

*Otsuka-People Creating New Products  
For Better Health Worldwide*

# **ANNUAL REPORT 2023-24**

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FOR THE YEAR ENDED JUNE 30, 2024



Otsuka

**Otsuka Pakistan Limited**

(A Company of Otsuka Group Japan)

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	:	Mr. Mikio Bando (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) Mr. Moin ur Rehman (Director and Chief Executive Officer) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan) Mr. Abid Hussain (Independent Director) Mrs. Navin Salim Merchant (Independent Director)		
<b>COMPANY SECRETARY</b>	:	Mr. Rao Sajid Ali Khan		
<b>AUDIT SUB COMMITTEE OF THE BOARD</b>	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member)		
<b>HEAD OF INTERNAL AUDIT:</b>		Mr. Jawaid Noor (Secretary)		
<b>RISK MANAGEMENT COMMITTEE</b>	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Moin ur Rehman (Member) Mr. Sajid Ali Khan (Secretary)		
<b>HUMAN RESOURCES REMUNERATION &amp; NOMINATION SUB-COMMITTEE OF THE BOARD</b>	:	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman (Member) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member) Mr. David Sunil (Secretary)		
<b>AUDITORS (EXTERNAL)</b>	:	Yousuf Adil Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited)		
<b>AUDITORS (INTERNAL)</b>	:	Suriya Nauman Rehan & Co. (Chartered Accountants)		
<b>LEGAL ADVISORS</b>	:	Dr. Moneeba Hamid		
<b>BANKERS</b>	:	Citibank N.A., Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited, Bank Al-Habib Limited The Bank of Punjab, Allied Bank Limited MCB Bank Limited, National Bank of Pakistan		
<b>REGISTERED OFFICE</b>	:	<table> <tr> <td><b>Head Office:</b> 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, <b>E-mail:</b> secretarialcompliance@otsuka.pk <b>Web site:</b> www.otsuka.pk</td> <td><b>Factory:</b> Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8, Fax: (0853) 303519</td> </tr> </table>	<b>Head Office:</b> 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, <b>E-mail:</b> secretarialcompliance@otsuka.pk <b>Web site:</b> www.otsuka.pk	<b>Factory:</b> Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8, Fax: (0853) 303519
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<b>SHARE REGISTRAR</b>	:	M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street # 2, D.H.A., Phase VII, Karachi. Customer Support Services Tel No. (0092-21) 111-000-322 Fax: (0092-21) 35310191 Email: sfc@thk.com.pk.		

## Vision

Otsuka people creating new products for better health worldwide.

## Mission

To provide quality healthcare products while maintaining leadership position in chosen segments by working efficiently towards customer satisfaction, rapid growth and enhanced stakeholders value.

## Objectives

- To retain its position of market leader in IV Solutions and clinical nutrition through continuous education, new product launches and support to the medical profession and community at large.
- To offer world class quality products and support services to our customers at reasonable prices through resource optimization.
- To develop and retain efficient network of distributors and suppliers for enhancement of our present level of support services for customer satisfaction.
- To provide equal opportunity for growth and development to all its team members to build a highly motivated and committed team of professionals delivering world class quality products and services.
- To contribute in community services for betterment of society and environment.
- To generate adequate earnings for meeting current and future needs, leading to enhancement of shareholder's value.

## Focus

Medical  
Profession  
&  
Patients

Patients

Distributors  
&  
Suppliers

Empolyees

Community

Shareholders



For Life .

Realizing  
the hidden power  
within.



## NOTICE OF MEETING

### NOTICE OF MEETING

Notice is hereby given that the Thirty Sixth (36<sup>th</sup>) Annual General Meeting of Otsuka Pakistan Limited ("the Company") will be held on Wednesday, October 30, 2024 at 10:30 a.m. at the Auditorium Hall, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi as well as through Electronic means / Online meeting facility to transact the following businesses:

#### ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2024, together with the Chairman's review and Directors' and Auditors' reports thereon
2. To appoint statutory auditors and fix their remuneration for the year ending June 30, 2025
3. To elect seven (7) Directors including two (2) independent director and Chief Executive, as fixed by the Board in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from November 1<sup>st</sup>, 2024. The retiring directors, whose terms of office expires on October 31, 2024 are eligible to offer themselves for re-election are:  
Mr. Mikio Bando, Mr. Suhari Mukti, Mr. Koichi Okada, Mr. Tariq Mehtab Feroz, Mr. Abid Hussain, Mrs. Navin Salim Merchant and Mr. Moin ur Rehman.
4. To transact any other business with the permission of the Chair

#### By order of the Board

**Rao Sajid Ali Khan**  
Company Secretary

Karachi:

September 26, 2024

#### Notes:

#### ONLINE PARTICIPATION IN ANNUAL GENERAL MEETING

Shareholders are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company and with Company's Share Registrar i.e. M/s. THK Associates (Pvt.) Limited.

Interested shareholders and proxies on behalf of shareholders attending the meeting through video conferencing are requested to email the following information with the subject "Registration for 36<sup>th</sup> Annual General Meeting," along with valid copy of their CNIC to the company on email: [secretarialcompliance@otsuka.pk](mailto:secretarialcompliance@otsuka.pk) and / or share registrar on email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk). Video link and login credentials will be shared with ONLY those Members, whose email, containing particulars (i.e.: Name, Folio No/CDC Account No., CNIC No./NTN and Cell No.) are received from official Email ID, at least 48 hours before the AGM.

#### A. BOOK CLOSURE AND PROXY:

- (i) The Share Transfer Books of the Company will remain closed from October 24, 2024 to October 30, 2024 (both days inclusive).
- (ii) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the company. Instrument of appointing proxy and the power of attorney or other authority under which it is signed or a notarial certified copy of the power or authority must be submitted at the Registered Office of the Company at least 48 hours before the time of the Meeting.
- (iii) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.



- (iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (v) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (vi) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (vii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- (viii) CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

**B. FOR ATTENDING THE MEETING:**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**C. AVAILABILITY OF THE AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE**

Circulation of Annual Report through QR Code and through Web link in accordance with the Section 223 of the Companies Act, 2017 and pursuant to SRO 389(1)/2023 dated: March 21, 2023 of the Securities & Exchange Commission, the Company has obtained Shareholders' approval in the last Annual General Meeting of the Company held on October 2, 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Web link. The Annual Report is available through following QR Code and Web link.



[https://otsuka.pk/uploads/files/Annual\\_Account\\_2023-24.pdf](https://otsuka.pk/uploads/files/Annual_Account_2023-24.pdf)

**E. DISTRIBUTION OF ANNUAL REPORT AND NOTICE OF MEETINGS THROUGH EMAIL (OPTIONAL):**

Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their Annual Audited Financial Statements, along with Auditor's Report, Directors' Report etc. ("Annual Report") and the Notice of AGM ("Notice"), to its shareholders by email. The Annual Report of the Company for the year ended June 30, 2024 is also available on the Company's website ([www.otsuka.pk](http://www.otsuka.pk))

**F. SUBMISSION OF CNIC/NTN DETAILS AND UPDATING PARTICULARS (MANDATORY REQUIREMENT):**

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017.

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of Corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

**G. UNPAID DIVIDEND ACCOUNT:**

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividend(s) and undelivered share certificate(s) in accordance with the law.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company are hereby once again requested to approach the Share Registrar or the Company to claim their outstanding dividend amounts and/or undelivered share certificates as the same will be deposited with Securities and Exchange Commission of Pakistan as per the provision of Section 244(2) of Companies Act, 2017, as prescribed.

#### **H. CONVERSION OF PHYSICAL SHARES (WITH BOOKENTRY) INTO CDC ACCOUNT:**

Section 72 of the Companies Act, 2017, requires all listed companies to replace the shares held in physical form with the shares to be issued in Book-Entry Form within four (4) years from the date of the promulgation of the Companies Act 2017. Pursuant to the SECP letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, the Company is following up with all shareholders holding shares in physical form with the request to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Shareholders are again requested to contact the Company's Share Registrar to understand and complete the process of conversion of shares held in physical form, into the Book-Entry Form.

#### **I. POSTAL BALLOT**

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

#### **J. E-VOTING & POSTAL BALLOT FACILITY**

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to the requirements of the Companies Act, 2017 and Companies (Postal Ballot) Regulations, 2018.

### **STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017**

#### **Agenda No. 3**

#### **ELECTION OF DIRECTORS**

The term of office of the present Directors of the Company will expire on October 31, 2024. In terms of Section 159(1) of the Companies Act, 2017 ("Act"), the Board of Directors in its meeting held on August 27, 2024 had fixed the number of elected Directors at 7 (Seven) to be elected in the 36<sup>th</sup> Annual General Meeting for the period of next three years starting from November 1, 2024.

Every candidate desirous of offering himself / herself for election as a Director, whether he / she is a retiring Director or otherwise, shall file the following with the Company Secretary at the below mentioned address not later than fourteen days before the date AGM.

1. Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Companies Act, 2017 (Act) together with:
  - Consent to act as Director of the Company under Section 167 of the Act on the duly filled and signed Form-9.
  - Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Act, Listed Companies Code of Corporate Governance Regulations, 2019, Memorandum and Articles of Association of the Company (MOA & AOA), Rule Book of Pakistan Stock Exchange Limited, Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations.
  - Detail of other directorship and offices held.
  - Copy of valid CNIC (in case of Pakistan national) / Passport (in case of foreign national), and NTN & Folio No./CDC Investors Account No./CDC Sub-Account No.
  - A detailed profile along with office address as required under SECP' SRO 1196 (I)/2019 dated: October 3, 2019 to be placed on Company website.
2. Independent Director(s) will be elected through the process of election of director in terms of section 159 of the Act, accordingly the declaration for meeting the criteria of independence in terms of Section 166(2) of the Companies Act, 2017, the Companies (Manner and Selection of Independent Directors) Regulations 2018 and under Listed Companies (Code of Corporate Governance) Regulations, 2019 shall be also be required.



3. A director must be a member of the Company at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.

Proxy, e-mandate, ballot paper and consent for video conferencing facility forms can be downloaded from our website: [www.otsuka.pk](http://www.otsuka.pk)

**NOTE:** Shareholders are requested to promptly notify any change in their addresses 'if any' to Company's Share Registrar **M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street # 2, D.H.A., Phase VII, Karachi**  
**Tel: Customer Support Services (0092-21) 111-000-322 Fax: (0092-21) 35310191 Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)**

For any query/problem/information, the investors may contact to the Share Registrar on the above-said contact details &/or the Company Secretary at the following contact details:

**Mr. Rao Sajid Ali Khan, Company Secretary, Otsuka Pakistan Limited, 30-B, S.M.C.H.S., Karachi-74400, Tel: 34528652 – 4 Lines (Ext. No. 356), Fax: (92-21) 34549857, Email: [secretarialcompliance@otsuka.pk](mailto:secretarialcompliance@otsuka.pk)**



**C. کمپنی کی ویب سائٹ پر آڈٹ شدہ مالیاتی حسابات کی دستیابی:**

**D. کمپنیز ایکٹ 2017 کی دفعہ 223 کے مطابق اور سیکورٹیز اینڈ ایکسچینج کمیشن کے SRO نمبر 389(1)/2023 مؤرخہ 21 مارچ 2023 کے تحت QR کوڈ اور ویب لنک کے ذریعے سالانہ رپورٹ کی ترسیل کی اجازت دی گئی ہے۔**  
 کمپنی نے 2 اکتوبر 2023 کو مندرجہ ذیل سالانہ اجلاس عام میں کمپنی کی سالانہ رپورٹ اراکین کو QR کوڈ اور ویب لنک کے ذریعے فراہم کرنے کی حصص یافتگان سے منظوری حاصل کر لی ہے۔ سالانہ رپورٹ درج ذیل QR کوڈ اور ویب لنک کے ذریعے دستیاب ہے۔



[https://otsuka.pk/uploads/files/Annual\\_Account\\_2023-24.pdf](https://otsuka.pk/uploads/files/Annual_Account_2023-24.pdf)

**E. ای میل کے ذریعے سالانہ رپورٹ اور اجلاس کے نوٹس کی ترسیل (اختیاری):**

کمپنیز ایکٹ 2017 کی دفعہ (6) 223 کی دفعات کے تحت، کمپنیوں کو اجازت دی گئی ہے کہ وہ اپنے آڈٹ شدہ مالیاتی حسابات، آڈیٹر کی رپورٹ، ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ رپورٹ") اور سالانہ اجلاس عام ("نوٹس") کے نوٹس کو اپنے حصص یافتگان کو ای میل کے ذریعے ارسال کریں۔ 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کمپنی کی ویب سائٹ ([www.otsuka.pk](http://www.otsuka.pk)) پر بھی دستیاب ہے۔

**F. NTN/CNIC تفصیلات کی جمع آوری اور کوائف کو اپ ڈیٹ کرنا (لازمی تقاضہ):**

انفرادی حصص یافتگان کو ایک بار پھر اپنی کرائی جاتی ہے کہ وہ اپنے درست CNIC کی ایک کاپی جمع کرائیں، اگر کمپنی کے شیئر رجسٹرار کو پہلے فراہم نہ کی گئی ہو۔ کمپنی کے ریکارڈز میں حصص یافتگان کے CNIC کی درست کاپی کی عدم دستیابی کی صورت میں، کمپنی کمپنیز ایکٹ 2017 کے سیکشن 243 کے تحت ڈیپوزیٹ کروڈ لے گی۔  
 حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں اگر کوئی تبدیلی ہو تو کمپنی کے شیئر رجسٹرار کو ذمہ داری طور پر مطلع کریں۔ کارپوریٹ ادارے کی صورت میں، حصص یافتگان سے درخواست کی جاتی ہے کہ اگر قابل اطلاق ہوتو اپنے ہمازن نامہ کے کوائف میں تبدیلی کو ذمہ داری طور پر مطلع کریں۔

**G. غیر ادا شدہ ڈیویڈنڈ اکاؤنٹ:**

کمپنی نے کمپنیز ایکٹ 2017 کی دفعہ 244 کے تحت اپنی ذمہ داری گزشتہ سی اور سی آر ڈی ہے، جس کے تحت کمپنی نے حصص یافتگان سے رابطہ کیا تا کہ وہ اپنے فیروزہ شدہ منافع معصوم اور غیر فراہم کردہ شیئر سرٹیفیکیشن کے حصول کے لیے قانون کے مطابق درخواست دیں۔  
 حصص یافتگان، جن کے منافع ابھی تک فیروزہ شدہ ہیں اور یا جن کے غیر فراہم کردہ شیئر سرٹیفیکیشن کمپنی کے پاس موجود ہیں، ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ شیئر رجسٹرار یا کمپنی سے اپنے واجب الادا منافع معصوم کی رقم اور یا غیر فراہم کردہ شیئر سرٹیفیکیشن کا دعویٰ کر کے کیلئے رجوع کریں، کیونکہ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کرائے جائیں گے، جیسا کہ کمپنیز ایکٹ 2017 کی دفعہ (2) 244 میں درج ہے۔

**H. سی ڈی سی اکلونڈ میں فزیکل شیئر کی تبدیلی (بگ انٹری کے ساتھ):**

کمپنیز ایکٹ 2017 کی دفعہ 72 کے تحت، تمام ایڈکسٹریٹو کو یہ ہدایت دی گئی ہے کہ وہ فزیکل شکل میں رکھے گئے شیئر ڈوکومنٹس کی تبدیلی میں مدد کریں، جو کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ سے چار (4) سال کے اندر ہونا لازمی ہے۔ SECP کے لیٹر نمبر CSD/ED/Misc./2016-639-640 مؤرخہ 26 مارچ 2021 کے مطابق، کمپنی فزیکل شکل میں شیئر رکھنے والے تمام حصص یافتگان سے رابطہ کر رہی ہے اور درخواست کر رہی ہے کہ وہ اپنے شیئر ڈوکومنٹس کی تبدیلی میں مدد کریں تاکہ کمپنیز ایکٹ 2017 کی دفعات کے مطابق عمل کیا جاسکے۔ حصص یافتگان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹرار سے رابطہ کریں تاکہ وہ فزیکل شکل میں رکھے گئے شیئر ڈوکومنٹس کی تبدیلی میں مدد کرنے کے عمل کو سمجھ سکیں اور اسکی قبول کریں۔

**I. پوسٹل بیلٹ:**

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق، ڈائریکٹرز کے انتخاب کے مقصد کے لیے ایلیکٹرونک ایکٹ 2017 کے سیکشن 143 اور 144 کے تقاضوں سے مشروط کمی دیگر ایجنڈے کے آئٹم کے لیے ممبران کو پوسٹل بیلٹ کے ذریعے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی، جو کہ ڈاک کے ذریعے پاکستانی ایلیکٹرونک سوز کے ذریعے، مذکورہ ضوابط میں موجود تقاضوں اور طریقہ کار کے مطابق ہو۔

**J. ای ووٹنگ اور پوسٹل بیلٹ کی سہولت:**

کمپنیز ایکٹ 2017 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے تقاضوں کے تحت حصص یافتگان کو ای ووٹنگ اور پوسٹل بیلٹ کے ذریعے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔



# اوٹسوکا پاکستان لمیٹڈ

## اطلاع برائے اجلاس

منظوم کیا جاتا ہے کہ اوٹسوکا پاکستان لمیٹڈ کا چھٹا سال (36 واں) سالانہ اجلاس بروز بدھ مورخہ 130 اکتوبر 2024 کو بوقت صبح 10:30 بجے برہم پال، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، چارٹرڈ اکاؤنٹنٹس ایسوسی ایشن کراچی میں فریگیل کے ساتھ ساتھ ایگزیکٹو ڈائریجنس/آن لائن اجلاس کی سہولت کے ذریعے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

### عمومی امور:

- 1- 30 جون 2024 کو ختم ہونے والے سال کیلئے سالانہ ڈیٹ شدہ اکاؤنٹس معائنہ میں رپورٹس، ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، خورد و خوار اور منگوری۔
- 2- 30 جون 2025 کو ختم ہونے والے آئندہ سال کیلئے آڈیٹ کی تقرری اور ان کے مشاہدہ کا تعین۔
- 3- سات (7) ڈائریکٹرز بشمول دو (2) آزاد ڈائریکٹرز اور چیف ایگزیکٹو کا انتخاب کرنا جیسا کہ کنویژن ایکٹ 2017 کی دفعہ (1) 159 کی دفعات کے مطابق یکم نومبر 2024 سے شروع ہونے والی تین (3) سال کی مدت کے لئے بورڈ نے مقرر کیا ہے۔ سیکورڈ ہونے والے ڈائریکٹرز جن کی مدت 31 اکتوبر 2024 کو ختم ہو رہی ہے اور بارہ انتخاب کے لیے اپنی خدمات پیش کرنے کے اہل ہیں اور مندرجہ ذیل ہیں: جناب نکیو ہاڈو، جناب سہارئی گنگی، جناب کوٹھی، اوکا ڈاؤ، جناب طارق مہتاب فیروز، جناب مایہ حسین، مسز نوین سلیم مرچنٹ اور جناب معین الرحمان۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

### بحکم بورڈ

رائو ساجد علی خان  
کمپنی سیکریٹری

کراچی:

26 ستمبر 2024ء

نوٹس:

### سالانہ اجلاس عام میں آن لائن شرکت:

حصص یافتگان کو ویڈیو کانفرنسنگ کی سہولت کے ذریعے سالانہ اجلاس عام (AGM) کی کارروائی میں شرکت کی ترغیب دی جاتی ہے، جو کہ اپنی اور کمپنی کے شیئرز رجسٹرار یعنی میسرز THK ایسوسی ایشن (پرائیویٹ) لمیٹڈ کے ذریعے فراہم کی جائے گی۔

وہ حصص یافتگان اور نمائندے جو ویڈیو کانفرنسنگ کے ذریعے اجلاس میں شرکت کرنے کے خواہشمند ہیں، ان سے درخواست ہے کہ وہ کمپنی کو ای میل: [secretarialcompliance@otsuka.pk](mailto:secretarialcompliance@otsuka.pk) شیئرز رجسٹرار کو ای میل: [sfc@thk.com.pk](mailto:sfc@thk.com.pk) پر 36 ویں سالانہ اجلاس عام کے لیے رجسٹریشن کے عنوان کے ساتھ اپنی معلومات اور CNIC کی درست کاپی بھیجیں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف اُن ممبران کو فراہم کی جائیں گی جن کی ای میل، جس میں تفصیلات (یعنی: نام، پتہ، لیڈ نمبر) اور CDC اکاؤنٹ نمبر، CNIC نمبر/INTN اور موبائل نمبر) شامل ہوں۔ AGM سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔

### A. کتاب کی بندش اور پراکسی:

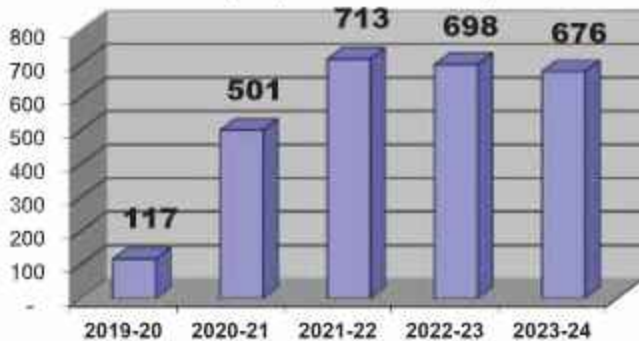
- (i) کمپنی کی منتقلی حصص کتب 24 اکتوبر 2024ء سے 130 اکتوبر 2024ء تک (بشمول دونوں ایام) بند رہیں گی۔
- (ii) سالانہ اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا نام کسی مقرر کردہ مکان پر کسی کا کمپنی کا نمبر ہونا ضروری نہیں۔ نوعی سے تصدیق شدہ پراکسی کی تقرری کا دستاویز اور پاور آف اٹارنی اور دیگر اتھارٹی مصدقہ پاور آف اٹارنی کی دستخط شدہ اور نوٹری سے تصدیق شدہ کاپی اجلاس ہونے کے وقت (48 گھنٹے قبل کمپنی کے رجسٹرار آفس میں داخل کرانی ہوگی۔
- (iii) انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وافرڈ کو جس کی سیکورڈ ہونے والی پراکسی اکاؤنٹ میں ہوں اور اس کی رجسٹریشن تفصیلات ریگولیشنز کے مطابق آپ کوڈ ہوں، پراکسی فارم مندرجہ بالا شرائط کے تحت جمع کرانیں۔
- (iv) پراکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام پتے اور کہیں پتہ ذرا ذرا شافقی کارڈ نمبر (CNIC) فارم میں درج ہوں۔
- (v) تنظیمی اوٹ کی شافقی کارڈ (CNIC) یا پاسپورٹ کی نوٹری پبلک سے تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہوں۔
- (vi) پراکسی اجلاس کے وقت اپنا اصل کہیں پتہ ذرا ذرا شافقی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرے گا۔
- (vii) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی معائنہ حروف کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیا ہو) پراکسی فارم کے ہمراہ منسلک کرنے ہوں گے۔
- (viii) سی ڈی سی اکاؤنٹس ہولڈرز کو کلیو ریڈیٹ ایڈز ایکس چینج کمیشن آف پاکستان (SECP) کے سرکل نمبر 1 تاریخ 26 جنوری 2000 میں درج کردہ ہدایات پر عمل کرنا ہوگا۔

### B. برائے اجلاس میں شرکت:

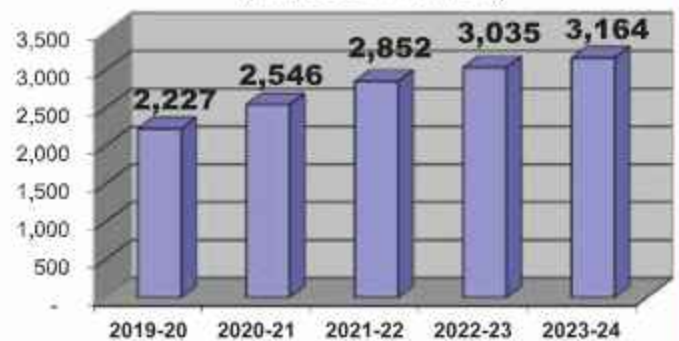
- (i) انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وافرڈ کو جس کی سیکورڈ ہونے والی پراکسی اکاؤنٹ میں ہوں اور اس کی رجسٹریشن تفصیلات ریگولیشنز کے مطابق آپ کوڈ ہوں، اجلاس میں شرکت کے موقع پر اپنی شناخت کی تصدیق کیلئے اصل کہیں پتہ ذرا ذرا شافقی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرے گا۔
- (ii) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی معائنہ حروف کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوں گے۔

# Five Years at a Glance

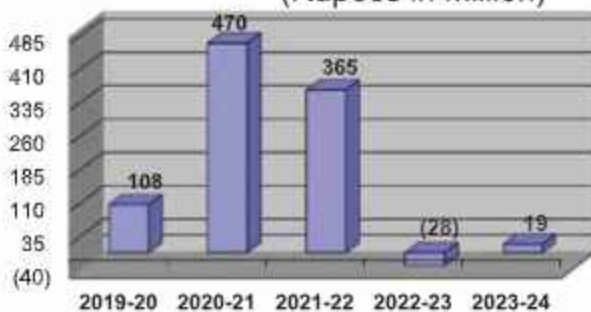
**Shareholders' Equity**  
(Rupees in Million)



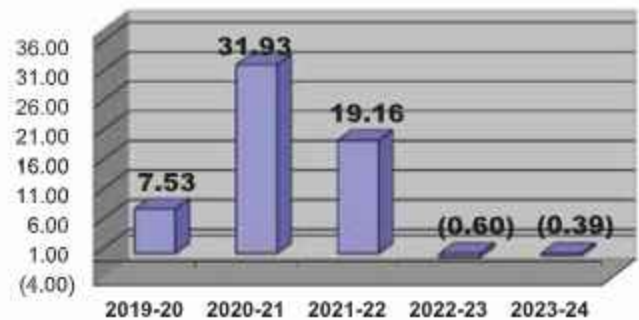
**Sales**  
(Rupees in Million)



**Profit / (Loss) Before Tax**  
(Rupees in Million)



**Earning / (Loss) Per Share**  
(PKR Ten Per Share)







## CHAIRMAN REVIEW

### INTRODUCTION

It gives me the great pleasure to present this report as per the requirements of Section 192 of the Companies Act, 2017. The financial year of 2023-24 has been a turbulent year characterized by geo political conflict, supply chain disruptions, commodities price volatilities, monetary structural reforms coupled with political uncertainties. However, your Company through its resilience and commitment is managing these challenges ensures business continuity and products availability to meet customer demand.

### BUSINESS AND ECONOMIC ENVIRONMENT

In recent years, Pakistan's healthcare industry has grappled with a series of obstacles, including a substantial devaluation of the Pakistani rupee and unparalleled inflationary pressures. The depreciation of the local currency has escalated the prices of imported raw materials and finished products, while inflation has augmented the overall cost of operations. Our industry is amongst the worst impacted due to these factors with inherent inability to pass on the increased cost being most regulated industry in terms of pricing.

Throughout the last quarter of 2024, your company encountered production challenges, primarily attributable to the aging of machinery. Despite the abovementioned challenges, your company with the support of OPF Japan is investing heavily for quality of products ensuring GMP requirements. Further up-gradation of QC lab is already in process, due to which your Company has successfully navigated through these adverse conditions. Your company is taking various other steps to ensure product quality remains intact from end-to-end i.e. from Factory till patients. Furthermore, the company has appointed new distributor 'M/s. UDL Distribution (Pvt.) Limited' for Karachi and various other distributors in southern areas by replacing its previous major distributor. This has yielded positive results in terms of profitability and cash flows due in change in payment terms and margins.

### FINANCIAL RESULTS OF THE COMPANY

Your company sales had posted a nominal growth rate of 4.2%. The Company gross profit margin have reduced from 21.2% to 18.2%. However, the operating profit of your company has significantly increased to Rs. 121.8 million as compared to last year mainly due to net exchange gain of Rs. 92 million. Further the finance cost has also increased from Rs. 64.2 million to 102.8 million with the rise in bank interest rates as well as working capital loan which were dully settled before year end with the proceeds of new loan of JPY 300 million from OPF. The Company reported loss for the year Rs. 4.7 million while the loss per share has decreased from Rs 0.6 to Rs. 0.39 per share.

### BOARD OF DIRECTORS

The Board of Directors will be completing its third year on October 31, 2024, after being elected in the 33rd Annual General Meeting and next election of Directors will be held as per the requirements of the Companies Act, 2017. During the year, there has been change in Board structure due to sad demise of our director Mr. Mehtabuddin Feroz in the November 2023, one of his legal heirs Mr. Tariq Mehtab Feroz took over the charge as a director to fill the casual vacancy in the company effective from December 18, 2023. Furthermore, Mr. Moin Ur Rehman was appointed chief executive officer with effect from February 28, 2024 after the retirement of former CEO Mr. Hanif Sattar.

The Board comprises of professionals with diverse background, sound business acumen and profound understanding of pharmaceutical industry. The Board and its associated Committees performed their duties effectively and ensured all the statutory and regulatory requirements applicable upon the Company. The overall performance of the Board and each of its members was satisfactory based on an evaluation of all the integral-components, which had a direct bearing on the Board's role in achievement of the Company's objectives. I appreciate the valuable contributions made by the directors of the Company.

### ENVIRONMENTAL, HEALTH AND SOCIAL RESPONSIBILITY

The Company prioritizes the health, safety and wellbeing of its employees and people connected to it. Robust safety measures were put in place to ensure the health, wellbeing and hygiene of all staff during the year. The Company remain focused on its social, environmental and ethical priorities and aspires to achieve them in the best interest of all the stakeholders. The company is taking several steps for the benefit of its employees like improving the Health Insurance Policy, improving Transportation of factory workers & Managers and making an in-house Gym for OPL employees. This will have a positive impact on overall employees' engagement and well-being as well resulting into better productivity.

### FUTURE OUTLOOK

De-regulation of Non-Essential Products was a very significant development happened in Pakistan Pharmaceutical sector which will have a very positive impact. Apart from that Pakistan's pharmaceutical industry is facing challenges like persistent high inflation, and structural issues of our monetary and fiscal policy which may continue to pose challenges to the economy in the near term. However, your company has devised a complete new business plan based on 1) Rationalizing the IV Business 2) Strategizing the CN business and launch new value-added products with better margins to make your company overall profitable. For the IV business company will continue to face challenges due to extra ordinary cost escalation causing decrease in margins and devaluation of local currency. For this the company already got a 7% price increase from DRAP effective from the month of August 2024 which will improve the overall profitability of the company. Moreover, as mentioned earlier the Company has already devised a strategic plan to launch new value added products in Clinical Nutrition & Nutraceutical segments with better margins. Thus better top-line and bottom-line results are expected to in the coming years.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors of your Company, I would like to take this opportunity to acknowledge the devoted and sincere efforts of our employees, business partners and are thankful to our shareholders for their utmost trust which inspire us to remain steadfast in our journey.

  
Mikio BANDO  
Chairman



## چیرمین کا پیغام

مجھے یہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے جو کہ کمپنیز ایکٹ 2017 کی سیکشن 192 کی ضروریات کے مطابق ہے۔ مالی سال 24-2023 ایک متلاطم سال رہا جس میں جغرافیائی تنازعات، رسد کی زنجیر میں خلل، اشیاء کی قیمتوں میں اتار چڑھاؤ، مالیاتی ڈھانچے کی اصلاحات اور سیاسی غیر یقینی صورت حال شامل ہیں۔ تاہم، آپ کی کمپنی اپنی پلگ اور عزم کے ساتھ ان چیلنجز کا مقابلہ کر رہی ہے، کاروبار کی تسلسل اور مصنوعات کی دستیابی کو یقینی بناتی رہی ہے تاکہ صارفین کی طلب پوری ہو سکے۔

### کاروباری اور اقتصادی ماحول

حالیہ برسوں میں، پاکستان کی صحت کی صنعت کئی مشکلات کا سامنا کر رہی ہے، جن میں پاکستانی روپے کی بڑی قدر میں کمی اور بے مثال افراط زر کے دباؤ شامل ہیں۔ مقامی کرنسی کی قدر میں کمی نے درآمد شدہ خام مال اور تیار شدہ مصنوعات کی قیمتوں میں اضافہ کر دیا ہے، جبکہ افراط زر نے مجموعی آپریشنل اخراجات میں اضافہ کیا ہے۔ ہماری صنعت ان عوامل کی وجہ سے بدترین متاثر ہوئی ہے، کیونکہ قیمتوں کے حوالے سے یہ ایک زیادہ ریگولینڈ صنعت ہے جس کی وجہ سے براہ راست ہوئی قیمتوں کو منتقل کرنے کی صلاحیت نہیں ہے۔

### مالی نتائج

آپ کی کمپنی کی فروخت میں 4.2% کی معمولی ترقی دیکھی گئی۔ کمپنی کا مجموعی منافع کاربن 21.2% سے کم ہو کر 18.2% ہو گیا ہے۔ تاہم، آپ کی کمپنی کا آپریٹنگ منافع گزشتہ سال کے مقابلے میں نمایاں طور پر بڑھ کر 121.8 ملین روپے ہو گیا ہے، جو بنیادی طور پر 92 ملین روپے کے خالص آپریٹنگ فائدے کی وجہ سے ہے۔ مزید یہ کہ مالی اخراجات بھی 64.2 ملین روپے سے بڑھ کر 102.8 ملین روپے ہو گئے ہیں، جس کی وجہ بینک کے سود کی شرحوں میں اضافہ اور ورکنگ کپٹل کا قرض ہے، جسے سال کے آخر سے پہلے قرضے کی وصولی کے ساتھ مکمل طور پر تسویہ کیا گیا۔ کمپنی نے سال کے لیے 4.7 ملین روپے کا نقصان رپورٹ کیا، جبکہ فی شیئر نقصان 0.6 روپے سے کم ہو کر 0.39 روپے فی شیئر ہو گیا ہے۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 31 اکتوبر 2024 کو اپنا تیسرا سال مکمل کرے گا، جسے 33 ویں سالانہ جنرل میٹنگ میں منتخب کیا گیا تھا اور ڈائریکٹرز کا اگلا انتخاب کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق ہو گا۔ سال کے دوران، کمپنی کے بورڈ میں ایک تبدیلی آئی جب ہمارے ڈائریکٹر جناب مہتاب الدین فیروز کے نومبر 2023 میں انتقال کے بعد، ان کے قانونی وارث جناب طارق مہتاب فیروز نے 18 دسمبر 2023 سے کمپنی میں بطور ڈائریکٹر خالی نشست سنبھالی۔ مزید برآں، جناب معین الرحمن کو 28 فروری 2024 سے سابقہ سی ای او جناب حنیف ستار کی ریٹائرمنٹ کے بعد چیف ایگزیکٹو آفیسر مقرر کیا گیا۔

### ماحولیاتی، صحت اور سماجی ذمہ داری

کمپنی اپنے ملازمین اور ان سے وابستہ افراد کی صحت، حفاظت اور بہبود کو اولین ترجیح دیتی ہے۔ سال کے دوران تمام عملے کی صحت، بہبود اور حفظان صحت کو یقینی بنانے کے لیے مضبوط حفاظتی اقدامات کیے گئے۔ کمپنی اپنی سماجی، ماحولیاتی اور اخلاقی ترجیحات پر مرکوز رہی اور ان کو تمام اسٹیک ہولڈرز کے بہترین مفاد میں حاصل کرنے کی کوشش کرتی رہی۔ کمپنی اپنے ملازمین کے فائدے کے لیے کئی اقدامات کر رہی ہے جیسے صحت انشورنس پالیسی میں بہتری، فیکٹری ورکرز اور میجرز کے لیے ٹرانسپورٹیشن کو بہتر بنانا اور OPL ملازمین کے لیے ان ہاؤس جم بنانا۔ اس سے مجموعی طور پر ملازمین کی وابستگی اور بہبود پر مثبت اثر پڑے گا اور نتیجتاً پیداواری صلاحیت بہتر ہوگی۔

### مستقبل کی توقعات

Non-Essential مصنوعات کی ڈی ریگولیشن پاکستان کے فارماسیوٹیکل سیکٹر میں ایک بہت اہم پیشرفت تھی، جس کا انتہائی مثبت اثر ہو گا۔ اس کے علاوہ، پاکستان کی فارماسیوٹیکل صنعت کو مستقل بلند پروازی اور ہماری مالیاتی اور مالی پالیسی کے ساختی مسائل جیسے چیلنجز کا سامنا ہے، جو مستقبل قریب میں معیشت کے لیے چیلنجز پیدا کر سکتے ہیں۔ تاہم، آپ کی کمپنی نے ایک نیا کاروباری منصوبہ تیار کیا ہے جو درج ذیل پر مبنی ہے:

1- آئی وی بزنس کو منظم کرنا

2- سی این بزنس کے لیے حکمت عملی تیار کرنا اور بہتر منافع کے ساتھ نئی ویلیو ایڈڈ مصنوعات لانچ کرنا تاکہ کمپنی کو مجموعی طور پر منافع بخش بنایا جاسکے۔

آئی وی بزنس کے لیے کمپنی کو غیر معمولی لاگت میں اضافے اور مقامی کرنسی کی قدر میں کمی کی وجہ سے چیلنجز کا سامنا ہے گا، جس سے منافع کے مارجن میں کمی ہو رہی ہے۔ اس کے لیے، کمپنی نے پہلے ہی اگست 2024 سے موثر ہونے والے ڈریپ سے 7% قیمت میں اضافے کی منظوری حاصل کر لی ہے، جو کمپنی کی مجموعی منافع بحیثیت کو بہتر بنائے گا۔ مزید برآں، جیسا کہ پہلے ذکر کیا گیا ہے، کمپنی نے کلینیکل نیوٹریشن اور نیوٹراسیوٹیکل سیکٹرز میں بہتر مارجن کے ساتھ نئی ویلیو ایڈڈ مصنوعات لانچ کرنے کے لیے ایک اسٹریٹجک منصوبہ تیار کیا ہے۔ اس طرح آنے والے سالوں میں بہتر ٹاپ لائن اور بائٹ لائن نتائج کی توقع کی جاسکتی ہے۔

### اعتراف

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اس موقع پر ہمارے ملازمین، کاروباری شراکت داروں کی محنت اور ان کے بھرپور اعتماد کا شکریہ ادا کرنا چاہتا ہوں، جو ہمیں ہماری راہ پر ثابت قدم رہنے کی تحریک دیتے ہیں۔

*Mutan Bando*  
مکیو بانڈو  
چیرمین

## DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of Otsuka Pakistan Limited (the Company) for the year ended June 30, 2024 prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019. This report will be submitted to the members at the thirty sixth Annual General Meeting of the Company to be held on October 30, 2024.

### Industry Overview

The Pakistani pharmaceutical market is highly competitive, with a large number of local and generic companies competing for market share. Growth in sales of national companies has been higher as the market is essentially a low cost generic market. However, there still exists lots of opportunities for Pakistan origin products in local as well export markets.

### Business Review

During the year ended June 30, 2024, Pakistan's pharmaceutical sector faced unprecedented challenges. The devaluation of the Pakistani rupee severely impacted production costs, given that the Active Pharmaceutical Ingredients (APIs) are sourced from abroad. Furthermore, the cost of fuel and electricity increased substantially following the removal of subsidies and other reforms being initiated to provide immediate economic support and stability to our country. This also contributed to rising production costs for the industry.

The Company had achieved a nominal growth of 4.2% in sales despite a major change in South distribution with effect from January 1, 2024. Company has appointed new distributor "M/s. UDL Distribution (Pvt.) Limited" for Karachi and various other distributors in southern areas by replacing its previous major distributor. This has yielded positive results in terms of profitability and cash flows due in change in payment terms and margins. Furthermore, the Company had launched new product the "Alpha Berry Plus" sachet that enhanced the viability of our nutraceutical plant.

The cost of sales has increased significantly and resulted in reduction of gross profit margins from 21.2% to 18.2% during the year. This increase is particularly due to the increase in raw / packing material prices in line with devaluation of Pak Rupee and the increase in the prices of utilities i.e. electricity and gas on account of inflation. Throughout the last quarter of 2024, your company encountered production challenges, primarily attributable to the aging of machinery.

Selling and distribution expenses were kept under control with trivial increase of 3.0%. Moreover, the administrative expenses were increased by 16.4% from last year. Other expenses have been reduced by 76.2% while other income of the company had shown a notable increase of 83.9% due to the net exchange gain of Rs. 92.0 million mainly due to mark to market impact of JPY currency loan from M/s. Otsuka Pharmaceutical Factory, Inc., Japan (OPF). The finance cost of the Company witnessed an enormous increase of 60.1% bank interest rates as well as working capital loan which were duly settled before year end with the proceeds of new loan of JPY 300 million from OPF.

### Financial Results

	2024	2023
	----- (PKR in '000) -----	
Profit/(Loss) for the year before taxation	18,972	(28,352)
Taxation – net	(23,735)	21,145
Loss for the year after taxation	(4,763)	(7,207)
Other comprehensive income -net	1,085	9,886
Total comprehensive (loss)/income for the year	(3,678)	2,679
Accumulated profit brought forward	576,523	591,994
Final dividend for the year ended June 30, 2023/2022	(18,150)	(18,150)
Accumulated profits carried forward	<b>554,695</b>	<b>576,523</b>

### Reasons for not declaring dividend

The Company had a loss after tax of Rs. 4.8 million and the Board have recommended nil dividend for the year ended June 30, 2024 due to economic volatility, coupled with constant Pak Rupee devaluation and the resulting inflation has had an adverse impact on the Company's margins and liquidity. Despite our best efforts to mitigate these challenges, the impact on our profitability has necessitated a cautious approach to capital allocation. Our strategic focus on capacity building requires investment on our operational capabilities, which will help us sustain long-term growth and maximize shareholders' return.



