

## CITI PHARMA LIMITED

**Analyst:**

Musaddeq Ahmed Khan  
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**RATING DETAILS**

RATINGS CATEGORY	Initial Rating
STS RATING	A1(plim)
RATING ACTION	Preliminary
RATING DATE	June 19, 2026

**Shareholding (5% or More)**

Mr. Rizwan Ahmad – 22.75%
Mr. Nadeem Amjad – 10.55%
Saad bin Nadeem – 9.1%
Ateeq ur Rehman – 6.5%
Naveed Amjad – 6.5%
Muhammad Naeem – 6.5%
General Public – 35.57%

**Other Information**

Incorporated in 2012
Public Limited Company (listed)
Chairman: Mr. Nadeem Amjad
Chief Executive Officer: Mr. Rizwan Ahmad
External Auditor: Aslam Malik & Co. Chartered Accountants

**Applicable Rating Methodology**

VIS Entity Rating Criteria Methodology – Corporates Ratings  
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

**Instrument Rating**

<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>

**Rating Scale**

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

**Rating Rationale**

The rating is supported by Citi Pharma Limited's ('CPHL' or the 'Company') strong positioning in the API segment of Pakistan's pharmaceutical sector, which carries relatively low business risk due to stable demand and limited sensitivity to economic cycles. Sustained demand for locally manufactured APIs underscores the strategic importance of domestic production, further reinforced by supportive government policies aimed at import substitution. High entry barriers arising from stringent regulatory requirements, compliance standards, and significant capital intensity limit competitive pressures and contribute to industry stability.

The rating also reflects steady revenue growth and improving margin profile, driven by the Company's gradual diversification into higher-margin formulation products through proprietary brands and institutional sales, alongside expansion in nutraceutical exports. Strategic collaborations with international partners, including Murli Krishna Pharma (India) and Hangzhou Newsea Technology Co. Ltd (China), are

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expected to enhance operational efficiency through technology transfer and automation, while also supporting medium-term international expansion.

While client and product concentration remain key considerations, management initiatives aimed at broadening the customer base and diversifying the product portfolio are expected to mitigate these risks over time. CPHL maintains a sound profitability profile, supported by topline growth and margin expansion. However, maintaining a balanced capital structure and ensuring alignment of gearing and leverage with growth and cash flow generation capacity will remain important going forward. The assigned rating further incorporates the intended use of STS-4 proceeds toward working capital support and retirement of the previously issued short-term sukuk, with continued maintenance of a comfortable liquidity profile remaining a key rating consideration.

## Company Profile

Citi Pharma Limited ('CPHL' or the 'Company' or the 'Issuer') was incorporated as a private limited company on October 8, 2012. In 2013, it acquired the business operations of Askari Pharmaceuticals (Private) Limited (APPL) from the Army Welfare Trust (AWT). Following the acquisition, APPL's operations were transferred to CPHL, which continued its principal business of producing and distributing Active Pharmaceutical Ingredients (APIs) and formulation drugs. The Company was converted into a public unlisted entity on October 13, 2020, and subsequently listed on the Pakistan Stock Exchange on July 9, 2021.

Today, Citi Pharma Limited is a prominent player in Pakistan's pharmaceutical industry. The sponsors of the Company hold a 52.11% stake and are represented by brothers, Mr. Nadeem Amjad, serving as Chairman, and Mr. Rizwan Ahmad, serving as Chief Executive Officer. The sponsors' entrepreneurial ventures extend to telecommunications, real estate, hospitality, and pharmaceuticals.

CPHL's head office is located in Johar Town, Lahore, while its manufacturing facility is situated in Kasur. The facility spans 47 acres of freehold land, with a covered area of 527,384 square feet, providing a significant competitive advantage given the space-intensive nature of API manufacturing. Designed to international standards and compliant with cGMP requirements, the plant comprises segregated formulation units and dedicated API production units for Paracetamol, Penicillin/Amoxicillin, Cephalosporins, and Ciprofloxacin, ensuring strict control against cross-contamination. The facility is supported by a fully functional Quality Control Laboratory, while a Bioequivalence & Research Center is currently under construction to meet evolving regulatory requirements and enhance product credibility.

