

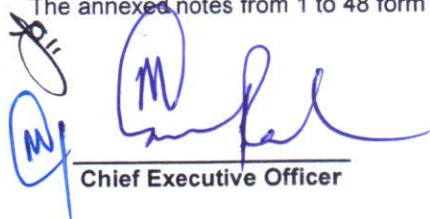
Otsuka Pakistan Limited

Financial Statements
for the Year ended
June 30, 2025

OTSUKA PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

AS AT JUNE 30, 2025		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	614,178	439,945
Intangible assets	6	446	761
Long-term loans	7	6,860	7,428
Long-term deposits		1,463	3,699
Deferred tax asset - net	8	87,113	127,062
		<u>710,060</u>	<u>578,895</u>
Current assets			
Stores and spares	9	63,555	44,548
Stock-in-trade	10	1,039,093	959,205
Trade debts	11	89,744	160,464
Loans and advances	12	86,853	64,695
Trade deposits, short-term prepayments and other receivables	13	31,931	34,897
Sales tax refundable	14	47,172	47,172
Prepaid levies		49,463	-
Advance tax - net		51,797	92,367
Short-term investment	15	264,610	124,610
Bank balances	16	114,207	187,036
		<u>1,838,425</u>	<u>1,714,994</u>
Total assets		<u><u>2,548,485</u></u>	<u><u>2,293,889</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	121,000	121,000
Revenue reserves		574,779	554,695
Total equity		<u>695,779</u>	<u>675,695</u>
Liabilities			
Non-current liabilities			
Lease liability	18	-	12,831
Current liabilities			
Short-term loan from a related party	19	1,083,500	951,390
Trade and other payables	20	764,912	623,997
Current portion of lease liability	18	-	11,995
Unclaimed dividend		1,955	1,955
Short-term running finance	21	-	-
Mark-up accrued	22	2,339	16,026
		<u>1,852,706</u>	<u>1,605,363</u>
Total equity and liabilities		<u><u>2,548,485</u></u>	<u><u>2,293,889</u></u>
Contingencies and commitments			
	23		

The annexed notes from 1 to 48 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

		June 30, 2025	June 30, 2024
	Note	(Rupees in '000)	
Revenue from contract with customers	24	3,779,518	3,163,868
Cost of sales	25	(2,916,119)	(2,586,884)
Gross profit		863,399	576,984
Selling and distribution expenses	26	(508,196)	(369,987)
Administrative and general expenses	27	(195,141)	(148,082)
Reversal / (provision) against expected credit loss on trade debts	11.2.1	49,989	(74,087)
		210,051	(15,172)
Other income	28	128,290	187,332
		338,341	172,160
Other expenses	29	(175,435)	(50,380)
Operating profit		162,906	121,780
Finance cost	30	(5,903)	(102,808)
Profit before levies and taxation		157,003	18,972
Levies	31	(49,463)	(650)
Profit before taxation		107,540	18,322
Taxation - net	32	(79,863)	(23,085)
Income / (loss) for the year		27,677	(4,763)
		(Rupees)	
Earnings / (loss) per share	33	2.29	(0.39)

The annexed notes from 1 to 48 form an integral part of these financial statements.

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Chief Executive Officer

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Director

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Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

		June 30, 2025	June 30, 2024
Note		(Rupees in '000)	
	Income / (loss) for the year	27,677	(4,763)
	Other comprehensive (loss) / income for the year		
	Items that will not be subsequently reclassified to statement of profit or loss		
	Components of comprehensive income reflected in equity		
	Remeasurement (loss) / gain on defined benefit plan	36.1.5 (10,694)	1,528
	Tax on remeasurement of defined benefit plan	8.1 3,101	(443)
		(7,593)	1,085
	Total comprehensive income / (loss) for the year	20,084	(3,678)

The annexed notes from 1 to 48 form an integral part of these financial statements.



