



PROMISING A HEALTHIER TOMORROW



ANNUAL REPORT
2020



Welcome.

Since its inception in 1989, AGP's sustainable growth has enabled the community to have greater access towards quality healthcare and wellbeing. In this Annual Report, we have incorporated our progress, strategic outlook and the foundations we have laid for

...Promising A Healthier Tomorrow

COVER STORY

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Promising Trust

With a legacy of 32 years, our high quality medicines have enabled the masses to place utmost trust and faith in our capabilities. Through this confidence, we wish to continue enhancing everyone's quality of life today and for generations to come.



COMPANY
OVERVIEW

Striving for Excellence in Corporate Reporting

Overview

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

Statement of Adherence with International Integrated Reporting Framework

This integrated annual report provides an overview of sustainable value created by AGP over time. It provides insight of the Company's strategy, and its ability to create value in the short, medium and long term, and to its effective use of capitals 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 also provide insight into the future prospects & outlook.

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

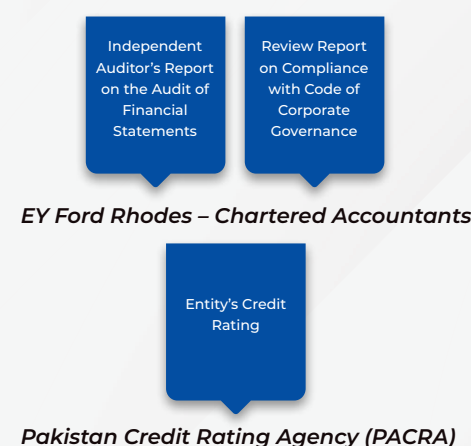
- ◆ Organizational overview and external environment
- ◆ Governance
- ◆ Business model
- ◆ Risks and opportunities
- ◆ Strategy and resource allocation
- ◆ Performance
- ◆ Outlook
- ◆ Basis of preparation and presentation

Reporting Period

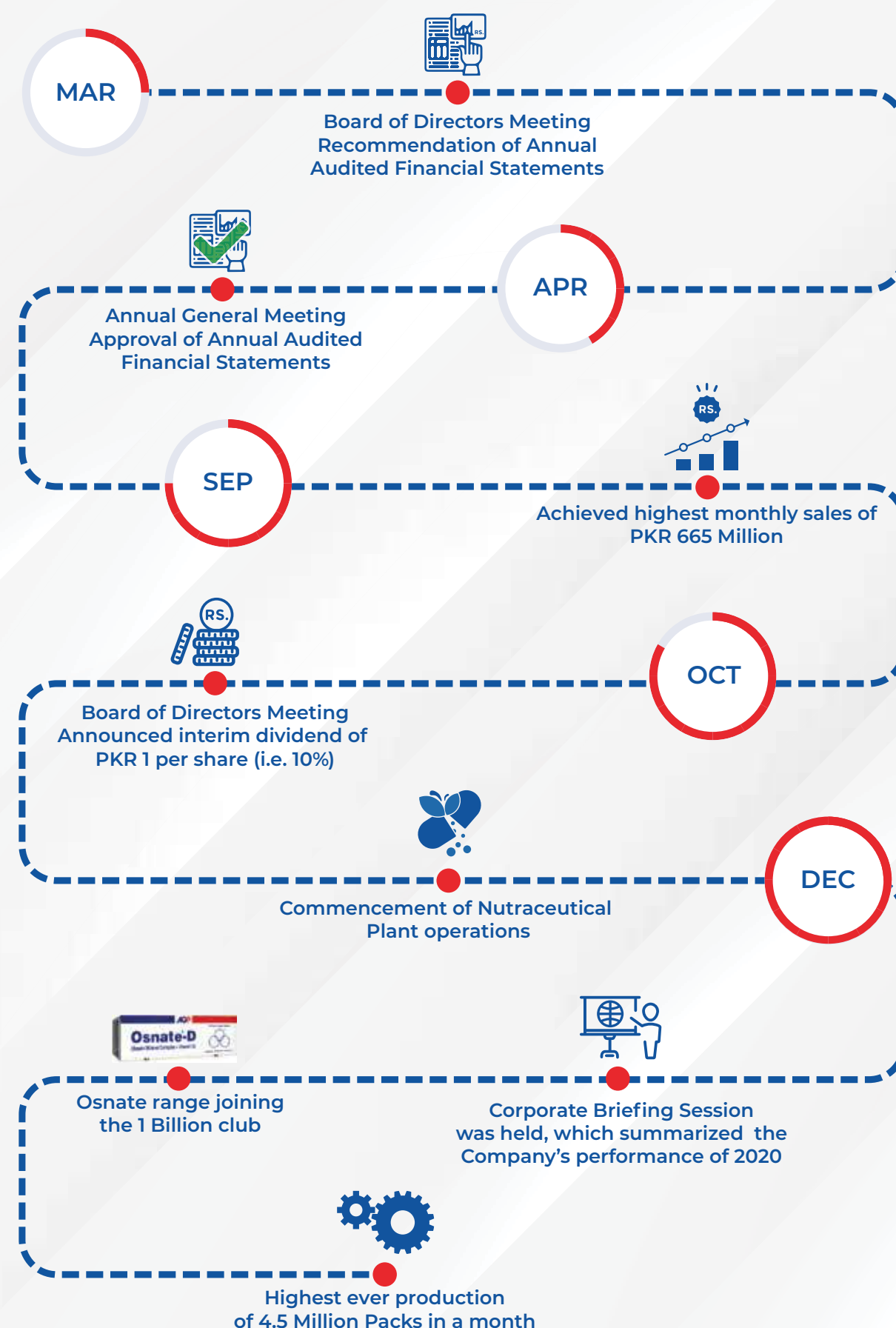
This Annual Report covers the reporting period from January 1, 2020 to December 31, 2020. The Company views corporate reporting as a means of communicating with its stakeholders and providing an insight into the Company's governance, strategy, performance and future prospects.

External Assurance

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



Our Significant Events



VISION

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

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

MISSION

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

Company Information

Board of Directors

Mr. Tariq Moinuddin Khan
Ms. Nusrat Munshi
Mr. Zafar Iqbal Sobani
Mr. Naved Abid Khan
Mr. Kamran Nishat
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Chairman
Managing Director & Chief Executive Officer
Independent Director
Independent Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Audit Committee

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

Chairman
Member
Member
Member

Human Resource and Remuneration Committee

Mr. Naved Abid Khan
Ms. Nusrat Munshi
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Chairman
Member
Member
Member

Strategy Committee

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

Chairman
Member
Member
Member

Chief Financial Officer

Mr. Junaid Aslam

Company Secretary

Mr. Umair Mukhtar

Head of Internal Audit

Mr. Shahzaib Tariq

Legal Advisors

Sattar & Sattar

Bankers

Allied Bank Limited
Dubai Islamic Bank
Faysal Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Bank Limited

Registered Office and Plant-I

B-23-C, S.I.T.E., Karachi

Plant-II

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

Website

www.agp.com.pk

Auditors

EY Ford Rhodes
Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Meezan Bank Limited
The Bank of Punjab
United Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Bank Al Habib Limited

Tel.: +9221 111-247-247
Fax: +9221 32570678

Plant-III

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

Email

info@agp.com.pk



Code of Conduct

COMPANY'S RESPONSIBILITIES

- ◆ AGP provides equal employment opportunities for all
- ◆ Company ensures prompt actions to recall the product in case they don't meet quality standard
- ◆ We do not support any political parties or provide them or their supporters any funding
- ◆ AGP works towards ensuring the protection of the private information of our employees
- ◆ AGP ensures to operate with environmentally sound practices, safeguarding the use of the material



BUSINESS PRINCIPLES

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



EMPLOYEE RESPONSIBILITIES

- ◆ All employees must abide by the copyright rules of the company
- ◆ No agreement with third parties without compliance with principles set by the organization
- ◆ Every employee must protect and use the assets of the company with care
- ◆ Employees are not allowed personal activities and financial interests outside Company that is not in the interest of the Company
- ◆ 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
- ◆ Providing business and financial records are necessary



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 Company's 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



Our Core Values

ETHICS & INTEGRITY



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

DEVELOPING OUR PEOPLE



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

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.

ENTREPRENEURIAL THINKING



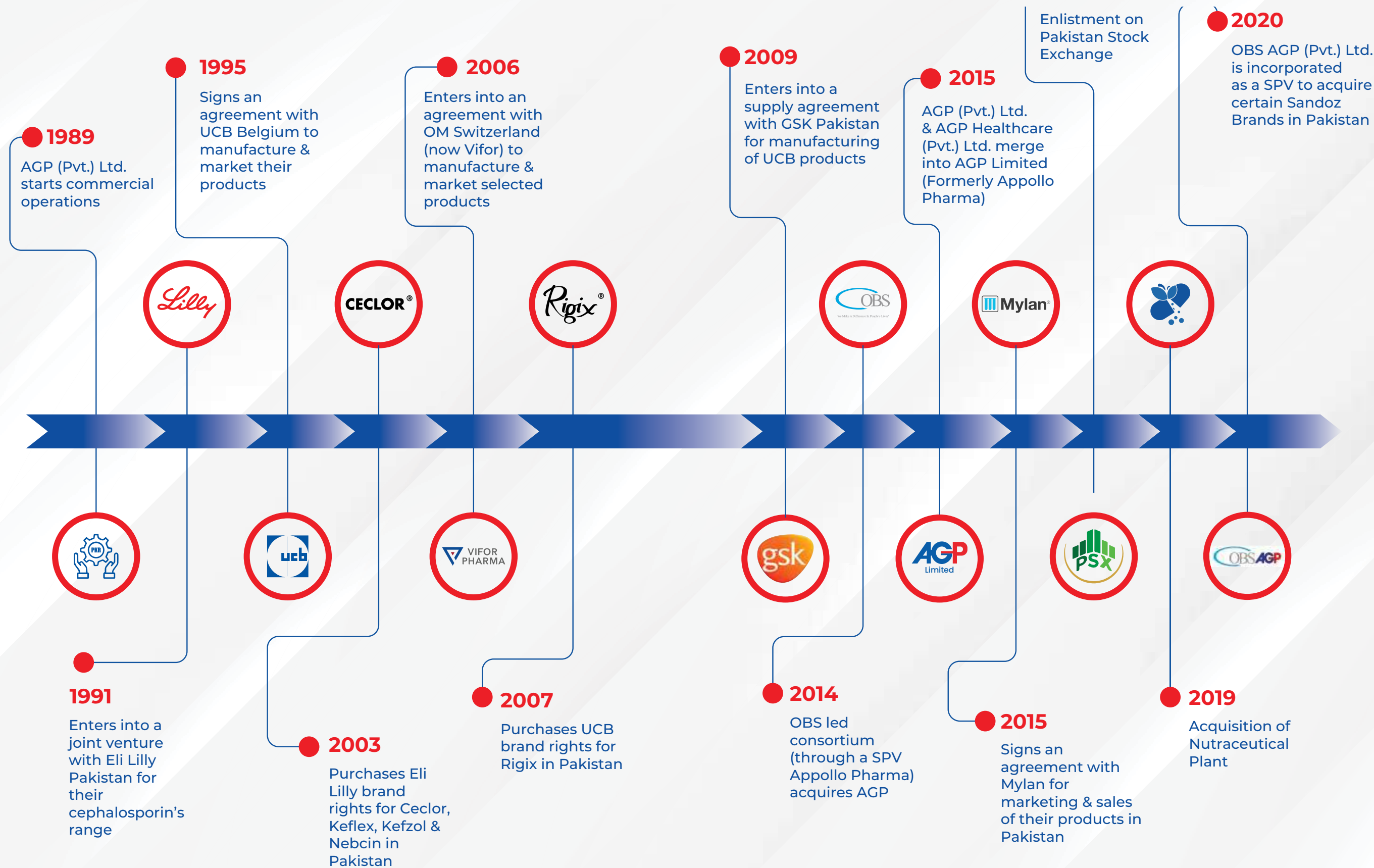
We all focus on delivering results and look to create new business opportunities.

INNOVATION



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

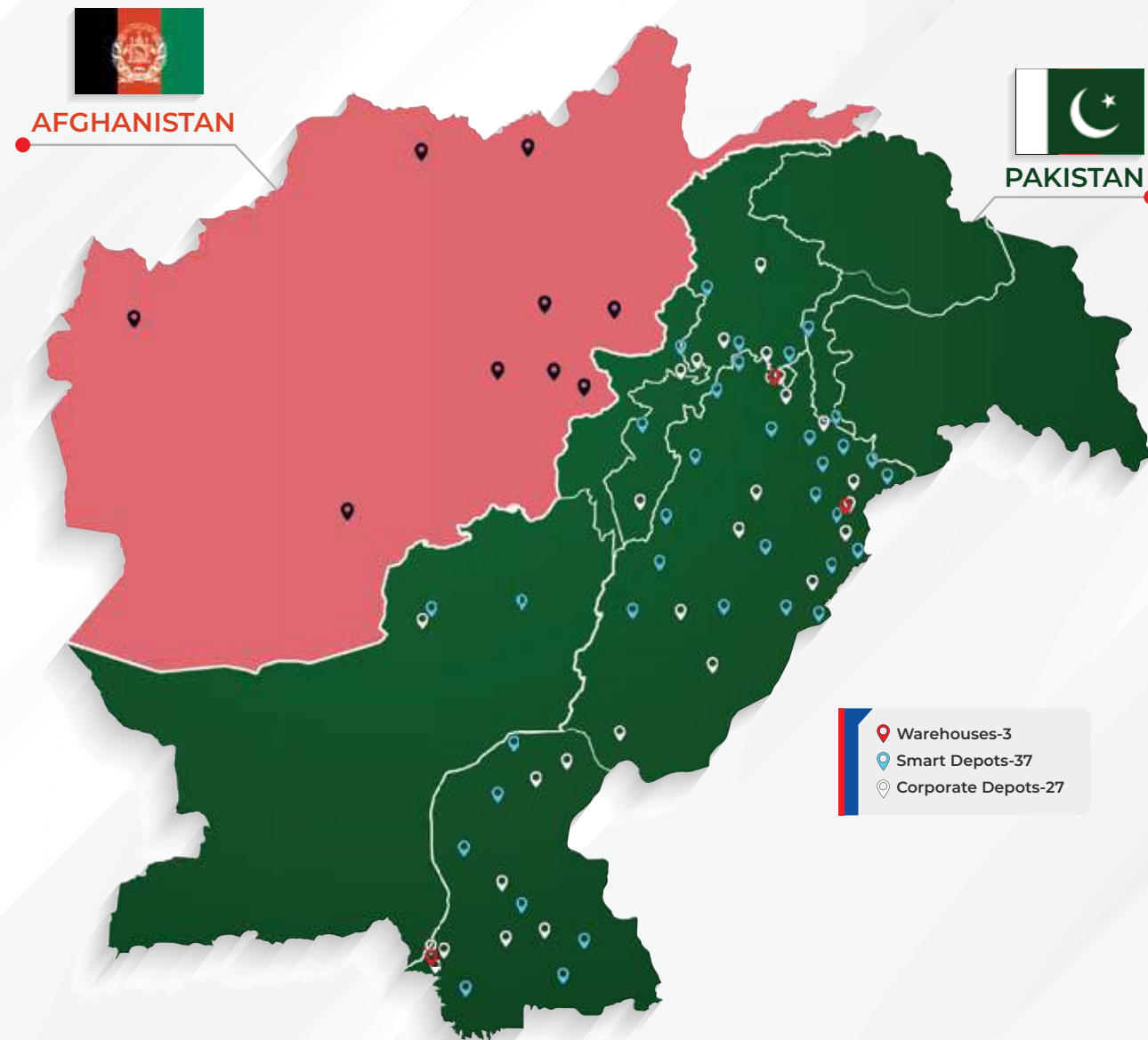
Our Journey



Our Presence

AGP distributes its products locally through Muller & Phipps Pakistan (Pvt.) Ltd. (M&P), which is the largest pharmaceutical distributor in Pakistan. M&P currently have 64 depots nationwide with 900+ owned vans and 12 stockists.

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



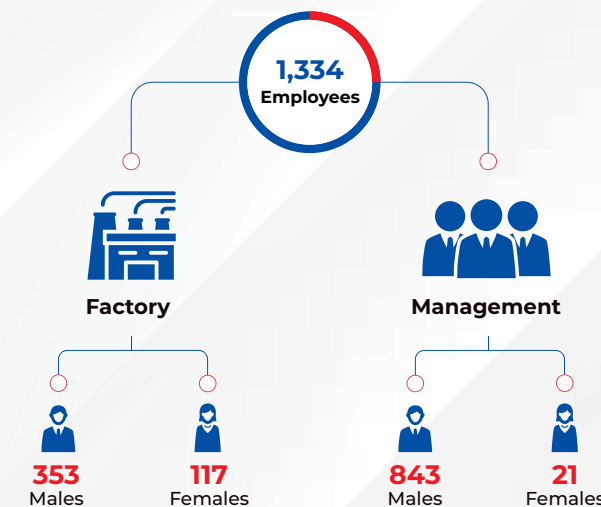
Our Impact Today

Principle Activities

AGP is a pharmaceutical Company which is primarily involved in manufacturing and marketing products under licensing arrangements with other companies along with manufacturing and marketing its own brands.

Number of Employees

AGP has 1,334 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 39.1 of the financial statements.

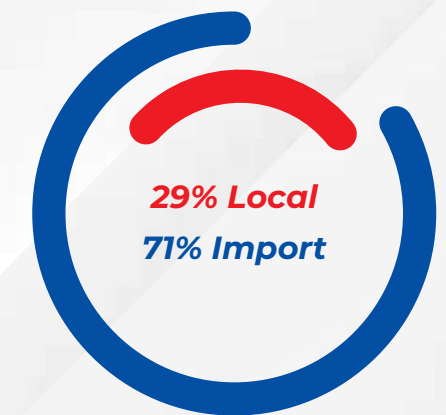


Position Within the Value Chain

The detailed illustration of value creation business model on page 46 portraying Company's activities to create value for its stakeholders, by employing its capitals and performing key business activities.

Composition of Local & Imported Materials

The Company procures raw material from imported and local sources. The composition of local versus imported materials during the year ended December 31, 2020 is shown below:



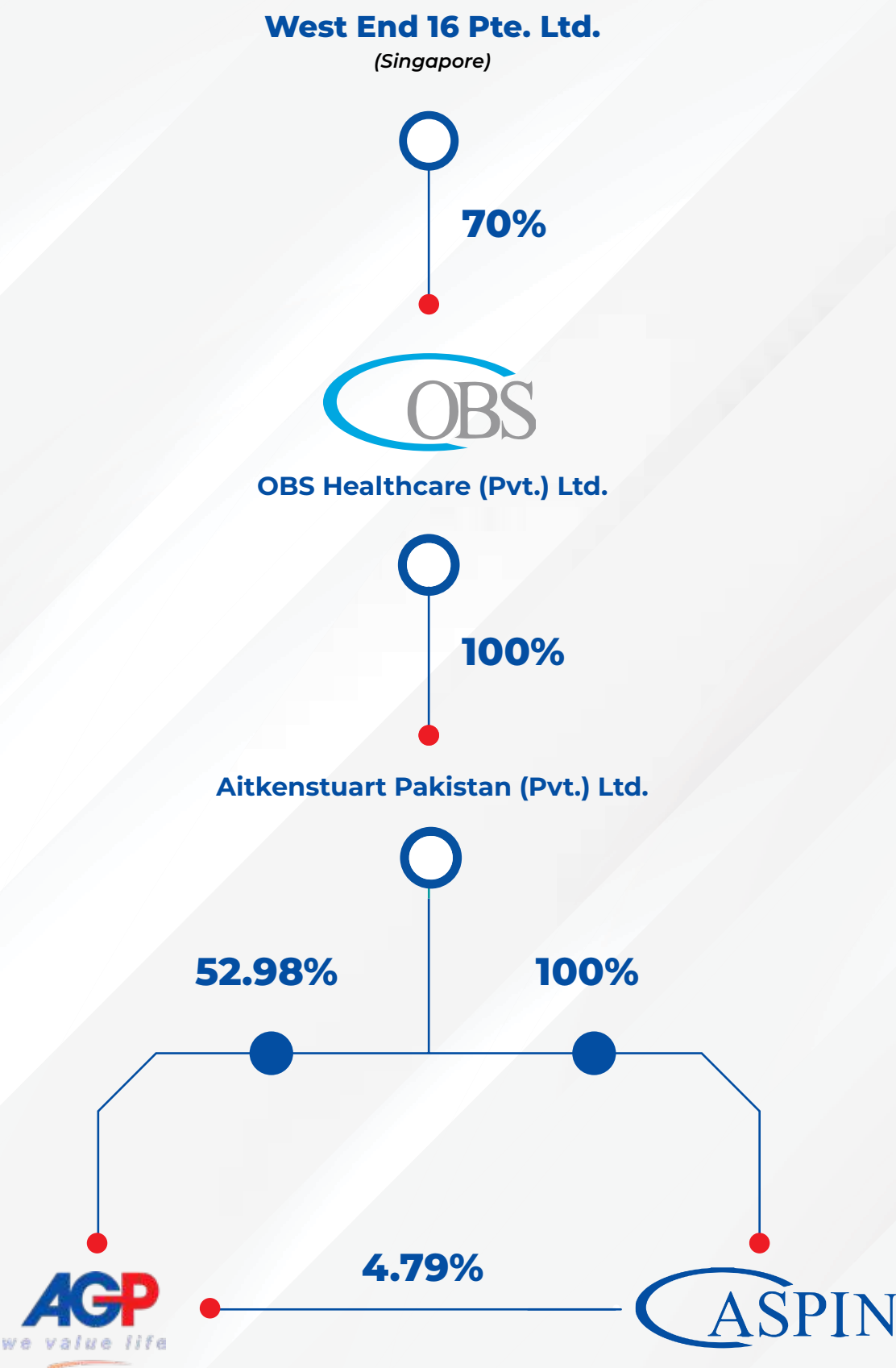
Foreign Currency Sensitivity Analysis

Based on the Company's results in 2020, every 1% increase in exchange rate, with all other variables held constant, will impact Profit Before Tax by PKR 15.1 Million.

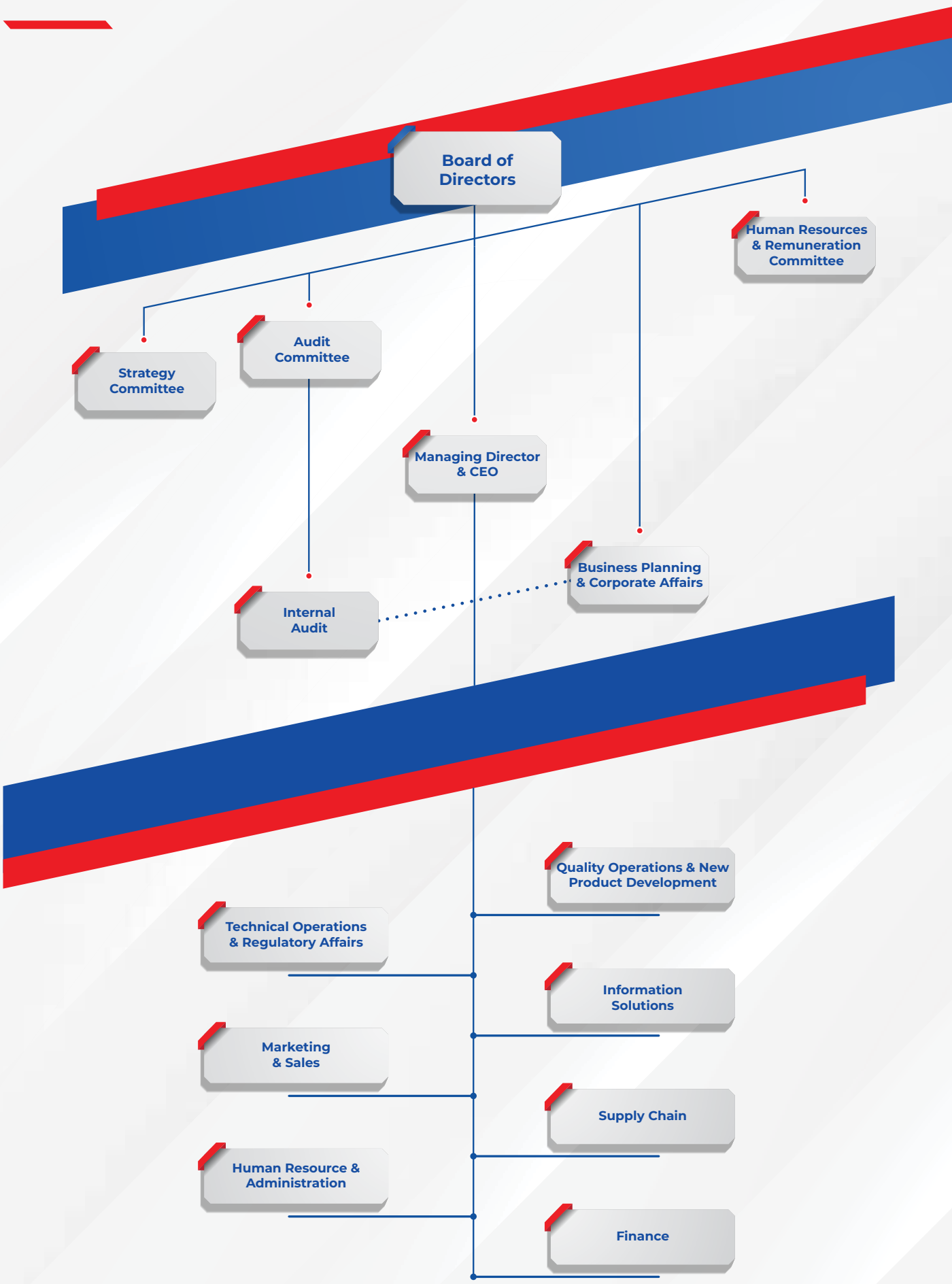
Significant Changes from Prior Years

Significant changes from 2019, have been appropriately disclosed in the relevant section in this report.

Group Structure

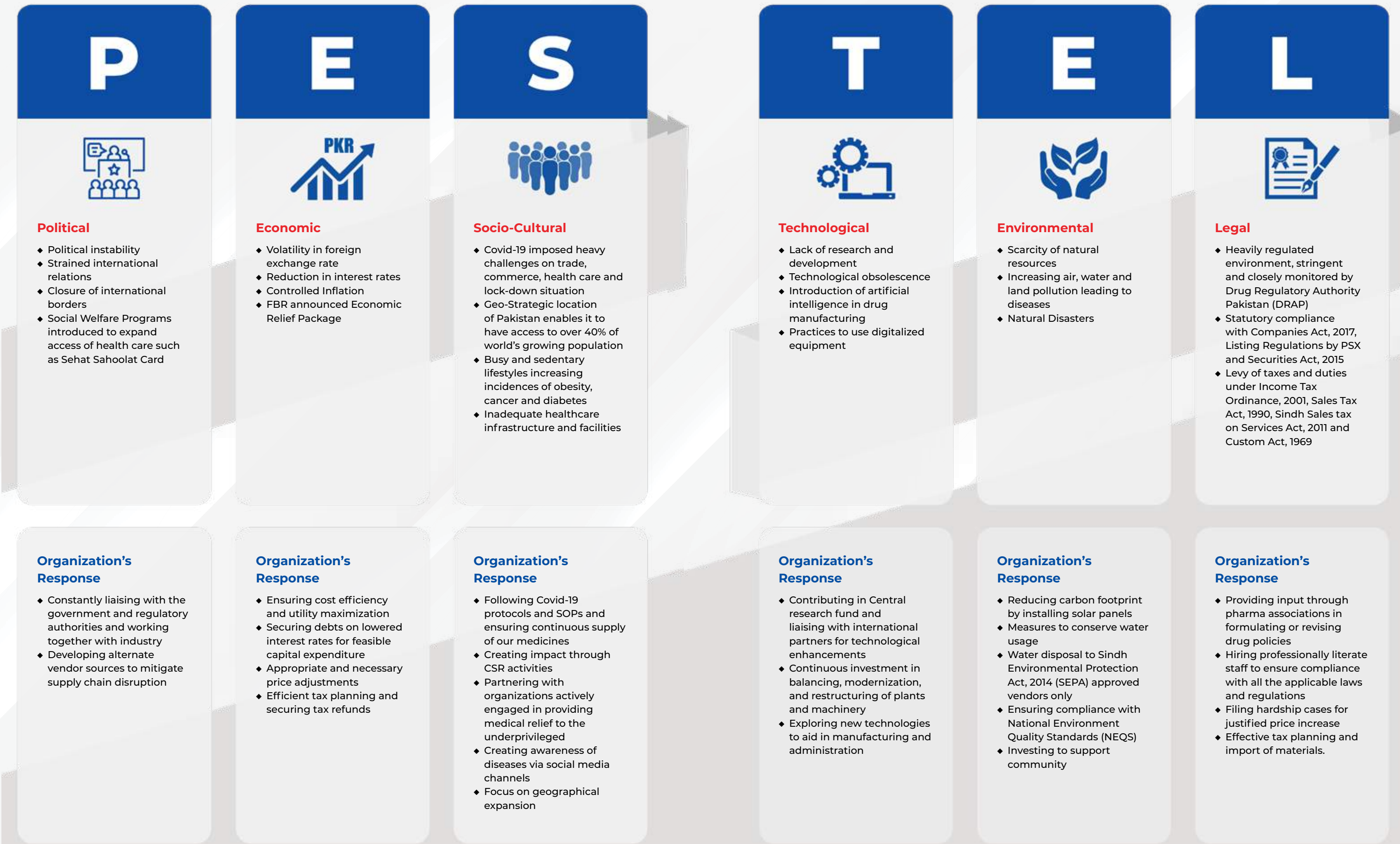


Organizational Structure



PESTEL Analysis

Significant Factors Affecting the External Environment and the Organization's Response



Competitive Landscape and Market Positioning

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

Threat of New Competition

Pharmaceutical industry operates in highly regulated and price controlled environment. High initial setup cost of manufacturing facilities along with quality and standardization requirements coupled with the lengthy and cumbersome registration and approval process, creates barriers for the new entrants.

Over a period of more than 32 years, AGP Limited has developed efficient production environment and effective quality management system. The Company is equipped with best human resources and enjoys the benefits of economies of scale. With the help of its reputable brands, AGP has marked its presence in major therapeutic classes.

Threat of Substitutes

With robust sales force of the Company and partnership with Muller & Phipps (M&P), the largest distribution house in Pakistan, AGP has ensured that its products are easily accessible to the general public and available all across Pakistan. Over the years, we have developed a strong corporate image and reputation of being a compliant entity. Owing to the quality of our products, we have been able to build strong loyalty amongst our customers.

Counterfeit products in the Pakistani pharmaceutical market are reported to be on a much higher side and act as an active substitute for the industry itself. In order to lessen these threats, the Company undertook multiple initiatives to combat menace of the high

prevalence of counterfeits in the Pakistani market by introducing 2D bar codes on the products manufactured at AGP and incorporating unique design elements into the packaging of core brands.

Bargaining power of Buyers

The portfolio of the Company mainly comprises of prescription based medicines. Accordingly, there is relatively low bargaining power of consumers due to the inherent nature of our products being prescription-based. AGP has always been keen to increase its brand loyalty by ensuring that our consumers have access to safe, effective and quality products that are manufactured, stored and marketed in accordance with the international standards. Due to quality and efficacy, the recognition of our brands are highly regarded and recommended by number of Key Opinion Leaders.

Bargaining Power of Suppliers

Absence of locally produced high quality active pharmaceutical ingredients, stringent quality criteria, high supplier switching cost and geopolitical restraints lead to limited raw material vendor sources. Taking this challenge, AGP has developed alternate vendor sources where required, to mitigate the supply chain disruptions and lessen the bargaining power of suppliers.

For packing materials, glass bottles, cartons etc. local suppliers have little power as the market is highly competitive.

Competition in the Industry

The pharmaceutical industry is majorly dominated by top 6 pharmaceuticals, who collectively owns 35% market share. With increasing per capita health spend, AGP continues to strengthen its footsteps in Pakistan's pharmaceutical industry by remaining focused on serving its customers, strengthening and building stakeholder relationships, expanding and diversifying its product offering and exploring organic and inorganic opportunities for growth.

AGP has been authorized to participate with its parent company, Aitkenstuart Pakistan (Private) Limited through a Special Purpose Vehicle, OBS AGP (Private) Limited, for the purpose of acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand ("brands") that are owned by Sandoz AG, Switzerland. Subject to necessary corporate and regulatory approvals, the said acquisition is likely to increase the market share of the Company along with increase in its revenues and profitability.

Effect of Seasonality

AGP Limited has existence almost in all major therapeutic categories operating in the country and presence all across Pakistan and Afghanistan and, 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. Moreover, the year 2020 was an unusual year due to Covid-19 and accordingly, sales were adversely affected in the second quarter as the pandemic was at its peak during this period.

This impact was managed by proficient resource planning, advanced procurement of imported materials, efficient 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.



Executive Management Team



From Left to Right

Mr. Sajid Qadeer
Head of Supply Chain

Mr. Umair Mukhtar
Head of Business Planning
& Corporate Affairs

Mr. Shahzaib Tariq
Head of Internal Audit

Mr. Junaid Jumani
Director Human Resources
& Administration

Mr. Junaid Aslam
Chief Financial Officer

Ms. Shumaila Amir
Director Plant Operations

Mr. Abdul Sattar
Head of Information Solutions

From Right to Left

Ms. Seema Zohra
Head of Quality Operations

Mr. Tauqir Ahmed
Director Technical Operations

Ms. Nusrat Munshi
Chief Executive Officer
& Managing Director

Mr. Ahmed Iqbal
Director Commercial

Mr. Shakil Ahmed
Director Commercial

Our People, Our Pride



Our Trusted Portfolio

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



INTERNAL MEDICINE

Determined to offer high-quality generic pharmaceuticals to millions of people, our portfolio of Internal Medicine constitutes of treatment options for a number of therapeutic areas, including the gastrointestinal system, respiratory illness, ophthalmic, dental health and pain management. Our flagship brand Rix holds major share of this wide range portfolio whereas few other promising brands are Chymoral Forte, Ceclor tablets and Macushield.

PEDIATRICS

Our focus is to deliver breakthrough innovations that extend and improve the lives of our upcoming generations. We are helping to abolish number of ailments in infants, children, and adolescents through an extended product pipeline in all major therapeutic classes with the promise of a better tomorrow. Osnate D is the leading brand of this segment followed by Ceclor.



GYNAE

Our Gynae portfolio consists of products belonging to rapidly growing & leading therapeutic classes, including Anafortan plus, a market leader in pain management. We are serving Gynae & Orthopedics with a vision to create value in concerned arenas to promise better and healthier lives.



CARDIOMETABOLIC

In our efforts to curb the mortality rate of cardio metabolic diseases, we are offering a complete continuum of care for the management and treatment of diabetes, hypertension and other cardiac ailment. To attain our vision, we have extended our product pipeline to come up with the latest treatment options at all stages of the disease and assist with patient management through early detection and treatment.

HEPATOLOGY

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



ONCOLOGY

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

NUTRACEUTICAL

In our wide range nutraceutical portfolio, we craft a selection of lifestyle products, nutritional supplements and probiotics that work in sync with a healthy diet, proactive support and overall wellness. Every formulation we produce & market is designed to support the body's natural defenses with consciously selected ingredients that help our consumers stay healthy in ever changing world. With our new nutraceutical facility being fully operational from the last year of this year, we are positive to further strengthen and expand our existing product pipeline.



Marketing

In 2020, we focused on enhancing the trust of our key knowledge leaders, health care providers and consumers to make AGP's products the brand of choice. This was made possible by playing a pivotal role in delivering our brand values across the country by various customer education programs and different marketing techniques.



Creating value for our customers and building sustainable customer relationships is at the heart of our marketing strategy. We have ensured progress through our strong distribution channels, distinct marketing capabilities, cutting edge customer relationship services and addition of more health care providers in our circle.

The continuous seamless efforts of our marketers have led us to achieve major sales milestones throughout the year as our leading brand, Osnate made its way to join PKR 1 Billion sales club with our flagship brand Rigix.

Diversifying Through Innovations and Brand Extensions

Continuous innovations in the product portfolio are essential to ensuring a long-term reliable

value chain, allowing businesses to compete in areas other than price and creating a loyal customer base. Staying true to our commitment to deliver sustainable growth, we successfully launched Zapol, a sanitizer prepared as per WHO formula and introduced test kits to detect the presence of Covid-19 antibodies within 15 minutes. We also launched Exotan, a new addition to our hypertension management portfolio, and a new variant in our Rigix's family, Rigix drops.

Utilizing Multi-Channel Marketing

We kick started our digital transformation journey and proactively implemented a digital activation program through which we continued to connect with our customers, healthcare professionals (HCPs) and consumers. Different social media platforms were leveraged including Facebook,

LinkedIn and Whatsapp for conducting awareness sessions by running agile and effective digital marketing campaigns. Digital efforts resulted in higher engagement and improved brand equity.

To address evidence-based clinical performance gaps that impact patient health in the selected disease area, AGP participated to ensure the health care providers are building their capabilities by attending Continuing Medical Education (CME) Programs and Conferences.

As we move ahead in 2021, we are determined to expand and improve our efforts in streamlining our digital capabilities and communication with customers.

Connecting with Customers

In 2020, various customer engagement programs were held across the country to connect with our customers. We sponsored multiple initiatives including, but not limited to, PGF Ladies Amateur Golf Championship, Sindh Cycling Association Event 'Road Race' and First Lady's Breast Cancer

Awareness Event held at Governor House. In addition to this, free diabetes diagnostic and several pain management programs were also held throughout the country to visualize our aim of valuing life.

Improving Systems Through Technological Advancement

In 2020, we continued to accelerate our digital transformation and build our digital capabilities. A dedicated, well-integrated digital portal for our medical representatives called MRep was developed to ensure field force connectivity, real time sales update and improved customer relationship management.

Given the challenging year and strong headwinds we have been able to ensure complete business continuity by conducting virtual meetings and online webinars. Furthermore, we initiated an online service "Dial Clinic" and "Sehat ki Batein" to facilitate our patients with free of cost consultation and health awareness.



Technical Operations

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



Environment, Health and Safety

Our aim is to provide a safe working environment to all our workers and managerial staff. We have stretched ourselves to identify and address gaps from highest to the lowest risk level. We have excelled in machine safety by performing proactive validation studies, which helped in the provision of safe work equipment and plant for the employees.

During the pandemic situation we were making vigorous efforts by taking all necessary measures to ensure continuity of our production. This was made possible through following the guidelines recommended by WHO (World Health Organization) for the health & safety of employees, such as maintaining physical distance through double shifts, frequent hand washing, usage of sanitizers in the factory area and training of employees to increase awareness about management of COVID-19.

In our efforts to enable a sustainable and safer environment, in 2020, effluent levels were kept well within the National Environmental Quality Standards (NEQS) limits. Moreover, to control the emission of greenhouse gases, installation of solar power system at all three manufacturing facilities is near completion. A number of in-house EHS (Environment, Health and Safety) training sessions and fire drills were held during the year for emergency response vigilance.



Manufacturing

We have three state of the art manufacturing facilities which have been certified to comply with cGMP (Good Manufacturing Practices):

Plant-I

Plant-I, is our largest manufacturing facility located in SITE Area, Karachi. Stretched over an area of around 2.81 acers, it is well equipped for the production of wide variety of dosage forms including Tablets, Capsules, Syrup, Suspension, Sachets, Liquid Parenteral, Ampoules & Semi Solids Preparation. In 2020, annual production was 34 million packs where major brands manufactured in the facility were Rigix, Osnate Range, Anafortan, Urso and Chymarol Forte along with new products launched including Exotan Tablet & Rigix Oral Drops.



To enhance our current machine and labor hours' efficiency, we installed a Bottle Inspection System on Oral Liquid Filling. This will substantially reduce wastage by restricting low volume bottles to pass through the line and enhance our compliance practices. Moreover, 21 CFR Part II complied Fedegari Autoclave for parenteral product sterilization process was also commissioned.

With our continuous efforts to upgrade our current manufacturing facilities and maximizing our production capacity, we surpassed the highest number of packs produced in a month, i.e. 3.5 Million packs, in December 2020.

Plant-II

Plant-II is our Cephalosporin manufacturing plant situated in SITE Area, Karachi. Covering an area of 1.25 acres and has been audited by different international organizations with a clean opinion. Our team is well capable of meeting high manufacturing standards according to local & external GMP requirements.

In 2020, its annual production was 7.4 million packs, with major brands, Ceclor, Keflex and Ckinlare manufactured in the facility. To upgrade our current operating infrastructure, a cooling tower was also installed.



