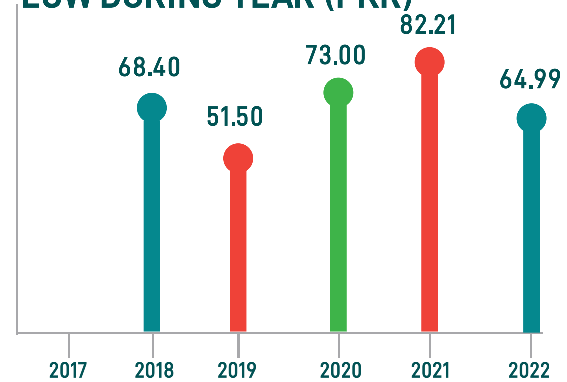


* The Company got listed on PSX in 2018

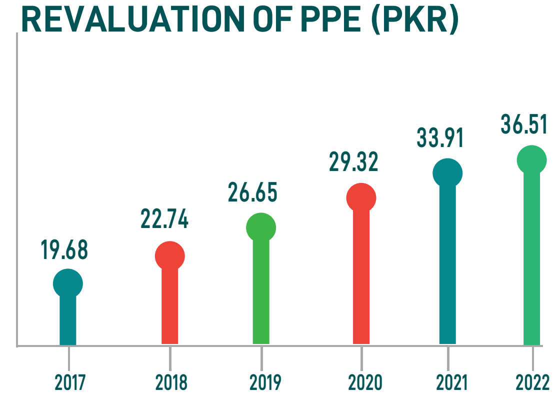
MARKET VALUE PER SHARE* HIGH DURING YEAR (PKR)



MARKET VALUE PER SHARE* LOW DURING YEAR (PKR)

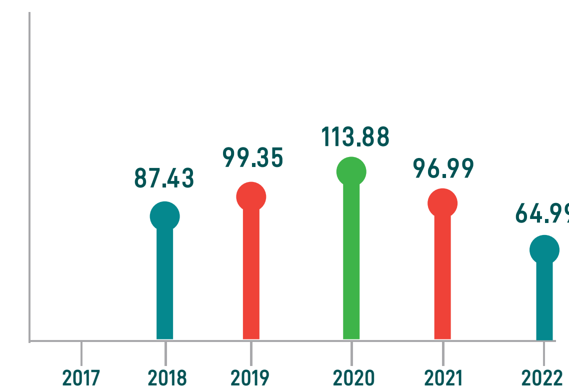


BREAK- UP VALUE PER SHARE W/O SURPLUS ON REVALUATION OF PPE (PKR)

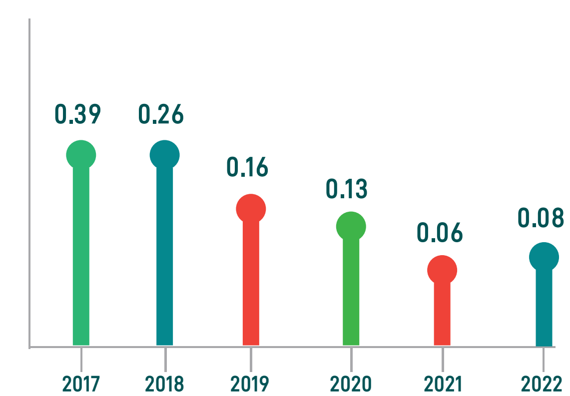


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

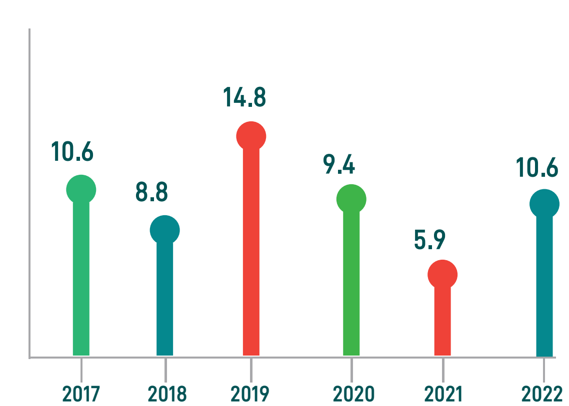
SHARE PRICE - Y/E* (PKR)



FINANCIAL LEVERAGE RATIO (TIMES)

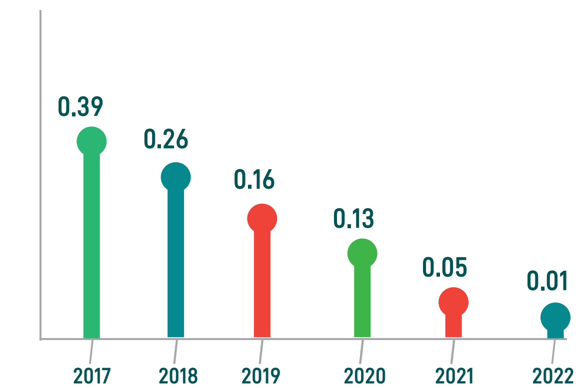


WEIGHTED AVERAGE COST OF DEBT (%)

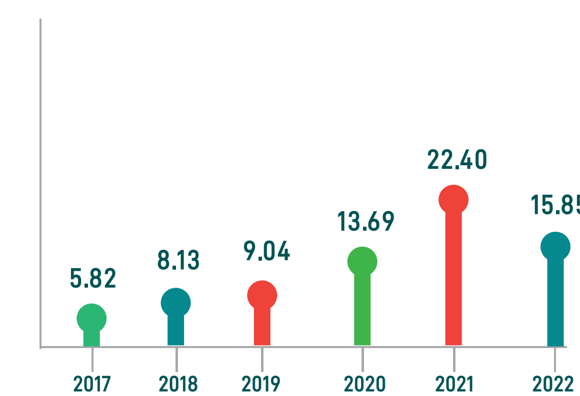


* The Company got listed on PSX in 2018

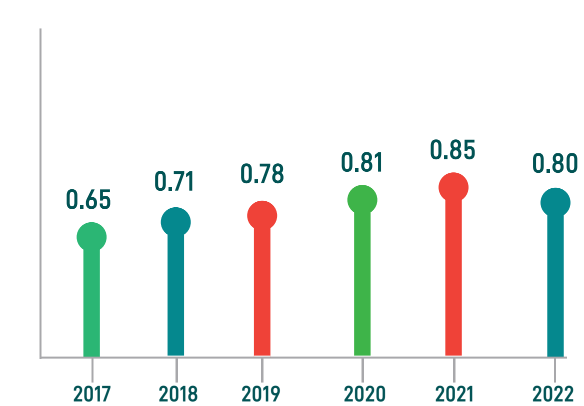
DEBT TO EQUITY - AS PER BOOK VALUE (TIMES)



INTEREST COVER RATIO (TIMES)

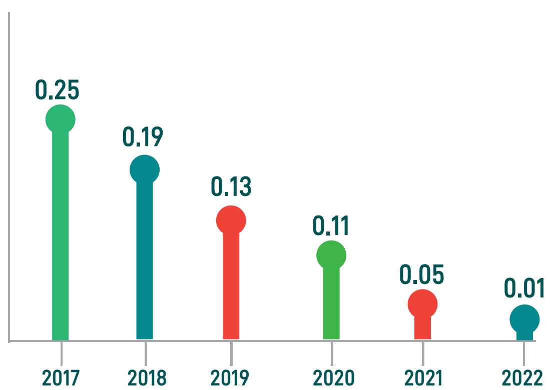


EQUITY TO ASSET RATIO (TIMES)

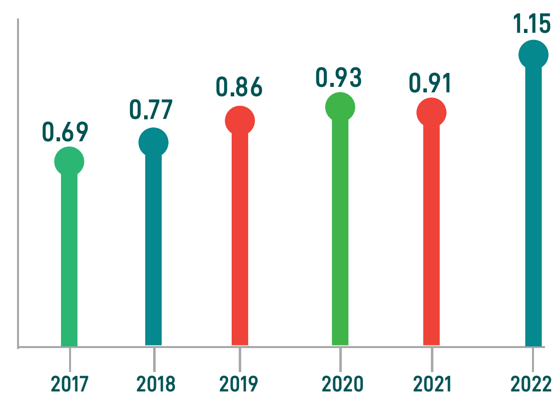


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

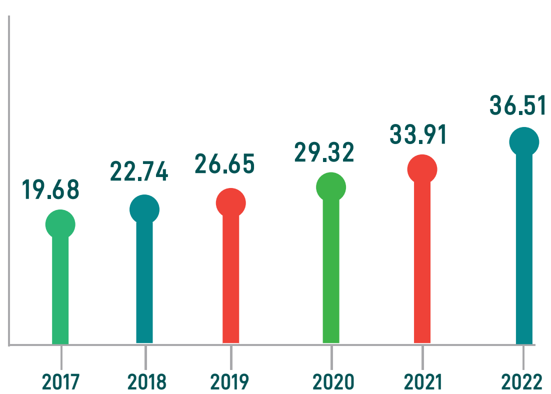
DEBT TO ASSET RATIO (TIMES)



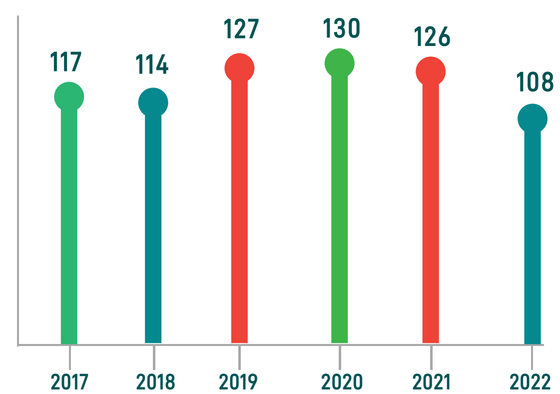
FIXED ASSETS TURNOVER RATIO (TIMES)



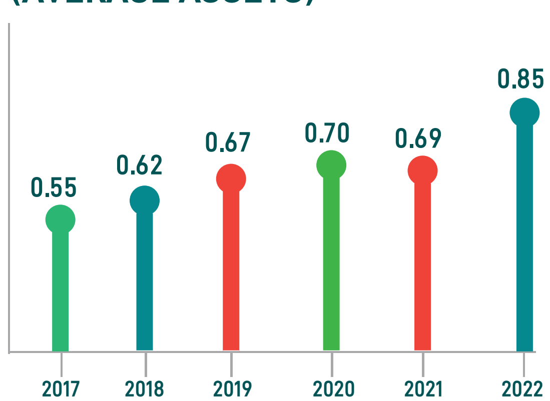
NET ASSETS PER SHARE (PKR)



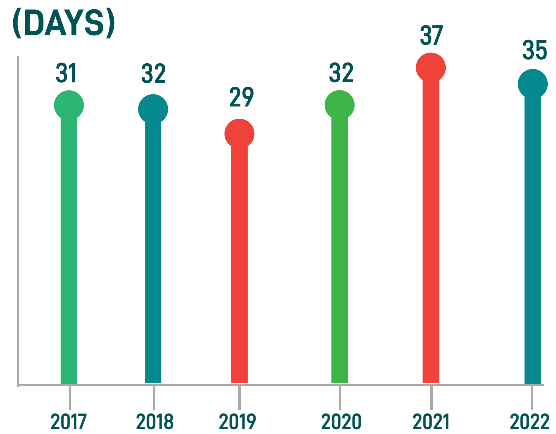
NO. OF DAYS IN INVENTORY (DAYS)



TOTAL ASSETS TURNOVER RATIO (TIMES) (AVERAGE ASSETS)

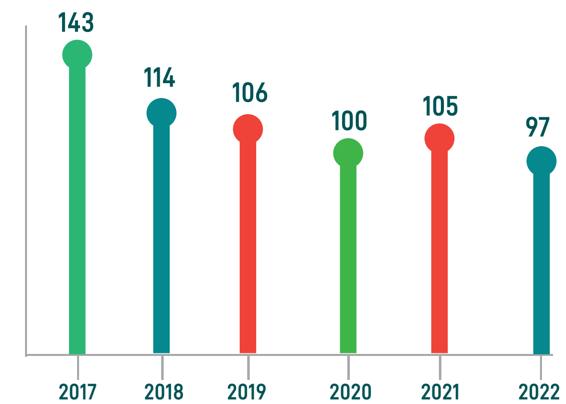


NO. OF DAYS IN RECEIVABLES (DAYS)

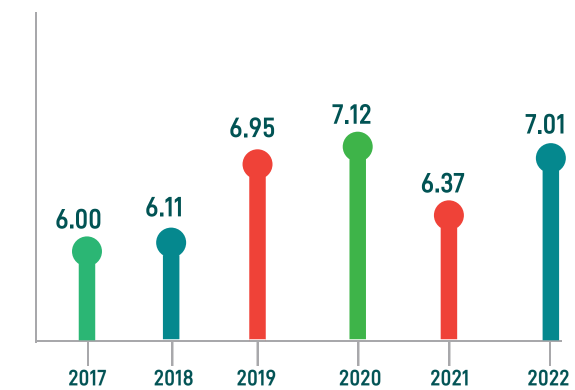


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

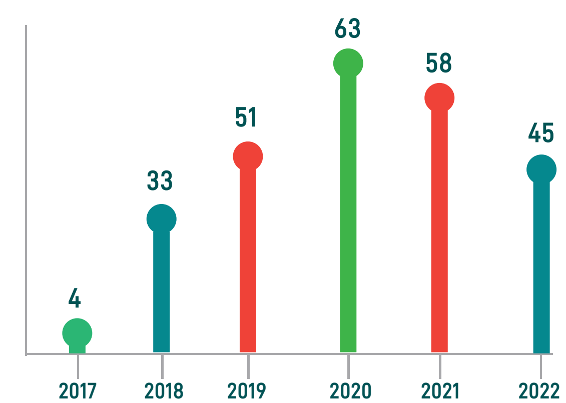
NO. OF DAYS IN PAYABLES (DAYS)



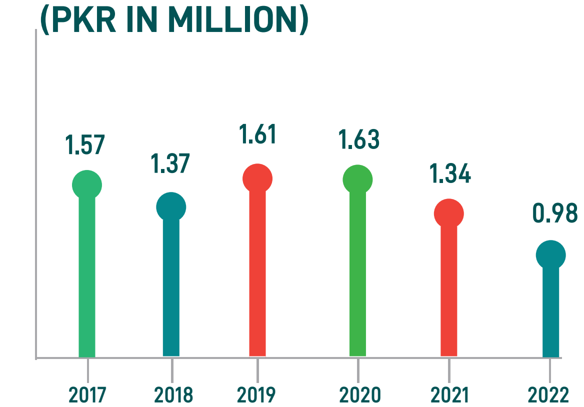
REVENUE PER EMPLOYEE (PKR IN MILLION)



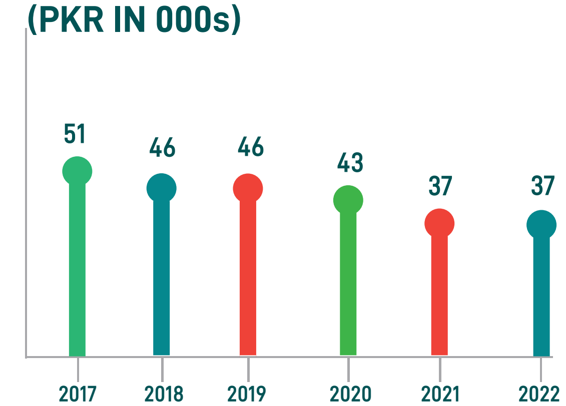
OPERATING CYCLE (DAYS)



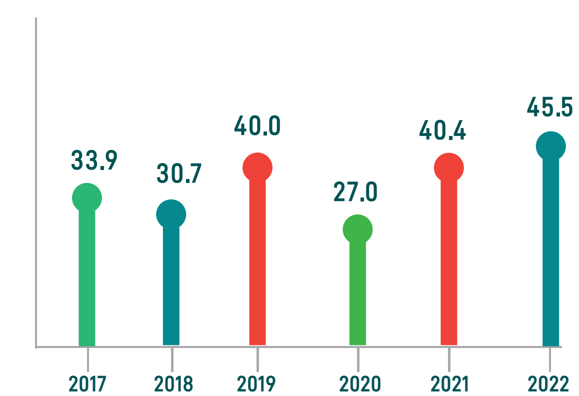
NET PROFIT PER EMPLOYEE (PKR IN MILLION)



PRODUCTION PER EMPLOYEE (PKR IN 000s)

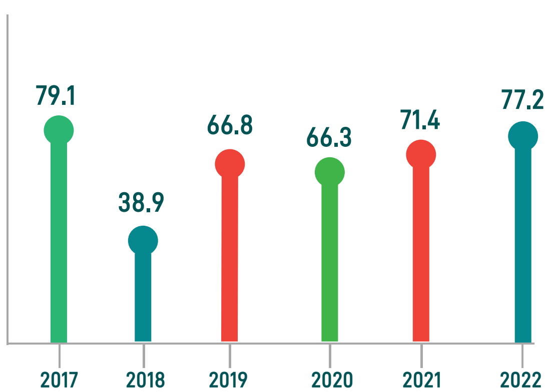


STAFF TURNOVER RATIO (%)

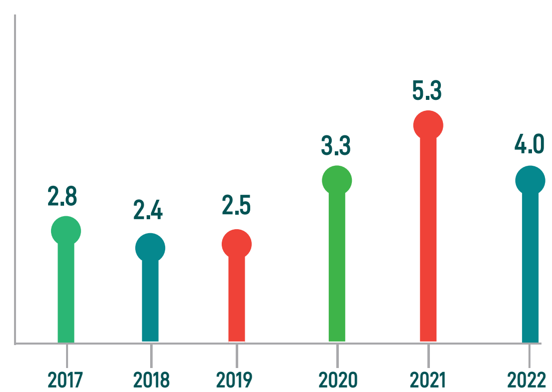


GRAPHICAL PRESENTATION OF **FINANCIAL RATIOS**

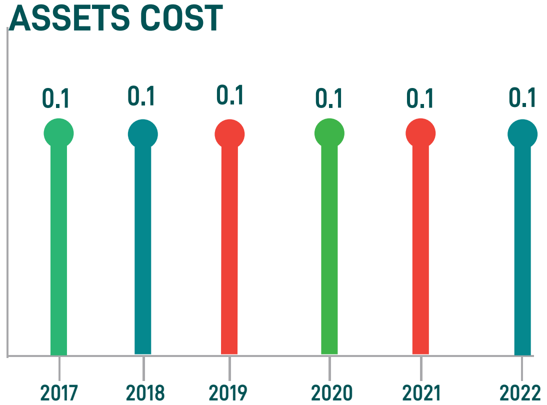
PLANT AVAILABILITY (%)



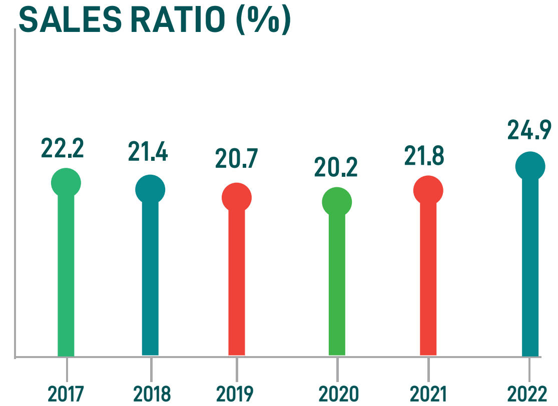
ADMIN EXPENSES TO SALES RATIO (%)



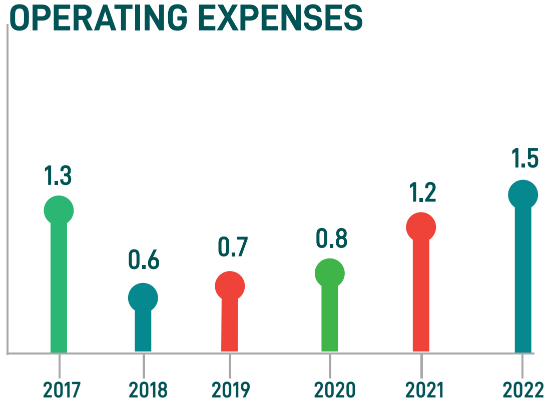
SPARES INVENTORY AS % OF ASSETS COST



MARKETING & PROMO EXP. TO SALES RATIO (%)



MAINTENANCE COST AS % OF OPERATING EXPENSES

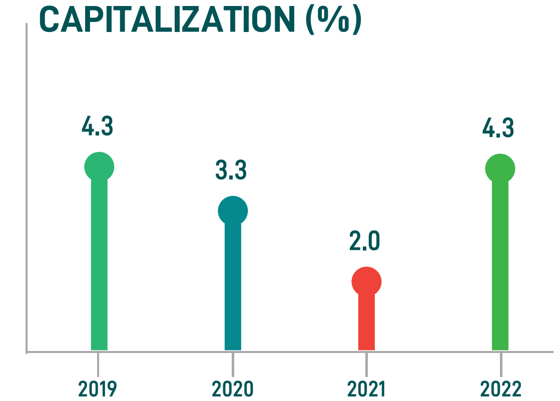


ADDITIONAL RATIOS FOR **SHARIAH COMPLIANT COMPANIES**

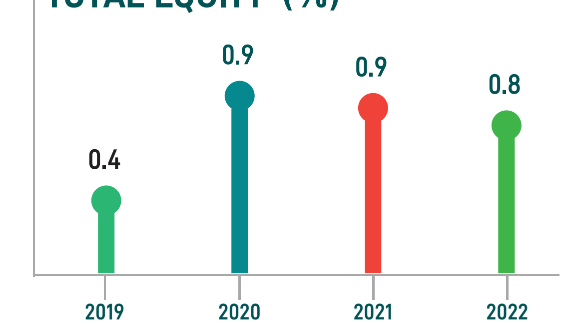
Additional Ratios for Shariah Compliant Companies	2022	2021	2020	2019
Loan on Interest to market capitalization of the Company (%)	4.32	1.98	3.34	4.34
Total interest-taking deposits to market capitalization of total equity (%)	0.77	0.89	0.95	0.40
Income generated from prohibited components to Total Income (%)	0.08	0.05	0.05	0.04
Net liquid assets per share to M.V per share (%)	4.15	3.17	2.36	1.09
Interest Bearing Debt to Total Assets (%)	6.12	4.80	10.45	12.58
Non-Shariah Compliant Investments to Total Assets (%)	1.14	1.53	0.73	0.00
Non- Shariah Compliant Income to Total revenue (%)	0.09	0.05	0.05	0.00
Illiquid Assets to Total Assets (%)	75.15	78.45	77.83	82.78

GRAPHICAL PRESENTATION **ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES**

LOAN ON INTEREST TO MARKET CAPITALIZATION (%)

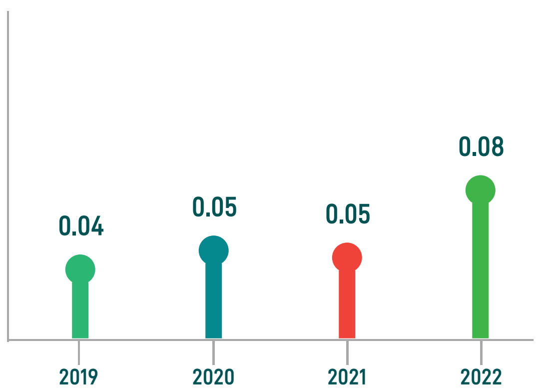


TOTAL INTEREST-TAKING DEPOSITS TO MARKET CAPITALIZATION OF TOTAL EQUITY (%)

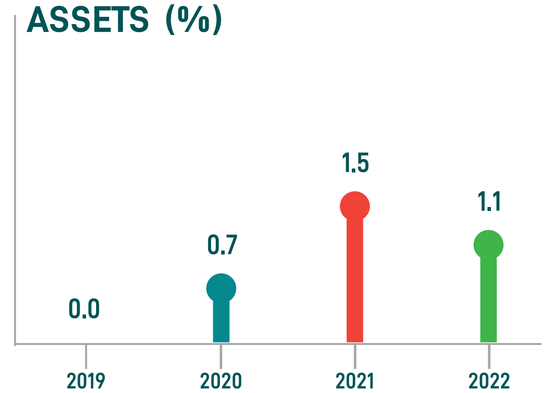


GRAPHICAL PRESENTATION
ADDITIONAL RATIOS FOR SHARIAH COMPLIANT COMPANIES

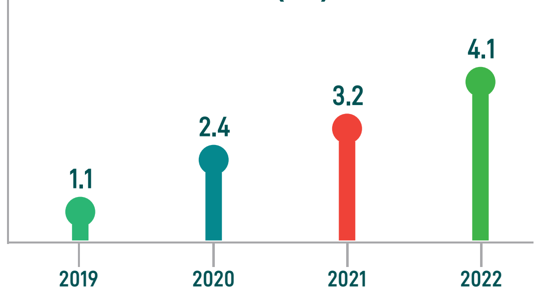
INCOME GENERATED FROM PROHIBITED COMPONENTS TO TOTAL INCOME (%)



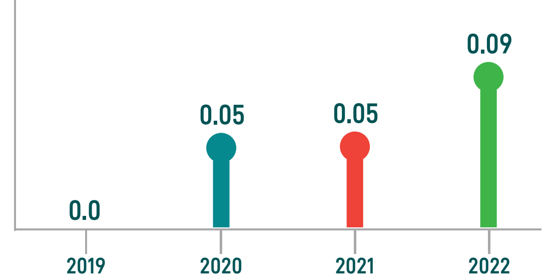
NON SHARIAH COMPLIANT INVESTMENTS TO TOTAL ASSETS (%)



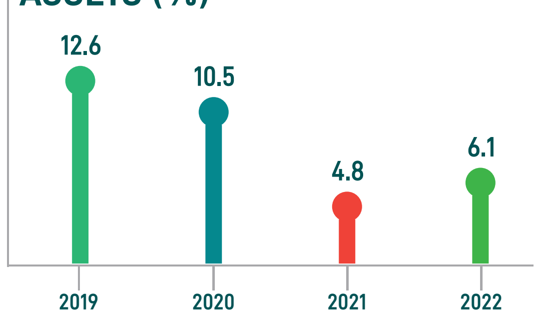
NET LIQUID ASSETS PER SHARE TO M.V PER SHARE (%)



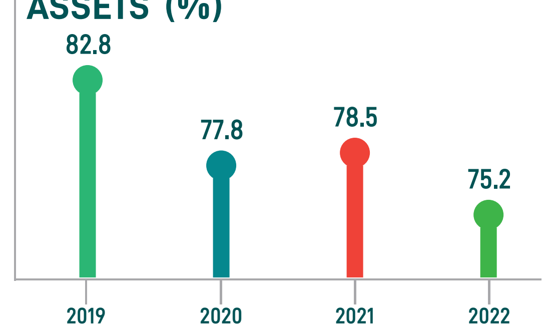
NON SHARIAH COMPLIANT INCOME TO TOTAL REVENUE (%)



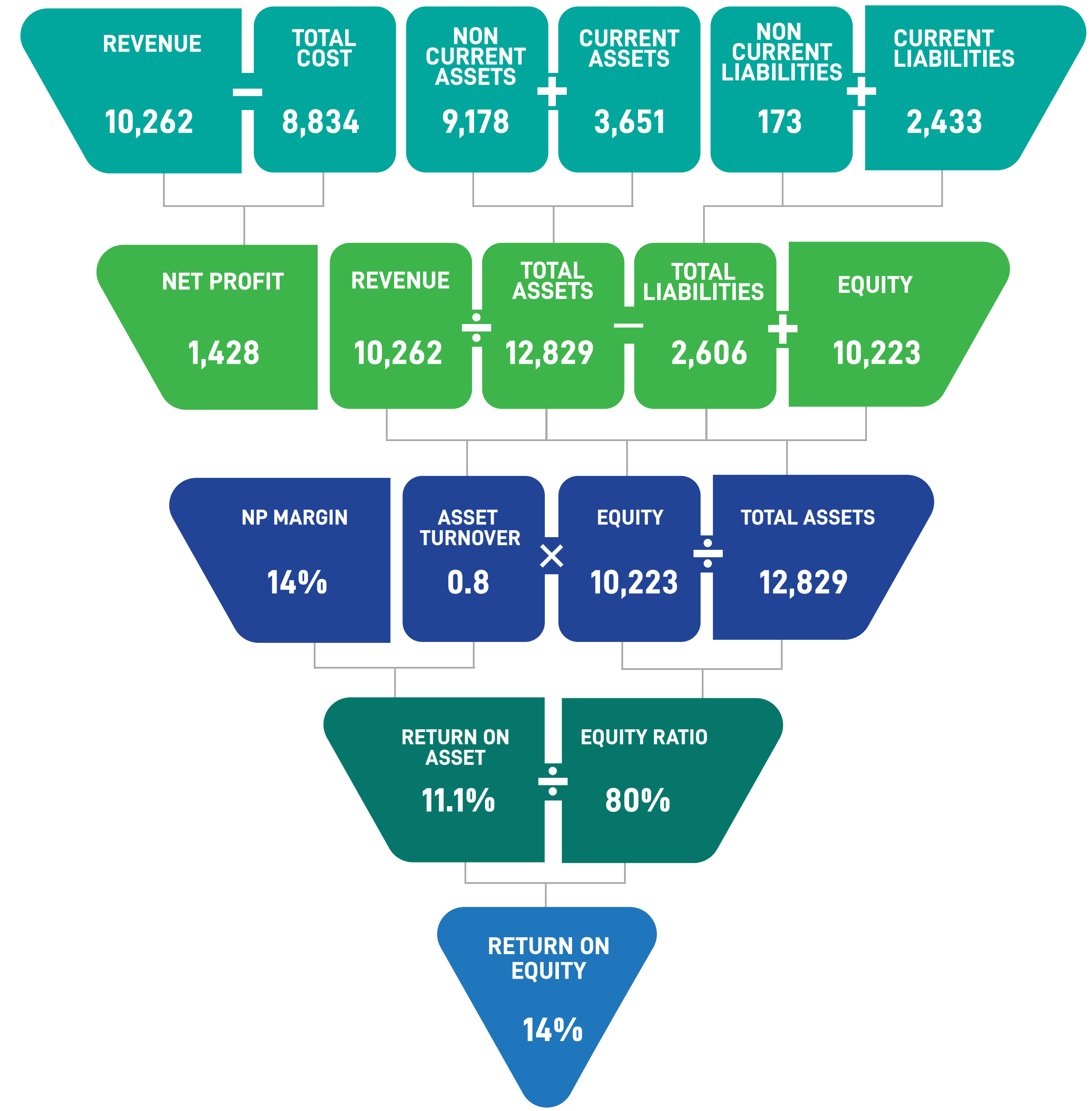
INTEREST BEARING DEBT TO TOTAL ASSETS (%)



ILLIQUID ASSETS TO TOTAL ASSETS (%)



DUPONT
ANALYSIS



Additional Ratios	2022	2021
Tax Burden	71%	82%
Interest Burden	94%	96%
EBIT Margin	21%	27%
Asset Turnover	0.8x	0.7x
Leverage	7.7%	5.7%
Return on Equity	14%	16%

The topline of the Company was recorded at PKR 10,262 million representing a growth of 38.3% over the last year, mainly due to impressive performance of domestic retail sales on the back of our top products, as well as increasing exports to Afghanistan and institutional sales. The encouraging sales performance could not be reflected in profitability as the cost of doing business has risen significantly due to external uncontrollable factors. Gross margins remained under pressure mainly due to massive devaluation of local currency. As a result, total cost of the Company including taxation has accumulated to PKR 8,834 million resulting in net profit of PKR 1,428 million, representing a margin of 14%.