## Earnings Per Share

The loss/earnings per share for the year ended June 30, 2024 works out to be Rs. (0.39) (2023: Rs. 0.6) per share.

## Key operating and financial data

Key operating and financial data of last six years is annexed with this annual report.

## Value of investments of provident and gratuity funds

The value of investments in bank deposits, government and money market securities based on the latest respective audited accounts are given below:

Provident Fund	Rs. 228,562,480/-
Gratuity Fund	Rs. 135,150,679/-

## Corporate Governance

As required under Corporate Governance, the Directors are pleased to confirm that:

- the financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- proper books of accounts of the Company have been maintained;
- appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- the system of internal control is sound in design and has been effectively implemented and monitored;
- there are no significant doubts upon the Company's ability to continue as a going concern;
- there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- In accordance with the criteria specified in Code, one director has a certification under Directors' Training Program. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies; and
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2024 except for those already disclosed in the financial statements.

## Board of Directors

The Board of Directors as required under section 159 of the Companies Act, 2017 had fixed the number of Directors have been elected at seven (7) including two (2) independent directors who will represent the minority shareholders of the Company in accordance with the provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019, for a period of three years commenced from November 01, 2021.

The composition of Board of Directors ("the Board") is as follows:

CATEGORY	NAMES	GENDER
Executive Director	Mr. Moin ur Rehman (CEO)*	Male
Non-Executive Directors	Mr. Mikio Bando (Chairman)**	
	Mr. Tariq Mehtab Feroz***	
	Mr. Koichi Okada	
	Mr. Suhari Mukti****	
Independent Directors	Mr. Abid Hussain	Female
	Mrs. Navin Salim Merchant	

\* Mr. Moin ur Rehman has been appointed as CEO and director w.e.f February 2024 after retirement of Mr. Hanif Sattar.

\*\* Mr. Taufiq Feroz is the alternate director of Mr. Mikio Bando.

\*\*\* Mr. Tariq Mehtab Feroz has been appointed as Director on board w.e.f. December 15, 2023 through a casual vacancy created due to sad demise of Mr. Mehtabuddin Feroz.

\*\*\*\*Mr. Sajid Ali Khan is the alternate director of Mr. Suhari Mukti.



## Board Sub-Committees

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Jawaid Noor (Secretary)
Human Resource Remuneration & Nomination Committee	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. David Sunil (Secretary)
Risk Management Committee	Mr. Abid Hussain (Chairman) Mr. Moin ur Rehman Mr. Koichi Okada Mr. Sajid Ali Khan (Secretary)

## Directors' Remuneration

The Board has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017. Currently, the two independent directors and a non-working alternate director are getting fixed fees for attending the board meetings. The aggregate amount of remuneration paid to each director of the Company during the year is given below:

CATEGORY	NAMES	NATURE OF REMUNERATION	AMOUNT (Rs. In '000)
Executive Director	Mr. Hanif Sattar (Former CEO)	Salaries and benefits*	18,254
Executive Director	Mr. Moin ur Rehman (CEO)	Salaries and benefits*	4,772
Non-Executive Directors	Mr. Mikio Bando (Chairman)	Not applicable	-
	Mr. Mehtabuddin Feroz	Consultancy fees	1,344
	Mr. Koichi Okada	Not applicable	-
	Mr. Suhari Mukti**	Not applicable	-
Independent Directors	Mr. Abid Hussain	Meeting Fees	350
	Mrs. Navin Salim Merchant	Meeting fees	300

\* CEO is entitled to full time working salaries and company benefits as recommended by the board of directors which was duly approved by the shareholders of the Company.  
\*\* Meeting fees of Rs. 50,000 paid to Mr. Taufiq Feroz for attending meeting as an alternate director of Mr. Mikio Bando.

## Risk Management

The Risk Management infrastructure of the Company is based upon Enterprise Risk Management framework addressing the major risk categories including Strategic, Operational, Compliance and Financial Reporting Risks. Adequate controls have been designed and communicated to the staff via policies and procedural guidelines. The board has outsourced the internal audit function to evaluate and oversee the design and operating effectiveness of these controls.

The board has made the risk management committee comprising of the following members

NAME	DESIGNATION
Mr. Abid Hussain (Chairman)	Independent Director
Mr. Moin ur Rehman	Executive Director & Chief Executive Officer
Mr. Koichi Okada	Non-Executive Director
Mr. Sajid Ali Khan (Secretary)	Director Finance & Secretary

## Sustainability Management (ESG)

During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the Board is assessing these amendments and compliance thereof, as applicable, will be performed through a new or existing Committee in due course of time.

## Meetings of the Board, Audit Committee, Human Resource Remuneration & Nomination Committee:

Name of Director	Board Meetings		Audit Committee Meetings		Human Resource Remuneration & Nomination Committee Meetings	
	Meetings held during the period	Attendance	Meetings held during the period	Attendance	Meetings held during the period	Attendance
Mr. Moin ur Rehman (Director and CEO)	7	3	5	1	1	N/A
Mr. Haniif Sattar (Former Director and CEO)	7	4	5	4	1	1
Mr. Mehtabuddin Feroz (Late)	7	1	5	2	1	1
Mr. Tariq Mehtab Feroz	7	3	5	2	1	1
Mr. Makio Bando (Chairman)	7	4	5	N/A	1	N/A
Mr. Suhari Mukti	7	2	5	N/A	1	N/A
Mr. Koichi Okada	7	6	5	3	1	1
Mr. Abid Hussain (Independent Director)	7	7	5	5	1	N/A
Mrs. Navin Salim Merchant (Independent Director)	7	6	5	N/A	1	1
Mr. Muhammad Taufiq Feroz (I)	7	2	5	N/A	1	N/A
Mr. Sajid Ali Khan (2)	7	5	5	N/A	1	N/A

(1) Alternate Director for Mr. Makio Bando

(2) Alternate Director for Mr. Suhari Mukti

### Pattern of Shareholding

The Pattern of shareholding of the Company as at June 30, 2024 is annexed with this annual report.

### Trading in shares by directors, executives and their spouses and minor children

During the year no trading in shares were reported by directors, executives and their spouses and minor children. However, Mr. Mehtabuddin Feroz being non-executive director has passed away on November 18, 2023 and following his passing, the inheritance has been reported and distributed to all of his successors in accordance with his estate planning and legal requirements.

### Corporate Social Responsibility

The Company considers social, environmental and ethical matters in the context of the overall business environment and has paid monetary as well as non-monetary donations in the form of medicines to different institutions as part of its corporate social responsibility. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base.

### Adequacy of Internal Financial Control

The Company has an adequate internal financial controls system in place and the same was operating effectively during the year ended June 30, 2024. The Company's Directors provide reasonable assurance regarding the achievement of operating, reporting and compliance objectives are the means by which:

- Company's full operations are conducted in accordance with prescribed policies and procedures.
- The Company is in compliance with applicable laws and regulations.
- The Company's assets and information are protected from any improper use.

### Holding Company

The Company is an indirect subsidiary of Messrs Otsuka Pharmaceutical Company Limited, which is incorporated in Japan.

### Subsequent events

The Company has served notice to the partners and heirs of Mr. Mehtabuddin Feroz for recovery of amount recoverable from M/s. Hospital Supply Corruption by invoking personal guarantee given by its partners.

### Description of principal risks & uncertainties

We expect no principal risks & uncertainties as at the closing period of June 30, 2024.

### Changes occurring in the nature of business

We expect and plan to launch new products in near future nevertheless our main nature of business will remain unchanged.

### Future outlook

The IV Solutions market is experiencing intense price competition as companies vie for market share. In response, your company is consistently refining its strategies to increase its market share by emphasizing product quality. Additionally, the company plans to diversify its product lines, with a strategic focus on Clinical Nutrition and Nutraceutical products.



The deregulation of non-essential products represents a significant milestone in Pakistan's pharmaceutical sector, promising a very positive impact. However, the industry continues to grapple with challenges such as persistently high inflation and the structural issues within our monetary and fiscal policies, which could continue to strain the economy in the near term.

In response to these challenges, your company has developed a comprehensive new business plan that focuses on the launching new value-added products of the following two categories with higher margins to ensure overall profitability:

- 1) Rationalizing the IV business, and
- 2) Strategizing the Clinical Nutrition (CN) business

For the IV business, the company will still face challenges due to extraordinary cost escalations and the devaluation of the local currency, which are eroding margins. However, the company has secured a 7% price increase from DRAP, effective August 2024, which is expected to enhance overall profitability.

### Main trends/ developments likely to affect future performance

The prevailing political and economic conditions in the country are unfavorable for the pharmaceutical industry. Furthermore, anticipated increases in minimum wages, fuel, and utility costs are likely to raise the company's operating expenses. In the coming year, the company will encounter a significant rise in the costs of raw materials, packaging, and other ancillary supplies. Additionally, elevated central bank interest rates and high inflation levels are expected to increase expenses related to utilities, labor, transportation, and financing. We also anticipate potential exchange losses due to the anticipated depreciation of the Pakistani Rupee. Despite these challenges, the company remains steadfast in its commitment to achieving its objectives by expanding its product line with value-added offerings.

### Loans & Lease Obligations

The Company had undertaken lease obligations of four cars given to its employees for a five-year lease term. This was done to reduce its working capital requirements of the Company. The cumulative lease obligations are 6.7 million.

During the year, the Company had deferred the repayment of the loan taken from M/s. Otsuka Pharmaceutical Factory, Inc., Japan (related party) which represents a foreign currency denominated loan. Both the tranches were roll forward for another year. The current loan payable position is given below: -

Initial Date of Draw down	Loan Amount (JPY)	Loan Payable (PKR)	Latest Repayment date
26-Feb-2015	125,000,000	208,495,000	25-Feb-25
27-Apr-2015	125,000,000	208,495,000	26-Apr-25
17-May-2024	300,000,000	536,400,000	10-Apr-25
<b>Total</b>	<b>550,000,000</b>	<b>953,390,000</b>	

The Company intends to repay above-said all tranches after considering the central bank borrowing rates and internal cash flow of the Company.

### Auditors

The present auditors, Messrs. Yousuf Adil Chartered Accountants retire at the conclusion of the 36<sup>th</sup> Annual General Meeting and being eligible, offer themselves for reappointment.

### Acknowledgement

The Board wishes to place on record its appreciation for the untiring efforts of all its employees in taking the Company forward.

On behalf of the Board



**Moin Ur Rehman**  
Chief Executive Officer



**Abid Hussain**  
Director

Karachi

Dated: August 27, 2024

## مستقبل کی کارکردگی پر اثر انداز ہونے والے رجحانات / ترقیات

ملک کی موجودہ سیاسی اور معاشی صورتحال فارماسیوٹیکل صنعت کے لیے غیر موافق ہے۔ مزید برآں، متوقع کم از کم اجرت میں اضافہ، ایندھن اور پولیٹیمیز کے اخراجات کمپنی کے آپریٹنگ اخراجات میں اضافہ کریں گے۔ اگلے سال میں، کمپنی کو خام مال کی کمی اور دیگر ضمنی سپلائرز کے اخراجات میں نمایاں اضافہ دیکھنے کو ملے گا۔ اضافی طور پر، مرکزی بینک کے بلند شرح سود اور بڑھتی ہوئی مہنگائی سے پولیٹیمیز، لیبر، ٹرانسپورٹ اور مالیاتی اخراجات میں اضافہ متوقع ہے۔ ہم پاکستانی روپے کی قدر میں متوقع کمی کے باعث زر مبادلہ کے نقصانات کی بھی توقع رکھتے ہیں۔ ان چیلنجز کے باوجود، کمپنی اپنی مصنوعات کی لائن کو بہتر بنا کر اپنے مقاصد کے حصول کے لیے پرعزم ہے۔

## قرضے اور لیز کے وعدے

کمپنی نے اپنے ملازمین کو چار گاڑیاں پانچ سالہ لیز پر فراہم کی ہیں تاکہ کمپنی کی ورکنگ کیٹیسیٹل کی ضروریات کو کم کیا جاسکے۔ کل لیز کے وعدے 6.7 ملین روپے ہیں۔

وصولی کی ابتدائی تاریخ	قرضے کی رقم جاپانی کرنسی	قرضے کی ادائیگی پاکستانی روپے میں	ادائیگی کی آخری تاریخ
26-Feb-15	125,000,000	208,495,000	25-Feb-25
27-Apr-15	125,000,000	208,495,000	26-Apr-25
17-May-24	300,000,000	536,400,000	10-Apr-25
	550,000,000	953,390,000	

سال کے دوران، کمپنی نے مسرز اوشو کا فارماسیوٹیکل فیکٹری، انکار پورینڈ، جاپان (متعلقہ پارٹی) سے لیے گئے قرض کی ادائیگی مؤخر کر دی، جو غیر ملکی کرنسی میں نامزد کردہ قرض کی نمائندگی کرتا ہے۔ دونوں قسطیں ایک سال کے لیے آگے بڑھادی گئی ہیں۔ موجودہ قرض کی قابل ادائیگی پوزیشن درج ذیل ہے:-

کمپنی کا ارادہ ہے کہ مذکورہ تمام قسطوں کی ادائیگی مرکزی بینک کے قرضے کی شرح اور کمپنی کی اندرونی نقدی بہاؤ کو مد نظر رکھتے ہوئے کرے۔

## آڈیٹرز

موجودہ آڈیٹرز، مسرز یوسف عدیل چارٹرڈ اکاؤنٹنٹس، 36 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو رہے ہیں اور دوبارہ تقرری کے لیے اہل ہیں، لہذا انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

## تفکر

بورڈ کمپنی کو آگے بڑھانے میں تمام ملازمین کی انتھک کوششوں کو سراہتا ہے اور ان کا شکریہ ادا کرتا ہے۔

جعال  
عابد حسین  
ڈائریکٹر

کراچی

27 اگست 2024

بورڈ کی جانب سے

معین الرحمن

چیف ایگزیکٹو آفیسر



## کارپوریٹ سماجی ذمہ داری

کمپنی سماجی، ماحولیاتی اور اخلاقی معاملات کو کاروباری ماحول کے تناظر میں مد نظر رکھتی ہے اور اپنی کارپوریٹ سماجی ذمہ داری کے تحت مختلف اداروں کو مالی اور غیر مالی امداد، بشمول ادویات، فراہم کرتی ہے۔ کمپنی اپنے تمام متعلقین، خاص طور پر اس کمیونٹی کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے جس میں ہم رہتے ہیں اور جو ہمارے صارفین کی بنیاد ہے۔

## اندرونی مالیاتی کنٹرول کی کافی حد

کمپنی کے پاس اندرونی مالیاتی کنٹرول کا ایک موثر نظام موجود ہے، جو سال ختم ہونے تک موثر طریقے سے کام کر رہا تھا۔ کمپنی کے ڈائریکٹرز یہ یقین دہانی کراتے ہیں کہ آپریشنز، رپورٹنگ اور کمپلائنس کے مقاصد اس طرح حاصل کیے جا رہے ہیں کہ:

• کمپنی کی مکمل کارروائیاں مقررہ پالیسیوں اور طریقہ کار کے مطابق چلائی جا رہی ہیں۔

• کمپنی قابل اطلاق قوانین اور ضوابط کی پیروی کر رہی ہے۔

• کمپنی کے اثاثے اور معلومات کسی بھی غیر مناسب استعمال سے محفوظ ہیں۔

## ہولڈنگ کمپنی

کمپنی سرز اوٹسوکا فارماسیوٹیکل کمپنی لمیٹڈ، جاپان کی بالواسطہ ذیلی کمپنی ہے۔

## بعد کے واقعات

کمپنی نے سرز ہاسپٹل سپلائی کارپوریشن سے واجب الادا رقم کی وصولی کے لیے جناب مہتاب الدین فیروز کے شرکت داروں اور وارنٹوں کو ذاتی ضمانت کے تحت نوٹس بھیج دیا ہے۔

## اہم خطرات اور غیر یقینی صورتحال کی وضاحت

ہم 30 جون 2024 تک کے اختتامی عرصے میں کسی اہم خطرے یا غیر یقینی صورتحال کی توقع نہیں کرتے۔

## کاروبار کی نوعیت میں تبدیلیاں

ہم مستقبل قریب میں نئے مصنوعات کے آغاز کی توقع رکھتے ہیں، تاہم ہمارے کاروبار کی بنیادی نوعیت میں کوئی تبدیلی نہیں آئے گی۔

## مستقبل کا منظر

IV Solutions کی مارکیٹ میں شدید قیمتوں کا مقابلہ جاری ہے، کیونکہ کمپنیاں مارکیٹ شیئر حاصل کرنے کی کوشش کر رہی ہیں۔ جو اب، آپ کی کمپنی مسلسل اپنی حکمت عملی کو بہتر بنا رہی ہے تاکہ مارکیٹ شیئر کو بڑھایا جاسکے، خاص طور پر مصنوعات کے معیار پر زور دیتے ہوئے۔ مزید برآں، کمپنی اپنی مصنوعات کی لائن کو متنوع بنانے کا ارادہ رکھتی ہے، جس میں کلینیکل نیوٹریشن اور نیوٹراسیوٹیکل مصنوعات پر اسٹریٹجک توجہ دی جائے گی۔

Non-Essential مصنوعات کی ڈی ریگولیشن پاکستان کی فارماسیوٹیکل صنعت میں ایک اہم سنگ میل ہے، جس سے مثبت اثرات کی توقع ہے۔ تاہم، صنعت کو مسلسل بڑھتی ہوئی مہنگائی اور مالیاتی پالیسیوں کے ڈھانچے کے مسائل کا سامنا ہے، جو قریبی مدت میں معیشت پر بوجھ ڈال سکتے ہیں۔

ان چیلنجز کے جواب میں، آپ کی کمپنی نے ایک جامع نیا کاروباری منصوبہ تیار کیا ہے، جس کا مقصد منافع کو یقینی بنانے کے لیے درج ذیل دو کیٹیگریز کی اعلیٰ مارجن والی مصنوعات کا آغاز کرنا ہے:

• IV کاروبار کو عقلی بنیادوں پر استوار کرنا،

• اور کلینیکل نیوٹریشن (CN) کاروبار کے لیے حکمت عملی بنانا

IV کے کاروبار کمپنی کو اب بھی غیر معمولی لاگت میں اضافے اور مقامی کرنسی کی قدر میں کمی جیسے چیلنجز کا سامنا کرنا پڑے گا، جو منافع کو کم کر رہے ہیں۔ تاہم، کمپنی نے ڈریپ سے 7 فیصد قیمت میں اضافے کی منظوری حاصل کر لی ہے جو اگست 2024 سے مؤثر ہو گا، اور اس سے مجموعی منافع میں بہتری کی توقع ہے۔

پاکستانی روپے '000	معاوضے کی تفصیلات	نام	عہدے
18,254	**ٹھوٹا کیل اور مراعات	حنیف ستار (سی ای او)	ایگزیکٹو ڈائریکٹر
4,772	**ٹھوٹا کیل اور مراعات	جناب معین الرحمن (سی ای او)	
-	قابل اطلاق نہیں	مکیو ہاڈو چیئر مین	ٹران ایگزیکٹو ڈائریکٹر
1,344	میتنگ فیس	جناب الدین فیروز	
-	قابل اطلاق نہیں	طارق مہتاب فیروز	
-	قابل اطلاق نہیں	کوچی اوکاڈا	
-	قابل اطلاق نہیں	سوپاری کٹی	آزاد ڈائریکٹر
350	میتنگ فیس	جناب عابد حسین	
300	میتنگ فیس	سز نوین سلیم مرچنٹ	

سی ای او کو بورڈ آف ڈائریکٹرز کی سفارش کے مطابق مکمل وقت کام کرنے کی تنخواہیں اور کمپنی کے فوائد ملتے ہیں، جنہیں کمپنی کے شیئرز بولڈرز نے باقاعدہ منظوری دی ہے۔

جناب توفیق فیروز کو جناب مکیو ہاڈو کے متبادل ڈائریکٹر کی حیثیت سے میتنگ میں شرکت کے لیے 50,000 روپے کی فیس ادا کی گئی۔\*\*

### شیئر ہولڈنگ کا نمونہ

کمپنی کی شیئر ہولڈنگ کا نمونہ 30 جون 2024 تک اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات و نابالغ بچوں کی شیئرز میں تجارتی سال کے دوران ڈائریکٹرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں کی جانب سے شیئرز میں کوئی تجارتی رپورٹ نہیں ہوئی۔ تاہم، جناب مہتاب الدین فیروز جو کہ غیر فعال ڈائریکٹر تھے، 18 نومبر 2023 کو انتقال کر گئے، اور ان کے انتقال کے بعد وراثت کی رپورٹ کی گئی اور قانونی تقاضوں کے مطابق ان کے تمام جائشیوں میں تقسیم کی گئی۔