CPHL generates revenue through two core segments: APIs and formulations. In the API segment, the Company is among Pakistan's largest manufacturers, producing key APIs including Paracetamol, Penicillin/Amoxicillin, Cefixime/Cephalosporins, Ciprofloxacin, and Ibuprofen, which are further used in-house for formulation manufacturing. The formulation segment offers relatively higher margins and is expected to witness steady volume growth as the Company strengthens its institutional sales footprint. Increased provincial healthcare spending, particularly in Punjab and Khyber Pakhtunkhwa, is expected to further support demand. The Company also maintains a nutraceutical portfolio, exporting to markets such as Dubai, Uzbekistan, and the USA, alongside contract manufacturing for local clients.

Recently, the Company has launched veterinary formulations to address growing demand in livestock health and productivity, and also targeting to enhance export readiness through regulatory alignment and engagement with international distributors and joint venture partners.

At the time of the IPO, a portion of the proceeds was earmarked for the development of a hospital to support healthcare infrastructure. However, due to the significant passage of time and the consequent increase in construction and operational costs, the remaining funds are no longer sufficient to execute the project at the originally intended scale. Accordingly, the Company has redirected the IPO proceeds, after shareholders and SECP approvals, towards its core pharmaceutical business. The Company is currently in the process of procuring plant and machinery, of which over 70% has already been acquired. The facilities are expected to become operational in the next financial year.

CPHL is also diversifying its operations by entering to real-estate space through CITI REIT Management Company Limited which will be established as a wholly-owned subsidiary to launch a Real Estate Investment Trust. CPHL will contribute for three major development projects in Lahore and near Islamabad International Airport, targeted for completion by Q1 FY2026-2027.

## Management and Governance

### CHAIRMAN/CEO PROFILE

Mr. Nadeem Amjad is the Chairman of Citi Pharma Limited. He is an entrepreneur with over three decades of professional business experience. Early in his career, he was involved in trading businesses, including jewelry, computer microchips and hardware, and telecommunications. He played a key role in diversifying and expanding his family business into various sectors and regions, including real estate in Hong Kong and hospitality. He holds an MBA from the University of London.

Mr. Rizwan Ahmed is the CEO of Citi Pharma Limited. He holds an LLB from the University of Punjab and has extensive experience in Pakistan's pharmaceutical sector. He began his career with Citi Phones (Pvt.) Limited and expanded the family business into telecom, real estate, hospitality, and API trading. In 2007, he established a mobile manufacturing plant in Shenzhen and founded "Discover Wireless" in Dubai. He

has also served on the Board of the Pakistan Drugs Testing and Research Center and as a member of the Ministry of Health's Expert Panel for bioequivalence center inspections.

#### BOARD & SENIOR MANAGEMENT

The seven-member Board comprises two independent, two executive, and three non-executive directors, including two female members. During FY2024-25, the Board and Audit Committee each met four times, with satisfactory attendance, reflecting active engagement. However, the auditor has highlighted non-compliance with the mandatory Directors' Training Program. While no weaknesses in financial reporting were identified, timely regularization would further strengthen Board effectiveness and regulatory compliance. Management has also indicated plans to establish a standalone Sustainability Committee, in line with recently introduced regulatory requirements.

Citi Pharma Limited maintains an independent and well-structured Board, with clear segregation between the roles of Chairman and CEO, supporting effective oversight. Both the Audit Committee and the Human Resource & Remuneration Committee are chaired by independent directors, reinforcing governance independence.

#### AUDIT OPINION

Aslam Malik & Co. Chartered Accountants, a QCR rated firm from ICAP (not listed on SBP Panel of Auditors) has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of FY25.

### Structure of Short-Term Sukuk (STS-4)

The short-term instrument is structured on the basis of Musharakah (Shirkat-ul-Aqd).