The asset base of PKR 12,829 million comprises of non-current asset of PKR 9,178 million and current assets of PKR 3,651 million. This represents an increase of 14.6% in total asset from the previous year which yields an improved asset turnover of 0.8 versus 0.7 in the last year. Resultantly net margin of 14% and an asset turnover ratio of 0.8 produced a return on assets of 11.1%.

The total liabilities of PKR 2,606 million consist of current liabilities worth PKR 2,433 million and non-current liabilities worth PKR 173 million. Resultantly, the equity value or net assets reached PKR 10,223 million, representing an equity to total assets ratio of 80%. This permutation and combination ultimately yields a return on equity of 14% for the year 2022.

FREE CASHFLOWS

	2022	2021	2020	2019	2018	2017
Profit before taxation	2,021	1,911	1,927	1,825	1,426	1,333
Adjustment of non-cash items	384	372	422	494	382	450
Changes in working capital	(934)	218	(293)	(119)	(322)	(132)
	1,471	2,501	2,057	2,200	1,486	1,651
Less: Capital expenditure	(778)	(474)	(381)	(433)	(337)	(194)
Free Cash Flows	**693**	**2,027**	**1,676**	**1,767**	**1,149**	**1,457**

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).

	2022	2021	2020	2019	2018
NOPAT	1,900	2,194	2,182	2,002	1,546
Cost of Capital	(1,303)	(1,020)	(1,052)	(1,262)	(1,084)
Economic Value Added	597	1,174	1,130	740	462

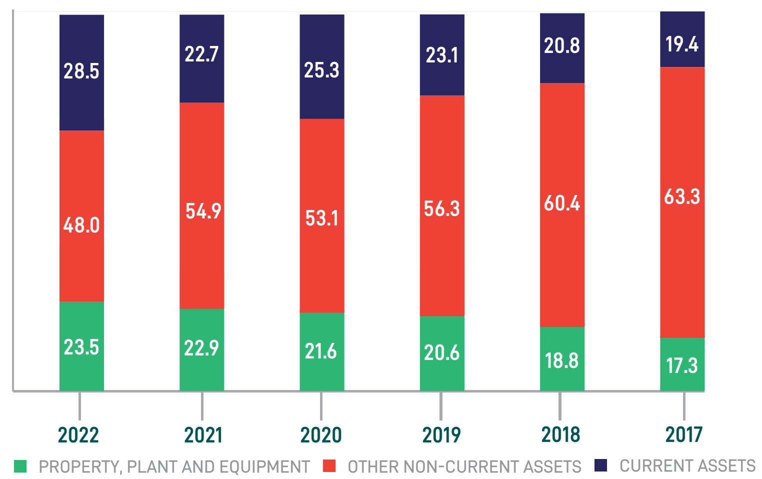
VERTICAL ANALYSIS

(PKR in Million)

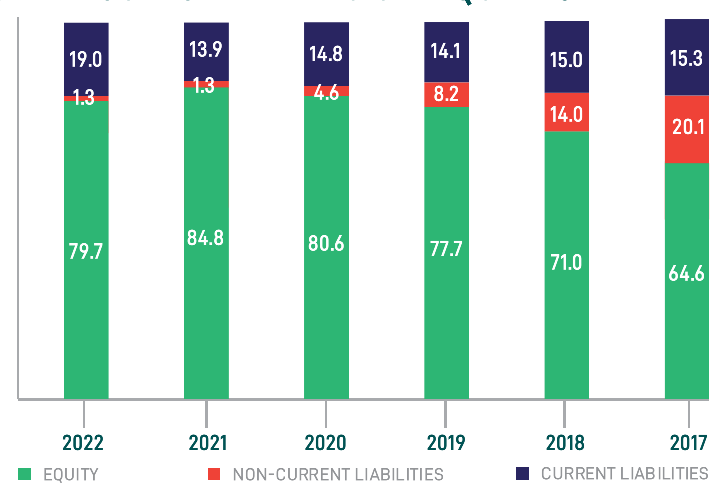
	2022		2021		2020		2019		2018		2017	
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
Statement of Financial Position												
Assets												
Non-current Assets												
Property, plant and equipment	3,015	23.5	2,484	22.2	2,203	21.6	1,977	20.6	1,685	18.8	1,479	17.3
Intangible assets	5,411	42.2	5,403	48.3	5,398	53.0	5,395	56.2	5,398	60.2	5,385	63.2
Investment in subsidiary (Long-term Investments)	730	5.7	730	6.5	-	-	-	-	-	-	-	-
Long-term loans, deposits and receivables	23	0.2	15	0.1	14	0.1	14	0.1	12	0.1	11	0.1
	9,178	71.5	8,631	77.1	7,615	74.7	7,385	76.9	7,095	79.2	6,875	80.6
Current Assets												
Stores, spares and loose tools	9	0.1	8	0.1	7	0.1	7	0.1	7	0.1	7	0.1
Stock-in-trade	1,876	14.6	1,096	9.8	1,184	11.6	1,013	10.6	797	8.9	670	7.9
Trade debts	1,162	9.1	788	7.0	705	6.9	523	5.4	483	5.4	467	5.5
Loans and advances	217	1.7	64	0.6	30	0.3	36	0.4	67	0.7	48	0.6
Trade deposits, prepayments and other receivables	237	1.8	61	0.5	31	0.3	85	0.9	5	0.1	7	0.1
Taxation – net	-	-	21	0.2	248	2.4	435	4.5	483	5.4	423	5.0
Short term investments	-	-	200	1.8	-	-	-	-	-	-	-	-
Cash and bank balances	150	1.2	329	2.9	370	3.6	117	1.2	24	0.3	30	0.4
	3,651	28.5	2,567	22.9	2,575	25.3	2,216	23.1	1,868	20.8	1,652	19.4
Total Assets	12,829	100	11,199	100.0	10,191	100.0	9,602	100.0	8,963	100.0	8,527	100.0
Equity & Liabilities												
Equity												
Share Capital	2,800	21.8	2,800	25.0	2,800	27.5	2,800	29.2	2,800	31.2	2,800	32.8
Revenue reserve	7,423	57.9	6,695	59.8	5,410	53.1	4,663	48.6	3,568	39.8	2,711	31.8
	10,223	80	9,495	84.8	8,210	80.6	7,463	77.7	6,368	71.0	5,511	64.6
Non-Current Liabilities												
Long-term financing	36	0.3	50	0.5	400	3.9	717	7.5	1,192	13.3	1,673	19.6
Deffered grant	1	0.0	4	0.0	8	0.1	-	-	-	-	-	-
Gas infrastructure develeopment cess	7	0.1	8	0.1	8	0.1	-	-	-	-	-	-
Deferred Taxation	129	1.0	86	0.8	56	0.6	71	0.7	59	0.7	41	0.5
	173	1	151	1.3	472	4.6	788	8.2	1,251	14.0	1,714	20.1
Current liabilities												
Trade and other payables	1,617	12.6	1,064	9.5	837	8.2	846	8.8	660	7.4	801	9.4
Unclaimed dividend	2	0.0	2	0.0	2	0.0	1	0.0	31	0.3	-	-
Accrued interest	40	0.3	2	0.0	4	0.0	13	0.1	18	0.2	11	0.1
Short-term borrowings	689	5.4	4	0.0	-	-	-	-	145	1.6	-	-
Current maturity of long-term financing	61	0.5	484	4.3	665	6.5	491	5.1	490	5.5	490	5.7
Taxation - net	24	0.2	-	-	-	-	-	-	-	-	-	-
	2,433	19	1,552	14	1,508	15	1,351	14	1,344	15	1,302	15
Total Equity & Liabilities	12,829	100	11,199	100.0	10,191	100.0	9,602	100.0	8,963	100.0	8,527	100.0
Statement of Profit or Loss												
Net sales	10,262	100.0	7,420	100.0	6,946	100.0	6,253	100.0	5,382	100.0	4,725	100.0
Cost of sales	5,039	49.1	3,303	44.5	3,086	44.4	2,594	41.5	2,341	43.5	1,851	39.2
Gross profit	5,223	50.9	4,117	55.5	3,861	55.6	3,659	58.5	3,041	56.5	2,874	60.8
Administration expenses	407	4.0	391	5.3	227	3.3	158	2.5	127	2.4	134	2.8
Marketing & selling exenses	2,552	24.9	1,615	21.8	1,404	20.2	1,294	20.7	1,153	21.4	1,050	22.2
Other expenses	238	2.3	157	2.1	183	2.6	167	2.7	152	2.8	100	2.1
Other income	131	1.3	46	0.6	32	0.5	11	0.2	17	0.3	20	0.4
Finance cost	136	1.3	89	1.2	152	2.2	227	3.6	200	3.7	277	5.9
Profit before tax	2,021	19.7	1,911	25.8	1,927	27.7	1,825	29.2	1,426	26.5	1,333	28.2
Taxation	593	5.8	346	4.7	339	4.9	378	6.1	220	4.1	100	2.1
Profit after tax	1,428	13.9	1,565	21.1	1,587	22.9	1,446	23.1	1,206	22.4	1,234	26.1
Operating Profits	2,264	21.0	2,112	28.5	2,230	32.1	2,207	35.3	1,760	32.7	1,690	35.8

GRAPHICAL PRESENTATION **OF VERTICAL ANALYSIS**

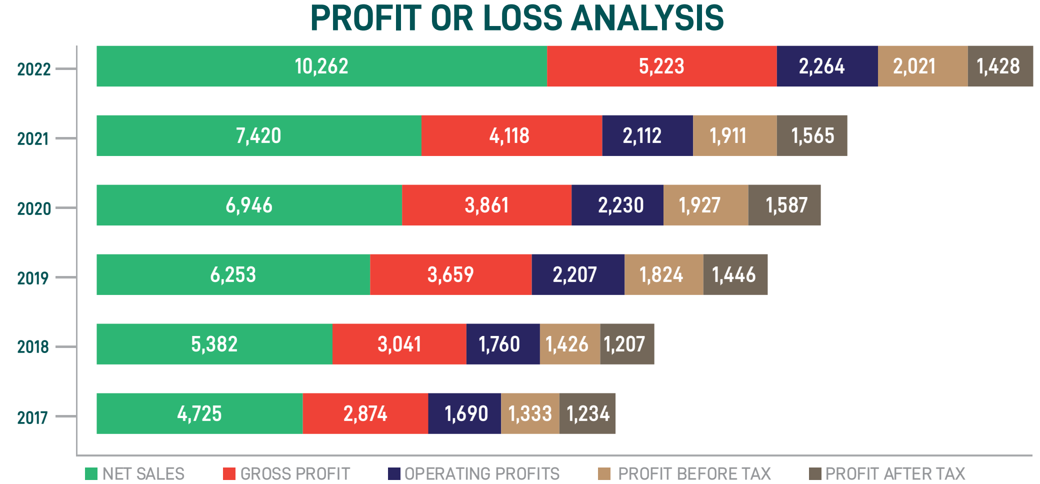
FINANCIAL POSITION ANALYSIS - ASSETS (%)



FINANCIAL POSITION ANALYSIS - EQUITY & LIABILITIES (%)



PROFIT OR LOSS ANALYSIS

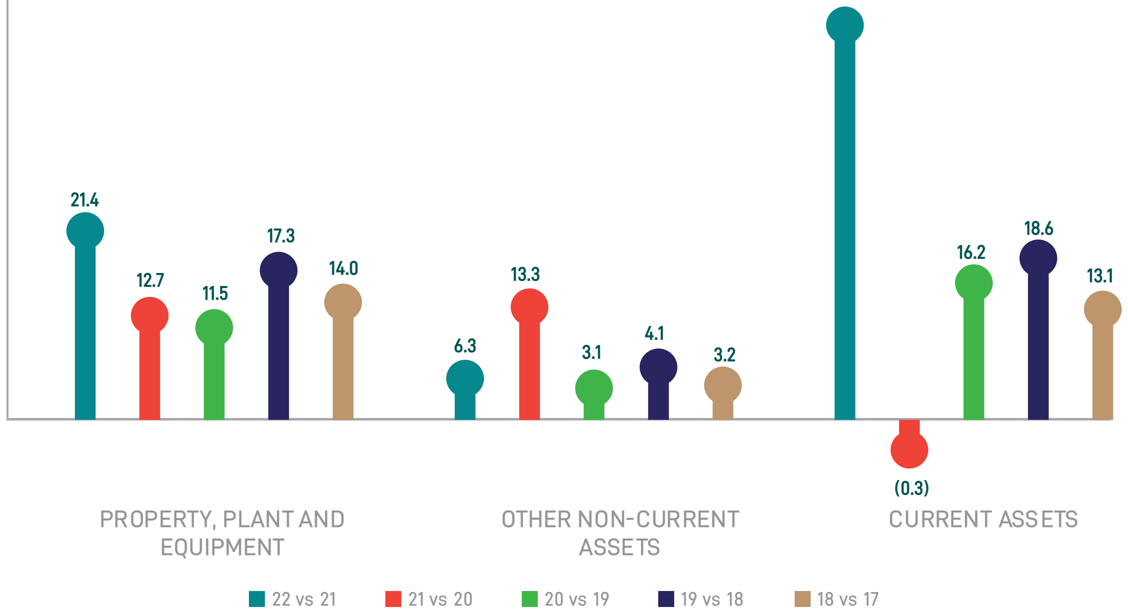


HORIZONTAL **ANALYSIS**

	2022 PKR	22 vs 21 %	2021 PKR	21 vs 20 %	2020 PKR	20 vs 19 %	2019 PKR	19 vs 18 %	2018 PKR	18 vs 17 %	2017 PKR
Non-Current Assets											
Property, plant and equipment	3,015	21.4	2,484	12.7	2,203	11.5	1,977	17.3	1,685	14.0	1,479
Intangible assets	5,411	0.1	5,403	0.1	5,398	0.1	5,395	(0.06)	5,398	0.2	5,385
Investment in subsidiary	730	0.0	730	100.0	-						
Long-term loans, deposits and receivables	23	54.0	15	2.0	14	6.1	14	13.3	12	9.9	11
	9,178	6.3	8,631	13.3	7,615	3.1	7,385	4.1	7,095	3.2	6,875
Current Assets											
Stores, spares and loose tools	9	8.4	8	18.8	7	5.3	7	(9.0)	7	10.9	7
Stock-in-trade	1,876	71.2	1,096	(7.5)	1,184	16.9	1,013	27.1	797	19.0	670
Trade debts	1,162	47.4	788	11.8	705	35.0	523	8.1	483	3.6	467
Loans and advances	217	241.8	64	111.6	30	(11.4)	35	(49.4)	67	38.8	48
Trade deposits, prepayments and other receivables	237	286.1	61	97.0	31	(64.6)	85	1,512.4	5	(23.7)	7
Taxation – net	-	(100.0)	21	(91.7)	248	(43.1)	435	(10.1)	483	14.2	423
Short term investments	-	(100.0)	200	100.0	-						
Cash and bank balances	150	(54.5)	329	(11.1)	370	215.6	117	379.7	24	(19.4)	30
	3,651	42.2	2,567	(0.3)	2,575	16.2	2,216	18.6	1,868	13.1	1,652
Total Assets	12,829	14.6	11,199	9.9	10,191	6.1	9,602	7.1	8,963	5.1	8,527
Equity & Liabilities											
Equity											
Share Capital	2,800	-	2,800	-	2,800	-	2,800	-	2,800	-	2,800
Revenue reserve	7,423	10.9	6,695	23.7	5,410	16.0	4,663	30.7	3,568	31.6	2,711
	10,223	7.7	9,495	15.7	8,210	10.0	7,463	17.2	6,368	15.6	5,511
Non-Current liabilities											
Long-term financing	36	(32.8)	50	(86.7)	400	(44.3)	717	(39.8)	1,192	(28.8)	1,673
Deffered grant	1	(84.6)	4	(52.1)	8	100.0	-	-	-	-	-
Gas infrastructure develeopment cess	7	(10.5)	8	(1.3)	8	100.0	-	-	-	-	-
Deffered Taxation	129	50.5	86	53.0	56	(20.8)	71	20.2	59	43.7	41
	173	14.5	151	(68.0)	472	(40.1)	788	(37.0)	1,251	(27.0)	1,714
Current liabilities											
Trade and other payables	1,617	52.0	1,064	27.1	837	(1.0)	846	28.0	660	(17.5)	801
Unclaimed dividend	2	6.5	2	(0.9)	2	75.5	1	(96.9)	31	100.0	-
Accrued interest	40	1,879.2	2	(47.6)	4	(70.8)	13	(26.4)	18	63.6	11
Short-term borrowings	689	17,174.4	4	100.0	-	-	-	(100.0)	145	100.0	-
Current maturity of long-term financing	61	(87.3)	484	(27.7)	665	35.5	491	0.3	490	-	490
Taxation - net	24	100.0	-	-	-	-	-	-	-	-	-
	2,433	56.7	1,552	2.9	1,508	11.7	1,351	0.5	1,344	3.3	1,302
Total Equity & Liabilities	12,829	14.6	11,199	9.9	10,191	6.1	9,602	7.1	8,963	5.1	8,527
Statement of profit or loss											
Net sales	10,262	38.3	7,420	6.8	6,946	11.1	6,253	16.2	5,382	13.9	4,725
Cost of sales	5,039	52.6	3,303	7.0	3,086	19.0	2,594	10.8	2,341	26.5	1,851
Gross profit	5,223	26.8	4,117	6.6	3,861	5.5	3,659	20.3	3,041	5.8	2,874
Administration expenses	407	4.1	391	72.4	227	43.6	158	24.1	127	(5.1)	134
Marekting & selling exenses	2,552	58.0	1,615	15.0	1,404	8.5	1,294	12.2	1,153	9.9	1,050
Other expenses	238	51.2	157	(14.2)	183	9.7	167	10.2	152	52.1	100
Other income	131	183.3	46	46.0	32	180.4	11	(33.6)	17	(13.0)	20
Finance cost	136	52.5	89	(41.2)	152	(33.1)	227	13.5	200	(27.8)	277
Profit before tax	2,021	5.8	1,911	(0.8)	1,927	5.6	1,825	28.0	1,426	6.9	1,333
Taxation	593	71.2	346	2.1	339	(10.3)	378	72.1	220	120.9	100
Profit after tax	1,428	(8.7)	1,565	(1.4)	1,587	9.8	1,446	20.0	1,206	(2.3)	1,234

GRAPHICAL PRESENTATION **OF HORIZONTAL ANALYSIS**

FINANCIAL POSITION ANALYSIS - ASSETS (%)



FINANCIAL POSITION ANALYSIS - EQUITY & LIABILITIES (%)

SUMMARY OF STATEMENT **OF FINANCIAL POSITION**

(PKR in Million)	2022	2021	2020	2019	2018	2017
Property, plant and equipment	3,015	2,484	2,203	1,977	1,685	1,479
Intangible assets	5,411	5,403	5,398	5,395	5,398	5,385
Investment in subsidiary (Long-term Investments)	730	730	-	-	-	-
Long-term loans, deposits and receivables	23	15	14	14	12	11
Non-Current Assets	9,178	8,631	7,615	7,386	7,095	6,875
Current Assets	3,651	2,567	2,575	2,216	1,868	1,652
TOTAL ASSETS	12,829	11,199	10,191	9,602	8,963	8,527
Share Capital	2,800	2,800	2,800	2,800	2,800	2,800
Revenue reserve	7,423	6,695	5,410	4,663	3,568	2,711
TOTAL EQUITY	10,223	9,495	8,210	7,463	6,368	5,511
Non-Current liabilities	173	151	472	788	1,251	1,714
Current liabilities	2,433	1,552	1,508	1,351	1,344	1,302
TOTAL LIABILITIES	2,606	1,703	1,980	2,139	2,595	3,016
TOTAL EQUITY & LIABILITIES	12,829	11,199	10,191	9,602	8,963	8,527

SUMMARY OF STATEMENT **OF PROFIT OR LOSS**

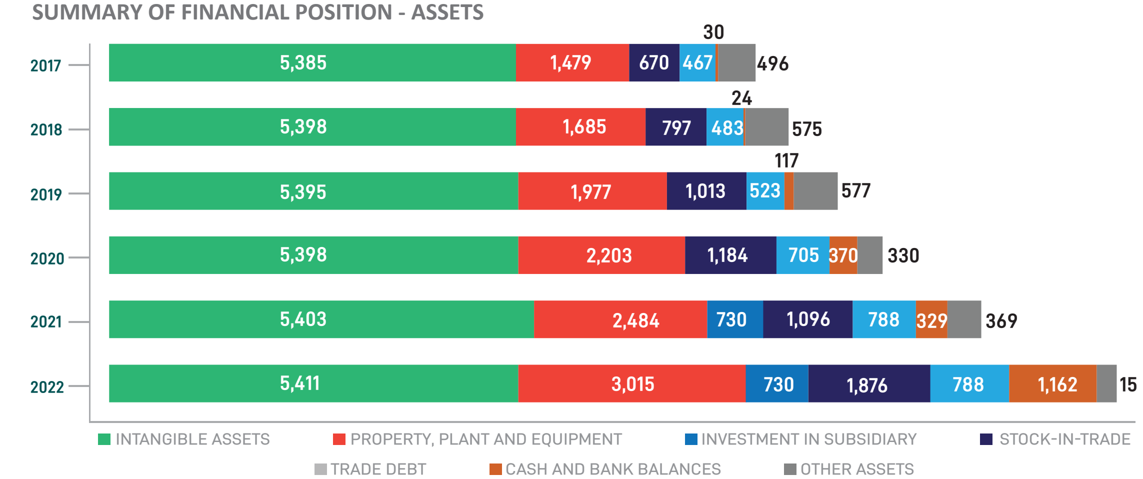
(PKR in Million)	2022	2021	2020	2019	2018	2017
Net Sales	10,262	7,420	6,946	6,253	5,382	4,725
Gross Profit	5,223	4,117	3,861	3,659	3,041	2,874
Operating Profit	2,264	2,001	2,078	2,052	1,626	1,610
Profit Befor	2,021	1,911	1,927	1,825	1,426	1,333
Taxation	593	346	339	378	219	100
Profit AfterTax	1,428	1,565	1,587	1,446	1,207	1,234

SUMMARY OF CASH FLOW STATEMENT

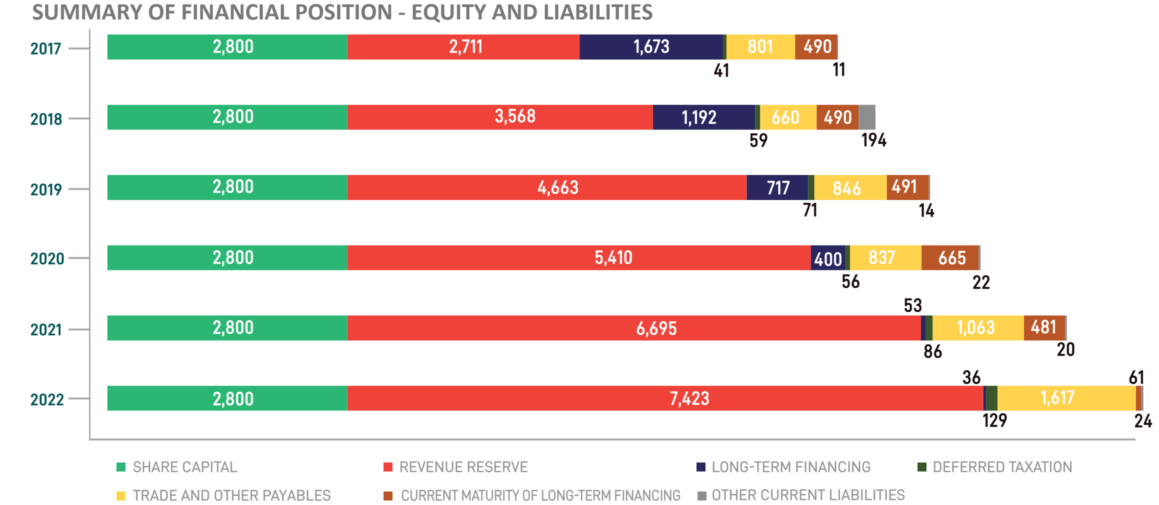
(PKR in Million)	2022	2021	2020	2019	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES						
Net Profit before Taxation	2,021	1,911	1,927	1,825	1,426	1,333
Adjustments for non cash and other items	384	372	422	494	382	450
Changes in working capital	(934)	164	(292)	(119)	(322)	(132)
Cash generated from operations	1,471	2,447	2,057	2,200	1,486	1,651
Finance costs paid	(83)	(63)	(141)	(232)	(168)	(373)
Income tax paid	(505)	(90)	(167)	(318)	(261)	(228)
Statutory charges paid	(146)	(147)	(150)	(144)	(89)	(115)
Net Cash Flows Generated from Operations	737	2,149	1,599	1,506	968	935
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(778)	(474)	(381)	(433)	(337)	(194)
Investment in subsidiary	-	(715)	-	-	-	-
Deposits and receivables - paid / given back	(8)	-	-	-	-	-
Dividend received	65	-	-	-	-	-
Proceeds from disposal of operating fixed assets	38	17	8	12	14	16
Others	22	17	13	5	5	(2)
Net Cash Flows Used in Investing Activities	(661)	(1,156)	(360)	(416)	(318)	(180)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend Paid	(700)	(280)	(839)	(380)	(319)	-
Short-term borrowings	-	4	-	-	-	-
Lien on bank balance	(131)	-	-	-	-	-
Long-term financings repaid - net	(440)	(558)	(137)	(474)	(480)	(1,206)
Net Cash Flows Used In Financing Activities	(1,271)	(834)	(976)	(854)	(799)	(1,206)
Net increase / (decrease) in cash and cash equivalents	(1,195)	159	263	236	(149)	(451)
Cash and cash equivalents at the beginning of the year	525	370	117	(121)	30	480
Cash and cash equivalents at the end of the year	(670)	529	380	115	(119)	29

