

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of Genix Pharma (Pvt.) Ltd. is pleased to present the annual report and the Company's audited financial statements for the period ended Dec 31st, 2021.

The directors' report is prepared under section 227 of the Companies Act 2017. This report is to be submitted to the members at the 28th Annual General Meeting of the Company to be held on Thursday, July 14th, 2022.

PRINCIPAL ACTIVITY:

The principal activity of the company is to manufacture and sell pharmaceutical products.

DIRECTORS:

- Chaudhry Muhammad Israr Sharif
- Chaudhry Muhammad Shahbaz Babar

OPERATING RESULTS:

Profit for the year before taxation	Rs.	528,864,307.00
Taxation	Rs.	141,089,256.00
Profit after taxation	Rs.	387,775,050.00

The Board has not recommended any amount to be paid by way of dividend, and the whole amount of profit is carried to accumulated profits.

PERFORMANCE OVERVIEW:

1. The company achieved net sales of Rs. 6,703 million, growing by 16.04% for the year i.e. (Jan-2021 to Dec-2021).
2. Cost of Sales for the year was Rs. 3,812 million which shows increase of 12.82 % in 2021. (2020: Rs. 3,379 million)
3. Company was able to achieve gross profit of Rs. 2,891 million which shows an increase of 20.57% in 2021. (2020: Rs. 2,205 million), Whereas, GP margin ratio has also shown an increase of 1.62%.
4. Company incurred Rs. 1,863 million on Selling & Distribution expenses have been increased by 13.35% in 2021. (2020: Rs. 1,644 million)
5. Administrative expenses for the year were Rs. 287 million which shows an increase of 19.28% in 2021. (2020: Rs. 240.85 million)
6. Other operating expenses were Rs. 61 million showing an increase of 15.76% in 2021. (2020: Rs. 52.736 million)
7. Other operating income was Rs. 30 million showing a decline by 37.47% in 2021. (2020: Rs. 48 million)

GENIX PHARMA PRIVATE LIMITED

44, 45-B, Korangi Creek Road, Karachi-75190, Pakistan. **UAN:** +92-21-111-10-10-11, **Fax:** +92-21-111-10-10-22
E-mail: info@genixpharma.com **Web:** www.genixpharma.com



8. Company incurred Rs.180 million on finance cost declining by a mere 1.19% in 2021. (2020: Rs. 182.59 million)
9. Company was able to achieve Profit after Tax of Rs. 387.78 million showing a sharp incline of 61.37% in 2021. (2020: Rs. 240.3 million), largely due to increase in sales by 16.04% and Gross Profit margin efficiency by 1.62%.
10. The Company's current ratio is 1.14% in 2021. (2020: 1.29%)
11. The Company's gearing ratio is 5% in 2021. (2020: 17%)
12. Whereas, the company's working capital turnover remained almost stagnant at 2.65 times comparing from previous year's 2.7 times.

SUBSEQUENT EVENT:

There is no material change and commitment affecting the financial position of the company which has occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

RISKS AND UNCERTAINTIES:

There are no major risks and uncertainties that the company facing other than normal business risks.

BASIC EARNINGS PER SHARE:

The basic earnings per share for the year Dec 31st, 2021 is Rs.38.78 (2020: Rs. 24.03)

CORPORATE & SOCIAL RESPONSIBILITY:

Corporate responsibility is an integral and embedded part of the way Genix does business, and Genix is committed to connecting business decisions to ethical, social and environmental concerns.

We are deeply involved with our communities and are significant corporate donors to numerous NGOs. We consider it our responsibility to nurture the environment we operate in, to extend support to our community.

Genix is also an active supporter of charitable activities which include supporting medical camps, welfare organizations and donating to sponsoring various medical institutions and hospitals.

DIVERSITY:

Genix believes that a diverse workforce is essential to the company's leadership in the Pharmaceutical industry in Pakistan. We encourage and practice an inclusive corporate culture where every employee has the opportunity to learn, grow and contribute meaningfully to the organization's overall strategy. This gives us the opportunity to thrive on diverse ideas and perspectives, enabling us to:

- Attract and retain best people.
- Enhancing customer intimacy by meeting their needs in highly customized manner.
- Work effectively with other public and private sector organizations.

Genix is proud to promote an open culture, encouraging people to be themselves and giving their ideas a chance to flourish. Genix is an equal opportunity employer.

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dedicated to good health®



ENVIRONMENT, HEALTH AND SAFETY:

Environment, health and safety (EHS) is a key element of corporate responsibility for Genix and has a high priority. Genix is committed to working towards designing a workplace that minimizes works related risks to occupational health and safety. Genix already has certification of ISO 9001, ISO 14001, ISO 45000 and ISO 17025.

STATEMENT OF ETHICS AND BUSINESS PRACTICES:

Performance with integrity is central to operating at Genix. The Board of directors of the company has adopted a statement of ethics and business practices. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

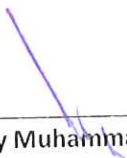
AUDITORS:

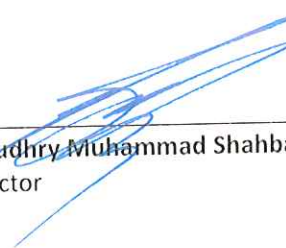
The present auditors, M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors endorses recommendation for their re-appointment as auditors of the company for the next financial year at a fee to be mutually agreed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The financial statements are prepared in accordance with the 5th Schedule of Companies Act 2017 and International Financial Reporting Standards as applicable in Pakistan.
5. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
6. There are no doubts upon the Company's ability to continue as a going concern.

By order of the Board


Chaudhry Muhammad Israr Sharif
Director


Chaudhry Muhammad Shahbaz Babar
Director

Karachi
Dated June 23rd, 2022

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