Plant-III

Plant-III is our nutraceutical facility located at Super Highway, Karachi. It commenced its operation from October 2020 after all necessary regulatory approvals. Eight brands were produced with successful production of 0.3 million packs. The shift to in-house production of our brands such as Coffif & Kosnate-D will help us achieve economies of scale and new launches in the nutraceutical segment will increase our market share.



Regulatory Compliance

Our regulatory affairs department ensures compliance with legal and ISO requirements. We take pride in being ISO 9001, ISO 14001 and ISO 45001 certified that enables us to focus on assessing the risks in production machines & processes.

Research & Development

It is our unwavering pledge to benchmark our products against the global standards. With deep insight in patient care, our research and development team enables us to manufacture a range of complex generics and drug delivery based formulations. During 2020, our main area of focus remained development and extension of our current nutraceutical product pipeline complied to the guidelines of DRAP and other concerned regulatory authorities.



Quality Management System

Our austere internal quality controls reflect commitment towards our core promise of valuing life. To meet this commitment, our quality culture is embedded in everything we do and is our competitive advantage. This helps us in providing our patients safe, effective and high quality products that are manufactured, stored and marketed in accordance with the regulatory requirements and Company values.

We focus on compliance with local and international standards, not only for ourselves but also for our suppliers. Our high quality standards and compliance levels are evident from our

exemplary performances in a number of audits and inspections conducted by various external agencies. Through working in cross functional collaboration, from screening of suppliers for raw materials to ensuring production processes and product distribution, we optimize lead times by simplifying the process of product release and making imported products available to the customers in the shortest possible span of time.

To enhance and upgrade our current mechanisms, we took the following initiatives in 2020:

- ◆ The size and shape of a particle can affect how a medication works in the body, Malvern MATERSIZER 3000, a nano particle size

analyzer was installed. It is used to determine the size of individual particles as well as a size distribution range for a given sample was installed.

- ◆ With the progression of business and increase requirement of regulatory, quality assurance introduced some value added process in operations such as transport validation, bulk hold time studies and cleaning validation.
- ◆ To ensure high level of data integrity, accuracy and transparency, all QC instruments i.e. HPLC, IR, UV, GC and AAS have been linked to the server for data backup.

In coming years, our main area of focus will remain on maintenance and upgradation of our esteemed quality culture.



Information Solutions

Determined to deliver technology driven business models & capabilities, & to protect our critical information and assets, our IS professionals are putting assiduous efforts to bring business, innovation and technology together.

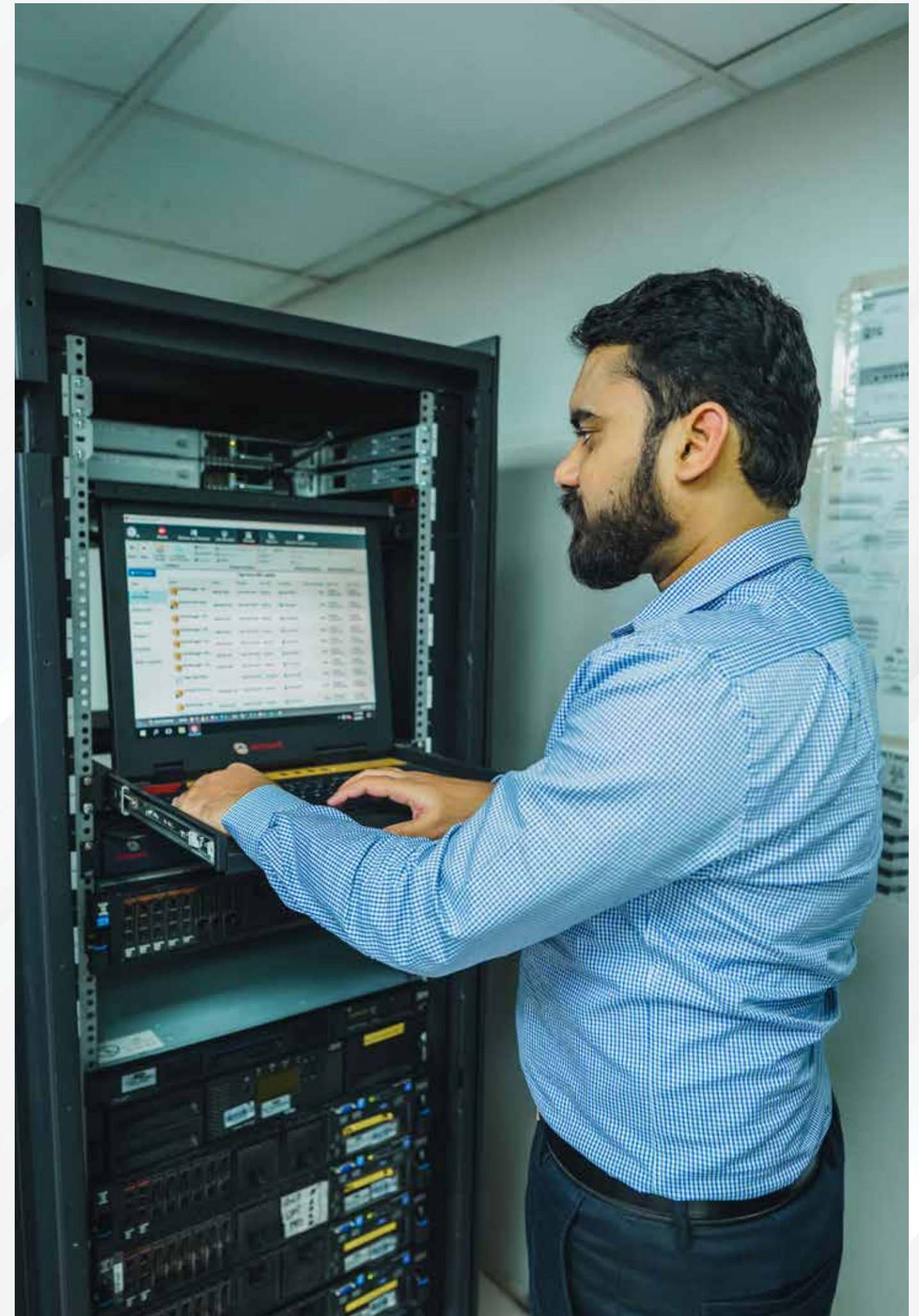
Focused towards continuously improving the overall IT infrastructure, in 2020, we developed effective and innovative technological solutions, for both internal processes and external engagements.

Digital platforms such as email, website, learning portal, mobile applications and social media apps were constantly being used and updated to enable the Company to achieve its business goals and connect with patients and customers. Our internal functions were continuously strengthened by developing efficient and user friendly information services and solutions. A learning management system and an employee attendance system synchronized with Face Recognition System was developed, sales force and customer connectivity was made possible through an outsourced medical representative app, MRep, for increasing internal controls and ensuring effective communication. During the

times of COVID-19, to ensure business continuity, our team enabled wide scale remote working possible by technology, data and security.

We continue to enhance our focus on the use of technology and proactively work as change agents in driving the process improvement & innovations, coping up with complexity while driving simplicity. The implementation of digital initiatives in operations has resulted in faster and accurate dissemination of information to management, leading to prompt decision making.

With information considered as valuable asset for the Company, we are committed to safeguard all the information through our ultra-modern data protection system, which focuses on timely backup of the data. In future, one of our key area of focus will be development of a disaster recovery site for real time backup of data to ensure business continuity.



Human Resource Management

We continued to focus on transforming our human capital by helping them to optimize their achievement by enhancing their abilities, increasing their participation and develop a strong and meaningful connection between their purpose and organization's goals. Key focus areas for 2020 included leadership development, capability building, utilization of online learning platforms, employee relations and occupational health for building high performance teams to achieve organizational goals while diversity and commitment to compliance remained cornerstone of our agenda.



Attracting Pragmatic, Professional, and Progressive Talent

AGP continued to mark its position as an Equal Opportunity Employer by acquiring the best talent through unbiased hiring practices. We hired competent people best suited for their respective roles through job advertisements on focused career websites, social media and online platforms.



Our participation in recruitment drives and career fairs at key universities continued in 2020. It remained a special area of focus for us to attract and on-board young, talented and passionate individuals from reputable institutions through a comprehensive Management Trainee Program. This proved as a highly effective and valuable resource for building a steady extramural talent pipeline for entry-level positions. Recruitment of experienced business professionals in key managerial roles further helped us in strengthening our core corporate strategy of providing top quality medicines and valuing life.

Committing to Enable a Healthier Work Environment

In 2020, we continued with our aim to foster a progressive organizational culture that stimulates growth, engagement and team spirit through various employee engagement activities. We actively work towards building intrinsic and external motivational factors to keep our employee up to beat including market competitive compensation and benefits, sufficient learning and training opportunities, appropriate career growth options and inclusive work environment.

Building Capabilities for a Better Tomorrow

Focusing further on development of functional and leadership abilities of our people, employees were encouraged to attend a number of training platforms internally and externally. Responding to the growing demand of new skills and knowledge in the industry, several different types of on job training (OJT) and external training sessions were carried out in 2020. To continue enabling and delivering value-creating efforts while adapting to social distancing practices, 2020 allowed our leaders to explore new arenas such as e-learning platforms and webinars. This helped in prevention of obsolescence in the organization, improving the overall performance of the Company by inculcating technological discipline in the workplace and continued teaching the employees efficient ways of handling work.

One of our top priority is professional development of our people, we have devised a personalized plan for every employee that is supported by a well-integrated Learning Management System (LMS), equipped with a detailed Training Need Analysis (TNA). We continue to focus on enhancing the agility and functional competencies of our people through a standardized performance management system; that helps us to ensure that the employees' align their development objectives with AGP's core values.



Developing Future Leaders

In 2020, we established a feedback driven performance management system to promote transparency within the Company that further drove talent development, sustainable succession planning and development-based leadership excellence. Our annual appraisal system helped improve relationship between the employees and their functional manager, with constant coaching and mentoring to help them attain their business goals. Learnings from these sessions are transformed into developing our future leadership.

Exhibiting Diversity & Inclusion in Our Practices

With the core tenet of enabling an inclusive environment for our diverse workforce at our hearts, AGP continued to adhere to the Global

Diversity Benchmarks in 2020 by attracting, recruiting, training and promoting its employees without any racial, religious, sectarian or gender based discrimination. Our team with its seamless efforts continued to raise the bar by empowering the employees with the freedom to express and practice their respective religious obligations. AGP encourages their employee to celebrate the interests surrounding them through commemoration of days such as International Women's Day, Fathers' Day, Mothers' Day and many more. This has paid us off by establishing an environment of trust, reliability and efficacy helping us to move towards the direction of becoming an employer of choice.

Adhering to this pattern of remaining resolute to the values of diversity and inclusion, AGP for the second consecutive year achieved recognition for its efforts at the Global Diversity & Inclusion Benchmarks (GDIB) awards 2021.



Finance

Resolute to maximizing the value for our key stakeholders, in 2020, optimization of our financial capabilities and acting as an anchor for the organization to attain robust KPIs, remained our key area of focus.

We are committed to serving in the best interests of our shareholders and other stakeholders, acting as an emblem of accountability and feasibility. We perform the core functions of effective financial management, accounting and reporting, with a persistent focus on acting as the financial advisor for other functions and departments within the organization. Functioning through the foundational values of integrity, efficiency, and continuous improvement, we are driven to navigate the organization towards the achievement of its robust financial KPIs.

We work towards enhancing the profitability, liquidity and market position of the Company through increased cost efficiencies, effective cash flow management and optimization of shareholder value. The core feature of our department is to ensure that we maintain sufficient reserves to maximize shareholders' returns through existing operations and finance the implementation of the Company's growth strategies. At the same time, we ensure that the capital structure of the Company demonstrates financial optimality.

We offer financial and economical guidance to other business areas of the Company and analyze their prospects of future development in terms of the addition of value for the Company. We also ensure that the internal control framework approved by the Board is adhered to in all functions of the business.

Despite the challenges posed by the outbreak of Covid-19 pandemic, we contributed towards building resilience of the Company through effective management of running finance. During the year, we made some significant improvements in our processes as we shifted towards interdepartmental standardization and automation for different financial processes. This helped us in efficiently integrating different SAP reports to have meaningful results for analysis. We completely aligned with the new IFRS introduced and its necessary calculations and financial models. The Company has also implemented rigorous insurance and revamped its policy to extensively cover organizational risk.



Supply Chain Management

We have an organized supply network which acts as a catalyst for business operations and plays a pivotal role in ensuring timely delivery of finished products to our customer and consumers.



Adequate Resource Planning

Our aim is to strike a balance between having sufficient inventory levels to meet the customers' needs without having a surplus. Our team continues to enhance its advanced analytics capabilities and leverages its expertise in causal modelling to improve the accuracy and effectiveness of the business planning process. With a strong cross functional collaboration, we conduct a detailed demand analysis before raising purchase order for raw material. Accordingly, we prudently anticipate the possible market demand and number of units we need to produce and set the ball rolling for inventory management, production and shipping.

Cost-Effective Procurement Practices

Our smooth purchase solicitation process helps us sketch out an accurate plan for procuring goods and services in a timely manner and at reasonable costs. In 2020, through robust sourcing strategies we ensured continuous and

reliable supply of materials while delivering net savings of PKR 7.1 Billion which to an extent mitigated the cost implications posed by devaluating currency and inflationary environment. In order to mitigate the geopolitical risk of sourcing from Indian vendors, alternate sources of most of the active pharmaceutical ingredients and excipients were developed.

Efficient Warehouse & Inventory Management

Our robust material management systems allow us to monitor our inventory and current deliveries, as well as to predict expected demand for our products. We currently manage 4 warehouses and with the help of our Warehouse Management System, we have improved our space utilization, increased efficiency and enhanced inventory accuracy. We ensure that our storage is compliant with Good Storage Practices which involves maintaining a certain temperature in our warehouses throughout 24 hours.



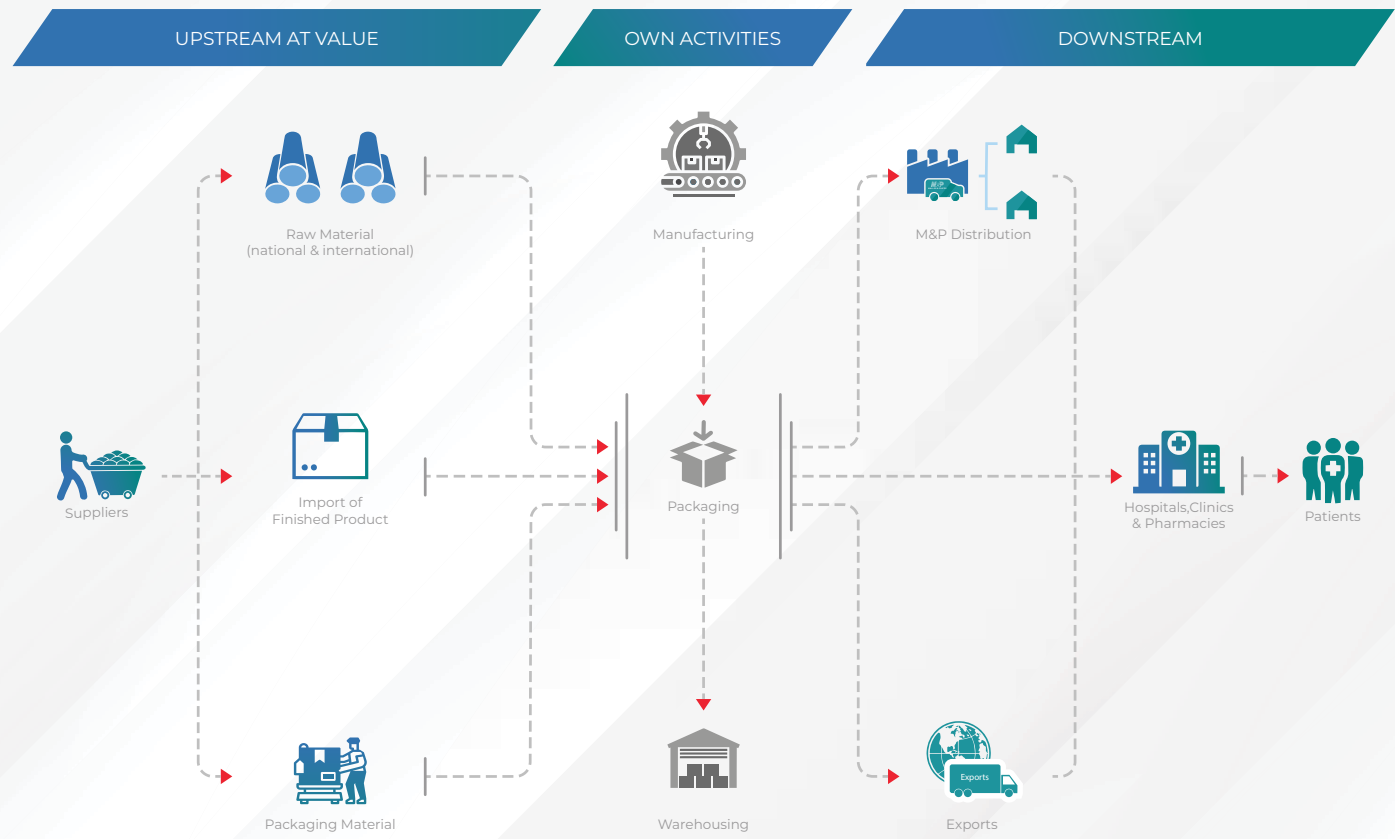
Dynamic Distribution Strategies & Mechanism

We have outsourced our logistics function to Muller & Philips, one of the best in town third party logistics service providers. We ensure that

end-to-end fleet and movement of stock in third party vehicles is monitored for quality and controlled for temperature, when required. SAP enables information sharing and streamlines our entire logistics functions.

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.



Sustainability and CSR Practices

AGP is committed towards accomplishing greater sustainability and creating a positive impact on the society and the environment. We actively ensure the implementation of our Environment, Health and Safety (EHS) policy, which is dedicated to incorporate sustainability in business strategies and to provide a roadmap to the Company for conducting its business in a fair, transparent and socially responsible manner. Simultaneously, it serves as a guide to strategic plans and systematic management of Corporate Social Responsibility (CSR) initiatives and activities. As a socially responsible healthcare company, we are committed to take part in humanitarian causes, adding social value, and helping people live healthier lives. AGP has actively contributed towards sustainability and welfare of society in an exemplary manner that includes measures in the following key areas:

Improving Social Wellbeing

Embodying the vision to promote a healthy lifestyle, AGP has undertaken various projects to build healthier communities which includes:



Partnered with Pakistan Golf Federation (PGF) and sponsored Ladies Amateur Golf Championship 2020, an exhilarating sporting event that attracted the interests of female participants and golf enthusiasts from all over Pakistan.



Sponsored an event at Governor House Sindh under the umbrella of the first lady Begum Samina Alvi Breast Cancer Awareness Campaign. This event marked the launch of an official Breast Cancer Helpline, a great milestone for this campaign.



Partnered with Sindh Cycling Association, a platform affiliated with Pakistan Cycling Federation and sponsored a racing event in which cyclists from all over Sindh participated to promote healthy lifestyle and well-being of the society.



Initiated a Tree Plantation Campaign under the theme of "Each One Plant One", with the aim to propagate its commitment towards environmental conservation. To mark this commitment, AGP held several plantation drives in different parts of Karachi.



Several monetary donations were made alongwith medicines, PPE equipment, antibody testing kits to various institutions including Darul Sukun, Indus Hospital (Primary & Secondary Healthcare Department) & Kidney Center.



Donated Anesthesia & Ventilator machines to the Gynecology ward of Patients Aid Foundation, Jinnah Postgraduate Medical Centre (JPMC)

Incorporating the latest trends in digitalization and e-commerce, the Company took several measures to improve the community's access towards quality healthcare. AGP launched "Sehat Ki Baatien", an online health series that hosted health care professionals from diverse medical fields providing their valuable insights on the causes, symptoms, and prevention of common diseases. 30+ health awareness sessions were conducted, reaching more than 0.5 million touchpoints cumulatively on multiple social media platforms. Furthermore, AGP launched "Dial Clinics", a 24/7 helpline, whereby, patients could get free and direct access to over 80 specialized consultants. More than 2,500 consultancies were made through this channel.

The Company has joined hands with DoctHers, a digital health platform that matches the underutilized capacity of female doctors to the unmet need of health consumers via technology. The collaboration is aimed at providing high-quality medicine and nutritional supplements at subsidized rates into areas that suffer from immobility and inaccessibility.

The patients will be consulted online by female doctors, and will be provided with relevant medications through trained lady-health workers already deployed in underdeveloped areas. This will help us in forming a strong connection with the underprivileged segment of the society and boost our consumer outreach. The pilot project



of this program in Bahawalpur met success, and hence, the project will be extended to other underdeveloped cities of Pakistan.

Saving the Environment

AGP continuously safeguards the environment, and for this purpose all the manufacturing sites are following National Environmental Quality Standards (NEQs). To attain sustainability and long-term growth, the Company is tirelessly working to refine its energy and resource consumption through the following steps:

- ◆ Installation of solar power systems at all three of its production facilities to reduce greenhouse gas emission that results in global warming
- ◆ Installation of sensor-driven taps that promote sustainable consumption of water
- ◆ Effluent water treatment plant in place for proper water disposal that complies with Sindh Environment Protection Agency (SEPA)

Consumer Protection and Safety

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



Promoting Sustainability in Work

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

Employees are considered as our valuable assets and necessary steps are taken to ensure their health and safety at all cost. To assure employees' well-being, the Company conducts regular maintenance of machinery to avoid possible accidents and provides training and sessions to create awareness. We provide hygienic and balanced diet to our workforce. AGP carries out emergency response drills and fire risk assessments to prepare its staff for sudden mishaps and natural calamities.



CHRISTMAS



INTERNATIONAL WOMEN'S DAY



DIWALI



WORLD DIABETES DAY



ANNUAL SALES CONFERENCE

Further, AGP works to enable diversity and equal employment opportunities to its staff by implementing equitable hiring practices. We contribute to the fulfilment of human rights by ensuring compliance with laws and regulations wherever we operate and also through our policies and programs.

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

AGP, enabling an organizational culture that prioritizes employee engagement and maximizes their involvement and motivation, undertook several activities and events to promote an inclusive and conducive environment among its workforce.

Towards a Sustainable Future

In line with our promise to improve people’s living standards, AGP is actively pursuing the strategies and objectives that are aligned with the fulfillment of Sustainable Development Goals (SDGs). Our measures to contribute towards the SDGs include:

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



2

Several ration drives were conducted for distribution of food to the underprivileged population

Joined hands with DoctHERS, a digital health platform, to improve the overall health of underprivileged women, particularly pregnant females and feeding mothers, by enabling provision of easier access to the relevant healthcare products in our portfolio at discounted prices

2 ZERO HUNGER

3

We made several monetary donations alongwith medicines, PPE equipment, antibody testing kits to various institutions. We also donated a set of anesthesia machine with ventilator.

Arranged screening camps for Hepatitis B & C testing and served around 2,000 people in various institutes all over Pakistan

Introduced Dial Clinics, a digital platform to provide online consultancies wherein 2,500 plus consultancies were conducted from experienced Doctors

Launched a series of health awareness sessions “Sehat ki Baatien” through renowned healthcare practitioners and more than 30 such sessions were held during 2020

3 GOOD HEALTH AND WELL-BEING

4

A policy is in place that provides educational scholarships for Higher Secondary, Graduation and Professional / Technical to the needy and deserving children of factory workers and support staff

4 QUALITY EDUCATION

5

We have female strength of over 10.3% as a total workforce

Female led pharmaceutical listed company

Won GDIB award for the 2nd consecutive year and this year we are recognized in three different categories, recruitment & developments, benefits and social responsibility

Provide safe, convenient and affordable transportation facility to our female employees of lower management staff

5 GENDER EQUALITY

6

Effluent water treatment plant is in place for proper water disposal that complies with Sindh Environment Protection Agency (SEPA) and approved by the competent regulatory authority

Conserving water by using taps with sensors and springs

6 CLEAN WATER AND SANITATION

7

Installation of Solar Power System on all 3 manufacturing sites that will cover around 12% of our energy needs

7 AFFORDABLE AND CLEAN ENERGY

8

Particle Size Analyzer is installed which provides more intelligence in the existing process as well as new product development as potential problems related to particle size can be detected at early stage

A proper framework is in place to ensure that same wages and benefits are provided to male and female staff doing the same level of job with similar qualifications

8 DECENT WORK AND ECONOMIC GROWTH

10

Duly adhere to all fiscal policies pertaining to labor wages and compensation

The composition of employees contains different ethnic groups including minority classes

The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor

10 REDUCED INEQUALITIES

Strategic Response to Covid-19

Policy Statement

The aim is to continue production and ensure that general public, particularly patients in need, have constant access to our medicines and appropriate Standard Operating Procedures (SOPs) are in place to make the work environment safe and sound for the employees.

Recovery Plan

The outbreak of global Covid-19 pandemic dictated an unprecedented shift in corporate world, disrupted the socio-economic environment and raised health concerns amongst the mankind. It posed a serious threat to enterprises all around the globe as it halted trade, commerce, and human interaction in general. It also led to millions of positive cases worldwide, serious health issues and even tragic loss of human lives. The Covid-19 crisis demanded the corporate entities to act diligently and urgently, and AGP did not only take the necessary preventive measures, but went a step ahead with its solution-oriented approach by introducing products that are need of the hour.

By standing united in the face of adversity, AGP formed strong linkage with all of its stakeholders. The Company's response to the pandemic can be broadly classified into the following categories:

Upgrading Supply Chain and Production

AGP ensured continuous availability of its essential healthcare products to the patients in need by ensuring continuity in supply and production throughout the year; at times even at the cost of narrowed profit margins.

To mitigate the risks of running out of stock for raw materials, the Company took the following steps:

- ◆ Development of alternate vendor sources
- ◆ Prudently increasing the buffer stock levels for its raw materials, in-process goods and finished goods to prevent any shortages
- ◆ Effective inventory management and robust mediums of the inventory's logistics to avoid any significant consignments delays

AGP took the necessary measures to make sure that its production practices and working conditions are strictly compliant with the relevant health and safety SOPs. To ensure social distancing, the labor was divided in additional shifts of production and conveyance facility with Covid-19 protocols was provided to the workers at the time of lock-down when means of public transportation were not available.

Safeguarding Employees

AGP's treasured employees remained highly valued as it focused towards facilitating and safeguarding them from the adverse impact of Covid-19 through the following measures:

- ◆ Covid-19 antibody testing of employees was conducted at regular intervals on a random and need basis to ensure their health and safety
- ◆ Conducted awareness sessions to educate them on the symptoms and precautions of Covid-19
- ◆ The office facility was disinfected twice a week to prevent the spread of the infection
- ◆ Employees were encouraged to work from home as remote working capabilities were promoted
- ◆ Conferences, workshops and meetings were held virtually to ensure minimum physical interaction
- ◆ Thermal scanning was installed at entry points and ensured provision of sanitizers and masks at all accessible points in all manufacturing sites of the Company

Supporting Communities

Sensing an urgent responsibility to assist and support the community during these testing times, AGP took steps to alleviate Covid-19 impact on the general public. AGP launched Zapol, a sanitizer prepared as per WHO formula and introduced Test Kits to detect the presence of Covid-19 antibodies within 15 minutes. The Company made several donations of sanitizers and antibody testing kits to various organizations and institutions including Dar ul Sukun and Indus Hospital.

The journey of the Company to offer a helping hand to the community in these pandemic circumstances goes beyond ordinary levels and inspired the Company to launch a digital platform, "AGP Dial Clinic", for the general public. It provided online, fast and free service to connect patients with over 80 specialized consultants, wherein 2,500 plus consultancies were conducted from experienced Doctors during the year. AGP also launched an online health series, "Sehat ki Baatien", highlighting causes, symptoms and risks of common diseases with the help of partnerships with more than 30 renowned healthcare practitioners. The cumulative reach of these sessions is around 0.5 million viewers across all social media platforms.

AGP has also taken its first step towards

e-commerce with tele-pharmacy partner, DoctHers, a digital health platform that matches the underutilized capacity of female doctors to the unmet need of health consumers via digitalization. The purpose of this venture is to provide easier access to our relevant healthcare products to the underprivileged patients at subsidized prices. A pilot has been launched in Bahawalpur which received better than expected response from the locals. Capitalizing on the success of this project it will be replicated to other underdeveloped cities of Pakistan.

Positioning within the Macro-Environment

The Government, particularly State Bank of Pakistan (SBP), took various fiscal and monetary initiatives to stimulate business recovery and spur economic growth. These measures proved to be pivotal towards building fiscal resilience, stimulating business recovery and spurring economic growth. AGP was well-positioned to take advantage of these initiatives and availed subsidized financing facility announced by SBP to cover payment of wages and salaries for a period of six months. The Company also realized certain tax refunds on a fast track basis under economic relief package announced by GoP to shield the economy from adverse effects of Covid-19 pandemic.



Awards And Certifications

AGP Amongst Top 25 Companies

With sheer dedication and commitment, AGP was able to secure a position in the prestigious list of “Top 25 Companies of 2019” announced by the Pakistan Stock Exchange (PSX).

The Board of Directors and management of the Company is extremely grateful to PSX for the acknowledgement of its commitment towards ensuring strong corporate governance, financial depth, strict adherence to statutory compliances and highest standards of professionalism.



BCR Award

AGP takes immense pride in announcing that it has managed to secure 3rd position in Best Corporate Report Awards competition for the year 2019 within the pharmaceutical sector.

The competition is held by joint committee of The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP) with the objective to recognize excellence in corporate reporting, promote accountability & transparency, and recognize responsible reporting by companies covering economic, environment and social performance of the business.

We firmly believe that this accolade is a testimony of the Company’s commitment towards fairness and transparency in corporate reporting. We would like to express gratitude to our team

members associated with the preparation and compilation of the Annual Report 2019. Their exemplary dedication and efforts led the Company into achieving this remarkable milestone!



Global Diversity and Inclusion Benchmarks Award

AGP takes immense pride in announcing that it has been consecutively recognized in the second year at the Global Diversity & Inclusion Benchmarks (GDIB) awards 2021 by winning three (3) awards for furthering its commitment of promoting an exemplary working environment, implementing equitable hiring practices and establishing community partnerships.

The GDIB helps organizations determine strategy and measure progress in managing diversity and fostering inclusion. The Company was evaluated against criteria established by HR metrics’ in terms of provision of employee benefits, social responsibility and recruitment and development with implementation of diversity and inclusion at the heart of our agenda. This reflects the strong commitment and dedication of the Company towards creating a Diverse and Inclusive (D&I) work environment.

As we forge ahead, we remain resolute in furthering our D&I commitment through implementation of robust initiatives in line with GDIB standards.



GMP Certification

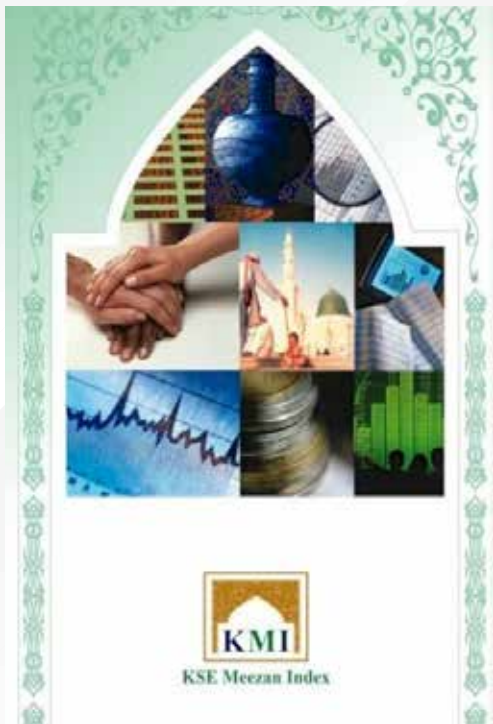
All pharmaceutical plants of AGP, is certified to comply with Current Good Manufacturing Practices (cGMP) as per the Drugs Act, 1976 and the related Rules. This certification is testament to the Company’s commitment to ensure that medicinal products are consistently produced and controlled for the best quality standards according to the product specifications.



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. The Shariah Compliance Review

principally involves review of the Company’s annual financial statements prepared by the management of the Company.



ISO Certification

The International Organization of Standardization (ISO), is a worldwide organization that develops standards for quality management. These standards enable the Company to achieve operational efficiencies and explore new export opportunities. AGP earned three 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



Strategy and Resource Allocation Plan

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



Objective # 1 Increase sales

Strategies	Nature	Priority	Resource allocated
- Capitalize on the growth of top brands and high potential products - Focus on expansion across borders and new product launches	Short Term	High	Financial capital, human capital, social and relationship capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Growth rate of top brands, high potential products and exports New export destinations Improved customer loyalty and enhanced credibility	- Recorded overall sales growth of 11.1% - Sales to Afghanistan grew by 41% - Launched 4 new products	The KPI will remain relevant in future	- Potential to increase market share domestically and expand internationally - Fierce global competition, particularly in developed and emerging economies

Objective # 2 Enter new lines of business

Strategies	Nature	Priority	Resource allocated
Diversifying our portfolio by going into new and relevant segments	Short Term	High	Financial capital, human capital and intellectual capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Number of products and their contribution in sales and profitability	- Nutraceutical plant is fully operational - Certain new projects are under evaluation and consideration	The KPI will remain relevant in future	- Increase in market share - Continuous changes in Government policies - Reduces concentration risk - Hight setup cost and initial investment - Evolving and changing technologies



Objective # 3 Cost economization

Strategies	Nature	Priority	Resource allocated
- Keep resource utilization and business processes at an optimum level - Develop alternate vendor source - Attain operational excellence, increasing production and cost efficiencies	Short Term to Medium Term	High	Financial capital, human capital, manufactured capital and intellectual capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Profitability ratios i.e. gross profit margin, net profit margin, earning per share and expense ratios	- Net Profit and EPS increased by 9.8% - Implemented effective cost controls measures - Continued developing alternate, reliable and economic vendor source	The KPI will remain relevant in future	- Cost of production at an optimum level despite business growth - Uncontrollable economic indicators, pricing pressures by regulatory authorities and changes in tax laws - currency depreciation and rise in inflation



Objective # 5 Be an employer of choice

Strategies	Nature	Priority	Resource allocated
- Enhance inclusion and diversity in work environment - Maintain work life balance - Motivate staff with learning and development opportunities - Provide career growth and incentivize appropriately	Long Term	Medium	Financial capital, human capital, social and relationship capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Employee turnover rate and feedback on surveys	- Diverse workforce with 10.3% female representation in double digits - Achieved gender diversity and inclusion benchmarks award for the 2nd consecutive year	The KPI will remain relevant in future	- Ready pool of internal talent to fill the gaps and take up senior management positions - Create opportunities for fresh talent in the industry - Top talent leaving the Company



Objective # 4 Explore avenues for expansion

Strategies	Nature	Priority	Resource allocated
Find suitable ventures for mergers and acquisitions	Medium to Long Term	High	Financial capital, human capital, social and relationship capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Market share, earning per share and return on equity	Special Purpose Vehicle has been set up for the purpose of acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand	The KPI will remain relevant in future	- High potential to increase market share - Procure materials at better prices from suppliers and increase purchasing power - Better spread of production. - Consolidated business may produce negative synergies



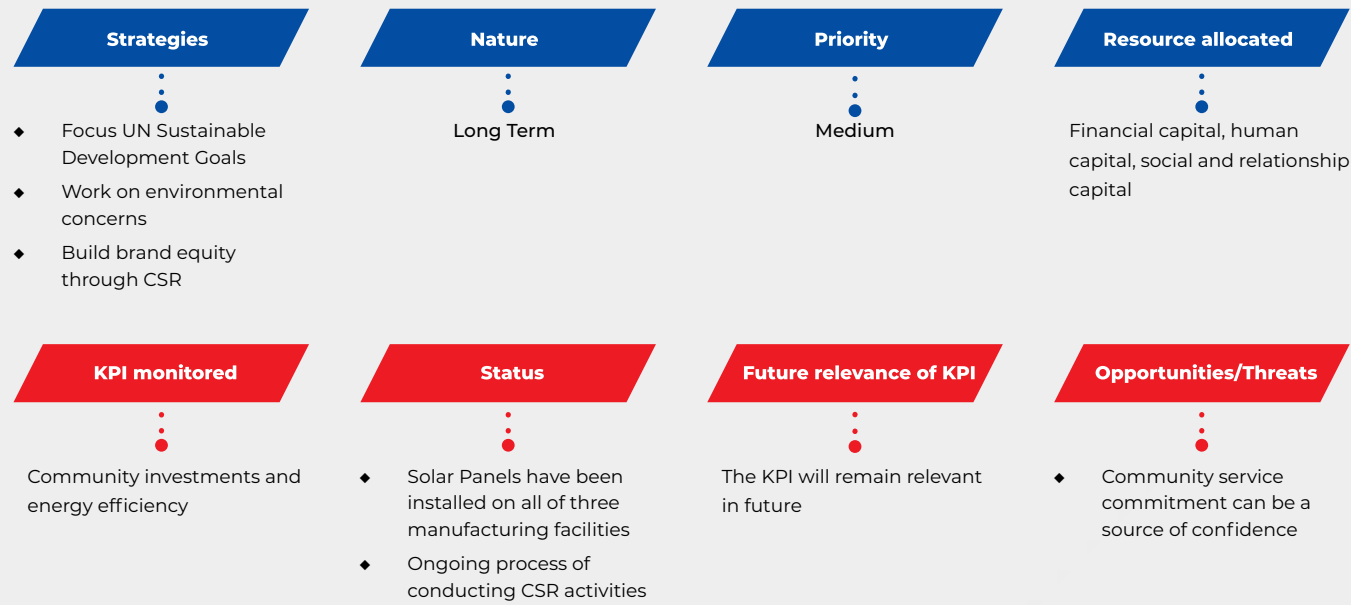
Objective # 6 Achieve market leadership

Strategies	Nature	Priority	Resource allocated
Continuously upgrade production facilities and human capital to maximize efficiency	Long Term	Medium	Financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital
KPI monitored	Status	Future relevance of KPI	Opportunities/Threats
Market share, unit growth and value growth	Ongoing process to build brand image and have up to date state of the art production facilities	The KPI will remain relevant in future	- Increasing focus and awareness on prevention and living longer and healthier lives - Upgradation can lead to production downtime



Objective # 7

Ensuring social and corporate commitment



The KPIs will continue to remain relevant in the future.

Significant Changes in Objectives and Strategies from Prior Years

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

Significant Plans

The Company plans to expand and grow through acquisition of selected portfolio of Sandoz Division in Pakistan and invest in capacity enhancement of its manufacturing facilities, to continue to deliver enduring value for all its stakeholders. In addition to this, the Company is making efforts to roll out Sputnik-V, efficacious vaccine to combat Covid-19, as per the directions of the government.

Liquidity Position of the Company

The Company has an effective cash flow management that ensures to timely meet the working capital and financing need of the Company, maintained by a strong treasury management system. The Company is sufficiently liquid with PKR 370 Million in cash and cash equivalents, a long term debt of PKR 400 Million along with current maturity of PKR 665 Million. Over the long term, future cash generated from operations will be sufficient to fund operating and debt servicing costs, normal levels of capital expenditure, payments for business expansion programs and other routine outflows including tax and statutory levies and dividends.

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 results in effective management of its liquidity position. During the year, borrowings were settled on timely basis leading to maintenance of long term and short term credit rating of A+ and A1 respectively.



Our Key Risks and How We Manage Them



Business Risk Management Framework

The Board at AGP, oversees the risk management process by ensuring that a proper risk management framework is in place under the auspices of the 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.

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 and evaluate this strategy.