GRAPHICAL PRESENTATION OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

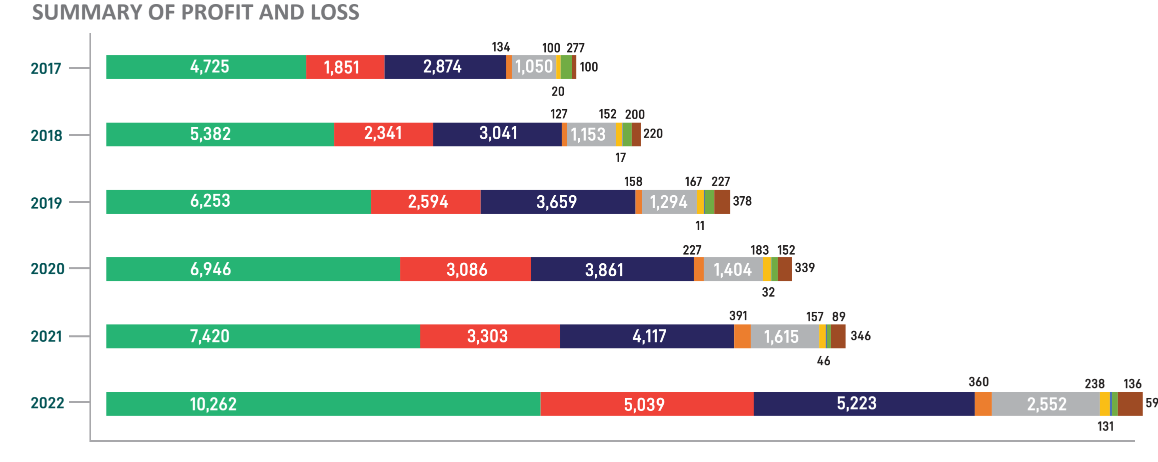
SUMMARY OF FINANCIAL POSITION - ASSETS



SUMMARY OF FINANCIAL POSITION - EQUITY AND LIABILITIES



SUMMARY OF PROFIT AND LOSS



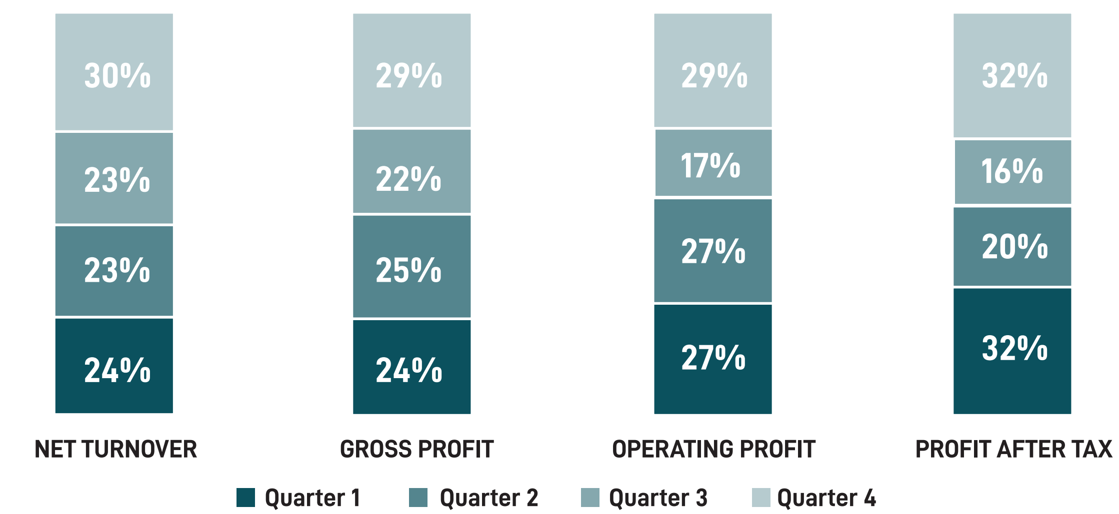
(PKR in Million)

STATEMENT OF CASH FLOW **DIRECT METHOD**

(PKR in 000's)	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash recevied from customer - net	9,899,987	7,337,361
Cash paid to supplier / employees / service providers	(8,428,610)	(4,889,228)
Finance costs	(82,920)	(62,503)
Income tax	(505,264)	(89,723)
Workers' Profit Participation Fund	(99,262)	(98,969)
Workers' Welfare Fund	(26,412)	(27,099)
Central Research Fund	(20,618)	(20,788)
Net cash flows generated from operating activities	**736,901**	**2,149,051**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(778,426)	(474,319)
Investment made in the subsidiary company	-	(715,000)
Dividend received	65,000	-
Proceeds from disposal of operating fixed assets	38,390	16,580
Deposits and receivables - paid	(7,903)	(290)
Interest income received	21,552	16,595
Net cash flows used in investing activities	**(661,387)**	**(1,156,434)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(699,891)	(280,015)
Lien on bank balance	(131,039)	-
Repayment of long-term financings	(439,927)	(557,513)
Net cash flows used in financing activities	**(1,270,857)**	**(837,528)**
Net (decrease) / increase in cash and cash equivalents	(1,195,343)	155,089
Cash and cash equivalents at the beginning of the year	524,869	369,780
Cash and cash equivalents at the end of the year	**(670,474)**	**524,869**

QUARTERLY ANALYSIS

PKR in Million	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 1	2,499	1,254	620	450
Quarter 2	2,401	1,327	602	291
Quarter 3	2,319	1,127	379	234
Quarter 4	3,044	1,515	663	453
Total	**10,262**	**5,223**	**2,264**	**1,428**



Net revenue of the Company is recorded at PKR 10.2 billion revenue with a robust growth of more than 38%. Domestic retail sales which constitute majority of the revenue, displayed a promising growth of 24.1% on the back of performance by top brands. Sales to Afghanistan have performed exceptionally well and crossed PKR 1 billion for the first time in the history of AGP with a remarkable growth of 75%. The overall sales growth is also supported by the remarkable institutional sales performance. Quarter 4 has crossed PKR 3 billion whereas the monthly run rate for the year has improved to PKR 855 million from PKR 603 million last year. Despite cost pressures due to massive devaluation of local currency and significant inflation, the Company was able to maintain its gross margin at 51%, and hence retained its distinctive position in the industry.
The Company exercised strict cost control measures and restricted the administrative costs to increase by only 4% despite considerable business volume growth and inflationary pressures.

Marketing and sales have increased mainly on account of planned investment in human resource capital. Finance costs experienced a significant increase due to the company's short-term borrowing and rising interest rates. Additionally, the imposition of super tax put a strain on the profitability. As a result, the Company recorded a profit after taxes of PKR 1,428 million and earnings per share of PKR 5.10. A detailed financial analysis of quarterly performance is shown below.

QUARTER 1

NET TURNOVER	GROSS PROFIT	OPERATING PROFIT	PROFIT AFTER TAX
Net revenue for the quarter is PKR 2,499 million, which is 52.2% higher than same period last year (SPLY) mainly due to increase in institutional business.	Gross profit was PKR 1,254 million which is 35.5% higher than SPLY due to volume however the margin fell from 56.3% to 50.2% due to high volume of institutional sales which have low margins.	Operating profit was PKR 620 million for the quarter, representing a 26% increase over SPLY. Operating margin decreased against last year due to increase in payroll as head count is enhanced to support sales growth.	The Company recorded profit after tax of PKR 450 million for the first quarter of the year, as compared to PKR 384 million in SPLY representing an increase of 17%. The EPS for the quarter stood at PKR 1.61.

QUARTER 2

NET TURNOVER	GROSS PROFIT	OPERATING PROFIT	PROFIT AFTER TAX
The Company recorded PKR 2,401 million in revenue for this quarter, representing a 19.7% growth over SPLY. The sales for the quarter were mainly supported by a growth in domestic sales.	Gross profit stood at PKR 1,327 million, denoting an impressive margin of 55.3%. Gross profit for the quarter grew by more than 28% SPLY.	The Company generated an operating profit of PKR 602 million for the quarter. Operating margins were suppressed due to rising cost of doing business within the country.	Net Profit stood at PKR 291 million which is 25.2% lower than SPLY. Profitability was adversely affected by the imposition of super tax, resulting in an EPS of PKR 1.04 for the quarter.

QUARTER 3

NET TURNOVER	GROSS PROFIT	OPERATING PROFIT	PROFIT AFTER TAX
Sales for the quarter were recorded at PKR 2,319 million which is slightly lower than the previous quarter but 50% higher than SPLY. The sales for the quarter increased due to the strong performance of our top brands.	Gross profit was PKR 1,127 million which increased by 34.5% over SPLY whereas margins sliced to 48.6% mainly because of significant devaluation of Pak Rupee.	Operating profit was PKR 379 million which was 11.5% higher than SPLY. The margins suffered significantly due to rising inflation, interest rates and soaring fuel prices.	The Company recorded profit after tax of PKR 234 million, 5.4% lower than SPLY. Significant cost pressure coupled with additional levy of super tax pulled net margins downwards to 10% with EPS of PKR 0.83.

QUARTER 4

NET TURNOVER	GROSS PROFIT	OPERATING PROFIT	PROFIT AFTER TAX
Quarter 4 has crossed PKR 3 billion with sales growth of 37% compared to the SPLY. Consistent sales performance supported by positive impact of CPI based annual price increase and effect of seasonality have let the Company to achieve highest ever quarterly sales.	The gross profit amounted to PKR 1,519 million, representing a 15% increase from the SPLY. Despite significant currency devaluation and high inflation, the margins for the quarter were maintained at 50%.	Operating profits for the quarter were recorded at PKR 663 million, which is 11.5% lower than SPLY. Cost of doing business remained high and led operating margins to stood at 22%.	The Company earned a PAT of PKR 453 million during the quarter, which is 17% lower than SPLY. Despite significant cost pressures net margins for the quarter were recorded at 15% with EPS of PKR 1.62.

SIX YEAR ANALYSIS

STATEMENT OF FINANCIAL POSITION ANALYSIS

Assets

The majority of non-current assets comprise of tangible and intangible assets. Tangible assets, including property, plant, and equipment, have increased by more than two-fold in the past six years, rising to PKR 3.02 billion from PKR 1.48 billion. This increase is mainly attributable to capital expenditures, adjusted with depreciation and disposals. The capital expenditure was incurred to maintain, advance, and expand manufacturing capacities, as well as to increase office space to accommodate our growing human capital. Intangible assets comprise of brands which experienced no impairment and were maintained at ~PKR 5.4 billion.

The current assets have increased more than twice over the last 6 years to PKR 3.6 billion as growth and expansion necessitated the investments in working capital. The Company recorded its stock-in-trade at PKR 1.88 billion, which has almost increased by three-fold the last 6 years. As we are engaged in the business of supplying essential medicines, ensuring continuous supplies of our products has been out topmost priority. Accordingly, to avoid any disruptions within production and supply to the market, the Company maintains optimum levels of inventory for seamless operations and an uninterrupted supply of stocks to the market. Inventory is rotated approximately every 108 days, while receivables have a turnover rate of around 35 days, and payables are usually settled within 97 days.

Equity and Liabilities

The Company's equity is made up of the shareholder's equity and revenue reserves. In the past 6 years, the equity has almost doubled to PKR 10.2 billion, taking into account a dividend payout of PKR 2.52 billion over the same period. There were no further changes on the Company's equity during the 6 years period.

The Company's long-term financing has significantly decreased by PKR 1.64 billion over the last 6 years and currently stands at PKR 36 million, as of December 31, 2022. The 5-year Sukuk, issued in 2017 and amounting to ~PKR 2.5 billion, was fully settled during the year. Additionally, the Company utilized Refinance Scheme for Payment of Wages & Salaries introduced by the State Bank of Pakistan, amounting to PKR 315 million over the 6 years period.

The current liabilities have increased by 87% over the last 6 years, primarily due to a significant increase in trade and other payables and short-term borrowings. However, the current maturity of long-term financing has decreased significantly as the Company has been timely and regularly settling its debt obligations.

STATEMENT OF PROFIT & LOSS ANALYSIS

Net Revenue

TThe Company's revenue has grown at a cumulative average growth rate (CAGR) of 16.8% over the last 6 years and achieved a milestone of surpassing PKR 10 billion. The growth in revenue is mainly driven by Company's top-performing brands, including Rigix, Osnate, and Ceclor. The growth is also supported by rising exports to Afghanistan and institutional sales. The Company has also launched 28 number of products including line extensions which strengthened its portfolio and helped in gaining market share.

Cost of Sales

In line with increase in business volume coupled with massive local currency devaluation, the Company's cost of sales has increased at a CAGR of 22.2% over the last 6 years and reached PKR 5.04 billion. With optimum inventory management and stringent cost control measures, the Company has been able to maintain its gross margins in excess of 50% throughout the 6-year period.

Expenditures

As part of strategic measures to augment sales growth and increase business operations, the Company made planned investment in human resource capital. Rising inflation, soaring fuel prices and massive PKR devaluation has enormously increased the cost of doing business. Resultantly, the administrative, market, and selling expenses have increased proportionately. Finance costs have fallen by more than half during the 6-year period to PKR 136 million in 2022, as the Company fully retired its Sukuk and regularly makes payments on its other outstanding obligations. However, unprecedented rise in interest rates and substantial increase in short-term borrowings have eroded some of these savings. Tax expenses has also almost increased by 6 times and reached PKR 0.6 billion in the current year, mainly on account of super tax levy and increase in profitability of the Company.

Profit After Tax

The instable economic conditions and price control regime have stressed the profitability of the Company. Massive devaluation of the Pakistani Rupee, soaring fuel costs and increasing cost of borrowings have further suppressed the profitability, resulting in a net profit margin of 14% in 2022.

CASH FLOW ANALYSIS

Operating Activities

Acquisition of brands, higher incidence of taxation, investments in working capital, and an increase in inventory buildup have posed serious challenges on the liquidity position of the Company. As a result, cash flows generated from operating activities has declined by ~PKR 200 million over the past 6 years.

Investing Activities

The Company invested PKR 3.1 billion of internally generated funds over the span of 6 years, including capital expenditure of PKR 2.6 billion and investment in a subsidiary of PKR 0.72 billion. Capital expenditure mainly relates to upgrading, maintaining, and expansion of manufacturing capacity, as well as the increase of office space whereas investment in subsidiary pertains to 65% equity stake in OBS AGP (Private) Limited.

Financing Activities

In the last 6 years, the Company has repaid its long-term obligations amounting to PKR 3.3 billion. Dividend amounting to PKR 2.52 billion was also paid to our esteemed shareholders for the same period. Year wise break-up of dividend payments is as follows:

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

SHARE PRICE SENSITIVITY ANALYSIS

SHARE PRICE INFORMATION

The Pakistan Stock Exchange (PSX) represents the capital market of the country where the Company's shares are listed. The share price of the Company is subject to both internal and external factors, with its financial performance having a direct impact. External factors, such as the economic and political environment, government regulations and policies, macroeconomic indicators, and stakeholder views, all influence the share price. Despite external challenges, the Company delivered encouraging financial results and hence share price of AGP share price remained attractive to investors throughout the year. In 2022, the Company's share price hit a high of PKR 98.09, with its lowest price and closing price as of December 31, 2022, being PKR 64.99.

INTEREST RATE SENSITIVITY

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. Management of the Company estimates that 10% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Company's profit before tax for the next year by PKR 10.79 million, as also mentioned in the note 37.5.1 to the financial statements for the year ended December 31, 2022.

MARKET CAPITALIZATION SENSITIVITY

The capital market witnessed a decline of 15.4% during the year, recording a market capitalization of PKR 6,501 billion, as compared to PKR 7,685 billion in the preceding year. KSE-100 index decreased by 9.3% during the year from 44,596 points at the start of the year to 40,420 points at the end of the year.

These adverse movement in capital market and KSE index coupled with economic instability and political uncertainty, pulled the share price of AGP downwards by 33.8% with its market capitalization plunging to PKR 18.2 billion. 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) receivables from customers, bank balances and payable to suppliers. 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 40.43 million, as also mentioned in the note 37.5.2 to the financial statements for the year ended December 31, 2022.

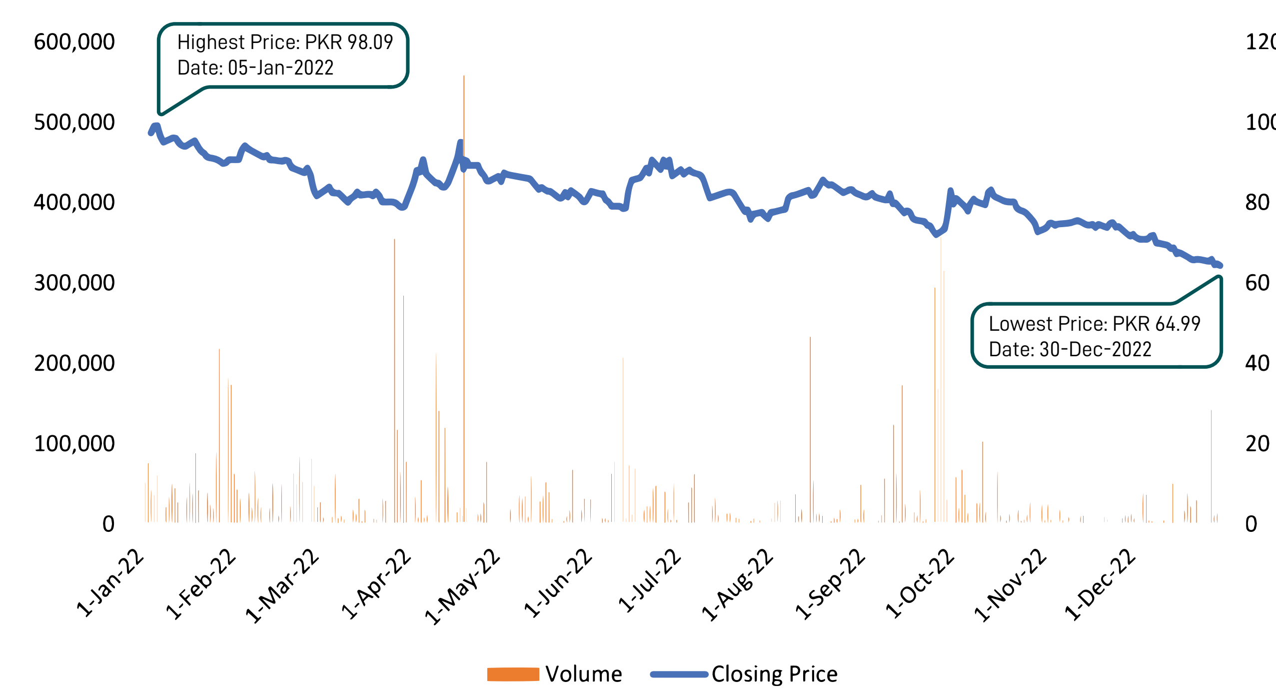
SELLING PRICE SENSITIVITY

The Company's revenue is a function of price fixed by DRAP. As a matter of policy, once a year DRAP allows a price revision equal to 70% increase in CPI (with a cap of 7%) for essential medicines and up to increase in CPI (with a cap of 10%) for other non-essential medicines. Therefore, the price of the Company's products is dependent on CPI increase announced by Government of Pakistan.

RAW MATERIAL SENSITIVITY

The Company relies on imports for most of its raw materials and incipient. High raw material prices due to adverse foreign exchange rate movement or otherwise will result in thin margins and lower profitability, with a negative impact on share prices.

SHARE PRICE SENSITIVITY ANALYSIS



CAPEX RATIONALIZATION

During the year 2022, the Company made capital investment of PKR 778.4 million through internally generated funds. Owing to prevailing economic conditions, the management keeps it Capex limited to business oriented and revenue generating items. The funds were mainly utilized on balancing, modernization and replacement of plant and machinery that includes preparation of dry suspension facility, capacity enhancement of finished goods warehouse, revamping of granulation area and construction of additional office space. Capex was also incurred on purchase of motor vehicles, computers and accessories, lab equipment, and furniture and fixtures.

The Company plans for capacity enhancement of liquid line, revamping of oral liquid section, expansion of granulation area, and addition of plant and machinery during the year 2023. Capex will also be incurred extension of new offices to accommodate increase in planned headcount. In addition, capital expenditure will also be incurred on the purchase of vehicles for the new hires and promoted employees.

STATEMENT OF UNRESERVED COMPLIANCE OF IFRS

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

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

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

Note 5.23 of the standalone and consolidated financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

CEO PRESENTATION VIDEO

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

04

FINANCIAL STATEMENTS

ASCENDING PRECISELY

Through dedicated efforts to achieve optimal financial and operational results, we are experiencing both organic and inorganic growth while maximizing efficiency, propelling us to go beyond.

Financial Statements

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

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the members of AGP Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **AGP Limited** (the Company), which comprise the statement of financial position as at **31 December 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit and other comprehensive income, the cash flows and its changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
1. Impairment testing of goodwill and intangible assets having indefinite useful lives	
As disclosed in note 7 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 2022 tested for impairment on an annual basis. The determination of recoverable amount requires judgement in both identifying and then valuing the relevant cash-generating unit (CGU), and the impairment assessment for such assets involves significant judgments and estimates about future business performance, with key assumptions including cash flows, the overall long-term growth rate and discount rate used. Changes in these assumptions might lead to a significant change in the carrying values of the related assets, for such reasons we considered this as a key audit matter.	Our key audit procedures in this area include the following: We obtained an understanding of the Company's process over impairment assessment of intangible assets with indefinite lives. We obtained management's value in use calculation and assessed the methodology used. We examined the assumptions used by management, including forecasted revenue, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU assets and allocated goodwill. We also involved our specialist to: - assess the key assumptions and methodology used in the impairment analysis, in particular growth rate and discount rate applied; and - evaluate the sensitivity analysis performed around the key assumptions and challenged the outcomes of the assessment. We also assessed the adequacy of disclosures in the financial statements in accordance with the financial reporting standards.
2. Revenue Recognition	
As disclosed in note 5.15 to the accompanying financial statements, revenue from sale of goods is recognised when the control of goods is transferred which generally coincides with the delivery of goods. During the year, the Company recognised revenue of Rs. 10,262 million which is approximately 38% higher as compared to previous year (refer note 24). When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.	Our key audit procedures in this area amongst others included the following: We obtained an understanding of the Company's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process. We obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP.

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

UDIN Number: AR202210120qZhIN1H7r

Date: 22 March 2023

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022	2021
		----------(Rupees in '000)---------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**3,015,316**	2,483,874
Intangible assets	7	**5,410,626**	5,403,460
Long-term investment	8	**729,531**	729,531
Long-term deposits and receivables	9	**22,532**	14,629
		9,178,005	8,631,494
CURRENT ASSETS			
Stores, spares and loose tools		**9,207**	8,490
Stock-in-trade	10	**1,875,833**	1,095,909
Trade debts	11	**1,162,368**	788,387
Advances	12	**217,073**	63,515
Trade deposits, prepayments and other receivables	13	**236,945**	61,370
Taxation – net		**-**	20,618
Short-term investments		**-**	200,000
Cash and bank balances	14	**149,647**	328,858
		3,651,073	2,567,147
TOTAL ASSETS		**12,829,078**	11,198,641
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	15	**2,800,000**	2,800,000
Revenue reserve - unappropriated profits		**7,423,285**	6,695,251
		10,223,285	9,495,251
NON-CURRENT LIABILITIES			
Long-term financings	16	**35,586**	50,079
Deferred grant	17	**583**	3,788
Gas infrastructure development cess	18	**7,405**	8,278
Deferred tax liabilities - net	19	**129,371**	85,961
		172,945	148,106
CURRENT LIABILITIES			
Trade and other payables	20	**1,616,792**	1,063,826
Unclaimed dividends		**1,795**	1,686
Taxation - net		**24,017**	-
Accrued interest		**40,138**	2,028
Short-term borrowings	21	**689,082**	3,989
Current maturity of non-current liabilities	22	**61,024**	483,755
		2,432,848	1,555,284
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**12,829,078**	11,198,641

The annexed notes 1 to 41 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 2022

	Note	2022	2021
		----------(Rupees in '000)----------	
Revenue from contracts with customers - net	24	**10,262,015**	7,420,458
Cost of sales	25	**(5,039,401)**	(3,303,198)
Gross profit		**5,222,614**	4,117,260
Administrative expenses	26	**(406,597)**	(391,889)
Marketing and selling expenses	27	**(2,551,538)**	(1,613,573)
Other expenses	28	**(237,644)**	(157,202)
Other income	29	**130,670**	46,120
Finance costs	30	**(136,162)**	(89,303)
		(3,201,271)	(2,205,847)
Profit before taxation		**2,021,343**	1,911,413
Taxation	31	**(593,309)**	(346,488)
Profit for the year		**1,428,034**	1,564,925
Earnings per share - basic and diluted	15.2	**Rs. 5.10**	Rs. 5.59

The annexed notes 1 to 41 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 2022

	2022	2021
	---------- (Rupees in '000) ----------	
Profit for the year	**1,428,034**	1,564,925
Other comprehensive income, net of tax	**-**	-
Total comprehensive income for the year	**1,428,034**	1,564,925

The annexed notes 1 to 41 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 2022

	Share capital	Revenue reserve - Unappropriated profits	Total
	------------------ (Rupees in '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**
Profit for the year	-	**1,428,034**	**1,428,034**
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	**1,428,034**	**1,428,034**
Final dividend for the year ended 31 December 2021 @ Rs. 2.5 per share	-	**(700,000)**	**(700,000)**
Balance as at 31 December 2022	**2,800,000**	**7,423,285**	**10,223,285**

The annexed notes 1 to 41 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 2022

	Note	2022	2021
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	34	**1,471,377**	2,447,956
Payments for:			
Finance costs		**(82,920)**	(62,503)
Income tax		**(505,264)**	(89,723)
Workers' Profit Participation Fund	20.5	**(99,262)**	(98,969)
Workers' Welfare Fund	20.6	**(26,412)**	(27,099)
Central Research Fund	20.7	**(20,618)**	(20,788)
Net cash flows generated from operating activities		**736,901**	2,148,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(778,426)**	(474,319)
Investment made in the subsidiary company		**-**	(715,000)
Dividend recevied		**65,000**	-
Proceeds from disposal of operating fixed assets		**38,390**	16,580
Deposits and receivables - paid		**(7,903)**	(290)
Interest income received		**21,552**	16,595
Net cash flows used in investing activities		**(661,387)**	(1,156,434)
Dividend paid		**(699,891)**	(280,015)
Lien on bank balance		**(131,039)**	-
Repayment of long-term financings		**(439,927)**	(557,336)
Net cash flows used in financing activities		**(1,270,857)**	(837,351)
Net (decrease) / increase in cash and cash equivalents		**(1,195,343)**	155,089
Cash and cash equivalents at the beginning of the year		**524,869**	369,780
Cash and cash equivalents at the end of the year	35	**(670,474)**	524,869

The annexed notes 1 to 41 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 2022

1 THE COMPANY AND ITS OPERATIONS

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

1.2 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.8% (2021: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

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

1.4 The Board of Directors in its meeting held on 27 July 2022, has authorized the Company to participate with its parent company through a Special Purpose Vehicle (SPV) for the purpose of acquisition of a selected portfolio of products from the Vitris Inc. ("Viatris") which are commericialized in Pakistan primarily under the brands previously owned by Pfizer Inc ("Brands"). The shareholders of the Company has duly approved the transaction in their meeting dated 28 July 2022 subject to regulatory approvals which are under process.