### بورڈ میتنگ آڈٹ کمیٹی اور ہیومن ریسورس و معاوضہ کمیٹیوں کی میٹنگز:

ہیومن ریسورس و معاوضہ کمیٹی		آڈٹ کمیٹی میتنگ		بورڈ میتنگ		ڈائریکٹران کے نام
حاضر	سال کے دوران ہونے والی میتنگ	حاضر	سال کے دوران ہونے والی میتنگ	حاضر	سال کے دوران ہونے والی میتنگ	
1	1	4	5	4	7	حنیف ستار (ڈائریکٹر ایگزیکٹو سی ای او)
نا قابل اطلاق	1	1	5	3	7	معین الرحمن (ڈائریکٹر ایگزیکٹو سی ای او)
1	1	2	5	1	7	مہتاب الدین فیروز
نا قابل اطلاق	1	نا قابل اطلاق	5	4	7	مکیو ہاڈو چیئر مین
نا قابل اطلاق	1	نا قابل اطلاق	5	2	7	سوپاری کٹی
1	1	3	5	6	7	کوچی اوکاڈا
نا قابل اطلاق	1	5	5	7	7	عابد حسین آزاد ڈائریکٹر
نا قابل اطلاق	1	نا قابل اطلاق	5	6	7	سز نوین سلیم مرچنٹ آزاد ڈائریکٹر
1	1	2	5	3	7	طارق مہتاب فیروز
نا قابل اطلاق	1	نا قابل اطلاق	5	2	7	محمد توفیق فیروز (1)
نا قابل اطلاق	1	نا قابل اطلاق	5	5	7	ساجد علی خان (2)

(1) متبادل ڈائریکٹر برائے جناب مکیو ہاڈو  
(2) متبادل ڈائریکٹر برائے جناب سوپاری کٹی



## بورڈ آف ڈائریکٹرز

کمپنیز ایکٹ 2017 کی سیکشن 159 کے تحت درکار کے مطابق بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی تعداد سات (7) مقرر کی ہے، جن میں دو (2) آزاد ڈائریکٹرز شامل ہیں جو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اقلیتی شیئر ہولڈرز کی نمائندگی کریں گے، اور ان کی مدت تین سال کے لیے یکم نومبر 2021 سے شروع ہوئی ہے۔

بورڈ آف ڈائریکٹرز ("بورڈ") کی تشکیل درج ذیل ہے:

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب معین الرحمن (سی ای او)	مرد
ٹان ایگزیکٹو ڈائریکٹرز	جناب ملک بانڈو (چیئر مین) جناب طارق مہتاب فیروز جناب کوچی اوکاڈا جناب سوہاری کتی	مرد
آزاد ڈائریکٹرز	جناب عابد حسین مسز نوین سلیم مرچنٹ	مرد خاتون

جناب معین الرحمن کو مسٹر حنیف ستار کی ریٹائرمنٹ کے بعد فروری 2024 سے CEO اور ڈائریکٹر مقرر کیا گیا ہے۔

• جناب توقیع فیروز، مسٹر میکو بانڈو کے متبادل ڈائریکٹر ہیں۔

•• جناب طارق مہتاب فیروز کو بورڈ میں بطور ڈائریکٹر 15 دسمبر 2023 سے تعینات کیا گیا ہے، جو جناب مہتاب الدین فیروز کے انقضاء کے نتیجے میں پیدا ہونے والی خالی جگہ کو پُر کر رہے ہیں۔ •• جناب ساجد علی خان، مسٹر سہاری کتی کے متبادل ڈائریکٹر ہیں۔

بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹیاں	ممبر کا نام
آڈٹ کمیٹی	جناب عابد حسین (چیئر مین) جناب کوچی اوکاڈا جناب طارق مہتاب فیروز جناب جاوید نور (یکٹریٹری)
ہیومن ریسورسز و معاوضہ اور نامزدگی کمیٹی	مسز نوین سلیم مرچنٹ (چیئر پرسن) جناب کوچی اوکاڈا جناب معین الرحمن صاحب جناب طارق مہتاب فیروز جناب ڈیوڈ سنیل (یکٹریٹری)
رسک مینجمنٹ کمیٹی	جناب عابد حسین (چیئر مین) جناب کوچی اوکاڈا جناب ساجد علی خان جناب معین الرحمن صاحب

## ڈائریکٹرز کی معاوضہ پالیسی

بورڈ کے پاس ڈائریکٹرز کے معاوضے کے لیے ایک باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے، جو کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق ہے۔ اس وقت دو آزاد ڈائریکٹرز اور ایک غیر فعال متبادل ڈائریکٹر کو بورڈ میٹنگز میں شرکت کے لیے مقررہ فیس دی جا رہی ہے۔ سال کے دوران کمپنی کے ہر ڈائریکٹر کو ادائیگی جانے والی مجموعی رقم درج ذیل ہے:

## ڈیویڈنڈ دینے کی وجوہات

کمپنی کو 30 جون 2024 کو ختم ہونے والے سال میں ٹیکس کے بعد 4.8 ملین روپے کا خسارہ ہوا، اور بورڈ نے اس سال کے لیے کوئی ڈیویڈنڈ تجویز نہیں کیا۔ اس کی وجہ معاشی غیر یقینی صورتحال، مسلسل پاکستانی روپے کی قدر میں کمی اور اس کے نتیجے میں ہونے والی مہنگائی ہے، جس نے کمپنی کے مارجن اور لیکویڈیٹی پر منفی اثر ڈالا۔ ان چیلنجوں سے نمٹنے کی ہر ممکن کوششوں کے باوجود، ہماری منافعیت پر اس کے اثرات نے سرمایہ مختص کرنے کے حوالے سے محتاط رویہ اپنانے پر مجبور کیا۔ ہماری حکمت عملی کا مرکز صلاحیت بڑھانے پر ہے، جس کے لیے آپریٹنگ صلاحیتوں میں سرمایہ کاری درکار ہے، تاکہ ہم طویل المدتی ترقی کو برقرار رکھ سکیں اور شیئرز ہولڈرز کے منافع کو زیادہ سے زیادہ کیا جاسکے۔

## کمائی فی شیئر

30 جون 2024 کو ختم ہونے والے سال کے لیے فی شیئر نقصان / کمائی (0.39) روپے رہی (2023: 0.6 روپے فی شیئر)۔

## کلیدی آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

## پروویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کی مالیت

بینک ڈپازٹس، حکومتی اور منی مارکیٹ سیکیورٹیز میں سرمایہ کاری کی مالیت، جو متعلقہ تازہ ترین آڈٹ شدہ حسابات کی بنیاد پر ہے، درج ذیل ہیں:

پروویڈنٹ فنڈ: 228,562,480 روپے

گریجویٹ فنڈ: 135,150,679 روپے

## کارپوریٹ گورننس

کارپوریٹ گورننس کے تحت درکار اصولوں کے مطابق ڈائریکٹرز یہ تصدیق کرنے پر خوش ہیں کہ:

a. کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشوارے کمپنی کی مالی حالت، آپریٹنگ نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو درست طور پر پیش کرتے ہیں؛

b. کمپنی کے مکمل کھاتوں کی کتابیں مناسب طریقے سے رکھی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مسلسل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلے پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کو مناسب طور پر ظاہر اور وضاحت کی گئی ہے؛

e. اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے مضبوط ہے اور موثر طریقے سے لاگو اور نگرانی کیا گیا ہے؛

f. کمپنی کی جاری رہنے کی صلاحیت کے بارے میں کوئی اہم شک نہیں ہے؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی اہم انحراف نہیں ہوا ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے؛

h. کوڈ میں مخصوص معیار کے مطابق، ایک ڈائریکٹر نے ڈائریکٹرز ٹرینڈنگ پروگرام کا سرٹیفیکیشن حاصل کیا ہے۔ بورڈ کے تمام ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے

جون 2024 تک کوئی قانونی و اجبات جیسے ٹیکس، ڈیویڈنڈ، لیویز اور چارجز بقیہ نہیں ہیں، 30 جنوری آگاہ ہیں جو کارپوریٹ اداروں کے ڈائریکٹرز کی حیثیت سے ہیں؛ اور سوائے ان کے جو مالیاتی گوشواروں میں پہلے ہی ظاہر کیے گئے ہیں۔



## ڈائریکٹرز رپورٹ

ڈائریکٹرز کو یہ اعزاز حاصل ہے کہ وہ اوسوکا پاکستان لمیٹڈ (کمپنی) کی سالانہ رپورٹ پیش کریں جو 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنیز ایکٹ 2017 کی سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔ یہ رپورٹ کمپنی کے چھٹیویں سالانہ جنرل اجلاس میں 30 اکتوبر 2024 کو کمپنی کے اراکین کے سامنے پیش کی جائے گی۔

### صنعتی جائزہ

پاکستان کی فارماسیوٹیکل مارکیٹ انتہائی مسابقتی ہے، جس میں مقامی اور جنیرک کمپنیوں کی بڑی تعداد مارکیٹ شیئر کے حصول کے لیے مقابلہ کرتی ہے۔ قومی کمپنیوں کی فروخت میں اضافہ زیادہ رہا ہے کیونکہ مارکیٹ بنیادی طور پر ایک کم لاگت جنیرک مارکیٹ ہے۔ تاہم، پاکستان سے تعلق رکھنے والے مصنوعات کے لیے مقامی اور برآمدی منڈیوں میں اب بھی بے شمار مواقع موجود ہیں۔

### کاروباری جائزہ

30 جون 2024 کو ختم ہونے والے سال کے دوران پاکستان کے فارماسیوٹیکل شعبے کو غیر معمولی چیلنجوں کا سامنا کرنا پڑا۔ پاکستانی روپے کی قدر میں کمی نے پیداوار کی لاگت بیرون ملک سے درآمد کیے جاتے ہیں۔ مزید برآں، ایندھن اور بجلی کی قیمتوں میں خاطر خواہ اضافہ ہوا کیونکہ فعال فارماسیوٹیکل اجزاء (API) کو بری طرح متاثر کیا کیونکہ ملک میں اقتصادی استحکام اور فوری امداد فراہم کرنے کے لیے سبسڈی ہٹانے اور دیگر اصلاحات کا آغاز کیا گیا۔ اس نے بھی صنعت کے لیے پیداواری لاگت میں اضافہ کیا۔

کمپنی نے 1 جنوری 2024 سے جنوبی علاقوں میں بڑی تبدیلیوں کے باوجود 4.2% معمولی فروخت میں اضافہ حاصل کیا۔ کمپنی نے کراچی کے لیے نئے ڈسٹری بیوٹر "M/s. UDL Distribution (Pvt.) Limited" کو مقرر کیا اور جنوبی علاقوں میں مختلف دیگر ڈسٹری بیوٹرز کا انتخاب کیا، جس سے ادائیگی کے طریقہ کار اور مارجن میں پلانٹ تبدیلی کے باعث منافع اور کیش فلو میں مثبت نتائج حاصل ہوئے۔ مزید برآں، کمپنی نے ایک نیا پروڈکٹ "Aphi Berry Plus" سامنے لایا جس سے ہماری نیوٹراسیوٹیکل کی صلاحیت میں اضافہ ہوا۔

خام / پیکنگ مواد کی قیمتوں میں اضافے اور روپے کی قدر میں کمی کے باعث، سال کے دوران سیلز کی لاگت میں خاطر خواہ اضافہ ہوا، جس کے نتیجے میں مجموعی منافع کا مارجن 21.2% سے کم ہو کر 18.2% تک آ گیا۔ بجلی اور گیس کی قیمتوں میں بھی افراتفر کے سبب اضافہ ہوا، جس سے پیداواری لاگت میں مزید اضافہ ہوا۔ 2024 کی آخری سہ ماہی کے دوران کمپنی کو بنیادی طور پر مشینری کی پرانی حالت کی وجہ سے پیداواری مشکلات کا سامنا کرنا پڑا۔

فروخت اور تقسیم کے اخراجات کو معمولی 3.0% اضافے کے ساتھ قابو میں رکھا گیا۔ انتظامی اخراجات میں گزشتہ سال کے مقابلے میں 16.4% اضافہ ہوا۔ دیگر اخراجات میں 76.2% کمی ہوئی جبکہ کمپنی کی دیگر آمدنی میں 83.9% کا نمایاں اضافہ ہوا، جس کی وجہ سے 92.0 ملین روپے کا نیت ایچینج گین تھا، جو بنیادی طور پر چائینی کے قرض پر مارک ٹو مارکیٹ کے اثرات کی وجہ سے تھا جو M/s. Otsuka Pharmaceutical Factory, Inc., Japan (OPF) سے لیا گیا تھا۔ کمپنی کے مالیاتی اخراجات میں 60.1% کا بڑا اضافہ ہوا، جس کی وجہ سے بینک کے سود کی شرحوں اور درکنگ کیسٹل قرضوں میں اضافہ تھا، جو سال کے آخر تک OPF سے 300 JPY ملین کے نئے قرضے کی وصولیوں سے مکمل طور پر ادا کیے گئے۔

### مالیاتی نتائج

2024	2023	
(روپے ملین میں)		
18,972	(28,352)	منافع / نقصان قبل از ٹیکس
(23,735)	21,145	ٹیکس کی فراہمی
(4,763)	(7,207)	منافع / نقصان بعد از ٹیکس
1,085	9,886	دیگر جامع آمدنی / (نقصانات)
(3,678)	2,679	
576,523	591,994	سال کیلئے مجموعی کل آمدنی / نقصان
(18,150)	(18,150)	30 جون 2023 کو ختم ہونے والے سال کے لیے حقیقی منافع
554,695	576,523	گزشتہ سال کا جمع کردہ کل مربوط منافع

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Company: Otsuka Pakistan Limited**  
**Year ended: June 30, 2024**

The Company, has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 (seven) as per the following:

- a) Male: 6 (six)
- b) Female: 1 (one)

2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent directors*	Mr. Abid Hussain Mrs. Navin Salim Merchant
Non-executive directors	Mr. Mikio Bando - Chairman Mr. Tariq Mehtab Feroz Mr. Koichi Okada Mr. Suhari Mukti
Executive director	Mr. Moin ur Rehman - Chief Executive Office

\* The requirement of Independent Directors is at least two or one-third of members of the Board whichever is higher, two independent directors were appointed / elected on the Company's Board and the fraction of 0.33 was not rounded up as one since the Board considers that the two Independent Directors have adequately protected the interests of the minority shareholders.

- 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 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 Board / shareholders as empowered by the relevant provisions of the Companies Act 2017, and these 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 Companies Act 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and these Regulations;
- 9. The following directors have acquired the prescribed Directors' Training Program (DTP) certification:

a. **Ms. Navin Salim Merchant**

*One director is exempt from Directors Training Program as they have the requisite education and experience.*



10. There was no fresh appointment of Chief Financial Officer (CFO) and Head of Internal Audit (HOIA) during the year ended June 30, 2024. The Board has approved appointment of CFO and HOIA, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Mr. Rao Sajid Ali Khan had been appointed on August 24, 2023 as Company Secretary of the Company.
12. Chief Financial Officer and Chief Executive Officer had duly endorsed the financial statements before approval of the board.
13. The Board has formed committees comprising of members given below:
  - a) **Audit Committee:**

Mr. Abid Hussain	Chairman
Mr. Koichi Okada	Member
Mr. Tariq Mehtab Feroz	Member
Mr. Jawaid Noor	Secretary
  - b) **Human Resource Remuneration & Nomination Committee:**

Mrs. Navin Salim Merchant	Chairperson
Mr. Koichi Okada	Member
Mr. Tariq Mehtab Feroz	Member
Mr. Moin ur Rehman	Member
Mr. David Sunil	Secretary
  - c) **Risk Management Committee:**

Mr. Abid Hussain	Chairman
Mr. Koichi Okada	Member
Mr. Moin ur Rehman	Member
Mr. Sajid Ali Khan	Secretary
14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
15. The frequency of meetings of the committees were as per the following:
  - a) **Audit Committee:** Quarterly
  - b) **Human Resource Remuneration & Nomination Committee:** Yearly
  - c) **Risk Management Committee:** As and when needed
16. The Board has outsourced the internal audit function to M/s. Suriya Nauman Rehan & Co., Chartered Accountants, who considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
17. 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 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
18. 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.
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

20. All the directors of the Company had attended the Annual General Meeting.
21. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Non-Mandatory Requirement	Reg. No.	Explanation
1.	<p><b>Directors' Training Program (DTP)</b></p> <p>It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	19	Currently one director has attained DTP certification and one Director is exempt from it and we have obtained his exemption certificate. The two directors Mr. Tariq Mehtab Feroz and Mr. Moin ur Rehman are appointed in December 2023 and February 2024 respectively so they will complete DTP within grace period of one year. The Company is encouraging and planning to arrange DTP certification for the remaining directors.
2.	<p>Display of code of conduct and role of the Board and its members to address Sustainability Risks and Opportunities;</p>	10	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the management is assessing these amendments and compliance thereof, as applicable, will be performed in due course of time.
3.	<p>An individual shall not simultaneously hold the position of Company secretary and Chief Financial Officer in a listed company.</p>	24	It is a temporary arrangement due to resignation of former company secretary. The Company will arrange a new company secretary by January 2025.

For and behalf of the board



**Moin ur Rehman**  
Chief Executive Officer  
Chairman



**Mikio Bando**



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED**

#### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2024**

We have reviewed the enclosed Statement of Compliance (the Statement) with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Otsuka Pakistan Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of the Company. Our responsibility is to review whether the Statement 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 Boards' 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 Boards 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 Boards upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement 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 June 30, 2024.

  
Chartered Accountants

Place: Karachi

Date: September 04, 2024

UDIN: CR202410057dsrwHcF8q

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED**  
**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Otsuka Pakistan Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the material accounting policy information, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 June 30, 2024 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the key audit matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<b>Valuation of stock-in-trade</b>  (Refer notes 5.4 and 11 to the Company's financial statements).  As at June 30, 2024 the Company held stock-in-trade of Rs. 959.20 million, which is 41.82% of total assets and is net of provision for slow moving, obsolete and damaged stock of Rs. 69.78 million.	Our audit procedures in relation to valuation of stock-in-trade, amongst others, include the following:  • Obtained an understanding of policies and procedures followed by the Company with respect to valuation of stock-in-trade;



S. No.	Key audit matter	How the matter was addressed in our audit
	<p>We focused on stock-in-trade as it is a significant portion of Company's total assets and it requires management judgement with respect to determination of net realisable value and obsolescence of stock.</p>	<ul style="list-style-type: none"> <li>• Assessed appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with accounting and reporting standards as applicable in Pakistan;</li> <li>• On a sample basis, verified supporting documents for purchases of stock-in-trade and the production costs;</li> <li>• Tested on a sample basis, management's assessment of the net realizable value of stock-in-trade by comparing to its subsequent sales prices;</li> <li>• Tested provision recorded for obsolete stock-in-trade to ensure that whether it was as per the policy of the Company; and</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirements of the applicable financial reporting framework.</li> </ul>
2.	<p><b>Revenue recognition</b></p> <p>(Refer notes 5.12 and 25 to the Company's financial statements).</p> <p>The Company's revenue is primarily generated from sales of pharmaceutical products. The Company recognised revenue of Rs. 3,163.87 million from the sale of goods to customers during the year.</p> <p>Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Further, discounts and claims in respect of revenue recognised are provided to customers.</p> <p>Taking into account that revenue recognition is a key performance indicator for the Company and significant risk area, we considered this as a key audit matter.</p>	<p>Our audit procedures in relation to revenue recognition, amongst others, include the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of determination of sales prices in accordance with policies of Drug Regulatory Authority of Pakistan (DRAP);</li> <li>• Tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies;</li> <li>• Obtained an understanding of and testing the design and effectiveness of controls designed to ensure that revenue is recognised in the appropriate accounting period as per the contract terms with the customers;</li> <li>• Checked the discounts and claims offered by the Company to its customers on sample basis;</li> <li>• Inspected contracts on sample basis to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Company's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards;</li> </ul>

S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>• Tested on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the customer's acknowledgement of acceptance to assess whether revenue had been recognised in the appropriate period; and</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirements of the applicable financial reporting framework.</li> </ul>

**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 of the Company for the year ended June 30, 2024, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Date: August 29, 2024

UDIN: AR2024100570sSpnlPU5

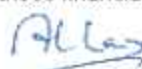
**OTSUKA PAKISTAN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	439,945	413,481
Intangible assets	7	761	1,092
Long-term loans	8	7,428	7,426
Long-term deposits		3,699	3,691
Deferred tax asset - net	9	127,062	115,636
		<u>578,895</u>	<u>541,326</u>
<b>Current assets</b>			
Stores and spares	10	44,548	50,315
Stock-in-trade	11	959,205	1,063,968
Trade debts	12	160,464	379,677
Loans and advances	13	64,695	65,379
Trade deposits, short-term prepayments and other receivables	14	34,897	23,283
Sales tax refundable	15	47,172	90,263
Prepaid Levies		-	25,000
Advance tax - net		92,367	29,315
Short-term investment	16	124,610	14,610
Bank balances	17	187,036	5,828
		<u>1,714,994</u>	<u>1,747,638</u>
<b>Total assets</b>		<u><u>2,293,889</u></u>	<u><u>2,288,964</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	121,000	121,000
Revenue reserves		554,695	576,523
<b>Total equity</b>		<u>675,695</u>	<u>697,523</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability	19	12,831	6,792
<b>Current liabilities</b>			
Short-term loan from a related party	20	951,390	498,075
Trade and other payables	21	623,997	609,556
Current portion of lease liability	19	11,995	1,268
Unclaimed dividend		1,955	1,765
Short-term running finance	22	-	451,183
Mark-up accrued	23	16,026	22,802
		<u>1,605,363</u>	<u>1,584,649</u>
<b>Total equity and liabilities</b>		<u><u>2,293,889</u></u>	<u><u>2,288,964</u></u>
<b>Contingencies and Commitments</b>	24		