Chief Executive Officer

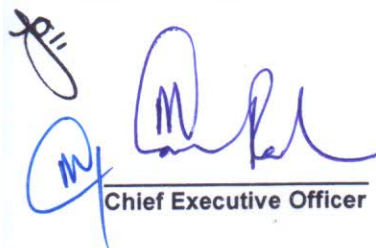

Director

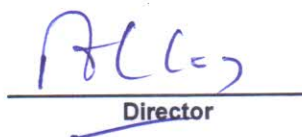

Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Note	Issued, subscribed and paid-up capital	Revenue reserves			Total equity
			General reserve	Unappropriated profit	Sub-total	
			(Rupees in '000)			
Balance as at July 01, 2023		121,000	491,980	84,543	576,523	697,523
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	36.1.5	-	-	1,528	1,528	1,528
Tax on remeasurement of defined benefit plan	8.1	-	-	(443)	(443)	(443)
		-	-	1,085	1,085	1,085
Total comprehensive loss for the year		-	-	(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)
Balance as at June 30, 2024		121,000	491,980	62,715	554,695	675,695
Income for the year ended June 30, 2025		-	-	27,677	27,677	27,677
Other comprehensive income for the year						
Remeasurement loss on defined benefit plan	36.1.5	-	-	(10,694)	(10,694)	(10,694)
Tax on remeasurement of defined benefit plan	8.1	-	-	3,101	3,101	3,101
		-	-	(7,593)	(7,593)	(7,593)
Total comprehensive income for the year		-	-	20,084	20,084	20,084
Balance as at June 30, 2025		121,000	491,980	82,799	574,779	695,779

The annexed notes from 1 to 48 form an integral part of these financial statements.


Chief Executive Officer


Director

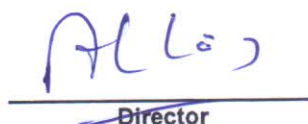

Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

		June 30, 2025	June 30, 2024
Note		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
	38	473,108	518,168
Cash generated from operations		(95,172)	(73,656)
Taxes paid - net		(19,094)	(109,581)
Finance cost paid		2,237	(8)
Long-term deposits - net		568	(2)
Long-term loans - net		(1,066)	-
Workers profit participation fund paid		-	(7,292)
Workers welfare fund paid		(215)	-
Central research fund paid		(5,538)	(7,247)
Compensated absences paid		(9,393)	(2,479)
Paid to staff retirement benefit fund			
Net cash flows generated from operating activities		345,435	317,903
CASH FLOWS FROM INVESTING ACTIVITIES			
		(260,136)	(107,364)
Additions to property, plant and equipment		7,194	20,409
Proceeds from disposal of property, plant and equipment			
Net cash flows used in investing activities		(252,942)	(86,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	(17,960)
Dividend paid		-	536,400
Short term loan received from related party			
Payment of lease liabilities	18.2	(25,322)	(6,997)
Net cash flows (used in) / generated from financing activities		(25,322)	511,443
Net increase in cash and cash equivalents		67,171	742,391
Cash and cash equivalents at the beginning of the year		311,646	(430,745)
Cash and cash equivalents at the end of the year	34	378,817	311,646

The annexed notes from 1 to 48 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

OTSUKA PAKISTAN LIMITED
NOTES COMPRISING OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

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	Manufacturing Facility	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	Plot No. F/4-9, Hub Industrial Trading Estates, District Lasbella, Balochistan	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 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act 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 in thousand, 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 recognised 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	4.7 & 11.2
- Residual values, useful lives and depreciation rates of operating fixed assets	4.1 & 5.1
- Provision against slow moving and obsolete stock-in-trade and stores and spares	4.3, 4.4, 9 & 10
- Estimate of liabilities in respect of staff retirement benefits	4.9 & 36
- Provision for taxation and realisability of deferred tax asset	4.11, 8, 31 & 32
- Provisions and contingencies	4.8 & 23

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

3.1 New amendments that are effective for the year ended June 30, 2025

The following amendments are effective for the year ended June 30, 2025. These 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 to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 1, 2024
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7' Financial Instruments Disclosures' - Supplier Finance Arrangements	January 1, 2024

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

The following standard, 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
- IFRS 7 - Financial Instruments: Disclosures	July 01, 2025
Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026

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. 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.

4.1 Property, plant and equipment

4.1.1 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 5.1 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.

The carrying amount of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment or not. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount.

4.1.2 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.

4.1.3 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.

4.2 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.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable, if any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

4.3 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.

4.4 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.

4.5 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.

4.6 Financial instruments

4.6.1 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.

4.6.2 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.

4.6.3 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.



4.7 Impairment

4.7.1 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, trade debts 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.

4.7.2 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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 Income Tax Ordinance, 2001 (ITO).

ii. 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.

4.12 Levies

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income is classified as levies in the statement of profit or loss as these levies fall under the scope of IFRIC 21 'Levies' or IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

(a) 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.