- The Sukuk, amounting to PKR 1.5 billion, (inclusive of a Green Shoe Option of Rs. 500m) will be privately placed, and unsecured. It has been issued to meet the Company's working capital requirements and to retire the previously issued Sukuk.
- The Sukuk has a tenor of six (06) months, carrying a profit rate of KIBOR plus 60-100bps. Profit and principal will be repaid in a single bullet payment at maturity, six (06) months from the issue date.
- HBL is the Investment/Musharakah Agent for the transaction.
- Al Hilal Shariah Advisors (Pvt.) Limited are the Shariah Advisor

### BUSINESS RISK

#### INDUSTRY UPDATE

The API segment remains a structurally constrained yet essential component of Pakistan's pharmaceutical sector. As of FY24, the pharmaceutical market was valued at approximately USD 3.2bn, contributing around 1.0% to the national GDP. The industry comprises over 650 pharmaceutical companies, with local firms accounting for 74% of the market and multinationals holding the remaining 26%. However, domestic API manufacturing continues to represent a small fraction of national demand.

Pakistan currently relies on imports for approximately 85-90% of its API requirements, sourced predominantly from China and India. In FY24 and FY25, this dependence continued to expose the sector to foreign exchange pressures and supply chain disruptions.

As of early-FY25, there were 23 licensed API manufacturers in the country, though only seven are operational. These facilities collectively meet an estimated 15% of domestic demand, producing mainly intermediate APIs such as paracetamol, ibuprofen, amoxicillin, azithromycin, cefixime, ciprofloxacin, moxifloxacin, and cefadroxil. The focus remains on semi-basic manufacturing, while capabilities for basic manufacturing remain limited. The Drug Regulatory Authority of Pakistan (DRAP) has granted approvals for 39 APIs and issued semi-basic licenses for 117 molecules, though actual production remains constrained by capacity, infrastructure, and scale.

The working capital-intensive nature of API manufacturing, coupled with low margins, requires economies of scale for commercial viability. Regulatory inefficiencies, including prolonged approval timelines and limited availability of quality testing and bioequivalence laboratories, continue to hinder industry development. Furthermore, switching costs for formulation companies—once supply relationships with API producers are established—remain high, reducing opportunities for new entrants.

API prices in Pakistan are not directly regulated by DRAP and follow international market dynamics. However, the formulation segment operates under a semi-regulated pricing structure, creating indirect constraints on cost pass-through for integrated manufacturers.

During FY25, Pakistan's pharmaceutical exports reached USD 457 million, up from USD 341 million in FY24. However, APIs contributed minimally to this figure, with exports primarily comprising finished formulations to markets such as Afghanistan, the Philippines, Uzbekistan, Sri Lanka, Cambodia, and Iraq. The global API market, estimated at USD 238 billion in 2023, is projected to exceed USD 309 billion by 2028.

Additionally, the expiry of several high-value API patents by 2025, valued at approximately USD 380.0bn globally, presents potential opportunities for local producers—contingent on regulatory readiness and quality compliance.

DRAP's 2022 API Policy offers incentives such as reduced import duties on machinery and intermediates, export retention benefits, and support for infrastructure development, including API parks. However, implementation progress has been limited. In June 2025, the Ministry of Health directed DRAP to prepare a concept note for a naphtha cracker facility, indicating intent to support backward integration of key raw materials. Industry stakeholders have also requested revisions to tax structures and accelerated policy execution.

In the near term, domestic API production is expected to remain below 20% of total demand. Improvement in sector performance will depend on regulatory reform, infrastructure development, private sector investment, and the operationalization of policy measures aimed at import substitution and export enhancement.