The annexed notes from 1 to 50 form an integral part of these financial statements



**Moin Ur Rehman**  
Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2024**

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
Revenue from contract with customers	25	3,163,868	3,035,085
Cost of sales	26	(2,586,884)	(2,391,174)
Gross profit		<u>576,984</u>	<u>643,911</u>
Selling and distribution expenses	27	(369,987)	(359,266)
Administrative and general expenses	28	(148,082)	(127,233)
Provision for expected credit losses on trade debts	12.2.1	(74,087)	(11,724)
		<u>(15,172)</u>	<u>145,688</u>
Other income	29	187,332	101,874
		<u>172,160</u>	<u>247,562</u>
Other expenses	30	(50,380)	(211,691)
Operating profit		<u>121,780</u>	<u>35,871</u>
Finance cost	31	(102,808)	(64,223)
<b>Profit / (loss) before final tax, revenue tax and income tax</b>		<u>18,972</u>	<u>(28,352)</u>
Final tax	32	(650)	(711)
<b>Profit / (loss) before revenue tax and income tax</b>		<u>18,322</u>	<u>(29,063)</u>
Revenue tax	33	-	15,821
<b>Profit / (loss) before income tax</b>		<u>18,322</u>	<u>(13,242)</u>
Income tax - net	34	(23,085)	6,035
<b>Loss for the year</b>		<u>(4,763)</u>	<u>(7,207)</u>
		----- (Rupees) -----	
<b>Loss per share</b>	35	<u>(0.39)</u>	<u>(0.60)</u>

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**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer



**OTSUKA PAKISTAN LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	June 30, 2023
Note	(Rupees in '000)	
<b>Loss for the year</b>	<b>(4,763)</b>	<b>(7,207)</b>
<b>Other comprehensive income for the year</b>		
<b>Items that will not be subsequently reclassified to statement of profit or loss</b>		
Components of comprehensive income reflected in equity		
Remeasurement gain on defined benefit plan	38.1.5 <b>1,528</b>	13,924
Tax on remeasurement of defined benefit plan	9.1 <b>(443)</b>	(4,038)
	<b>1,085</b>	9,886
<b>Total comprehensive income for the year</b>	<b>(3,678)</b>	<b>2,679</b>

The annexed notes from 1 to 50 form an integral part of these financial statements



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Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer


**OTSUKA PAKISTAN LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	40	517,518
Taxes paid - net		(73,006)
Finance paid		(109,581)
Long-term deposits - net		(8)
Long-term loans - net		(2)
Workers Profit Participation Fund paid		-
Workers' Welfare Fund paid		(7,292)
Compensated absences paid		(7,247)
Paid to staff retirement benefit fund		(2,479)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>317,903</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment		(107,364)
Proceeds from disposal of property, plant and equipment		20,409
<b>Net cash flows used in investing activities</b>		<b>(86,955)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid		(17,960)
Short term loan received from related party		536,400
Repayment of long-term finance		-
Payment of lease liabilities	19.2	(6,997)
<b>Net cash flows generated from / (used in) financing activities</b>		<b>511,443</b>
<b>Net decrease in cash and cash equivalents</b>		<b>742,391</b>
Cash and cash equivalents at the beginning of the year		(430,745)
<b>Cash and cash equivalents at the end of the year</b>	36	<b>311,646</b>

The annexed notes from 1 to 50 form an integral part of these financial statements



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Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	Issued, subscribed and paid-up capital	Revenue reserves		Total equity	
			General reserve	Unappropriated profit		Sub-total
(Rupees in '000)						
<b>Balance as at July 01, 2022</b>		121,000	341,980	250,014	591,994	712,994
Loss for the year ended June 30, 2023		-	-	(7,207)	(7,207)	(7,207)
Other comprehensive income for the year						
Remeasurement gain on defined benefit plan	38.1.5	-	-	13,924	13,924	13,924
Tax on remeasurement of defined benefit plan	9.1	-	-	(4,038)	(4,038)	(4,038)
		-	-	9,886	9,886	9,886
<b>Total comprehensive income for the year</b>		-	-	2,679	2,679	2,679
Transfer to general reserve		-	150,000	(150,000)	-	-
Final dividend for the year ended June 30, 2022 @ Rs.1.50 per share		-	-	(18,150)	(18,150)	(18,150)
<b>Balance as at June 30, 2023</b>		<b>121,000</b>	<b>491,980</b>	<b>84,543</b>	<b>576,523</b>	<b>697,523</b>
Loss for the year ended June 30, 2024		-	-	(4,763)	(4,763)	(4,763)
Other comprehensive income for the year						
Remeasurement gain on defined benefit plan	38.1.5	-	-	1,528	1,528	1,528
Tax on remeasurement of defined benefit plan	9.1	-	-	(443)	(443)	(443)
		-	-	1,085	1,085	1,085
<b>Total comprehensive income for the year</b>		-	-	(3,678)	(3,678)	(3,678)
Final dividend for the year ended June 30, 2023 @ Rs.1.50 per share		-	-	(18,150)	(18,150)	(18,150)
<b>Balance as at June 30, 2024</b>		<b>121,000</b>	<b>491,980</b>	<b>62,715</b>	<b>554,695</b>	<b>675,695</b>

The annexed notes from 1 to 50 form an integral part of these financial statements



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Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer



**OTSUKA PAKISTAN LIMITED**  
**NOTES COMPRISING OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1. THE COMPANY AND ITS OPERATIONS**

- 1.1** Otsuka Pakistan Limited (the Company) was incorporated in Pakistan in the month of February 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipment. The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

Registered Office in Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, Baluchistan, Hub Industrial And Trading Estates, Hub, Lasbella, Baluchistan	Factory

**2. BASIS OF PREPARATION AND MEASUREMENT**

**2.1 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

**2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value less fair value of plan assets.

**2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

**2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Information about the judgements made by management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

	Note
- Impairment of trade debts and other receivables	5.6.1 & 12.2
- Residual values, useful lives and depreciation rates of operating fixed assets	5.1 & 6.1
- Provision against slow moving and obsolete stock-in-trade and stores and spares	5.3, 5.4, 10 & 11
- Estimate of liabilities in respect of staff retirement benefits	5.10 & 38
- Provision for taxation and realisability of deferred tax asset	5.11, 9 & 32
- Provisions and contingencies	5.8 & 24
- Revenue recognition	5.12 & 25

### 3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

#### 3.1 New amendments that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies	January 1, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 1, 2023

#### 3.2 New accounting standards and amendments to IFRS that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7' Financial Instruments Disclosures' - Supplier Finance Arrangements	January 01, 2024



Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

#### 4. ADOPTION OF NEW ACCOUNTING POLICY

##### 4.1 Accounting for minimum tax and final tax

The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 '*IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes (the guide)*' which would be applicable for the reporting year June 30, 2024 and onwards.

In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 (ITO), previously were accounted for and presented as income taxes within the scope of IAS 12 'Income taxes'. However, as per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits. Whereas the term taxable profits / (losses) as per IAS 12 states that "taxable profit (tax loss) is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable)."

In continuation of this, the guide has referred para BC4 of IFRIC 21 '*Levies*' where it is further clarified that taxes whose calculation is based on gross amounts such as revenue do not meet the definition of income taxes since it is not based on taxable profits hence these are considered as '*Levies*' as per IFRIC 21.

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 '*Levies*' and IAS 37 '*Provisions, Contingent Liabilities and Contingent Assets*'.

The guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

##### *Approach (b):*

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 '*Income Taxes*' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of ITO, will be classified as either '*Income Tax*' or '*levy*' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as '*income tax*' otherwise such super tax shall qualify for recognition as '*levy*' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the ITO, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as '*prepaid assets*'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*'. The adoption of this policy did not result in re-statement of financial statements since deferred tax asset recognised in the year ended June 30, 2023 was already at average rate and the application of this guide did not result any material differences except for reclassifications which are presented as below:



	Current Classification ----- (Rupees in '000) -----	Previous Classification
<b>Effect on statement of financial position:</b>		
<i>As at June 30, 2023</i>		
Prepaid levies	25,000	-
Advance income tax	29,315	29,315
	<u>54,315</u>	<u>29,315</u>
<b>Effect on statement of profit or loss:</b>		
<i>For the year ended June 30, 2023</i>		
<i>Taxation:</i>		
- Current year	35,438	45,365
<i>Revenue taxes:</i>		
- minimum taxes	9,216	-
- super tax	-	-
<i>Final taxes:</i>		
- export sales	711	-
	<u>45,365</u>	<u>45,365</u>

## 4.2 Significant Accounting Policy to Material Accounting Policies Information

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

## 5. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

### 5.1 Property, plant and equipment

#### 5.1.1 Operating fixed assets - owned

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss as and when these are incurred.

Depreciation is charged to statement of profit or loss using straight line method whereby the depreciable amount of an asset is written off over its estimated useful life, in accordance with the rates specified in note 6.1 after taking into account residual values, if significant. Assets residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

Gains or losses on the disposal or retirement of operating fixed assets are taken to the statement of profit or loss in the month in which the disposal is made.

### 5.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period (i.e. the period till the related asset become available for use) are carried under capital work-in-progress. These are transferred to the relevant category of operating fixed assets as and when the assets are available for use.

### 5.1.3 Leases - Lease liabilities and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. From July 01, 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease, or if this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the shorter of lease-term or assets economic life as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative and general expenses" in the statement of profit or loss.

## 5.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such an asset can be measured reliably.

Intangible assets mainly comprise computer software which are initially recognised at cost. Cost represents the purchase cost of software (license fee). After initial recognition, these are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation on assets with finite useful life is charged at the rate specified in note 6.1 using the straight line method over the useful life of the asset. Amortisation begins from the month the asset is available for use and ceases in the month of disposal / retirement. The amortisation period and amortisation method are reviewed at each reporting date and are adjusted, if appropriate, to reflect the current best estimate.

Costs associated with maintaining the computer software programmes are recognised as an expense when incurred.



## 5.3 Stores and spares

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obsolete items (if any). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

## 5.4 Stock-in-trade

Stock-in-trade comprises of raw and packing materials, work in process and finished goods. These are valued at the lower of cost (determined using weighted average cost method) and the net realisable value (except for those in transit).

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale. Provision against obsolete and slow moving stock in trade is determined based on management's best estimate regarding their future usability.

Items in transit are stated at cost comprising invoice value and other charges incurred. Cost in relation to work in process includes material cost and a portion of labour and other overheads incurred. Cost in relation to finished goods includes cost of direct materials, direct labour, an appropriate portion of production overheads and the related duties.

## 5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost / amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of bank balances, short-term investments and short-term running finance.

## 5.6 Financial instruments

### 5.6.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement of profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **5.6.2 Financial liabilities**

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

#### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are extinguished, discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss.

### **5.6.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

## **5.7 Impairment**

### **5.7.1 Financial assets**

The Company recognises a loss allowance for expected credit loss on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### 5.7.2 Non - financial assets

The carrying amounts of non-financial assets (except for deferred tax asset and stock-in-trade) are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 5.8 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognised and are disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control on the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised unless an inflow of economic benefits is virtually certain.

### 5.9 Employee benefit schemes

The Company operates:

- a) an approved funded gratuity scheme covering all its permanent management and non-management staff. Employees become eligible upon completing the minimum qualifying period of service. Annual contributions are made to the scheme based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method;

Amounts arising as a result of 'remeasurements', representing the actuarial gains and losses, and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the year in which these occur; and

- b) an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund. Benefits are payable to eligible employees on completion of the prescribed qualifying period of service under the scheme.

### 5.10 Employees' compensated absences

The Company accounts for its liability in respect of accumulated absences of employees on unavailed balance of leaves in the period in which these leaves are earned.



## 5.11 Taxation

### *i. Current Tax*

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the ITO.

### *ii. Revenue Tax*

Revenue tax include levies as per IFRIC 21, minimum tax on imported goods and export sales under ITO.

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- (a) those outflows of resources that are within the scope of other standards.
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid levies'.

### *iii. Final Tax*

Final tax includes tax charged / withheld / paid on certain income streams under various provisions of ITO. Final tax is charged / computed under the ITO, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the ITO.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

### *iv. Deferred Tax*

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax as determined in approach (b) to the guide issued by ICAP.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

## 5.12 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For sales of products, the performance obligation is judged to have been satisfied and revenue is therefore recognised upon delivery of the products because legal title, physical possession, significant risk and rewards of ownership of the product are transferred to customer upon delivery, and the customer obtains control over the products.

A contract liability is the obligation to transfer goods or services 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 or services 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.



Other income is recognised on an accrual basis and includes certain reversals, gains and other items. The particular recognition criteria of these items is disclosed in the individual policy statements associated with these items.

## 5.13 Borrowing costs

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

## 5.14 Earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share 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 earnings / (loss) per share 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, if any.

## 5.15 Proposed dividends and transfers between reserves

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

## 5.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

## 5.17 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and the Chief Executive Officer of the Company have been identified as the chief operating decision-makers (CODM), who are responsible for allocating resources and assessing the performance of the operating segments. The management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

## 5.18 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

		June 30, 2024	June 30, 2023
	Note	(Rupees in '000)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	318,437	198,231
Capital work-in-progress	6.6	96,543	202,667
Right-of-use asset	6.8	24,965	12,583
		<u>439,945</u>	<u>413,481</u>

## 6.1 Operating fixed assets

Particulars	June 30, 2024												
	Cost			Accumulated depreciation							Written down value at June 30, 2024	Rate (%)	
As at July 01, 2023	Transfers / Additions during the year	Disposals during the year	As at June 30, 2024	As at July 01, 2023	Depreciation for the year	Depreciation on disposals	As at June 30, 2024	As at July 01, 2023	Depreciation for the year	Depreciation on disposals			
Lease-hold land	3,953	-	-	3,953	1,389	40	-	1,429	1,389	40	-	2,524	1.01%
Building on lease-hold land	338,601	17,021	-	355,622	319,883	17,805	-	337,688	319,883	17,805	-	17,934	5% - 10%
Plant and machinery	990,318	141,422	(28,913)	1,102,827	867,232	54,299	(28,913)	892,618	867,232	54,299	(28,913)	210,209	10% - 50%
Furniture, fixtures and equipment	79,704	22,780	(873)	101,611	57,123	7,862	(873)	64,112	57,123	7,862	(873)	37,499	10% - 50%
Vehicles	45,107	32,265	(11,234)	66,138	17,955	7,268	(6,919)	18,304	17,955	7,268	(6,919)	47,834	20%
Fork lifters	18,972	-	(1,386)	17,586	14,842	1,693	(1,386)	15,149	14,842	1,693	(1,386)	2,437	10% - 50%
	1,476,655	213,488	(42,406)	1,647,737	1,278,424	88,967	(38,091)	1,329,300	1,278,424	88,967	(38,091)	318,437	

Particulars	June 30, 2023												
	Cost			Accumulated depreciation							Written down value at June 30, 2023	Rate (%)	
As at July 01, 2022	Transfers / Additions during the year	Disposals during the year	As at June 30, 2023	As at July 01, 2022	Depreciation for the year	Depreciation on disposals	As at June 30, 2023	As at July 01, 2022	Depreciation for the year	Depreciation on disposals			
Lease-hold land	3,953	-	-	3,953	1,349	40	-	1,389	1,349	40	-	2,564	1.01%
Building on lease-hold land	338,601	-	-	338,601	296,116	23,767	-	319,883	296,116	23,767	-	18,718	5% - 10%
Plant and machinery	994,071	25,637	(29,390)	990,318	842,877	50,852	(26,497)	867,232	842,877	50,852	(26,497)	123,086	10% - 50%
Furniture, fixtures and equipment	69,839	10,074	(209)	79,704	52,069	5,263	(209)	57,123	52,069	5,263	(209)	22,581	10% - 50%
Vehicles	48,994	14,414	(18,301)	45,107	21,273	5,734	(9,052)	17,955	21,273	5,734	(9,052)	27,152	20%
Fork lifters	18,972	-	-	18,972	12,496	2,346	-	14,842	12,496	2,346	-	4,130	10% - 50%
	1,474,430	50,125	(47,900)	1,476,655	1,226,180	88,002	(35,758)	1,278,424	1,226,180	88,002	(35,758)	198,231	

6.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Covered Area (In sq. meters)
a) Plot no. F/4-9, Hub Industrial Trading Estate, District Lasbella (Balochistan)	Manufacturing facility	26,825

6.3 Included in operating fixed assets are fully depreciated assets which are in use having cost of Rs. 1,199.92 million (June 30, 2023: Rs. 665.20 million).

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
6.4	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	26	82,858
	Selling and distribution expenses	27	3,411
	Administrative and general expenses	28	2,698
			<u>88,967</u>
			<u>88,002</u>

6.5 The details of operating fixed assets disposed during the year having net book value above Rupees five hundred thousand are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposals / settlement	Particulars of buyers / purchasers
(Rupees '000)							
<b>Vehicles</b>							
Honda Civic	4,162	1,609	2,553	6,027	3,474	Auction	Mr. Noman Hassan
Toyota Corolla	2,894	1,968	926	3,650	2,724	Auction	Toyota Defence Motors
June 30, 2024	<u>7,056</u>	<u>3,577</u>	<u>3,479</u>	<u>9,677</u>	<u>6,198</u>		
June 30, 2023	<u>11,509</u>	<u>1,838</u>	<u>9,671</u>	<u>17,167</u>	<u>7,496</u>		

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
6.6	<b>Capital work-in-progress</b>		
	Stores and spares held for capital expenditure	21,094	4,188
	Plant and machinery	75,449	198,479
		<u>96,543</u>	<u>202,667</u>

6.6.1 Movement in capital work in progress

	Note	Opening Balance	Additions during the year	Transfers during the year	Closing Balance
June 30, 2024					
(Rupees '000)					
Stores and spares held for capital expenditure		4,188	59,700	(42,794)	21,094
Plant and machinery	6.6.2	198,479	34,390	(157,420)	75,449
		<u>202,667</u>	<u>94,090</u>	<u>(200,214)</u>	<u>96,543</u>

	Opening Balance	Additions during the year	Transfers during the year	Closing Balance
June 30, 2023				
(Rupees '000)				
Stores and spares held for capital expenditure	3,475	12,427	(11,714)	4,188
Plant and machinery	2,035	196,444	-	198,479
	<u>5,510</u>	<u>208,871</u>	<u>(11,714)</u>	<u>202,667</u>



**6.6.2** The weighted average interest rate for capitalised borrowing cost in the year was nil (June 30, 2023: 20.87%). There was no capitalisation during the year (June 30, 2023: Rs. 9.38 million).

**6.7** These are kept as collateral with a bank under pari-passu charge for obtaining short-term financing. Details are provided in note 22.1.

## **6.8 Right-of-use asset**

The Company has right-of-use assets in respect of head office building and vehicles used in its operations.

### **6.8.1 Movement of right-of-use assets**

	Note	June 30, 2024 (Rupees in '000)	June 30, 2023
Opening balance		12,583	17,150
Additions during the year	6.8.2	23,760	5,352
Depreciation expense	6.8.3	(11,378)	(9,919)
Closing balance		24,965	12,583

**6.8.2** This includes head office building acquired on lease by the Company for a period of 24 months starting from February 16, 2022, which expired on Feb 15, 2024 and the Company has renewed lease agreement for another period of 24 months starting from February 16, 2024. The Company has made advance payment of lease rentals for 5 months and remaining lease rentals for 19 months will be paid subsequently. This also includes amount pertaining to right of use asset of leased vehicles.

**6.8.3** The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2024 (Rupees in '000)	June 30, 2023
Cost of sales	26	1,710	1,491
Administrative and general expenses	28	9,668	8,428
		11,378	9,919

## **7. INTANGIBLE ASSETS**

Computer software	7.1	761	1,092
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### **7.1 Movement in intangible assets**

Opening net book value		1,092	1,876
Additions (at cost)		-	-
Amortisation	28	(331)	(784)
Closing net book value		761	1,092
Closing value - gross amount			
Cost		5,051	5,051
Accumulated amortisation		(4,290)	(3,959)
Net book value		761	1,092

	June 30, 2024	June 30, 2023
Amortisation rate per annum	20% - 33%	20% - 33%

8. LONG-TERM LOANS	Note	June 30,	June 30,
		2024	2023
		----- (Rupees in '000) -----	
Loans to employees	8.1	14,420	14,700
Current portion	13	(6,992)	(7,274)
		7,428	7,426

8.1 These are interest-free loans given to the employees as per the terms of employment for purchase of cars, motor cycles and other general purposes. The loans are repayable in 10 to 60 monthly installments depending upon the type of loan. These are recovered through monthly deductions from salaries and are secured against the provident fund balances of the employees. As at June 30, 2024, none of these loans were past due or impaired.