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

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

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

2 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 8) to these financial statements.

4 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 7.3 to these financial statements.

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

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

c) Taxes

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

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

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

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

e) Contingencies

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

(i) Operating fixed assets

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

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal 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 6.1 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 and intangible assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

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

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

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.

5.3 Investment in subsidiary

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

Financial guarantee 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 5.6.1(ii)(d)); and

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

In respect of investment in subsidiary, the Company reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss.

5.4 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.

5.5 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.

5.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.6.1 Financial assets

i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost, if any (except for financial assets at fair value through profit or loss, in which case, transaction cost is charged to profit or loss). Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified 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.

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.

5.6.2 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 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, if 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.

5.6.3 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.

5.7 Impairment of non-financial assets (including goodwill and intangibles with indefinite useful lives)

The carrying amounts of non-financial assets (other than inventories and deferred tax) are reviewed at each reporting date to determine and assess whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value-in-use and its fair value less costs to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses relating to goodwill are not reversed in future periods.

5.8 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.

5.9 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.

5.10 Taxation

Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in statement of other comprehensive income or directly in equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account the available tax credits and rebates, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and 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 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.

5.11 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 relates 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 5.6.2 to these financial statements.

5.12 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.

5.13 Employee benefits

5.13.1 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.

5.13.2 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.

5.14 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.

5.15 Revenue recognition

5.15.1 Revenue from contracts with customers

a) Sale of goods

The Company is engaged in the manufacturing and selling of pharmaceutical products and related products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, i.e. either on delivery of the goods to the customer or goods collected by customers. The normal credit term is 30 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discounts). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

b) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provides certain customers with a right to return within a specified period.

i) Right of return

The contracts for 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 5.6.1 '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.

5.15.2 Other income

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

5.16 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.

5.17 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.

5.18 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.

5.19 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle

- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.20 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.

5.21 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 14.3 to these financial statements.

5.22 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.23 Adoption of amendments and improvements to approved accounting standards effective during the year

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

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)		IASB effective date (annual period beginning on or after)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's financial statements.

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

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

Amended standards		Effective date (annual period beginning on or after)
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2024

Amended standards		Effective date (annual period beginning on or after)
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IFRS10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

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

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

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	**2022**	2021
		----------(Rupees in '000)---------	
Operating fixed assets	6.1	**2,636,546**	2,235,591
Capital work-in-progress	6.2	**378,770**	248,283
		3,015,316	2,483,874

6.1 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 2022													
Opening 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
*Transfers (note 6.2.1)	-	-	50,126	47,699	110,767	25,461	295,040	18,820	5,338	10,994	28,991	38,302	631,538
Disposals (at NBV)													
Cost	-	-	(867)	-	(1,223)	(1,265)	(69,892)	(1,843)	-	(4,006)	(30)	(5,880)	(85,006)
Depreciation	-	-	315	-	898	1,203	51,214	869	-	3,664	30	5,626	63,819
	-	-	(552)	-	(325)	(62)	(18,678)	(974)	-	(342)	-	(254)	(21,187)
Depreciation charge	-	(4,259)	(17,567)	(14,792)	(29,306)	(6,083)	(61,391)	(5,812)	(4,845)	(18,008)	(22,502)	(24,831)	(209,396)
Closing net book value	369,000	216,042	456,240	291,589	503,378	61,412	361,441	46,855	41,886	103,631	139,339	45,733	2,636,546
Gross carrying value basis As at 31 December 2022													
Cost	369,000	245,284	573,567	331,161	646,085	85,750	461,843	75,355	54,691	177,603	254,671	110,202	3,385,212
Accumulated depreciation	-	(29,242)	(117,327)	(39,572)	(140,697)	(24,338)	(100,402)	(28,500)	(12,805)	(73,972)	(115,332)	(64,469)	(746,656)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	369,000	216,042	456,240	291,589	503,378	61,412	361,441	46,855	41,886	103,631	139,339	45,733	2,636,546
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 6.2.1)	-	-	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
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 6.2.1)

6.1.1 Particulars of immovable assets (freehold and leasehold lands and buildings for factory and office premises) of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Karachi	B-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

6.1.2 Deprecation for the year has been allocated as follows:

	Note	2022	2021
		------- (Rupees in '000) ------	
Cost of sales	25	**115,120**	102,648
Administrative expenses	26	**35,633**	24,612
Marketing and selling expenses	27	**58,643**	36,373
		209,396	163,633

6.1.3 The cost of fully depreciated assets of the Company amounted to Rs. 280.15 million (2021: Rs. 261.43 million). In addition, land includes leasehold land having cost of Rs. 35.17 million remains idle as of 31 December 2022 and 2021.

6.1.4 The operating fixed assets of the Company is under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 16.3 to these financial statements.

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

Description	Mode of disposal	Cost	Accumulated Deprecation	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								
Office Equipment								
Camera/ Intercom/ Solar System	Bid	1,300	423	877	412	(465)	Third party	Oriental Trading
		1,300	423	877	412	(465)		
Factory Building								
Fixture and fittings	Bid	867	315	552	53	(499)	Third party	Oriental Trading
		867	315	552	53	(499)		
Motor vehicles								
Toyota Corolla Altis 1.6 BMX-755	Company policy	2,279	1,409	870	1,140	270	Employee	Mr. Junaid
Toyota Corolla GLI-BNL-405	Company policy	2,229	1,311	918	632	(286)	Employee	Mr. Shahzad Karim
Honda City 1.3 Automatic-BPT-541	Company policy	2,009	1,161	848	998	150	Employee	Mr. Asad Khan
Honda City 1.3 Manual-BPT-148	Company policy	1,869	1,063	806	903	97	Employee	Mr. Sajid Qadeer
Suzuki Cultus-VXR-BQE-013	Company policy	1,440	793	647	696	49	Employee	Ms. Midhat Jawed
Honda Civic Oriel 1.8-BQE-567	Company policy	3,548	1,829	1,719	1,774	55	Employee	Mr. Junaid Jumani
Honda City 1.3 Manual-BQB-723	Insurance Claim	1,934	898	1,036	2,400	1,364	Insurance Claim	IGI General Insurance Limited
Honda City Manual-BQG-910	Company policy	1,934	898	1,036	967	(69)	Employee	Mr. Imran Zia
		17,242	9,362	7,880	9,510	1,630		
Aggregate amount of assets disposed off having NBV not exceeding Rs. 500,000		65,597	53,719	11,878	28,415	16,537	various	various
	2022	**85,006**	**63,819**	**21,187**	**38,390**	**17,203**		
	2021	43,098	28,441	14,657	16,580	1,923		

	2022	2021	2022	2021
	Additions during the year		Closing balance as at December	
6.2 Capital work-in-progress comprise of:	(Rupees in '000)			
Buildings - factory / office sites	**235,461**	147,396	**219,243**	81,608
Plant and machinery	**69,076**	97,441	**76,029**	117,719
Furniture and fixtures	**25,444**	10,086	**-**	17
Motor vehicles	**304,025**	91,328	**48,473**	39,488
Office equipment	**18,820**	11,826	**-**	-
Gas and electrical fittings	**5,338**	37,842	**-**	-
Refrigerators and air conditioners	**37,191**	17,843	**35,025**	8,828
Laboratory equipments	**28,927**	29,546	**-**	64
Computer and related accessories	**37,743**	22,780	**-**	559
Softwares	**16,401**	8,231	**-**	-
	778,426	474,319	**378,770**	248,283

	Note	2022	2021
		(Rupees in '000)	
6.2.1 The following is the movement in capital work-in-progress during the year:			
Opening balance		**248,283**	344,143
Additions during the year	6.2	**778,426**	474,319
Transferred during the year to:			
- operating fixed assets	6.1	**(631,538)**	(555,024)
- intangible assets	7.1	**(16,401)**	(15,155)
Closing balance		**378,770**	248,283

7 INTANGIBLE ASSETS

	Note	2022	2021
Goodwill	7.2 & 7.3	**743,226**	743,226
Trademarks - (indefinite lives)	7.2 & 7.3	**4,641,087**	4,641,087
Computer software		**26,313**	19,147
		5,410,626	5,403,460

	Goodwill	Trademarks - Indefinite	Trademarks - finite	Computer softwares	Total
7.1 Intangible assets	---------------------(Rupees in '000)---------------------				
Net carrying value basis Year ended 31 December 2022					
Opening net book value	**743,226**	**4,641,087**	**-**	**19,147**	**5,403,460**
Transfers (note 6.2.1)	**-**	**-**	**-**	**16,401**	**16,401**
Amortisation charge	**-**	**-**	**-**	**(9,235)**	**(9,235)**
Closing net book value	**743,226**	**4,641,087**	**-**	**26,313**	**5,410,626**
Gross carrying value basis As at 31 December 2022					
Cost	**743,226**	**4,641,087**	**365,930**	**84,347**	**5,834,590**
Accumulated amortisation	**-**	**-**	**(365,930)**	**(58,034)**	**(423,964)**
Net book value	**743,226**	**4,641,087**	**-**	**26,313**	**5,410,626**
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 6.2.1)	-	-	-	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
Annual rate of amortisation (%)	**-**	**-**	**10-20**	**33**	

7.2 Goodwill and trademarks

Goodwill of Rs. 743.23 million (2021: Rs. 743.23 million) and intangible assets (trademarks) of Rs. 4,701.52 million (2021: 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.

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

7.3.1 Goodwill of Rs. 743.23 million (2021: Rs. 743.23 million) and trademarks having indefinite useful lives of Rs. 4,641.09 million (2021: Rs. 4,641.09 million) as disclosed in note 7.2 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 2022. The recoverable amount i.e. Rs. 20,623.83 million (2021: 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 18.7 percent (2021: 14.9 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is upto 5 percent. As a result of this assessment, the Company did not identify any impairment for the cash-generating unit to which assets aggregating to Rs. 5,384.31 million (2021: Rs. 5,384.31 million) are allocated.

7.3.2 Key assumptions used in discounted cashflows calculations

The calculation of discounted cashflows is most sensitive to the following assumptions:

a) Discount rates
b) Growth rates used to extrapolate cash flows beyond the forecast period"

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the Company and the specific risk of the underlying assets.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five-year forecast period are based on published industry research and historical trends.

7.3.3 Sensitivity to changes in assumptions

a) Discount rates

A rise in the pre-tax discount rate by 1% will result in decrease of the recoverable amount by Rs. 1466.84 million (2021: Rs. 2,454.48 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. 903.97 million (2021: Rs. 1,970.47 million).

7.3.4 The Company's market capitalisation as at year end, using the Level 1 input of the fair value hierarchy amounts to Rs. 18,197.2 million (2021: Rs. 27,157.2 million).

		Note	2022	2021
			----------(Rupees in '000)---------	
7.4	**Amortisation for the year has been allocated as follows:**			
	Cost of sales	25	**5,259**	2,796
	Administrative expenses	26	**3,976**	6,774
			9,235	9,570

7.5 The cost of fully amortized assets of the Company amounted to Rs. 407.51 million (2021: Rs. 407.27 million).

		Note	2022	2021
			----------(Rupees in '000)---------	
8	**LONG-TERM INVESTMENT**			
	Investment in subsidiary company - OBS AGP			
	Investment - at cost	8.1	**715,000**	715,000
	Financial guarantee - at fair value	16.1 & 16.3	**14,531**	14,531
			729,531	729,531

8.1 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	2022	2021
			----------(Rupees in '000)---------	
9	**LONG-TERM DEPOSITS AND RECEIVABLES**			
	Security deposits - unsecured, considered good		**11,550**	10,125
	Receivables from employees - secured, considered good	9.1	**16,156**	8,851
	Less: Recoverable within one year	13	**(5,174)**	(4,347)
			10,982	4,504
			22,532	14,629

9.1 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 instalments.

10	STOCK-IN-TRADE	Note	2022	2021
			----------(Rupees in '000)---------	
	Raw and packing materials			
	- In hand	10.1	1,123,154	503,469
	- In transit		93,739	107,967
			1,216,893	611,436
	Work-in-process		185,087	82,865
	Finished goods			
	- Manufacturing		444,008	289,992
	- Trading		69,583	156,127
			513,591	446,119
	Provision for obsolescence and slow moving stock	10.4	(39,738)	(44,511)
		10.2	1,875,833	1,095,909

10.1 Included herein items having value of Rs. 50.03 million (2021: Rs. 19.83 million), representing stock held by third parties.

10.2 Stock-in-trade includes items having cost of Rs. 21.38 million (2021: Rs. 10.86 million) written down to net realisable value of Rs. 18.48 million (2021: Rs. 8.63 million) resulting in a writedown of Rs. 2.19 million (2021: Rs. 2.23 million).

10.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 2,838.70 million and Rs. 849.09 million (2021: Rs. 1,792.82 million and Rs. 516.77 million), respectively that are charged to cost of sales.

10.4	Provision for obsolescence and slow moving stock is as follows:	Note	2022	2021
			----------(Rupees in '000)---------	
	Opening balance		44,511	97,686
	Provision made during the year - net	25	44,158	49,526
	Written off during the year		(48,931)	(102,701)
			39,738	44,511

11	TRADE DEBTS - unsecured	Note	2022	2021
	Related parties (associated companies)			
	- OBS AGP (Private) Limited		128,053	-
	- Muller & Phipps Pakistan (Private) Limited		676,226	769,735
		11.2	804,279	769,735
	Others than related parties		359,294	19,970
		11.1	1,163,573	789,705
	Less: Allowances for expected credit losses	11.4	(1,205)	(1,318)
			1,162,368	788,387

11.1 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)----------				
2022					
Expected credit loss rate	**0.10%**	**0.00%**	**0.00%**	**0.00%**	**6.43%**
Estimated total gross carrying amount at default	**1,163,573**	**649,732**	**461,271**	**33,844**	**18,726**
Expected credit loss	**1,205**	**-**	**-**	**-**	**1,205**
2021					
Expected credit loss rate	0.17%	0.00%	0.00%	0.00%	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

11.2 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)----------				
2022					
OBS AGP (Private) Limited - Pakistan	**128,053**	**7,584**	**98,371**	**22,098**	**-**
Muller & Phipps Pakistan (Private) Limited	**676,226**	**637,510**	**36,376**	**-**	**2,340**
2021					
Muller & Phipps Pakistan (Private) Limited	769,735	732,148	27,226	3,605	6,756

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

		2022	2021
Related parties - associated companies	**Note**	----- (Rupees in '000) -----	
OBS AGP (Private) Limited		**185,063**	-
Aspin Pharma (Private) Limited		**14,885**	7,355
Muller and Phipps Pakistan (Private) Limited		**931,490**	769,735

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

Opening balance		**1,318**	904
(Reversal) / charge of allowances for expected credit losses for the year	28	**(113)**	414
Closing balance	11.4.1	**1,205**	1,318

11.4.1 Included herein Rs. Nil (2021: Rs. 0.17 million) related to Muller and Phipps Pakistan (Private) Limited, a related party.

11.4.2 Amount overdue above 180 days has been recovered during the year resulting in reversal of allowance for expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

12 ADVANCES - unsecured, considered good	Note	2022	2021
		------- (Rupees in '000) -------	
Suppliers	12.1 & 12.2	212,277	53,981
Employees		4,796	9,534
		217,073	63,515

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

Name of the company	Address	2022	2021	Terms, conditions and period
		------(Rupees in '000)-------		
Aktinos Pharma Private Limited	Parawada Visakhaptnam Andhra Pardesh, Unit-II PL, # 80-D, RD # 20, JN Pharma City, India	849	-	Purchase of goods to be settled within 30 days of advance payment
Amicogen (China) Biopharm	No.1688, Shixian Road, Jining City Shandong Province, China	322	-	Purchase of goods to be settled within 120 days of advance payment
Azelis (India) Private Limited	Unit-702, 7th Floor, Liberty Tower, Plot K-10, MIDC Airoli Navi Mumbai, Maharashtra, India	332	-	Purchase of goods to be settled within 30 days of advance payment
Constantia Vietnam Manufacturing	Tan Binh Industrial Park, Lot III-6,Rd #11, Tan Phu Dist. Ho Chi Minh City, Vietnam	181	-	Purchase of goods to be settled within 30 days of advance payment
Echemi Global Co., Limited	Workshop B, 11/F, Grandion Plaza 932, Cheung Sha Wan Road, Kowloon, Hong Kong	1,518	-	Purchase of goods to be settled within 30 days of advance payment
Macco Organiques Inc	100, rue McArthur, Suit 112 Valley Field (Quebec), Canada	1,165	-	Purchase of goods to be settled within 30 days of advance payment
Qingdao Rainbow Tech Co., Ltd	No 17, Nanjing Road Shinan Dist. Qingdao Shandong, China	158	-	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
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
ASECOS GMBH	Weiherfeldsiedlung16-18 Asecos Germany, Sicherheit Und Umwesltschuz Germany	-	1,051	Purchase of goods to be settled within 120 days of advance payment
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

12.2 These are interest free and adjustable within the period of 6 months from the date of issuance.

13 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022	2021
		------- (Rupees in '000) -------	
Trade deposits - considered good, unsecured			
Security deposits		**17,384**	9,764
Margin on letters of credit		**146,119**	25,207
		163,503	34,971
Prepayments - insurance		**1,027**	938
Other receivables - considered good			
Current portion of receivables from employees - secured	9	**5,174**	4,347
Receivable from a subsidiary company - unsecured	13.1	**11,589**	17,989
Receivable from a related party - unsecured	13.2 & 13.3	**46,349**	-
Sales tax refundable		**8,947**	-
Others - unsecured		**356**	3,125
		72,415	25,461
		236,945	61,370

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

13.2 Represent pre-commencement expenditure incurred on behalf of OBS Pakistan (Private) Limited (a related party).

13.3 The maximum amount outstanding from a related party at any time during the year calculated by reference to month-end balance is Rs. 46.35 million (2021: Nil).

14 CASH AND BANK BALANCES

	Note	2022	2021
		------- (Rupees in '000) -------	
Cash in hand		**1,974**	684
Balances held with banks			
Current accounts			
- local currency		**7,151**	85,633
- foreign currency		**481**	402
		7,632	86,035
Deposit accounts	14.1	**140,041**	242,139
	14.2 & 14.3	**149,647**	328,858

14.1 These carry markup at the rates ranging from 4.50% to 14.60% (2021: 2.71% to 7.78%) per annum.

14.2 The amount included Rs. 131.03 million marked as lien against the bank guarantee given.

14.3 The following information is disclosed by the Company being a Shariah compliant entity and listed on Islamic index:

	Financing Facility Obtained	Financing Facility Utilized	Current / Deposit Accounts	Profit / Markup Earned	Profit / Markup Paid
	(Rupees in '000)				
2022					
Shariah compliant financings					
Short-term borrowings/deposits	**1,350,000**	**192,645**	**909**	**12,741**	**17,791**
Long-term financings					
-Sukuk	**2,448,000**	**-**	**-**	**-**	**9,359**
-Running musharakah	**350,000**	**48,138**	**-**	**-**	**1,412**
	4,148,000	**240,783**	**909**	**12,741**	**28,562**
Conventional financings					
Short-term borrowings/deposits	**1,050,000**	**496,437**	**146,764**	**8,812**	**38,106**
Long-term financing	**75,000**	**34,503**	**-**	**-**	**2,465**
	5,273,000	**771,723**	**147,673**	**21,553**	**69,133**
2021					
Shariah compliant financings					
Short-term borrowings/deposits	900,000	-	157,340	12,820	412
Long-term financings					
-Sukuk	2,448,000	2,448,000	-	-	47,784
-Diminishing musharakah	25,000	-	-	-	354
-Running musharakah	350,000	343,884	-	-	5,240
	3,723,000	2,791,884	157,340	12,820	53,790
Conventional financings					
Short-term borrowings/deposits	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

14.4 Revenue earned during the year is in accordance with shariah compliant principles.

15 SHARE CAPITAL

Authorised share capital

2022	2021		2022	2021
Number of shares			(Rupees in '000)	
350,000,000	350,000,000	Ordinary shares of Rs. 10 each fully paid in cash	**3,500,000**	3,500,000

Issued, subscribed and paid-up capital

2022	2021		2022	2021
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

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

15.2 Basic and diluted earnings per share (EPS)

	2022	2021
	----------(Rupees in '000)---------	
Profit for the year	**1,428,034**	1,564,925
	--------- 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)	**5.10**	5.59

16 LONG-TERM FINANCINGS - secured

	Note	2022	2021
		----------(Rupees in '000)---------	
Running musharakah under SBP Refinance Scheme	17.1	**48,138**	225,889
SBP financing scheme for renewable energy	17.2	**34,503**	40,777
Sukuk [net of transaction cost of nil (2021: Rs. 4.03 million)]	16.2	**-**	240,770
Financial guarantee contract	16.3	**10,414**	13,320
		93,055	520,756
Less: current maturity	22	**(57,469)**	(470,677)
		35,586	50,079

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

	Note	2022	2021
Balance at beginning of the year		**520,756**	1,040,842
Proceeds received during the year		**-**	49,308
Financial guarantee recognised	8	**-**	14,531
Amount recognized as government grant	17	**-**	(4,711)
Financial guarantee amortized	29	**(2,906)**	(1,211)
Effect of unwinding for the year		**15,132**	28,818
Financings repaid during the year		**(439,927)**	(606,821)
Balance at end of the year		**93,055**	520,756

16.2 The Company had obtained long-term finance of Rs. 2,448 million through the issuance of Sukuk certificates repayable in quarterly instalments 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. During the year, the loan amount has been matured and fully paid by the Company.

16.3 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 subsidiary to the investment agent for the benefit of certificate holders of the subsidiary (also see note 8 to these financial statements).

17 DEFERRED GRANT	Note	2022	2021
		----------(Rupees in '000)---------	
Opening balance		**14,503**	29,699
Recognised during the year	16.1	**-**	4,711
Released to statement of profit or loss	29	**(12,169)**	(19,907)
Closing balance		**2,334**	14,503
Less: current portion	22	**(1,751)**	(10,715)
		583	3,788

17.1 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).

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.

17.2 The Company had obtained financing facility under SBP financing scheme for Renewable Energy of Rs. 75 million for a period of 7 years including 3 months grace period. The repayment will be made in 81 equal monthly instalments 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.

18 GAS INFRASTRUCTURE DEVELOPMENT CESS	Note	2022	2021
		----------(Rupees in '000)---------	
Gas Infrastructure Development Cess		**9,209**	10,641
Less: Current portion	22	**(1,804)**	(2,363)
		7,405	8,278

18.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The Honourable Supreme Court of Pakistan (SCP) on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional and payable in 48 equal monthly installments. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due up to 31 July 2020 w.e.f 2011. In September 2020, the Company, along with other companies, had challenged the implication of GIDC on the basis that burden of GIDC has not been passed to the customers. In the same year, Sindh High Court (SHC) passed a restrained order from taking any coercive action for recovery of GIDC from the Company. However, the Company has created a provision on a prudent basis.

19 DEFERRED TAX LIABILITIES - NET

	Note	2022	2021
		----------(Rupees in '000)---------	
Taxable temporary differences			
Accelerated tax depreciation / amortisation		**141,550**	98,150
Deferred grant (notes 17.1 and 17.2)		**694**	5,920
		142,244	104,070
Deductible temporary differences			
Provisions		**(12,179)**	(12,189)
Long-term financing (notes 17.1 and 17.2)		**(694)**	(5,920)
		(12,873)	(18,109)
		129,371	85,961

20 TRADE AND OTHER PAYABLES

	Note	2022	2021
Creditors	20.1	**841,334**	558,203
Accrued liabilities		**503,773**	338,531
Compensated absences		**45,144**	37,686
Contract liabilities (advances from customers)	20.2 & 20.3	**114,109**	42,784
Retention money		**813**	2,095
Other payables:			
- Provident fund	20.4	**8,339**	6,031
- Infrastructure Cess		**13,801**	13,801
- Workers' Profit Participation Fund	20.5	**10,807**	2,399
- Workers' Welfare Fund	20.6	**24,483**	26,196
- Central Research Fund	20.7	**21,753**	20,619
- Withholding tax		**11,746**	7,371
- Sales tax		**17,112**	6,011
- Others		**3,578**	2,099
		1,616,792	1,063,826

20.1 Included herein Rs. 21.07 million (2021: 14.68 million) payable to Aspin Pharma (Private) Limited, a related party.

20.2 These contract liabilities are unsecured and received under normal course of business. Revenue recognized during the year from amount included in contract liabilities at beginning of the year amounts to Rs. 42.784 million (2021: Nil)

20.3 Includes advance received from OBS AGP (Private) Limited, a related party, for the sale of certain finished goods amounting to Rs. 93.93 million.

20.4 Payable to the provident fund

20.4.1 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.

20.4.2 During the year, the Company's contribution to provident fund amounted to Rs. 39.78 million (2021: Rs. 32.14 million).

		Note	2022	2021
20.5	**Workers' Profits Participation Fund**		----------(Rupees in '000)---------	
	Balance at the beginning of the year - payable / (receivable)		**2,399**	(694)
	Allocation charged for the year	28	**107,670**	102,062
			110,069	101,368
	Payments made during the year		**(99,262)**	(98,969)
	Balance at the end of the year - payable		**10,807**	2,399
20.6	**Workers' Welfare Fund**			
	Balance at the beginning of the year		**26,196**	26,918
	Charge for the year	28	**24,699**	26,377
			50,895	53,295
	Payments made during the year		**(26,412)**	(27,099)
	Balance at the end of the year		**24,483**	26,196
20.7	**Central Research Fund**			
	Balance at the beginning of the year		**20,619**	20,789
	Charge for the year	28	**21,752**	20,618
			42,371	41,407
	Payments made during the year		**(20,618)**	(20,788)
	Balance at the end of the year		**21,753**	20,619
21	**SHORT-TERM BORROWINGS - Secured**			
	Running finance from Commercial banks	21.1	**496,437**	3,989
	Running musharakah from Islamic banks	21.2	**192,645**	-
			689,082	3,989

21.1 The Company obtained running finance facilities from Commercial banks upto Rs.1,050 million (2021: Rs. 1,000 million) renewed during the year. The markup rate on this facility is 1 - 3 months KIBOR plus 0.30% to 1.25% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company. As of reporting date, Rs. 553.56 million of the facility limits remained unutilised and utilised portion is Rs. 496.44 million.

21.2 The Company obtained running musharakah facilities from Islamic banks upto Rs. 1,350 million (2021: Rs. 900 million) renewed during the year. The profit rate on this facility is 1 - 3 months KIBOR plus 0.50% to 1% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company.As of reporting date, Rs. 1,157.35 million of the facility limits remained unutilised and utilised portion is Rs. 192.65 million.

		Note	2022	2021
22	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**		----------(Rupees in '000)---------	
	Long-term financings	16	**54,563**	467,771
	Deferred grant	17	**1,751**	10,715
	Gas Infrastructure Development Cess	18	**1,804**	2,363
	Current maturity of financial guarantee	16.1	**2,906**	2,906
			61,024	483,755

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 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. As of reporting date, the Company has not recevied any notice in respect of appeal filed by the tax department in the High Court of Sindh. The Company, in view of a tax advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

23.1.2 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.

23.1.3 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 Novemebr 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 that has been dismissed by the court of law. Accordingly no provision is required to be made in these financial statements.

23.1.4 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 has been dismissed by the court of law. The Company, on the advice of the legal counsel, expects the favourable outcome, accordingly, no provision against this has been made in these financial statements.

	2022	2021
23.1.5 Guarantees	----------(Rupees in '000)---------	
Bank guarantees		
- total limit	**492,000**	310,000
- unutilised portion	**308,362**	269,554
- utilised portion	**183,638**	40,446

23.2 Commitments

23.2.1 As at 31 December 2022, capital expenditure contracted for but not incurred amounted to Rs. 266.12 million (2021: Rs. 180.88 million).