## PROFITABILITY

During FY25, the Company reported sales revenue of PKR 13.2bn, comprising approximately 77.0% API sales and 23.0% formulation sales, reflecting a year-on-year growth of 6.0%. Profitability strengthened, with the gross margin improving to 15.0% from 12.4% in the previous year, driven by improved operational efficiency as well as larger share of higher margin formulation sales. Consequently, net profit increased to PKR 892.0mn (FY24: PKR 833.5mn). During 9MFY26, the Company reported sales revenue of PKR 10.8bn, reflecting an increase of 6.8% over SPLY. Profitability strengthened during the period, with gross profit reaching PKR 2.0bn (9MFY25: PKR 1.4bn) and the gross margin improving to 18.5% (9MFY25: 14.4%). Consequently, operating profit stood at PKR 1.6bn (9MFY25: PKR 1.2bn), while profit after tax amounted to PKR 883.4mn (9MFY25: PKR 678.8bn). The improved earnings performance was primarily supported by higher revenues and enhanced margin generation, reflecting the Company's ability to capitalize on efficiency gains and sustain profitability growth.

## Financial Risk

### CAPITAL STRUCTURE

Capitalization metrics remained within manageable levels, although gearing and leverage slightly increased to 0.64x and 1.42x, respectively, as of Mar'26 (Jun'25: 0.54x and 1.38x). The increase was primarily driven by higher borrowings to support working capital requirements, with total debt rising to PKR 3,565.9mn (Jun'25: PKR 2,943.9mn). The Company's funding profile continues to be predominantly short-term in nature, with short-term borrowings accounting for approximately 96.0% of total debt as of Mar'26 (Jun'25: 97.0%), while long-term debt remained limited.

The Company's equity base increased marginally to PKR 5,566.8mn as of Mar'26 (Jun'25: PKR 5,483.0mn), supported by profit retention during the period, despite dividend distributions to shareholders. Going forward, maintaining a balanced capital structure and prudent management of working capital borrowings will remain important to support sustainable growth while preserving financial flexibility.

### DEBT COVERAGE & LIQUIDITY

The Company's liquidity profile remained adequate as of Mar'26, with the current ratio remaining stable to 1.31x (Jun'25: 1.30x). However, the quick ratio moderated slightly to 0.73x (Jun'25: 0.76x). Furthermore, the cash conversion cycle lengthened to 116.8 days (Jun'25: 85.2 days), driven by higher inventory holdings and extended receivable collection periods.

Debt servicing capacity remained strong, with the DSCR standing at 3.82x as of Mar'26 (Jun'25: 3.89x). Cash flow generation also remained supportive, with FFO increasing to PKR 1,022.2mn (Jun'25: PKR 985.9mn). Consequently, FFO-to-Total Debt improved to 38.2% (Jun'25: 33.5%), reflecting enhanced debt repayment capacity despite the increase in borrowings during the period. The Company's short-term debt coverage ratio also strengthened to 2.52x (Jun'25: 2.45x), underscoring its ability to meet near-term obligations through internally generated cash flows.

Going forward, maintaining discipline over working capital management and containing the cash conversion cycle will remain important to preserving liquidity buffers. Nevertheless, supported by healthy cash flow generation and comfortable debt servicing metrics, the Company's liquidity and coverage profile is expected to remain adequate over the medium term.