9. DEFERRED TAX ASSET - NET	June 30,	June 30,
	2024	2023
----- (Rupees in '000) -----		
<b>Deductible temporary differences</b>		
Property, plant and equipment	14,795	26,170
Employees' short-term compensated absences	8,326	8,049
Impairment of trade debts	32,529	11,345
Minimum tax	39,661	52,842
Other provisions	31,751	17,230
		127,062
		115,636

9.1 Deferred tax asset / (liability) comprises deductible / (taxable) temporary differences in respect of the following:

	Opening balance	Deferred tax recognised in		Closing balance	
		Profit and loss (Note 34)	Other comprehensive income		
----- (Rupees in '000) -----					
<b>Movement for the year ended June 30, 2024</b>					
Deductible / (taxable) temporary difference arising in respect of					
- Property, plant and equipment	26,170	(11,375)	-	14,795	
- Employees' short-term compensated absences	8,049	277	-	8,326	
- Impairment of trade debts	11,345	21,184	-	32,529	
- Minimum tax	52,842	(13,181)	-	39,661	
- Other provisions	17,230	14,964	(443)	31,751	
		115,636	11,869	(443)	127,062

	Opening balance	Deferred tax recognised in		Closing balance	
		Profit and loss (Note 34)	Other comprehensive income		
----- (Rupees in '000) -----					
<b>Movement for the year ended June 30, 2023</b>					
Deductible / (taxable) temporary difference arising in respect of					
- Property, plant and equipment	14,591	11,579	-	26,170	
- Employees' short-term compensated absences	9,350	(1,301)	-	8,049	
- Impairment of trade debts	8,995	2,350	-	11,345	
- Minimum tax	17,269	35,573	-	52,842	
- Other provisions	30,495	(9,227)	(4,038)	17,230	
		80,700	38,974	(4,038)	115,636

8. LONG-TERM LOANS	Note	June 30,	June 30,
		2024	2023
		(Rupees in '000)	
Loans to employees	8.1	14,420	14,700
Current portion	13	(6,992)	(7,274)
		7,428	7,426

8.1 These are interest-free loans given to the employees as per the terms of employment for purchase of cars, motor cycles and other general purposes. The loans are repayable in 10 to 60 monthly installments depending upon the type of loan. These are recovered through monthly deductions from salaries and are secured against the provident fund balances of the employees. As at June 30, 2024, none of these loans were past due or impaired.

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	2024	2023	
		(Rupees in '000)	
<b>Deductible temporary differences</b>			
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		127,062	115,636

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Movement for the year ended June 30, 2024	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss (Note 34)	Other comprehensive income	
(Rupees in '000)				
Deductible / (taxable) temporary difference arising in respect of				
- Property, plant and equipment	26,170	(11,375)	-	14,795
- Employees' short-term compensated absences	8,049	277	-	8,326
- Impairment of trade debts	11,345	21,184	-	32,529
- Minimum tax	52,842	(13,181)	-	39,661
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	115,636	11,869	(443)	127,062

Movement for the year ended June 30, 2023	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss (Note 34)	Other comprehensive income	
(Rupees in '000)				
Deductible / (taxable) temporary difference arising in respect of				
- Property, plant and equipment	14,591	11,579	-	26,170
- Employees' short-term compensated absences	9,350	(1,301)	-	8,049
- Impairment of trade debts	8,995	2,350	-	11,345
- Minimum tax	17,269	35,573	-	52,842
- Other provisions	30,495	(9,227)	(4,038)	17,230
	80,700	38,974	(4,038)	115,636



8. LONG-TERM LOANS	Note	June 30,	June 30,
		2024	2023
		(Rupees in '000)	
Loans to employees	8.1	14,420	14,700
Current portion	13	(6,992)	(7,274)
		7,428	7,426

8.1 These are interest-free loans given to the employees as per the terms of employment for purchase of cars, motor cycles and other general purposes. The loans are repayable in 10 to 60 monthly installments depending upon the type of loan. These are recovered through monthly deductions from salaries and are secured against the provident fund balances of the employees. As at June 30, 2024, none of these loans were past due or impaired.

9. DEFERRED TAX ASSET - NET	June 30,	June 30,	
	2024	2023	
(Rupees in '000)			
<b>Deductible temporary differences</b>			
Property, plant and equipment	14,795	26,170	
Employees' short-term compensated absences	8,326	8,049	
Impairment of trade debts	32,529	11,345	
Minimum tax	39,661	52,842	
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9.1 Deferred tax asset / (liability) comprises deductible / (taxable) temporary differences in respect of the following:

Movement for the year ended June 30, 2024	Opening balance	Deferred tax recognised in		Closing balance	
		Profit and loss (Note 34)	Other comprehensive income		
(Rupees in '000)					
Deductible / (taxable) temporary difference arising in respect of					
- Property, plant and equipment	26,170	(11,375)	-	14,795	
- Employees' short-term compensated absences	8,049	277	-	8,326	
- Impairment of trade debts	11,345	21,184	-	32,529	
- Minimum tax	52,842	(13,181)	-	39,661	
- Other provisions	17,230	14,964	(443)	31,751	
		115,636	11,869	(443)	127,062

Movement for the year ended June 30, 2023	Opening balance	Deferred tax recognised in		Closing balance	
		Profit and loss (Note 34)	Other comprehensive income		
(Rupees in '000)					
Deductible / (taxable) temporary difference arising in respect of					
- Property, plant and equipment	14,591	11,579	-	26,170	
- Employees' short-term compensated absences	9,350	(1,301)	-	8,049	
- Impairment of trade debts	8,995	2,350	-	11,345	
- Minimum tax	17,269	35,573	-	52,842	
- Other provisions	30,495	(9,227)	(4,038)	17,230	
		80,700	38,974	(4,038)	115,636

	Note	June 30, 2024 ------(Rupees in '000)-----	June 30, 2023 ------(Rupees in '000)-----
<b>10. STORES AND SPARES</b>			
Stores		27,730	33,590
Spares			
- in hand		30,472	31,034
- in transit		1,579	-
		<u>32,051</u>	<u>31,034</u>
		59,781	64,624
Provision against slow moving and obsolete stores and spares	10.1	(15,233)	(14,309)
		<u>44,548</u>	<u>50,315</u>
<b>10.1</b> Movement of provision against slow moving and obsolete stores and spares is as follows:			
	Note	June 30, 2024 ------(Rupees in '000)-----	June 30, 2023 ------(Rupees in '000)-----
Opening balance		14,309	11,661
Charge for the year		3,532	5,048
Reversal during the year		(2,608)	(2,400)
Charge during the year	30	924	2,648
Closing balance		<u>15,233</u>	<u>14,309</u>
<b>11. STOCK-IN-TRADE</b>			
Raw and packing materials			
- in hand		461,717	558,262
- in transit		86,584	141,879
	26	<u>548,301</u>	<u>700,141</u>
Work-in-progress	26	16,112	12,533
Finished goods			
- in hand	11.1	419,106	387,193
- in transit		45,467	-
	26	<u>464,573</u>	<u>387,193</u>
		1,028,986	1,099,867
Provision against:			
Slow moving and obsolete stock-in-trade	11.2	(55,780)	(14,820)
Stents held with hospitals	11.3	(14,001)	(21,079)
		<u>(69,781)</u>	<u>(35,899)</u>
		<u>959,205</u>	<u>1,063,968</u>

**11.1** These include items costing Rs. 207.13 million (June 30, 2023: Rs. 16.05 million) that have been valued at their net realisable value amounting to Rs. 156.29 million (June 30, 2023: Rs. 12.15 million).

**11.2** Movement of provision against slow moving and obsolete stock-in-trade is as follows:

	Note	June 30, 2024 ------(Rupees in '000)-----	June 30, 2023
Opening balance		14,820	6,143
Charge for the year	30	40,960	8,677
Closing balance		<u>55,780</u>	<u>14,820</u>

**11.3** This represents stents held with various hospitals for sale on consignment, the revenue from which is recorded on consumption basis. The Company has recorded a full provision against such unsold stents.

	Note	June 30, 2024 ------(Rupees in '000)-----	June 30, 2023
Opening balance		21,079	16,015
(Reversal) / charge for the year	29 & 30	(7,078)	5,064
Closing balance		<u>14,001</u>	<u>21,079</u>

## 12. TRADE DEBTS

Due from Hospital Supply Corporation	12.1	169,127	312,542
Others		103,505	106,257
		<u>272,632</u>	<u>418,799</u>
Loss allowance	12.2.1	(112,168)	(39,122)
		<u>160,464</u>	<u>379,677</u>

**12.1** Hospital Supply Corporation (HSC) was formerly a related party of the Company due to common directorship and was also one of the major distributor of the Company for South Region.

During November 2023, a common director Mr. Mehtab Ud Din Feroz- holding 3.29% shares of the Company passed away. Due to his sad demise, the shares were transferred to his legal heirs and one of his legal heir Mr. Tariq Feroz took over the charge as a director (casual vacancy) in the Company effective from December 18, 2023.

Further the Company did not renew the distributor agreement with HSC which ended in December 2023 and appointed other distributors for the areas covered by HSC.

As of June 30, 2024 the outstanding balance from HSC was Rs. 169.12 million (June 30, 2023: Rs. 312.54 million) including late payment markup of Rs. 25.29 million (June 30, 2023: Rs. 15.77 million). The receivable balance carries mark-up at 1 month KIBOR + 2.65% (2023: 1 month KIBOR + 2.5%) per annum on overdue balance as per agreement with HSC.

The management is currently in consultation with HSC for the recovery of the outstanding balance which is expected to be completed by October 2024. However on prudence basis the management has provided an amount of Rs. 58.26 million on the total outstanding balance of HSC.

Furhtermore, as a result of Mr. Mehtab Ud Din Feroz's demise and the restructuring in the Board of the Company, HSC is not a related party as at June 30, 2024.

**12.1.1** The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 367.43 million (2023: Rs. 312.54 million).



- 12.2** Expected lifetime credit losses for trade debts are recognised using the simplified approach. This is based on loss rates calculated from historical and forward-looking data, taking into account the business model, the respective customer and the economic environment of the geographical region.

The Company writes off trade debts when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. No trade receivables have been written off during the year.

The following table shows the movement in provision against trade debts provision:

	Collectively assessed	Individually assessed	Total
	----- (Rupees '000) -----		
<b>12.2.1 Movement of loss allowance</b>			
<b>Balance as at July 1, 2022</b>	27,669	-	27,669
Reversal of provision during the year - net	11,724	-	11,724
Write-off during the year	(271)	-	(271)
	11,453	-	11,453
<b>Balance as at June 30, 2023</b>	<b>39,122</b>	<b>-</b>	<b>39,122</b>
Provision during the year - net	15,821	58,266	74,087
Write-off during the year	(1,041)	-	(1,041)
	14,780	58,266	73,046
<b>Balance as at June 30, 2024</b>	<b>53,902</b>	<b>58,266</b>	<b>112,168</b>

The age analysis of trade debts is as follows:

	June 30, 2024		
	From others	From a formerly related party	Total
	----- (Rupees '000) -----		
Not yet due	21,002	-	21,002
Past due 1-30 days	16,608	-	16,608
Past due 31-60 days	10,175	-	10,175
Past due 61-90 days	3,478	-	3,478
Past due more than 90 days	52,242	169,127	221,369
	<b>103,505</b>	<b>169,127</b>	<b>272,632</b>
	June 30, 2023		
	From others	From a related party	Total
	----- (Rupees '000) -----		
Not yet due	27,280	171,230	198,510
Past due 1-30 days	17,955	105,803	123,758
Past due 31-60 days	4,344	35,509	39,853
Past due 61-90 days	9,182	-	9,182
Past due more than 90 days	47,496	-	47,496
	<b>106,257</b>	<b>312,542</b>	<b>418,799</b>

	Note	June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
<b>13. LOANS AND ADVANCES -CONSIDERED GOOD</b>			
Loans to employees - current portion	8	6,992	7,274
Advance to:			
- employees	13.1	2,926	1,988
- suppliers	13.2	54,777	56,117
		57,703	58,105
		<u>64,695</u>	<u>65,379</u>
<b>13.1</b>	These are non-interest bearing advances given to employees to meet business expenses and are settled as and when expenses are incurred.		
<b>13.2</b>	During the year there is no cash margin (June 30, 2023; Rs. 16.69 million) equivalent to import value against import of goods.		
	Note	June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
<b>14. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
Trade deposits	14.1	8,151	10,396
Short-term prepayments		7,856	6,295
Sales tax adjustable		11,042	-
Surplus on staff retirement fund	38.1.2	76	5,927
Other receivables		7,772	665
		<u>34,897</u>	<u>23,283</u>
<b>14.1</b>	These represents non-interest bearing earnest monies placed with various parties.		
	Note	June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
<b>15. SALES TAX REFUNDABLE</b>			
	15.1	<u>47,172</u>	<u>90,263</u>
<b>15.1</b>	Through Finance Act, 2022, effective from July 1, 2022, a special regime for pharmaceutical sector was introduced where by manufacture or import of substances registered as drugs under Drug Act, 1976 shall be subject to 1% sales tax with the condition that such tax will be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods.		
	However, this refundable pertains to prior years where sales tax was imposed at standard rate of 17% on purchase / import of Active Pharmaceutical Ingredients (API). As a result, the pharmaceutical sector was allowed claim sales tax refund on all purchases including APIs and provincial sales tax on services. As of June 30, 2024 sales tax refund amounting to Rs. 43.10 million has been processed by Tax Authorities. However, sales tax refund amounting to Rs. 47.17 million has not yet been processed by Tax Authorities as of the year end.		
	Note	June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
<b>16. SHORT TERM INVESTMENT</b>			
Term Deposit Receipts			
-Bank Alfalah Limited	16.1	64,610	14,610
-Allied Bank Limited	16.2	60,000	-
		<u>124,610</u>	<u>14,610</u>

16.1 This carries interest rate at 19.4% per annum. TDRs of Rs. 14.61 million (June 30, 2023 : Rs. 14.61 million) kept as a 100% Cash Margin security against the outstanding bank guarantees in favor of Collector of Customs.

16.2 This carries interest rate at 20.5% per annum.

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>17.</b>	<b>BANK BALANCES</b>		
	Balances with banks in current accounts	<u>187,036</u>	<u>5,828</u>

**18. SHARE CAPITAL**

		June 30, 2024	June 30, 2023			June 30, 2024	June 30, 2023
		----- (Number of shares) -----				----- (Rupees in '000) -----	
	<b>Authorized share capital:</b>						
	<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10 each			<u>200,000</u>	<u>200,000</u>
<b>18.1</b>	<b>----- (Number of shares) ----- Issued, subscribed and paid-up capital</b>						
	<u>10,000,000</u>	<u>10,000,000</u>	Ordinary shares of Rs. 10 each fully paid in cash			<u>100,000</u>	<u>100,000</u>
	<u>2,100,000</u>	<u>2,100,000</u>	Ordinary shares of Rs. 10 issued as bonus shares			<u>21,000</u>	<u>21,000</u>
	<u>12,100,000</u>	<u>12,100,000</u>				<u>121,000</u>	<u>121,000</u>

18.2 The following shares were held by the holding company, associated companies and other related parties of the Company:

Name of the Company	Note	June 30, 2024		June 30, 2023	
		Shares held	Percentage	Shares held	Percentage
		---(Number)---	----(%)----	---(Number)---	----(%)----
Otsuka Pharmaceutical Company Limited, Japan	18.2.1	5,420,248	44.80%	5,420,248	44.80%
P. T. Otsuka Indonesia, Indonesia	18.2.1	1,204,499	9.95%	1,204,499	9.95%
Otsuka Pharmaceutical Factory, Inc.		1,589,940	13.14%	1,589,940	13.14%
Directors, their spouses and minor children	12.1	100,483	0.83%	398,618	3.29%
Executives		121	0.00%	121	0.00%

18.2.1 These include shares held by directors nominated by Otsuka Pharmaceutical Company Limited, Japan and P. T. Otsuka Indonesia, Indonesia. The nominated directors hold only minimum number of shares required to become a director.

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>19.</b>	<b>LEASE LIABILITY</b>		
	Lease liability	<u>24,826</u>	8,060
	Current maturity of lease liability	<u>(11,995)</u>	<u>(1,268)</u>
		<u>12,831</u>	<u>6,792</u>



**19.1** The future payments of lease liabilities are as follows:

	June 30, 2024		June 30, 2023	
	Future minimum lease payments	Principal repayments	Future minimum lease payments	Principal repayments
	----- (Rupees in '000) -----			
Not later than 1 year	21,171	19,729	3,003	1,268
Later than 1 year and not later than 5 years	6,436	5,097	9,610	6,792
	<b>27,607</b>	<b>24,826</b>	12,613	8,060

**19.2** Reconciliation of lease liability

	June 30, 2024					
	July 1, 2023	Cash inflow	Cash outflow	New Lease arrangement	Finance cost	June 30, 2024
	----- (Rupees in '000) -----					
Lease liability	8,060	-	(6,997)	21,226	2,537	24,826

	June 30, 2023					
	July 1, 2022	Cash inflow	Cash outflow	New Lease arrangement	Finance cost	June 30, 2023
	----- (Rupees in '000) -----					
Lease liability	3,626	-	(2,183)	5,352	1,265	8,060

**20. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED**  
**In foreign currency**

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
Loan from Otsuka Pharmaceutical Factory, Inc.	20.1 & 20.2	<b>951,390</b>	498,075

**20.1** This represents foreign currency denominated loan. The loan was obtained in two tranches of JPY 125 million each, drawn down on February 26, 2015 and April 27, 2015, repayable on or before February 25, 2016 and April 26, 2016 respectively. These were rolled forward annually multiple times. During the financial year ended June 30, 2024 both the two tranches have been rolled forward and are now repayable on or before February 25, 2025 and April 26, 2025 respectively. During the year another foreign currency denominated loan was obtained by the Company on May 17, 2024, repayable on or before April 10, 2025.

Mark-up is charged at LIBOR (fixed at the time of receipt of loan) + 0.40% (2023: LIBOR + 0.40%) per annum and is payable semi-annually in arrears. However, during the period Mark-up arrangement on all the loans changed through amendments at TIBOR + 0.10% per annum and is payable semi-annually in arrears.

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>20.2</b>	Movement of the loan is as follows:		
	Opening balance	498,075	376,150
	Exchange (gain) / loss	(83,085)	121,925
	Additional loan received	536,400	-
	Repayment during the year	-	-
		<b>453,315</b>	121,925
	Closing balance	<b>951,390</b>	498,075

## 21. TRADE AND OTHER PAYABLES

	Creditors	66,478	112,399
	Bills payable	21.1 103,008	184,707
	Accrued liabilities	21.2 241,120	195,324
	Payable to Employees Provident Fund	3,934	3,988
	Provision for employees short-term compensated absences	28,712	27,756
	Sales tax payable	21.3 15,487	13,959
	Retention money	902	930
	Security deposits	2,139	2,089
	Workers' Welfare Fund	185	7,072
	Workers' Profit Participation Fund	21.4 1,066	-
	Central Research Fund	215	-
	Contract liabilities	21.5 114,060	32,728
	Other liabilities	21.6 46,691	28,604
		<b>623,997</b>	609,556

**21.1** These include amounts payable to the related parties as at the end of the year aggregating to Rs. 70.29 million (June 30, 2023: Rs. 92.45 million) as disclosed in note 39.1.1.

**21.2** The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 ("GIDC Judgment") declared the Gas Infrastructure Development Cess Act, 2015 ("GIDC Act 2015") as valid. The Company filed a review petition on the verdict of Supreme Court of Pakistan over GIDC announced on August 13, 2020, on which no relief was granted. The Company has recorded a full provision in the financial statements. However, the Company is party to the joint legal suit in the Sindh High Court (SHC) on which SHC granted the Company an interim stay. The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.

**21.3** This includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions) amounting to Rs. 9.97 million (June 30, 2023: Rs. 9.97 million). The Company filed a suit in the Sindh High Court (SHC) on May 17, 2016 against the imposition of sales tax under the Sales Tax Act, 1990 with respect to raw and packing material being imported and purchased locally by the Company for manufacturing pharmaceutical products. The SHC had passed an interim order in favour of the Company maintaining that items fetching customs duty lesser than ten percent ad valorem, may not be subject to the levy of sales tax. Later on, the case was referred by Customs to the Supreme Court of Pakistan (SCP) and final judgement was announced by SCP on June 27, 2018 in favor of the industry.

The Company had availed sales tax exemptions under the aforementioned stay orders by providing bank guarantees and at the same time recorded provision to the extent of amount of guarantees. During the year, the Company was able to release guarantees amounting to Rs. 0.85 million (June 30, 2023: Rs. 13.43 million) and has reversed the provision by the same amount.