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

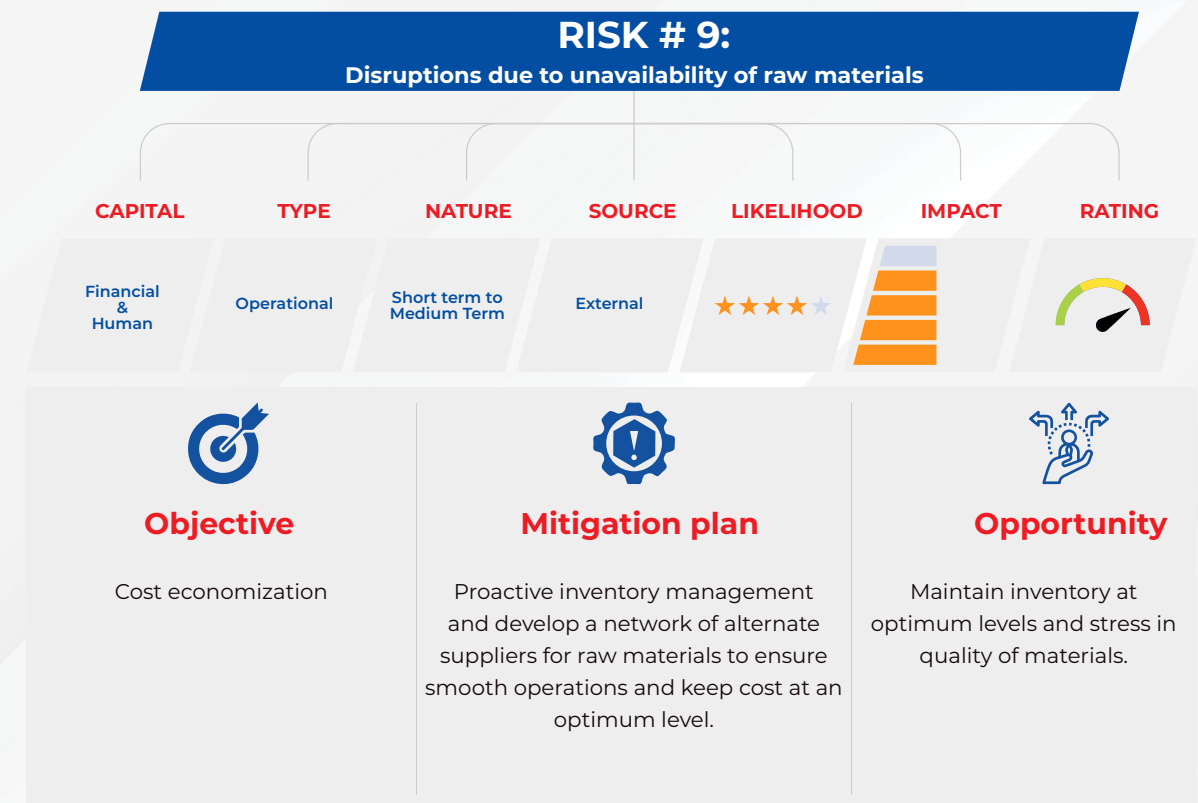
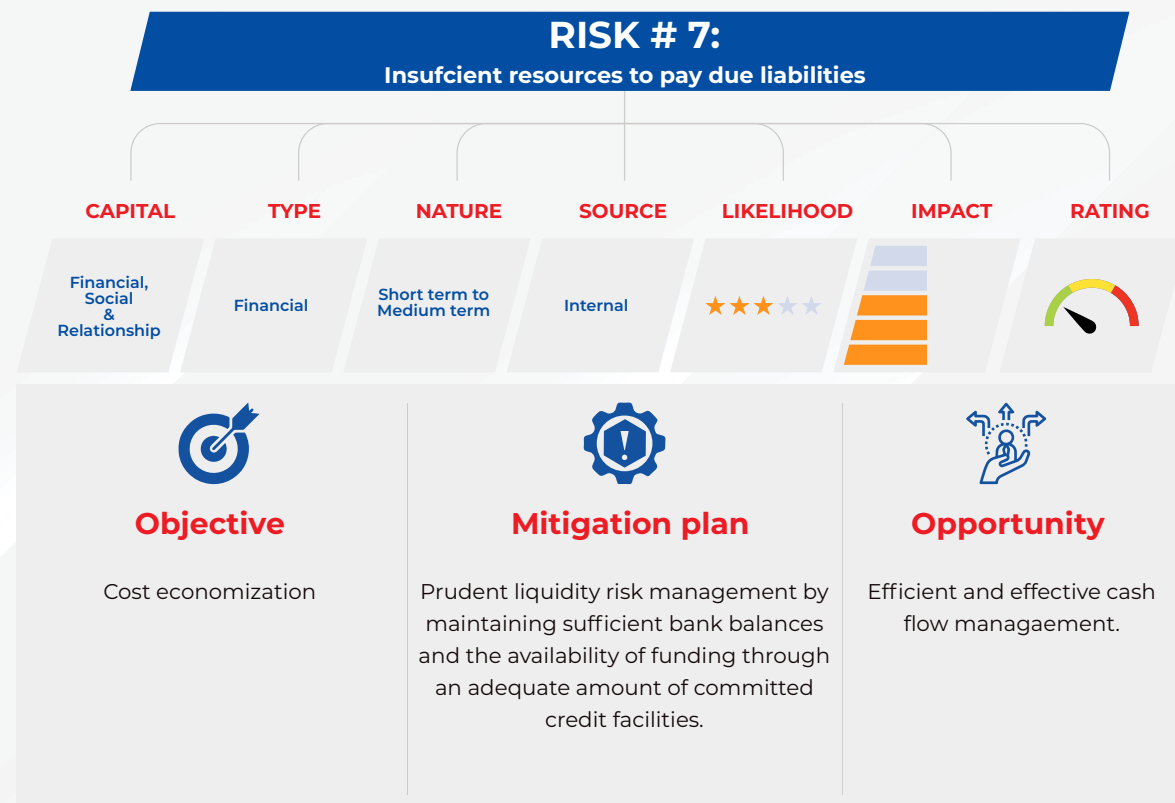
The Company’s objective when managing capital is to safeguard its ability to remain as on-going concern and continue to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing 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.

Key Risk and Oppurtunities

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



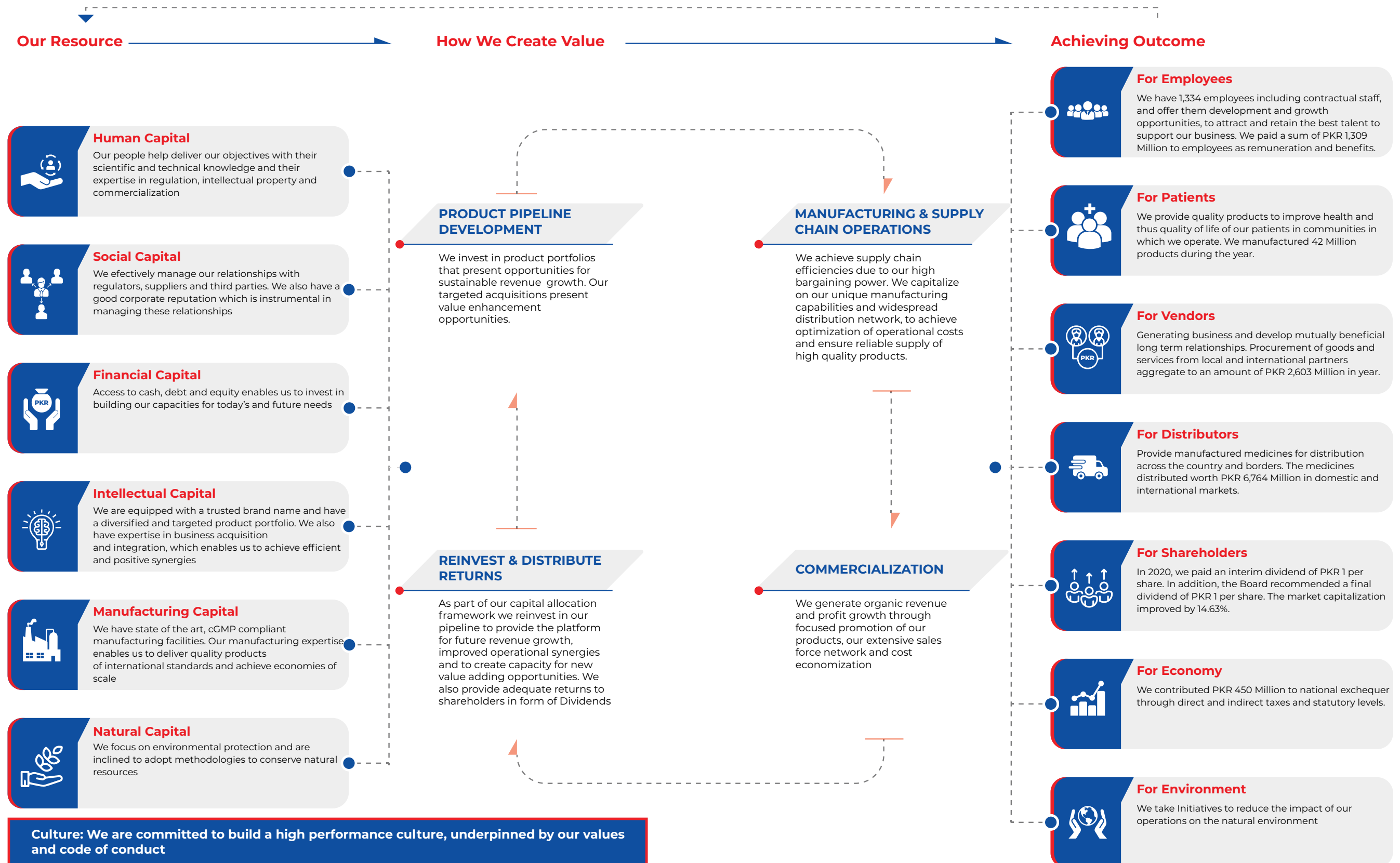






Our Business Model

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



Promising Transparency

As the Company embraces growth, it continues to uphold its key principles and policies. We proudly conform to the governance and compliance frameworks to ensure transparency and accountability which abridges our purpose with our stakeholders.



CORPORATE
GOVERNANCE

Directors' Profile



Mr. Tariq Moinuddin Khan

Chairman – Board of Directors

Mr. Tariq Moinuddin Khan, Chairman of OBS Group, has over 31 years of broad based healthcare experience. Under his oversight, OBS has emerged as a partner of choice for multinational pharmaceutical companies willing to work in Pakistan.

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

Following a successful career with leading companies in Canada and subsequently with Saudi Royal family, he joined Organon Pharma B.V. (OBS) (now part of Merck & Co. Inc. USA) in 2000. Later, he was based in KSA and served as Managing Director, Organon Pharma B.V. (OBS) for KSA and Pakistan.

In 2006, he did a management buyout of Organon Pharma B.V. (OBS) followed by acquisition of Merck Sharp & Dohme (MSD) Pakistan business, Schering Plough Pakistan business, MSD Srilanka Operations, AGP Pvt. Ltd. and Johnson and Johnson's Pharmaceutical Division, Janssen Pharma's Pakistan operations.

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



Ms. Nusrat Munshi

Managing Director & Chief Executive Officer

Ms. Nusrat Munshi has over 30 years of broad based experience in banking and pharmaceutical sector. She is the Managing Director and CEO of AGP Limited and also serves as director on the Board of OBS Healthcare (Private) Limited, Aspin Pharma (Private) Limited and OBS Green (Private) Limited. She joined AGP Limited in June 2007 and worked as Director of Finance, Information Systems and HR prior to her elevation as the Managing Director in 2009. She successfully steered the Company during the critical process of change in ownership in 2014 after which the Company has emerged much stronger with long term horizon.

She started her career with the Banking Industry and has experience of over a decade in 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.



Mr. Naved Abid Khan

Chairman – Human Resource & Remuneration Committee

Mr. Naved Abid Khan brings along with him over 31 years of work experience with 28 years of broad based banking experience. He is currently serving as Chairman & Chief Executive of Sharmeen Khan Memorial Foundation & Chairman Pakistan Microfinance Investment Company. He is also a Board Member of Karachi Shipyard and Engineering Works, Dubai Islamic Bank, NRSP Microfinance Bank Limited, Saif power, Board of Investment, Galiyat Development Authority, Naymat Collateral Management Company Limited, Bahria Foundation and Gas & Oil Company Pakistan.

During his career, he has served as the President & Chief Executive Officer of Faysal Bank Limited, ABN Amro Bank Pakistan Limited, President of Overseas Investors Chambers of Commerce and Industry, Chairman of Pakistan Banks Association, Faysal Asset Management Limited, 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.



Mr. Zafar Iqbal Sobani
Chairman – Audit Committee

Mr. Zafar Iqbal Sobani brings with him around forty years of experience of working in the manufacturing, power sector and audit profession in Pakistan and in the Middle East. Currently, he is on the Board of Privatization Commission, Zephyr Power (Private) Limited, TRG (Pakistan) Limited, Primus Leasing Limited, IT Minds and Fauji Cement Limited.

During his career, he has worked with House of Habib in the areas of New Project Development and Real Estate Management. He also leads the power sector of the Country as CEO of Hubco Pakistan and CEO of Liberty Power Tech. Majority of his career was spent with Century Paper & Board Mills Limited, a part of Lakson Group overseeing various business activities. He has been the President of Institute of Chartered Accountants of Pakistan (ICAP) and served actively in council and regional committee in various capacities. He worked with A.F. Ferguson (PWC) in Pakistan and Ernst and Young, Kingdom of Saudi Arabia. He held the position as Chairman of Quality Control Board of ICAP overseeing quality of auditing profession for nine years 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 obtained qualification of Chartered Accountancy and Cost & Management Accountancy in early eighties.



Mr. 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 the rich professional experience in different sectors for more than 35 years.

He is serving as the Independent Director at the Boards of Dawood Hercules Corporation Limited and Cyan Limited. He is serving as Director at the Board of Briogene (Private) Limited.

He is currently a member of Executive Committee and Chairman of Finance & Taxation subcommittee at the American Business Counsel. He has served as past president of American Business Counsel as well. Recently, he is serving his contributions at the National Skills University Islamabad as the member of the Advisory Council.

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

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



Mr. Mahmud Yar Hiraj
Non-Executive Director

Mr. Mahmud Yar Hiraj has over 19 years of professional experience in private equity, principal investments and investment banking. He is a founding partner and a member of the Investment Committee at Baltoro Capital, a leading private equity firm.

Prior to Baltoro, he was the Head of Principal Investments at Bank Alfalah & held leading roles at Dhabi Group with representation on Investment Committees and boards of various portfolio companies. Mr. Mahmud Yar Hiraj has worked at leading global financial institutions and investment banks in US, UK and Canada. He started his career at the investment banking division of Salomon Smith Barney (Citigroup) in New York before moving to London to join Citigroup's Financial Sponsors Group where his clients included leading global private equity firms. His other experiences include executive positions at J.P. Morgan and Scotia Capital in North America, where he advised various leading Fortune 500 Companies and sponsors on mergers and acquisitions and capital market fundraising and restructuring transactions.

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



Mr. Muhammad Kamran Mirza
Non-Executive Director

Mr. Muhammad Kamran Mirza brings with him over 14 years of experience of Financial Markets focused primarily on Sell-side and Buy-side Investment Advisory. Prior to joining OBS Group in 2018, he was part of JS Bank Limited as Executive Vice President and Head of Investment Banking Group where he advised corporates on mergers, acquisitions, divestitures, debt and equity capital market transactions with a focus on pharmaceutical, microfinance, logistics, financial services and industrial sectors.

He joined JS Bank in 2007 as an analyst and due to his entrepreneurial mindset and ability to steer the franchise to deliver strong performance through the cycles, he rose to a position of Head of Investment Banking in a very short span of time. Prior to joining JS Bank, he had a short stint with a leading telecom company as Projects Management Executive.

A certified director from Pakistan Institute of Corporate Governance, he is currently serving as a Board Member of AGP Limited, OBS Healthcare (Pvt.) Limited, Aspin Pharma (Pvt.) Limited, Home Medics (Pvt.) Limited, OBS AGP (Pvt.) Limited and other OBS Group companies. He was also on the Panel of Experts of the Listing Committee of Pakistan Stock Exchange.

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

Chairman's Review

Dear Shareholders,

I would like to present Chairman's review report for the year ended December 31, 2020.

It is a privilege to state that the Company has delivered strong results despite adversity and unprecedented challenges posed by Covid-19. Undoubtedly, the credit of this resilient performance goes to the employees who worked with utmost commitment and dedication even in these difficult times and helped the Company to achieve sustainable growth in sales and profits, and hence maximized returns to shareholders. I would also like to put forward, my appreciation for the exemplary performance of our Chief Executive Officer under whose brilliant leadership, the Company continued with growth trajectory regardless of the global pandemic.

I am grateful to the valuable contributions of my fellow Board members, who offered unparalleled strategic guidance and directions in paving a prosperous way forward for the Company. Our Board comprises of diverse and proficient group of highly accomplished professionals. The Board particularly ensured that their roles and responsibilities, as defined by the Companies Act 2017 and governed by the Listed Companies (Code of Corporate Governance) Regulations, 2019, are carried out diligently.

The Board has formed three committees, Audit Committee, Human Resource and Remuneration Committee and Strategy Committee to review, deliberate and present their recommendations as per their mandates. The members are adequately and appropriately placed in the respective committees on the basis of their relevant expertise and core functionality areas. The committees carried out their responsibilities effectively in accordance with the code of corporate governance and terms of reference duly approved by the Board.

On behalf of the Board, I would like to express my gratitude to our stakeholders for their continued support and encouragement. I would specially like to place on record my appreciation for the outstanding efforts of our entire management team in these exceptional circumstances.

عزیز حصص یافتگان،

میں ۳۱ دسمبر ۲۰۲۰ کو ختم ہونے والے سال کے لیے چیئر مین کی جائزہ رپورٹ پیش کرنا چاہتا ہوں۔

یہ اعزاز کی بات ہے کہ کمپنی نے کوویڈ ۱۹ میں درپیش مشکلات اور بے مثال چیلنجوں کے باوجود بردست نتائج دیے۔ بلاشبہ، اس مستحکم کارکردگی کا سہرا ان ملازمین کو جاتا ہے جنہوں نے ان مشکل اوقات میں بھی انتہائی عزم اور لگن کے ساتھ کام کیا اور کمپنی کو فروخت اور منافع میں مستحکم نمو حاصل کرنے میں مدد فراہم کی، تاکہ حصص یافتگان کو زیادہ سے زیادہ منافع جات مہیا ہو سکے۔ میں اپنے چیف ایگزیکٹو آفیسر کی مثالی کارکردگی پر بھی اپنا خراج تحسین پیش کرنا چاہتا ہوں، جن کی شاندار قیادت میں کمپنی عالمی وبائے قطع نظر ترقی کی راہ پر گامزن رہی۔

میں اپنے ساتھی بورڈ ممبران کی گراں قدر کاوشوں کا شکر گزار ہوں، جنہوں نے کمپنی کے لیے خوشحالی کی راہ ہموار کرنے میں بے مثال اسٹریٹجک رہنمائی اور ہدایات پیش کیں۔ ہمارا بورڈ، انتہائی مستند پیشہ ور افراد کے متنوع اور ماہر گروپ پر مشتمل ہے۔ بورڈ نے خاص طور پر اس بات کو یقینی بنایا کہ ان کے کردار اور ذمہ داریاں، جیسا کہ کمپنیز ایکٹ ۲۰۱۷ میں تشریح کی گئی ہے اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ اخلاق، ۲۰۱۹) کے تابع ہیں، پوری تندی کے ساتھ سرانجام دی جائیں۔

بورڈ نے اپنے اختیار کے مطابق اپنی تجاویز کا جائزہ لینے، غور و خوض کرنے اور اپنی سفارشات پیش کرنے کے لیے تین کمیٹیاں، آڈٹ کمیٹی، ہیومن ریسورس اینڈ ریمونیریشن کمیٹی اور اسٹریٹجی کمیٹی تشکیل دی ہے۔ ممبران کو اپنی متعلقہ مہارت اور بنیادی فعالیت کے علاقوں کی بنیاد پر مناسب اور درست طریقے سے متعلقہ کمیٹیوں میں رکھا گیا ہے۔ کمیٹیوں نے کارپوریٹ گورننس کے ضابطہ اخلاق اور بورڈ کی طرف سے منظور شدہ ریفرنس کی شرائط کے مطابق مؤثر طریقے سے اپنی ذمہ داریاں نبھائیں۔

بورڈ کی جانب سے، میں مسلسل حمایت اور حوصلہ افزائی پر اپنے حصص یافتگان سے اظہار تشکر کرنا چاہتا ہوں۔ میں خصوصی طور پر ان غیر معمولی حالات میں اپنی پوری انتظامی ٹیم کی شاندار کاوشوں کے لیے اظہار تحریف ریکارڈ پر لانا چاہوں گا۔

طارق مبین الدین خان

چیئر مین

طارق مبین الدین خان

چیئر مین



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The credit of this resilient performance goes to the employees who worked with utmost commitment and dedication even in these difficult times.

طارق مبین الدین خان

Tariq Moinuddin Khan
Chairman

CEO'S Message

The year 2020 was an unusual year with unprecedented challenges posed by Covid-19 pandemic. The outbreak of global coronavirus disrupted the socio-economic environment compelling severe restrictions on trade and commerce and raising serious uncertainty in business community. The movement was suppressed as lockdowns were imposed and international borders remained closed for major part of the year. In these difficult times, the Government of Pakistan, particularly the State Bank of Pakistan (SBP), remained steadfast and made concerted efforts to sustain the economy by introducing a set of remedial measures such as refinancing policies, reduction of policy rate, controlled local currency devaluation, provision of subsidies and short-term tax reliefs.

While the Government played its role in ensuring an adjustable macroeconomic environment, the Company's unwavering performance was driven by the exemplary dedication and commitment of its employees. Our treasured employees ensured that the supplies of our essential medicines are readily available for the patients in need. It is through their valuable support, that the Company was able to not only respond to the pandemic effectively but simultaneously, progress towards achieving its strategic goals and objectives.

Even in this adversity, the Company was able to record sales of PKR 6.9 billion, reflecting a double-digit growth of 11.1% over the last year. Our flagship brand Rigix, the largest selling anti-histamine in Pakistan, registered a growth of 25% and its sales reached PKR 1.45 Billion. Rigix tablet, became our first dosage form to reach the coveted PKR 1 Billion milestone. Another top brand of the Company, Osnate achieved the milestone and joined Rigix in the PKR 1 Billion club as per IQVIA MAT 2020.

Despite the increase in administrative costs as we took preventative measures against Covid-19, the Company's focus on high potential products, minimization of marketing & travel-related costs, timely repayment of loans with reduction in interest rates, and increased efficiency in operations led the Company to increase its net profit to PKR 1.6 Billion and earnings per share to PKR 5.67, demonstrating a growth of 9.8%.

As per Company's commitment towards providing its shareholders with the greatest value, AGP's market capitalization grew to PKR 31.9 Billion from PKR 27.8 Billion, depicting a rise of 14.6%. Also, the Board announced a final dividend of PKR 1 per share, increasing the total annual dividend to PKR 2 per share for the year 2020.

Testament to the Company's promise towards strong corporate governance, strict adherence to statutory compliances, highest standards of professionalism, gender diversity and equitable treatment of employees, I am pleased to share that the Company received various accolades and acknowledgements throughout the year as we secured a position in the prestigious list of Top 25 Companies of 2019 announced by the Pakistan Stock Exchange (PSX), secured 3rd position in Best Corporate Report Awards Competition held by the joint committee of ICAP and ICMAP, and won three Global Diversity and Inclusion Benchmark Awards (GDIB).

As we move forward, the Company is continuously focused towards enabling growth and development through expansion in the market coverage of its existing product portfolio and building onto its product mix to avail various opportunities locally and internationally. The commencement of commercial operations of Nutraceutical plant has opened new avenues in enhancing our sales position. Consistent

with our strategic objective, the Board of Directors has authorized the Company to participate in the acquisition of selected portfolio of pharmaceutical products which are commercialized in Pakistan under the Sandoz brand. We are fully geared to capitalize on the opportunities of this acquisition and it is likely to bring operational efficiencies, logistical synergies, and enhancement of product portfolio and profitability of the Company.

Due to a low yet growing health expenditure per capita and health expenditure as a percentage of GDP, Pakistan's pharmaceutical market currently holds enormous untapped potential and prospects for future growth remain strong. AGP is duly prepared for availing the countless opportunities that lie within the pharmaceutical industry and export potential of domestic medicines around the globe.

Lastly, I would specially like to place on record my gratitude and appreciation for outstanding efforts of our employees that enabled us to deliver a resilient performance throughout the year that was full of challenges and uncertainties. Their exemplary dedication and efforts led the Company to grow sustainably even during these difficult times.

The Company is looking forward to a prosperous future for its employees, shareholders, partners, and customers, all of which we consider as our greatest assets. At AGP, we are committed to deliver quality products that improve people's access towards healthcare and wellbeing and thus, promising a healthier tomorrow!



Nusrat Munshi

Managing Director &
Chief Executive Officer



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As we move forward, the Company is continuously focused towards enabling growth and development through expansion in the market coverage of its existing product portfolio and building onto its product mix to avail various opportunities locally and internationally.

Corporate Governance Framework

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



Compliance with the Best Practices of Code of Corporate Governance

Adhering to the Company standards, the Board of Directors has throughout the financial year 2020, complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, Rule Book of the Pakistan Stock Exchange Limited and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP). Report of the Board's Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance 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 requirements of Code of Corporate Governance 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 safety of employees and society at large

Business Ethics and Anti-Corruption

Based on an ethical corporate culture, fundamental values of the Company are cornerstone of our operations. The values are integrated into daily work and business practices of all employees through the Code of Conduct and various unit-specific ethical compliance procedures. The Members of the Audit Committee meet at regular and defined statutory intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems.

Conflict of Interest of Board Members

Within the framework of their roles and responsibilities, all Board members are exclusively committed to the interests of the Company and neither pursue personal interests nor grant unjustified advantages to third parties. The Board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are encouraged to discuss it with peers or the Chair of the meeting 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. One way in which this is achieved is by ensuring Directors receive accurate, timely and clear information. He is also responsible for agreeing and regularly reviewing the training and development needs of each Director which he does 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 holds the overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises connected with it. She is well supported in the task 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 approval, successfully implementing Company policies.
- ◆ Directing strategy towards the profitable growth and operations of the Company.
- ◆ Developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board.
- ◆ Maintaining an ongoing dialogue with the Chairman of the Board to keep him fully informed of all significant developments.
- ◆ Putting in place adequate operational planning and financial control systems.
- ◆ Ensuring that operating objectives and required standards of performance are understood by all Company employees.
- ◆ Monitoring of operating and financial results against budget.
- ◆ 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.

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 include financial performance, processes improvement, business excellence, compliance, sustainability 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, corporate law and business management skills and experiences covering adequately all areas of AGP's business undertakings. Furthermore, in compliance with

requirements of Code of Corporate Governance, a female director is also present on the Board of Directors. To encourage representation of minority shareholders, the Company facilitated the minority members, as a class, to contest election of directors for which purpose, the Company fully complies with the relevant regulation.

The Board has given categorical instructions to sustain a diverse workforce and an inclusive environment that respects and shows care for all its people, irrespective of any sort of bias, and helps improve business performance. Alleviation of gender discrimination is instilled in the human capital strategy.

Whistleblowing Policy

AGP does not tolerate any unlawful and unethical activity and vows 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 deal with the 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 2020, six complaints were received and were disposed after formal investigation by the whistleblowing unit. One of the complaint was serious in nature, employee involved in physical abuse was terminated and blacklisted. All other complaints were minor events requiring management's attention only. Appropriate actions were taken for avoidance of such incidents in future. The CEO presented a whistleblowing status report of these complaints to the Audit Committee, clearly disclosing how such matters were dealt with and finally concluded.

IT Governance

AGP has aligned itself to efficient use of Information Technology resources in achieving its strategic and operational objectives while increasing shareholders' value.

To ensure value creation through benefits realization and resource optimization, the Company has IT framework which governs the following aspects;

- ◆ Alignment of IT objectives with overall corporate 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; and
- ◆ Employ comprehensive sourcing procedures to manage third parties / vendors relationships

Policy for Records Safety

The Company considered information as one of the most valued business asset and placed great emphasis for storage and safe custody of its financial and non-financial records. The Company uses the SAP 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 secure places with adequate measures in place.

The Company believes and practices 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 Investors'/Shareholders' satisfaction, an Investor Grievance Policy has been formulated and strictly followed. The objective of this Policy is to enable effective communication and foster healthy relationships with shareholders / investors and resolve their concerns on a timely basis. The Company has internally established a mechanism for investor services and grievances handling. Main principles of the Investors Grievance Policy are as follows:

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

Investors' Contacts Section on Our Website

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

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investors' Contacts' section has been introduced on Company's website www.agp.com.pk, besides the link to 'SECP's Service Desk Management System'. The contact details of 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:

Equal Opportunity

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

Recruitment and Selection

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

Training and Development

Appropriately planned activities are designed to help employees become more effective at their work by improving, updating or refining their experience, knowledge and skills through,

formal training, education programs or on the job development that meets employee and Company objectives.

Performance Management

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

Compensation and Benefits

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

Diversity and Inclusion

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

Succession Planning

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

Related Party Transaction Policy

The Company has a policy governing procedures for related party transactions and to ensure that all such transactions are reviewed, considered, approved and reported in accordance with the international accounting standards, applicable laws and regulations. The policy ensures that:

- ◆ All transactions with related parties arising in the normal course of business are carried out in an unbiased, arm's length basis at normal commercial terms and conditions
- ◆ 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 transaction required 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 34 to financial statements attached therein.

Environmental, Social and Governance Policy

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

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

Committees of the Board

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

The Board comprises of two independent directors who are not involved in the Company's

management nor are connected with any business or other relationships that could interfere materially with, or appear to affect, their judgement.

Audit Committee

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

- ◆ Determination of appropriate measures to safeguard the Company's assets
- ◆ Review of annual and interim financial statements of the Company, prior to their approval by the Board
- ◆ Review of preliminary announcements of results prior to external communication and publication
- ◆ Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits
- ◆ Review of management letter issued by external auditors and management's response thereto
- ◆ Ensuring coordination between the internal and external auditors of the Company
- ◆ Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources
- ◆ Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ◆ Ascertaining that the internal control systems, accounting systems and the reporting structure are adequate and effective
- ◆ Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports
- ◆ Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO
- ◆ Determination of compliance with relevant statutory requirements
- ◆ Monitoring compliance with Code of Corporate Governance

- ◆ Review of arrangement for staff and management to report to the Audit Committee in confidence, concerns, if any, about actual or potential improprieties and recommend instituting remedial and mitigating measures
- ◆ Recommend to the Board the appointment of external auditors, their removal and audit fees
- ◆ Consideration of any other issue or matter as may be assigned by the BOD

Human Resource and Remuneration Committee

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

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

Strategy Committee

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

are:

- ◆ 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 returns;
- ◆ Review and provide guidance to the Board about proposed mergers, acquisitions, divestitures and similar transactions; &
- ◆ 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 Healthcare (Pvt.) Limited
- ◆ Aspin Pharma (Pvt.) Limited
- ◆ OBS Green (Pvt.) Limited

Board Meetings held outside Pakistan

No Board meeting was held outside Pakistan during the year 2020, in order to economize on the resources of the Company.

Meetings of the Board

As prescribed by the law, Board is required to meet at least once per quarter to monitor the Company's performance and for effective and timely accountability of its Management.

The Board held six meetings during the year. The notices and relevant materials, including agendas of the meetings were circulated in advance, in a timely manner. Decisions made by the Board during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary, and were duly circulated to all the directors for endorsement and were approved in the subsequent Board meetings.

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

Board's Roles and Decision Making

The powers of the Board of Directors and the management of the Company 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 of Directors in accordance with laws and regulations and important matters concerning management are resolved by the Board of Directors. 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, costs and profitability.

It is also responsible for identifying new areas of investment 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 has 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.

Directors' Training Program

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

Trading in Shares by Directors and Executives

During the year, 13,500 shares of AGP was traded by an executive of the Company. No other trading was conducted by the directors, executives and their spouses and minor children.

Shares held by Sponsors / Directors / Executives

During the year, the Sponsors', Directors and Executives and their spouses held the following number of shares as of December 31, 2020.

Particulars	Number of Shares
Sponsors	148,950,434
Directors & their spouse(s)	36,004
Executives & their spouse(s)	1,375

A detailed pattern of shareholding is disclosed on pages 206 to 209 of the Annual Report.

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 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 and uploaded on the website of the company.

Queries raised at last Annual General Meeting

No significant issues were raised during the 6th Annual General Meeting (AGM) of the Company held on May 5, 2020. Queries raised during the last AGM of the Company pertained to the Company's published financial statements, which were responded by present 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 scope of the Committee's responsibilities.

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

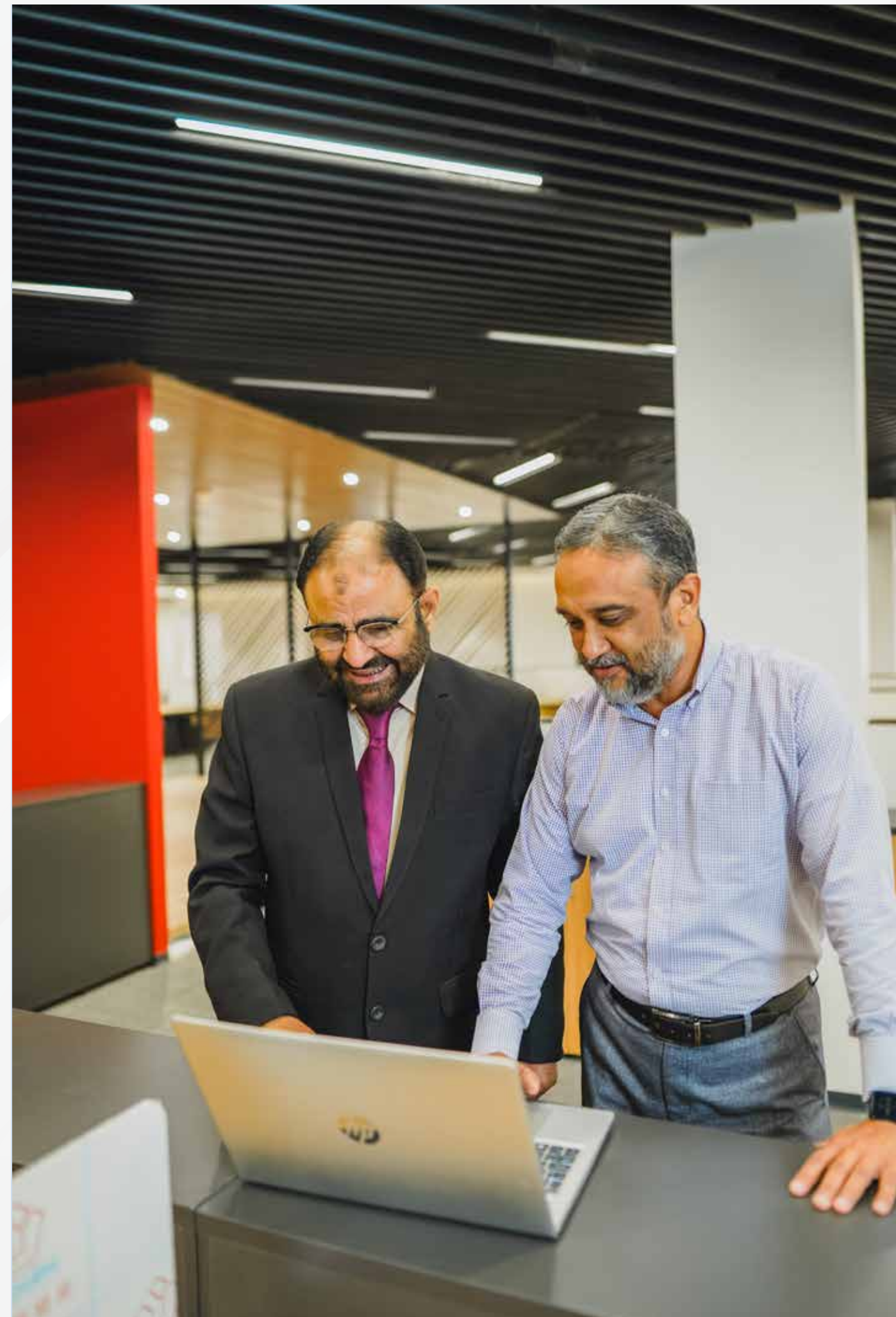
Apart from a formal orientation program, Directors are encouraged to attend trainings, which help them reassess their role in the Company's progress and hone their competencies for the betterment of the Company in line with Code of Corporate Governance.

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 independent directors and 4 non-executive directors. During the year, there was no change in the Board's members and hence, the need for an external search consultancy for the appointment of chairman or independent directors did not arise.

Covid-19 Strategic Response

The Company's strategic response to Covid-19 with detailed explanation has been appropriately outlined on the pages 52 & 53 of the Annual Report.



Stakeholders' Relationships and Engagement

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.

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.

 Banks and other lenders	Engagement Process Meetings and negotiation are held with banks / financial institutions to discuss working capital and other financing requirements	Effect and Value Access to the financial products at competitive prices
 Analyst	Engagement Process One-to-one meetings between senior executives, including CEO, and institutional investors Corporate briefing session	Effect and Value 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
 Shareholders	Engagement Process Annual general meeting Extra-ordinary general meeting Corporate briefing session Communication proceeding declaration of interim results	Effect and Value Maintaining regular and constructive dialogue with investors and shareholders to communicate performance update in order to build confidence and ensure continued access to capital
 Patients and consumers	Engagement Process Pharma summits, medical conventions and conferences Engage ethically with institutions and healthcare professionals through our experienced and well trained marketing team Health awareness sessions	Effect and Value Feedback from summits and other engagements enable us to develop products and advocate for policies that better cater to unmet needs
 Regulators	Engagement Process Meetings with officials according to business needs Submission of data for review and compliance Filing application for approval and registration	Effect and Value Understanding and ensuring compliance with all legal and regulatory requirements Dialogue with regulatory authorities to address matters impacting business operations and new product registrations
 Employees	Engagement Process Routine interactions and meetings Project based collaborations Trainings, both on the job and formal training courses Appraisals (conducted twice a year). Continuous feedback	Effect and Value The Company realizes that employees are its most valuable resource representing the Company in the industry and community Providing a nurturing and friendly work environment that helps the Company to maintain a dedicated and competent workforce Motivated workforce supports effective implementation of strategies
 Suppliers	Engagement Process Engaging with suppliers to monitor quality, delivery and performance Regular auditing of suppliers' quality processes to ensure they comply with relevant regulations and required standards	Effect and Value Suppliers provide materials and services that support us in delivering high-quality, safe products for our patients

Steps taken by the Board to engage with Shareholders

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

Participation at General Meetings

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

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

Last Annual General Meeting

The last Annual General Meeting had a considerable level of attendance, of more than 81%, 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

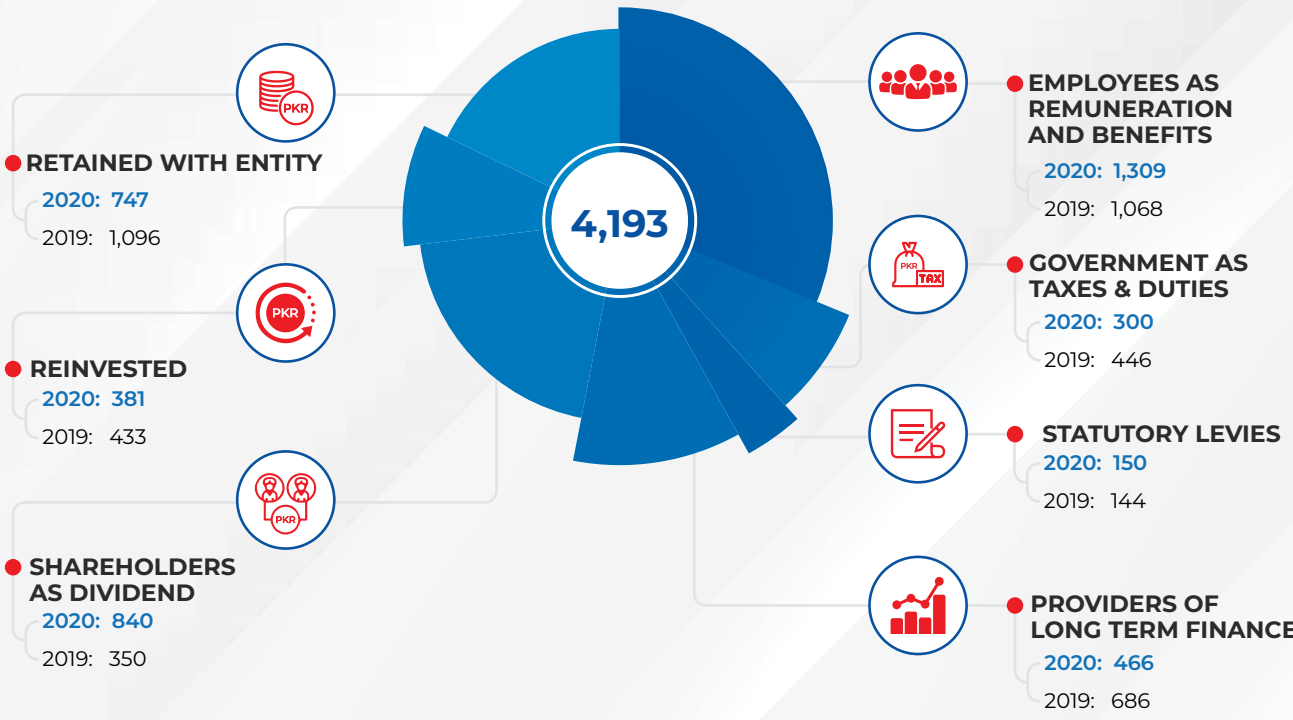
In the last quarter of the year, the CEO, Ms Nusrat Munshi, gave a presentation to shareholders and analysts. In this event, the CEO presented the highlights of financial results strictly ensuring accuracy and completeness of information, for the benefit of the audience. The session concluded with a Question & Answer session and the questions were responded to the satisfaction of the attendees.