(b) 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

5. PROPERTY, PLANT AND EQUIPMENT

Note	June 30, 2025	June 30, 2024
	(Rupees in '000) -----	
Operating fixed assets	5.1 565,482	318,437
Capital work-in-progress	5.6 41,271	96,543
Right-of-use asset	5.8 7,425	24,965
	614,178	439,945

5.1 Operating fixed assets

Particulars	June 30, 2025									
	Cost				Accumulated depreciation					
	As at July 01, 2024	Transfers / Additions during the year	Disposals during the year	As at June 30, 2025	As at July 01, 2024	Depreciation for the year	Depreciation on disposals	As at June 30, 2025	Written down value at June 30, 2025	Rate
	(Rupees in '000) ----- (%)-----									
Lease-hold land	3,953	-	-	3,953	1,429	40	-	1,469	2,484	1.01%
Building on lease-hold land	355,622	37,733	-	393,355	337,688	5,060	-	342,747	50,608	5% - 10%
Plant and machinery	1,102,827	184,771	-	1,287,598	892,618	41,370	-	933,988	353,610	10% - 50%
Furniture, fixtures and equipment	101,611	32,330	(100)	133,841	64,112	10,977	(100)	74,989	58,852	10% - 50%
Vehicles	66,138	64,116	(8,489)	121,765	18,304	11,488	(5,170)	24,623	97,142	20%
Fork lifters	17,586	2,118	-	19,704	15,149	1,769	-	16,918	2,786	10% - 50%
	1,647,737	321,068	(8,589)	1,960,216	1,329,300	70,704	(5,270)	1,394,734	565,482	

Particulars	June 30, 2024									
	Cost				Accumulated depreciation					
	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	Written down value at June 30, 2024	Rate
	(Rupees in '000) ----- (%)-----									
Lease-hold land	3,953	-	-	3,953	1,389	40	-	1,429	2,524	1.01%
Building on lease-hold land	338,601	17,021	-	355,622	319,883	17,805	-	337,688	17,934	5% - 10%
Plant and machinery	990,318	141,422	(28,913)	1,102,827	867,232	54,299	(28,913)	892,618	210,209	10% - 50%
Furniture, fixtures and equipment	79,704	22,780	(873)	101,611	57,123	7,862	(873)	64,112	37,499	10% - 50%
Vehicles	45,107	32,265	(11,234)	66,138	17,955	7,268	(6,919)	18,304	47,834	20%
Fork lifters	18,972	-	(1,386)	17,586	14,842	1,693	(1,386)	15,149	2,437	10% - 50%
	1,476,655	213,488	(42,406)	1,647,737	1,278,424	88,967	(38,091)	1,329,300	318,437	

5.2 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

5.3 Included in operating fixed assets are fully depreciated assets which are in use having cost of Rs. 1,224.55 million (June 30, 2024: Rs. 1,199.92 million).

		June 30, 2025	June 30, 2024
	Note	(Rupees in '000)	
5.4	The depreciation charge for the year has been allocated as follows:		
Cost of sales	25	61,233	82,858
Selling and distribution expenses	26	5,232	3,411
Administrative and general expenses	27	4,239	2,698
		<u>70,704</u>	<u>88,967</u>

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

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposals / settlement	Particulars of buyers / purchasers
----- (Rupees in '000) -----							
<u>Vehicles</u>							
Toyota Corolla	3,615	1,446	2,169	2,196	27	Company Policy	Mr. Khalid Munir - Ex - Employee
Suzuki Swift	2,195	1,580	615	615	-	Company Policy	Mr. Hanif Sattar - Ex - Advisor
June 30, 2025	5,810	3,026	2,784	2,811	27		
June 30, 2024	7,056	3,577	3,479	9,677	6,198		

5.6 Movement in capital work in progress is as follow:

	June 30, 2025			
	Opening balance	Additions during the year	Transfers during the year	Closing balance
	(Rupees in '000)			
Stores and spares held for capital expenditure	21,094	75,323	(59,166)	37,251
Operating fixed assets	75,449	90,717	(162,146)	4,020
	<u>96,543</u>	<u>166,040</u>	<u>(221,312)</u>	<u>41,271</u>
	June 30, 2024			
	Opening balance	Additions during the year	Transfers during the year	Closing balance
	(Rupees in '000)			
Stores and spares held for capital expenditure	4,188	59,700	(42,794)	21,094
Operating fixed assets	198,479	34,390	(157,420)	75,449
	<u>202,667</u>	<u>94,090</u>	<u>(200,214)</u>	<u>96,543</u>

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5.7 These are kept as collateral with a bank under pari-passu charge for obtaining short-term financing. Details are provided in note 21.1.

5.8 Right-of-use asset

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

	Note	June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	
5.8.1 Movement of right-of-use assets			
Opening balance		24,965	12,583
Additions during the year	5.8.2	-	23,760
Vehicles transferred to operating fixed asset		(5,660)	-
Depreciation expense	5.8.3	(11,880)	(11,378)
Closing balance		<u>7,425</u>	<u>24,965</u>

5.8.2 This includes head office building acquired on lease by the Company for a lease term of 24 months starting from February 16, 2024 and expiring on February 15, 2026.