	Note	2022	2021
		----------(Rupees in '000)---------	
23.2.2 Financial guarantee issued on behalf of subsidiary company		**2,600,000**	2,600,000
23.3 Letters of credit			
Letters of credit			
- total limit		**3,170,000**	2,620,000
- unutilised portion		**2,532,111**	2,186,879
- utilised portion		**637,889**	433,121

24 REVENUE FROM CONTRACT WTH CUSTOMERS - net

	Note	2022	2021
Sale of goods (disaggregation by timing - at a point in time)			
Local (disaggregation by types of products)			
- Manufacturing		**8,534,075**	6,717,742
- Trading		**1,150,500**	684,481
		9,684,575	7,402,223
Export		**1,214,321**	558,920
		10,898,896	7,961,143
Less: Trade discounts		**(503,164)**	(475,908)
Sales returns		**(56,673)**	(39,718)
Sales tax		**(77,044)**	(25,059)
		(636,881)	(540,685)
	24.1 & 24.2	**10,262,015**	7,420,458

24.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 38.2 to these financial statements.

24.2 Included herein sales of Rs. 8,223 million (2021: Rs. 6,379 million) made to related parties (see note 36).

25 COST OF SALES	Note	2022	2021
		----------(Rupees in '000)---------	
Cost of sales – manufacturing			
Raw and packing materials consumed			
Opening stock		**503,469**	568,332
Purchases		**3,714,365**	1,794,960
Available for consumption		**4,217,834**	2,363,292
Closing stock	10	**(1,123,154)**	(503,469)
Raw and packing material consumed		**3,094,680**	1,859,823
Manufacturing cost			
Salaries, wages and other benefits	25.1	**775,936**	563,265
Stores and spares consumed		**45,617**	27,842
Provision for obsolescence and slow moving stock - net	10.4	**44,158**	49,526
Processing charges		**14,875**	12,202
Freight		**8,266**	4,733
Fuel, gas and electricity		**197,358**	141,091
Repairs and maintenance		**137,915**	87,104
Travelling and conveyance		**16,165**	20,149
Insurance		**15,514**	13,206
Laboratory expenses		**55,031**	29,733
Rates and taxes		**3,091**	1,607
Depreciation	6.1.2	**115,120**	102,648
Amortisation	7.4	**5,259**	2,796
Postage, telegraph and telephones		**3,270**	3,029
Printing and stationery		**8,426**	6,448
		1,446,001	1,065,379
		4,540,681	2,925,202
Work-in-process			
Opening stock		**82,865**	86,860
Closing stock	10	**(185,087)**	(82,865)
		(102,222)	3,995
Cost of goods manufactured		**4,438,459**	2,929,197
Finished goods			
Opening stock		**289,992**	217,995
Closing stock	10	**(444,008)**	(289,992)
		(154,016)	(71,997)
		4,284,443	2,857,200
Cost of samples for marketing and sales promotion	27	**(94,128)**	(70,772)
Cost of sales – trading			
Opening stock		**156,127**	376,498
Purchases		**762,542**	296,399
Closing stock	10	**(69,583)**	(156,127)
		849,086	516,770
		5,039,401	3,303,198

25.1 Included herein Rs. 11.06 million (2021: Rs. 8.83 million) in respect of staff retirement benefits.

26 ADMINISTRATIVE EXPENSES

	Note	2022	2021
		----------(Rupees in '000)---------	
Salaries and other benefits	26.1	**226,544**	152,789
Travelling and conveyance		**829**	1,523
Printing and stationery		**6,694**	3,506
Directors' remuneration		**10,500**	12,200
Meeting and conferences		**1,692**	1,163
Postage, telegrams and telephones		**2,747**	1,045
Legal and professional		**34,922**	52,349
Research cost		**7,884**	2,500
Repairs and maintenance		**19,275**	19,299
Software license renewals and maintenance fee		**22,682**	16,056
Subscription and fee		**1,982**	2,207
Advertisement		**1,074**	2,268
Auditors' remunerations	26.2	**5,170**	3,677
Donations	26.3	**18,308**	80,953
Insurance		**1,540**	1,308
Depreciation	6.1.2	**35,633**	24,612
Amortisation	7.4	**3,976**	6,774
Corporate social responsibility		**4,318**	7,014
Vehicle running expenses		**827**	646
		406,597	391,889

26.1 Included herein Rs. 5.93 million (2021: Rs. 4.67 million) in respect of staff retirement benefits.

26.2 Auditors' remunerations

	2022	2021
	----------(Rupees in '000)---------	
Statutory audit fee - seperate	**1,900**	1,700
Statutory audit fee - consolidation	**825**	500
Half yearly review and other certifications	**1,669**	799
Sindh sales tax	**351**	200
Out of pocket expenses	**425**	478
	5,170	3,677

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

	Note	2022	2021
		----------(Rupees in '000)---------	
Sharmeen Khan Memorial Foundation	26.3.1	**2,300**	-
The Citizens Foundation		**3,840**	-
DG Health Punjab		**3,226**	-
Hepatitis & Infection Control Program - Government of Punjab		**2,415**	-
Liver Center		**-**	17,324
		11,781	17,324

26.3.1 Mr. Naved Abid Khan, director of the Company is also a trustee in Sharmeen Khan Memorial Foundation.

		Note	2022	2021
27	**MARKETING AND SELLING EXPENSES**		----------(Rupees in '000)---------	
	Salaries and other benefits	27.1	**1,205,546**	785,890
	Travelling and conveyance		**440,356**	221,704
	Repairs and maintenance		**9,967**	4,614
	Insurance		**8,053**	5,012
	Depreciation	6.1.2	**58,643**	36,373
	Printing and stationery		**7,168**	3,420
	Samples	25	**94,128**	70,772
	Sales promotion		**468,756**	263,780
	Meeting and conferences		**132,794**	105,872
	Communication		**18,047**	15,858
	Subscription		**18,826**	22,108
	Freight, handling and transportation		**89,254**	78,170
			2,551,538	1,613,573

27.1 Included herein Rs. 22.78 million (2021: Rs. 18.64 million) in respect of staff retirement benefits.

		Note	2022	2021
28	**OTHER EXPENSES**		----------(Rupees in '000)---------	
	Workers' Profit Participation Fund	20.5	**107,670**	102,062
	Workers' Welfare Fund	20.6	**24,699**	26,377
	Central Research Fund	20.7	**21,752**	20,618
	Exchange loss - net		**83,636**	7,731
	(Reversal) / charge of allowances for expected credit losses	11.4	**(113)**	414
			237,644	157,202
29	**OTHER INCOME**			
	Income from financial assets			
	Markup on deposit accounts		**21,552**	16,595
	Income from non-financial assets			
	Gain on sale of operating fixed assets - net	6.1.5	**17,203**	1,923
	Dividend income	29.1	**65,000**	-
	Amortisation of government grant	17	**12,169**	19,907
	Scrap sales		**11,840**	6,484
	Amortisation of financial guarantee	16.1	**2,906**	1,211
			109,118	29,525
			130,670	46,120

29.1 Represent dividend recevied from OBS AGP (Private) Limited (a subsidiary company).

		2022	2021
30	**FINANCE COSTS**	----------(Rupees in '000)---------	
	Mark-up on:		
	- long-term financings	**28,641**	80,385
	- short-term borrowings	**97,637**	1,324
		126,278	81,709
	Bank charges	**9,884**	7,594
		136,162	89,303

31 TAXATION	Note	2022	2021
		(Rupees in '000)	
Current		**417,599**	317,600
Prior		**132,300**	(872)
Deferred		**43,410**	29,760
	31.1	**593,309**	346,488

31.1 Through the Finance Act 2022, a Super Tax has been imposed retrospectively from the Financial Year (FY) 2021 and onwards. The rate of Super Tax for pharmaceutial sector is 10% for FY 2021 and 3% to 4% for FY 2022 and onwards. Accordingly, the Company has made provision of Super Tax amounting to Rs. 183.40 million in these financial statements.

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

	2022	2021
	(Rupees in '000)	
Profit before taxation	**2,021,343**	1,911,413
Tax at the applicable tax rate of 29% (2021: 29%)	**586,189**	554,310
Prior year charge	**132,300**	(872)
Effect of lower tax rate	**(181,220)**	(168,898)
Effect of tax credits	**(5,309)**	(37,376)
Effect of super tax	**52,365**	-
Effect of non-deductible items	**8,984**	(676)
	593,309	346,488

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	**27,554**	17,495	**-**	-	**383,450**	253,776
Bonus	**3,789**	2,392	**-**	-	**15,218**	6,529
Performance incentive	**38,337**	40,299	**-**	-	**5,958**	2,650
Reimbursement of expenses	**465**	447	**-**	-	**85,173**	37,558
Provident fund	**1,894**	1,196	**-**	-	**16,406**	12,873
Others	**2,935**	1,595	**-**	-	**21,182**	38,168
	74,974	63,424	**-**	-	**527,387**	351,554
Number of persons	**1**	1	**6**	6	**87**	64

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

32.2 During the year, fee paid to two (2021: two) independent directors and four (2021: four) non-executive directors for attending board and other meetings aggregating to Rs. 10.5 million (2021: Rs. 12.2 million). Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 4.01 million (2021: Rs. 10.46 million). Number of non-executive directors at year end were four (2021: four).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 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.

34 CASH GENERATED FROM OPERATIONS

	Note	2022	2021
		------ (Rupees in '000) ------	
Profit before taxation		**2,021,343**	1,911,413
Adjustments for non-cash items:			
Depreciation	6.1.2	**209,396**	163,633
Amortisation	7	**9,235**	9,570
(Reversal) / charge of allowances for expected credit losses	28	**(113)**	414
Gain on disposal of operating fixed assets	29	**(17,203)**	(1,923)
Provision for obsolescence and slow moving stock	10	**44,158**	49,526
Stock written off during the year	10	**(48,931)**	(102,701)
Mark-up on deposits accounts	29	**(21,552)**	(16,595)
Reversal of GIDC	18	**(1,432)**	(177)
Amortisation of government grant	29	**(12,169)**	(19,907)
Amortisation of financial guarantee	29	**(2,906)**	(1,211)
Finance costs	30	**136,162**	89,303
Dividend income		**(65,000)**	-
Workers' Profit Participation Fund	28	**107,670**	102,062
Workers' Welfare Fund	28	**24,699**	26,377
Central Research Fund	28	**21,752**	20,618
		383,766	318,989
Operating profit before working capital changes		**2,405,109**	2,230,402
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(717)**	(1,346)
Stock-in-trade		**(775,151)**	141,707
Trade debts		**(373,868)**	(83,511)
Advances		**(153,558)**	(33,499)
Trade deposits, prepayments and other receivables		**(175,575)**	(30,907)
		(1,478,869)	(7,556)
Increase / (decrease) in current liabilities			
Trade and other payables		**545,137**	225,110
		1,471,377	2,447,956

35 CASH AND CASH EQUIVALENTS

	Note	2022	2021
Cash and bank balances	14	**149,647**	328,858
Lien on bank balance	14.2	**(131,039)**	-
Short-term borrowings	21	**(689,082)**	(3,989)
Short-term investments		**-**	200,000
		(670,474)	524,869

36 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	2022	2021
				------(Rupees in '000)------	
Parent company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company	55.80% (2021: 52.98%)	Dividend paid	**390,626**	148,350
Subsidiary Company					
OBS AGP (Private) Limited - Pakistan	Subsidiary company	65% (2021: 65%)	Sale of goods	**374,947**	-
			Investment made during the year	**-**	715,000
			Amount received against sale of goods	**250,888**	-
			Expenditure incurred by the Company on behalf of subsidiary	**48,423**	49,223
			Dividend received	**65,000**	-
			Amount recevied against expenditure incurred by the Company on behalf of Subsidiary	**55,062**	31,234
Associated companies					
* Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited-Pakistan	Common directorship (significant influence)	-	Amount received against sale of goods	**-**	3,490
OBS Pakistan (Private) Limited - Pakistan	Common directorship (significant influence)	-	Expenditure incurred by the Company on behalf of associate	**46,349**	-
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2021: 4.79%)	Sale of goods	**35,325**	25,938
			Amount received against sale of goods	**35,472**	29,079
			Expenditure incurred / paid by the Company on behalf of associate	**1,777**	680
			Expenditure incurred / paid by associate on behalf of the Company	**18,786**	23,067
			Dividend paid	**33,500**	13,400
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2021: 13.54%)	Sale of goods	**7,812,612**	6,353,057
			Amount received against sale of goods	**7,965,896**	6,238,100
			Settlement of discounts and expenses given/incurred on behalf of the Company	**215,074**	120,250
			Purchase of mobile phones	**687**	-
			Dividend paid	**94,800**	37,920
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	**37,472**	31,734
Key management personnel (other than Chief Executive - see note 32)			**Short-term employee benefits:**		
			- Managerial remuneration	**131,491**	90,146
			- Bonus	**5,963**	2,977
			- Performance incentives	**600**	300
			- Reimbursement of expenses	**17,876**	8,153
			Post-term employee benefits:		
			- Provident fund	**5,238**	4,620
			Others		
			- Dividend paid	**14**	6
			- Leave encashment	**10,490**	10,628
			- Ex-gratia / Others	**85**	15,366
Directors			Dividend paid	**1,578**	631
			Board and other meeting fee	**10,500**	12,200
Others (due to common directorship)					
Sharmeen Khan Memorial Foundation - Pakistan			Donation paid	**2,300**	-
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	**69**	43

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

36.1 The related parties status of outstanding receivables / payables as at 31 December 2022 and 2021 is disclosed in respective notes to these financial statements.

37 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 2022.

37.1 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.

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

	Interest bearing			Non-Interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
Deposits and receivables	-	-	-	226,971	22,532	249,503	249,503
Trade debts	-	-	-	1,162,368	-	1,162,368	1,162,368
Cash and bank balances	140,041	-	140,041	9,606	-	9,606	149,647
31 December 2022	140,041	-	140,041	1,398,945	22,532	1,421,477	1,561,518
Financial liabilities (at amortised cost)							
Long-term financings	63,178	29,828	93,006	2,906	7,508	10,414	103,420
Trade and other payables	-	-	-	1,517,090	-	1,517,090	1,517,090
Unclaimed dividends	-	-	-	1,795	-	1,795	1,795
Accrued interest	-	-	-	40,138	-	40,138	40,138
Short-term borrowings	689,082	-	689,082	-	-	-	689,082
31 December 2022	752,260	29,828	782,088	1,561,929	7,508	1,569,437	2,351,525

	Interest bearing			Non-Interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
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	86,719	-	86,719	328,858
31 December 2021	442,139	-	442,139	935,538	14,629	950,167	1,392,306
Financial liabilities (at amortised cost)							
Long-term financings	188,070	93,006	281,076	2,906	10,414	13,320	294,396
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	192,059	93,006	285,065	994,049	10,414	1,004,463	1,289,528

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

37.2 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	2022	2021
		(Rupees in '000)	
Long-term financings	16	**93,055**	520,756
Accrued interest		**40,138**	2,028
Short-term borrowings	21	**689,082**	3,989
Total debts		**822,275**	526,773
Less: Cash and bank balances	14	**(149,647)**	(328,858)
Net debts		**672,628**	197,915
Total capital		**10,223,285**	9,495,251
Gearing ratio		**7%**	2%

37.3 Credit risk

37.3.1 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	2022	2021
		(Rupees in '000)	
Long-term investment	8	**729,531**	729,531
Short-term investments		**-**	200,000
Receivables and deposits	9 & 13	**249,503**	75,061
Trade debts	11	**1,162,368**	788,387
Bank balances	14	**147,673**	328,174
		2,289,075	2,121,153
Secured		**16,156**	8,851
Unsecured		**2,272,919**	2,112,302
		2,289,075	2,121,153
Not past due		**649,732**	733,634

37.3.2 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:

	2022	2021
	(Rupees in '000)	
Trade debts (note 11)		
Customers with no defaults in the past one year	**1,162,368**	788,387
Bank Balances (note 14)		
A-1+	**146,575**	326,021
A-1	**740**	2,010
Unrated	**358**	143
	147,673	328,174

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

37.4 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 21 to these financial statements.The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

The table below summarises the maturity profile of the Company's financial liabilities:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
		---------------------- (Rupees in '000)		------------------------	
2022					
Long-term financings	**-**	**16,521**	**49,563**	**37,336**	**103,420**
Trade and other payables	**45,144**	**1,467,555**	**4,391**	**-**	**1,517,090**
Unclaimed dividends	**-**	**1,795**	**-**	**-**	**1,795**
Accrued interest	**-**	**40,138**	**-**	**-**	**40,138**
Short-term borrowings	**689,082**	**-**	**-**	**-**	**689,082**
	734,226	**1,526,009**	**53,954**	**37,336**	**2,351,525**
2021					
Long-term financings	-	47,744	143,232	103,420	294,396
Trade and other payables	37,686	1,021,946	4,194	-	1,063,826
Unclaimed dividends	-	1,686	-	-	1,686
Accrued interest	-	2,028	-	-	2,028
Short-term borrowings	3,989	-	-	-	3,989
	41,675	1,073,404	147,426	103,420	1,365,925

37.5 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.

37.5.1 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. 10.79 million. However, in practice, the actual result may differ from the sensitivity analysis.

37.5.2 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:

	2022					2021				
	USD	**EURO**	**CNY**	**GBP**	**CHF**	USD	EURO	CNY	GBP	CHF
						----------------------- (Equivalent Rs '000) ---------------------				
Financial assets										
Trade debts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Bank balances	**-**	**1,992**	**-**	**-**	**-**	-	1,992	-	-	-
	-	**1,992**	**-**	**-**	**-**	-	1,992	-	-	-
Financial liabilities										
Trade payables	**(1,295,435)**	**(203,306)**	**(1,539,880)**	**(24,600)**	**(22,640)**	(1,131,638)	(59,725)	(1,968,177)	(23,908)	(25,014)
						----------------------- (Equivalent Rs '000) ---------------------				
Financial assets										
Trade debts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Bank balances	**-**	**481**	**-**	**-**	**-**	-	402	-	-	-
	-	**481**	**-**	**-**	**-**	-	402	-	-	-
Financial liabilities										
Trade payables	**(293,325)**	**(49,058)**	**(50,154)**	**(6,718)**	**(5,547)**	(201,623)	(12,056)	(55,038)	(5,713)	(4,851)

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	
	2022	**2021**	**2022**	**2021**
	-----------Rupees-----------		-----------Rupees-----------	
US Dollar	**202.67**	169.00	**226.43**	178.17
Chinese Yuan	**30.32**	26.21	**32.57**	27.96
Euro	**214.53**	199.25	**241.30**	201.86
Swiss Franc	**213.92**	187.71	**245.02**	193.93
GBP	**249.46**	228.71	**273.07**	238.96

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 40.43 million.

37.5.3 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.

37.6 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The following table shows assets recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

38 INFORMATION ABOUT OPERATING SEGMENTS

38.1 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.

38.2 Export sale is made to Afghanistan which represents the geographical breakup of the Company's gross turnover (note 24).

38.3 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:

	2022	2021
	-----(Rupees in '000)-----	
Pakistan		
- Muller & Phipps Pakistan (Private) Limited	**7,812,612**	6,353,057

38.4 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.

39 DATE OF AUTHORISATION

These financial statements were authorised for issue on 24 February 2023 by the Board of Directors of the Company.

40 SUBSEQUENT EVENT

40.1 The Board of Directors in its meeting held on 24 February 2023 has proposed a final cash dividend for the year 2022 of Rs. 2 per share (2021: Rs. 2.5 per share), aggregating to Rs. 560 million (2021: Rs. 700 million) subject to approval of shareholders in the Annual General Meeting of the Company to be held on 19 April 2023.

41 GENERAL

41.1 The number of persons employed as at year end were 1,463 (2021: 1,151) and the average number of persons employed during the year were 1,428 (2021: 1,022).

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

41.3 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 AUDITOR'S REPORT

To the members of AGP Limited

Report on the Audit of Consolidated Financial Statements

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 2022**, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
1. Impairment testing of goodwill and intangible assets having indefinite useful lives	
As disclosed in note 7 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 2022 tested for impairment on an annual basis.	Our key audit procedures in this area includes the following: We obtained an understanding of the Group's process over impairment assessment of intangible assets with indefinite lives.

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Key audit matters	How our audit addressed the key audit matters
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, royalty rate and discount rate used. Changes in these assumptions might lead to a significant change in the carrying values of the related assets, for such reasons we considered this as a key audit matter.	We obtained management's value in use calculation and assessed the methodology used. We examined the assumptions used by management, including forecasted revenue, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU assets and allocated goodwill. We also involved our specialist to: - assess the key assumptions and methodology used in the impairment analysis, in particular growth rate, royalty rate and discount rate applied; and - evaluate the sensitivity analysis performed around the key assumptions and challenged the outcomes of the assessment. We also assessed the adequacy of disclosures in the consolidated financial statements in accordance with the financial reporting standards.
2. Revenue Recognition	
As disclosed in note 5.14 to the accompanying consolidated financial statements, revenue from sale of goods is recognised when the control of goods is transferred which generally coincides with the delivery of goods. During the year, the Group recognised revenue of Rs. 14,459 million which is approximately 55% higher as compared to previous year (refer note 24). When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period. Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.	Our key audit procedures in this area amongst others included the following: We obtained an understanding of the Group's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process. We obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP. Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Group. Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch-related documents and customer acknowledgement, on test basis.

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Key audit matters	How our audit addressed the key audit matters
	Analysed various trends and benchmarks including growth in pharmaceutical industry and logical basis of the increase in revenue. Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Group and reviewed underlying documentation and business rationale of such journal entries. We assessed the adequacy of the Group's disclosures in accordance with applicable financial reporting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

UDIN Number: AR202210120vtIF1gboX

Date: 22 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**3,177,562**	2,497,553
Intangible assets	7	**8,907,053**	8,906,624
Long-term deposits and receivables	8	**27,158**	15,622
		12,111,773	11,419,799
CURRENT ASSETS			
Stores, spares and loose tools		**9,207**	8,490
Stock-in-trade	9	**2,237,294**	1,592,912
Trade debts	10	**1,357,120**	1,045,062
Advances	11	**268,247**	65,741
Trade deposits, prepayments and other receivables	12	**241,105**	44,821
Short-term investments	13	**106,000**	235,000
Cash and bank balances	14	**216,532**	456,798
		4,435,505	3,448,824
TOTAL ASSETS		**16,547,278**	14,868,623
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	15	**2,800,000**	2,800,000
Revenue reserve - unappropriated profits		**7,747,448**	6,877,508
		10,547,448	9,677,508
Non-controlling interest		**583,623**	483,790
		11,131,071	10,161,298
NON-CURRENT LIABILITIES			
Long-term financings	16	**1,868,563**	2,458,796
Deferred grant	17	**591**	3,788
Gas infrastructure development cess	18	**7,405**	8,278
Deferred tax liabilities - net	19	**131,312**	102,970
		2,007,871	2,573,832
CURRENT LIABILITIES			
Trade and other payables	20	**1,778,347**	1,401,858
Unclaimed dividends		**1,795**	1,686
Accrued interest		**129,752**	55,429
Taxation – net		**78,444**	30,088
Short-term borrowings	21	**689,082**	3,989
Current maturity of non-current liabilities	22	**730,916**	640,443
		3,408,336	2,133,493
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**16,547,278**	14,868,623

The annexed notes 1 to 41 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 2022

	Note	2022	2021
		----------(Rupees in '000)----------	
Revenue from contract with customers - net	24	**14,458,796**	9,316,754
Cost of sales	25	**(7,127,804)**	(4,261,841)
Gross profit		**7,330,992**	5,054,913
Administrative expenses	26	**(563,187)**	(472,944)
Marketing and selling expenses	27	**(3,644,415)**	(1,962,549)
Other expenses	28	**(237,644)**	(157,202)
Other income	29	**89,931**	50,644
Finance costs	30	**(534,784)**	(205,114)
		(4,890,099)	(2,747,165)
Profit before taxation		**2,440,893**	2,307,748
Taxation	31	**(736,120)**	(461,776)
Profit for the year		**1,704,773**	1,845,972
Profit attributable to:			
Equity holders of the parent company		**1,569,940**	1,747,182
Non-controlling interest		**134,833**	98,790
		1,704,773	1,845,972
Earnings per share - basic and diluted	15.2	**Rs. 5.61**	Rs. 6.24

The annexed notes 1 to 41 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 2022

	2022	2021
	(Rupees in '000)	
Profit for the year	**1,704,773**	1,845,972
Other comprehensive income, net of tax	**-**	-
Total comprehensive income for the year	**1,704,773**	1,845,972

The annexed notes 1 to 41 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 2022

	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 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**
Profit for the year	**-**	**1,569,940**	**1,569,940**	134,833	**1,704,773**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**1,569,940**	**1,569,940**	**134,833**	**1,704,773**
Final dividend for the year ended 31 December 2021 @ Rs. 2.5 per share	**-**	**(700,000)**	**(700,000)**	**-**	**(700,000)**
Final dividend for the year ended 31 December 2021 @ Rs. 10 per share	**-**	**-**	**-**	**(35,000)**	**(35,000)**
Balance as at 31 December 2022	**2,800,000**	**7,747,448**	**10,547,448**	**583,623**	**11,131,071**

The annexed notes 1 to 41 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 2022

	Note	2022	2021
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	34	**2,319,772**	2,518,008
Payments for:			
Finance costs		**(445,329)**	(124,913)
Income tax		**(659,422)**	(137,296)
Workers' Profit Participation Fund	20.5	**(99,262)**	(98,969)
Workers' Welfare Fund	20.6	**(26,412)**	(27,099)
Central Research Fund	20.7	**(20,618)**	(20,788)
Net cash flows generated from operating activities		**1,068,729**	2,108,943
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	6.2.1	**(952,886)**	(495,970)
Expenditure incurred for intangible assets		**-**	(3,458,768)
Proceeds from disposal of operating fixed assets	6.1.5	**38,689**	16,580
Deposits and receivables - paid		**(11,536)**	(1,283)
Purchase of short term investments		**(781,500)**	(35,000)
Proceeds from sale of short term investments		**710,916**	-
Interest income received		**37,005**	22,330
Net cash flows used in investing activities		**(959,312)**	(3,952,111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(734,891)**	(280,015)
Dividend received		**5,484**	-
Proceeds from issue of ordinary shares to minority shareholders		**-**	385,000
Proceeds from long-term financings	16.1	**99,462**	2,628,033
Repayments of long-term financings	16.1	**(604,831)**	(606,821)
Lien on bank balance	14.2	**(131,039)**	-
Net cash flows (used in) / generated from financing activities		**(1,365,815)**	2,126,197
Net (decrease) / increase in cash and cash equivalents		**(1,256,398)**	283,029
Cash and cash equivalents at the beginning of the year		**652,809**	369,780
Cash and cash equivalents at the end of the year	35	**(603,589)**	652,809

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive Officer | Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 consolidated 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.

1.4 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.8% (2021: 52.98%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

1.5 The Board of Directors in its meeting held on 27 July 2022, has authorized the Holding Company to participate with its parent company through a Special Purpose Vehicle (SPV) for the purpose of acquisition of a selected portfolio of products from the Vitris Inc. ("Viatris") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc ("Brands"). The shareholders of the Holding Company have duly approved the transaction in their meeting dated 28 July 2022 subject to regulatory approvals which are under process.

1.6 Geographical location and addresses of major business units of the Group are as under:

Location	
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 substantially under the historical cost convention.

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 looses 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 were 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.

Acquisition of controlling interest in entities that are under common control of the Shareholder which lack commercial substance and are based on a decision by the Shareholder are accounted for in accordance with the pooling of interest method of accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity.The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Acquisition of controlling interest in entities that are under common control of the Shareholder which have commercial substance are recorded using the acquisition method.

4 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.

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 7.3 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 considers tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

e) Contingencies

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

(i) Operating fixed assets

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

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to 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 6.1 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 and intangible assets in the course of their construction, installation and acquisition. Transfers are made to relevant asset category as and when assets are available for intended use.

5.2 Intangible assets

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

The useful life of intangible assets are assessed as either finite or indefinite. Amortisation of finite intangible assets are based on the cost of an asset less its residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Full month's amortisation is charged in the month of addition when asset is available for use, whereas amortisation on disposals is charged 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.

5.3 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.

5.4 Stock-in-trade

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

- Raw and packing material - weighted average cost.

- Work-in-process and semi-finished goods - cost of direct materials and labour plus attributable overheads.

- Finished goods (manufactured and trading products) - weighted average cost.