Statement of Value Added and Distributed

Wealth Generated



Wealth Distributed



Directors' Report

The Board of Directors of AGP Limited is pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2020.

Principal Activity

The Company is primarily engaged in manufacturing, marketing and sales of pharmaceuticals and healthcare products in the domestic and export market. During the year, Company's state of the art nutraceutical facility also commenced operations which will enable it to aggressively launch new products in the market.

Market Overview

The pharmaceutical industry in Pakistan recorded a sales value in excess of PKR 500 Billion as per MAT Q4`2020 Industry Report issued by IQVIA Solutions Pakistan Pvt. Ltd., pharma research company. During the year under review, retail pharma business witnessed a growth of 10.1% over the last year primarily due to a high demand of COVID-management medicines and one time CPI based price increase allowed by Drug Regulatory Authority of Pakistan (DRAP).

Financial Results

The financial results of the Company in comparison to last year are as follows:

Particulars	Unit	Dec-20	Dec-19	Increase %
Net Revenue	PKR in Million	6,946	6,253	11.1%
Gross Profit		3,861	3,659	5.5%
Profit After Tax		1,587	1,446	9.8%
Earnings Per Share	PKR	5.67	5.17	9.8%

AGP continued its double-digit sales growth trajectory, an achievement amidst the unprecedented challenges posed by global Covid-19 pandemic. The topline grew to PKR 6,946 Million i.e. 11.1% higher than last year. Despite a challenging environment, AGP's sales

performance displayed great resilience through continued production and ensured availability of its product portfolio in the market.

The strong performance in sales was backed by an increase of 9% in the domestic retail portfolio and a robust growth of more than 41% in Afghanistan sales. The Company's top products continued to deliver stellar performance particularly Rigix, Osnate, Ceclor and Anafortan Plus.

The healthy sales growth could not be fully translated to gross profit as margins remained under pressure due to local currency devaluation and a one-off provisioning of Covid-19 antibody testing kits as the same became redundant due to rapidly evolving testing technology. Despite these factors, gross margins of the Company remained impressive as compared to the industry.

The administrative costs increased by PKR 69 Million, mainly on account of strengthening of workforce in line with expanding business operations and implementing preventive measures against Covid-19. Marketing and selling expenses were contained and grew only by 8% due to travel related restrictions. Finance costs witnessed a reduction of 33.1% primarily due to timely repayment of outstanding Sukuk, low interest rate regime and limited utilization of running finance facility. Taxation showed a decrease of 10.3%, as last year one-time prior year charge was booked on account of provision of super tax. The impressive results yield earnings per share of PKR 5.67, presenting an increase of 9.8%.

Capital Structure

Total equity at the year-end increased to PKR 8,210 Million as compared to PKR 7,463 Million last year, an increase of 10%. The Company continued its settlement of long-term financing on a timely basis and made Sukuk repayment of PKR 482 Million and obtained running musharikah under SBP Refinance Scheme amounting to PKR 315 Million during the year, thus reducing the long term financings to PKR 1,041 Million.

The Company made capital investment of PKR 381 Million through internally generated funds in line with the Company's future business plans for expansion. The key components of the expenditure included the balancing, modernization and restructuring of existing plants to enhance capacities and efficiencies and construction of the new office block.

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

Profit Distribution and Reserves

The revenue reserves – unappropriated profit of the Company at beginning of the year stood at PKR 4,663 Million. The net profit for the year increased the reserves by PKR 1,587 Million. On the other hand, final and interim dividend payments decreased the reserves by 560 Million and PKR 280 Million respectively. The closing balance of unappropriated profit was PKR 5,410 Million, signifying an overall increase of 16%.

Appropriations	PKR in Million
Opening unappropriated profit	4,663
Net Profit	1,587
Final dividend at PKR 2 per share	(560)
Interim dividend at PKR 1 per share	(280)
Closing unappropriated profit	5,410

Dividend

The Board of Directors of the Company in its meeting held on February 26, 2021 is pleased to recommend a final cash dividend of PKR 1 per share i.e. 10% for the year ended 2020, for shareholder's approval at the Annual General

Meeting to be held on April 26, 2021. This is in addition to an interim cash dividend of PKR 1 per share i.e. 10% paid to the shareholders during the year 2020, bringing the total dividend for the year ended 2020 to PKR 2 per share i.e. 20%.

Pattern of Shareholding

The Company's shares are listed on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2020 and other related information including trade of shares by a director, CEO, substantial shareholder and/or their spouses and minor children is set out in the relevant section of pattern of shareholding in the annual report.

Subsequent Events

Subsequent to the reporting date, the Board, in its meeting held on 03 February 2021, has authorized the Company to participate with its parent company, through a Special Purpose Vehicle (SPV), OBS AGP (Private) Limited, for the purpose of acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand ("brands") that are owned by Sandoz AG, Switzerland. The Company will own majority of the equity of sixty-five percent (65%) shareholding in the SPV. The acquisition is subject to necessary corporate and regulatory approvals and successful closing of the transaction with Sandoz AG. The said acquisition is likely to increase the market share, bring operational and logistical synergies and enhance the product portfolio of the Company along with increase in the Company's revenues and profitability.

Business Impact on Environment

At AGP Limited, we pride ourselves as a socially responsible corporate entity that places utmost importance in the social costs and benefits arising from our business decisions. Not only do we believe in conducting business operations while adhering to environmental regulatory standards such as Environment, Health and Safety (EHS) standards and Sindh Environmental Protection Agency (SEPA), but going an extra

mile as we make a concerted effort towards exercising diligence in creating a positive impact.

We fully account for the sustainability aspect of our decisions while demonstrating high ethical values. We focus on minimizing our carbon footprint by reducing carbon emissions and undertaking projects that help in conservation of water and energy. As part of our “Go Green Strategy” to develop sustainable sources of energy, we made an investment of around PKR 60 Million in installing solar panels that will cover around 12% of our energy needs. Simultaneously, we are conducting tree plantation drives in various areas of Karachi to ensure a greener future.

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

Corporate Social Responsibility

During the year, the implications of Covid-19 required an urgent and concerted response as it imposed grave danger on the general public. As a major player in the pharmaceutical market, AGP remained fully cognizant of its responsibilities towards joining the community in the fight against the pandemic.

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

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

SDGs	ACTIONS
Goal 2: Zero Hunger	- Several ration drives were conducted for distribution of food to the underprivileged population; - Joined hands with DoctHERS, a digital health platform, to improve the overall health of underprivileged women, particularly pregnant females and feeding mothers, by enabling provision of easier access to the relevant healthcare products in our portfolio at discounted prices.
Goal 3: Good Health and Well Being	- We made several monetary donations alongwith medicines, PPE equipment, antibody testing kits to various institutions. We also donated a set of anesthesia machine with ventilator; - Arranged screening camps for Hepatitis B & C testing and served around 2,000 people in various institutes all over Pakistan; - Introduced Dial Clinics, a digital platform to provide online consultancies wherein 2,500 plus consultancies were conducted from experienced Doctors; - Launched a series of health awareness sessions “Sehat ki Baatien” through renowned healthcare practitioners and more than 30 such sessions were held during 2020.
Goal 4: Quality Education	A policy is in place that provides educational scholarships for Higher Secondary, Graduation and Professional / Technical to the needy and deserving children of factory workers and support staff.

Goal 5: Gender Equality	- We have female strength of over 10.3% as a total workforce; - Female led pharmaceutical listed company; - Won GDIB award for the 2nd consecutive year and this year we are awarded in three different categories, recruitment & developments, benefits and social responsibility; - Provide safe, convenient and affordable transportation facility to our female employees of lower management staff.
Goal 6: Clean Water and Sanitation	- Effluent water treatment plant is in place for proper water disposal that complies with Sindh Environment Protection Agency (SEPA) and approved by the competent regulatory authority; - Conserving water by using taps with sensors and springs.
Goal 7: Affordable and Clean Energy	Installation of Solar Power System on all 3 manufacturing sites that will cover around 12% of our energy needs.
Goal 8: Decent Work and Economic Growth	- Particle Size Analyzer is installed which provides more intelligence in the existing process as well as new product development as potential problems related to particle size can be detected at early stage; - A proper framework is in place to ensure that same wages and benefits are provided to male and female staff doing the same level of job with similar qualifications.

Goal 10: Reduced inequalities	- Duly adhere to all fiscal policies pertaining to labor wages and compensation; - The composition of employees contains different ethnic groups including minority classes; - The management strictly ensure that all workers and staff are older than 18 years of age and strongly discourages child labor.
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Risk Management

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

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

The principal risks currently being faced by the Company include increase in cost of doing business due to devaluation of the Pakistani rupee and domestic inflation. To contain the devaluation impact, we have substituted bulk of our dollar denominated Chinese imports into Chinese Yuan. The smooth and uninterrupted supply of necessary Active Pharmaceutical Ingredients (APIs) may be threatened due to cross border geo-political challenges and escalation in COVID-19 pandemic. The Company, as part of its strategy, is building adequate raw material inventory and also working aggressively to develop alternate vendor sources.

Composition and Meetings of the Board and its Committees

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

During 2020, the Company formed a Board Strategy Committee for reviewing the Company's investment transactions and performance, and in overseeing the Company's capital and financial resources. The meetings of the Board and its committees were held as follows for adoption of best corporate governance practices by the Company and monitoring effectiveness of such practices:

Board of Directors (Board)	6
Board Audit Committee (BAC)	4
Human Resource & Remuneration Committee (HRC)	3
Board Strategy Committee (BSC)	1

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

Name	Categories	Board	BAC	HRC	BSC
Tariq Moinuddin Khan	Non-Executive Director	6/6	-	-	-
Naved Abid Khan	Independent Director	6/6	-	3/3	-
Zafar Iqbal Sobani	Independent Director	6/6	4/4	-	-
Kamran Nishat	Non-Executive Director	6/6	4/4	-	1/1
Nusrat Munshi	Executive Director	6/6	-	3/3	1/1
Mahmud Yar Hiraj	Non-Executive Director	5/6	3/4	2/3	1/1
Muhammad Kamran Mirza	Non-Executive Director	6/6	4/4	3/3	1/1

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

presided over by their respective Chairman. Leave of absence was duly granted to Directors who could not attend the meetings of the Board and its committees.

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

The Chief Financial Officer attended meetings of BAC at the invitation of the Chairman of Audit Committee.

Adequacy of Internal Controls

The Board of Directors has established a system of sound internal control, which is effectively implemented and maintained at all levels within the company. The independent internal audit function of the Company is outsourced to a reputable professional service firm, A.F.Ferguson & Co. (AFF) who are suitably qualified and experienced for the purpose.

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

Board Evaluation

The Company has appointed Pakistan Institute of Corporate Governance (PICG) to evaluate the performance of the Board as a whole, its Committees and members of the Board. PICG is a not-for-profit company engaged in promoting good corporate governance practices in Pakistan. Their faculty comprises of professionals from diverse experiences and backgrounds. This shows the Board's commitment towards excellence in corporate governance.

Results of these evaluations are then discussed in detail in the subsequent Board meeting to

address the highlighted areas and improve the Board's performance. For the year 2020, the Board's performance and effectiveness has been assessed as 'Satisfactory'.

Directors' Remuneration

In compliance with the applicable laws and regulations and as permitted by Articles of Association of the Company, the Board has duly approved the remuneration of the members of the Board for attending meetings of the Board and its committees.

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

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

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	[----- Rupees in '000 -----]					
Managerial remuneration	15,904	14,458	-	-	211,071	157,896
Bonus	2,171	1,971	-	-	19,547	11,209
Performance incentive	38,289	31,902	-	-	2,060	4,604
Reimbursement of expenses	403	300	-	-	22,523	13,731
Provident fund	1,085	985	-	-	10,788	7,115
Others	1,449	1,316	-	-	14,282	15,452
	59,301	50,932	-	-	280,271	210,007
Number of persons	1	1	6	6	52	41

During the year, fee paid to two (2019: two) independent directors and four (2019: Nil) non-executive directors for attending board and other meetings amounted to PKR 4.2 Million (2019: PKR 1.13 Million). During the year, the Company revised its policy of meeting fee to Directors, wherein the Board approved a meeting fee of Non-Executive Directors equivalent to Independent Directors.

Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to PKR 11.5 million (2019: PKR 9.49 million). Number of non-executive directors at year end were four (2019: four).

Directors' Compliance Statement

The Board is pleased to state that:

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

Provident Fund

The Company provides retirement benefits to its employees. This includes a contributory Provident Fund for all employees. Value of investments of Define Contribution Provident fund based on their accounts as at December 31, 2020 was PKR 279 Million - audit in progress, whereas at December 2019 it was PKR 226 Million - audited.

Auditors

The present auditors, M/s EY Ford Rhodes, Chartered Accountants retired, and being eligible, have offered themselves for reappointment for the new financial year. In concurrence with the Audit Committee, the Board has recommended the appointment of M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company, to the shareholders for their approval at the forthcoming Annual General Meeting.

Future Outlook

AGP continues to strengthen its footsteps in Pakistan's pharmaceutical industry. With a large and growing population base, the Pakistani pharmaceutical market is poised to grow significantly with expectations of increase in per capita health spend. The Company made significant financial progress during 2020 by leveraging on better sales performance and production efficiencies.

The Company remains focused on serving its customers, strengthening and building stakeholder relationships, expanding and diversifying its product offering and exploring opportunities for accelerating growth in the coming financial year.

In line with AGP's commitment towards growth and excellence, we have participated with our parent company Aitken Stuart Pakistan (Private) Limited through a Special Purpose Vehicle set up by Aitken Stuart for the purpose of acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand. Simultaneously, the Company is also making tireless efforts in immunization of the population against Covid-19 as it has already

obtained emergency use authorization (EUA) for the vaccine "Sputnik-V" developed by the Gamaleya National Center of Epidemiology and Microbiology, Russia. We are grateful and acknowledge the commitment and determination of DRAP and Health Ministry of Pakistan in granting registration of the Vaccine on a fast track basis.

As we look to the year ahead, AGP is committed to continue build on our competencies, implementing strategies and best governance practices to deliver to the expectations of stakeholders, contributing to a positive progress trajectory through capitalizing on organic and inorganic growth opportunities.

Acknowledgment

The Board would like to express its deep appreciation to its employees for their continued hard work, dedication and resilience in the face of adversity. Despite several difficulties, Company registered a remarkable performance with the undying support of its stakeholders.

The Board would like to place an appreciation on record to the Government and State Bank of Pakistan for introduction of a set of measures such as refinancing policies, reduction of policy rate, short-term tax reliefs and subsidies. These measures are helping to build fiscal resilience, stimulate business recovery and spur economic growth.

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company's performance during the year 2020, and is thankful for the trust and confidence reposed in the Board and the management by the shareholders.

Nusrat Munshi
Chief Executive Officer

Muhammad Kamran Mirza
Non - Executive Director

کمپنی نے اپنے صارفین کی خدمت، اسٹیک ہولڈرز سے تعلقات کو مضبوط بنانے اور استوار کرنے، اپنی پیش کردہ مصنوعات کو وسعت دینے اور متنوع بنانے اور آنے والے مالی سال میں ترقی کو تیز کرنے کے مواقع کی تلاش پر توجہ مرکوز رکھی ہوئی ہے۔

اے جی پی کے عزم ترقی اور درجہ کمال کے عین مطابق، ہم نے اپنی پیرنٹ کمپنی Aitken Stuart پاکستان (پرائیویٹ) لمیٹڈ کی طرف سے قائم کردہ ایک اسپیشل پرنسپل (SPV) کے ذریعے پروڈکٹس کے ایسے منتخب پورٹ فولیو کے حصول کے مقصد کے لیے شرکت اختیار کی ہے جو پاکستان میں سینڈوز برانڈ ("برانڈز") کے تحت کمرشلائزڈ ہیں اور جو سینڈوز اے جی، سوئٹزرلینڈ کی ملکیت ہیں۔ اسی کے ساتھ ساتھ، کمپنی کو ویڈ-۱۹ کے خلاف عوام کو محفوظ بنانے میں بھی انتھک کوششیں کر رہی ہے، جیسا کہ اس نے پہلے ہی روس کے جیلیا نیشنل سنٹر آف ایپیڈیمولوجی اینڈ مائیکروبیا لوجی، کی طرف سے تیار کردہ ویکسین "سپوٹنک-V" کے ہنگامی استعمال کی اجازت (ای یو اے) حاصل کر لی ہے۔ ہم ویکسین کو تیز رفتار بنیاد پر رجسٹریشن فراہم کرنے پر ڈی آر اے پی اور وزارت صحت پاکستان کے شکرگزار ہیں اور ان کے عزم اور لگن کا اعتراف کرتے ہیں۔

سال پر آگے نظر ڈالتے ہوئے، اے جی پی اہلیتوں سے فائدہ اٹھانے کا سلسلہ جاری رکھنے، اسٹیک ہولڈرز کی توقعات کو پورا کرنے کے لیے حکمت عملی اور بہترین انتظامی شعائر پر عمل پیرا ہونے کے لیے عزم ہے، تاکہ ترقی کے نامیاتی اور غیر نامیاتی مواقع سے فائدہ اٹھانے کے ذریعہ مثبت پیشرفت کے رخ پر اپنا کردار ادا کر سکے۔

۲۰۔ اظہار تشکر

بورڈ مشکل حالات کا سامنا کرتے ہوئے سخت محنت، لگن اور قوتِ مدافعت کے مظاہرے کے لیے اپنے ملازمین کو خراج تحسین پیش کرنا چاہتا ہے۔ گونا گوں مشکلات کے باوجود، کمپنی نے اپنے اسٹیک ہولڈرز کی مستقل سرپرستی کے ساتھ نمایاں کارکردگی درج کرائی۔

بورڈ ریفنانسنگ پالیسیوں، شرح سود میں کمی، ٹیکس میں قلیل مدتی چھوٹ اور سبسڈیز جیسے اقدامات کا ایک مجموعہ متعارف کرانے پر حکومت اور اسٹیٹ بینک آف پاکستان کے لیے اظہارِ ستائش کرتا ہے۔ یہ اقدامات مالی قوتِ مدافعت بڑھانے، کاروباری بحالی کو تحریک دینے اور معاشی نمو کو فروغ دینے میں مدد دے رہے ہیں۔

بورڈ سال ۲۰۲۰ کے دوران کمپنی کی کارکردگی پر تبادلہ خیال کرنے کے لیے شیئر ہولڈرز کے آئندہ سالانہ اجلاس عام کا منتظر ہے، اور شیئر ہولڈرز کی طرف سے بورڈ اور انتظامیہ پر کیے جانے والے اعتبار اور اعتماد کا شکریہ ادا کرتا ہے۔

محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر

محترمہ نصرت منشی
چیف ایگزیکٹو آفیسر

انٹرنل آڈٹ، انٹرنل آڈٹ پلان کے مطابق کیا جاتا ہے جس کا آڈٹ کمیٹی کی طرف سے جائزہ لیا جاتا اور اس کی منظوری دی جاتی ہے۔ انٹرنل آڈٹ پلان کا محرک کمپنی کے تنظیمی مقاصد اور ترجیحات، اور وہ خطرات ہیں جو کمپنی کو ان مقاصد کو پورا کرنے سے روک سکتے ہیں۔ آڈٹ کمیٹی انٹرنل کنٹرول فریم ورک کے مؤثر ہونے کا جائزہ لیتی ہے جبکہ ایف ایف کی طرف سے باقاعدگی سے نگرانی کی جاتی ہے اور انٹرنل کنٹرولز اور رسک مینجمنٹ فریم ورک کی اثر انگیزی اور اہلیت پر یقین دہانی فراہم کی جاتی ہے۔

۱۴۔ بورڈ کی کارکردگی کا تجزیہ

کمپنی نے بحیثیت مجموعی بورڈ، اس کی کمیٹیز اور بورڈ ممبران کی کارکردگی کے تجزیے کے لیے ”پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG)“ کی خدمات حاصل کی ہیں۔ PICG پاکستان میں عمدہ کاروباری انتظامی شعائر کو فروغ دینے سے منسلک ایک نان پرافٹ کمپنی ہے۔ ان کی فیکلٹی متنوع تجربوں اور پس منظر کے حامل پروفیشنلز پر مشتمل ہے۔ اس سے بورڈ کے اعلیٰ درجے کے کاروباری انتظام کے عزم کی عکاسی ہوتی ہے۔

ان تجزیوں کے نتائج پر بعد ازاں بورڈ اجلاس میں تفصیل سے تبادلہ خیال کیا جاتا ہے تاکہ نمایاں کیے گئے معاملہ سے عہدہ برآ ہوا جاسکے اور بورڈ کی کارکردگی بہتر بنائی جاسکے۔ سال ۲۰۲۰ کے لیے بورڈ کی کارکردگی کا تجزیہ بطور ”تسلیمی بخش“ کیا گیا ہے۔

۱۵۔ ڈائریکٹرز کا معاوضہ

قابل اطلاق قوانین اور ضوابط کی تعمیل کرتے ہوئے اور جیسا کہ آرٹیکلز آف ایسوسی ایشن آف کمپنی کی طرف سے اجازت دی گئی ہے، بورڈ نے بورڈ اور اس کی کمیٹیز کے اجلاسوں میں شرکت کے لیے بورڈ کے ممبران کے معاوضے کی باضابطہ منظوری دی ہے۔

کمپنی کے امور کو کامیابی کے ساتھ چلانے اور قدر میں اضافے کی حوصلہ افزائی کرنے کے لیے ڈائریکٹرز کو راغب اور برقرار رکھنے کے لیے، معاوضے کی سطح مناسب اور مہارت اور ذمہ داری کے بمطابق اور انڈسٹری کے موجودہ رجحانوں اور کاروباری شعائر کے عین مطابق ہے۔ تاہم یہ فیس کسی بھی طرح اس سطح کی نہیں ہے کہ خود مختار ڈائریکٹرز کی خود مختاری کو متاثر کرنے کے قابل تصور کی جاسکے۔

ہر ایک ڈائریکٹرز اور چیف ایگزیکٹو کے معاوضے کے پیکج کے سلسلے میں تفصیلات جس میں بلا حد تنخواہ، فوائد، بونس، اشاک آپشنز، پنشن اور دیگر مراعات شامل ہیں، مندرجہ ذیل ہیں۔

	چیف ایگزیکٹو		ڈائریکٹرز		ایگزیکٹوز	
	۲۰۲۰	۲۰۱۹	۲۰۲۰	۲۰۱۹	۲۰۲۰	۲۰۱۹
	 ہزار روپے					
بحیثیت منتظم معاوضہ	۱۵,۹۰۴	۱۴,۴۵۸	-	-	۲۱۱,۰۷۱	۱۵۷,۸۹۶
بونس	۲,۱۷۱	۱,۹۷۱	-	-	۱۹,۵۴۷	۱۱,۲۰۹
کارکردگی پر مراعات	۳۸,۲۸۹	۳۱,۹۰۲	-	-	۲,۰۶۰	۴,۶۰۴
اخراجات کی رقم واپسی	۴۰۳	۳۰۰	-	-	۲۲,۵۲۳	۱,۳۷۳
پروویڈنٹ فنڈ	۱,۰۸۵	۹۸۵	-	-	۱۰,۷۸۸	۷,۱۱۵
دیگر	۱,۴۴۹	۱,۳۱۶	-	-	۱۴,۲۸۲	۱,۳۱۶
	۵۹,۳۰۱	۵۰,۹۳۲	-	-	۲۸۰,۲۷۱	۲۱۰,۰۰۷
افراد کی تعداد	۱	۱	۶	۶	۵۲	۴۱

سال کے دوران، دو (۲۰۱۹) دو (خود مختار ڈائریکٹرز اور چار (۲۰۱۹: صفر) نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور دیگر اجلاسوں میں شرکت کے لیے ۴.۲ ملین روپے فیس کی ادائیگی کی گئی (۲۰۱۹: ۱.۱۳ ملین روپے)۔ سال کے دوران، کمپنی نے ڈائریکٹرز کی اجلاس فیس کی اپنی پالیسی میں ترمیم کی، جس میں بورڈ نے نان ایگزیکٹو ڈائریکٹرز کے لیے خود مختار ڈائریکٹرز کے برابر اجلاس فیس کی منظوری دی۔ کمپنی کی طرف سے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے سفر اور قیام کے اٹھائے گئے اخراجات کی مالیت ۱۱.۵ ملین روپے تھی (۲۰۱۹: ۹.۴۹ ملین روپے) اور سال کے اختتام پر نان ایگزیکٹو ڈائریکٹرز کی تعداد چار تھی (۲۰۱۹: چار)۔

۱۶۔ ڈائریکٹرز کی طرف سے تعمیل کا بیان

بورڈ یہ بیان کرتے ہوئے خوشی محسوس کرتا ہے کہ:

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی گوشوارے اس کی صورت حال، اس کے آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کا نتیجہ منصفانہ طور پر پیش کرتے ہیں۔

۲۔ کمپنی کے اکاؤنٹ کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔

۳۔ کمپنی کی بطور ادارہ کاروبار جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شکوک و شبہات موجود نہیں ہیں۔

۴۔ مالی گوشواروں کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور حسابی تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

۵۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشواروں کی تیاری میں عمل کیا گیا ہے اور ان سے کسی بھی طرح کے انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔

۶۔ انٹرنل کنٹرول کا نظام اپنی ساخت کے اعتبار سے مستحکم ہے اور اسے موثر انداز میں نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔

۷۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا اہم انحراف نہیں کیا گیا ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل فراہم کی گئی ہے۔

۸۔ واجب الادا ایکسوں اور محصولات سے متعلق معلومات کو، جیسا کہ لسٹنگ ریگولیشنز کی طرف سے مطلوب ہیں، مالی گوشواروں کے نوٹس میں ظاہر کیا گیا ہے۔

۹۔ بورڈ نے ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں اور قواعد و ضوابط میں درج کردہ معیار کی پوری تعمیل کی ہے۔

۱۰۔ پچھلے پانچ سالوں کے اہم آپرینٹنگ اور مالی اعداد و شمار سالانہ رپورٹ کے متعلقہ حصوں میں پیش کیے گئے ہیں۔ اور

۱۱۔ کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کے لیے پرعزم ہے اور بہترین شعائر کی تعمیل کے لیے مناسب اقدامات کیے جاتے ہیں۔

۱۷۔ پروویڈنٹ فنڈ

کمپنی اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتی ہے۔ اس میں تمام ملازمین کے لیے ایک شراکتی پروویڈنٹ فنڈ شامل ہے۔ ڈیفائنڈ کٹری بیوشن پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت ان کے اکاؤنٹس کی بنیاد پر ۳۱ دسمبر ۲۰۲۰ کو ۲۷ ملین روپے تھی۔ جس کا آڈٹ جاری ہے، جبکہ دسمبر ۲۰۱۹ میں یہ آڈٹ شدہ ۲۲.۶ ملین روپے تھی۔

۱۸۔ آڈیٹرز

موجودہ آڈیٹرز، میسرز ای وائی فورڈ رھوڈس (M/s EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹ ریٹائر ہو گئے ہیں، اور اہل ہونے کے ناطے، انہوں نے اپنے آپ کو نئے مالی سال کے لئے دوبارہ تقرری کے لئے پیش کیا۔ آڈٹ کمیٹی سے اتفاق رائے کے ساتھ، بورڈ نے آئندہ سالانہ اجلاس عام میں حصص یافتگان کی منظوری کے لیے میسرز ای وائی فورڈ رھوڈس (M/s EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس کو کمپنی کا قانونی آڈیٹر مقرر کرنے کی سفارش کی ہے۔

۱۹۔ مستقبل کی توقعات

اے جی پی پاکستان کی دواسازی کی صنعت میں اپنے نقش مستحکم بنانے کا عمل جاری رکھے ہوئے ہے۔ بروہتی ہوئی آبادی کے ساتھ، پاکستانی فارماسیوٹیکل مارکیٹ میں صحت کے فی کس اخراجات میں اضافے کی توقعات کے ساتھ نمایاں ترقی کی امید ہے۔ کمپنی نے ۲۰۲۰ کے دوران فروخت کی بہتر کارکردگی اور پیداواری استعداد سے فائدہ اٹھا کر نمایاں مالی پیشرفت کی۔

۱۲۔ بورڈ اور اس کی کمیٹی کی ساخت اور اجلاس

بورڈ مختلف شعبوں سے تعلق رکھنے والے نامور افراد پر مشتمل ہے جو کمپنی کو اسٹریٹجک رہنمائی فراہم کرنے کے لیے متعلقہ موضوعات میں متنوع مہارتوں کا مجموعہ اور معلومات رکھتے ہیں۔ ہمارے بورڈ کی ساخت ہر قسم کے حصص ہافنگان کے مفادات کی نمائندگی کرتی ہے۔

۲۰۲۰ کے دوران، کمپنی نے کمپنی کے سرمایہ کاری کے لین دین اور کارکردگی کا جائزہ لینے، اور کمپنی کے سرمایہ اور مالیاتی وسائل کی نگرانی کے لیے بورڈ اسٹریٹجی کمیٹی تشکیل دی۔ کمپنی کی طرف سے کارپوریٹ گورننس کے بہترین طور طریقوں کو اپنانے اور اس طرح کے معمولات کی انگیزی کی نگرانی کے لیے بورڈ اور اس کی کمیٹیوں کے اجلاس منعقد کیے گئے:

بورڈ آف ڈائریکٹرز (بورڈ)	۶
بورڈ آڈٹ کمیٹی (BAC)	۴
ہیومن ریسورس اور ریمو نیویشن کمیٹی (HRC)	۳
بورڈ اسٹریٹجی کمیٹی (BSC)	۱

بورڈ اور اس کی کمیٹی کی ساخت اور اس کے اجلاسوں کی حاضری کا ریکارڈ درج ذیل ہے:

نام	کمیٹی	بورڈ	HRC	BAC	BSC
جناب طارق معین الدین خان	نان ایگزیکٹو ڈائریکٹر	۶/۶	-	-	-
جناب نوید عابد خان	خود مختار ڈائریکٹر	۶/۶	۳/۳	-	-
جناب ظفر اقبال صوبانی	خود مختار ڈائریکٹر	۶/۶	-	۴/۴	-
جناب کامران نشاط	نان ایگزیکٹو ڈائریکٹر	۶/۶	-	۴/۴	۱/۱
محترمہ نصرت منشی	ایگزیکٹو ڈائریکٹر	۶/۶	۳/۳	-	۱/۱
جناب محمود یار ہراج	نان ایگزیکٹو ڈائریکٹر	۶/۵	۳/۲	۴/۳	۱/۱
جناب محمد کامران مرزا	نان ایگزیکٹو ڈائریکٹر	۶/۶	۳/۳	۴/۴	۱/۱

جناب طارق معین الدین خان بورڈ اجلاس کی اور جناب نوید عابد خان، جناب ظفر اقبال صوبانی اور جناب کامران نشاط بالترتیب HRC، BAC اور BSC کے اجلاسوں کی صدارت کرتے ہیں۔ بورڈ اور اس کی کمیٹی کے اجلاسوں کی صدارت ان کے متعلقہ چیئرمین نے کی۔ بورڈ اور اس کی کمیٹی کے اجلاسوں میں حاضری ہو پانے والے ڈائریکٹرز کو غیر حاضری کی باضابطہ رخصت دے دی گئی۔

چیف فنانشل آفیسر اور کمپنی سیکریٹری بورڈ کے تمام اجلاسوں میں شریک ہوئے سوائے اس اجلاس کے ایسے حصے جس میں ایجنڈا آئٹم ان کی کارکردگی یا ان کی خدمات کے شرائط و ضوابط پر غور کرنے سے متعلق ہو۔

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

۱۳۔ انٹرنل کنٹرولز کی معقولیت

بورڈ آف ڈائریکٹرز نے انٹرنل کنٹرول کا ایک نظام قائم کیا ہے، جو کمپنی کے اندر ہر سطح پر موثر انداز میں نافذ اور برقرار ہے۔ کمپنی کے آزادانہ انٹرنل آڈٹ کا عمل ایک معروف پیشہ ورانہ سروس فرم، میسرز اے۔ ایف۔ فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو آؤٹ سورس کر دیا ہے جو اس مقصد کے لیے مناسب قابلیت اور تجربے کے حامل ہیں۔

۶۔ صاف پانی اور صفائی ستھرائی

☆ پانی کے درست اسٹاف کے لیے موثر واٹر ٹریٹمنٹ پلانٹ موجود ہے جو سندھ انوائزمنٹ پروفیکشن ایجنسی (SEPA) کی پاسداری کرتا ہے اور مجاز ریگولیٹری اتھارٹی کی طرف سے منظور شدہ ہے۔	☆ سینسز اور سپرنگ والی ٹوئیوں کے اطلاق اور استعمال کے ذریعے پانی کی بچت
☆ تمام تین مینوفیکچرنگ سائٹس پر سولر پاور سسٹم انسٹال کیا جا رہا ہے	☆ ڈیزے (Particle) کے سائز کا اینالائزر نصب کیا گیا ہے جو موجودہ پروسس کے ساتھ ساتھ نئی پروڈکٹ کی تیاری میں زیادہ معلومات مہیا کرتا ہے تاکہ ابتدائی مرحلے میں ڈیزے کے سائز سے متعلق ممکنہ مسائل کا پتہ لگایا جاسکے۔
☆ ایک ہی جیسی قابلیت کے حامل اور یکساں درجے کا کام کرنے والے مرد اور خواتین عملے کے لیے یکساں اجرتیں اور مراعات یقینی بنانے کے لیے ایک باضابطہ فریم ورک موجود ہے۔	☆ مزدوری کی اجرت اور معاوضے سے متعلق تمام مالی پالیسیوں کی باضابطہ پابندی کی جاتی ہے۔
☆ ملازمین کا امتزاج مختلف نسلی گروہوں پر مشتمل ہے جن میں اقلیتی طبقات شامل ہیں۔	☆ انتظامیہ سختی سے اس بات کو یقینی بناتی ہے کہ تمام کارکنان اور عملہ 18 سال سے زیادہ عمر کا ہے اور چائلڈ لیبر کی سختی سے حوصلہ شکنی کی جاتی ہے۔

۱۱۔ خطرات سے عہدہ برآ ہونا (رسک مینجمنٹ)

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

انتظامیہ نے رسک کی نشاندہی اور نظم و نسق کا ایک مستحکم نظام برقرار رکھا ہے۔ اس میں کمپنی کو درپیش اسٹریٹجک، مالی، آپریشنل، ساکھ سے متعلق اور قانونی اور تعمیل (کمپلائنس) کے خطرات کی شناخت، تشخیص اور اس سے نمٹنا شامل ہے۔ اصل خطرات کا خلاصہ، ان کی تخفیف کے منصوبے کے ساتھ آڈٹ کمیٹی کو ان کے جائزہ، غور و خوض اور ضروری رہنمائی کے لیے پیش کیا گیا ہے۔ اختتام اور نتائج بھی بورڈ کے ساتھ شیئر کیے گئے ہیں۔

کمپنی کو اس وقت جن اہم خطرات کا سامنا ہے ان میں پاکستانی روپے کی قدر میں کمی اور ملکی افراط زر کی وجہ سے کاروبار کرنے میں لاگت میں اضافہ بھی شامل ہے۔ روپے کی قدر میں کمی کے اثرات محدود کرنے کے لیے، ہم نے اپنی ڈالر میں خریدی جانے والی چینی درآمدات کا بیشتر حصہ چینی یوآن میں تبدیل کر دیا ہے۔ سرحد پار سے جغرافیائی سیاسی چیلنجوں اور کوویڈ-۱۹ عالمی وبا میں اضافے کی وجہ سے ضروری ایکسپورٹ اور ماسکوں کی اجازت (APIs) کی ہموار اور بلا تعطل فراہمی کو خطرہ لاحق ہو سکتا ہے۔ کمپنی، اپنی حکمت عملی کے ایک حصے کے طور پر، خام مال کی مناسب انویسٹری تیار کر رہی ہے اور خریداری کے متبادل ذرائع تیار کرنے کے لئے بھی جارحانہ انداز میں کام کر رہی ہے۔

متعلق جسے میں درج کی گئی ہیں۔

۸۔ بعد میں رونما ہونے والے واقعات

رپورٹنگ کی تاریخ کے بعد، بورڈ نے ۳ فروری ۲۰۲۱ کو اپنے اجلاس میں، کمپنی کو اپنی پیرنٹ کمپنی Aitkenstuart (پرائیویٹ) پاکستان لمیٹڈ کے ساتھ ایک اسپیشل پرنسپل (SPV) کے ذریعے پروڈکٹس کے ایسے منتخب پورٹ فولیو کے حصول کے مقصد کے لیے شرکت کا اختیار دے دیا ہے جو پاکستان میں سینڈوز برانڈ ("برانڈز") کے تحت فروخت ہوتی ہیں اور جو سینڈوز اے جی، سوئٹزرلینڈ کی ملکیت ہیں۔ کمپنی ایس پی وی میں پینسٹ فیصد (۶۵ فیصد) شیئرز ہولڈنگ کے ساتھ اکثریتی ایکویٹی کی مالک ہوگی۔ یہ خریداری ضروری کاروباری اور ریگولیٹری منظور یوں اور سینڈوز اے جی کے ساتھ لین دین کی کامیاب تکمیل سے مشروط ہے۔ مذکورہ خریداری سے مارکیٹ شیئرز میں اضافے، آپریشنل اور لاجسٹک ہم آہنگی لانے اور کمپنی کی آمدنی اور منافع میں اضافے کے ساتھ ساتھ کمپنی کے پروڈکٹ پورٹ فولیو میں اضافے کا امکان رکھتی ہے۔

۹۔ ماحول پر کاروباری اثرات

اے جی پی لمیٹڈ میں، ہم اپنے ایک معاشرتی ذمہ دار کارپوریٹ ادارہ ہونے پر فخر کرتے ہیں جو ہمارے کاروباری فیصلوں سے پیدا ہونے والے سماجی اخراجات اور فوائد میں انتہائی اہمیت رکھتا ہے۔ ہم نہ صرف ماحولیاتی ریگولیٹری معیارات، مثلاً ماحولیات، صحت اور حفاظت (EHS) کے معیار اور سندھ ماحولیاتی تحفظ ایجنسی (SEPA) پر عمل پیرا ہوتے ہوئے کاروباری سرگرمیاں انجام دینے، بلکہ ایک مثبت اثر پیدا کرنے کے لیے مستقل مزاجی کی مشق اور مشترکہ کوششیں کرتے ہوئے اضافی پیش قدمی کرنے پر یقین رکھتے ہیں۔

اعلیٰ اخلاقی اقدار کا مظاہرہ کرتے ہوئے ہم اپنے فیصلوں کے پائیدار ماحولیاتی پہلو کا پوری طرح سے خیال رکھتے ہیں۔ ہم کاربن کے اخراج کو کم کر کے اس کے اثرات کو کم سے کم کرنے پر توجہ دیتے ہیں اور ایسے منصوبوں پر عمل درآمد کرتے ہیں جو پانی اور توانائی کے تحفظ میں مدد فراہم کرتے ہیں۔ توانائی کے پائیدار ذرائع تیار کرنے کے لئے ہماری "گو گرین اسٹریٹیجی" کے طور پر، ہم نے سولر پنل کی تنصیب پر تقریباً ۶۰ ملین روپے کی سرمایہ کاری کی ہے جس سے ہماری توانائی کی تقریباً ۱۲ فیصد ضروریات کا احاطہ کیا جائے گا۔ اس کے ساتھ ہی، ہم سبز مستقبل کو یقینی بنانے کے لیے کراچی کے مختلف علاقوں میں شجرکاری کی مہم چلا رہے ہیں۔