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

	Note	June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	
Cost of sales	25	-	1,710
Administrative and general expenses	27	<u>11,880</u>	<u>9,668</u>
		<u>11,880</u>	<u>11,378</u>

6. INTANGIBLE ASSETS

Computer software	6.1	<u>446</u>	<u>761</u>
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6.1 Movement in intangible assets

Opening net book value		761	1,092
Amortisation	27	(315)	(331)
Closing net book value		<u>446</u>	<u>761</u>
Closing value - gross amount			
Cost		5,051	5,051
Accumulated amortisation		(4,605)	(4,290)
Net book value		<u>446</u>	<u>761</u>

	June 30, 2025	June 30, 2024
	----- (%) -----	
Amortisation rate per annum	<u>20 - 33</u>	<u>20 - 33</u>

7.	LONG-TERM LOANS	Note	June 30, 2025	June 30, 2024
			----- (Rupees in '000) -----	
	Loans to employees	7.1	13,693	14,420
	Current portion	12	(6,833)	(6,992)
			<u>6,860</u>	<u>7,428</u>

- 7.1 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, 2025, none of these loans were past due or impaired.

8.	DEFERRED TAX ASSET - NET	June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	
	Deductible / (taxable) temporary differences		
	Operating fixed assets	(1,444)	14,795
	Employees' short-term compensated absences	8,809	8,326
	Impairment of trade debts	13,152	32,529
	Minimum tax	35,374	39,661
	Other provisions	31,222	31,751
		<u>87,113</u>	<u>127,062</u>

- 8.1 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 32)	Other comprehensive income	
Movement for the year ended June 30, 2025	----- (Rupees in '000) -----			
Deductible / (taxable) temporary difference arising in respect of				
- Operating fixed assets	14,795	(16,239)	-	(1,444)
- Employees' short-term compensated absences	8,326	483	-	8,809
- Impairment of trade debts	32,529	(19,377)	-	13,152
- Minimum tax	39,661	(4,287)	-	35,374
- Other provisions	31,751	(3,630)	3,101	31,222
	127,062	(43,050)	3,101	87,113

	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss (Note 32)	Other comprehensive income	
Movement for the year ended June 30, 2024	----- (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

		June 30, 2025	June 30, 2024
	Note	------(Rupees in '000)-----	
9. STORES AND SPARES			
Stores		38,952	27,730
Spares			
- in hand		42,023	30,472
- in transit		36	1,579
		42,059	32,051
		81,011	59,781
Provision against slow moving and obsolete stores and spares	9.1	(17,456)	(15,233)
		63,555	44,548
9.1 Movement of provision during the year is as follows:			
Opening balance		15,233	14,309
Charge		3,557	924
Reversal		(1,334)	-
	29	2,223	924
Closing balance		17,456	15,233
10. STOCK-IN-TRADE			
Raw and packing materials			
- in hand		318,258	461,717
- in transit		121,648	86,584
	25	439,906	548,301
Work-in-progress	25	9,259	16,112
Finished goods			
- in hand	10.1	628,153	419,106
- in transit		19,510	45,467
	25	647,663	464,573
		1,096,828	1,028,986
Provision against:			
Slow moving and obsolete stock-in-trade	10.2	(48,293)	(55,780)
Stents held with hospitals	10.3	(9,442)	(14,001)
		(57,735)	(69,781)
		1,039,093	959,205

- 10.1 These include items costing Rs. 232.23 million (June 30, 2024: Rs. 207.13 million) that have been valued at their net realisable value amounting to Rs. 187.60 million (June 30, 2024: Rs. 156.29 million).

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

	Note	June 30, 2025 ------(Rupees in '000)-----	June 30, 2024
Opening balance		55,780	14,820
(Reversal) / charge for the year	28 & 29	(7,487)	40,960
Closing balance		<u>48,293</u>	<u>55,780</u>

10.3 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, 2025 ------(Rupees in '000)-----	June 30, 2024
Opening balance		14,001	21,079
(Reversal) / charge for the year	28	(4,559)	(7,078)
Closing balance		<u>9,442</u>	<u>14,001</u>

11. TRADE DEBTS

Due from Hospital Supply Corporation (HSC)	11.1	-	169,127
Others		135,094	103,505
	11.2.2	<u>135,094</u>	<u>272,632</u>
Loss allowance	11.2.1	(45,350)	(112,168)
		<u>89,744</u>	<u>160,464</u>

11.1 During the year, the management and HSC arrived on a final settlement resulting into recovery of Rs. 127 million against outstanding principal. The remaining principal of Rs. 16.83 million was waived by the Company considering its long association with HSC. Remaining provision of Rs. 41.43 million was reversed from the books of accounts.