- Stock in transit - invoice price plus other charges paid thereon.

Cost of raw material and finished trading goods comprises purchase 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.

5.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.5.1 Financial assets

i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost, if any (except for financial assets at fair value through profit or loss, in which case, transaction cost is charged to profit or loss). Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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.

5.5.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The 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.

5.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial position if there is currently an 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.

5.6 Impairment of non-financial assets (including goodwill and intangibles with indefinite useful lives)

The carrying amounts of non-financial assets (other than inventories and deferred tax) are reviewed at each reporting date to determine and assess whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required, 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 costs to sell, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses relating to goodwill are not reversed in future periods.

5.7 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.

5.8 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.

5.9 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 for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and 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.

5.10 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 relates 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 5.5.2 to these consolidated financial statements.

5.11 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.

5.12 Employee benefits
5.12.1 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.

5.12.2 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.

5.13 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.

5.14 Revenue recognition

5.14.1 Revenue from contract 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 to in exchange for those goods. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, i.e. either on delivery of the goods to the customer or goods collected by customers. The normal credit term is 30 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discounts). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration and consideration payable to the customer (if any).

b) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled to in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provides certain customers with a right to return within a specified period.

i) Right of return

The contracts for sale of goods provide certain customers with a right to return the products within a specified time. The 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 5.5.1 '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.

5.14.2 Other income

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

5.15 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.

5.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive of the Group.

5.17 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.

5.18 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.19 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.

5.20 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 14.3 to these consolidated financial statements.

5.21 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.

5.22 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.

5.23 Adoption of amendments and improvements to approved accounting standards effective during the year

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

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)		IASB effective date (annual period beginning on or after)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Group's consolidated financial statements.

Standards, 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 period beginning on or after)
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023

Amended standards		Effective date (annual period beginning on or after)
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IFRS10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

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

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

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Operating fixed assets	6.1	**2,798,792**	2,249,270
Capital work-in-progress	6.2	**378,770**	248,283
		3,177,562	2,497,553

6.1 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 2022													
Opening 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
*Transfers (note 6.2.1)	-	-	50,126	47,699	110,767	25,461	430,270	18,820	5,338	10,994	28,991	73,766	802,232
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-	-	
Cost	-	-	(867)	-	(1,223)	(1,265)	(69,892)	(1,843)	-	(4,006)	(30)	(6,213)	(85,339)
Depreciation	-	-	315	-	898	1,203	51,214	869	-	3,664	30	5,688	63,881
	-	-	(552)	-	(325)	(62)	(18,678)	(974)	-	(342)	-	(525)	(21,458)
Depreciation charge	-	(4,259)	(17,567)	(14,792)	(29,306)	(6,133)	(68,985)	(5,812)	(4,845)	(18,008)	(22,502)	(39,043)	(231,252)
Closing net book value	369,000	216,042	456,240	291,589	503,378	61,851	489,077	46,855	41,886	103,631	139,339	79,904	2,798,792
Gross carrying value basis As at 31 December 2022													
Cost	369,000	245,284	573,567	331,161	646,085	86,246	597,073	75,355	54,691	177,603	254,671	159,787	3,570,523
Accumulated depreciation	-	(29,242)	(117,327)	(39,572)	(140,697)	(24,395)	(107,996)	(28,500)	(12,805)	(73,972)	(115,332)	(79,883)	(769,721)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	369,000	216,042	456,240	291,589	503,378	61,851	489,077	46,855	41,886	103,631	139,339	79,904	2,798,792
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 6.2.1)	-	-	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
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 6.2.1)

**This amount includes vehicles amounting to Rs 100 million (2021: Nil) obtained under a diminishing musharika agreement from Bank Islami Pakistan Limited attributable to the subsidiary company. These assets are under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 16.4 to these consolidated financial statements.

6.1.1 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	Total 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	2022	2021
		----------(Rupees in '000)----	
6.1.2 Deprecation for the year has been allocated as follows:			
Cost of sales	25	**115,120**	102,648
Administrative expenses	26	**36,841**	24,876
Marketing and selling expenses	27	**79,291**	37,380
		231,252	164,904

6.1.3 The cost of fully depreciated assets of the Group amounted to Rs. 280.15 million (2021: Rs. 261.43 million). In addition, land includes leasehold land having cost of Rs. 35.17 million remains idle as of 31 December 2022 and 2021.

6.1.4 The operating fixed assets of the Group is under hypothecation / mortgage charge, in respect of financing facility as disclosed in note 16.3 to these consolidated financial statements.

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

Description	Mode of disposal	Cost	Accumulated Deprecation	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								
Office Equipment								
Camera/ Intercom/ Solar System	Bid	1,300	423	877	412	(465)	Third party	Oriental Trading
		1,300	**423**	**877**	**412**	**(465)**		
Factory Building								
Fixture and fittings	Bid	867	315	552	53	(499)	Third party	Oriental Trading
		867	**315**	**552**	**53**	**(499)**		
Motor vehicles								
Toyota Corolla Altis 1.6 BMX-755	Company policy	2,279	1,409	870	1,140	270	Employee	Mr. Junaid Aslam
Toyota Carolla GLI-BNL-405	Company policy	2,229	1,311	918	632	(286)	Employee	Mr. Shahzad Karim
Honda City 1.3 Automatic-BPT-541	Company policy	2,009	1,161	848	998	150	Employee	Mr. Asad Khan
Honda City 1.3 Manual-BPT-148	Company policy	1,869	1,063	806	903	97	Employee	Mr. Sajid Qadeer
Suzuki Cultus-VXR-BQE-013	Company policy	1,440	793	647	696	49	Employee	Ms. Midhat Jawed
Honda Civic Oriel 1.8-BQE-567	Company policy	3,548	1,829	1,719	1,774	55	Employee	Mr. Junaid Jumani
Honda City 1.3 Manual-BQB-723	Insurance claim	1,934	898	1,036	2,400	1,364	Insurance claim	IGI General Insurance Limited
Honda City Manual-BQG-910	Company policy	1,934	898	1,036	967	(69)	Employee	Mr. Imran Zia
		17,242	9,362	7,880	9,510	1,630		
Aggregate amount of assets disposed off having NBV not exceeding Rs. 500,000		65,930	53,781	12,149	28,714	16,565	various	various
	2022	**85,339**	**63,881**	**21,458**	**38,689**	**17,231**		
	2021	43,098	28,441	14,657	16,580	1,923		

	2022	2021	2022	2021
	Additions during the year		Closing balance as at	
6.2 Capital work-in-progress comprise of:	(Rupees in '000)			
Buildings - factory / office sites	**235,461**	147,396	**219,243**	81,608
Plant and machinery	**69,076**	47,285	**76,029**	62,064
Furniture and fixtures	**25,444**	10,582	**-**	17
Motor vehicles	**439,255**	91,328	**48,473**	39,488
Office equipment	**18,820**	11,826	**-**	-
Gas and electrical fittings	**5,338**	37,842	**-**	-
Refrigerators and air conditioners	**37,191**	17,843	**35,025**	8,828
Laboratory equipments	**28,927**	29,546	**-**	64
Computer and related accessories	**73,207**	37,234	**-**	559
Solar panels	**-**	50,156	**-**	55,655
Softwares	**20,167**	14,932	**-**	-
	952,886	495,970	**378,770**	248,283

6.2.1 The following is the movement in capital work-in-progress during the year:

	Note	2022	2021
		(Rupees in '000)	
Opening balance		**248,283**	344,143
Additions during the year	6.2	**952,886**	495,970
Transferred during the year to:			
- operating fixed assets	6.1	**(802,232)**	(569,974)
- intangible assets	7.1	**(20,167)**	(21,856)
Closing balance		**378,770**	248,283

7 INTANGIBLE ASSETS

	Note	2022	2021
Goodwill	7.1 , 7.2 & 7.3	**743,226**	743,226
Trademarks - (indefinite lives)	7.1 , 7.2 & 7.3	**8,064,071**	8,064,071
Trademarks - (definite lives)	7.1	**66,173**	73,890
Computer software	7.1	**33,583**	25,437
		8,907,053	8,906,624

	Goodwill	Trademarks - indefinite	Trademarks - finite	Computer softwares	Total
7.1 Intangible assets			(Rupees in '000)		
Net carrying value basis Year ended 31 December 2022					
Opening net book value	**743,226**	**8,064,071**	**73,890**	**25,437**	**8,906,624**
Transfers (note 6.2.1)	**-**	**-**	**-**	**20,167**	**20,167**
Amortisation charge	**-**	**-**	**(7,717)**	**(12,021)**	**(19,738)**
Closing net book value	**743,226**	**8,064,071**	**66,173**	**33,583**	**8,907,053**
Gross carrying value basis As at 31 December 2022					
Cost	**743,226**	**8,064,071**	**443,097**	**94,814**	**9,345,208**
Accumulated amortisation	**-**	**-**	**(376,924)**	**(61,231)**	**(438,155)**
Net book value	**743,226**	**8,064,071**	**66,173**	**33,583**	**8,907,053**
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 6.2.1)	-	-	-	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
Annual rate of amortisation (%)	**-**	**-**	**10-20**	**33**	

7.2 Goodwill and trademarks

7.2.1 Goodwill of Rs. 743.23 million (2021: Rs. 743.23 million) and intangible assets (trademarks) of Rs. 4,701.52 million (2021: 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.

7.2.2 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).

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

7.3.1 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 (2021: Rs. 743.23 million) and trademarks having indefinite useful lives of Rs. 4,641.09 million (2021: Rs. 4,641.09 million) as disclosed in note 7.2.1 to these consolidated financial statements are allocated to the cash-generating unit (CGU) of the Holding Company's pharmaceutical segment.

The Group has performed its annual impairment test as at 31 December 2022. The recoverable amount i.e. Rs. 20,623.83 million (2021: Rs. 27,288.05 million) of CGU, to which the goodwill and intangible assets having indefinite useful lives were 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 18.7 percent (2021: 14.9 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is upto 5 percent. As a result of this assessment, the Group did not identify any impairment for the cash-generating unit to which assets aggregating to Rs. 5,384.31 million (2021: 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 1% will result in decrease of the recoverable amount by Rs. 1,466.84 million (2021: Rs. 2,454.48 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. 903.97 million (2021: Rs. 1,970.47 million).

The Holding Company's market capitalisation as at year end, using the Level 1 input of the fair value hierarchy amounts to Rs. 18,197.2 million (2021: Rs. 27,157.2 million).

7.3.2 Trademarks having indefinite useful lives of Rs. 3,422.98 million (2021:Rs. 3422.98 million) are allocated to the cash-generating unit of the OBS AGP pharmaceutical segment as disclosed in note 7.2.2 to these financial statements. The Group has performed its annual impairment test as at 31 December 2022. The recoverable amount i.e. Rs. 4,775.68 million (2021: 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 five-year period. The post-tax discount rate applied to cash flow projections is 17.97 percent (2021: 19.37 percent) and the growth rate used to extrapolate the cash flows beyond the five-year period is 4 percent (2021: 4 percent). As a result of this assessment, the management of Group did not identify any impairment for the cash-generating unit to which these assets of Rs. 3,422.98 million (2021: Rs. 3422.98 million) are allocated.

Key assumptions used in discounted cash flow calculations

The calculation of discounted cashflow is most sensitive to the following assumptions:

a) Discount rates ; and
b) Growth rates used to extrapolate cash flows beyond the forecast period.

a) Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the capital asset pricing model. The discount rate reflects the weighted average cost of capital of the OBS AGP and specific risk of underlying asset.

b) Growth rates

Growth rates used to extrapolate cashflows beyond the five year forecast period are based on published industry research and historical trends.

Sensitive to changes in assumptions

a) Discount rates

A rise in the post-tax discount rate by 1 % will result in decrease in recoverable amount by Rs. 329.16 million (2021: Rs. 435.53 million).

b) Growth rates

The management recognises that the possibility of new entrants including change in demand can have a significant impact on growth rate assumptions. The effect of new entrants and change in market demand is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate. A decline in the long-term growth rate by 1% will decrease the recoverable amount by Rs. 180.59 million (2021: Rs 195.24 million).

7.4 Amortisation for the year has been allocated as follows:	Note	2022	2021
		----------(Rupees in '000)---------	
Cost of sales	25	**12,976**	6,073
Administrative expenses	26	**6,043**	7,185
Marketing and selling expenses	27	**719**	-
		19,738	13,258

7.5 The cost of fully amortized assets of the Group amounted to Rs. 407.51 million (2021: Rs. 407.27 million).

8 LONG-TERM DEPOSITS AND RECEIVABLES	Note	2022	2021
		----------(Rupees in '000)---------	
Security deposits - unsecured, considered good		**11,550**	10,125
Receivables from employees - secured, considered good	8.1	**21,936**	10,110
Less: Recoverable within one year	12	**(6,328)**	(4,613)
		15,608	5,497
		27,158	15,622

8.1 Represents interest free receivables from the employees of the Group on account of purchase of motor bikes and laptops, in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly installments.

9 STOCK-IN-TRADE	Note	2022	2021
		----------(Rupees in '000)---------	
Raw and packing materials			
- In hand	9.1	**1,123,154**	503,469
- In transit		**93,739**	107,967
		1,216,893	611,436
Work-in-process		**185,087**	82,865
Finished goods			
- Manufacturing		**444,008**	289,992
- Trading	9.1	**435,119**	656,640
		879,127	946,632
Provision for obsolescence and slow moving stock	9.4	**(43,813)**	(48,021)
	9.2	**2,237,294**	1,592,912

9.1 Included herein items having value of Rs. 451.81 million (2021: Rs. 520.34 million), representing stock held by third parties, out of which stock of Rs. 401.78 million (2021: Rs. 500.51 million) is held with Muller & Phipps Pakistan (Private) Limited (a related party).

9.2 Stock-in-trade includes items having cost of Rs. 21.38 million (2021: Rs. 10.86 million) written down to net realisable value of Rs. 18.48 million (2021: Rs. 8.63 million) resulting in a writedown of Rs. 2.19 million (2021: Rs. 2.23 million).

9.3 During the year, the manufacturing and trading finished goods sold amounted to Rs. 2,508.68 million and Rs. 3,318.19 million (2021: Rs. 1,791.82 million and Rs 1,487.32 million), respectively that are charged to cost of sales.

9.4 Provision for obsolescence and slow moving stock is as follows:

	Note	2022	2021
		----------(Rupees in '000)---------	
Opening balance		**48,021**	97,686
Provision made during the year	25	**44,723**	53,036
Written off during the year		**(48,931)**	(102,701)
		43,813	48,021

10 TRADE DEBTS - unsecured			
Related parties (associated companies)			
- Muller and Phipps Pakistan (Private) Limited		**994,488**	1,024,602
	10.2	**994,488**	1,024,602
Others than related parties		**363,837**	21,778
	10.1	**1,358,325**	1,046,380
Less: Allowances for expected credit losses	10.4	**(1,205)**	(1,318)
		1,357,120	1,045,062

10.1 The credit risk exposure on the Group'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)----------				
2022					
Expected credit loss rate	**0.09%**	**0.00%**	**0.00%**	**0.00%**	**6.43%**
Estimated total gross carrying amount at default	**1,358,325**	**710,773**	**617,080**	**11,746**	**18,726**
Expected credit loss	**1,205**	**-**	**-**	**-**	**1,205**
2021					
Expected credit loss rate	0.13%	0.00%	0.00%	0.00%	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

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)----------				
2022					
Muller and Phipps Pakistan (Private) Limited	**994,488**	**706,135**	**286,013**	**-**	**2,340**
2021					
Muller and Phipps Pakistan (Private) Limited	1,024,602	980,579	33,141	4,126	6,756

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:

Related parties - associated companies	**Note**	**2022**	**2021**
		---- (Rupees in '000) ----	
Aspin Pharma (Private) Limited		**14,885**	7,355
Muller and Phipps Pakistan (Private) Limited		**1,419,435**	1,155,899

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

	Note	2022	2021
Opening balance		**1,318**	904
(Reversal) / charge of allowances for expected credit losses for the year	28	**(113)**	414
Closing balance	10.4.1	**1,205**	1,318

10.4.1 Included herein Rs. Nil (2021: Rs. 0.17 million) related to Muller and Phipps Pakistan (Private) Limited, a related party.

10.4.2 Amount overdue above 180 days has been recovered during the year resulting in reversal of allowance for expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	2022	2021
11	**ADVANCES - unsecured, considered good**		------- (Rupees in '000)	-------
	Suppliers	11.1 & 11.2	**263,451**	55,875
	Employees		**4,796**	9,866
			268,247	65,741

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

Name of the company	Address	2022	2021	Terms, conditions and period
		------(Rupees in '000)	-------	
Aktinos Pharma Private Limited	Parawada Visakhaptnam Andhra Pardesh, Unit-II PL, # 80-D, RD # 20, JN Pharma City, India	**849**	-	Purchase of goods to be settled within 30 days of advance payment
Amicogen (China) Biopharm	No.1688, Shixian Road, Jining City Shandong Province, China	**322**	-	Purchase of goods to be settled within 120 days of advance payment
Azelis (India) Private Limited	Unit-702, 7th Floor, Liberty Tower, Plot K-10, MIDC Airoli Navi Mumbai, Maharashtra, India	**332**	-	Purchase of goods to be settled within 30 days of advance payment
Constantia Vietnam Manufacturing	Tan Binh Industrial Park, Lot III-6,Rd #11, Tan Phu Dist. Ho Chi Minh City, Vietnam	**181**	-	Purchase of goods to be settled within 30 days of advance payment
Echemi Global Co., Limited	Workshop B, 11/F, Grandion Plaza 932, Cheung Sha Wan Road, Kowloon, Hong Kong	**1,518**	-	Purchase of goods to be settled within 30 days of advance payment
Macco Organiques Inc	100, rue McArthur, Suit 112 Valley Field (Quebec), Canada	**1,165**	-	Purchase of goods to be settled within 30 days of advance payment
Qingdao Rainbow Tech Co., Ltd	No 17, Nanjing Road Shinan Dist. Qingdao Shandong, China	**158**	-	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
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
ASECOS GMBH	Weiherfeldsiedlung16-18 Asecos Germany, Sicherheit Und Umwesltschuz Germany	**-**	1,051	Purchase of goods to be settled within 120 days of advance payment
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

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

12	TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2022	2021
			------ (Rupees in '000) ------	
	Trade deposits - considered good, unsecured			
	Security deposits		26,363	9,764
	Margin on letters of credit		146,119	25,207
			172,482	34,971
	Prepayments		2,470	2,112
	Other receivables - considered good			
	Current portion of receivables from employees - secured	8	6,328	4,613
	Receivable from a related party - unsecured	12.1	46,349	-
	Sales tax refundable		9,771	-
	Others - unsecured		3,705	3,125
			66,153	7,738
			241,105	44,821

12.1 Represents pre-commencement expenditure incurred on behalf of OBS Pakistan (Private) Limited (a related party).

12.2 The maximum amount outstanding from a related party at any time during the year calculated by reference to month-end balance is Rs. 46.35 million (2021: Nil).

13 SHORT-TERM INVESTMENTS

13.1 Represent investment in term deposit with BankIslami Pakistan Limited in lien of JS Bank Limited as per the Sukuk agreement having maturity of 3 & 6 months (2021: 3 months) and carrying markup at the rate of 14.5% to 15% per annum (2021: 10% to 10.25% per annum).

14	CASH AND BANK BALANCES	Note	2022	2021
			------ (Rupees in '000) ------	
	Cash in hand		2,074	687
	Balances held with banks			
	Current accounts			
	- local currency		18,953	213,570
	- foreign currency		481	402
	Deposit accounts	14.1	195,024	242,139
			214,458	456,111
		14.2 & 14.3	216,532	456,798

14.1 These carry markup at the rates ranging from 4.5% to 15% (2021: 2.71% to 7.78%) per annum.

14.2 Includes Rs. 131.03 million marked as lien against bank guarantee.

14.3 The following information is disclosed by the Holding Company being a Shariah compliant entity and listed on Islamic index:

	Financing Facility Obtained	Financing Facility Utilized	Current / Deposit Accounts	Profit / Markup Earned	Profit / Markup Paid
	(Rupees in '000)				
2022					
Shariah compliant financings					
Short-term borrowings / deposits	1,350,000	192,645	909	12,741	17,791
Long-term financings					
-Sukuk	2,448,000	-	-	-	9,359
-Running musharikah	350,000	48,138	-	-	1,412
	4,148,000	240,783	909	12,741	28,562
Conventional financings					
Short-term borrowings / deposits	1,050,000	496,437	146,764	8,812	38,106
Long term financing	75,000	34,503	-	-	2,465
	5,273,000	771,723	147,673	21,553	69,133
2021					
Shariah compliant financings					
Short-term borrowings / deposits	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 / deposits	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

14.4 Revenue earned during the year is in accordance with shariah compliant principles.

15 SHARE CAPITAL

Authorised share capital

2022	2021		2022	2021
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

2022	2021		2022	2021
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

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

15.2 Basic and diluted earnings per share (EPS)

	2022	2021
	------ (Rupees in '000) ------	
Profit attributable to equity holders of the parent company	**1,569,940**	1,747,182
	--------- 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)	**5.61**	6.24

16 LONG-TERM FINANCINGS - secured

	Note	2022	2021
		------ (Rupees in '000) ------	
Running musharikah under SBP Refinance Scheme	17.1	**48,138**	225,889
SBP financing scheme for renewable energy	17.2	**34,503**	40,777
Sukuk [net of transaction cost of Rs. Nil (2021: Rs. 4.03 million)]	16.2	**-**	240,770
Sukuk [net of transaction cost of Rs. 16.7 million (2021: Rs. 21.26 million)]	16.3	**2,421,104**	2,578,725
Diminishing musharikah	16.4	**92,179**	-
		2,595,924	3,086,161
Less: current maturity	22	**(727,361)**	(627,365)
		1,868,563	2,458,796

16.1 The movement in long-term financings are as follows:

	Note	2022	2021
Balance at beginning of the year		**3,086,161**	1,040,842
Proceeds received during the year		**99,462**	2,628,033
Amount recognised as government grant	17	**-**	(4,711)
Effect of unwinding for the year		**15,132**	28,818
Financings repaid during the year		**(604,831)**	(606,821)
Balance at end of the year		**2,595,924**	3,086,161

16.2 The Holding Company had obtained long-term finance of Rs. 2,448 million through the issuance of Sukuk certificates repayable in quarterly instalments 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. During the year, the loan amount has been matured and fully paid by the Holding Company.

16.3 The Subsidiary company had issued sukuk certificate 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 Rs. 2,600 million (2021: Rs. 2,600 million), charge through pledge of shares of Holding Company held by Aitkenstuart Pakistan (Private) Limited to the extent of Rs. 1,400 million (2021: Rs. 1,400 million).

16.4 The subsidiary company has obtained diminishing musharikah (DM) facility of Rs. 100 million from Bank Islami Pakistan Limited for purchase of vehicles for 5 years. The facility carries profit at the rate of 6 months KIBOR + 0.55% per annum.

17 DEFERRED GRANT

	Note	2022	2021
		------ (Rupees in '000) ------	
Balance at beginning of the year		**14,503**	29,699
Recognised during the year	16.1	**-**	4,711
Released to consolidated statement of profit or loss	29	**(12,161)**	(19,907)
Balance at end of the year		**2,342**	14,503
Less: Current portion	22	**(1,751)**	(10,715)
		591	3,788

17.1 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).

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.

17.2 The Holding Company had obtained financing facility under SBP financing scheme for Renewable Energy of Rs. 75 million for a period of 7 years including 3 months grace period. The repayment will be made in 81 equal monthly installments after grace period. It carries mark-up at the SBP rate (i.e. 2%) + 4% per annum. The facility is secured against first 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.

18 GAS INFRASTRUCTURE DEVELOPMENT CESS

	Note	2022	2021
		------ (Rupees in '000) ------	
Gas Infrastructure Development Cess		**9,209**	10,641
Less: Current portion	22	**(1,804)**	(2,363)
		7,405	8,278

18.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Holding Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The Honourable Supreme Court of Pakistan (SCP) on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional and payable in 48 equal monthly installments. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due up to 31 July 2020 w.e.f 2011. In September 2020, the Holding Company had challenged the implication of GIDC on the basis that burden of GIDC has not been passed to the customers. In the same year, Sindh High Court (SHC) passed a restrained order from taking any coercive action for recovery of GIDC from the Holding Company. However, the Holding Company has created a provision on a prudent basis.

19 DEFERRED TAX LIABILITIES - NET	Note	2022	2021
		------ (Rupees in '000) ------	
Taxable temporary differences			
Accelerated tax depreciation / amortisation		**144,836**	116,177
Deferred grant (notes 17.1 and 17.2)		**694**	5,920
		145,530	122,097
Deductible temporary differences			
Provisions		**(13,524)**	(13,207)
Long-term financings (notes 17.1 and 17.2)		**(694)**	(5,920)
		(14,218)	(19,127)
		131,312	102,970

20 TRADE AND OTHER PAYABLES

	Note	2022	2021
Creditors	20.1	**876,603**	573,834
Accrued liabilities		**706,003**	534,680
Compensated absences		**46,133**	37,686
Contract liabilities (advances from customers)	20.2	**22,510**	42,784
Retention money		**813**	2,095
Other payables:			
- Provident fund	20.3	**11,084**	7,438
- Employees	20.4	**-**	123,295
- Infrastructure Cess		**13,801**	13,801
- Workers' Profit Participation Fund	20.5	**10,807**	2,399
- Workers' Welfare Fund	20.6	**24,483**	26,196
- Central Research Fund	20.7	**21,753**	20,619
- Withholding tax		**23,208**	7,966
- Sales tax		**17,571**	6,277
- Others		**3,578**	2,788
		1,778,347	1,401,858

20.1 Included herein Rs. 21.07 million (2021: Rs. 14.68 million) payable to Aspin Pharma (Private) Limited, a related party.

20.2 These contract liabilities are unsecured and received under normal course of business. Revenue recognized during the year from amount included in contract liabilities at beginning of the year amounts to Rs. 42.784 million (2021: Nil)

20.3 Payable to the provident fund

20.3.1 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.

20.3.2 During the year, the Group's contribution to provident fund amounted to Rs. 53.58 million (2021: Rs. 35.55 million).

20.4 Payable to employees under APA signed with Sandoz AG.

20.5 Workers' Profits Participation Fund

	Note	2022	2021
		------ (Rupees in '000) ------	
Balance at the beginning of the year		**2,399**	(694)
Allocation for the year	28	**107,670**	102,062
		110,069	101,368
Payments made during the year		**(99,262)**	(98,969)
Balance at the end of the year		**10,807**	2,399

20.6 Workers' Welfare Fund

	Note	2022	2021
Balance at the beginning of the year		**26,196**	26,918
Charge for the year	28	**24,699**	26,377
		50,895	53,295
Payments made during the year		**(26,412)**	(27,099)
Balance at the end of the year		**24,483**	26,196

20.7 Central Research Fund

	Note	2022	2021
Balance at the beginning of the year		**20,619**	20,789
Charge for the year	28	**21,752**	20,618
		42,371	41,407
Payments made during the year		**(20,618)**	(20,788)
Balance at the end of the year		**21,753**	20,619

21 SHORT-TERM BORROWINGS - Secured

	Note	2022	2021
Running finance from commercial banks	21.1 & 21.3	**496,437**	3,989
Running musharaka from Islamic banks	21.2	**192,645**	-
		689,082	3,989

21.1 The Holding Company obtained running finance facilities from Commercial banks upto Rs. 1,050 million (2021: Rs. 1,000 million) renewed during the year. The markup rate on this facility is 1 - 3 months KIBOR plus 0.30% to 1.25% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Holding Company. As of reporting date, Rs. 553.56 million of the facility limits remained unutilised and utilised portion is Rs. 496.44 million.

21.2 The Holding Company obtained running musharakah facilities from Islamic banks upto Rs. 1,350 million (2021: Rs. 900 million) renewed during the year. The profit rate on this facility is 1 - 3 months KIBOR plus 0.50% to 1% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Holding Company.As of reporting date, Rs. 1,157.35 million of the facility limits remained unutilised and utilised portion is Rs. 192.65 million.