ہمارے پیداواری معمولات بین الاقوامی معیار کے مطابق ہیں اور ہم مینوفیکچرنگ کے اچھے طریقوں (سی جی ایم پی) کی تعمیل کرتے ہیں۔ ہمارے کاروباری طریقے اور کنٹرول مستعد اور پائیدار ہیں، اور اس بات کو یقینی بناتے ہیں کہ ہم اپنے ملازمین کے معیار اور حفاظت پر سمجھوتہ نہیں کرتے۔ اسی طرح ہماری مصنوعات معیار کی سخت ترین اہلیت پر پورا اترتی ہیں اور ہمارے صارفین کی ضروریات کو مناسب طریقے سے پورا کرتی ہیں۔ ان مقاصد کو حاصل کرنے میں مدد کے لیے، کمپنی کے تمام اندرونی اور بیرونی آپریشنل شعبوں میں ای ایچ ایس کی کارکردگی کو برقرار رکھنے اور اس میں مزید بہتری لانے کے لیے عہدگی سے ڈیزائن کی گئی ٹریننگ اور کورسز، متعلقہ ملازمین کو کرائے جاتے ہیں۔

۱۰۔ کاروباری سماجی ذمہ داری (CSR)

ایک سال کے دوران، کوویڈ-19 کے مضمرات کا فوری اور ٹھوس جواب دینے کی ضرورت تھی کیونکہ اس سے عام لوگوں کو شدید خطرہ لاحق تھے۔ دواسازی کی مارکیٹ میں ایک بڑے ادارے کی حیثیت سے، اے جی پی عالمی وبا کے خلاف جنگ میں کمیونٹی کے ساتھ شامل ہونے کے حوالے سے اپنی ذمہ داریوں سے پوری طرح واقف رہا ہے۔

ہم نے سال بھر میں سماجی فلاح و بہبود کے فروغ سے متعلق مختلف منصوبوں کی کفالت کی ہے۔

حکومت پاکستان (جی او پی) کی طرف سے مستحکم ترقیاتی اہداف (ایس ڈی جی) کی پیروی میں، استحکامی فلاح کو بہتر بنانے کی طرف ہمارے لائحہ عمل کا خلاصہ درج ذیل جدول کے ذریعے کیا جاسکتا ہے:

مستحکم ترقیاتی اہداف (ایس ڈی جی)	عملی اقدامات
۲۔ زیر و بھر (بھوک اور افلاس کا خاتمہ)	☆ راشن کی کئی مہموں کے ذریعے کم وسائل والی آبادی میں خوراک تقسیم کی گئی، کم وسائل والی خواتین، خصوصاً حاملہ خواتین اور دودھ پلانے والی ماؤں کی مجموعی صحت بہتر بنانے اور انہیں ہمارے پورٹ فولیو میں صحت کی دیکھ بھال کی متعلقہ مصنوعات تک رعایتی قیمتوں پر رسائی حاصل کرنے کے قابل بنانے کے لیے ایک ڈیجیٹل پلیٹ فارم DoctHERS کے ساتھ اشتراک کیا گیا۔
۳۔ اچھی صحت اور فلاح و بہبود	☆ ہم نے مختلف اداروں کو ادویات، پی پی کے آلات، اینٹی باڈی ٹیسٹنگ کنٹس کے ساتھ کی مالیاتی عطیات کیے۔ ہم نے وینیلیئر مشین کا ایک سیٹ، اسٹیتھو یا مشین کے ساتھ بھی عطیہ کیا۔ ☆ ہپا ٹائٹس بی اوری ٹیسٹنگ کے لیے اسکریننگ کے انتظامات کیے گئے اور پاکستان بھر کے مختلف اداروں میں ۲۰۰۰ کے لگ بھگ افراد کو خدمات فراہم کی گئیں۔ ☆ تجربہ کار ڈاکٹرز کی طرف آن لائن مشاورت کی فراہمی کے لیے ایک ڈیجیٹل پلیٹ فارم 'ڈائل کلینکس' متعارف کرایا گیا جہاں ۲۵۰۰ سے زائد افراد کو مشاورت فراہم کی۔ ☆ معروف ہیلتھ کیئر پریکٹسز کے ذریعے صحت سے آگاہی کی نشستوں کا ایک سلسلہ "صحت کی باتیں" متعارف کرایا گیا اور ۲۰۲۰ کے دوران میں ایسی ۳۰ سے زائد نشستیں منعقد کی گئیں۔
۴۔ معیاری تعلیم	☆ ایک پالیسی موجود ہے جو فیکٹری ورکرز اور معاون عملے کے ضرورت مند اور مستحق بچوں کو اعلیٰ ثانوی، گریجویٹ اور پروفیشنل / ٹیکنیکل تعلیم کے لیے تعلیمی وظائف مہیا کرتی ہے۔
۵۔ صنفی مساوات	☆ ہماری مجموعی افرادی قوت کا ۱۰.۳ فیصد خواتین پر مشتمل ہے، ☆ خاتون کی زیر قیادت مصروف کار فارماسیوٹیکل لیب کمپنی، ☆ لگاتار دوسرے سال تنوع اور شمولیت کے لیے GDIB ایوارڈ جیتا اور اس سال ہمیں تین مختلف کیٹیگریز، ریکروٹمنٹ اینڈ ڈیولپمنٹس، ہینڈلنگ اور سوشل رسپانسیبیلٹی میں انعامات سے نوازا گیا ہے۔ ☆ ہم اپنے زیریں انتظامی عملے کی خاتون ملازمین کو ٹرانسپورٹ کی محفوظ، باسہولت اور باکفایت سہولت فراہم کرتے ہیں۔

ڈائریکٹر رپورٹ

اے جی پی کے بورڈ آف ڈائریکٹرز کی طرف سے ۳۱ دسمبر، ۲۰۲۰ کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

۱۔ بنیادی سرگرمی

کمپنی بنیادی طور پر مقامی اور برآمداتی مارکیٹس میں دواسازی اور صحت کی دیکھ بھال کی مصنوعات کی تیاری، مارکیٹنگ اور فروخت میں مصروف ہے۔ سال کے دوران کمپنی کی جدید ترین نیوٹراسیوٹیکل فیکٹری نے بھی کام شروع کیا جو اسے مارکیٹ میں نئی مصنوعات کو جارحانہ انداز میں لانچ کرنے میں کارآمد ثابت ہوگی۔

۲۔ مارکیٹ کا جائزہ

فارماریسز کمپنی، IQVIA سولوشنز پاکستان پرائیویٹ لمیٹڈ کی طرف سے جاری کردہ انڈسٹری رپورٹ MAT Q4`2020 کے مطابق پاکستان میں دواسازی کی صنعت نے ۵۰۰ ارب روپے سے زیادہ مالیت کی فروخت ریکارڈ کی ہے۔ زیر جائزہ سال کے دوران، دواسازی کے خوردہ کاروبار میں گذشتہ سال کے دوران ۱۰.۱ فیصد اضافہ دیکھا گیا، جس کی بنیادی وجہ کوویڈ پر قابو پانے کی دوائیوں کی زیادہ مانگ اور ڈرگ ریگولیٹری اتھارٹی آف پاکستان (ڈی آر پی پی) کی طرف سے ادویات کی قیمت میں سی پی آئی پر مبنی ایک وقتی اضافہ تھا۔

۳۔ مالیاتی نتائج

گذشتہ سال کے مقابل میں کمپنی کے مالیاتی نتائج درج ذیل ہیں:

کوائف	اکائیاں	دسمبر ۲۰۲۰	دسمبر ۲۰۱۹	اضافہ
خالص آمدنی	روپوں میں	۶,۹۴۶	۶,۲۵۳	۱۱.۱ فیصد
مجموعی منافع		۳,۸۶۱	۳,۶۵۹	۵.۵ فیصد
بعد از ٹیکس منافع		۱,۵۸۷	۱,۴۴۶	۹.۸ فیصد
فی شیئر آمدنی	روپے	۵.۶۷	۵.۱۷	۹.۸ فیصد

اے جی پی نے فروخت میں اپنے دہرے ہندسے کی نمو جاری رکھی جو کوویڈ ۱۹ کی وجہ سے درپیش بے نظیر آزمائشوں کے درمیان ایک کامیابی ہے۔ مجموعی فروخت میں ۶,۹۴۶ ملین روپے تک اضافہ ہوا یعنی گزشتہ سال سے ۱۱.۱ فیصد زائد رہی۔ آزمائش سے بھرپور ماحول کے باوجود اے جی پی کی فروخت نے مسلسل پیداوار اور اپنے پروڈکٹ پورٹ فولیو کی مارکیٹ میں دستیابی یقینی بنانے کے ذریعے زبردست قوت مدافعت کا مظاہرہ کیا۔

فروخت میں زبردست کارکردگی کو ملکی ریشیل پورٹ فولیو میں ۹ فیصد اضافے اور افغانستان کو فروخت میں شاندار ۴۱ فیصد سے زائد کے زبردست اضافے کی معاونت حاصل رہی۔ کمپنی کی نمایاں پروڈکٹ نے شاندار کارکردگی کا مظاہرہ جاری رکھا، خصوصاً ریکس (Rigix)، اوسنیت (Osinate)، سیکور (Ceclor) اور اینا فورٹان پلس (Anafortan Plus) نے۔

فروخت میں عمدہ اضافہ مجموعی منافع کی شکل میں پوری طرح تبدیل نہ ہو سکا جس کی وجہ مقامی کرنسی کی قدر میں کمی اور کوویڈ ۱۹ اینٹی باڈی ٹیسٹنگ کٹس کی ایک وقتی فراہمی اور ان کا مٹروک ہو جانا تھی۔ ان عوامل کے باوجود کمپنی کے مجموعی منافع جات انڈسٹری کے مقابلے میں متاثر کن رہے۔

انتظامی اخراجات میں ۶۹ ملین روپے کا اضافہ ہوا ہے، جس کی بنیادی وجہ کاروباری سرگرمیوں میں توسیع کے مطابق افرادی قوت میں اضافہ اور کوویڈ ۱۹ کے خلاف

حفاظتی اقدامات کا نفاذ ہے۔ سفری پابندیوں کی وجہ سے مارکیٹنگ اور فروخت کے اخراجات محدود رہے اور ان میں صرف ۸ فیصد اضافہ ہوا۔ فنانسنگ لاگتوں میں ۳۳.۱ فیصد کمی دیکھنے میں آئی جس کی بنیادی وجہ بقایا صکوک کی بروقت ادائیگی، شرح سود میں کمی کارخانہ اور رنگ فنانس فیلیٹی کا محدود استعمال ہیں۔ ٹیکس کی ادائیگی میں ۱۰.۳ فیصد کمی واقع ہوئی ہے، جیسا کہ پچھلے سال سپرنٹیکس کی فراہمی کی مد میں ایک وقتی چارج لگایا گیا تھا۔ متاثر کن نتائج سے ۵.۶ روپے کی فی حصہ آمدنی ہوئی ہے، جو ۹.۸ فیصد اضافہ پیش کرتی ہے۔

۴۔ سرمایے کی نوعیت

سال کے اختتام پر کل ایکویٹی بڑھ کر ۸,۲۱۰ ملین روپے ہو گئی جبکہ پچھلے سال یہ ۴,۶۳ ملین روپے تھی، جو ۱۰ فیصد اضافہ ہے۔ کمپنی نے طویل مدتی فنانسنگ کی بروقت ادائیگی کا سلسلہ جاری رکھا اور صکوک کی مد میں ۴۸۲ ملین روپے واپس کیے اور اس سال کے دوران اسٹیٹ بینک ری فنانس اسکیم کے تحت ۳۱۵ ملین روپے مالیت کا جاری مشارکہ حاصل کیا، جس سے طویل مدتی فنانسنگ کم ہو کر ۱,۰۴۱ ملین روپے ہو گئی۔

کمپنی نے توسیع کے لیے مستقبل کے کاروباری منصوبوں کی مناسبت سے اپنے اندرونی پیدا کردہ فنڈز سے ۳۸۱ ملین روپے کی سرمایہ کاری کی ہے۔ اخراجات کے اہم اجزاء میں موجودہ پلانٹس کی صلاحیتوں اور اہلیت میں اضافے کے لیے ان کی توازن کاری، جدید کاری اور تنظیم نو اور نئے آفس بلاک کی تعمیر شامل ہے۔

سال کے دوران، پی اے سی آر اے (PACRA) نے اے جی پی کی طویل مدتی کریڈٹ ریٹنگ کو بالترتیب A+ اور مختصر مدتی کریڈٹ ریٹنگ کو A1 پر برقرار رکھا ہے۔

۵۔ منافع کا تصرف اور محفوظ ذخائر کا تجزیہ

آمدن کے ذخائر۔ سال کے آغاز پر کمپنی کا غیر منقولہ منافع ۴,۶۶۳ ملین روپے تھا۔ سال کے لیے خالص منافع نے کمپنی کے محفوظ ذخائر میں ۱,۵۸۷ ملین روپے تک اضافہ کر دیا۔ جب کہ دوسری طرف عبوری اور حتمی ڈیویڈنڈ کی ادائیگیوں سے ذخائر بالترتیب ۵۶۰ ملین روپے اور ۲۸۰ ملین روپے کم ہو گئے۔ غیر منقولہ منافع کا اختتامی بیلنس ۵,۴۱۰ ملین روپے رہا جو ۱۶ فیصد کے مجموعی اضافے کی نشان دہی کرتا ہے۔

مصارف	
ابتدائی غیر منقولہ منافع	۴,۶۶۳
خالص منافع	۱,۵۸۷
حتمی ڈیویڈنڈ بحساب ۲ روپے فی حصہ	(۵۶۰)
عبوری ڈیویڈنڈ بحساب ۱ روپے فی حصہ	(۲۸۰)
اختتامی غیر منقولہ منافع	۵,۴۱۰

۶۔ ڈیویڈنڈ

کمپنی بورڈ آف ڈائریکٹرز اپنے اجلاس منعقدہ ۲۶ فروری ۲۰۲۱ میں شیئر ہولڈرز کے لیے ختم ہونے والے سال ۲۰۲۰ کے لیے اڑوپیہ فی حصہ یعنی ۱۰ فیصد حتمی کیش ڈیویڈنڈ کی ۲۰ اپریل ۲۰۲۱ کو منعقدہ سالانہ میں منظوری کے لیے بصد مسرت سفارش کرتا ہے۔ یہ سال ۲۰۲۰ کے دوران حصص یافتگان کو ادا کردہ اڑوپیہ فی حصہ یعنی ۱۰ فیصد عبوری کیش ڈیویڈنڈ کے علاوہ ہے جس سے ۲۰۲۰ کو ختم ہونے والے سال کے لیے مجموعی ڈیویڈنڈ ۲ روپیہ فی حصہ یعنی ۲۰ فیصد تک پہنچ گیا۔

۷۔ شیئر ہولڈنگ کا اسلوب

کمپنی کے شیئرز پاکستان اسٹاک ایکچینج لمیٹڈ میں لسٹڈ ہیں۔ شیئر ہولڈنگ کی معلومات بمطابق ۳۱ دسمبر ۲۰۲۰ اور دیگر معلومات، بشمول کسی ڈائریکٹر، سی ای او، بڑے حصص یافتگان اور ایان کے / کی شریک حیات اور چھوٹے بچوں کی طرف سے شیئرز کے لین دین کی معلومات سالانہ رپورٹ میں شیئر ہولڈنگ کے اسلوب کے

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, 2020.

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 members are non-executive directors. All the members are qualified as financially literate professional and the Committee as a whole possesses significant economic, financial and business acumen.

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

Meetings of the Audit Committee

The audit committee met once every quarter primarily to review and recommend quarterly / half yearly and annual financial statements to the Board for its considerations and approval. The details of all related party transactions were placed periodically before the Committee and upon satisfaction and recommendations of the Committee, the same were placed before the Board for review and approval.

The secretary of the Committee, circulates minutes 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 the 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, 2020, and reports that:

- ◆ The financial statements of the Company for the year ended December 31, 2020 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- ◆ These 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, 2020.
- ◆ The auditors have issued unmodified audit reports in respect of the above 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 financial statements.
- ◆ The Chief Executive Officer, one Non-Executive Director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by Chief Executive Officer 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 financial statements comply with the requirements of

the Fourth Schedule to the Companies Act, 2017.

- ◆ The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.

Internal Audit Function

The internal audit function is outsourced to a well-reputed professional service firm, M/s A.F.Ferguson & Co., Chartered Accountants (AFF) who are suitably qualified and experienced for the purpose. The Company has also appointed a fulltime employee other than CFO, as Head of Internal Audit (HOIA) holding equivalent qualification prescribed under the Code of Corporate Governance 2019 (Code). The HOIA functionally report 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 Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.

The internal audit is conducted as per the internal audit plan duly approved by the Committee. All internal audit reports are provided for the review of external auditors. The 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. The recommendations of the auditors were agreed 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 of the Company, 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, 2020 and shall retire on the conclusion of the 7th Annual General Meeting of the Company.

The Chairman met the EY audit team along with engagement partner Mr. Arif Nazeer at the start of the audit to ensure appropriateness of audit planning and sufficiency of resources and also discussed the possible impact of new IFRSs on the Company's financial statements and other critical matters, if any. The Committee reviewed the Management Letter issued by external auditors along with Management's response / actions plans. At year-end meeting, the Committee met Mr. Arif Nazeer along with his senior team members without the presence of CEO, CFO and HOIA. The Committee discussed the audit process and the observation, if any, regarding the audit of the financial statements and 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 2021 at the forthcoming Annual General Meeting of the Company.

The Audit Committee

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board’s performance, which also included members of the Audit Committee was carried out separately and is detailed in Annual Report.

Conclusion

The Committee has performed its duties and discharges its responsibilities in compliance with the Code and as per the Terms of Reference approved by the Board. The evaluation of the Committee was carried out by external independent consultant, Pakistan Institute of Corporate Governance.



Zafar Iqbal Sobani
Chairman - Board Audit Committee
February 25, 2021

Statement of Compliance

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

AGP LIMITED
YEAR ENDED 31 DECEMBER 2020

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

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

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

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

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

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

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

9. The Board has duly complied with the Directors’ Training Program requirements and the criteria as prescribed in the Regulations;

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

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

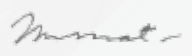
12. The Board has formed following committees comprising of members given below:

- 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)
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 (Non-Executive Director)
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: Four meetings during the financial year ended December 31, 2020.
 - b. HR and Remuneration Committee: Three meetings during the financial year ended December 31, 2020.
 - c. Board Strategy Committee: One meeting during the financial year ended December 31, 2020.
 15. The Board has outsourced the internal audit function to M/s. A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
 16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control

Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all other requirements of regulations 3 (Number of Directorship), 6 (Independent Director), 7 (Female Director), 8 (Executive Director), 27 (Audit Committee), 32 (Terms of appointment of external auditor), 33 (Rotation of auditors) and 36 (Compliance Statement and Auditor Review) of the Regulations have been complied with.


Tariq Moinuddin Khan
Chairman of the Board


Nusrat Munshi
Chief Executive Officer



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Independent Auditor's Review Report

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of AGP Limited for the year ended 31 December 2020 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 2020.


Chartered Accountants

Place: Karachi

Date: 29 March 2021

Strategic Outlook

Forward Looking Statement

AGP will continue to strive for sustainable growth utilizing Company's own resources and focusing on inorganic opportunities. The Company plans to capitalize on its existing product pipeline, penetrating deeper into the domestic markets, marking the presence in international markets and strengthening our portfolio by introducing new products. Based on these measures, the Company has set a target higher than current years' growth for both revenue and profitability.

The Company is also actively pursuing inorganic growth opportunity in hand and subject to necessary regulatory approvals, the acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand. This acquisition is likely to bring operational efficiencies, logistical synergies and enhance the product portfolio of the Company.

The Company is looking forward to a prosperous future for its employees, shareholders, partners, and customers, all of which we consider as our greatest assets.

Uncertainties that could affect entity's resources, revenues and operations	Company's response to critical challenges
1. Potential implications of Covid-19	AGP fully realized the vulnerabilities associated with the global outbreak of Covid-19 pandemic and geared itself to respond accordingly. Appropriate remedial actions are planned and are put in place to mitigate adverse impacts of the pandemic.
◆ Unavailability of raw materials and other inputs	The Supply Chain department is constantly monitoring raw material inventory, particularly for our top brands and building inventory where needed to avoid any potential stock out position. We have developed alternate vendor sources where possible and required, to mitigate supply chain disruption emphasizing particularly on the supplies being sourced from India due to political instability between the two countries. The management will maintain the inventory coverage keeping Covid-19 implications in close considerations.
◆ Loss of production due to absenteeism of human resources	The Production department is managing the continuous production of our healthcare products by following Covid-19 protocols and SOPs. In times of need, labor mobility was ensured through provision of conveyance facilities with proper SOPs. As and when necessary, extra workers shifts will be promulgated to ensure that social distancing is maintained on the production floors.
◆ Disruptions in distribution network for supplies of healthcare products	The Company has adopted a thorough and highly adaptable strategy to make sure that the supplies of its medicines is available in the market all the time. Close monitoring of the market dynamics and needs and robust distribution planning will ensure that general public have access to essential medicines.

2. Increase in cost of doing business due to devaluation of the Pakistani rupee and domestic inflation	To contain the devaluation impact, we have substituted bulk of our dollar denominated Chinese imports into Chinese Yuan. The Company is actively pursuing geographical diversification and is in search for feasible international markets to penetrate. This will help the Company in acquiring valuable foreign currency, hedging the risks of PKR devaluation. The Company looks forward for favorable Government policies and measures to facilitate business environment, and Drug Regulatory Authority Pakistan (DRAP) in particular to support the pharmaceutical industry. The annual CPI linked price increase will continue to mitigate the impact of devaluation and monetary tightening to some extent.
3. PESTEL factors	We keep a stringent eye on the external environment to remain mindful of the potential opportunities and possible uncertainties. The detailed PESTEL analysis, describing a framework of macro-environmental factors used in the environmental scanning, is mentioned on page 22 and 23 in Company's overview section.

Performance Analysis and Progress Made over Last Year's Statement

Driven by its relentless commitment to provide affordable and reliable health care solutions, AGP has continued its journey towards operational and financial excellence with pride and passion. Accordingly, the Company achieved double digit growth of 11.1% in revenue. Impressive topline performance together with focus on cost effectiveness has translated in to an increase of 9.8% in profitability. In line with the Company's aim to establish its presence across borders, Afghanistan sales have experienced a robust growth as it penetrated further in the Afghanistan pharmaceutical market. To support sales growth and enhance the product portfolio, the Company introduced 4 products. The new launches include Zapol, our sanitizer prepared as per WHO formula and Test Kits to detect the presence of Covid-19 antibodies within 15 minutes. In our dedication to expand our horizons and open new avenues, nutraceutical plant, that was acquired last year, commenced operations in the last quarter of the year.

Sources of Information and Assumptions Used

A holistic view of past trends, prevailing market conditions and future expectations are embedded in the framework for 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 micro economic indicators, market trends, availability of active pharmaceutical ingredients, data from regulatory authorities and research companies and competitors' actions etc. are also taken into account when devising future plans.

These forecasts are adopted as budget after approval by the Board of Directors. Periodic reviews of performance against the budget is done 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 regulatory feasibility studies with an involvement of core management team and external experts, if and when required.

Promising Growth

The analytics of our financial and operational performance signify a vital step towards fulfilling our vision, and in turn, actively contribute towards our objective of growth and development.



FINANCIAL
PERFORMANCE

2020 In Numbers

Financial KPIs

REVENUE	2020	2019	Increase
	PKR 6,946 Million	PKR 6,253 Million	11.1%
GROSS PROFIT	2020	2019	Increase
	PKR 3,861 Million	PKR 3,659 Million	5.5%
NET PROFIT	2020	2019	Increase
	PKR 1,587 Million	PKR 1,446 Million	9.8%
EARNINGS PER SHARE	2020	2019	Increase
	PKR 5.67	PKR 5.17	9.8%
TOTAL ASSETS	2020	2019	Increase
	PKR 10,191 Million	PKR 9,602 Million	6.1%

Non-Financial KPIs

NUMBER OF PLANTS IN OPERATION	2020	2019	Remarks
	3	2	Nutraceutical Plant commenced operations
NEW PRODUCT LAUNCHES	2020	2019	Remarks
	4	5	The Company continued to invest in new products
NUMBER OF EMPLOYEES	2020	2019	Increase
	976	900	8.4%
SALES OF FLAGSHIP BRAND RIGIX	2020	2019	Increase
	PKR 1,446 Million	PKR 1,156 Million	25.2%
MARKET CAPITALIZATION	2020	2019	Increase
	PKR 31,886 Million	PKR 27,818 Million	14.6%

Financial Ratios

KEY PERFORMANCE INDICATORS	Unit	2020	2019	2018	2017	2016
Profitability Ratios						
Gross profit to sales	%	55.6	58.5	56.5	60.8	58.5
Net profit to sales	%	22.9	23.1	22.4	26.1	25.8
EBITDA margin to sales	%	32.0	34.9	32.1	36.4	38.9
Operating leverage ratio	Times	0.1	1.6	0.1	0.4	1.5
Return on equity	%	19.3	19.4	19.0	22.4	25.4
Return on Capital Employed	%	17.7	17.3	15.3	16.1	14.2
Liquidity Ratios						
Current ratio	Times	1.7	1.6	1.4	1.3	0.9
Quick / Acid test ratio	Times	0.9	0.9	0.8	0.8	0.6
Cash to Current Liabilities	Times	0.25	0.09	0.02	0.02	0.25
Cash flow from operations to Sales	Times	0.2	0.2	0.2	0.2	0.2
Investment / Market Ratios						
Earnings per share (EPS) and diluted EPS	PKR	5.7	5.2	4.3	4.4	3.9
Price Earnings ratio	Times	20.1	19.2	20.3	N/A	N/A
Price to Book ratio	Times	3.9	3.7	3.8	N/A	N/A
Dividend Yield ratio	%	1.8	3.3	1.4	N/A	N/A
Dividend Payout ratio	%	35.3	62.9	29	N/A	N/A
Dividend per share	PKR	2.0	3.3	1.3	N/A	N/A
Market value per share						
- at the year end	PKR	113.9	99.4	87.4	N/A	N/A
- high during the year	PKR	126.9	99.7	107.2	N/A	N/A
- low during the year	PKR	73.0	51.5	68.4	N/A	N/A
Breakup value per share	PKR	29.3	26.7	22.7	19.7	15.3
Capital Structure Ratios						
Financial leverage ratio	Times	0.1	0.2	0.3	0.4	0.8
Weighted average cost of debt	%	12.3	14.0	8.8	10.6	22.0
Debt to Equity ratio (as per book value)	Times	0.1	0.2	0.3	0.4	0.8
Debt to Equity ratio (as per market value)	Times	0.03	0.04	0.07	N/A	N/A
Interest Cover ratio	Times	13.7	9.0	8.1	5.8	4.2
Activity / Turnover Ratios						
Total Assets turnover ratio	Times	0.7	0.7	0.6	0.6	0.5
Fixed assets turnover ratio	Times	0.9	0.8	3.0	3.0	3.0
No. of Days in Inventory	Days	130	127	114	117	98
No. of Days in Receivables	Days	32	29	32	31	27
No. of Days in Creditors	Days	100	106	114	143	113
Operating Cycle	Days	63	51	33	4	12

Ratio Analysis

Profitability Ratios

Despite economic headwinds due to Covid-19 pandemic, the Company is able to register a double digit growth of 11.1% in the revenue. However, the resilient growth in topline could not be fully translated as the gross profit margin experienced a decrease to 55.6% from 58.5%, owing to the one-off provisioning of Covid-19 antibody test kits as the same became redundant due to rapidly evolving technology and devaluation of Pakistani rupee.

However, the Company is able to maintain its net profit margin as the marketing and travel related costs were contained due to Covid-19 restrictions. Further, finance cost has been reduced due to decrease in policy rate as announced by State Bank of Pakistan whereas taxation expense has reduced as there was no super tax provision in the current year as compared to the last year. The return on capital employed increased by around 41 bps as the Company timely settled its liabilities, indicating an increase in the efficiency of its employed resources.

Liquidity Ratios

The Current ratio rose to 1.7 times, attaining its peak in the last five years. This indicates that the Company is constantly improving its ability to meet its short term obligations, an excess of around 70% in the form of current assets. Due to the improvement in early settlement of liabilities, quick ratio increased to 0.9 times which is higher than the last five years.

Investment / Market Ratios

The Company's share traded on Pakistan Stock Exchange between the range of PKR 73.0 to PKR 126.9, with year-end share price closing at PKR 113.9 against PKR 99.4 in 2019. The earnings per share improved to PKR 5.67 per share as compared to PKR 5.17 per share as a result of better sales performance and financial and operational efficiencies.

The dividend policy of the Company maintained a strategic balance between retaining equity for profitable ventures and paying out dividend to its shareholders. Contributing with this objective for growth and development and yielding sufficient operational gains for our shareholders, the

Company's Board of Directors have approved a total dividend of PKR 2.0 per share.

Capital Structure Ratios

Debt to Equity Ratio improved to 0.1 from 0.2 last year, owing to timely repayment of long term debt. The interest cover ratio has increased to a five-year high of 13.7 times, demonstrating improvement in the Company's ability to settle its financial obligations as financial cost has decreased resulting in increase in net profits.

Activity / Turnover Ratios

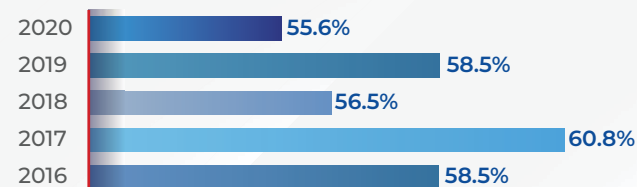
The total assets turnover ratio has continued its trajectory of a steady increase which shows that the Company's ability to generate sales from its assets has improved. This has been backed by an increase in the fixed assets turnover ratio. Despite the challenges caused by Covid-19, the Company ensured continuity in production and operation, including higher buffer stock levels. Hence, the operating cycle was recorded at 63 days as the number of days in inventory increased by 3, number of days in receivable increased by 3 and number of days in payable decreased by 6.

Methods and Assumptions Used in Compiling the Key Performance Indicators

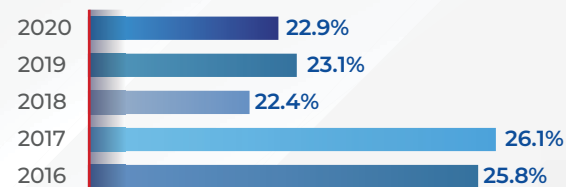
The Company has set financial and non-financial indicators to track progress against strategic objectives. Sales are monitored regularly and future lines of actions are decided accordingly. The Company analyses a number of internal and external factors including availability and quality of in-house resources,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

Graphical Presentation of Financial Ratios

GROSS PROFIT TO SALES



NET PROFIT TO SALES



CASH FLOW FROM OPERATIONS TO SALES



EARNINGS PER SHARE (PKR)



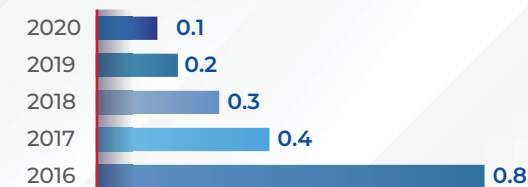
EBITDA MARGIN TO SALES



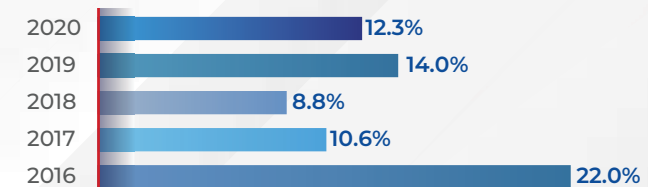
RETURN ON EQUITY



FINANCIAL LEVERAGE RATIO



WEIGHTED AVERAGE COST OF DEBT



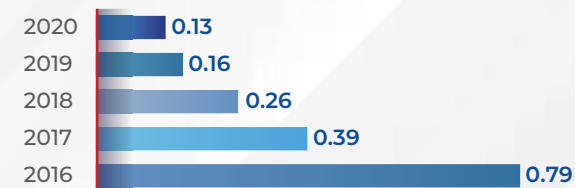
RETURN ON CAPITAL EMPLOYED



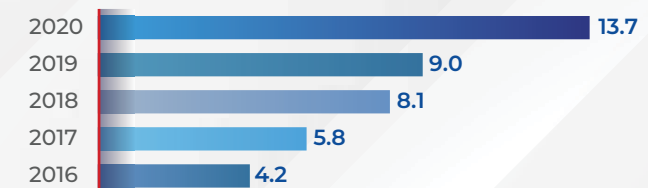
CURRENT RATIO



DEBT TO EQUITY RATIO



INTEREST COVER RATIO



QUICK / ACID TEST RATIO



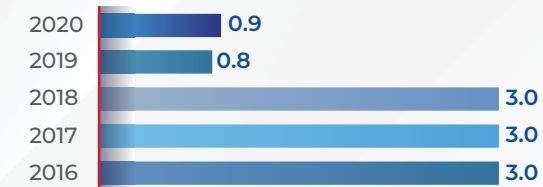
CASH TO CURRENT LIABILITIES



TOTAL ASSETS TURNOVER RATIO

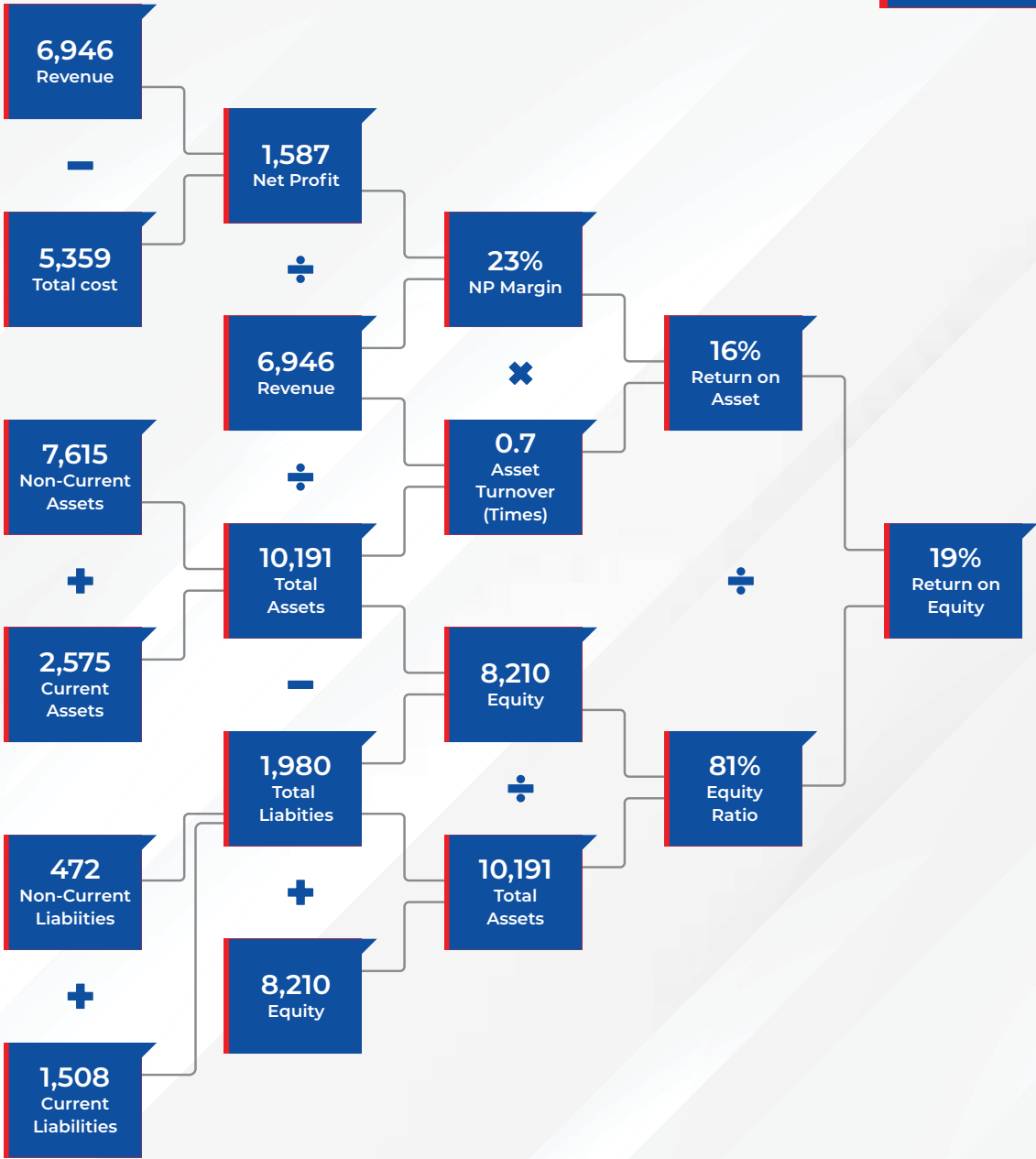


FIXED ASSET TURNOVER RATIO



DuPont Analysis

PKR in Million



Dupont Analysis

	2020	2019
Tax burden	82%	79%
Interest burden	93%	89%
EBIT margin	30%	33%
Asset turnover (times)	0.7x	0.7x
Leverage	13%	16%
Return on equity	19%	19%

The topline recorded at PKR 6,946 Million, a growth of 11.1% over the last year, on the back of strong performance of the domestic retail portfolio supported by the robust growth in sales to Afghanistan.

Despite an increase in the administrative costs owing to the preventative measures against Covid-19, the marketing costs were contained due to travel related restrictions, finance costs reduced due to a reduction in the policy rate by State Bank of Pakistan, and taxation expenses reduced as there was no super tax provision in the current year. Resultantly, the bottom-line increased to PKR 1,587 Million, a growth of 9.8% over the last year, reflecting a net profit margin of 23%.

Total assets of the Company witnessed an increase of 6.1%, driven mainly by capital investment for nutraceutical facility and balancing, modernization and restructuring of existing plants to enhance capacities and efficiencies. The stock in trade was maintained at an optimum inventory levels. This resulted in an asset turnover of 0.7 times and in turn, return on assets of 16%.

The Company continued its settlement of long term financing on a timely basis and hence, the total liabilities reduced by 7.4%. On the other hand, owner's equity increased by 10% to PKR 8.2 Billion, improving the equity ratio to 81% from 78% last year. As a result of these factors, the Company recorded a return on equity of 19%.

Free Cash Flows

	2020	2019	2018	2017	2016
----- PKR in Million -----					
Profit before taxation	1,927	1,825	1,426	1,333	1,168
Adjustment of non-cash items	432	494	382	450	537
Changes in working capital	(292)	(119)	(322)	(132)	43
	2,067	2,200	1,486	1,652	1,748
Less: Capital Expenditures	(381)	(433)	(337)	(194)	(125)
Free cash flows	1,687	1,767	1,149	1,458	1,622

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).