Financial Summary	(PKR Mn)			
	FY23A	FY24A	FY25A	9MFY26M
<b>Balance Sheet</b>				
Property, plant and equipment	3,051.89	3,399.65	8,687.90	8,624.09
Right-of-use Assets	0.00	0.00	0.00	0.00
Intangible Assets	70.39	152.60	0.00	0.00
Long-term Investments	23.65	20.22	0.00	0.00
Stock-in-trade	2,608.99	3,203.37	3,929.70	4,406.56
Trade debts	1,882.15	2,160.06	3,078.22	4,217.49
Short-term Investments	1,514.90	1,306.29	956.39	3.12
Cash & Bank Balances	54.61	87.90	603.55	321.07
Other Assets	777.60	1,072.34	1,183.69	1,305.19
<b>Total Assets</b>	<b>9,984.18</b>	<b>11,402.43</b>	<b>18,439.45</b>	<b>18,877.52</b>
<b>Creditors</b>	<b>1,938.47</b>	<b>3,183.63</b>	<b>3,183.63</b>	<b>3,598.80</b>
Long-term Debt (incl. current portion)	77.50	18.87	80.66	146.11
Short-Term Borrowings	1,470.57	1,393.10	2,863.21	3,419.76
<b>Total Debt</b>	<b>1,548.07</b>	<b>1,411.97</b>	<b>2,943.87</b>	<b>3,565.87</b>
Other Liabilities	827.07	1,130.29	1,444.37	761.44
<b>Total Liabilities</b>	<b>4,313.61</b>	<b>5,725.89</b>	<b>7,571.87</b>	<b>7,926.11</b>
Paid up Capital	2,284.61	2,284.61	2,284.61	2,284.61
Revenue Reserve	1,387.63	1,647.69	1,806.82	1,890.64
Other Equity (excl. Revaluation Surplus)	1,689.01	1,434.95	1,391.53	1,391.53
Sponsor Loan	297.48	43.42	0.00	0.00
<b>Equity (excl. Revaluation Surplus)</b>	<b>5,361.25</b>	<b>5,367.25</b>	<b>5,482.96</b>	<b>5,566.78</b>
<b>Income Statement</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>9MFY26M</b>
Net Sales	12,396.98	12,409.24	13,153.52	10,787.56
Gross Profit	1,507.11	1,586.20	2,017.61	1,999.16
Operating Profit	1,343.49	1,581.12	1,684.18	1,634.47
Finance Costs	386.23	299.91	329.67	282.04
Profit Before Tax	957.26	1,281.21	1,354.51	1,352.43
Profit After Tax	657.99	833.47	892.04	883.45
<b>Ratio Analysis</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>9MFY26M</b>
Gross Margin (%)	12.16%	12.78%	15.34%	18.53%
Operating Margin (%)	10.84%	12.74%	12.80%	15.15%
Net Margin (%)	5.31%	6.72%	6.78%	8.19%
Funds from Operation (FFO) (PKR Mn)	757.44	1,002.51	985.92	1,022.24
FFO to Total Debt* (%)	48.93%	71.00%	33.49%	38.22%
FFO to Long Term Debt* (%)	977.34%	5312.72%	1222.32%	932.85%
Gearing (x)	0.29	0.26	0.54	0.64
Leverage (x)	0.80	1.07	1.38	1.42
Debt Servicing Coverage Ratio* (x)	2.41	4.05	3.89	3.82
Current Ratio (x)	1.58	1.37	1.30	1.31
(Stock in trade + trade debts) / STD (x)	3.05	3.85	2.45	2.52
Return on Average Assets* (%)	7.27%	7.79%	5.98%	6.31%
Return on Average Equity* (%)	13.46%	15.54%	16.44%	21.32%
Cash Conversion Cycle (days)	60.82	71.09	85.23	116.77
*Annualized, if required				
A - Actual Accounts				
M - Management Accounts				

REGULATORY DISCLOSURES					Appendix I
Name of Rated Entity	Citi Pharma Limited				
Sector	Pharmaceutical				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	<b>RATING TYPE: ENTITY</b>				
	29-Dec-2025	A	A1	Stable	Reaffirmed
	16-Dec-2024	A	A1	Stable	Initial
	<b>Rating Type: LTS</b>				
	01-April-2026	A+(plim)		Stable	Preliminary
	<b>Rating Type: STS-4</b>				
	19-June-2026		A1(plim)		Preliminary
Instrument Structure	Instrument Name	Short Term Sukuk			
	Nature of Instrument	STS-4			
	Tenure of Instrument	6 Months			
	Size of the Issue	PKR 1,500.0mn			
	Principle Redemption Schedule	Bullet			
	Interest Redemption Schedule	Bullet			
	Issue Date	N/A			
	Grace Period	N/A			
	Redemption Date	N/A			
	Nature of Security	Unsecured			
	Rating	A1(plim)			
Name of Trustee	Habib Bank Limited				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meeting Conducted	S.No	Name	Designation	Date	
	1.	Mr. Hanan Alam	Financial Controller	June 18, 2026	