21.3 OBS AGP has obtained running finance facility from the commercial banks aggregating Rs.700 million (2021: Rs. 300 million) which is unutilised as of reporting date. It carries markup at the rate of 1 - 3 months KIBOR plus 0.30% to 1.75% per annum (2021: 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 OBS AGP.

22	CURRENT MATURITY OF NON-CURRENT LIABILITIES	Note	2022	2021
			------ (Rupees in '000) ------	
	Long-term financings	16	**727,361**	627,365
	Deferred grant	17	**1,751**	10,715
	Gas Infrastructure Development Cess	18	**1,804**	2,363
			730,916	640,443

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 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.

23.1.2 In year 2008, the Holding Company imported consignments of Medicines (Multivitamin) against which, it filed goods declaration through their authorised 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.

23.1.3 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 that has been dismissed by the court of law. Accordingly, no provision is required to be made in these consolidated financial statements.

23.1.4 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 has been dismissed by the court of law.The Holding Company, on the advice of the legal counsel, expects the favourable outcome, accordingly, no provision against this has been made in these consolidated financial statements.

23.1.5 Guarantees

	2022	2021
	----------(Rupees in '000)---------	
Bank guarantees		
- total limit	**527,000**	310,000
- unutilised portion	**309,160**	269,554
- utilised portion	**217,840**	40,446

23.2 Commitments

23.2.1 As at 31 December 2022, capital expenditure contracted for but not incurred amounted to Rs. 266.12 million (2021: Rs. 180.88 million).

	2022	2021
	----------(Rupees in '000)---------	
23.2.2 Financial guarantee issued by the Holding Company on behalf of Subsidiary Company.	**2,600,000**	2,600,000

23.3 Letters of credit

	2022	2021
	(Rupees in '000)	
Letters of credit		
- total limit	**3,170,000**	2,620,000
- unutilised portion	**2,532,111**	2,186,879
- utilised portion	**637,889**	433,121

23.4 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	2022	2021
		(Rupees in '000)	
Not later than one year		**32,207**	2,883
Later than one year but not later than five years		**109,638**	9,403
		141,845	12,286

24 REVENUE FROM CONTRACT WTH CUSTOMERS - net

	Note	2022	2021
Sale of goods (disaggregation by timing - at a point in time)			
Local (disaggregation by types of products)			
- Manufacturing		**8,534,075**	6,717,742
- Trading		**5,965,709**	2,692,413
		14,499,784	9,410,155
Export		**1,214,321**	558,920
		15,714,105	9,969,075
Less: Trade discounts		**(1,092,378)**	(587,544)
Sales returns		**(85,566)**	(39,718)
Sales tax		**(77,365)**	(25,059)
		(1,255,309)	(652,321)
	24.1 & 24.2	**14,458,796**	9,316,754

24.1 The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note 37 to these consolidated financial statements.

24.2 Included herein sales of Rs. 12,196 million (2021: Rs. 8,067 million) made to related parties (see note 36).

		Note	2022	2021
25	**COST OF SALES**		----------(Rupees in '000)---------	
	Cost of sales – manufacturing			
	Raw and packing materials consumed			
	Opening stock		**503,469**	568,332
	Purchases		**3,384,600**	1,794,960
	Available for consumption		**3,888,069**	2,363,292
	Closing stock	9	**(1,123,154)**	(503,469)
	Raw and packing material consumed		**2,764,915**	1,859,823
	Manufacturing cost			
	Salaries, wages and other benefits	25.1	**779,672**	563,265
	Stores and spares consumed		**47,015**	27,842
	Provision for obsolescence and slow moving stock - net	9.4	**44,158**	49,526
	Processing charges		**14,875**	12,202
	Freight, handling and transportation		**8,226**	4,733
	Fuel, gas and electricity		**200,747**	141,091
	Repairs and maintenance		**140,453**	87,104
	Travelling and conveyance		**16,839**	20,149
	Insurance		**15,513**	13,206
	Laboratory expenses		**55,030**	29,733
	Rates and taxes		**3,091**	1,607
	Depreciation	6.1.2	**115,120**	102,648
	Amortisation	7.4	**5,259**	2,796
	Postage, telegraph and telephones		**3,285**	3,029
	Printing and stationery		**8,426**	6,448
			1,457,709	1,065,379
			4,222,624	2,925,202
	Work-in-process			
	Opening stock		**82,865**	86,860
	Closing stock	9	**(185,087)**	(82,865)
			(102,222)	3,995
	Cost of goods manufactured		**4,120,402**	2,929,197
	Finished goods			
	Opening stock		**289,992**	217,995
	Closing stock	9	**(444,008)**	(289,992)
			(154,016)	(71,997)
			3,966,386	2,857,200
	Cost of samples for marketing and sales promotion	27	**(201,401)**	(99,167)
	Cost of sales – trading			
	Opening stock		**656,640**	376,498
	Purchases		**3,096,669**	1,767,465
	Closing stock	9	**(435,119)**	(656,640)
		9.3	**3,318,190**	1,487,323
	Direct expenses			
	Amortisation	7.4	**7,717**	3,277
	Provision for obsolescence and slow moving stock - net	9.4	**565**	3,510
	Warehousing charges	25.2	**36,347**	9,698
			44,629	16,485
			7,127,804	4,261,841

25.1 Included herein Rs. 11.06 million (2021: Rs. 8.83 million) in respect of staff retirement benefits.

25.2 Represent warehousing charges paid / payable by the subsidiary company to a related party (see note 36).

26 ADMINISTRATIVE EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Salaries and other benefits	26.1	335,577	169,827
Travelling and conveyance		2,402	4,382
Printing and stationery		7,051	3,856
Ijarah lease		462	37
Directors' remuneration		10,500	12,200
Meeting and conferences		1,692	-
Postage, telegrams and telephones		3,212	1,052
Legal and professional		49,167	78,004
Research cost		17,675	13,968
Repairs and maintenance		21,485	26,029
Freight, handling and transportation		60	3,267
Software license renewals and maintenance fee		29,068	18,481
Subscription and fee		2,652	11,531
Advertisement		1,074	2,268
Auditors' remunerations	26.2	7,321	4,777
Donations	26.3	20,354	81,458
Insurance		3,233	2,053
Depreciation	6.1.2	36,841	24,876
Amortisation	7.4	6,043	7,185
Corporate social responsibility		6,673	7,014
Vehicle running expenses		645	679
		563,187	472,944

26.1 Included herein Rs. 8.735 million (2021: Rs. 4.75 million) in respect of staff retirement benefits.

26.2 Auditors' remunerations

	2022	2021
	(Rupees in '000)	
Statutory audit fee - separate	1,900	1,836
- consolidation	825	500
- subsidiary company	1,100	1,000
Half yearly review and other assurance / certifications	2,425	863
Sindh sales tax	546	200
Out of pocket expenses	525	378
	7,321	4,777

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

	Note	2022	2021
		(Rupees in '000)	
Sharmeen Khan Memorial Foundation	26.3.1	2,300	-
The Citizens Foundation		3,840	-
DG Health Punjab		3,226	-
Hepatitis & Infection Control Program - Government of Punjab		2,415	
Liver Center		-	17,324
Kidney Foundation		1,500	
		13,281	17,324

26.3.1 Mr. Naved Abid Khan, director of the Holding Company, is also a trustee in Sharmeen Khan Memorial Foundation.

27 MARKETING AND SELLING EXPENSES

	Note	2022	2021
		----------(Rupees in '000)---------	
Salaries and other benefits	27.1	1,757,278	916,595
Travelling and conveyance		584,066	242,557
Repairs and maintenance		13,005	4,614
Insurance		9,472	5,073
Depreciation	6.1.2	79,291	37,380
Amortisation	7.4	719	-
Ijarah lease		21,234	1,564
Printing and stationery		8,957	4,416
Samples	25	201,401	99,167
Sales promotion		586,324	337,360
Meeting and conferences		224,795	192,546
Communication		34,907	19,638
Subscription		28,967	22,108
Freight, handling and transportation		93,999	79,531
		3,644,415	1,962,549

27.1 Included herein Rs. 33.84 million (2021: Rs. 21.97 million) in respect of staff retirement benefits.

28 OTHER EXPENSES

	Note	2022	2021
		----------(Rupees in '000)---------	
Workers' Profit Participation Fund	20.5	107,670	102,062
Workers' Welfare Fund	20.6	24,699	26,377
Central Research Fund	20.7	21,752	20,618
Exchange loss - net		83,636	7,731
(Reversal) / charge of allowances for expected credit losses	10.4	(113)	414
		237,644	157,202

29 OTHER INCOME

	Note	2022	2021
Income from financial assets			
Dividend income on mutual funds		5,484	-
Capital gain on sale of short term investments		416	-
Markup on deposit account		24,580	22,330
Markup on term deposit receipts (TDRs)		15,147	-
		45,627	22,330
Income from non-financial assets			
Gain on sale of operating fixed assets (net)	6.1.5	17,231	1,923
Government grant	17	12,161	19,907
Scrap sales		11,840	6,484
Others	29.1	3,072	-
		44,304	28,314
		89,931	50,644

29.1 This pertains to income earned through tender participation under a profit or loss sharing arrangement with Novartis Pharma (Pakistan) Limited.

30 FINANCE COSTS

	2022	2021
	----------(Rupees in '000)---------	
Mark-up on:		
- long-term financings	422,171	193,705
- short-term borrowings	102,031	3,778
	524,202	197,483
Bank charges	10,582	7,631
	534,784	205,114

31 TAXATION

	Note	2022	2021
		(Rupees in '000)	
Current		**541,275**	415,879
Prior		**166,502**	(872)
Deferred		**28,343**	46,769
	31.1	**736,120**	461,776

31.1 Through the Finance Act 2022, a Super Tax has been imposed retrospectively from the Financial Year (FY) 2021 and onwards. The rate of Super Tax for pharmaceutial sector is 10% for FY 2021 and 3% to 4% for FY 2022 and onwards. Accordingly, the Group has made provision of Super Tax amounting to Rs. 234.02 million to these consolidated financial statements.

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

	2022	2021
	(Rupees in '000)	
Profit before taxation	**2,440,893**	2,307,748
Tax at the applicable tax rate of 29% (2021: 29%)	**707,859**	669,247
Prior year charge	**166,502**	(872)
Effect of lower tax rate	**(220,927)**	(168,898)
Effect of tax credits	**(5,309)**	(37,376)
Effect of super tax	**67,520**	-
Effect of non-deductible items	**20,475**	(325)
	736,120	461,776

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	**52,514**	29,054	**-**	-	**495,229**	263,180
Bonus	**7,218**	2,392	**-**	-	**15,622**	6,529
Performance incentive	**38,337**	40,299	**-**	-	**14,785**	2,650
Reimbursement of expenses	**915**	975	**-**	-	**116,886**	40,375
Provident fund	**3,608**	1,697	**-**	-	**21,629**	13,473
Others	**4,650**	3,549	**-**	-	**85,703**	60,657
	107,242	77,966	**-**	-	**749,854**	386,864
Number of persons	**2**	2	**9**	10	**113**	67

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

32.2 During the year, fee paid to two (2021: two) independent directors and four (2021: four) non-executive directors for attending board and other meetings aggregating to Rs. 10.5 million (2021: Rs. 12.2 million). Travelling and boarding expenses of executive and non-executive directors borne by the Holding Company amounted to Rs. 4.01 million (2021: Rs. 10.46 million). Number of non-executive directors at year end were four (2021: four).

32.3 No remuneration was paid/payable to any of the directors other than chief executives.

33 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.

34 CASH GENERATED FROM OPERATIONS

	Note	2022	2021
		---- (Rupees in '000) ----	
Profit before taxation		**2,440,893**	2,307,748
Adjustments for non-cash items:			
Depreciation	6.1.2	**231,252**	164,904
Amortisation	7.4	**19,738**	13,258
(Reversal) / charge of allowances for expected credit losses	28	**(113)**	414
Provision for obsolescence and slow moving stock	9.4	**44,723**	53,036
Stock written off during the year	9.4	**(48,931)**	(102,701)
Amortisation of government grant	29	**(12,161)**	(19,907)
Gain on disposal of operating fixed assets	29	**(17,231)**	(1,923)
Reversal of GIDC	18	**(1,432)**	(177)
Mark-up on deposits accounts	29	**(24,580)**	(22,330)
Markup on term deposit receipts (TDRs)	29	**(15,147)**	-
Dividend income on mutual funds	29	**(5,484)**	-
Capital gain on sale of short term investments	29	**(416)**	-
Finance costs	30	**534,784**	205,114
Workers' Profit Participation Fund	28	**107,670**	102,062
Workers' Welfare Fund	28	**24,699**	26,377
Central Research Fund	28	**21,752**	20,618
		859,123	438,745
Operating profit before working capital changes		**3,300,016**	2,746,493
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(717)**	(1,346)
Stock-in-trade		**(640,174)**	(358,629)
Trade debts		**(311,945)**	(340,186)
Loans and advances		**(202,506)**	(35,725)
Trade deposits, prepayments and other receivables		**(193,562)**	(14,358)
		(1,348,904)	(750,244)
Increase in current liabilities			
Trade and other payables		**368,660**	521,759
		2,319,772	2,518,008

35 CASH AND CASH EQUIVALENTS

	Note	2022	2021
Cash and bank balances	14	**216,532**	456,798
Lien on bank balance	14.2	**(131,039)**	-
Short-term borrowings	21	**(689,082)**	(3,989)
Short term investments		**-**	200,000
		(603,589)	652,809

36 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	2022	2021
				----(Rupees in '000)----	
Parent company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company of the Group	55.80% (2021: 52.98%)	Dividend paid	**418,626**	148,350
			Expenditure incurred by parent company of the Group on behalf of the Group	**4,112**	19,041
			Amount paid against expenditure incurred by parent company of the Group on behalf of the Group	**18,653**	4,500
			Consultancy fees charged and paid by Group	**-**	318,332
Associated companies					
* Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited-Pakistan)	Common directorship (significant influence)	-	Amount received against sale of goods	**-**	3,490
OBS Pakistan (Private) Limited -Pakistan	Common directorship (significant influence)	-	Expenditure incurred / paid by the Group on behalf of associate	**46,349**	-
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2021: 4.79%)	Sale of goods	**35,325**	25,938
			Amount received against sale of goods	**35,472**	29,079
			Expenditure incurred / paid by the Group on behalf of associate	**1,777**	680
			Expenditure incurred / paid by associate on behalf of the Group	**18,786**	23,067
			Dividend paid	**33,500**	13,400
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2021: 13.54%)	Sale of goods	**12,160,933**	8,041,457
			Amount received against sale of goods	**12,273,533**	7,671,633
			Settlement of discounts and expenses given / incurred on behalf of the Group	**605,302**	213,750
			Amount paid against purchase of handheld devices	**24,773**	-
			Warehouse and logistic charges	**28,788**	9,698
			Amount paid against warehouse charges	**27,770**	5,288
			Dividend paid	**94,800**	37,920
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	**50,006**	33,733
Key management personnel (other than Chief Executive - see note 32)			**Short-term employee benefits**		
			- Managerial remuneration	**136,001**	91,589
			- Bonus	**5,963**	2,977
			- Performance incentives	**600**	300
			- Reimbursement of expenses	**19,729**	8,521
			Post-term employee benefits		
			- Provident fund	**5,459**	**4,695**
			Others		
			- Dividend paid	**14**	6
			- Leave encashment	**10,490**	10,628
			- Ex-gratia	**85**	15,366
Directors			Dividend paid	**5,078**	631
			Board and other meeting fee	**10,500**	12,200
Others (due to common directorship)					
Sharmeen Khan Memorial Foundation - Pakistan			Donations paid	**2,300**	-
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	**69**	43

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

36.1 The related parties status of outstanding receivables / payables as at 31 December 2022 and 2021 is disclosed in respective notes to these consolidated financial statements.

37 OPERATING SEGMENT RESULTS

	The Holding Company		OBS AGP		Total	
	For the year ended December 31, 2022	For the year ended December 31, 2021	**For the year ended December 31, 2022**	For the year ended December 31, 2021	**For the year ended December 31, 2022**	For the year ended December 31, 2021
	---------- (Rupees in '000) ----------					
Sales						
Afghanistan	**1,214,321**	558,920	**-**	-	**1,214,321**	558,920
Inter-segment	**374,688**	-	**-**	-	**374,688**	-
Local	**9,309,887**	7,402,223	**5,189,897**	2,007,932	**14,499,784**	9,410,155
Turnover	**10,898,896**	7,961,143	**5,189,897**	2,007,932	**16,088,793**	9,969,075
Sales tax	**(77,044)**	(25,059)	**(321)**	-	**(77,365)**	(25,059)
Sales return	**(56,673)**	(39,718)	**(28,893)**	-	**(85,566)**	(39,718)
Discounts	**(503,164)**	(475,908)	**(589,214)**	(111,636)	**(1,092,378)**	(587,544)
Net turnover	**10,262,015**	7,420,458	**4,571,469**	1,896,296	**14,833,484**	9,316,754
Cost of sales - note 25	**(5,039,401)**	(3,303,198)	**(2,406,459)**	(958,643)	**(7,445,860)**	(4,261,841)
Gross profit	**5,222,614**	4,117,260	**2,165,010**	937,653	**7,387,624**	5,054,913
Selling and distribution expenses - note 27	**(2,551,538)**	(1,613,573)	**(1,092,475)**	(351,080)	**(3,644,013)**	(1,964,653)
Administration and general expenses - note 26	**(406,597)**	(391,889)	**(173,032)**	(78,951)	**(579,629)**	(470,840)
Operating result	**2,264,479**	2,111,798	**899,503**	507,622	**3,163,982**	2,619,420
Segment assets	**12,829,078**	11,198,641	**4,696,342**	4,438,120	**17,525,420**	15,636,761
Unallocated assets	**-**	-	**-**	-	**-**	-
	12,829,078	11,198,641	**4,696,342**	4,438,120	**17,525,420**	15,636,761
Segment liabilities	**2,605,793**	1,703,390	**3,028,847**	3,055,862	**5,634,640**	4,759,252
Unallocated liabilities	**-**	-	**-**	-	**-**	-
	2,605,793	1,703,390	**3,028,847**	3,055,862	**5,634,640**	4,759,252
Depreciation and amortisation charge	**218,631**	173,203	**32,358**	4,959	**250,989**	178,162
Interest expense	**(126,278)**	(81,709)	**(397,924)**	(115,774)	**(524,202)**	(197,483)
Interest income	**21,552**	16,595	**18,175**	5,735	**39,727**	22,330
Income tax expense	**(593,301)**	(346,488)	**(142,819)**	(115,288)	**(736,120)**	(461,776)

37.1 OBS AGP (Private) Limited is considered as a separate business segment / Cash Generating Unit (CGU) of the Group which has been reflected as 'OBS-AGP' in these consolidated financial statements.

		2022	2021
		------(Rupees in '000)------	
37.2	**Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities**		
37.2.1	**Net turnover**		
	Total net turnover for reportable segments	**14,833,484**	9,316,754
	Elimination of inter-segment/group net turnover from subsidiary	**(374,688)**	-
	Total net turnover- note 24	**14,458,796**	9,316,754
37.2.2	**Cost of sales**		
	Total cost of sales for reportable segments	**(7,445,860)**	(4,261,841)
	Elimination of inter-segment/group purchases from the holding company	**318,056**	-
	Total cost of sales - note 25	**(7,127,804)**	(4,261,841)
37.2.3	**Assets**		
	Total assets for reportable segments	**17,525,420**	15,636,761
	Elimination of inter-segment/group transactions	**(978,142)**	(768,138)
	Total assets	**16,547,278**	14,868,623
37.2.4	**Liabilities**		
	Total liabilities for reportable segments	**5,634,640**	4,759,252
	Elimination of inter-segment/group transactions	**(218,433)**	(51,927)
	Total liabilities	**5,416,207**	4,707,325

38 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 2022.

38.1 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.

38.1.1 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	106,000	-	106,000	-	-	-	106,000
Deposits and receivables	-	-	-	217,275	27,158	244,433	244,433
Trade debts	-	-	-	1,357,120	-	1,357,120	1,357,120
Cash and bank balances	195,024	-	195,024	21,508	-	21,508	216,532
31 December 2022	301,024	-	301,024	1,595,903	27,158	1,623,061	1,924,085
Financial liabilities (at amortised cost)							
Long-term financings	1,195,844	2,459,371	3,655,215	-	-	-	3,655,215
Trade and other payables	-	-	-	1,666,724	-	1,666,724	1,666,724
Unclaimed dividends	-	-	-	1,795	-	1,795	1,795
Accrued interest	-	-	-	129,752	-	129,752	129,752
Short-term borrowings	689,082	-	689,082	-	-	-	689,082
31 December 2022	1,884,926	2,459,371	4,344,297	1,798,271	-	1,798,271	6,142,568

	Interest bearing			Non-Interest bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	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

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

38.2 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	2022	2021
		------- (Rupees in '000) -------	
Long-term financings	16	**2,595,924**	3,086,161
Accrued interest		**129,752**	55,429
Short-term borrowings	21	**689,082**	3,989
Total debts		**3,414,758**	3,145,579
Less: Cash and bank balances	14	**216,532**	456,798
Lien on bank balance	14.2	**(131,039)**	-
		(85,493)	**(456,798)**
Net debts		**3,329,265**	2,688,781
Total capital		**11,131,071**	10,161,298
Gearing ratio		**23%**	21%

38.3 Credit risk

38.3.1 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	2022	2021
		------- (Rupees in '000) -------	
Short-term investments	13	**106,000**	235,000
Receivables and deposits	8 & 12	**244,433**	58,331
Trade debts	10	**1,357,120**	1,045,062
Bank balances	14	**214,458**	456,111
		1,922,011	1,794,504
Secured		**21,936**	10,110
Unsecured		**1,900,075**	1,784,394
		1,922,011	1,794,504
Not past due		**710,773**	983,871

38.3.2 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:

	2022	2021
	(Rupees in '000)	
Trade debts (note 10)		
Customers with no defaults in the past one year	**1,357,120**	1,045,062
Bank Balances (note 14)		
A-1+	**210,042**	390,830
A-1	**4,058**	65,138
Unrated	**358**	143
	214,458	456,111

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

38.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through committed credit facilities as disclosed in note 21 to these consolidated financial statements. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	(Rupees in '000)				
2022					
Long-term financings	**-**	**296,981**	**898,863**	**2,459,371**	**3,655,215**
Trade and other payables	**46,133**	**1,616,200**	**4,391**	**-**	**1,666,724**
Unclaimed dividends	**-**	**1,795**	**-**	**-**	**1,795**
Accrued interest	**-**	**129,752**	**-**	**-**	**129,752**
Short-term borrowings	**689,082**	**-**	**-**	**-**	**689,082**
	735,215	**2,044,728**	**903,254**	**2,459,371**	**6,142,568**
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

38.5 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.

38.5.1 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. 169.45 million. However, in practice, the actual result may differ from the sensitivity analysis.

38.5.2 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:

	2022					2021				
	USD	EURO	CNY	GBP	CHF	USD	EURO	CNY	GBP	CHF
Financial assets										
Bank balances	-	1,992	-	-	-	-	1,992	-	-	-
	-	1,992	-	-	-	-	1,992	-	-	-
Financial liabilities										
Trade payables	(1,295,435)	(203,306)	(1,539,880)	(24,600)	(22,640)	(1,131,638)	(59,725)	(1,968,177)	(23,908)	(25,014)
	------------------ (Equivalent Rs '000) ------------------									
Financial assets										
Bank balances	-	481	-	-	-	-	402	-	-	-
	-	481	-	-	-	-	402	-	-	-
Financial liabilities										
Trade payables	(293,325)	(49,058)	(50,154)	(6,718)	(5,547)	(201,623)	(12,056)	(55,038)	(5,713)	(4,851)

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	
	2022	2021	2022	2021
	-----------Rupees-------		-----------Rupees--------	
US Dollar	202.67	169.00	226.43	178.17
Chinese Yuan	30.32	26.21	32.57	27.96
Euro	214.53	199.25	241.30	201.86
Swiss Franc	213.92	187.71	245.02	193.93
GBP	249.46	228.71	273.07	238.96

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 40.43 million.

38.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainties about future values of investments securities movements in prices of equity investments. The Group is not exposed to any equity price risk, as the Group does not have any investment in equity securities measured at fair value.

38.6 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The following table shows assets recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

39 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 24 February 2023 by the Board of Directors of the Holding Company.

40 SUBSEQUENT EVENT

40.1 The Board of Directors in its meeting held on 24 February 2023 has proposed a final cash dividend for the year 2022 of Rs. 2 per share (2021: Rs. 2.5 per share), aggregating to Rs. 560 million (2021: Rs. 700 million) subject to approval of shareholders in the Annual General Meeting of the Company to be held on 19 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

41 GENERAL

41.1 The number of persons employed as at year end were 1,945 (2021: 1,375) and the average number of persons employed during the year were 1,943 (2021: 1,222).

41.2 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 last period's figures were prepared for a period from November 12, 2020 to December 31, 2021.

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

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

Chief Financial Officer	Chief Executive Officer	Director

05

SHAREHOLDERS' INFORMATION

ASCENDING TOGETHER

We're determined to prioritize the interests of our esteemed shareholders, ensuring their value is maximized through generating sufficient returns and protecting their interests

Shareholders' Information

General information about the Company and its operations

NOTICE OF 9TH ANNUAL **GENERAL MEETING**

NOTICE is hereby given that the 9th Annual General Meeting (Meeting) of Shareholders of AGP Limited (the Company) will be held on Wednesday, April 19, 2023 11.00 A.M. at Ramada Karachi Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, through in-person and video link facility to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 4th Extraordinary General Meeting held on July 28, 2022.

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, 2022.

3. To appoint Auditors for the year ending December 31, 2023 and fix their remuneration.

4. To consider and approve the payment of final dividend at the rate of PKR 2 per share (i.e. 20%) as recom mended by the Board of Directors.

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

By Order of the Board

Karachi.
Dated: March 28, 2023

Umair Mukhtar
Company Secretary

NOTES

1. Closure of share transfer books

The share transfer books of the Company will remain closed from April 12, 2023, to April 19, 2023 (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 11, 2023, will be treated as being in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the Meeting.

2. Appointment of proxy holder

A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the registered office of the Company or emailed at corp.affairs@agp.com.pk not later than forty-eight (48) hours before the time of holding the Meeting. In calculating the aforesaid time period, no account shall be taken of any day that is not a working day. A member shall not be entitled to appoint more than one proxy. Proxy form is available at Company's website www.agp.com.pk and also attached at the end of the annual report.

3. Guidelines for CDC Account Holders

Any Individual Beneficial Owner of CDC, entitled to vote at 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).

4. Participation in the Annual General Meeting

SECP through its Circular No. 4 of 2021 dated 15 February 2021, Circular No. 6 of 2021 dated 3 March 2021, read together with the clarification bearing number SMD/SE/2(20)/2021/117 dated 15 December 2021, has directed listed companies to ensure the participation of members in general meeting through electronic means as a regular feature in addition to holding physical meetings.
Accordingly, in compliance with the directives from SECP, the Company is also providing the facility to its shareholders to attend the Meeting through video link. To avail this facility, members are requested to register their following particulars by sending an e-mail at corp.affairs@agp.com.pk.

Folio / CDC account no.	No. of shares held	Name	CNIC	Cell No.	Email address

After necessary verification, the video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars are received at the given e-mail address by or before the close of business hours on April 17, 2023. 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 17, 2023.

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 2022 to its shareholders in the form of CD. Further, the notice of the Meeting and the Annual Report 2022 shall be uploaded on the official website of the Company and posted at PUCAR.

The Annual Report 2022 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 2022 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 2022 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 email 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 who have not yet provided their relevant information are requested to provide the same as mentioned on an E-Dividend Mandate Form available at the website of the Company to the Registrar. The CDC account holders must submit their information directly to their broker (participant) / CDC.

As per the provisions of the section 243(3) of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017, the Company may withhold the payment of dividend to shareholders who have not provided valid bank details and copy of CNIC or NTN.

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.

In case of joint shareholders, tax will be deducted on the basis of shareholding of each shareholder as may be notified by them, in writing as follows, to our Registrar, by the close of business hours on April 11, 2023, or if no such notification is received each shareholder shall be assumed to have an equal number of shares:

Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint shareholder	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

Withholding Tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Registrar by close of business on the first (1st) day of book closure.