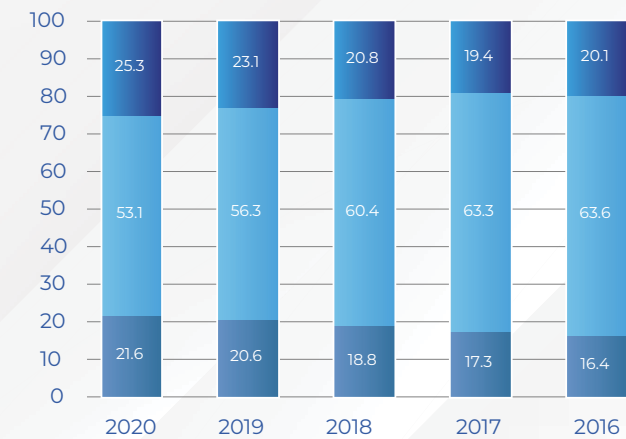
	2020	2019	2018
-----PKR in Million-----			
NOPAT	2,192	2,002	1,546
Cost of Capital	(1,054)	(1,262)	(1,084)
Economic value added	1,138	740	462

Vertical Analysis

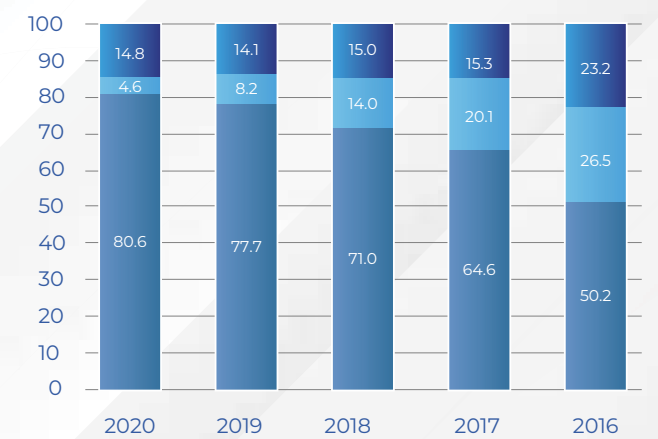
(PKR in Million)										
---- 2020 ----		---- 2019 ----		---- 2018 ----		---- 2017 ----		---- 2016 ----		
PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	
Statement of Financial Position										
Assets										
Non-current Assets										
Property, plant & equipment	2,203	21.6	1,977	20.6	1,685	18.8	1,479	17.3	1,393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

Graphical Presentation of Vertical Analysis

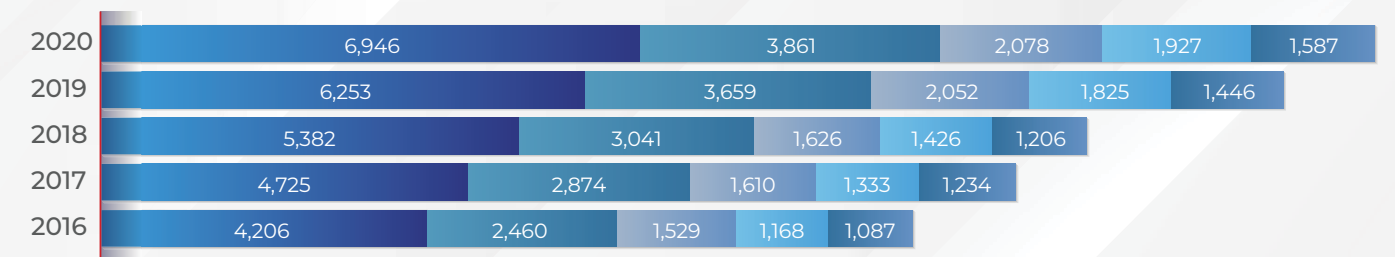
Financial Position Analysis - Assets (Percentage)



Financial Position Analysis - Equity & Liabilities (Percentage)



Profit or Loss Analysis

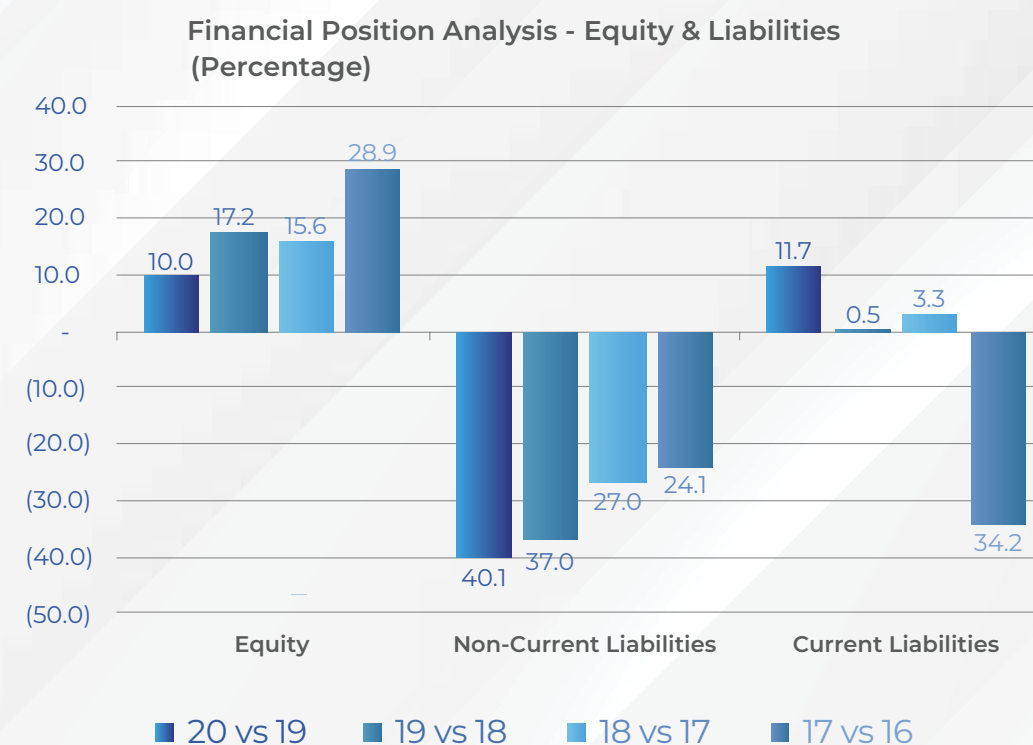
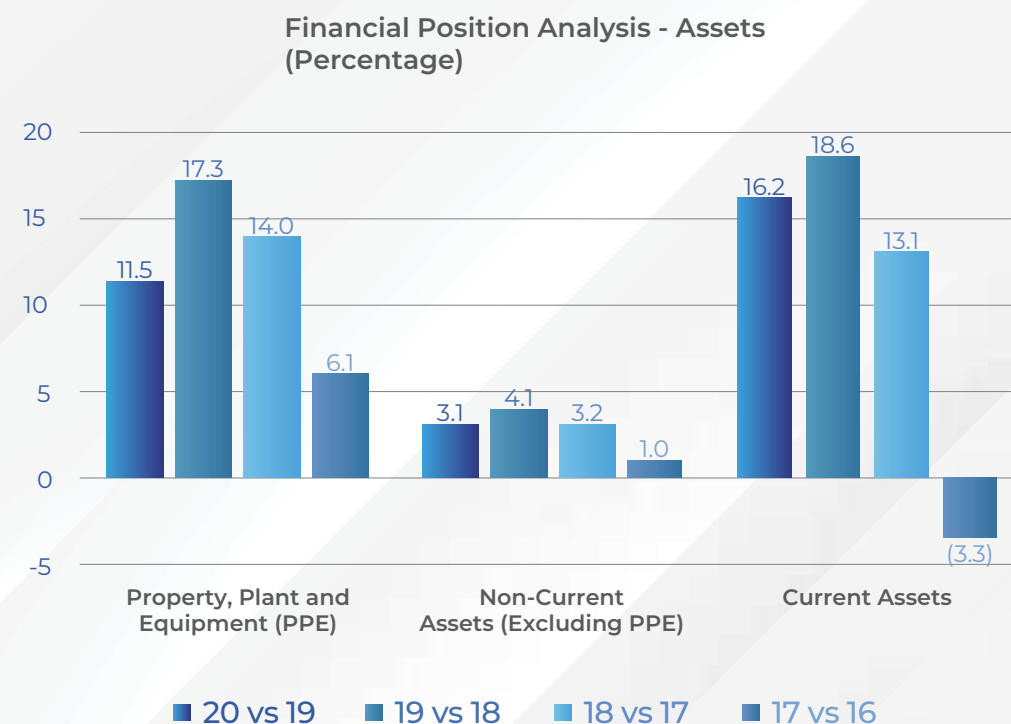


- Net Sales
- Gross Profit
- Operating Profits
- Profit Before Tax
- Profit After Tax

Horizontal Analysis

	2020 PKR	20vs19 %	2019 PKR	19vs18 %	2018 PKR	18vs17 %	2017 PKR	17vs16 %	2016 PKR
(PKR in Million)									
Statement of Financial Position									
Assets									
Non-Current Assets									
Property, plant and equipment	2,203	11.5	1,977	17.3	1,685	14.0	1,479	6.1	1,393
Intangible assets	5,398	0.1	5,395	(0.06)	5,398	0.2	5,385	(0.3)	5,402
Long-term loans, deposits and receivables	14	6.1	14	13.3	12	9.9	11	26.6	9
	7,615	3.1	7,385	4.1	7,095	3.2	6,875	1.0	6,804
Current Assets									
Stores, spares and loose tools	7	5.3	7	(9.0)	7	10.9	7	3.1	7
Stock-in-trade	1,184	16.9	1,013	27.1	797	19.0	670	30.6	513
Trade debts	705	35.0	523	8.1	483	3.6	467	35.1	345
Loans and advances	30	(11.4)	34	(49.4)	67	38.8	48	(17.5)	58
Trade deposits, prepayments and other receivables	31	(64.6)	88	1,512.4	5	(23.7)	7	100.6	4
Taxation – net	248	(43.1)	435	(10.1)	483	14.2	423	51.1	280
Cash and bank balances	370	215.6	117	379.7	24	(19.4)	30	(94.0)	502
	2,575	16.2	2,216	18.6	1,868	13.1	1,652	(3.3)	1,709
Total Assets	10,191	6.1	9,602	7.1	8,963	5.1	8,527	0.2	8,513
Equity & Liabilities									
Equity									
Share Capital	2,800	-	2,800	-	2,800	-	2,800	-	2,800
Revenue reserve	5,410	16.0	4,663	30.7	3,568	31.6	2,711	83.5	1,477
	8,210	10.0	7,463	17.2	6,368	15.6	5,511	28.9	4,277
Non-Current liabilities									
Long-term financing	400	(44.3)	717	(39.8)	1,192	(28.8)	1,673	(25.0)	2,231
Deferred grant	8	100.0	-	-	-	-	-	-	-
Gas infrastructure development cess	8	100.0	-	-	-	-	-	-	-
Deferred Taxation	56	(20.8)	71	20.2	59	43.7	41	57.9	26
	472	(40.1)	788	(37.0)	1,251	(27.0)	1,714	(24.1)	2,257
Current liabilities									
Trade and other payables	837	(1.0)	846	28.0	660	(17.5)	801	15.7	692
Unclaimed dividend	2	75.5	1	(96.9)	31	100.0	-	-	-
Accrued interest	4	(70.8)	13	(26.4)	18	63.6	11	(91.3)	127
Short-term borrowings	-	-	-	(100.0)	145	100.0	-	(100.0)	22
Current maturity of long-term financing	665	35.5	491	0.3	490	-	490	(57.0)	1,138
	1,508	11.7	1,351	0.5	1,344	3.3	1,302	(34.2)	1,979
Total Equity & Liabilities	10,191	6.1	9,602	7.1	8,963	5.1	8,527	0.2	8,513
Statement of profit or loss									
Net sales	6,946	11.1	6,253	16.2	5,382	13.9	4,725	12.3	4,206
Cost of sales	3,086	19.0	2,594	10.8	2,341	26.5	1,851	6.0	1,746
Gross profit	3,861	5.5	3,659	20.3	3,041	5.8	2,874	16.8	2,460
Administrative expenses	227	43.6	158	24.1	127	(5.1)	134	23.2	109
Marketing & selling expenses	1,404	8.5	1,294	12.2	1,153	9.9	1,050	37.6	763
Other expenses	183	9.7	167	10.2	152	52.1	100	(1.9)	102
Other income	32	180.4	11	(33.6)	17	(13.0)	20	(53.6)	42
Finance cost	152	(33.1)	227	13.5	200	(27.8)	277	(23.3)	361
Profit before tax	1,927	5.6	1,825	28.0	1,426	6.9	1,333	14.2	1,168
Taxation	339	(10.3)	378	72.1	220	120.9	100	23.1	81
Profit after tax	1,587	9.8	1,446	20.0	1,206	(2.3)	1,234	13.5	1,087

Graphical Presentation of Horizontal Analysis



Summary of Statement of Financial Position

	2020	2019	2018	2017	2016
	----- (PKR in Million) -----				
Property, plant & equipment	2,203	1,977	1,685	1,479	1,393
Intangible assets	5,398	5,395	5,398	5,385	5,402
Long-term deposits and receivables	14	14	12	11	9
Non-Current Assets	7,615	7,385	7,095	6,875	6,804
Current Assets	2,575	2,216	1,868	1,652	1,709
Total Assets	10,191	9,602	8,963	8,527	8,513
Share Capital	2,800	2,800	2,800	2,800	2,800
Revenue Reserve	5,410	4,663	3,568	2,711	1,477
Total Equity	8,210	7,463	6,368	5,511	4,277
Non-Current liabilities	472	788	1,251	1,714	2,257
Current liabilities	1,508	1,351	1,344	1,302	1,979
Total Liabilities	1,980	2,139	2,595	3,016	4,236
Total Equity & Liabilities	10,191	9,602	8,963	8,527	8,513

Summary of Statement of Profit or Loss

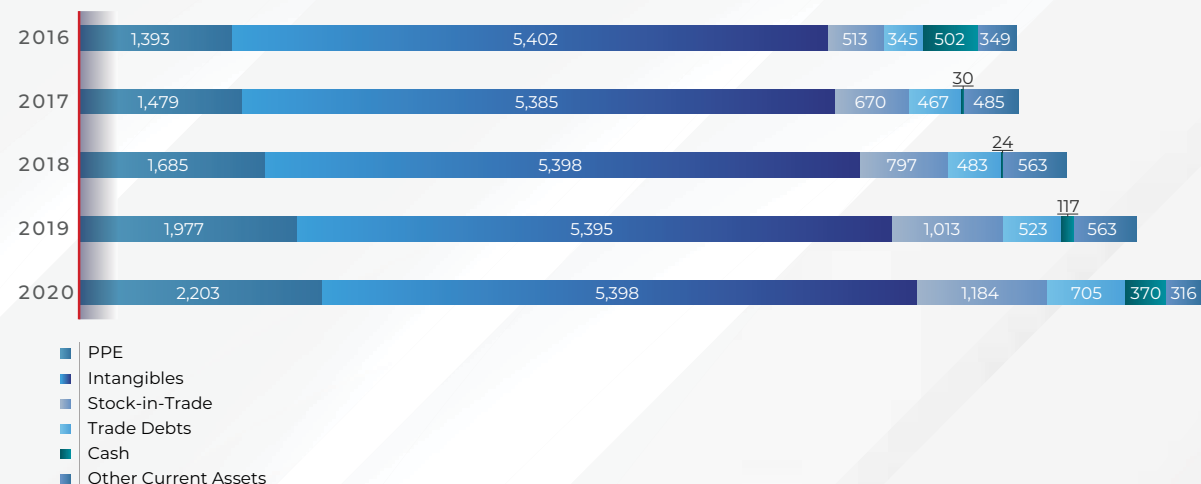
	2020	2019	2018	2017	2016
	----- (PKR in Million) -----				
Net sales	6,946	6,253	5,382	4,725	4,206
Gross profit	3,861	3,659	3,041	2,874	2,460
Operating profit	2,078	2,052	1,626	1,610	1,529
Profit before tax	1,927	1,825	1,426	1,333	1,168
Taxation	339	378	219	100	81
Profit after tax	1,587	1,446	1,207	1,234	1,087

Summary of Cash Flow Statement

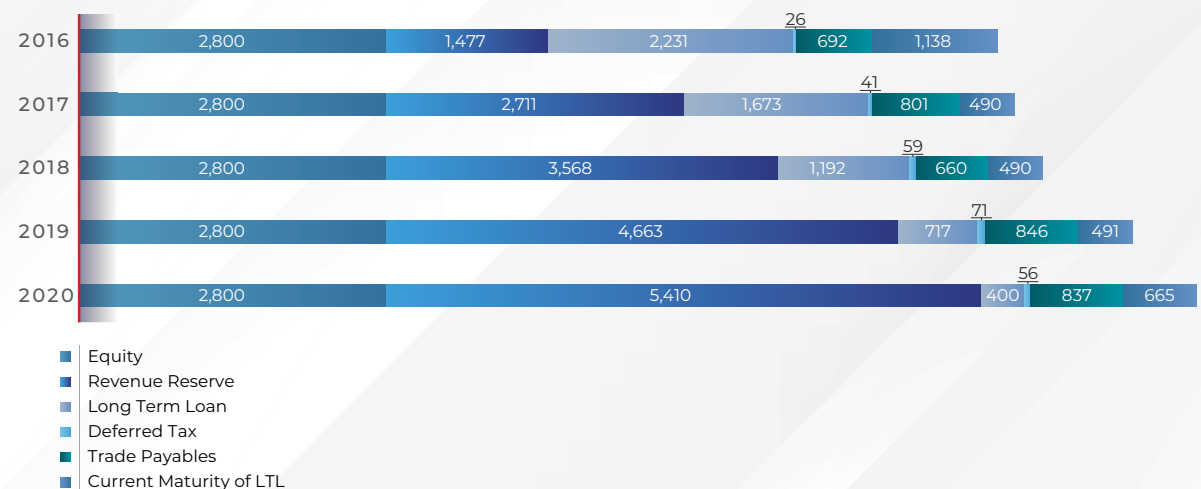
	2020	2019	2018	2017	2016
	----- (PKR in Million) -----				
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before taxation	1,927	1,825	1,426	1,333	1,168
Adjustments for non cash & other items	432	494	382	450	537
Changes in working capital	(292)	(119)	(322)	(132)	43
Cash generated from operations	2,067	2,200	1,486	1,652	1,748
Finance costs paid	(161)	(232)	(168)	(373)	(418)
Income tax paid	(167)	(318)	(261)	(228)	(214)
Statutory charges paid	(150)	(144)	(89)	(115)	(73)
Net cash flows generated from operating activities	1,590	1,507	967	936	1,043
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed capital expenditure	(381)	(433)	(337)	(194)	(125)
Proceeds from disposal of operating fixed assets	8	12	14	16	19
Others	13	5	5	(2)	-
Net cash flows used in investing activities	(360)	(415)	(318)	(180)	(106)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	(839)	(380)	(319)	-	-
Long-term financing repaid - net	(137)	(474)	(480)	(1,206)	(1,116)
Net cashflows used in financing activities	(977)	(854)	(799)	(1,206)	(1,116)
Net increase / (decrease) in cash & cash equivalents	253	238	(151)	(450)	(179)
Cash & cash equivalents at the beginning of the year	117	(121)	30	480	659
Cash & cash equivalents at the end of the year	370	117	(121)	30	480

Graphical Presentation of Statement of Financial Position and Profit or Loss

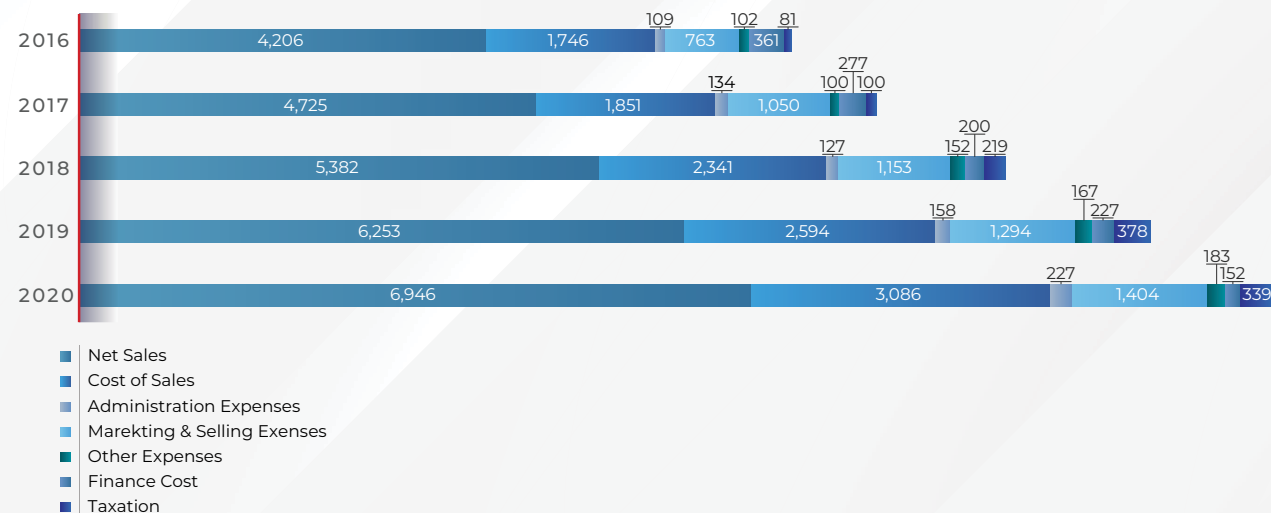
SUMMARY OF FINANCIAL POSITION - ASSETS



SUMMARY OF FINANCIAL POSITION - EQUITY & LIABILITIES



SUMMARY OF PROFIT OR LOSS



Statement of Cash Flows -Direct Method

2020 2019
----- (Rupees in '000) -----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customer - net
Cash paid to supplier / employees / service providers
Finance costs
Income tax
Workers' Profit Participation Fund
Workers' Welfare Fund
Central Research Fund

Net cash flows generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure
Proceeds from disposal of operating fixed assets
Long-term deposits and receivables
Interest income received

Net cash flows used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid
Long-term financings repaid - net

Net cashflows used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Cash received from customer - net	6,763,600	6,219,312
Cash paid to supplier / employees / service providers	(4,696,229)	(4,018,563)
Finance costs	(161,171)	(232,161)
Income tax	(166,786)	(317,595)
Workers' Profit Participation Fund	(105,937)	(96,046)
Workers' Welfare Fund	(24,307)	(32,381)
Central Research Fund	(19,664)	(15,346)
Net cash flows generated from operating activities	1,589,506	1,507,220
Fixed capital expenditure	(380,568)	(433,088)
Proceeds from disposal of operating fixed assets	7,521	12,465
Long-term deposits and receivables	(825)	-
Interest income received	13,745	5,138
Net cash flows used in investing activities	(360,127)	(415,485)
Dividend paid	(839,268)	(380,087)
Long-term financings repaid - net	(137,485)	(473,940)
Net cashflows used in financing activities	(976,753)	(854,027)
Net increase in cash and cash equivalents	252,626	237,708
Cash and cash equivalents at the beginning of the year	117,154	(120,554)
Cash and cash equivalents at the end of the year	369,780	117,154

Five Year Analysis

Statement of Financial Position Analysis

Assets

The overall non-current assets have increased by PKR 811 Million over last five years mainly because capital expenditures of PKR 1,470 Million over 5 years were offset by depreciation and disposals. The majority of the capital expenditures were incurred for balancing, modernization and replacements of plant and machinery to enhance and upgrade manufacturing capacities and operational efficiencies of the Company. In recent years, sizable investments were made in developing state of the art nutraceutical production capabilities and construction of a new office block. The Company has a plan to utilize old office building for expansion of manufacturing facility area.

A nutraceutical plant was purchased in 2019 and modernized during 2020 with a total capital outlay of PKR 220 Million. The facility has commenced operations in the last quarter of the year. Further, an office block is being constructed with a capital expenditure of PKR 230 Million until December 2020. The Company also purchased 0.5acre land in 2018 for future expansion for PKR 35 Million.

The current assets have increased by PKR 867 Million in last 5 years due to investment in working capital to manage business operations. In line with business volume, stock-in-trade is recorded at PKR 1,184 Million, showing an increase of more than 2 times over the last 5 years. The Company is maintaining optimum level of inventory to ensure uninterrupted production particularly in view of supply disruptions due to Covid-19 pandemic. The Company has maintained number of days in receivables at around 32 days and have increased by PKR 360 million over the last 5 years which is in line with growth in revenue of the Company.

Equity and Liabilities

The equity of the Company comprises of Shareholder's equity and revenue reserves. The Company's equity increased to over PKR 8.2 Billion from PKR 4.3 Billion over the last 5 years after adjustments for dividend payments to shareholders of PKR 1.54 Billion. There were no further changes on the Company's equity during the period; the Company was enlisted on the Pakistan Stock Exchange in 2018.

The long term liability has decreased as the Company settled its long term debts of PKR 2,624 Million with internal sources over the last 5 years. The Company has restructured its long term debts from syndicate finance arrangement in June 2017 by issuing 5-year Sukuk bonds which enabled the Company to avail lower financing costs due to floating rate of mark-up associated with Sukuk certificates. Also the principal repayments were reduced significantly as the remaining syndicate finance in 2017 was converted into Sukuk bonds with 5-year term. Further, the Company has availed Refinance Scheme for Payment of Wages & Salaries introduced by the State Bank of Pakistan to the tune of PKR 315 Million.

The current liabilities have reduced by PKR 471 Million in last 5 years majorly due to reduction of current payments of long term liabilities, as more fully explained in the preceding paragraph. Number of days in creditors have improved and increase in trade payables have is in line with the growth in business operations.

Statement of Profit & Loss Analysis

Net Revenue

The revenue of the Company has grown with a cumulative average growth rate (CAGR) of 12.0%, better than the industry CAGR of 11.5% over the last 5 years as per MAT Q4 2020 Industry Report issued by IQVIA Solutions Pakistan Pvt Ltd. With

renewed focus on growth, the company has launched 31 new products and line extensions during the period which cumulatively added PKR 900 Million in 2020.

The increase in sales is mainly on the back of strong performance of the domestic retail portfolio aptly supported by robust growth in exports. The Company changed its export partner in Afghanistan in 2019 which has yielded substantial increase in Afghanistan sales.

Cost of Sales

The year 2020 was a tough year due to economic headwinds posed by the Covid-19 pandemic. Adding to the challenges, the Company recorded a one-off provisioning of Covid-19 antibody test kits as they became redundant due to rapidly evolving technology. Significant devaluation of local currency, substantial rise in domestic inflation and utility rates have caused cost of sales to increase considerably over the period. However, one-time price adjustment allowed by Drug Regulatory Authority of Pakistan (DRAP) along with a CPI based price increase in the wake of devaluation of Pak Rupee and domestic inflation, supported the industry to partially mitigate the sharp increase in the cost of doing business. The Company has always focused to bring efficiency in operations and resultantly Company's cost economization efforts along with business-friendly measures taken by DRAP has enabled the Company to maintain impressive gross margins in excess of 55% throughout the period.

Expenditures

The increase in administrative and marketing expenses is mainly on account of strengthening of human resources required to support growing business needs of the Company. Addition of nutraceutical plant has also augmented expenditures whereas economic benefits associated with the business proposition will flow to the entity in the short term to medium term. Upsurge in domestic inflation and utility rates have also led business expenditures to rise. Despite these factors, Company's resilient focus on cost containment has enabled the Company to contain expenses well within the average

industry range.

Finance costs have decreased substantially as the principal payment of outstanding loans has decreased due to timely payments and reduction in policy rates. The tax expense were lower in 2016 to 2017 as group tax benefits were claimed on acquisition related expenses.

Net Profit

In spite of rising costs of doing business due to macroeconomic factors and challenges posed by Covid-19 in 2020, the impressive top-line performance coupled with efficient cost control measures have led the Company to achieve double digit CAGR of 10% in net profit over the 5 years period.

Cash flow Analysis

Operating Activities

The cash flow from operating activities grew with a CAGR of 11.1% in the 5 years period which is in line with the CAGR of sales and net profit. The finance costs have reduced as the long term liabilities are decreasing due to timely repayments of loan instalments.

Due to efficient tax management, the payments for income tax have decreased significantly as the Company has managed to realize and settle tax refunds of earlier years.

Investing Activities

Capital investments of PKR 1,470 Million were made during the last 5 years mainly for balancing, modernization and replacement of plant and machinery as more fully explained in the opening paragraph of assets in the Statement of Financial Position Analysis.

Financing Activities

The Company paid dividends of PKR 3.00, PKR 1.25 and PKR 1.25 per shares in 2020, 2019 and 2018 respectively aggregating to PKR 1.54 Billion. Net principal repayments of long term liabilities cumulating to PKR 3.4 Billion are being made as agreed schedules with the financial institutions.

Share Price Sensitivity Analysis

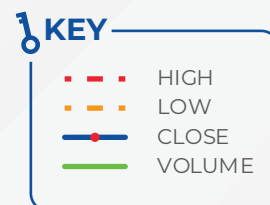
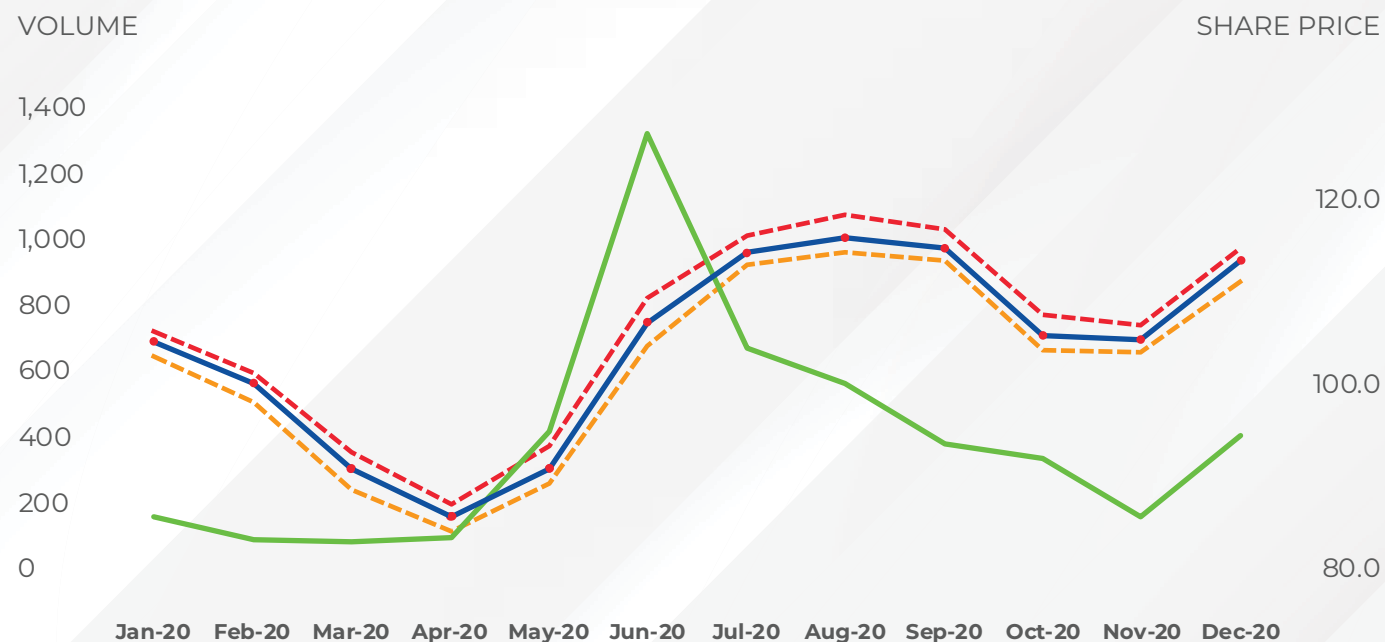
Share Price Information

The Company's shares are listed on the Pakistan Stock Exchange (PSX), which represents the Country's capital market. The Company's share price is affected by both internal and external factors. The Company's financial performance directly impacts its share price. External factors, such as economic and political environment of the Country, Government regulations, macro-economic indicators and stakeholder view impact the share price. During the year, AGP's share price remained an attraction for investors due to continuous improvement in revenue and profitability despite challenging socio economic environment. The movement of AGP's share price throughout the year is shown below.

Market Capitalization and Sensitivity Analysis

The capital market witnessed a growth of 2.9% during the year, recording a market capitalization of PKR 8,035 Billion, up from PKR 7,812 Billion in the preceding year. KSE-100 index also rose to 43,755 points from 40,735 points at the end of the year, registering an increase of 7.4% compared to the last year. The share price of AGP outperformed the market and its market capitalization improved to PKR 31.9 Billion from PKR 27.8 Billion, an increase of 14.6%, while there has been no change in the number of shares outstanding of the Company throughout the year.

Share Price Movement



CAPEX Rationalization

During the year 2020, the Company made capital investment of PKR 381 Million through internally generated funds. The funds were mainly utilized for nutraceutical facility revamping and improving construction of new office block and for (BMR) of plant and machinery.

The Company plans to incur capital expenditure to complete the new office block in the next year. Further investment will be made in BMR to enhance capacities and efficiencies.

A nutraceutical plant was purchased in 2019 and further modernized during 2020 with a total capital outlay of PKR 220 Million which has commenced operations in the last quarter of 2020. Furthermore, an office block has been constructed and is in final stages of completion, with a capital expenditure for PKR 230 Million. The Company also purchased 0.5acre land in 2018 for future expansion for PKR 35 Million.

Statement of Unreserved Compliance of International Financial Reporting Standards (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) as are notified under the Companies Act, 2017;
- ◆ Provisions of and directives issued under the Companies Act, 2017.

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

Note 4.21 of the financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

CEO Presentation Video

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

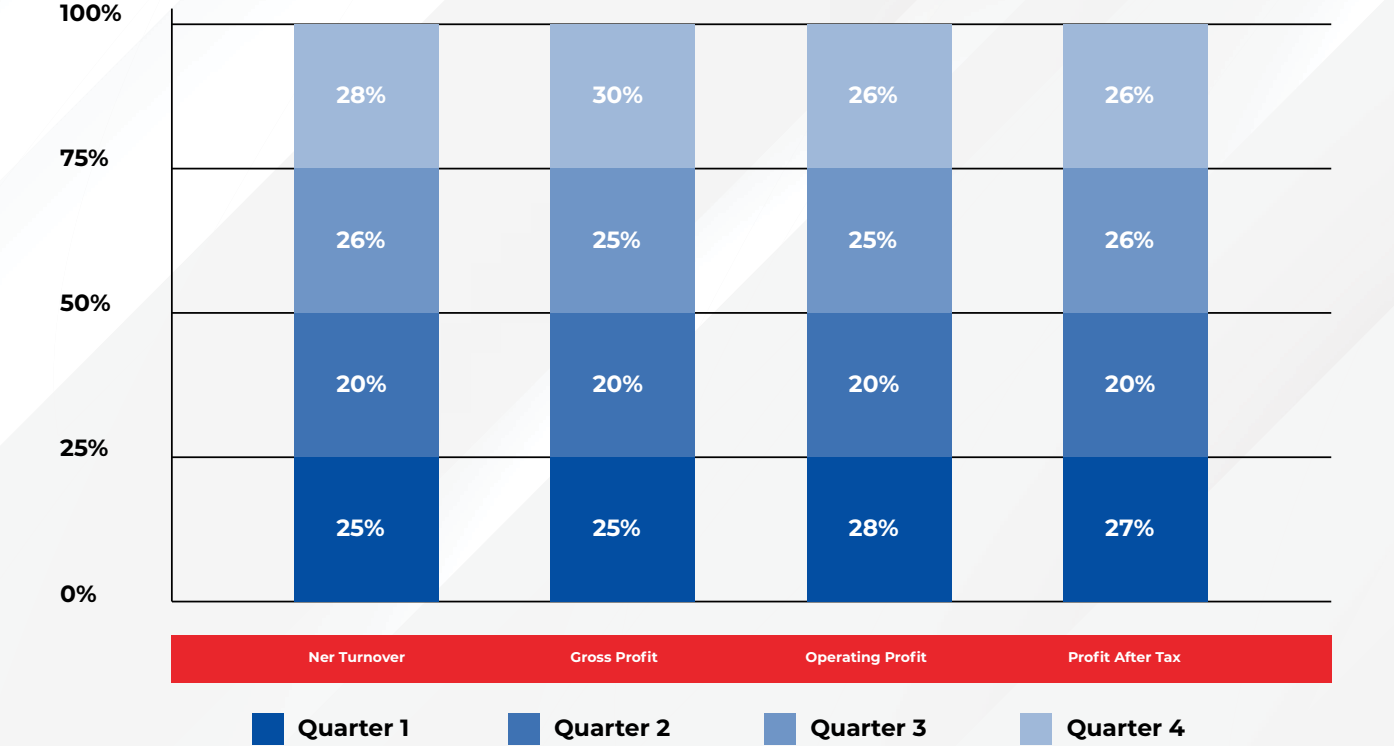
<http://agp.com.pk/documentary/>

Quarterly Analysis

(PKR in Million)				
	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
Quarter 1	1,756	972	592	435
Quarter 2	1,417	773	422	320
Quarter 3	1,818	948	522	414
Quarter 4	1,955	1,168	542	418
	6,946	3,861	2,078	1,587

This year was adversely impacted by the global Covid-19 pandemic and yet the Company has managed to post impressive financial results in the year as a whole. Despite socio-economic disturbances, the Company was able to record double digit growth of 11% and 10% in revenue and net profitability. The second quarter was the most affected period for the Company, ignoring which the revenue has registered a growth of 17.5% over same period last year.

The strong performance in sales was backed by an increase of 9% in the domestic retail portfolio and a robust growth of more than 41% in Afghanistan sales. However, margins remained under pressure due to local currency devaluation and a one-off provisioning of Covid-19 antibody testing kits as the same became redundant due to rapidly evolving testing technology. Generally, the expenditures have increased, mainly on account of strengthening of workforce in line with expanding business operations and implementing preventive measures against Covid-19 whereas marketing and selling expenses were contained due to travel related restrictions. Finance costs witnessed a reduction primarily due to timely repayment of outstanding Sukuk, low interest rate regime and limited utilization of running finance facility. The impressive top-line performance with emphasis on cost containment, yielded an earnings per share of PKR 5.67, presenting an increase of 10%. A detailed financial analysis of quarterly performance is shown below.



QUARTER	Net Turnover	Gross Profit	Operating Profit	Profit After Tax
QUARTER 1	Net revenue for the quarter is at PKR 1,756 Million, which is 9% higher than the same period last year (SPLY).	Gross profit was PKR 972 Million which is 4% higher than SPLY and translates into a gross margin of over 55%.	Operating profit was PKR 592 Million which was 7% higher than SPLY.	The Company earned a profit after tax (PAT) of PKR 435 Million in the quarter which is 2% higher than SPLY. During this quarter, net margin is maintained at 25% with earnings per share (EPS) recorded at PKR 1.55
QUARTER 2	It is the most affected quarter because of lockdowns and business restrictions due to Covid-19 pandemic. The revenue for the period was PKR 1,417 Million which is 9% lower than SPLY.	Gross profit was recorded at PKR 773 Million, which translated into a gross margin of 55% despite the peak of pandemic crisis.	Operating profit was registered at PKR 422 Million. However, due to containment of expenses, particularly travel related costs, operating margin is maintained at 30%	The Company earned a PAT of PKR 320 Million, 1% higher than SPLY. During this quarter, on account of peak pandemic situation, the net margin for the quarter was recorded at 23% with EPS of PKR 1.14.
QUARTER 3	This quarter witnessed an economic recovery as there was improvement in Covid-19 cases and hence lock down situations. Accordingly, the revenue boosted to PKR 1,818 Million, representing an increase of 30% over SPLY. The robust increase in Afghanistan sales was a major contributing factor in this growth.	Gross profit was PKR 948 Million which is 19% higher than SPLY. However, due to a one-off provisioning of Covid-19 antibody testing kits, gross margin was recorded at 52%.	Operating profit was PKR 522 Million which was 13% higher than SPLY and translates in to an operating margin of 29%.	The Company earned a PAT of PKR 414 Million, 29% higher than SPLY. Net margin was maintained at 23% with the EPS of PKR 1.48.
QUARTER 4	The Company continued the growth trajectory and earned a revenue of PKR 1,955 Million which is 16% higher than SPLY. Both domestic retail portfolio and Afghanistan sales showed impressive growth in the quarter.	Gross profit was recorded at PKR 1,168 Million which is 15% higher than SPLY and translates in to a year highest gross margin of 60%. The margins improved because of better sales mix of high margin products.	Operating profit was recorded at PKR 542 Million which is 4.4% lesser than SPLY. With normalization of pandemic situation, marketing and promotional expenses have shown an increased. Further, the expenditures have also increased to support sales growth.	The Company earned a PAT of PKR 418 Million which is 9% higher than SPLY. Net Margin for the quarter was recorded at 21 with EPS of PKR 1.49.

Promising Accomplishments

Our resilient performance in the face of adversity demonstrates our abilities to overcome unprecedented challenges, and in turn, enable us to accomplish results in line with our strategic goals and objectives.