Note	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>21.4 Workers' Profit Participation Fund</b>		
Opening balance	-	19,483
Allocation for the year	30 <b>1,066</b>	-
	<b>1,066</b>	19,483
Interest on funds utilised in the Company's business	31 -	924
	<b>1,066</b>	20,407
Paid during the year	-	(20,407)
Closing balance	<b>1,066</b>	-

**21.5** During the year, the performance obligations underlying the opening contract liability of Rs. 32.72 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year. Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 114.06 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

**21.6** This includes regulatory duty payable in respect of imported pharmaceutical products as are required for manufacturing purposes. On October 16, 2017, the Federal Board of Revenue imposed regulatory duty on import of specified pharmaceutical products vide SRO 1035 (I)/2017. In this regard, the Company has filed constitutional petitions in the Sindh High Court on April 13, 2018, April 26, 2018, May 9, 2018 and June 27, 2018 against the levy of aforementioned duty. An interim relief has been granted by the Sindh High Court. As per the interim relief, the Company is required to pay half of the regulatory duty. For the remaining half, the Company was required to give security by way of bank guarantee / pay order, either to the satisfaction of the Collectorate concerned or the Nazir of the Court. The Company has paid half of the regulatory duty and has submitted bank guarantees for the remaining half to the Collectorate concerned. Management, as a matter of prudence, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.90 million (June 30, 2023: Rs. 10.90 million) in these financial statements. From January 2020 onwards, the Company is paying full regulatory duty on these imported products.

Note	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	

**22. SHORT-TERM RUNNING FINANCE**

**From banking companies - Secured**

Short-term running finance facilities utilised under mark-up arrangements - secured

22.1	-	451,183
------	---	---------

**22.1 Particulars of short-term running finance - secured**

Bank	Limit in as at June 30, 2024	Limit in as at June 30, 2023	Mark up rate	Current security	Frequency of mark-up payment	Facility expiry date	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----		(%)				----- (Rupees in '000) -----	
<b>Citi Bank</b>	<b>925,000*</b>	900,000	1 month KIBOR	(a) SECP Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for Rs. 432 million.	Quarterly	February 28, 2025	-	451,183
			+					
			0.65% p.a.	b) SECP Registered Joint Pari-passu Charge on Current Assets for Rs. 778 million				
	<b>925,000</b>	900,000					<b>-</b>	<b>451,183</b>

\* This short term running finance facility is interchangeable with letter of credit and letter of guarantee.



## 22.2 Details of import letters of credit (sight / usance / acceptance) and letters of guarantee

22.2.1 The Company is availing the sub-limit facilities relating to the import letter of credit (sight / usance / acceptance) and letter of guarantee available from the banks as at June 30, 2024 amounting to Rs. 289.61 million (June 30, 2023: Rs.914.60 million) out of which Rs. 132.77 million (June 30, 2023: Rs. 319.09 million) are available for utilisation of import letter of credit and letter of guarantee.

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>23. MARK-UP ACCRUED</b>		
- Short-term running finance - secured	15,197	21,977
- Short-term loan from a related party - unsecured	829	825
	<u>16,026</u>	<u>22,802</u>

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

24.1.1 On March 05, 2014, a notice of demand was served on the Company by the Additional Commissioner Inland Revenue (ACIR) for an amount of Rs. 164.77 million (June 30, 2023: Rs. 164.77 million) under Section 122 (5A) of the Income Tax Ordinance (ITO), 2001. The ACIR added back certain items such as exchange loss, claims against provisions and write-offs of inventory, discounts and rebates on sales and trade debts and disallowed finance cost in the income returned for tax year 2012. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] who upheld the action of ACIR on certain items against which the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) to review the action of the CIR(A). On January 19, 2017 ATIR's hearing was held and on April 10, 2017 an order was served in which the decision of certain items was given in favour of the Company and certain items were remanded back to the ACIR for further examination.

On December 28, 2017, an appeal effect order was passed by the ACIR under Section 124/122(5A) of the Income Tax Ordinance (ITO), 2001. Through the said order of ACIR (which is in context of the earlier decision by the ATIR dated April 10, 2017 mentioned above) a demand of Rs. 21.41 million was determined. Furthermore, in respect of the matters decided by the ATIR in favour of the Company, the ACIR has filed an appeal in the High Court of Sindh and consequently appeal effect has not been allowed on matters agitated in the SHC.

The Company filed another appeal against the above order of Rs. 21.41 million before the Commissioner Inland Revenue (Appeals-II) [CIR(A)] along with the stay application. Upon request, the CIR(A) acceded to grant stay against recovery till February 15, 2018. On April 13, 2018 an appeal effect order was passed by the ACIR under Section 124/122(5A) of the Income Tax Ordinance (ITO), 2001 whereby relief has been allowed in respect of certain matters whereas disallowance has been maintained in respect of certain other matters. As a result, a demand of Rs. 12.70 million has been raised by the ACIR which has been settled by the Company in previous years under protest through adjustment of refund relating to the tax year 2015. As a matter of abundant caution, management has recorded a provision of Rs. 12.70 million with corresponding adjustment to refund liability to tax year 2015.

24.1.2 During the year ended June 30, 2020, electricity charges were increased by Rs. 6.80 million through the imposition of Industrial Support Package Adjustment (ISPA) for the off peak hours with retrospective application from July 01, 2019. The case was filed through a joint Constitutional Petition no. 2581 of 2020 before the High Court of Sindh, at Karachi through the association of M/s. Labelia Chamber of Commerce and Industry (LCCI) located in LIEDA to challenge the above-said charges. During the financial year ended June 30, 2021, the Company has issued an undated cheque amounting to Rs. 6.80 million in favour of Nazir of Sindh High Court as per the interim directives issued by the High Court of Sindh, thereafter a judgment has been passed by the High Court of Sindh in favour of the Company which has been challenged by K-Electric in the Supreme Court of Pakistan. Management has assessed favorable outcome of the case, however, as a matter of abundant caution a provision of Rs. 6.80 million has been made in the financial statements.

24.1.3 During 2019, the return of income for tax year 2018 was selected for audit under Section 177 of the Income Tax Ordinance (ITO), 2001 by the Deputy Commissioner Inland Revenue (DCIR). Under the notice, certain information was required to be furnished, which was duly submitted by the Company.

24.1.4 During 2020, the return of income for tax year 2019 was selected for audit under Section 177 of the Income Tax Ordinance (ITO), 2001 by the Deputy Commissioner Inland Revenue (DCIR). Under the notice, certain information was required to be furnished, which was duly submitted by the Company.

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>24.2</b>	<b>Commitments</b>		
Commitments in respect of:			
Letters of credit		86,940	111,526
Letters of guarantee		69,900	32,802
<b>25.</b>	<b>REVENUE FROM CONTRACT WITH CUSTOMERS</b>		
Gross sales	25.1	3,520,307	3,413,221
Sales tax		(75,330)	(59,034)
		3,444,977	3,354,187
Discounts		(281,109)	(319,102)
		3,163,868	3,035,085
<b>25.1</b>	Gross sales are net of sales return amounting to Rs 54.60 million ( 2023: Rs. 5.10 million).		
<b>26.</b>	<b>COST OF SALES</b>	June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
Raw and packing material consumed:			
Opening stock		700,141	620,953
Purchases		1,066,151	1,145,937
Closing stock	11	(548,301)	(700,141)
		1,217,991	1,066,749
Stores and spares consumed		108,662	90,646
Salaries, wages and benefits	26.1	473,777	408,864
Rent, rates and taxes		16,550	10,579
Insurance		3,575	3,869
Fuel and power		379,053	274,604
Repairs and maintenance		12,635	11,268
Travelling and vehicle running expenses		63,171	61,687
Communication and stationery		474	477
Depreciation	6.4	82,858	83,309
Depreciation right-of-use asset	6.8.3	1,710	1,491
Other expenses		13,449	11,099
		1,155,914	957,893
Work-in-progress		2,373,905	2,024,642
Opening stock		12,533	13,915
Closing stock	11	(16,112)	(12,533)
		2,370,326	2,026,024
Cost of goods manufactured		2,370,326	2,026,024
Opening stock of finished goods		387,193	335,318
Finished goods purchased		305,304	432,748
Cost of samples shown under selling and distribution expenses		(11,366)	(15,723)
Closing stock of finished goods	11	(464,573)	(387,193)
		(475,939)	(402,916)
		2,586,864	2,391,174
<b>26.1</b>	Salaries, wages and benefits include Rs. 5.59 million (2023: Rs. 5.89 million) and Rs. 8.67 million (2023: Rs. 7.94 million) in respect of staff retirement benefits and provident fund respectively.		



		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>27. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages and benefits	27.1	127,060	120,482
Rent, rates and taxes		1,404	1,305
Insurance		5,433	6,481
Repairs and maintenance		1,402	192
Travelling and vehicle running expenses		9,344	10,804
Communication and stationery		1,738	1,815
Advertising samples and promotional expenses		111,932	112,425
Outward freight and handling		108,263	103,227
Depreciation	6.4	3,411	2,535
		<u>369,987</u>	<u>359,266</u>
<b>27.1</b>	Salaries, wages and benefits include Rs. 3.19 million (2023: Rs. 3.41 million) and Rs. 4.19 million (2023: Rs. 4.53 million) in respect of staff retirement benefits and provident fund respectively.		
		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>28. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries, wages and benefits	28.1	93,077	78,061
Rent, rates and taxes		84	669
Insurance		1,495	1,498
Fuel and power		3,065	2,863
Repairs and maintenance		687	1,454
Travelling and vehicle running expenses		8,828	6,616
Communication and stationery		1,054	853
Subscription		2,089	1,972
Legal and professional charges		5,950	4,485
Depreciation	6.4	2,698	2,158
Depreciation right-of-use asset	6.8.3	9,668	8,428
Amortisation	7.1	331	784
General expenses		19,056	17,392
		<u>148,082</u>	<u>127,233</u>
<b>28.1</b>	Salaries, wages and benefits include Rs. 1.07 million (2023: Rs. 1.36 million) and Rs. 2.26 million (2023: Rs. 2.13 million) in respect of staff retirement benefits and provident fund respectively.		
		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>29. OTHER INCOME</b>			
Exchange gain - net		92,039	-
Scrap sales		46,807	31,144
Markup income from Hospital Supply Corporation		19,604	15,477
Gain on disposal of operating fixed assets - net		16,094	21,942
Reversal of provision against stents held with hospitals		7,078	-
Income from term deposit receipt		4,627	-
Reversal of provision against orthopaedic knee implants	11.3	-	19,582
Liabilities no longer payable-written back		8	-
Others		1,075	13,729
		<u>187,332</u>	<u>101,874</u>



	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>30. OTHER EXPENSES</b>			
Exchange loss - net		-	192,097
Auditor's remuneration and other professional services	30.1	2,400	2,400
Donations	30.2 & 30.3	507	300
Workers' Welfare Fund		405	-
Workers' Profit Participation Fund	21.4	1,066	-
Central Research Fund		215	-
Provision against slow moving and obsolete stock-in-trade	11.2	40,960	8,677
Provision against stocks held with hospitals	11.3	-	5,064
Provision against obsolete stores and spares	10.1	924	2,648
Bank charges and commission		3,359	505
Others		544	-
		<u>50,380</u>	<u>211,691</u>
<b>30.1 Auditor's remuneration</b>			
Statutory audit fee		1,378	1,198
Fee for the review of condensed interim financial information		612	532
Fee for tax advisory services		-	230
Fee for special certifications		292	253
Out-of-pocket expenses		118	187
		<u>2,400</u>	<u>2,400</u>
<b>30.2</b>	Recipients of donations do not include any donee in whom Chief Executive Officer, directors or their spouse had any interest.		
<b>30.3</b>	Donation to a single party does not exceeds Rs. 500,000 therefore, name of donee is not disclosed and none of the director and his spouse has interest in donees.		
	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>31. FINANCE COST</b>			
On:			
-Long term financing		-	812
-Deferred government grant		-	(612)
-Loan from banking companies		-	200
-Short-term loan from a related party	20	3,168	3,049
-Short-term running finance		97,103	58,785
-Utilising Worker's Profit Participation Fund	21.4	-	924
-Unwinding of finance cost on lease liability	19.2	2,537	1,265
		<u>102,808</u>	<u>64,223</u>

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>32. FINAL TAX</b>			
Final tax on:			
- export sales	32.1	<u>650</u>	<u>711</u>
<b>32.1</b>	These represent final taxes paid on export sales and dividend income as per section 154 and section 5 of the Income Tax Ordinance, 2001 respectively, and are recognised as levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.		
<b>33. REVENUE TAX</b>		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Minimum tax		-	9,216
Super tax		-	<u>(25,037)</u>
	33.1	<u>-</u>	<u>(15,821)</u>
<b>33.1</b>	These represents minimum tax provision under section 113 and super tax charged under section 4C of the Income Tax Ordinance, 2001. The provision for minimum tax and super tax has been recognised as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.		
<b>34. INCOME TAX - NET</b>		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Current			
- for the year		34,954	35,438
- for prior years		-	(2,499)
		<u>34,954</u>	<u>32,939</u>
Deferred tax income	9.1	(11,869)	(38,974)
		<u>23,085</u>	<u>(6,035)</u>
<b>34.1</b>	Relationship between income tax expense and accounting profit		
Profit / (loss) before taxation		<u>18,322</u>	<u>(13,242)</u>
Tax charge @ 29% (2023: 29%)		5,313	-
Tax effect of:			
-Prior year tax adjustments		-	(2,499)
-Expenses that are not deductible in determining taxable profit		17,772	-
-Others		-	(3,536)
		<u>23,085</u>	<u>(6,035)</u>
<b>35. LOSS PER SHARE</b>			
<b>35.1 Basic</b>			
Loss for the year (Rupees in '000)		(4,763)	(7,207)
Weighted average ordinary shares outstanding during the year (Number of shares)	18.1	12,100,000	12,100,000
Loss per share - basic and diluted (Rupees)		<u>(0.39)</u>	<u>(0.60)</u>

## 35.2 Diluted

The impact of dilution on earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have had any effect on the earnings per share if the option to convert had been exercised.

## 36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items included in the statement of financial position:

	Note	June 30, 2024 (Rupees in '000)	June 30, 2023
- Bank balances	17	187,036	5,828
- Short term investments	16	124,610	14,610
- Short-term running finance	22	-	(451,183)
		<b>311,646</b>	<b>(430,745)</b>

## 37. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

Particulars	Chief Executive Officer*		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	(Rupees in '000)					
Managerial remuneration	16,426	16,551	-	-	65,908	62,538
Bonus	389	-	-	-	4,314	2,094
Medical expenses	-	871	-	-	-	4,702
Leave fare assistance / encashment	4,549	1,876	-	-	7,928	9,304
Meeting fee	-	-	700	400	-	-
Technical advisory fee / Contract fee	-	-	1,344	3,888	17,006	7,095
Retirement benefits	1,299	1,379	-	-	5,975	6,130
Others	363	306	-	-	2,632	2,357
	<b>23,026</b>	<b>20,983</b>	<b>2,044</b>	<b>4,288</b>	<b>103,763</b>	<b>94,220</b>
	(Number)					
Number of person(s)	1	1	4	4	22	21

\* Mr. Moin Ur Rehman has been appointed as CEO in place of retiring CEO Mr. Hanif Sattar w.e.f February 28, 2024

37.1 The Chief Executive Officer and certain executives are provided free use of the Company maintained cars and are entitled to certain reimbursable business expenses such as communication charges and fuel expenses as per the terms of employment.

## 38. EMPLOYEE BENEFIT SCHEMES

### 38.1 Defined benefit plan - staff retirement benefits

As mentioned in note 5.9 (a), the Company operates an approved funded gratuity scheme for all its management and non-management staff. The latest actuarial valuation of the fund was carried out at June 30, 2024. The Projected Unit Credit Method with the following significant assumptions was used for the valuation of the scheme:



	Note	June 30, 2024	June 30, 2023
<b>38.1.1 Principal actuarial assumptions</b>			
a) Discount rate		15.00%	15.75%
b) Expected rate of return on plan assets		15.00%	15.75%
c) Expected rate of increase in salary			
- management staff		13.00%	13.75%
- non-management staff		13.00%	13.75%
d) Mortality rates		Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
e) Withdrawal rates		Moderate	Moderate
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	

### 38.1.2 Amount recognised in the statement of financial position

Present value of defined benefit obligation		147,698	136,398
Fair value of plan assets		(147,774)	(142,325)
	38.1.3	(76)	(5,927)

### 38.1.3 The movement in net defined benefit liability during the year is as follows:

	Note	June 30, 2024		
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
		----- (Rupees in '000) -----		
<b>As at July 1, 2023</b>		136,398	(142,325)	(5,927)
Current service cost	38.1.4	11,185	-	11,185
Interest expense / (income)	38.1.4	19,419	(20,746)	(1,327)
Remeasurements:				
- (Gain)/ loss from the changes in financial assumptions		-	-	-
- experience adjustments		4,387	(5,915)	(1,528)
		4,387	(5,915)	(1,528)
Contributions made		-	(2,479)	(2,479)
Benefits paid		(23,691)	23,691	-
<b>As at June 30, 2024</b>		147,698	(147,774)	(76)

		June 30, 2023			
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability	
Note		(Rupees in '000)			
As at July 1, 2022		126,617	(122,845)	3,772	
Current service cost	38.1.4	10,713	-	10,713	
Interest expense / (income)	38.1.4	15,952	(15,981)	(29)	
Remeasurements:					
- (Gain) from the changes in financial assumptions		-	-	-	
- experience adjustments		(5,951)	(7,973)	(13,924)	
		(5,951)	(7,973)	(13,924)	
Contributions made		-	(6,459)	(6,459)	
Benefits paid		(10,933)	10,933	-	
As at June 30, 2023		136,398	(142,325)	(5,927)	
		<b>June 30, 2024</b>	<b>June 30, 2023</b>		
		(Rupees in '000)			
<b>38.1.4 Amount recognised in the statement of profit or loss</b>					
Current service cost			<b>11,185</b>	10,713	
Interest cost			<b>19,419</b>	15,952	
Expected return on plan assets			<b>(20,746)</b>	(15,981)	
Expense for the year			<b>9,858</b>	10,684	
<b>38.1.5 Amount recognised in the statement of comprehensive income</b>			<b>(1,528)</b>	(13,924)	
<b>38.1.6 Composition of plan assets</b>					
		<b>As at June 30, 2024</b>		<b>As at June 30, 2023</b>	
		(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)
Treasury bills		135,936	91.99%	129,833	91.22%
Defence saving certificates		7,838	5.30%	9,480	6.66%
Cash and cash equivalents		4,002	2.71%	3,012	2.12%
		<b>147,776</b>	<b>100.00%</b>	142,325	100.00%
<b>38.1.7 The gratuity scheme exposes the Company to the following risks:</b>					
<b>a) Longevity risks</b>					
		The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.			
<b>b) Investment risk</b>					
		The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.			

## c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

## d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**38.1.8** The sensitivities of the defined benefit obligation to changes in the principal actuarial assumptions are as under:

Particulars	Change in assumption	June 30, 2024		Change in assumption	June 30, 2023	
		Increase / (decrease) in present value of defined benefit obligation			Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees in '000		(%)	Rupees in '000
Discount rate	+1%	3.90	(5,766)	+1%	(4.98)	(6,790)
	-1%	4.27	6,310	-1%	5.55	7,571
Salary rate	+1%	4.32	6,378	+1%	5.62	7,659
	-1%	(4.01)	(5,923)	-1%	(5.12)	(6,978)
Withdrawal rate	+10%	0.26	391	+10%	0.13	175
	-10%	(0.28)	(414)	-10%	(0.13)	(182)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability against gratuity recognised in the statement of financial position.

The weighted average duration of the staff retirement benefits is approximately 4.13 years (2023: 5.31) years.

**38.1.9** Expected contribution to gratuity fund for the year ending June 30, 2025 is Rs. 10.02 million.

## 38.2 Defined contribution plan - staff provident fund

Investments out of provident fund have been made in Defence Savings Certificate and Bank Balances and are in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

## 39. TRANSACTIONS WITH RELATED PARTIES

Related parties include Otsuka Pharmaceutical Company Limited the holding company, associated companies / undertakings (namely Otsuka Pharmaceutical Factory Incorporation, Japan, Thai Otsuka Pharmaceutical Company Limited, Thailand, P.T. Otsuka Indonesia, Otsuka Pharmaceutical Company, Shanghai Micro port Medical (Group) Company Limited, etc.), staff retirement funds and the key management personnel, entities under common directorship namely Danish Enterprises, Qubittech.

Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed elsewhere are as follows:

### 39.1 Name and nature of relationship

#### a) Holding company

	June 30, 2024		June 30, 2023	
	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Otsuka Pharmaceutical Company Limited, Japan Ultimate Parent	44.8	5,420,248	44.8	5,420,248



**b) Directors / Individual shareholders**

	Note	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Mr. Tariq Mehtab	12.1	0.8254	99,871	-	-
Mr. Mikio Bando		0.0000	1	0.0000	1
Mr. Koichi Okada		0.0000	1	0.0000	1
Mr. Suhari Mukti		0.0000	1	0.0000	1
Mr. Abid Hussain		0.0000	500	0.0000	500
Mrs. Navin Salim Merchant		0.0000	509	0.0000	509
Mr. Moin Ur Rehman		0.0008	100	-	-

**c) Associated Companies due to common directorship and undertaking**

	Note	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Danish Enterprises		-	-	-	-
P. T. Otsuka Indonesia, Indonesia		9.95	1,204,499	9.95	1,204,499
Thai Otsuka Pharmaceutical Company Limited, Thailand		-	-	-	-
Shanghai Microport Medical (Group) Company Limited, China		-	-	-	-
Shanghai Microport EPMed Tech Co., Limited, China		-	-	-	-
Otsuka Pharmaceutical Factory, Inc., Japan		13.14	1,589,940	13.14	1,589,940
Qubitech		-	-	-	-
Soneri Bank Limited		-	-	-	-
Exide Pakistan limited		-	-	-	-

Name of related party	Relationship with the Company	Nature of transaction	June 30,	June 30,
			2024	2023
			----- (Rupees in '000) -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	33,287	16,192
		Mark up on loan	3,168	3,049
		Dividend paid	2,385	2,385
Otsuka Pharmaceutical Co. Ltd.	Parent Company	Purchases	139,229	138,909
		Dividend paid	8,131	8,131
		Sales Incentives on UBIT Tablets	-	4,881
		Reimbursement of Expired UBIT Tablets	-	2,267
Hospital Supply Corporation (Note: 12.1 & 39.1.1)	Common Directorship	Late payment surcharge on receivables	19,604	15,477
		Sales - gross	706,943	1,556,111
		Sales return	42,701	160
		Sales discounts / claims	260,730	225,169
		Purchases	-	1,110
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	70,049	66,354
PT. Otsuka Indonesia	Associated undertaking	Purchases	40,684	31,353
		Dividend	1,806	1,806
Shanghai Microport EPMED Tech Co. Limited	Associated undertaking	Purchases	33,075	15,651
Danish Enterprises	Others	Purchases	2,129	10,895
Qubitech	Others	Purchases	2,860	2,091

Name of related party			June 30, 2024	June 30, 2023
			----- (Rupees in '000) -----	
Husein and Husein	Others	Consultancy services	-	149
Director	Independent Director and Non Executive director	Meeting fees	700	400
Otsuka staff provident fund	Provident fund	Contribution during the year to the fund	15,034	14,658
Otsuka staff gratuity fund	Gratuity fund	Contribution during the year to the fund	2,479	6,459
Key Management	Key Management Personnel	Remuneration paid	68,191	68,901
Mr. Mehtabuddin Feroz (Note: 12.1 & 39.1.1)	Director	Consultancy charges	1,344	3,888
		Dividend	597	597

**39.1.1** The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts for rendering of certain services at mutually agreed price. In addition, the Company has also entered into financing arrangement with the group company. Sales to related parties represent sales made to HSC which was the sole distributor of the Company's products in the southern region upto December 2023(Note 12.1). The Company allows discount to the distributor on trade price based on the agreed terms. Purchases from related parties primarily represent purchase of raw materials and finished goods from Otsuka group companies.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including the Chief Executive Officer and working directors to be its key management personnel.

Name of related party			June 30, 2024	June 30, 2023
Relationship with the Company			----- (Rupees in '000) -----	
Nature of balance				
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan payable including accrued markup	951,390	498,970
		Payable against purchases	14,385	16,246
Otsuka Pharmaceutical Co, Ltd.	Parent company	Payable against purchases	38,230	68,706
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	-	312,542
Thai Otsuka Pharmaceutical Co. Ltd.	Associated Undertaking	Payable against purchases	17,679	-
Shanghai Microport Medical (Group) Co., Ltd.	Associated Undertaking	Payable against purchases	-	172
Shanghai Microport EPMed Tech Co., Limited	Associated Undertaking	Payable against purchases	-	7,327
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff provident fund	Provident fund	Payable to Employees Provident Fund	3,934	3,988
Otsuka staff gratuity fund	Gratuity fund	(Receivable from) / Payable to Staff Retirement Benefit Fund	(76)	(5,927)
Key Management Personnel	Key Management Personnel	Advance from key management personnel	1,124	1,124

## 39.2 Following are the details of associated undertakings incorporated outside Pakistan:

S. No.	Name of undertaking	Registered address	Country of incorporation	Basis of association	Aggregate % of shareholding, including shareholding through other companies or entities
1	Otsuka Pharmaceutical Company Limited, Japan	Osaka Headquarters 3-2-27, Otedori, Chuo-ku, Osaka 540-0021	Japan	Parent / Holding Company	44.80%
2	P. T. Otsuka Indonesia, Indonesia	Pertkantor Hijau Orkadia, Tower A, Lt.3, Jl. Letjen. TB. Simatupang Kav.88, Jakarta	Indonesia	Other associated undertaking	9.95%
3	Thai Otsuka Pharmaceutical Company Limited, Thailand	15th. Floor, Unit No. 1501- 1502, United Center Building, 323 Silom Road, Bangkok	Thailand	Other associated undertaking	N/A
4	Shanghai Microport Medical (Group) Company Limited, China	501 Newton Road, Zhangjiang Hi-Tech Park,	China	Other associated undertaking	N/A
5	Shanghai Microport EPMed Tech Co., Limited, China	Building #28, Lane 588, Tianxiang Road, Pudong New District, Shanghai, P. R.	China	Other associated undertaking	N/A
6	Otsuka Pharmaceutical Factory, Inc., Japan	115 Kuguhara, Tateiwa, Muya-Japan- cho, Naruto, Tokushima 772-8601		Other associated undertaking	13.14%

## 40. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2024 ----- (Rupees in '000) -----	June 30, 2023
Profit / (loss) before taxation		18,322	(28,352)
<b>Adjustment for non-cash charges and other items:</b>			
Finance cost	31	102,808	64,223
Depreciation	6.4	88,967	97,921
Provision against impairment of trade debts	12.2.1	73,046	11,724
Provision against slow moving and obsolete stock-in-trade - net	30	40,960	8,677
Depreciation right-of-use asset	6.8.3	11,378	-
Provision for staff retirement benefits	38.1.4	9,858	10,684
Provision for employees short-term compensated absences		8,203	4,177
Workers' Profit Participant Fund	30	1,066	-
Provision against obsolete stores and spares	30	924	2,648
Workers' Welfare Fund	30	405	-
Amortisation	7.1	331	784
Central Research Fund	30	215	-
Liabilities no longer payable-write back	29	(8)	-
Gain on disposal of operating fixed assets - net	29	(16,094)	(21,942)
Reversal of provision against orthopaedic knee implants - net	29	-	(19,582)
(Reversal) / Provision against stents held with hospitals	29 & 30	(7,078)	5,064
Unrealised exchange (gain) / loss		(92,039)	125,285
Working capital changes	40.1	276,254	(236,698)
		<b>517,518</b>	<b>24,613</b>



40.1	Working capital changes	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
	<b>(Increase) / decrease in current assets</b>		
	Trade debts	146,167	(175,224)
	Stock-in-trade	70,881	(129,681)
	Sales tax refundable	43,091	7,568
	Stores and spares	4,843	(12,111)
	Loans and advances	684	50,773
	Trade deposits, short-term prepayments and other receivables	(17,465)	11,876
		<u>248,201</u>	<u>(246,799)</u>
	<b>Increase in current liabilities</b>		
	Trade and other payables	28,053	10,101
		<u>276,254</u>	<u>(236,698)</u>
		June 30, 2024	June 30, 2023
		----- (Number) -----	
41.	<b>NUMBER OF EMPLOYEES</b>		
	As at	345	362
	Average during the year	354	368
42.	<b>OPERATING SEGMENTS</b>		
42.1	These financial statements have been prepared on the basis of a single reportable segment.		
42.2	Sales from Intravenous Solutions represent 84.84% while sales from others represent 15.16% (2023: 83.03% and 16.97%) respectively of the total revenue of the Company.		
42.3	Sales percentage by geographic region is as follows:	June 30, 2024	June 30, 2023
		(%)	(%)
	Pakistan	95.00	98.00
	Afghanistan	5.00	2.00
42.4	All non-current assets of the Company as at June 30, 2024 are located in Pakistan.		
43.	<b>FINANCIAL INSTRUMENTS BY CATEGORY</b>	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
	<b>Financial assets at amortised cost</b>		
	Long-term loans	14,420	14,700
	Long-term deposits	3,699	3,691
	Trade debts	160,464	379,677
	Trade deposits and other receivables	15,923	11,061
	Short-term investment	124,610	14,610
	Bank balances	187,036	5,828
		<u>506,152</u>	<u>429,567</u>
	<b>Financial liabilities at amortised cost</b>		
	Short-term loan from a related party	951,390	498,075
	Trade and other payables	492,984	555,797
	Unclaimed dividend	1,955	1,765
	Short-term running finance - secured	-	451,183
	Mark-up accrued	16,026	22,802
	Lease liability	24,826	8,060
		<u>1,487,181</u>	<u>1,537,682</u>

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company, currently finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk and provide maximum return to shareholders. The Company's risk management policies and objectives are as follows:

### 44.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

#### 44.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist in foreign currencies. As at June 30, 2024, financial liabilities of Rs. 1,054.34 million (June 30, 2023: Rs. 682.78 million) are payable in foreign currencies which have exposed the Company to foreign currency risk. The currency wise details of these liabilities have been provided below:

	Note	June 30, 2024 ----- (Rupees in '000) -----	June 30, 2023
<b>Short-term loan from a related party - unsecured</b>			
Yen	20	<u>951,390</u>	<u>498,075</u>
<b>Bills payable</b>			
US Dollar		88,263	154,986
Euro		83	10,236
Yen		14,662	19,485
	21	<u>103,008</u>	<u>184,707</u>

The Company manages currency risk by adjusting its timings of settlement of foreign currency denominated liabilities so as to ensure that transactions are settled on terms that are favourable to the Company.

As at June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 10% against foreign currencies with all other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 105.44 million (2023: Rs. 68.28 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency denominated financial liabilities.

#### 44.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### Sensitivity analysis for fixed rate instruments

Presently, the Company has investment in Term Deposit Receipts (TDR) with a banks. The investment carries fixed return. Since these financial assets are not kept at fair value, it does not expose the Company to any fair value / interest rate risk.

##### Sensitivity analysis for variable rate instruments

Presently, the Company has TIBOR based JPY financing representing financing arrangements obtained from a related party that expose the Company to cash flow interest rate risk. In case of increase / decrease in TIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2024 would have change by Rs. 9.51 million.

## 44.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Company does not hold any instruments which expose it to price risk.

## 44.2 Credit risk

Credit risk represents the risk of loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of its counterparties.

The Company's policy is to enter into financial contracts in accordance with the policies and guidelines approved by the management. Credit risk arises from bank balances, term deposit receipts, trade debts, loans and advances, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the total financial assets i.e. Rs. 506.15 million (2023: Rs. 429.58 million) of which trade debts amounting to Rs. 160.46 million (2023: Rs. 379.68 million) constitute a significant portion. Of these trade debts, Rs. 169.13 million (2023: Rs. 312.54 million) are receivable from a former related party for which the Company has recognized 50% provision on outstanding balance. The remaining trade debts (excluding impaired debts) relate to a number of independent customers for whom there is no recent history of default. Loans and advances to employees are secured against their respective balances maintained under employee benefit schemes. The Company is also exposed to counterparty credit risk on balances with banks which is limited as the counterparties are banks having reasonably high credit ratings. The credit quality of the bank balances maintained by the Company is as follows:

BANK	June 30, 2024		June 30, 2023		Rating agency
	Short-term	Long-term	Short-term	Long-term	
Allied Bank Limited	A1+	AAA	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AAA	A1+	AA+	PACRA
Habib Bank Limited	A1+	AAA	A1+	AAA	JCR - VIS
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	A1+	AAA	PACRA
The Bank of Punjab	A1+	AA+	A1+	AA+	PACRA
Habib Metro Bank	A1+	AA+	A1+	AA+	PACRA
Citi Bank	A+	A-1	A+	A-1	Standard & Poor's
Bank Al Habib Limited	A1+	AAA	AAA	A+	PACRA

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's total sales are concentrated into one of the distributors which has exposed it to significant risk due to concentration of credit. However, payment pattern exhibits that the risk is maintained at the minimum level.

## 44.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle its financial obligations in full as they fall due or can do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.



The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As at June 30, 2024			As at June 30, 2023		
	Maturity upto One year	Maturity After One year	Total	Maturity upto One year	Maturity After One year	Total
	(Rupees in '000)			(Rupees in '000)		
Short-term loan from a related party - unsecured	951,390	-	951,390	498,075	-	498,075
Trade and other payables	492,984	-	492,984	555,797	-	555,797
Long-term finance	-	-	-	-	-	-
Unclaimed dividend	1,955	-	1,955	1,765	-	1,765
Short-term running finance - secured	-	-	-	451,183	-	451,183
Mark-up Accrued	-	-	-	-	-	-
Lease liability	21,171	6,436	27,607	3,003	9,610	12,613
<b>Total</b>	<b>1,467,500</b>	<b>6,436</b>	<b>1,473,936</b>	<b>1,509,823</b>	<b>9,610</b>	<b>1,519,433</b>

#### 45. FAIR VALUE MEASUREMENT

IFRS 13 'Fair value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As at June 30, 2024 the Company does not have any assets which are tradable in an open market. The estimated fair values of all assets and liabilities are considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at June 30, 2024 and June 30, 2023, the Company did not have any assets or liabilities which were measured at fair values using any of the aforementioned valuation techniques.

#### 46. CAPITAL RISK MANAGEMENT

**46.1** The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

**46.2** Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less bank balances. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Total borrowings	976,216	957,318
Less: bank balances	(187,036)	(5,828)
Net debt	<u>789,180</u>	<u>951,490</u>
Total equity	675,695	697,523
Total capital	<u>1,464,875</u>	<u>1,649,013</u>
<b>Gearing ratio</b>	<u>53.87%</u>	<u>57.70%</u>

As at June 30, 2024, the Company's gearing ratio has decreased due to decrease in running finance obtained to meet working capital requirement. The Company's foreign loan liability increased due to obtaining of a new JPY loan. As a part of the Company's future strategy, management has prepared a business plan which is sensitive to certain key assumptions. The Management believes that the successful implementation of the business plan would help to improve the financial position of the Company.

#### 47. PLANT CAPACITY AND PRODUCTION

Particulars	June 30, 2024		June 30, 2023	
	Capacity	Actual production	Capacity	Actual production
	----- (million bottles) -----			
I.V. solutions	28.6	18.7	28.6	21.5
Plastic ampoules	14.1	11.8	14.1	12.2
Sachets	4.9	2.9	1.1	0.8

47.1 The actual production was on the lower side due to closure of LINE-II for GMP requirements and shortage of SPPF caps faced during last two months.

47.2 The Company's under-utilised capacity was due to lower than the planned production on account of oversupply situation in the market.

#### 48. SUBSEQUENT EVENT

The Board of Directors in its meeting held on proposed a final cash dividend of Rs. Nil per share (2023: Rs. 1.50 per share) amounting to Rs. Nil (2023: Rs. 18.15 million) subject to the approval of the members in the forthcoming annual general meeting of the Company.

#### 49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 27, 2024 by the Board of Directors of the Company.

#### 50. GENERAL

50.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

50.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.



**Moin Ur Rehman**  
Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED**  
**Pattern of Shareholding**  
**As of June 30, 2024**

Sr. No.	Folio / CDS Account No.	Name of Shareholders	Designation / Category	Nationality	Shares Held
<b>Sponsors, Directors and their spouse(s) and minor children</b>					
1	8	MR. SUHARI MUKTI	Director	Indonesian	1
2	11692-033535	MR. MOIN UR REHMAN	CEO & Director	Pakistani	100
3	106293-53725	MR. TARIQ MEHTAB FERAZ	Director	Pakistani	99,371
4	16	MR. KOICHI OKADA	Director	Japanese	1
5	6	MR. MIKIO BANDO	Director	Japanese	1
6	12484-6122	MR. ABID HUSSAIN	Independent Director	Pakistani	500
7	9391	MRS. NAVIN SALIM MERCHANT	Female Independent Director	Pakistani	509
<b>Associated Companies, undertakings and related parties</b>					
1	1	OTSUKA PHARMACEUTICAL COMPANY LIMITED		Japanese	5,420,247
2	2	P.T. OTSUKA INDONESIA		Indonesian	1,204,499
3	9360	OTSUKA PHARMACEUTICAL FACTORY, INC.		Japanese	1,589,940
<b>EXECUTIVES</b>					
1	11692-14105 AND 8008		Executive	Pakistani	121
<b>OTHERS</b>					
			Various	Various	3,784,710
<b>Total</b>					<b>12,100,000</b>



## OTSUKA PAKISTAN LIMITED

### Pattern of Shareholding

As On 30/06/2024

<--- HAVING SHARES --->

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
435	1	100	8705	0.0719
410	101	500	110584	0.9139
170	501	1000	140380	1.1602
202	1001	5000	477149	3.9434
35	5001	10000	256618	2.1208
14	10001	15000	164909	1.3629
4	15001	20000	66873	0.5527
2	20001	25000	45090	0.3726
1	25001	30000	29900	0.2471
1	30001	35000	30112	0.2489
1	35001	40000	36000	0.2975
2	45001	50000	99372	0.8213
1	50001	55000	51474	0.4254
3	95001	100000	298113	2.4637
1	100001	105000	103827	0.8581
1	150001	155000	152500	1.2603
1	220001	225000	223768	1.8493
4	395001	400000	1589940	13.1400
1	1200001	1205000	1204499	9.9545
1	1585001	1590000	1589940	13.1400
1	5420001	5425000	5420247	44.7954
1291		Company Total	12100000	100.0000

## COMPARISON OF LAST 6 YEARS RESULTS

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Share Capital (Rs. In '000)	121,000	121,000	121,000	121,000	121,000	121,000
Unappropriated Profit / (Loss) (Rs. In '000)	(439,525)	(346,193)	37,997	250,014	84,543	62,715
General Reserve (Rs. In '000)	341,980	341,980	341,980	341,980	491,980	491,980
Capital Employed (Rs. In '000)	23,455	116,787	532,880	716,086	704,315	688,526
Long Term Loans/Lease (Rs. In '000)	-	-	31,903	3,092	6,792	12,831
Sales (Rs. In '000)	1,884,753	2,226,989	2,546,276	2,851,733	3,035,085	3,163,868
Profit/(Loss) Before Tax (Rs. In '000)	(193,711)	107,557	469,535	364,629	(28,352)	18,972
Taxation - net (Rs. In '000)	18,363	(16,491)	(83,204)	(132,832)	21,145	(23,735)
Profit/(Loss) After Taxation (Rs. In '000)	(175,348)	91,066	386,331	231,797	(7,207)	(4,763)
% of Sales	-9%	4%	15%	8%	-0.24%	-0.15%
% of Total Assets	-11%	5%	26%	13%	-0.31%	-0.21%
% of Capital Employed	-748%	78%	72%	32%	-1%	-1%
Dividend Amount (Rs. In '000)	-	-	18,150	18,150	18,150	18,150
% of Dividend	-	-	15%	15%	15%	15%
Bonus Shares Dividend (Rs. In '000)	-	-	-	-	-	-
% of Bonus Issue	-	-	-	-	-	-
Earnings / (Loss) Per Share	(14.49)	7.53	31.93	19.16	(0.60)	(0.39)
Fixed Assets less Depreciation (Rs. In '000)	350,998	304,687	275,096	265,400	210,814	343,402
Total Assets (Rs. In '000)	1,530,644	1,680,281	1,485,431	1,845,908	2,288,964	2,293,889
Average Number of Employees	392	391	384	374	368	354

## PROXY FORM 36<sup>th</sup> Annual General Meeting

The Secretary  
Otsuka Pakistan Limited,  
30-B S.M.C.H. Society,  
Off Shahrah-e-Faisal,  
Karachi - 74400.

Please quote Folio No.

I/We.....  
of.....Being a member  
of Otsuka Pakistan Limited here by appoint.....  
of.....  
or failing him / her.....  
of.....

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the  
Thirty-fifth Annual General Meeting of the Company to be held on Wednesday, October 30,  
2024 and at any adjournment thereof.

As witness my hand this..... day of .....2024  
Signed by the said.....

in the presence of.....  
.....

Witness

Signature on Revenue stamp of appropriate value
---

(Signature should agree with  
the SPECIMEN signature  
registered with the Company)

### Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy, together with the Power of Attorney, if any under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of the meeting.
4. In case of Proxy for any individual beneficial owner of CDC, entitled to attend and vote at this meeting, it is necessary to deposit the attested copies of beneficial owner's national identity card, Account and Participant's ID numbers. The Proxy shall produce his original national identity card at the time of the meeting. Representative of corporate members should bring the usual documents for such purpose.



**AFFIX  
CORRECT  
POSTAGE**








**The Company Secretary  
Otsuka Pakistan Limited  
30-B, Sindhi Muslim Co-operative Housing  
Society, Karachi - 74400**










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Otsuka

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