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. In case, no claim is filed with the Company within the due time frame, the Company shall proceed to deposit the unclaimed / unpaid amount dividend or any other share with the Federal Government pursuance to section 244(2) of the Act.

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

12. UPDATE UNDER REGULATION 4 OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

This statement is provided in accordance with Section 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, in respect of the investments authorized by the Shareholders in the previous Extraordinary General Meeting held on July 28, 2022:

S.no	Description	Information Required
Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017		
4(2)(a)	Total investment approved	The total equity investment approved is up to PKR 3,000 million. The total short term funded and / or unfunded financing facilities and / or security to its accociated companies, namely OBS AGP (Private) Limited and OBS Pakistan (Private) Limited (post equity injection in the same), upto the amount of PKR 500 Million each.
4(2)(b)	Amount of investment made to date	No investment has been made as of the date of publication of this notice.
4(2)(b)	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time;	Since the previous Extraordinary General Meeting held on July 28, 2022, wherein shareholder approval was granted for the investments, the economic environment in Pakistan including the rupee dollar parity has deteriorated significantly. Taking these factors into consideration, the management have revised the terms of the transaction with the sellers and was also able to successfully negotiate a reduction in the purchase price with Viatris Inc. and Pfizer Inc. While the transaction has also been delayed on account of the above, it is expected that closing of the transaction will take place during Q2 2023.
4(2)(d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	Not Applicable.

نمبر شمار	تصریح	درکار معلومات
	کمپنیز (انویسٹمنٹ ان ایسوسی ایٹڈ کمپنیز آر ایسوسی ایٹڈ انڈرٹیکنگز)	
4(2)(a)	منظور شدہ سرمایہ کاری	مجموعی منظور شدہ ایکویٹی سرمایہ کاری ۳۰۰۰ ملین روپے تک ہے۔ اس کی متعلقہ کمپنیوں، اوبی ایس اے جی پی (پرائیویٹ) لمیٹڈ اور اوبی ایس (پرائیویٹ) لمیٹڈ (ایکویٹی کی شمولیت سے پہلے) کو مجموعی مختصر مدتی فنڈڈ اور/یا ان فنڈڈ فنانسنگ کی سہولت اور/یا سیکیورٹی کی فی کس مالیت ۵۰۰ ملین روپے فی کس تک ہے۔
4(2)(b)	آج تک کی گئی سرمایہ کاری کی مالیت	اس نوٹس کی اشاعت کی تاریخ تک کوئی سرمایہ کاری نہیں کی گئی۔
4(2)(c)	سرمایہ کاری کے منظور شدہ نظام الاوقات سے انحراف کی وجوہ، جہاں سرمایہ کاری کا فیصلہ مخصوص وقت میں نافذ ہونا تھا؛	۲۸ جولائی ۲۰۲۲ کو منعقدہ گزشتہ غیر معمولی اجلاسِ عام کے بعد سے، جس میں شیئر ہولڈرز کی طرف سے سرمایہ کاری کی منظوری دی گئی تھی، پاکستان میں روپے ڈالر کی مساوات سمیت معاشی ماحول نمایاں طور پر خراب ہوگیا ہے۔ ان عوامل کو مدنظر رکھتے ہوئے، انتظامیہ نے فروخت کنندگان کے ساتھ ٹرانزیکشن کی شرائط پر نظر ثانی کی ہے اور Viatris Inc. اور Pfizer Inc. کے ساتھ قیمت خرید میں کمی پر مذاکرات میں کامیاب رہی۔ جہاں مندرجہ بالا کے پیش نظر ٹرانزیکشن میں بھی تاخیر کی گئی ہے، یہ توقع کی جاتی ہے کہ ٹرانزیکشن کی تکمیل ۲۰۲۳ کی دوسری سہ ماہی کے دوران میں انجام پائے گی۔
4(2)(d)	سرمایہ کاری کی منظوری کے لیے قرارداد کی منظوری کی تاریخ سے اب تک ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈرٹیکنگ کے مالیاتی گوشواروں میں تبدیلی	اطلاق نہیں ہوتا

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۔

۶۔ ای ووٹنگ

ممبران کمپنیز ایکٹ ۲۰۱۷ کی شق ۱۴۳تا۱۴۵اورکمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی لاگوشقوں کے تقاضوں سے مشروط اجلاس میں اپنا حق رائے دہی استعمال کر سکتے ہیں۔

۷۔ وڈیو کانفرنس کی سہولت

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 ازکم سات (۷) دن پہلے وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کی رضامندی موصول ہوتو 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 ازکم 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۔ نقد منافع منقسمہ کی برقی طریقے سے ادائیگی

کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۴۲ کے تقاضوں کے مطابق ایک لسٹڈ کمپنی کی طرف سے حتمی نقد منافع منقسمہ 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 منافع منقسمہ کی ادائیگی روک سکتی ہے جنہوں نے بینک کی کارآمد تفصیلات اور CNIC یا NTN کی کاپی مہیا نہ کی ہو۔

۹۔ منافع منقسمہ پر ودھ ہولڈنگ ٹیکس

انکم ٹیکس آرڈیننس، ۲۰۰۱ کے پہلے شیڈول کے حصہ III کے ڈویژن I کے ساتھ پڑھے گئے سیکشن ۱۵۰ کے مطابق، منافع منقسمہ 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 پر ودھ ہولڈنگ ٹیکس کی دفعات غیر رہائشی افراد کو منافع منقسمہ 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، ۱۱ اپریل ۲۰۲۳ 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 ودھ ہولڈنگ 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 استثنیٰ کے کارآمد سرٹیفکیٹ کی ایک کاپی دستیاب کرادی گئی ہو۔

۱۰۔ لادعویٰ منافع منقسمہ

کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۴۴ کی دفعات کے مطابق، کمپنی کی طرف سے جاری کردہ کسی بھی حصص، یا اعلان کردہ منافع منقسمہ جو اس تاریخ سے تین (۳) سال کی مدت تک لادعویٰ / 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 منافع منقسمہ کا آج تک دعویٰ نہیں کیا گیا ہے، ان سے درخواست کی جاتی ہے کہ وہ اپنے لادعویٰ / غیر ادا شدہ منافع منقسمہ کی رقم یا کسی دوسرے شیئر سرٹیفکیٹ 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 منافع منقسمہ 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 رکھنے 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۔

۱۲۔ کمپنیز ایکٹ ۲۰۱۷ کے سیکشن ۱۹۹ کے تحت ریگولیشن ۴ اسٹیٹمنٹ کے تحت تازہ معلومات اور اور کمپنیز (انویسٹمنٹ ان ایسوسی ایٹڈ کمپنیز آر ایسوسی ایٹڈ انڈرٹیکنگز) ریگولیشنز ۲۰۱۷ کے تحت درکار معلومات۔

یہ اسٹیٹمنٹ ۲۸ جولائی ۲۰۲۲ کو منعقدہ گزشتہ خصوصی اجلاسِ عام میں شیئر ہولڈرز کی طرف سے منظور کردہ سرمایہ کاری کے حوالے سے کمپنیز (انویسٹمنٹ ان ایسوسی ایٹڈ کمپنیز آر ایسوسی ایٹڈ انڈرٹیکنگز) ریگولیشنز ۲۰۱۷ کے سیکشن (۲)۴ کے مطابق فراہم کی جاتی ہے:

اے جی پی لمیٹڈ

اطلاع برائے ۹واں سالانہ اجلاسِ عام

بذریعہ ہٰذا اطلاع دی جاتی ہے کہ اے جی پی لمیٹڈ (کمپنی) کے شیئر ہولڈرز کا ۹واں سالانہ اجلاسِ عام (اجلاس) بروز بدھ، ۱۹ اپریل ۲۰۲۳ء کو صبح ۱۱ بجے بمقام راماداکراچی کریک، ذوالفقار اسٹریٹ ڈی ایچ اے فیز ۸، کراچی بذریعہ بصورت حاضری اور وڈیولنک فیسیلیٹی منعقد ہو رہا ہے جس میں درج ذیل کارروائی عمل میں لائی جائے گی:

عمومی کارروائی:

۱۔ ۲۸ جولائی ۲۰۲۲ کو منعقدہ چوتھے غیر معمولی اجلاسِ عام کی کارروائی کی توثیق کرنا۔

۲۔ ۳۱ دسمبر ۲۰۲۲ء 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 ۲۰۲۳ 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 روپے (یعنی ۲۰٪) 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

بتاریخ: ۲۸ مارچ ۲۰۲۳

بحکم بورڈ

عمیر مختار

کمپنی سیکریٹری

نوٹس:

۱۔ شیئر منتقلی کے کھاتوں کی بندش

کمپنی کے شیئر ٹرانسفر رجسٹرز ۱۲ اپریل ۲۰۲۳ تا ۱۹ اپریل ۲۰۲۳ (بشمول دونوں یوم) بند رہیں گے۔ ۱۱ اپریل ۲۰۲۳ء 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۔ ۷۴۴۰۰ کو موصول ہونے والی منتقلیاں، انتقال الیہ کو حتمی نقد منافع منقسمہ کی ادائیگی اور اجلاس میں شرکت اور ووٹنگ کے لیے بروقت تصور کی جائیں گی۔

۲۔ نمائندے کی تقرری

اجلاس میں شرکت اور ووٹ دینے کا اہل کمپنی کا 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 www.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 بطور ایک باقاعدہ جزو یقینی بنائیں۔

اسی مناسبت سے، SECP کی ہدایات کی تعمیل میں، کمپنی اپنے شیئر ہولڈرز کو وڈیو 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، وڈیو 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 ۱۷ اپریل ۲۰۲۳ 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 ۱۷ اپریل ۲۰۲۲ کو کاروباری اوقات کے اختتام تک بھیج دیں۔

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 ۲۰۲۲ اپنے شیئر ہولڈرز کو سی ڈی کی شکل میں بھیج دی ہے۔ مزید برآں، اجلاس کا نوٹس اور سالانہ رپورٹ ۲۰۲۲ کمپنی کی آفیشل ویب سائٹ پر اپ لوڈ کی جائے گی اور اسے PUCAR پر پوسٹ کیا جائے گا۔

سالانہ رپورٹ ۲۰۲۲ 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 ۲۰۲۲ 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 ۲۰۲۲ کا مکمل سیٹ درج ذیل سے بھی ڈاؤن لوڈ کیا جا سکتا ہے۔

Pattern of Shareholding

As of December 31, 2022

# Of Shareholders	Shareholdings' Slab			Total Shares Held
560	1	to	100	24,061
1289	101	to	500	563,055
618	501	to	1,000	573,862
548	1001	to	5,000	1,348,743
114	5001	to	10,000	886,377
36	10,001	to	15,000	454,139
13	15,001	to	20,000	232,836
15	20,001	to	25,000	339,439
13	25001	to	30,000	357,543
6	30001	to	35,000	197,501
7	35001	to	40,000	265,850
3	40001	to	45,000	130,014
5	45001	to	50,000	245,100
1	50001	to	55,000	55,000
1	55001	to	60,000	57,803
4	60001	to	65,000	248,734
3	65001	to	70,000	206,500
4	70001	to	75,000	288,733
2	75001	to	80,000	156,523
1	80001	to	85,000	83,697
4	85001	to	90,000	346,724
2	110001	to	115,000	222,444
1	125001	to	130,000	130,000
1	130001	to	135,000	131,343
1	135001	to	140,000	137,000
3	150001	to	155,000	456,611
1	155001	to	160,000	160,000
1	165001	to	170,000	169,000
1	185001	to	190,000	187,200
1	210001	to	215,000	211,000
2	275001	to	280000	553,723
1	280001	to	285,000	284,585
1	295001	to	300,000	298,284
1	325001	to	330,000	330,000
1	330001	to	335,000	331,800
1	430001	to	435,000	430,653
1	540001	to	545,000	544,034
1	595001	to	600,000	600,000
1	985001	to	990,000	988,843
1	2875001	to	2,880,000	2,876,504
1	3105001	to	3,110,000	3,109,987
1	3355001	to	3,360,000	3,359,200
1	5505001	to	5,510,000	5,506,700
1	6795001	to	6,800,000	6,795,500
1	10755001	to	10,760,000	10,758,361
1	13395001	to	13,400,000	13,400,000
1	26790001	to	26,795,000	26,794,560
1	37915001	to	37,920,000	37,920,000
1	156250001	to	156,255,000	156,250,434
3,279				**280,000,000**

Pattern of Shareholding Report

As of December 31, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
TARIQ MOINUDDIN KHAN	1	600,000	0.21
NAVED A. KHAN	1	1	0.00
ZAFAR IQBAL SOBANI	1	500	0.00
NUSRAT MUNSHI	1	1	0.00
KAMRAN NISHAT	1	1	0.00
MAHMUD YAR HIRAJ	1	1	0.00
MUHAMMAD KAMRAN MIRZA	1	30,500	0.01
FAIZA KAMRAN	1	5,000	0.00
Associated Companies, undertakings and related parties			
AITKENSTUART PAKISTAN (PRIVATE) LIMITED	1	156,250,434	55.80
ASPIN PHARMA (PVT.) LIMITED	1	13,400,000	4.79
MULLER & PHIPPS (PAKISTAN) (PRIVATE) LIMITED	1	37,920,000	13.54
HAREEM JUNAID	1	500	0.00
JUNAID	1	1,000	0.00
Public Sector Companies and Corporations	NIL	-	-
Banks, Development Finance Institutions, Non-banking Finance Institutions, Insurance Companies, takaful, modarabas and pension funds	7	10,508,335	3.75
Mutual Funds and Modarbas			
First UDL Modaraba	1	20,000	0.01
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	988,843	0.35
CDC - TRUSTEE JS LARGE CAP. FUND	1	71,800	0.03
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	277,923	0.10
CDC - TRUSTEE MEEZAN BALANCED FUND	1	500	0.00
CDC - TRUSTEE JS ISLAMIC FUND	1	85,099	0.03
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	130,000	0.05
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	21,376	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	111,444	0.04
B.R.R. GUARDIAN MODARABA	1	26,100	0.01
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	113	0.00
CDC - TRUSTEE NBP STOCK FUND	1	298,284	0.11
CDC - TRUSTEE NBP BALANCED FUND	1	37,500	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	85,865	0.03
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	69,000	0.02
MC FSL - TRUSTEE JS GROWTH FUND	1	430,653	0.15
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	37,600	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	76,523	0.03
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	34,861	0.01
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	73,500	0.03
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	33,000	0.01
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	194	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	284,585	0.10
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	4,900	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	169,000	0.06
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	17,500	0.01
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	1	3,116	0.00
General Public			
a. Local	3,073	6,409,063	2.29
b. Foreign	100	120,310	0.04
Foreign Companies	3	8,768,091	3.13
OTHERS	56	42,596,984	15.21
Totals	**3,279**	**280,000,000**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Aitkenstuart Pakistan (Private) Limited	156,250,434	55.80
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

No shares were traded by Executives during the year

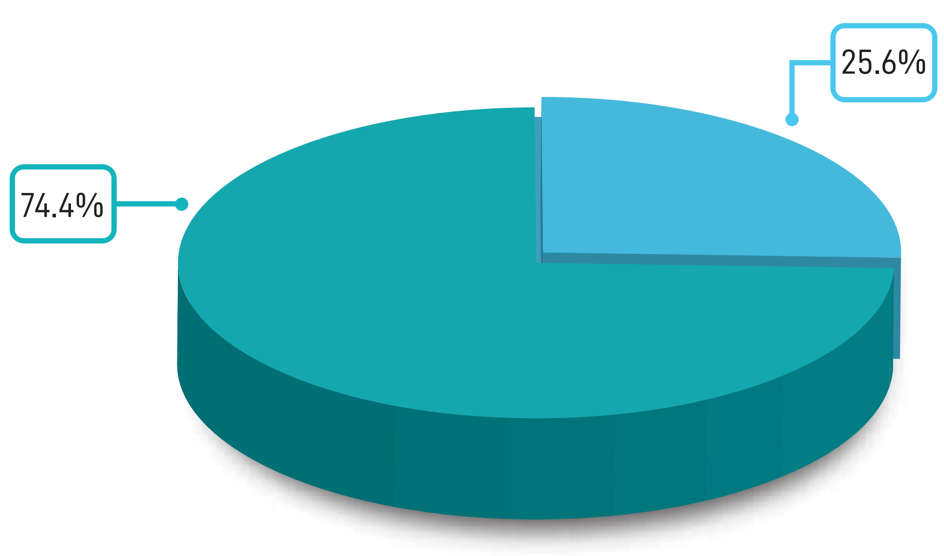
Executive means the CEO, Chief Operating Officer, CFO, HOIA, Company Secretary and employees of the Company whose annual basic salary exceeds the threshold of PKR 5 million as determined by Board of Directors

Free Float of Shares

Free Float Shares of the Company are 71,792,061 i.e. (25.6%) out of the total 280,000,000 Shares of the Company as at 31 December 2022.

Free Float of shares	25.6
Non - Free Float	74.4

Free Float Shares as at 31 December, 2022



FORM OF PROXY

AGP Limited

NINTH 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 19, 2023 11.00 A.M. at Ramada Karachi Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, through in-person and video link facility to transact the following business.

As witness my/our hand(s) this _____ day of _______________ 2023

Ten Rupees Revenue Stamps

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

۹واں سالانہ اجلاسِ عام

میں / ہم ....ساکن..، بحیثیت اے جی پی کے ایک ممبر، ....عدد
عام شیئرز کا/ کے مالک، بذریعہ ہذا 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،
۱۹ اپریل ۲۰۲۳ کو صبح ۱۱ بجے رامادا کراچی کریک ، ذوالفقار اسٹریٹ ۱، ڈی ایچ اے فیز ۸، کراچی میں منعقدہ سالانہ اجلاس میں ووٹ دینے کے لیے نامزد کرنا چاہتا
ہوں / چاہتے ہیں۔

آج بروز..بتاریخ..۲۰۲۳ میری / ہماری طرف سے بدست خود دستخط کیے گئے۔

دس روپے کی ریوینیو اسٹیمپ

درج ذیل گواہان کی موجودگی میں دستخط کیے گئے۔

گواہان

۱۔ دستخط..	۲۔ دستخط..
نام..	نام..
پتا..	پتا..
....	....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر..	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر..

شیئر ہولڈر کا نام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر..

شیئر ہولڈر کے دستخط..

نوٹس:

۱۔ ممبران سے درخواست ہے کہ:

(i) 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 ڈی اکاؤنٹ تحریر کریں۔

۲۔ نمائندگی کے موثر ہونے کے لیے ضروری ہے کہ نمائندگی نامہ اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹرار، سنٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو 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 ردوبدل کی صورت میں دستخط کنندہ اپنے مختصر دستخط ثبت کرے۔

مندرجہ بالا کے علاوہ، سی ڈی سی اکاؤنٹ ہولڈرز / کاروباری اداروں کے لیے 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 نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ اور دستخط کا نمونہ ساتھ شیئر رجسٹرارز کے پاس جمع کرانا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی فراہم 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 and 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 hard form instead 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

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	AGP Limited
Name of Shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No. (for individual shareholders) /	
NTN (for corporate shareholders)	
(please attach a photocopy)	
Passport No. (for foreign shareholders)	
Cell Number & 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

ANNEXURES

FRAMEWORK FOR ANNUAL REPORTING

BEST CORPORATE REPORT AWARDS 2022

1	"ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	Pg No.
1.01	Principal business activities and markets (local and international) including keybrands, products and services.	11-12, 26-28
1.02	Geographical location and address of all business units including sales units and plants.	6, 33
1.03	Mission, vision, code of conduct, culture, ethics and values.	3-4, 7-8
1.04	Ownership, operating structure and relationship with group companies (i.e.subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	15, 191
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 throughsimple 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).	67
1.07	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).	69
1.08	Significant factors effecting the external environment and the associated organization's response. Also describe the effect of seasonality on business in terms of production and sales.(External environment includes commercial, political, economic, social, technological, environmental and legal environment).	19-20, 25
1.09	The legitimate needs, interests of key stakeholders and industry trends.	110-111, 116
1.10	SWOT Analysis of the company.	21-22
1.11	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	23-24
1.12	The legislative and regulatory environment in which the organization operates.	25
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	19, 73
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1.16	Details of significant events occurred during the year and after the reporting period.	2

2	STRATEGY AND RESOURCE ALLOCATION	Pg No.
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2.02	Strategies in place or intended to be implemented to achieve the strategic objectives.	71-74
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); human capital; social and relationship capital; and natural capital."	71-74
2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	71-74
2.05	Value created by the business, and for whom, using these resources and capabilities.	71-74
2.06	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.	71-74
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2.08	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.	71-74
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3.04	The initiatives taken by the company in promoting and enabling innovation.	113-114, 145-146
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	77-83
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3.07	Board's efforts for determining the Company's level of risk tolerance by establishing risk management policies.	77

3.08	Statement from the board 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 and solvency or liquidity.	120
3.09	Strategy to overcome liquidity problem and the Company's plan to manage its repayment of debts and meet operational losses.	75
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	77

4	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	Pg No.
4.01	Highlights of the Company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices including: environment related obligation applicable on the Company; Company progress towards environmental, social and & governance initiatives during the year; and Company's responsibility towards the staff, health & safety.	59-66
4.02	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	N/A
4.03	Certifications acquired and international standards adopted for best sustainability and CSR practices.	57-58

5	GOVERNANCE	Pg No.
5.01	Board composition: Leadership structure of those charged with governance; Name of independent directors indicating justification for their independence; Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc; No. of companies in which the executive director of the reporting organization is serving as non-executive director.	86-92, 141-144
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	93-94
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	99-109
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	108, 122
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	108, 122
5.06	Details of formal orientation courses for directors.	109
5.07	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.	108
5.08	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	108
5.09	a) Approved policy for related party transactions.	104, 231

5.09	b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) 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. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board."	104, 231
5.10	"Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Providing reasonable opportunity to the shareholder for participation in the AGM."	99-109
5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	113-114
5.12	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	16
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	141-142
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5.15	Shares held by Sponsors / Directors / Executives.	108
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	105-107
5.17	"Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks	N/A

5.17	(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)."	N/A
5.18	"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 qualified 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 Auditor's 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. h) The Audit 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. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year."	137-139
5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	109
5.20	"Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties."	113-114
5.21	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.	109
5.22	Chairman's significant commitments and any changes thereto.	100-101
5.23	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	116-124
5.24	How the organization's implemented governance practices have been exceeding legal requirements.	329-330

6	ANALYSIS OF THE FINANCIAL INFORMATION	Pg No.
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; (b) Performance against targets /budget; and (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.	147-148
6.02	Analysis of financial ratios (Annexure I) (this includes marks of ratios for Shariah compliant companies and companies listed on Islamic indices)	149, 160, 162-163
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	164, 166, 168-169
6.04	Graphical presentation of 6.02 and 6.03 above.	151-161, 165, 167, 170
6.05	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 in 6.02 and 6.03 above.	N/A
6.06	Any significant change in accounting policies, judgements, estimates and assumptions with rationale.	Note 4 of FS
6.07	Information about defaults in payment of any debts and reasons thereof period.	77
6.08	Methods and assumptions used in compiling the indicators.	150
6.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	171
6.10	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	237
6.11	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning . b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations	177-178
6.12	Brief description and reasons: a) for not declaring dividend despite earning profits and future prospects of dividend. b) where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	N/A

6.13	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	179

7	DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY	Pg No.
7.1	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	113-114
7.2	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	113-114, 102
7.3	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	113-114
7.4	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	113-114
7.5	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	113-114
7.6	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	113-114
7.7	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	113-114
7.8	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	113-114
7.9	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	113-114

8	Future Outlook	Pg No.
8.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	145-146
8.02	Explanation of the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	19-20
8.03	Explanation as to how the performance of the company meets the forward looking disclosures made in the previous year.	145-146
8.04	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	145-146
8.05	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	145-146
8.06	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	145-146

9	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT	Pg No.
9.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	110-112
9.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	110-112
9.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	108
9.04	Investors' Relations section on the corporate website.	103
9.05	Issues raised in the last AGM, decisions taken and their implementation status.	108-109
9.06	"Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	115
9.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	112
9.08	Highlights about redressal of investors' complaints.	112

10	BUSINESS MODEL	Pg No.
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework (IR Framework).	67-68

11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	Pg No.
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	1
11.02	Adoption of IR Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' in the IR Framework.	1
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	319-328
11.04	Disclosures beyond BCR criteria (The participating organization to send the list of additional disclosures to BCR Committee).	329-330

12	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	Pg No.
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	327
12.02	Shariah compliant companies/ companies listed on the Islamic Indices (Annexure III).	328

13	ASSESSMENT BASED ON QUALITATIVE FACTORS	Pg No.
13.01	Please refer (Annexure IV).	N/A

14	INDUSTRY SPECIFIC DISCLOSURES (IF APPLICABLE)	Pg No.
a	Disclosures required for Banking Company (Annexure V).	N/A
b	Disclosures required for Insurance Company (Annexure VI).	N/A
c	Disclosures required for Exploration and Production (E&P) Company (Annexure VII)	N/A

12.01 Specific Disclosures of the Financial Statements as required by BCR Criteria

		Pg No.
1	Fair value of Property, Plant and Equipment.	N/A
2	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	219-220
3	Particulars of significant/ material assets and immovable property including location and area of land.	210
4	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).	238
5	Disclosure of product wise data mentioning, product revenue, profit etc.	N/A
6	Capacity of an industrial unit, actual production and the reasons for shortfall .	230
7	Disclosure of discounts on revenue.	225
8	Sector wise analysis of deposits and advances.	217
9	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
10	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP. Summary of significant transactions and events that have affected the company's financial position and performance during the year.	191
11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
12	Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.).	311-312
13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding.	313
14	Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	217
15	Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	N/A
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.	224
18	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	N/A
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	229
20	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	N/A
21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	N/A
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	N/A
23	prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
24	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
25	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	207
26	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	207-208

12.02 Specific Disclosures required for Shariah Compliant Companies and the Companies Listed on the Islamic Indices

Following disclosures are required under clause 10 of the Fourth Schedule of the Companies Act, 2017 for Sharia complaint companies and the companies listed on Islamic index

		Pg No.
1	Loans/advances obtained as per Islamic mode	N/A
2	Shariah compliant bank deposits/bank balances	219
3	Profit earned from shariah compliant bank deposits/bank balances	219
4	Revenue earned from a shariah compliant business segment	225

5	Gain/loss or dividend earned from shariah compliant investments	N/A
6	Exchange gain earned from actual currency	228
7	Mark up paid on Islamic mode of financing	219
8	Relationship with shariah compliant banks	N/A
9	Profits earned or interest paid on any conventional loan or advance.	219

DISCLOSURES BEYOND BCR CRITERIA

		Pg No.
1	MD & CEO's Message	95-98
2	Contribution to National Exchequer	68
3	Director's Report in Urdu	125-136
4	Reporting on differently abled people employed by the company	43
5	Ratios beyond BCR Criteria	149
6	OBS AGP (subsidiary) highlights	51-52
7	OBS AGP (subsidiary) CEO's message	54
8	Free float of shares	313
9	Credit rating	75

HOW THE ORGANIZATION'S IMPLEMENTED GOVERNANCE PRACTICES HAVE BEEN EXCEEDING LEGAL REQUIREMENTS

Subject	Statutory requirement	Company Conduct
Executive Directors	Not more than one-third	The Company has only 1 executive director out of 7 Board members to promote transparency and drive benefit from independent and external view
Board Committees	Board Audit Committee and Human Resource and Remuneration Committee are mandatory for listed companies	The Board has formed an additional Committee, Board Strategy Committee to review and provide guidance on strategic financial proposals and transactions.
Meeting of Board of Directors	Once a quarter	5 meetings were held to consider matters of strategic importance in addition to 4 meetings held to consider financial results
Meeting of Board of Human Resource and Remuneration Committee	Once a year	In total, 3 meetings were held to structure and align human resource capital as per strategic vision of the Company
Audit committee meeting with the external auditors	Once a year	The Committee met external auditors at year end meeting. In addition, the Chairman of the Audit Committee on behalf of the Committee met external auditors at the start of the audit to discuss significant matters and points from the last year audit.
Analyst briefing	Once a year	2 analyst briefings were held during the year

AGP Limited B-23-C, S.I.T.E.,
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