FINANCIAL
STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the members of AGP Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **AGP Limited** (the Company), which comprise the statement of financial position as at **31 December 2020**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Tax related contingencies	
(Refer notes 21.1.1 to 21.1.4 to the financial statements)	
The Company has contingent liabilities in respect of tax related matters, which are pending adjudication at various levels with the taxation and other authorities.	Our audit procedures in respect of tax related contingencies included, amongst others, we obtained and reviewed details of the pending tax related matters and discussed the same with the Company's management.
Contingencies require management to make judgments and estimates in relation to the interpretation of tax laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies.	We reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.
Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to taxes a key audit matter.	We obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments.
	We involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the external tax and legal advisors engaged by the Company.
	We also evaluated the requirement of making provision against any contingencies, and the adequacy of disclosures made in respect of tax related contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

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


Chartered Accountants

Place: Karachi

Date: 29 March 2021

Statement of Financial Position

As At 31 December 2020

	Note	2020 ------(Rupees in '000)-----	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,203,001	1,976,564
Intangible assets	6	5,397,875	5,395,055
Long-term deposits and receivables	7	14,339	13,514
		7,615,215	7,385,133
CURRENT ASSETS			
Stores, spares and loose tools		7,144	6,785
Stock-in-trade	8	1,184,441	1,013,401
Trade debts	9	705,290	522,535
Loans and advances	10	30,016	33,863
Trade deposits, prepayments and other receivables	11	31,157	87,940
Taxation – net		247,623	434,809
Cash and bank balances	12	369,780	117,154
		2,575,451	2,216,487
TOTAL ASSETS		10,190,666	9,601,620
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital	13	2,800,000	2,800,000
Revenue reserve - unappropriated profits		5,410,326	4,662,899
		8,210,326	7,462,899
NON-CURRENT LIABILITIES			
Long-term financings	14	399,732	717,065
Deferred grant	15	7,906	-
Gas infrastructure development cess	16	8,383	-
Deferred tax liabilities - net	17	56,201	70,920
		472,222	787,985
CURRENT LIABILITIES			
Trade and other payables	18	837,209	845,557
Unclaimed dividends		1,701	969
Accrued interest		3,870	13,249
Current maturity of non-current liabilities	20	665,338	490,961
		1,508,118	1,350,736
CONTINGENCIES AND COMMITMENTS			
	21		
TOTAL EQUITY AND LIABILITIES		10,190,666	9,601,620

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

Chief Financial Officer

Chief Executive Officer

Director

Statement of Profit or Loss

For The Year Ended 31 December 2020

	Note	2020 ------(Rupees in '000)-----	2019
Revenue from contracts with customers - net	22	6,946,355	6,253,239
Cost of sales	23	(3,085,723)	(2,594,117)
Gross profit		3,860,632	3,659,122
Administrative expenses	24	(226,693)	(157,872)
Marketing and selling expenses	25	(1,403,883)	(1,293,946)
Other expenses	26	(183,172)	(166,927)
Other income	27	31,588	11,264
Finance costs	28	(151,792)	(226,858)
		(1,933,952)	(1,834,339)
Profit before taxation		1,926,680	1,824,783
Taxation	29	(339,253)	(378,395)
Net profit for the year		1,587,427	1,446,388
Earnings per share - basic and diluted	13.2	Rs. 5.67	Rs. 5.17

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

Chief Financial Officer

Chief Executive Officer

Director

Statement of Comprehensive Income

For The Year Ended 31 December 2020

	2020	2019
	----- (Rupees in '000) -----	
Net profit for the year	1,587,427	1,446,388
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	1,587,427	1,446,388

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

Statement of Changes In Equity

For The Year Ended 31 December 2020

	Share Capital	Revenue reserve - Unappropriated profits	Total
	----- Rupees in ' 000 -----		
Balance as at 31 December 2018 - Restated	2,800,000	3,566,511	6,366,511
Profit for the year	-	1,446,388	1,446,388
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,446,388	1,446,388
Interim dividend for the year ended 31 December 2019 @ Rs. 1.25 per share	-	(350,000)	(350,000)
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899
Profit for the year	-	1,587,427	1,587,427
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,587,427	1,587,427
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share	-	(560,000)	(560,000)
Interim dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)
Balance as at 31 December 2020	2,800,000	5,410,326	8,210,326

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

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

Chief Executive Officer

Director

Statement of Cash Flows

For The Year Ended 31 December 2020

	Note	2020 ----- (Rupees in '000) -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	2,067,371	2,200,428
Payments for:			
Finance costs		(161,171)	(232,161)
Income tax		(166,786)	(317,597)
Workers' Profit Participation Fund		(105,937)	(96,046)
Workers' Welfare Fund		(24,307)	(32,381)
Central Research Fund		(19,664)	(15,346)
Net cash flows generated from operating activities		1,589,506	1,506,897
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(380,568)	(433,088)
Proceeds from disposal of operating fixed assets		7,521	12,465
Long-term deposits and receivables		(825)	(1,590)
Interest income received		13,745	7,051
Net cash flows used in investing activities		(360,127)	(415,162)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(839,268)	(380,087)
Long-term financings repaid - net		(137,485)	(473,940)
Net cashflows used in financing activities		(976,753)	(854,027)
Net increase in cash and cash equivalents		252,626	237,708
Cash and cash equivalents at the beginning of the year		117,154	(120,554)
Cash and cash equivalents at the end of the year	33	369,780	117,154

No non-cash item is included in investing and financing activities

The annexed notes 1 to 39 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 2020

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 include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.

1.2 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 52.98% (2019: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

1.3 Geographical location and addressess of major business units of the Company are as under:

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Standards, amendments, interpretations and improvements adopted during the year

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

New / amended standards and interpretations

IFRS 3 - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - COVID-19 Related Rent Concessions (Agreements)
IAS 1 / IAS 8 - Definition of Material (Amendments)
Conceptual Framework for Financial Reporting

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

4.2 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting estimates and judgments are disclosed in relevant notes to these financial statements and summarised below.

a) Impairment of goodwill and intangible assets having indefinite useful lives (Refer notes 4.4 and 4.8)

The Company assesses annually at year end and when circumstances indicate that the carrying value may be impaired. Impairment for goodwill and intangible having indefinite useful lives is determined by assessing the recoverable amount using Level 1 of fair value hierarchy of cash generating unit (i.e. at the Company level) to which these assets relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

b) Allowances for expected credit losses (Refer note 4.7.1)

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 Company will 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 of forecast 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 (Refer note 4.11)

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

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

4.3 Property, plant and equipment

(i) Operating fixed assets

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

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period and charged to statement of profit or loss. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal. The rates of depreciation disclosed in note 5.1 to these financial statements. When a particular class of asset under property, plant and equipment includes an item having different useful life and is required to be replaced at different intervals, the Company depreciates it separately based on its specific useful life.

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

4.4 Intangible assets

Intangible assets acquired separately (other than goodwill and intangible assets having indefinite useful lives) 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.

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

Intangible assets (goodwill and intangibles having an indefinite useful lives i.e trademarks) are stated at cost less accumulated impairment losses, if any. These are tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of Cash Generating Unit (CGU) (i.e. the Company as a whole is considered to be a single CGU) to which the assets relate. When the recoverable amount of cash generating unit is less than its carrying amount, an impairment loss is recognised.

Notes to The Financial Statements

For The Year Ended 31 December 2020

4.5 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of weighted average cost and net realisable value (NRV). Cost comprises all costs of purchase, and other costs incurred in bringing the stores, spares and loose tools to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost and is also adjusted through systematic provision for damaged, obsolete and slow moving items. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

4.6 Stock-in-trade

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

- Raw and packing material - weighted average cost.
- Work-in-process and 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 borrowing costs. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and the estimated costs necessary to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

4.7 Financial Instruments

4.7.1 Financial assets

i) Initial recognition and measurement

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 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. 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

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 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 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 and receivables. 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 deposits, other receivables and bank balances that are held with reputational banks and other third parties, the Company applies low credit risk simplifications. At each reporting date, the Company evaluates whether these assets are considered to have low credit risk using all reasonable and supportable information that is available without un-due cost or effort including their credit ratings assessed by reputable agencies and therefore assessed to have immaterial impact of allowances for ECL. For trade debts and receivables, 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.

4.7.2 Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit or loss.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit or loss.

4.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

The carrying amounts of non-financial assets (other than inventories and deferred tax) are reviewed at each reporting date to determine 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 greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

In determining the fair value less cost of sell, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

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

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or 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.

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

4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short-term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.10 Borrowing costs

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

4.11 Taxation

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

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

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

4.12 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the 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 facility is recognised and measured in accordance with the accounting policies as disclosed in note 4.7.2 to these financial statements.

4.13 Provisions

A provision is recognised in the statement of financial position when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively to reflect current best estimate.

4.14 Employee benefits

4.14.1 Staff provident fund

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

4.14.2 Compensated absences

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

4.15 Foreign currency translation

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

4.16 Revenue recognition

4.16.1 Revenue from contracts with customers

a) Sale of goods

The Company is engaged in the manufacturing and selling of pharmaceutical 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, generally on delivery of the goods. 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). 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

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) Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

ii) Trade debts

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to Accounting policies of financial assets as disclosed in note 4.7.1 'financial assets' to these financial statements.

iii) 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.

d) Assets and liabilities arising from rights of return

i) Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Returns for the Company comprise of expired products or near expiry products (i.e. within 6 months of expiry), which are of zero value by the time of return and are subject to disposition as per prevailing statutory laws.

ii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

4.16.2 Other income

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

4.17 Dividends and other appropriations

Dividend distribution to the 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 financial statements.

4.18 Segment reporting

The Company as a whole is considered to be a single cash generating unit. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.19 Earning per share

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

4.20 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.

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

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

Standards	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)	01 January 2021
IFRS 10 - Consolidated financial statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023
IAS 16 - Property, Plant and Equipment : Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract (Amendments)	01 January 2022
Improvement to accounting standards issued by the IASB (2018-2020 cycle)	01 January 2022

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

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

Standards

IFRS 17 – Insurance Contracts

Effective date (annual periods beginning on or after)

01 January 2023

The Company expects that above new standards will not have any impact on the Company's financial statements in the period of initial application.

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

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. The outbreak of COVID-19 continues to progress and evolve. Therefore, it was challenging, to predict the full extent and duration of its business and economic impact.

Though, COVID-19 pandemic has caused slowdown of the overall economy and has caused disruptions amongst the Company's supply chain partners, workforce, facilities and operations. The Company however, being covered under essential services of providing pharmaceutical products is in better position with less being impacted in terms of the financial performance. The Company continues to monitor the rapidly evolving situation closely, including the potential impacts on revenue, supply chain continuity, employees and operations. The Company has taken effective measures for proactive inventory management to develop alternate and reliable vendor sources and build inventory levels to ensure supplies of goods in the short to medium term.

Further, the Company deployed effective measures to maintain sufficient liquidity and funds which includes deferment of expenditures and availing the temporary Refinance Scheme for Payment of Wages and Salaries introduced by State Bank of Pakistan (SBP) at subsidized rates to support businesses in the aftermath of COVID-19 outbreak. Necessary precautions and procedures were also deployed by the Company to address workforce safety, promote labour mobility and sustain remote working capability to ensure uninterrupted production and hence availability of our medicines for patients.

4.22.1 Property, plant and equipment

Due to COVID-19 pandemic, we do not foresee any change in usage and / or retention strategy of the Company's assets or any adverse effect as the Company's operational activities continues without any disruption during the period. Therefore, the significant judgements, estimates and the methods of consumption adopted in determining recoverable and residual values, depreciation method and useful lives of these assets are the same as those applied in preparation of financial statements of the Company for the year ended 31 December 2019.

4.22.2 Intangible assets

The carrying value of goodwill and intangible assets having indefinite useful lives has been allocated to AGP Limited, (i.e. a single cash generating unit (CGU)), which is also the operating and reportable segment for impairment testing. The Company performed its impairment test annually at year end (i.e. 31 December 2019). However, given the current situation because of COVID-19, the Company performed its impairment testing as at 31 December 2020 and considers the relationship between its market capitalisation, using the Level 1 input of the fair value hierarchy - quoted prices of the Company, and its book value, among other factors. As a result of this assessment, the management did not identify any impairment for the cash generating unit to which goodwill of Rs. 743.23 million and intangible assets with indefinite useful lives of Rs. 4,641.09 million are allocated.

Notes to The Financial Statements

For The Year Ended 31 December 2020

4.22.3 Allowance for expected credit loss

The Company has established a provision matrix that is based on the Company's historical credit loss experience. The matrix has been adjusted for forward-looking factors specific to the debtors and the economic environment including the macroeconomic effects resulting from COVID-19 outbreak. Management also considered the impact of COVID-19 on the probability of default, exposure at default and loss given default and concluded that there is no material impact on these financial statements.

4.22.4 Revenue from contract with customers

Given the current economic condition and overall domestic and international lockdown due to COVID-19 outbreak, the Company budgeted revenue for FY 2020 from ongoing and future contracts with customers was slightly affected in the first six months of the year. However, there was significant improvement in the second half of the year in domestic sales on uplifting of lock-down and improving economic conditions. Even export sales also improved after opening of Pak-Afghan border.

The Company continues the attitude of being cautious and adhering to the strict SOPs including Government recommended precautions to keep the work environment safe for the employees and ensure business continuity for the Company. As the businesses and the economy have opened up, we remain cautiously optimistic about the future growth prospects.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work-in-progress

		2020	2019
		----- (Rupees in '000) -----	
Note			
5.1	Operating fixed assets	1,858,858	1,846,072
5.2	Capital work-in-progress	344,143	130,492
		<u>2,203,001</u>	<u>1,976,564</u>

Notes to The Financial Statements
For The Year Ended 31 December 2020

5.1 Operating fixed assets

	Land		Buildings		Plant and machinery	Furniture and fixtures	Motor Vehicles	Office equipment	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 2020													
Opening net book value	369,000	228,819	398,022	12,193	385,910	21,793	153,330	22,613	4,346	102,422	129,520	18,104	1,846,072
*Transfers (note 5.2.1)	-	-	44,617	-	33,134	2,770	25,449	9,572	3,591	10,294	8,891	19,435	157,753
Disposals (at NBV)													
Cost	-	-	-	-	(7,230)	(26)	(11,981)	(1,607)	(192)	(2,781)	-	(12,253)	(36,070)
Depreciation	-	-	-	-	5,092	26	8,490	1,499	167	2,722	-	12,253	30,249
	-	-	-	-	(2,138)	-	(3,491)	(108)	(25)	(59)	-	-	(5,821)
Assets written off (at NBV)													
Cost	-	-	-	(1,464)	(5,676)	(355)	-	(414)	(30)	(60)	(1,445)	(625)	(10,069)
Depreciation	-	-	-	1,428	4,031	355	-	414	26	60	1,404	625	8,343
	-	-	-	(36)	(1,645)	-	-	-	(4)	-	(41)	-	(1,726)
Depreciation charge	-	(4,259)	(16,054)	(2,526)	(23,850)	(3,288)	(36,885)	(3,993)	(844)	(15,192)	(18,029)	(12,500)	(137,420)
Closing net book value	369,000	224,560	426,585	9,631	391,411	21,275	138,403	28,084	7,064	97,465	120,341	25,039	1,858,858
Gross carrying value basis As at 31 December 2020													
Cost	369,000	245,284	509,790	24,504	484,216	36,131	207,743	47,173	11,513	141,958	193,523	55,919	2,326,754
Accumulated depreciation	-	(20,724)	(83,205)	(14,873)	(90,795)	(14,856)	(69,340)	(19,089)	(4,449)	(44,493)	(73,182)	(30,880)	(465,886)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	369,000	224,560	426,585	9,631	391,411	21,275	138,403	28,084	7,064	97,465	120,341	25,039	1,858,858
Net carrying value basis Year ended 31 December 2019													
Opening net book value	369,000	162,454	335,371	15,017	331,889	16,351	149,704	15,155	3,318	88,422	108,976	9,933	1,605,590
*Transfers (note 5.2.1)	-	70,112	77,826	-	84,022	8,195	45,967	10,797	1,524	27,038	37,895	16,373	379,749
Disposals (at NBV)													
Cost	-	-	(272)	(131)	(11,601)	(465)	(24,495)	(467)	-	(1,313)	(7,224)	(4,489)	(50,457)
Depreciation	-	-	131	89	6,839	465	17,807	307	-	1,097	6,026	4,366	37,127
	-	-	(141)	(42)	(4,762)	-	(6,688)	(160)	-	(216)	(1,198)	(123)	(13,330)
Depreciation charge	-	(3,747)	(15,034)	(2,782)	(25,239)	(2,753)	(35,653)	(3,179)	(496)	(12,822)	(16,153)	(8,079)	(125,937)
Closing net book value	369,000	228,819	398,022	12,193	385,910	21,793	153,330	22,613	4,346	102,422	129,520	18,104	1,846,072
Gross carrying value basis As at 31 December 2019													
Cost	369,000	245,284	465,173	25,968	463,988	33,742	194,275	39,622	8,144	134,505	186,077	49,362	2,215,140
Accumulated depreciation	-	(16,465)	(67,151)	(13,775)	(76,068)	(11,949)	(40,945)	(17,009)	(3,798)	(32,083)	(56,557)	(31,258)	(367,058)
Accumulated impairment	-	-	-	-	(2,010)	-	-	-	-	-	-	-	(2,010)
Net book value	369,000	228,819	398,022	12,193	385,910	21,793	153,330	22,613	4,346	102,422	129,520	18,104	1,846,072
Annual rate of depreciation (%)	-	60 / 91 years	3.33	5	5	10	20	10	10	10	10		33

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

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

Location	Addresses	Usage of immovable property	Covered Area (Acres)
Karachi	B-23C, S.I.T.E. Karachi	Head Office and Production Plant	2.809
Karachi	D-109, S.I.T.E. Karachi	Production Plant	1.25
Karachi	F/46, S.I.T.E. Superhighway Phase II, Karachi	Production Plant	0.50
Karachi	E-134, S.I.T.E. Area, Super Highway Phase II, Karachi	Future expansion	0.50

Notes to The Financial Statements
For The Year Ended 31 December 2020

		2 0 2 0	2 0 1 9
	Note	----- (Rupees in '000) -----	
5.1.2 Depreciation for the year has been allocated as follows:			
Cost of sales	23	93,744	86,900
Administrative expenses	24	8,928	6,439
Marketing and selling expenses	25	34,748	32,598
		137,420	125,937

5.1.3 The cost of fully depreciated assets of the Company amounted to Rs. 238.95 million (2019: Rs. 237.89 million). In addition, land includes leasehold land having cost of Rs.35.17 million remains idle as of 31 December 2020 and 2019.

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

Description	Mode of disposal	Cost	Accumulated Depreciation	Net book value	Sales proceeds	Gain / (loss)	Relationship of purchaser with the Company	Particulars of buyers
----- Rupees in '000 -----								
Aggregate amount of assets disposed off having NBV not exceeding Rs. 5 million		36,070	30,249	5,821	7,521	1,700	various	various
	2020	36,070	30,249	5,821	7,521	1,700		
	2019	50,457	37,127	13,330	12,466	(865)		

	2 0 2 0	2 0 1 9	2 0 2 0	2 0 1 9
	Additions during the year		Closing balance as at December 31	
----- (Rupees in '000) -----				

5.2 Capital work-in-progress comprise of:

Land	-	70,112	-	-
Buildings - factory / office	170,701	135,861	209,587	83,504
Plant and machinery	70,223	79,570	77,221	40,129
Furniture and fixtures	18,195	7,723	15,425	-
Motor vehicles	27,967	43,998	2,517	-
Office equipment	9,572	10,660	-	-
Gas and electrical fittings	3,591	1,524	-	-
Refrigerators and air conditioners	26,796	26,734	21,561	5,059
Laboratory equipments	11,596	36,499	2,705	-
Computer and related accessories	20,344	18,116	2,709	1,800
Solar Panels	5,498	-	5,498	-
Softwares	16,085	2,291	6,920	-
	380,568	433,088	344,143	130,492

Notes to The Financial Statements

For The Year Ended 31 December 2020

5.2.1 The following is the movement in capital work-in-progress during the year:

Note	2020	2019
	----- (Rupees in '000) -----	
Opening balance	130,492	79,444
Additions during the year	380,568	433,088
Transferred during the year to:		
- operating fixed assets	(157,753)	(379,749)
- intangible assets	(9,164)	(2,291)
Closing balance	344,143	130,492

6. INTANGIBLE ASSETS

Goodwill
Trademarks - (indefinite lives)
Computer software

Note	2020	2019
	----- (Rupees in '000) -----	
6.2	743,226	743,226
6.2	4,641,087	4,641,087
	13,562	10,742
	5,397,875	5,395,055

Goodwill	Trademarks - Indefinite	Trademarks - finite	Computer softwares	Total
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6.1 Intangible assets

Net carrying value basis
Year ended 31 December 2020

Opening net book value

743,226	4,641,087	-	10,742	5,395,055
-	-	-	9,164	9,164
-	-	-	(6,344)	(6,344)
743,226	4,641,087	-	13,562	5,397,875

Gross carrying value basis
As at 31 December 2020

Cost
Accumulated amortisation
Net book value

743,226	4,641,087	365,930	52,791	5,803,034
-	-	(365,930)	(39,229)	(405,159)
743,226	4,641,087	-	13,562	5,397,875

Net carrying value basis
Year ended 31 December 2019

Opening net book value
Transfers (note 5.2.1)
Amortisation charge
Closing net book value

743,226	4,641,087	-	13,943	5,398,256
-	-	-	2,291	2,291
-	-	-	(5,492)	(5,492)
743,226	4,641,087	-	10,742	5,395,055

Gross carrying value basis
As at 31 December 2019

Cost
Accumulated amortisation
Net book value

743,226	4,641,087	365,930	43,627	5,793,870
-	-	(365,930)	(32,885)	(398,815)
743,226	4,641,087	-	10,742	5,395,055

Annual rate of amortisation (%)

-	-	10-20	33	
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Notes to The Financial Statements

For The Year Ended 31 December 2020

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

The carrying value of goodwill and intangibles assets having indefinite useful lives has been allocated to AGP Limited, the Company as a whole i.e. a single cash generating unit (CGU), which is also the operating and reportable segment for impairment testing. The Company performed its impairment test annually at year end (i.e. 31 December 2020). Considering the relationship between its market capitalisation, using the Level 1 input of the fair value hierarchy - quoted prices of the Company, and its book value, among other factors. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of Rs. 743.226 million and intangible asset with indefinite useful lives of Rs. 4,641.087 million are allocated.

6.3 Amortisation for the year has been allocated as follows:

Note	2020	2019
	----- (Rupees in '000) -----	
23	1,081	363
24	5,236	4,796
25	27	333
	6,344	5,492

6.4 The cost of fully amortized assets of the Company amounted to Rs. 393.21 million (2019: Rs. 392.11 million).

Notes to The Financial Statements

For The Year Ended 31 December 2020

	Note	2020 ----- (Rupees in '000) -----	2019
7. LONG-TERM DEPOSITS AND RECEIVABLES			
Security deposits - unsecured, considered good		9,665	9,759
Receivables from employees - secured, considered good	7.1	8,202	6,232
Less: Recoverable within one year		(3,528)	(2,477)
		4,674	3,755
		14,339	13,514

7.1 Represents interest free receivables from the employees of the Company on account of purchase of vehicles (i.e. motor bikes) and laptops, in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly installments. The discounting impact of these receivables to their present value is not considered by the management of the Company, as the financial impact is immaterial.

	Note	2020 ----- (Rupees in '000) -----	2019
8. STOCK-IN-TRADE			
Raw and packing materials			
- In hand	8.1	568,332	521,864
- In transit		32,442	35,005
		600,774	556,869
Work-in-process		86,860	58,022
Finished goods			
- Manufacturing		217,995	217,846
- Trading		376,498	201,774
		594,493	419,620
Provision for obsolescence and slow moving stock	8.3	(97,686)	(21,110)
	8.2	1,184,441	1,013,401

8.1 Included herein items having value of Rs. 14.87 million (2019: Rs. 21.51 million), representing stock held by third parties.

8.2 Stock-in-trade includes items having cost of Rs. 1.56 million (2019: Rs. 4.88 million) written down to net realisable value of Rs. 1.20 million (2019: Rs. 3.98 million) resulting in a writedown of Rs. 0.36 million (2019: Rs. 0.90 million).

	Note	2020 ----- (Rupees in '000) -----	2019
8.3 Provision for obsolescence and slow moving stock is as follows:			
Opening balance		21,110	17,229
Provision made during the year - net	8.3.1	93,270	11,900
Written off during the year		(16,694)	(8,019)
		97,686	21,110

8.3.1 Included herein Rs. 89.87 million (2019: Nil) on account of provision for SARS Covid Antibody Kits, since the testing was not executed as per the initially anticipated volumes and accordingly, the same remained unutilised.

Notes to The Financial Statements

For The Year Ended 31 December 2020

	Note	2020 ----- (Rupees in '000) -----	2019
9. TRADE DEBTS - unsecured			
Related parties (associated companies)			
- OBS Pakistan (Private) Limited		3,490	625
- Aspin Pharma (Private) Limited		3,140	1,054
- Muller & Phipps Pakistan (Private) Limited		654,779	491,824
	9.2	661,409	493,503
Others than related parties			
	9.1	44,785	30,256
		706,194	523,759
Less: Allowances for expected credit losses	9.4	(904)	(1,224)
		705,290	522,535

9.1 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) -----				
2020					
Expected credit loss rate	0.13%	0%	0%	0%	3.95%
Estimated total gross carrying amount at default	706,194	606,203	75,303	1,786	22,902
Expected credit loss	904	-	-	-	904
2019					
Expected credit loss rate	0.23%	0%	0%	0%	4.93%
Estimated total gross carrying amount at default	523,759	432,408	27,181	39,323	24,847
Expected credit loss	1,224	-	-	-	1,224

Notes to The Financial Statements

For The Year Ended 31 December 2020

9.2 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) -----				
2020					
OBS Pakistan (Private) Limited	3,490	-	909	2,581	-
Aspin Pharma (Private) Limited	3,141	3,101	-	40	-
Muller & Phipps Pakistan (Private) Limited	654,778	602,951	37,794	(2,038)	16,071
	<u>661,409</u>	<u>606,052</u>	<u>38,703</u>	<u>583</u>	<u>16,071</u>
2019					
OBS Pakistan (Private) Limited	625	312	313	-	-
Aspin Pharma (Private) Limited	1,054	937	48	69	-
Muller & Phipps Pakistan (Private) Limited	491,824	428,041	22,530	27,178	14,075
	<u>493,503</u>	<u>429,290</u>	<u>22,891</u>	<u>27,247</u>	<u>14,075</u>

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

Related parties - associated companies	Note	2020	2019
		----- (Rupees in '000) -----	
OBS Pakistan (Private) Limited		<u>3,826</u>	10,696
Aspin Pharma (Private) Limited		<u>18,428</u>	10,759
Muller and Phipps Pakistan (Private) Limited		<u>664,625</u>	647,644
Opening balance		1,224	-
Adjustments due to initial application of IFRS 9		-	1,114
Allowances for expected credit losses for the year (net)		(320)	110
Closing balance	9.4.1	<u>904</u>	<u>1,224</u>

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

9.4.1 Included herein amount of Rs 0.81 million (2019: Rs. Nil) related to Muller and Phipps Pakistan (Private) Limited, a related party.

10. LOANS AND ADVANCES - Considered good

Advances - unsecured

- suppliers
- employees
- custom authorities / clearing agents

	2020	2019
	----- (Rupees in '000) -----	
	<u>18,954</u>	18,970
	<u>9,423</u>	7,525
	<u>1,639</u>	7,368
	<u>30,016</u>	<u>33,863</u>

Notes to The Financial Statements

For The Year Ended 31 December 2020

2020 2019
----- (Rupees in '000) -----

11. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

- Security deposits
- Margin on letters of credit

Prepayments - insurance

Other receivables

- Current portion of receivables from employees - secured
- Receivable from Workers' Profit Participation Fund
- Others - unsecured

12. CASH AND BANK BALANCES

Cash at banks

- Current accounts
- local currency
- foreign currency
- Deposit accounts

Cash in hand

12.1 These carry markup at the rates ranging from 2.75% to 11.66% (2019: 4.22% to 12.30%) per annum.

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

	Financing Facility Obtained	Financing Facility Utilized	Current / Deposit Accounts	Profit / Markup Earned	Profit / Markup Paid
	----- Rupees in '000 -----				
2020					
Shariah compliant financings					
Short-term borrowings	1,050,000	-	294,814	10,073	295
Long-term financings					
- Sukuk	2,448,000	721,177	-	-	129,145
- Diminishing musharikhah	25,000	5,105	-	-	845
- Running musharikhah	350,000	314,560	-	-	11,732
	<u>3,873,000</u>	<u>1,040,842</u>	<u>294,814</u>	<u>10,073</u>	<u>142,017</u>
Conventional financings					
Short-term borrowings	900,000	-	74,143	3,672	1,995
	<u>4,773,000</u>	<u>1,040,842</u>	<u>368,957</u>	<u>13,745</u>	<u>144,012</u>
2019					
Shariah compliant financings					
Short-term borrowings	700,000	-	77,737	3,289	2,660
Long-term financings					
- Sukuk	2,448,000	1,201,559	-	-	209,536
- Diminishing musharikhah	25,000	6,467	-	-	297
	<u>3,173,000</u>	<u>1,208,026</u>	<u>77,737</u>	<u>3,289</u>	<u>212,493</u>
Conventional financings					
Short-term borrowings	1,150,000	-	38,773	2,806	5,821
	<u>4,323,000</u>	<u>1,208,026</u>	<u>116,510</u>	<u>6,095</u>	<u>218,314</u>

Notes to The Financial Statements

For The Year Ended 31 December 2020

13. SHARE CAPITAL

Authorised share capital

2020	2019		2020	2019	
-----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

2020	2019		2020	2019	
-----Number of shares-----			----- (Rupees in '000) -----		
280,000,000	280,000,000	Ordinary shares of Rs. 10 each fully paid in cash	2,800,000	2,800,000	

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

13.2 Basic and diluted earnings per share (EPS)

	2020	2019	
	----- (Rupees in '000) -----		
Net profit for the year	1,587,427	1,446,388	
	----- 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)	5.67	5.17	

14. LONG-TERM FINANCINGS - secured

	2020	2019	
	----- (Rupees in '000) -----		
Running musharikah under SBP Refinance Scheme	314,560	-	14.1
Diminishing musharikah	5,105	6,467	14.2
Sukuk net of transaction cost of Rs. 13.25 million (2019: Rs. 22.44 million)]	721,177	1,201,559	14.3
	1,040,842	1,208,026	
Less: current maturity	(641,110)	(490,961)	20
	399,732	717,065	
The movement in long term financing is as follows:			
Opening balance	1,208,026	1,681,966	
Financing obtained during the year	314,560	6,467	
Financing repaid during the year	(481,744)	(480,407)	
Closing balance	1,040,842	1,208,026	

Notes to The Financial Statements

For The Year Ended 31 December 2020

14.1 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) has 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, subsequently the facility has been 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. 334 million and ranking charge of Rs. 133 million over current assets of the Company. The security is common for funded facilities. As of reporting date, Rs 5.74 million of the facility limit remained unutilised.

14.2 The Company had obtained diminishing musharakah (DM) facility of Rs. 25 million from Bank Islami Pakistan Limited for purchase of private and commercial vehicles. The facility limit utilised is repayable in equal monthly installments of Rs.0.11 million in arrears. The maximum period of finance is 5 years. The facility carries profit at the rate of 6 months KIBOR + 1.5% per annum with floor of 14% and cap of 24%. The facility is secured against 15% share of the Company (minimum), and ownership title over DM assets duly insured comprehensively. As of reporting date, Rs. 18.20 million of the facility limit remained unutilised.

14.3 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.

15. DEFERRED GRANT

	Note	2020	2019
		----- Rupees in '000 -----	
Recognized during the year		39,907	-
Released to statement of profit or loss	27	(10,208)	-
As at December 31, 2020		29,699	-
Current portion under non-current liabilities	20	(21,793)	-
		7,906	-

16. GAS INFRASTRUCTURE DEVELOPMENT CESS

		2020	2019
		----- Rupees in '000 -----	
Gas Infrastructure Development Cess		10,818	-
Less: Current portion under non-current liability	20	(2,435)	-
		8,383	-

16.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011. Later, in November 2020, the SCP also dismissed all review petitions. Accordingly, the Company in the current year has recognised a liability for GIDC in these financial statements.

Notes to The Financial Statements

For The Year Ended 31 December 2020

		2020	2019
		----- (Rupees in '000) -----	
17.	DEFERRED TAX LIABILITIES - NET		
	Taxable temporary differences		
	Accelerated tax depreciation / amortisation	82,217	76,691
	Deferred grant	7,837	-
		90,054	76,691
	Deductible temporary differences		
	Provisions	(26,016)	(5,771)
	Long-term financings	(7,837)	-
		(33,853)	(5,771)
		56,201	70,920

18. TRADE AND OTHER PAYABLES	Note	2020	2019
		----- (Rupees in '000) -----	
Creditors		464,351	464,112
Accrued liabilities		245,649	275,578
Compensated absences		34,217	23,377
Retention money		13,192	8,955
Other payables:			
- Provident fund	18.1	5,622	4,647
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund	18.2	-	2,335
- Workers' Welfare Fund	18.3	26,918	24,096
- Central Research Fund	18.4	20,789	19,664
- Withholding tax		5,831	3,898
- Sales tax		4,954	3,489
- Others		1,885	1,605
		<u>837,209</u>	<u>845,557</u>

18.1 Payable to the provident fund

18.1.1 Investments of provident fund have been made in accordance with the Provisions of Section 218 of the Act and the rules formulated for this purpose.

18.1.2 During the year, the Company's contribution to provident fund amounted to Rs. 27.17 million (2019: Rs. 22.83 million).

Notes to The Financial Statements

For The Year Ended 31 December 2020

18.2 Workers' Profits Participation Fund	Note	2020	2019
		----- (Rupees in '000) -----	
Balance at the beginning of the year		2,335	1,043
Allocation for the year		102,908	97,338
		<u>105,243</u>	<u>98,381</u>
Payments made during the year		(105,937)	(96,046)
		<u>(694)</u>	<u>2,335</u>

18.3 Workers' Welfare Fund

Balance at the beginning of the year	24,096	32,178
Charge for the year	27,129	24,299
	<u>51,225</u>	<u>56,477</u>
Payments made during the year	(24,307)	(32,381)
	<u>26,918</u>	<u>24,096</u>

18.4 Central Research Fund

Balance at the beginning of the year	19,664	15,346
Charge for the year	20,789	19,664
	<u>40,453</u>	<u>35,010</u>
Payments made during the year	(19,664)	(15,346)
	<u>20,789</u>	<u>19,664</u>

19. SHORT-TERM BORROWINGS - Secured

19.1 As of reporting date, the facilities relating to running finance under mark-up arrangements obtained from commercial banks of Rs.900 million (2019: Rs. 1,150 million) remained utilised carrying markup at the rate of 1 - 3 months KIBOR plus 0.30% to 1.50% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company.

19.2 As of reporting date, the facilities relating to running musharka arrangements obtained from islamic banks of Rs.1,050 million (2019: Rs. 700 million) remained utilised carrying markup at rate of 1 - 3 months KIBOR plus 0.70% to 1% per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company.

20. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2020	2019
----- (Rupees in '000) -----			
Long-term financings	14	641,110	490,961
Deferred grant	15	21,793	-
Gas infrastructure development cess	16	2,435	-
		<u>665,338</u>	<u>490,961</u>

Notes to The Financial Statements

For The Year Ended 31 December 2020

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 In year 2018, the Company received a demand for tax year 2017 from the taxation authorities of Rs.145.93 million in respect of amortisation of goodwill and the payment 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. Whereas during the year 2018, the taxation authority filed an appeal before ATIR against amortisation of goodwill allowed by CIR(A), for which no hearing is fixed till date. The Company, in view of a tax advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

21.1.2 In year 2014, the Company imported an active pharmaceutical material namely Ossein Mineral Complex (OMC) which is exempt from sales tax. Customs duty and advance income tax paid at applicable rates by the Company on the import. No discrepancy and irregularity was made out against the Company at the time of release of its consignments of OMC. However, after the release of its consignments the tax authorities made demand of short-paid duties and taxes which includes 30% custom duty, 17% sales tax and 5% advance income tax on the imported value, amounted to Rs.5.11 million, without issuing any show cause notice. The Company has filed a petition before High Court of Sindh (SHC) which is pending adjudication. During the year, the petition has been withdrawn by the Company, as recommended by the lawyer on the contention that the case pertains to classification of raw material in accordance with Customs Act, 1969 and already pending before the Pakistan Custom Tarrif (PCT) committee. The Company is now contesting the case before PCT committee level. The Company, in view of a legal advice, expects a favorable outcome, accordingly, no provision has been made in these financial statements.

21.1.3 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

21.1.4 In year 2020, during the course of tax audits for tax years 2018 and 2019, the Company has 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 has 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 Novemehr 2020, the case has been decided in favour of the Company. However, SRB is expected to file an appeal against the said order with the Honourable Supreme Court of Pakistan. The Company expects a favourable outcome on this matter and accordingly, no provision has been made in these financial statements.

21.1.5 Economic Coordination Committee (ECC) of the Cabinet in its meeting held on 26 June 2019 has 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 (I) / 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 amounting to Rs. 5.46 million has 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 has 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. KEL is expected to file an appeal against SHC order, however, the Company is confident of a favourable outcome, hence, no provision for the above charges have been made in these financial statements.

Notes to The Financial Statements

For The Year Ended 31 December 2020

		2020	2019
		----- (Rupees in '000) -----	
21.1.6	Guarantees		
	Bank guarantees		
	- limit	310,000	260,000
	- unutilised portion	287,160	234,139
	- utilised portion	22,840	25,861
21.2	Commitments		
21.2.1	As at 31 December 2020, capital expenditure contracted for but not incurred amounted to Rs 95.67 million (2019: Rs 92.550 million).		
		2020	2019
		----- (Rupees in '000) -----	
21.2.2	Letters of credit		
	Letters of credit		
	- limit	2,320,000	2,320,000
	- unutilised portion	2,117,043	1,929,854
	- utilised portion	202,957	390,146
22.	REVENUE FROM CONTRACT WITH CUSTOMERS - net		
		2020	2019
		----- (Rupees in '000) -----	
	Sale of goods (at a point in time)		
	Local		
	- Manufacturing	6,002,331	5,743,682
	- Trading	993,388	730,293
		6,995,719	6,473,975
	Export	738,224	352,755
	Less: Trade discounts	(735,389)	(557,409)
	Sales returns	(38,172)	(14,111)
	Sales tax	(14,027)	(1,971)
		(787,588)	(573,491)
		6,946,355	6,253,239
		22.1 & 22.2	
22.1	Included herein sales of Rs. 5,667 million (2019: Rs. 5,403 million) made to related parties (see note 34).		
22.2	Revenue recognised during the year includes Rs. NIL (2019: Rs. 1.06 million) included in contract liabilities at the beginning of the year.		

Notes to The Financial Statements

For The Year Ended 31 December 2020

		2020	2019
		----- (Rupees in '000) -----	
23.	COST OF SALES		
	Cost of sales – manufacturing		
	Raw and packing materials consumed		
	Opening stock	556,869	469,435
	Purchases	1,880,289	1,709,718
	Available for consumption	2,437,158	2,179,153
	Closing stock	(600,774)	(556,869)
	Raw and packing material consumed	1,836,384	1,622,284
	Manufacturing cost		
	Salaries, wages and other benefits	461,214	378,784
	Stores and spares consumed	25,794	23,740
	Provision against slow moving and obsolete materials - net	93,270	11,900
	Processing charges	10,634	7,651
	Freight	5,798	5,050
	Fuel, gas and electricity	117,014	105,460
	Repairs and maintenance	74,973	71,482
	Travelling and conveyance	20,080	20,079
	Insurance	5,956	6,040
	Laboratory expenses	26,216	17,914
	Rates and taxes	874	4,016
	Depreciation	93,744	86,900
	Amortisation	1,081	363
	Postage, telegraph and telephones	2,377	2,651
	Printing and stationery	6,041	3,161
		945,066	745,191
		2,781,450	2,367,475
	Work-in-process		
	Opening stock	58,022	43,601
	Closing stock	(86,860)	(58,022)
		(28,838)	(14,421)
		2,752,612	2,353,054
	Cost of goods manufactured		
	Finished goods		
	Opening stock	217,846	216,385
	Closing stock	(217,995)	(217,846)
		(149)	(1,461)
		2,752,463	2,351,593
	Cost of samples for marketing and sales promotion		
		(52,583)	(54,145)
	Cost of sales – trading		
	Opening stock	201,774	84,825
	Purchases	560,567	413,618
	Closing stock	(376,498)	(201,774)
		385,843	296,669
		3,085,723	2,594,117
23.1	Included herein Rs. 7.7 million (2019: Rs. 6.79 million) in respect of staff retirement benefits.		

Notes to The Financial Statements
For The Year Ended 31 December 2020

24. ADMINISTRATIVE EXPENSES	Note	2020 ----- (Rupees in '000) -----	2019
Salaries and other benefits	24.1	118,653	91,942
Travelling and conveyance		408	479
Printing and stationery		1,610	1,871
Directors' remuneration		4,200	1,125
Postage, telegrams and telephones		467	485
Legal and professional		43,659	24,468
Research cost		1,500	1,679
Repairs and maintenance		6,937	5,003
Software license renewals and maintenance fee		16,724	12,555
Subscription and fee		1,362	662
Advertisement		2,063	221
Auditors' remunerations	24.2	3,213	3,878
Donations	24.3	8,790	1,580
Insurance		439	405
Depreciation	5.1.2	8,928	6,439
Amortisation	6.3	5,236	4,796
Corporate social responsibility		2,146	-
Vehicle running expenses		358	284
		226,693	157,872

24.1 Included herein Rs. 3.69 million (2019: Rs. 2.81 million) in respect of staff retirement benefits.

24.2 Auditors' remunerations	2020 ----- (Rupees in '000) -----	2019
Statutory audit fee	1,663	1,512
Special audit fee	120	1,188
Half yearly review and other certifications	1,264	875
Out of pocket expenses	166	303
	3,213	3,878

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

	2020 ----- (Rupees in '000) -----	2019
Patients' Aid Foundation	2,944	-
National Institute of Kidney Diseases	1,100	-
Saylani Welfare Trust	1,041	-
	5,085	-

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

Notes to The Financial Statements
For The Year Ended 31 December 2020

25. MARKETING AND SELLING EXPENSES	Note	2020 ----- (Rupees in '000) -----	2019
Salaries and other benefits	25.1	685,379	598,786
Travelling and conveyance		180,877	184,251
Repairs and maintenance		6,021	4,808
Insurance		4,557	4,708
Depreciation	5.1.2	34,748	32,598
Amortisation	6.3	27	333
Printing and stationery		3,709	3,756
Samples	23	52,583	54,145
Sales promotion expenses		284,983	267,378
Meeting and conferences		60,927	79,547
Communication		14,890	10,879
Subscription		14,295	9,658
Freight, handling and transportation		60,887	43,099
		1,403,883	1,293,946

25.1 Included herein Rs.15.79 million (2019: Rs. 13.24 million) in respect of staff retirement benefits.

26. OTHER EXPENSES	Note	2020 ----- (Rupees in '000) -----	2019
Workers' Profit Participation Fund	18.2	102,908	97,338
Workers' Welfare Fund	18.3	27,129	24,299
Central Research Fund	18.4	20,789	19,664
Exchange loss - net		30,940	24,651
Allowances for expected credit loss (net)	9.4	(320)	110
Assets written off	5.1	1,726	-
Loss on disposal of operating fixed assets - (net)		-	865
		183,172	166,927

27. OTHER INCOME

Income from financial assets

Markup on deposit accounts

Income from non-financial assets

Gain on sale of operating fixed assets (net)

Government grant

Scrap sales

Others

28. FINANCE COSTS

Mark-up on:

- long-term financings

- short term borrowings

Bank charges

		141,722	209,833
		2,290	8,481
		144,012	218,314
		7,780	8,544
		151,792	226,858

Notes to The Financial Statements

For The Year Ended 31 December 2020

29. TAXATION

2020 2019
----- (Rupees in '000) -----

Current	353,207	278,738
Prior	765	87,523
Deferred	(14,719)	12,134
	<u>339,253</u>	<u>378,395</u>

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

Profit before taxation	1,926,680	1,824,783
Tax at the applicable tax rate of 29% (2019: 29%)	558,737	529,187
Prior year charge	765	87,523
Effect of lower tax rate	(177,152)	(171,956)
Effect of tax credits	(41,099)	(69,535)
Others	(1,998)	3,176
	<u>339,253</u>	<u>378,395</u>
Effective tax rate	<u>17.61%</u>	<u>20.74%</u>

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	----- Rupees in '000 -----					
Managerial remuneration	15,904	14,458	-	-	211,071	157,896
Bonus	2,171	1,971	-	-	19,547	11,209
Performance incentive	38,289	31,902	-	-	2,060	4,604
Reimbursement of expenses	403	300	-	-	22,523	13,731
Provident fund	1,085	985	-	-	10,788	7,115
Others	1,449	1,316	-	-	14,282	15,452
	<u>59,301</u>	<u>50,932</u>	<u>-</u>	<u>-</u>	<u>280,271</u>	<u>210,007</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>52</u>	<u>41</u>

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

30.2 During the year, fee paid to two (2019: two) independent directors and four (2019: Nil) non-executive directors for attending board and other meetings amounted to Rs. 4.2 million (2019: Rs. 1.13 million). Travelling and boarding expenses of executive and non-executive directors borne by the Company amounted to Rs. 11.5 million (2019: Rs. 9.49 million). Number of non-executive directors at year end were four (2019: four).

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

31. 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

32. CASH GENERATED FROM OPERATIONS

2020 2019
----- (Rupees in '000) -----

Profit before taxation	1,926,680	1,824,783
Adjustments for non-cash items:		
Depreciation	137,420	125,937
Amortisation	6,344	5,492
Allowances for expected credit losses	(320)	110
(Gain) / loss on disposal of operating fixed assets	(1,700)	865
Assets written off	1,726	-
Mark-up on deposits accounts	(13,745)	(6,095)
Finance costs	151,792	226,858
Workers' Profit Participation Fund	102,908	97,338
Workers' Welfare Fund	27,129	24,299
Central Research Fund	20,789	19,664
	<u>432,343</u>	<u>494,468</u>
Operating profit before working capital changes	2,359,023	2,319,251
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(359)	673
Stock-in-trade	(171,040)	(216,384)
Trade debts	(182,435)	(40,321)
Loans and advances	3,847	30,575
Trade deposits, prepayments and other receivables	57,477	(80,967)
	<u>(292,510)</u>	<u>(306,424)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	858	187,601
	<u>2,067,371</u>	<u>2,200,428</u>

33. CASH AND CASH EQUIVALENTS

2020 2019
----- (Rupees in '000) -----

Cash and bank balances	12	<u>369,780</u>	<u>117,154</u>
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Notes to The Financial Statements

For The Year Ended 31 December 2020

34. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent 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	2 0 2 0 ----- (Rupees in '000) -----	2 0 1 9
Parent company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company	52.98% (2019: 52.98%)	Dividend paid	445,051	176,857
Associated companies					
OBS Pakistan (Private) Limited- Pakistan	Common directorship (significant influence)	Nil (2019: NIL)	Sale of goods	4,408	6,926
			Expenditure incurred / paid by the Company on behalf of associate	2,334	3,362
			Expenditure incurred / paid by associate on behalf of the Company	-	9,569
			Dividend paid	-	-
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2019: 4.79%)	Sale of goods	38,637	29,322
			Expenditure incurred / paid by the Company on behalf of associate	745	2,243
			Expenditure incurred / paid by associate on behalf of the Company	13,249	-
			Dividend paid	40,200	16,750
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2019: 13.54%)	Sale of goods	5,624,161	5,422,654
			Expenditure incurred / paid by the Company on behalf of the associate	-	-
			Settlement of amount incurred by the associate on behalf of the Company	77,812	58,085
			Dividend paid	113,760	47,400
OBS Green (Private) Ltd - Pakistan	Common directorship	NIL (2019: NIL)	Purchase of Personal Protective Equipment Kits	400	-
			Service charges for test kits	546	-
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	26,201	22,444
Key management personnel (other than Chief Executive)			Managerial remuneration	68,962	58,426
			Bonus	7,899	4,266
			Performance incentives		236
			Reimbursement of expenses	3,525	1,511
			Provident Fund	3,556	2,027
			Dividend paid	19	40
			Others	4,589	2,523
Directors			Dividend paid	1,893	789
			Board and other meeting fee	4,200	1,125
Others (due to common directorship)					
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	119,657	134,104
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	48	475
Baltoro Partners (Private) Limited - Pakistan			Purchase of test kits	240	-

34.1 The related parties status of outstanding receivables / payables as at 31 December 2020 and 2019 is disclosed in respective notes to these financial statements.

Notes to The Financial Statements

For The Year Ended 31 December 2020

35. 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 2020.

35.1 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.

Notes to The Financial Statements

For The Year Ended 31 December 2020

35.1.1 Financial assets and liabilities by category and their respective maturities are as follows:

	Interest bearing			Non-Interest bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
	(Rupees in '000)						
Financial assets (at amortised cost)							
Deposits and receivables	-	-	-	30,080	14,339	44,419	44,419
Trade debts	-	-	-	705,290	-	705,290	705,290
Cash and bank balances	301,757	-	301,757	67,200	-	67,200	368,957
December 31, 2020	301,757	-	301,757	802,570	14,339	816,909	1,118,666
Financial liabilities (at amortised cost)							
Long-term financings	641,110	399,732	1,040,842	-	-	-	1,040,842
Trade and other payables	-	-	-	764,916	-	764,916	764,916
Unclaimed dividends	-	-	-	1,701	-	1,701	1,701
Accrued interest	-	-	-	3,870	-	3,870	3,870
December 31, 2020	641,110	399,732	1,040,842	770,487	-	770,487	1,811,329

	Interest bearing			Non-Interest bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
----- (Rupees in '000) -----							
Financial assets (at amortised cost)							
Deposits and receivables	-	-	-	87,700	13,514	101,214	101,214
Trade debts	-	-	-	522,535	-	522,535	522,535
Cash and bank balances	111,716	-	111,716	4,794	-	4,794	116,510
December 31, 2019	111,716	-	111,716	615,029	13,514	628,543	740,259
Financial liabilities (at amortised cost)							
Long-term financings	490,961	717,065	1,208,026	-	-	-	1,208,026
Trade and other payables	-	-	-	778,274	-	778,274	778,274
Unclaimed dividends	-	-	-	969	-	969	969
Accrued interest	-	-	-	13,249	-	13,249	13,249
December 31, 2019	490,961	717,065	1,208,026	792,492	-	792,492	2,000,518

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

Notes to The Financial Statements

For The Year Ended 31 December 2020

35.2 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital includes issued capital and reserves and the Company is not subject to any regulatory capital requirements. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term borrowings in addition to its equity.

	Note	2020	2019
		(Rupees in '000)	
Long-term financings	14	1,040,842	1,208,026
Accrued interest		3,870	13,249
Total debts		1,044,712	1,221,275
Less: Cash and bank balances	12	369,780	117,154
Net debts		674,932	1,104,121
Total capital		8,210,326	7,462,899
Gearing ratio		8%	15%

35.3 Credit risk

35.3.1 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	2020	2019
		(Rupees in '000)	
Receivables and deposits	7 & 11	44,419	101,214
Trade debts	9	705,290	522,535
Bank balances	12	368,957	116,510
		1,118,666	740,259
Secured		8,202	6,232
Unsecured		1,110,464	734,027
		1,118,666	740,259
Not past due		606,203	427,806

Notes to The Financial Statements

For The Year Ended 31 December 2020

35.3.2 The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as follows:

	2020	2019
	----- (Rupees in '000) -----	
Trade debts (note 9)		
Customers with no defaults in the past one year	705,290	522,535
Bank Balances (note 12)		
A-1+	316,806	115,801
A-1	52,151	709
	368,957	116,510

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

35.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient bank balances and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company'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 -----				
2020					
Long-term financings	-	160,277	480,833	399,732	1,040,842
Trade and other payables	34,217	715,622	15,077	-	764,916
Unclaimed dividends	-	1,701	-	-	1,701
Accrued interest	-	3,870	-	-	3,870
	34,217	881,470	495,910	399,732	1,811,329
2019					
Long-term financings	-	122,740	368,221	717,065	1,208,026
Trade and other payables	23,377	744,337	10,560	-	778,274
Unclaimed dividends	-	969	-	-	969
Accrued interest	-	13,249	-	-	13,249
	23,377	881,295	378,781	717,065	2,000,518

35.5 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.

35.5.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term financing and short-term borrowings at a floating rate to meet its business operations requirements. The Company manages interest rate risk by maintaining arrangement with number of financial institutions to have access to the best possible rate, if financing from banks is required. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs.10.46 million, and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

Notes to The Financial Statements

For The Year Ended 31 December 2020

35.5.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is mainly exposed to such risk in respect of foreign currency receivables from customers, bank balances and payable to suppliers amounting. 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:

	2020				2019			
	USD	EURO	CNY	CHF	USD	EURO	CNY	CHF
Financial assets								
Trade debts	150,144	-	-	-	103,516	-	-	-
Bank balances	-	1,992	-	-	-	1,992	-	-
	150,144	1,992	-	-	103,516	1,992	-	-
Financial liabilities								
Trade payables	(1,067,898)	(28,506)	(1,990,298)	-	(1,435,744)	(40,848)	(1,439,589)	(45,000)
	----- Equivalent Rs '000 -----							
Financial assets								
Trade debts	23,998	-	-	-	16,121	-	-	-
Bank balances	-	392	-	-	-	346	-	-
	23,998	392	-	-	16,121	346	-	-
Financial liabilities								
Trade payables	(170,687)	(5,606)	(48,684)	-	(222,756)	(7,061)	(31,883)	(7,035)

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	
	2020	2019	2020	2019
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
US Dollar	162.02	150.06	159.83	154.85
Chinese Yuan	23.42	21.79	24.46	22.24
Euro	184.20	168.75	196.64	173.48
Swiss Franc	172.13	151.25	181.49	160.08

Sensitivity analysis

Every 1% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase profit before tax for the year by Rs 2.03 million (2019: Rs 2.52 million).

35.5.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainties about future values of investments securities movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity securities.

35.6 Fair values of financial assets and liability

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.

Notes to The Financial Statements
For The Year Ended 31 December 2020

36. INFORMATION ABOUT OPERATING SEGMENTS

- 36.1 For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these financial statements are related to the Company's only reportable segment in Pakistan.
- 36.2 Export sales made to Afghanistan represents the geographical breakup of the Company's gross turnover.
- 36.3 The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

2020	2019
----- (Rupees in '000) -----	
- Muller & Phipps Pakistan (Private) Limited	
5,624,161	5,422,654

- 36.4 Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, intangibles assets and long-term deposits and receivables.

37. DATE OF AUTHORISATION

These financial statements were authorised for issue on 26 February 2021 by the Board of Directors of the Company.

38. SUBSEQUENT EVENT

- 38.1 Subsequent to the reporting date, the Board of Directors (the Board), in its meeting held on 03 February 2021, 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 which are commercialized in Pakistan under the Sandoz brand ("brands") that are owned by Sandoz AG, Switzerland. The Company will own majority of the equity upto sixty-five percent (65%) shareholding in the SPV. The acquisition is subject to necessary corporate and regulatory approvals and successful closing of the transaction with Sandoz AG. The said acquisition is likely to increase the market share, bring operational and logistical synergies and enhance the product portfolio of the Company along with increase in the Company's revenues and profitability, improve value proposition for customers, employees and other stakeholders and in turn maximizing shareholders' value.
- 38.2 The Board of Directors in its meeting held on 26 February 2021 has proposed a final cash dividend for the year 2020 of Re. 1 per share (aggregating to Rs. 280 million) subject to approval of shareholders in the Annual General Meeting of the Company to be held on 26 April 2021. This is in addition to the interim cash dividend of Re. 1 per share aggregating to the total dividend for the year of Rs. 2 per share.

39. GENERAL

- 39.1 The number of persons employed as at year end were 976 (2019: 900) and the average number of persons employed during the year were 967 (2019: 901).
- 39.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. However, there are no material transactions to report.
- 39.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer

Chief Executive Officer

Director



Promising Value

We are determined towards honoring the interests of our esteemed shareholders as we continue to maximize their value by generating significant returns.



SHAREHOLDERS'
INFORMATION

Notice of 7th Annual General Meeting

NOTICE is hereby given that the 7th Annual General Meeting (Meeting) of the shareholders of AGP Limited (the Company) will be held on Monday, April 26, 2021 11:30 A.M. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi, to transact the following business:

ORDINARY BUSINESS

- I. To confirm the minutes of Extraordinary General Meeting held on April 02, 2021
- II. To consider, approve and adopt the audited financial statements of the Company together with Directors' and Auditors' Reports thereon for the year ended December 31, 2020.
- III. To appoint Auditors for the year ending December 31, 2021 and fix their remuneration.
- IV. To consider and approve the payment of final dividend at the rate of PKR 1 per share (i.e. 10%) as recommended by the Board of Directors.
- V. To transact any other business with the permission of the Chair.

By Order of the Board

Umair Mukhtar
Company Secretary

Karachi.
Dated: April 05, 2021

NOTES:

1. Closure of share transfer books

The share transfer books of the Company will remain closed from April 20, 2021 to April 26, 2021 (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 (5:00 p.m.) on April 19, 2021 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 usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

4. Participation in the Meeting

Keeping in view continuing threats of Covid-19 pandemic and to ensure maximization of members' participation, the SECP, through its Circular No. 04 of 2021 dated February 15, 2021, has advised all listed companies to hold general meetings virtually through video link as a regular feature, till further order, in addition to the requirement of holding physical meeting. Accordingly, in the best health interest of our valued shareholders and to ensure maximum participation, the Company is also providing facility to its valued shareholders to attend the AGM through video link facility.

To attend the AGM through video link, 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 No	Cell No.	Email address

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 (5:00 p.m.) on April 22, 2021. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the AGM on the above mentioned e-mail address by the close of business hours (5:00 p.m.) April 22, 2021.

5. Notice of Meeting and Annual Report

The notice of Meeting along with Annual Report 2020 will also be uploaded on the official website of the Company. Further the same shall also be posted at PUCAR system of Pakistan Stock Exchange Limited and 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 2020 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.

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 in to the bank account designated by the entitled shareholders. Accordingly, the shareholders are requested to provide the information mentioned on an E-Dividend Mandate Form available at the website of the Company to the Registrar. The CDC account holders must submit their information directly to their broker (participant) / CDC.

As per the provisions of the section 243(3) of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017, the Company may withhold the payment of dividend to shareholders who have not provided valid bank details and copy of valid CNIC or NTN.

9. Withholding tax on dividends

In pursuance to section 150 of 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. 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 (5:00 p.m.) on April 19, 2021, or if no such notification is received each shareholder shall be assumed to have an equal number of shares:

Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Withholding Tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Registrar by close of business (5:00 p.m.) on April 19, 2021.

درج ذیل معلومات ہمارے رجسٹر ارا کو فراہم کر دیں۔

میں / ہم ساکن بحیثیت اے جی پی لمیٹڈ کے
ایک ممبر، مالک عدو عام شیئرز، بمطابق رجسٹر فولیو نمبر / CDC اکاؤنٹ نمبر بذریعہ ایڈاؤڈیو کانفرنس کی سہولت
بمقام حاصل کرنا چاہتا ہوں / چاہتے ہیں (براہ کرم شہر کا نام داخل کریں)۔

ممبر کے دستخط

۸۔

کیش ڈیویڈنڈ کی الیکٹرانک ادائیگی
کمپنیز ایکٹ ۲۰۱۷ کی سیکشن ۲۴۳ کی دفعات کے مطابق، ایک لمیٹڈ کمپنی کو صرف الیکٹرانک ذریعے سے حق دار شیئرز ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں براہ راست کیش ڈیویڈنڈ ادا کرنا ہوگا۔ اسی کے مطابق شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب ای ڈیویڈنڈ مینڈیٹ فارم پر درج معلومات رجسٹر ارا کو فراہم کریں۔ سی ڈی سی اکاؤنٹ ہولڈرز اپنی معلومات براہ راست اپنے بروکر (پارٹیسپینٹ) / سی ڈی سی کو ارسال کر دیں۔
کمپنیز ایکٹ ۲۰۱۷ کی سیکشن ۲۴۳ (۳) اوکینیز (ڈسٹری بیوٹن آف ڈیویڈنڈز) ریگولیشنز، ۲۰۱۷ کے ضابطہ ۶ کی دفعات کے مطابق، کمپنی ایسے شیئرز ہولڈرز کو ڈیویڈنڈ کی ادائیگی روک سکتی ہے جنہوں نے بینک کی درست تفصیلات اور کارآمدی این آئی سی اور این ٹی این کی نقول فراہم نہیں کی ہیں۔

۹۔ ڈیویڈنڈز پر دودھ ہولڈنگ ٹیکس

آگم ٹیکس آرڈیننس ۲۰۰۱ کی سیکشن ۱۵۰ کے تحت، ڈیویڈنڈ کی ادائیگیوں پر آگم ٹیکس کی کوئی کی شرحیں ایکٹیو ٹیکس ہولڈرز (اے ٹی ایل) میں شامل کسی شخص کے لیے ۱۵ فیصد اور اے ٹی ایل میں غیر شامل شخص کے لیے ۳۰ فیصد ہوں گی۔ مشترکہ شیئرز ہولڈرز کے معاملے میں، ہر شیئر ہولڈر کے ملکیتی شیئرز کی بنیاد پر ٹیکس کاٹ لیا جائے گا جس کی ان کی طرف سے ہمارے رجسٹر ارا کو، ۱۹ اپریل ۲۰۲۱ کو کاروبار کے اختتام (شام ۵ بجے) تک تحریری طور پر اطلاع دی جاسکتی ہے۔ اگر اس طرح کی کوئی اطلاع موصول نہ ہوئی تو ہر شیئر ہولڈرز کو شیئرز کی مساوی تعداد کا حامل سمجھا جائے گا:

فولیو / سی ڈی سی اکاؤنٹ نمبر	مجموعی شیئرز	بنیادی شیئر ہولڈر	مشترکہ شیئر ہولڈر
	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب	نام اور سی این آئی سی نمبر
		شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

ڈیویڈنڈ آمدنی سے دودھ ہولڈنگ ٹیکس کے اٹھنی کی اجازت صرف اس صورت میں دی جائے گی اگر ۱۹ اپریل ۲۰۲۱ کو کاروبار کے اختتام (شام ۵ بجے) تک کارآمد ٹیکس ایگزیمپشن سرٹیفکیٹ کی ایک نقل رجسٹر ارا کو دستیاب کرادی گئی ہو۔

اطلاع برائے ساتواں سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ اے جی پی لمیٹڈ (کمپنی) کا ساتواں سالانہ اجلاس عام (اجلاس) بروز پیر ۲۶ اپریل ۲۰۲۱ کو صبح ۱۱:۳۰ بجے بمقام بیچ گلٹری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی میں منعقد ہو رہا ہے جس میں درج ذیل کارروائی عمل میں لائی جائے گی:

عمومی کارروائی:

- ۱۔ ۲۱ اپریل ۲۰۲۱ کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق۔
- ۲۔ ۳۱ دسمبر ۲۰۲۰ کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی گوشواروں کو ان کی بابت ڈائریکٹرز اور آڈیٹرز پورٹس کے ہمراہ زیر غور لانا، منظوری دینا اور اطلاق کرنا۔

۳۔ ۳۱ دسمبر ۲۰۲۱ کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔

۴۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق اروپین فی حصص (یعنی ۱۰ فیصد) کے حساب سے حتمی ڈیویڈنڈ کی ادائیگی پر غور و خوض اور منظوری۔

۵۔ اجلاس کے سربراہ کی اجازت سے کوئی دیگر کارروائی عمل میں لانا

بتکم بورڈ

عمیر مختار

کمپنی سیکرٹری

بمقام کراچی

بتاریخ: ۱۵ اپریل ۲۰۲۱

نوٹس:

۱۔ شیئرز انسفر بکس کی بندش

کمپنی کی شیئرز انسفر بکس ۲۰ اپریل ۲۰۲۱ تا ۲۶ اپریل ۲۰۲۱ (دونوں ایام شامل ہیں) بند رہیں گی۔ ہمارے رجسٹرار، سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو بمقام سی ڈی سی ہاؤس ۹۹۔ بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی ۷۴۳۰۰، ۱۹ اپریل ۲۰۲۱ کو کاروباری دن کے اختتام (شام ۵ بجے) تک موصول ہونے والے ٹرانسفر رجسٹریشن ڈیویڈنڈ کی ادائیگی اور اجلاس میں شرکت اور ووٹ دینے کے لیے بروقت تصور کیے جائیں گے۔

۲۔ نمائندے کی تقرری

سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل کوئی ممبر اپنی جگہ شرکت کرنے اور ووٹ دینے کے لیے کسی دوسرے ممبر کو اپنا نمائندہ مقرر کرنے اور ووٹ دینے کا حق تفویض کرنے کا استحقاق رکھتا ہے۔ نمائندگی ناموں کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس کو لازماً موصول ہو جائیں یا corp.affairs@agp.com.pk پر ای میل کر دی جائیں۔ مذکورہ وقت کو شمار کرتے ہوئے غیر کاروبار ایام شامل نہیں کیے جائیں گے۔ ایک ممبر کی طرف سے ایک سے زائد نمائندوں کا تقرر نہیں کیا جاسکتا۔ نمائندگی نامہ 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/کی کوئی بھی انفرادی منفعت یافتہ مالک اپنی شناخت ثابت کرنے کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) لازماً ساتھ لائے گا اور نمائندے کی صورت میں نمائندگی نامے کے ہمراہ شیئرز ہولڈر کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل لازماً منسلک ہونی چاہیے۔ کارپوریٹ ممبران کے

نمائندے کو ایسے مقصد کے لیے درکار عمومی دستاویزات ساتھ لانی ہوں گی۔

سی ڈی سی اکاؤنٹ ہولڈرز پر لازم ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ سرکولر نمبر بتاریخ ۲۶ جنوری ۲۰۰۰ میں طے کی گئی درج ہدایات کی پیروی کریں۔

۴۔ سالانہ اجلاس عام میں شرکت

کوویڈ ۱۹ عالمی وبا کے مسلسل خطرات کو مد نظر رکھتے ہوئے اور ممبروں کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے، ایس ای سی پی نے ۱۵ فروری ۲۰۲۱ کے سرکولر نمبر ۴ کے ذریعہ، تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ جسمانی اجلاس کے انعقاد کے تقاضوں کے علاوہ تا حکم ثانی ویڈیو لنک کے ذریعے اجلاس عام کا بطور باقاعدہ معمول انعقاد کریں۔ اسی کے مطابق، ہمارے قابل قدر شیئرز ہولڈرز کی بہترین صحت کے مفاد میں اور زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے، کمپنی اپنے قابل قدر شیئرز ہولڈرز کو ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت کے لیے بھی سہولت فراہم کر رہی ہے۔

ویڈیو لنک کے ذریعے سالانہ اجلاس عام میں شرکت کے لیے، ممبران سے درخواست کی جاتی ہے کہ وہ corp.affairs@agp.com.pk پر ای میل بھیج کر اپنی درج ذیل تفصیلات رجسٹر کریں:

فولیو/سی ڈی سی اکاؤنٹ نمبر	زیر تحویل شیئرز کی تعداد	نام	سی این آئی سی نمبر	موبائل نمبر	ای میل ایڈریس

ویڈیو لنک اور لاگ ان کے کوائف ان شیئرز ہولڈرز کے ساتھ شیئر کیے جائیں گے جن کی تمام مطلوبہ کوائف کی حامل ای میلز ۱۲ اپریل ۲۰۲۱ کو کاروباری اوقات کے اختتام (شام ۵:۰۰ بجے) تک یا اس سے پہلے دیے گئے ای میل ایڈریس پر موصول ہو جائیں گی۔ شیئرز ہولڈرز کو بھی ترغیب دی جاتی ہے کہ وہ ۱۲ اپریل ۲۰۲۱ کو کاروباری اوقات کے اختتام (شام ۵:۰۰ بجے) تک مذکورہ ای میل ایڈریس پر سالانہ اجلاس عام کے ایجنڈا آئٹمز سے متعلق اپنے تبصرے/تجاویز بھیجیں۔

۵۔ سالانہ اجلاس عام اور سالانہ رپورٹ کا نوٹس

سالانہ رپورٹ ۲۰۲۰ کے ساتھ سالانہ اجلاس عام کا نوٹس بھی کمپنی کی آفیشیل ویب سائٹ پر اپ لوڈ کیا جائے گا۔ مزید یہ کہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے PUCAR سسٹم میں بھی پوسٹ کیا جائے گا اور ان ممبروں کو ای میل کیا جائے گا جنہوں نے کمپنی یا رجسٹرار کو اپنا درست ای میل ایڈریس فراہم کیا ہے۔ دیگر ممبران جو سالانہ رپورٹ ۲۰۲۰ کی میل کے ذریعے حاصل کرنا چاہتے ہیں وہ ہمیں کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم کے مطابق corp.affairs@agp.com.pk پر ہمیں درخواست بھیج سکتے ہیں۔

ممبران سے گزارش ہے کہ اپنے رجسٹرڈ ای میل ایڈریس میں کسی تبدیلی سے بروقت آگاہ کریں تاکہ کمپنی کی طرف سے موثر رابطے کو یقینی بنایا جاسکے۔

۶۔ ای وونگ

ممبران کمپنیز ایکٹ ۲۰۱۷ کی شق ۱۴۳ تا ۱۴۵ کے اجلاس کے تقاضے اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز ۲۰۱۸ کی قابل اطلاق دفعات کے تحت اپنا ووٹ ڈالنے کا حق استعمال کر سکتے ہیں۔

۶۔ ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ ۲۰۱۷ کی شق (۲) ۱۳۲ کی پیروی میں اگر کمپنی کو کسی جغرافیائی مقام پر مقیم دس فیصد (۱۰٪) سے زائد مجموعی شیئرز ہولڈنگ والے ممبران کی طرف سے سالانہ اجلاس عام کی تاریخ انعقاد سے کم از کم سات (7) دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس کی رضامندی موصول ہو تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہوگی۔ کمپنی ممبران کو اجلاس کی تاریخ سے کم از کم پانچ (۵) دن پہلے ویڈیو کانفرنس کی سہولت کے مقام سے متعلق معلومات، انہیں ایسی سہولت تک رسائی کے قابل بنانے کے لیے لازم مکمل معلومات سے آگاہ کر دیا جائے گا۔ یہ سہولت حاصل کرنے کے لیے براہ کرم

Pattern of Shareholding

As at December 31, 2020

No Of Shareholders	Shareholdings Slabs		Total Shares Held
216	1	to 100	6,448
1293	101	to 500	627,901
574	501	to 1000	566,774
494	1001	to 5000	1,305,169
108	5001	to 10000	824,630
35	10001	to 15000	431,529
24	15001	to 20000	444,901
10	20001	to 25000	233,342
11	25001	to 30000	312,496
1	30001	to 35000	30,500
3	35001	to 40000	116,250
3	40001	to 45000	126,614
4	45001	to 50000	196,000
1	50001	to 55000	54,500
2	55001	to 60000	118,500
3	60001	to 65000	187,113
2	65001	to 70000	132,834
4	70001	to 75000	295,500
1	75001	to 80000	80,000
3	85001	to 90000	266,250
4	95001	to 100000	395,500
1	105001	to 110000	106,161
4	110001	to 115000	451,733
1	120001	to 125000	124,750
1	130001	to 135000	135,000
1	135001	to 140000	137,000
1	145001	to 150000	146,500
1	150001	to 155000	151,500
1	155001	to 160000	160,000
1	165001	to 170000	167,000
1	170001	to 175000	175,000
1	180001	to 185000	184,500
1	195001	to 200000	200,000
1	210001	to 215000	215,000
1	220001	to 225000	225,000
1	290001	to 295000	292,500
1	305001	to 310000	308,000
1	315001	to 320000	315,250
1	320001	to 325000	321,000

No Of Shareholders	Shareholdings Slabs		Total Shares Held
1	385001	to 390000	390,000
1	420001	to 425000	422,500
1	505001	to 510000	509,000
1	540001	to 545000	543,500
1	555001	to 560000	559,500
2	595001	to 600000	1,198,500
1	775001	to 780000	776,000
1	865001	to 870000	867,500
1	900001	to 905000	904,250
1	935001	to 940000	938,500
1	1055001	to 1060000	1,057,500
1	1290001	to 1295000	1,290,250
1	1390001	to 1395000	1,392,500
1	2180001	to 2185000	2,183,000
1	4025001	to 4030000	4,028,000
1	4425001	to 4430000	4,429,500
1	5300001	to 5305000	5,302,000
1	5415001	to 5420000	5,416,000
1	10755001	to 10760000	10,758,361
1	13395001	to 13400000	13,400,000
1	26790001	to 26795000	26,794,560
1	37915001	to 37920000	37,920,000
1	148350001	to 148355000	148,350,434
2,841			280,000,000

Pattern of Shareholding

As at December 31, 2020

Categories of Shareholders	Share holders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. Tariq Moinuddin Khan	1	600,000	0.21
Mr. Muhammad Kamran Mirza	1	30,500	0.01
Mrs. Faiza Kamran - Spouse of Mr. Muhammad Kamran Mirza	1	5,000	0.00
Mr. Zafar Iqbal Sobani	1	500	0.00
Mr. Naved Abid Khan	1	1	0.00
Mr. Kamran Nishat	1	1	0.00
Ms. Nusrat Munshi	1	1	0.00
Mr. Mahmud Yar Hiraj	1	1	0.00
Associated Companies, undertakings and related parties			
Aitkenstuart Pakistan (Private) Limited	1	148,350,434	52.98
Muller & Phipps (Pakistan) (Private) Limited	1	37,920,000	13.54
Aspin Pharma (Pvt.) Limited	1	13,400,000	4.79
Executives	3	1,375	0.00
Public Sector Companies and Corporations	NIL	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	15	9,180,661	3.28
Mutual Funds			
CDC - Trustee Faysal Islamic Stock Fund	1	111,900	0.04
CDC - Trustee NIT Asset Allocation Fund	1	54,500	0.02
CDC - Trustee Faysal Islamic Dedicated Equity Fund	1	422,500	0.15
CDC - Trustee NBP Islamic Regular Income Fund	1	6,500	0.00
CDC Trustee - Meezan Dedicated Equity Fund	1	135,000	0.05
CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	1	14,500	0.01
MCBFSL Trustee ABL Islamic Dedicated Stock Fund	1	40,000	0.01
CDC - Trustee Meezan Asset Allocation Fund	1	292,500	0.10
CDC - Trustee NBP Islamic Active Allocation Equity Fund	1	13,500	0.00
CDC - Trustee NIT Islamic Equity Fund	1	48,500	0.02
CDC - Trustee NBP Islamic Stock Fund	1	509,000	0.18
CDC - Trustee Nafa Islamic Principal Protected Fund - II	1	5,000	0.00
CDC - Trustee National Investment (Unit) Trust	1	21,000	0.01
MCBFSL - Trustee ABL Islamic Stock Fund	1	10,000	0.00
CDC - Trustee HBL Islamic Stock Fund	1	250	0.00
CDC - Trustee NBP Sarmaya Izafa Fund	1	27,500	0.01

Categories of Shareholders	Share holders	Shares Held	Percentage
CDC - Trustee ABL Stock Fund	1	10,000	0.00
CDC - Trustee NIT-Equity Market Opportunity Fund	1	98,500	0.04
CDC - Trustee Alfalah GHP Alpha Fund	1	62,500	0.02
CDC - Trustee Alfalah GHP Stock Fund	1	167,000	0.06
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	146,500	0.05
CDC - Trustee NBP Balanced Fund	1	6,500	0.00
CDC - Trustee NBP Stock Fund	1	559,500	0.20
CDC - Trustee Atlas Islamic Stock Fund	1	500	0.00
CDC - Trustee Meezan Islamic Fund	1	5,416,000	1.93
CDC - Trustee Al Meezan Mutual Fund	1	904,250	0.32
CDC - Trustee Alhamra Islamic Asset Allocation Fund	1	225,000	0.08
CDC - Trustee AKD Index Tracker Fund	1	19,876	0.01
CDC - Trustee Alfalah GHP Value Fund	1	65,500	0.02
CDC - Trustee Faysal Stock Fund	1	448	0.00
CDC - Trustee Meezan Balanced Fund	1	390,000	0.14
CDC - Trustee Alhamra Islamic Stock Fund	1	308,000	0.11
CDC - Trustee MCB Pakistan Stock Market Fund	1	543,500	0.19
General Public			
a. Local	2,715	6,521,925	2.33
b. Foreign	6	25,500	0.01
Foreign Companies	4	6,294,500	2.25
Others	54	47,033,877	16.80
Total	2,841	280,000,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
Aitkenstuart Pakistan (Private) Limited	148,350,434	52.98
Muller & Phipps (Pakistan) (Private) Limited	37,920,000	13.54
Baltoro Growth Fund	26,794,560	9.57

Details of trading in shares by Executive during the year		
	No. of Shares	
	Bought	Sold
Dr. Imran Khalid (Ex-Employee)	7,500	6,000

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.

Form of Proxy

Seventh Annual General Meeting

I/We _____ of _____, being a Member of AGP Limited holding _____ ordinary shares, HEREBY APPOINT _____ of _____, or failing 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 Monday, April 26, 2021 at 11:30 A.M. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Rd, Karachi 74000, Karachi, at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2021.

Ten Rupees
Revenue
Stamps

Signed in the presence of:

Witness 1	
Signature:	
Name:	
CNIC No:	
Address:	

Witness 2	
Signature:	
Name:	
CNIC No:	
Address:	

Name of Shareholder:
Folio No. / CDC Account No:
Signature of the Shareholder:

Notes:

- The Member is requested:
 - to affix Revenue Stamp of Rs. 10/- at the place indicated above;
 - to sign in the same style of signature as is registered with the Company;
 - to write down his/her Folio Number/CDC Account Number.
- 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 Shakra-e-Faisal, Karachi 74400, at least 48 hours before the time fixed for the Meeting.
- Any alteration made in this instrument of proxy should be initialed by the person who signs it. In addition to the above, the following requirements have to be met for CDC Account Holders / Corporate Entities:
 - Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.
 - The Proxy must produce his original CNIC or original passport at the time of the Meeting.
 - 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 Registrar.

نمائندگی نامہ

ساتواں سالانہ اجلاس عام

میں / ہم مقیم بحیثیت اے جی پی کے ایک ممبر، عدو عام شیئرز کا / کے مالک، بذریعہ بذا محترم / محترمہ مقیم یا ان کے شریک نہ ہونے پر محترم / محترمہ مقیم بطور میرا / ہمارا نمائندہ بروز پیر ۲۶ اپریل ۲۰۲۱ کو صبح ۱۱:۳۰ بجے بیچ لکٹری ہوٹل، مولوی تمیز الدین خان روڈ کراچی ۷۴۰۰۰، کراچی میں منعقدہ یا بصورت التوا کسی متبادل تاریخ کو کمپنی کے منعقدہ سالانہ اجلاس میں شریک ہونے اور ووٹ دینے کے لیے نامزد کرنا چاہتا ہوں / چاہتے ہیں۔

آج بروز تاریخ ۲۰۲۱ بطور گواہ بذریعہ دست خود دستخط کیے گئے۔

درج ذیل کی موجودگی میں دستخط کیے گئے۔

دس روپے کی
ریونیو اسٹیمپ

گواہ ۱	گواہ ۲
دستخط	دستخط
نام	نام
شناختی کارڈ نمبر	شناختی کارڈ نمبر
چتا	چتا

شیئرز ہولڈر کا نام
فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر
شیئرز ہولڈر کے دستخط

نوٹس:

۱۔ ممبران سے درخواست ہے کہ:

- مندرجہ بالا دی گئی جگہ پر 10 روپے کا ریونیو اسٹیمپ چپکائیں
- اسی انداز میں دستخط کریں جو کمپنی کے پاس رجسٹرڈ ہے،
- اپنا فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر 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 شیئرز رجسٹرار سنٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو بمقام ۹۹۔ بی، بلاک بی، س.م.ح.س، مین شاہراہ فیصل، کراچی کو لازماً موصول ہو جائیں۔

۳۔ اس نمائندگی نامے میں کیے گئے کسی رد و بدل کی صورت میں دستخط کنندہ اپنے مختصر دستخط ثبت کرے۔

۴۔ مندرجہ بالا کے علاوہ، سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کو درج ذیل تقاضے بھی پورے کرنا ہوں گے۔

الف۔ استفادہ کنندہ مالکان یا نمائندہ سے کسی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پر کسی فارم کے ساتھ ضروری جائیں۔

ب۔ اجلاس کے وقت نمائندہ کو اپنا اصلی سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

ج۔ کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا رجسٹرڈ نمائندہ کے دستخط شدہ شیئرز رجسٹرارز کو نمائندگی ناموں کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں) پیش کرنا ضروری ہیں۔

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:	
Valid Email Address (to receive Financial Statements along with Notice of General Meeting(s) instead of hard copy, CD/ DVD/USB.):	

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

SHAREHOLDER SIGNATURE

E - Dividend Mandate Form

Shareholder's Detail	
Name of Company	AGP Limited
Name of Shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No. (for individual shareholders) / NTN (for corporate shareholders) (please attach a photocopy)	
Passport No. (for foreign shareholders)	
Cell Number & Land Line Number	
Email Address	

Shareholder's Bank Detail	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

Date: _____

(Signature of Shareholder)

Notes:

- Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.
- Signature must match with specimen signature registered with the Company.
- 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.
- The name and address of the Share Registrar of the Company is as follows:

CDC Share Registrar Services Limited
CDC House 99-B, Block B, S.M.C.H.S.
Main Shahra-e-Faisal Karachi 74400 Pakistan



AGP Limited B-23-C, S.I.T.E.,
Karachi - 75700, Pakistan.
E-mail: info@agp.com.pk
Tel.: +92-21-111 247 247
Fax: +92-21-2570678