11.1.1 The maximum aggregate amount outstanding from related party at any time during the year calculated by reference to month-end balance was Rs. Nil (June 30, 2024: Rs. 367.43 million).

11.2 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, for instance when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

11.2.1 Movement of loss allowance

Balance as at July 1, 2023

Reversal of provision during the year - net
Write-off during the year

Balance as at June 30, 2024

Reversal during the year - net
Write-off during the year

Balance as at June 30, 2025

Collectively assessed	Individually assessed	Total
------(Rupees in '000)-----		
39,122	-	39,122
15,821	58,266	74,087
(1,041)	-	(1,041)
14,780	58,266	73,046
53,902	58,266	112,168
(8,552)	(41,437)	(49,989)
-	(16,829)	(16,829)
(8,552)	(58,266)	(66,818)
45,350	-	45,350

11.2.2 The age analysis of trade debts is as follows:

	June 30, 2025		
	From others	From a formerly related party	Total
	------(Rupees in '000)-----		
Not yet due	52,995	-	52,995
Past due 1-30 days	13,963	-	13,963
Past due 31-60 days	16,902	-	16,902
Past due 61-90 days	7,740	-	7,740
Past due more than 90 days	43,494	-	43,494
	135,094	-	135,094

	June 30, 2024		
	From others	From a formerly related party	Total
	------(Rupees in '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
	103,505	169,127	272,632

Note	June 30, 2025	June 30, 2024
	------(Rupees in '000)-----	

12. LOANS AND ADVANCES -CONSIDERED GOOD

Loans to employees - current portion

Advance to:
- employees
- suppliers

7	6,833	6,992
12.1	5,525	2,926
	74,495	54,777
	80,020	57,703
	86,853	64,695

- 12.1 These are non-interest bearing advances given to employees to meet business expenses and are settled as and when expenses are incurred.

		June 30, 2025	June 30, 2024
	Note	------(Rupees in '000)-----	
13. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits	13.1	12,817	8,151
Short-term prepayments		10,726	7,856
Sales tax adjustable		4,957	11,042
Surplus on staff retirement fund	36.1.2	-	76
Other receivables		3,431	7,772
		<u>31,931</u>	<u>34,897</u>

- 13.1 These represents non-interest bearing earnest monies placed with various parties.

		June 30, 2025	June 30, 2024
	Note	------(Rupees in '000)-----	
14. SALES TAX REFUNDABLE			
	14.1	<u>47,172</u>	<u>47,172</u>

- 14.1 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 Pharmaceuticals 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. During the year ended June 30, 2025 sales tax refund amounting to Rs. 39.56 million has been processed by Refund Division, LTO Karachi through Refund Payment Orders (RPOs) dated June 05, 2025. The said refund amount will be credited by CSTRO Islamabad in Company's bank account in due course of time.

		June 30, 2025	June 30, 2024
	Note	------(Rupees in '000)-----	
15. SHORT TERM INVESTMENT			
Term Deposit Receipts (TDRs)			
-Bank Alfalah Limited	15.1	264,610	64,610
-Allied Bank Limited	15.2	-	60,000
		<u>264,610</u>	<u>124,610</u>

- 15.1 This carries interest rates range between 8% to 9.65% per annum (June 30, 2024 : 19.40%). TDRs of Rs. 14.61 million (June 30, 2024 : Rs. 14.61 million) kept as a 100% Cash Margin security against the outstanding bank guarantees in favor of Collector of Customs.

- 15.2 This carries interest rate at nil (June 30, 2024: 20.5%).

		June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	
16.	BANK BALANCES		
	- Current accounts	37,802	187,036
	- Saving accounts	76,405	-
		<u>114,207</u>	<u>187,036</u>

The return on these balances range between 6% to 8% (June 30, 2024: nil) per annum.

17. SHARE CAPITAL

	June 30, 2025	June 30, 2024			
17.1	----- (Number of shares) -----		Authorised share capital		
	<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
			Issued, subscribed and paid-up capital		
	<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>

17.2 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, 2025		June 30, 2024	
		Shares held	Percentage	Shares held	Percentage
		---(Number)---	-----(%)-----	---(Number)---	-----(%)-----
Otsuka Pharmaceutical Company Limited, Japan	17.2.1	5,420,248	44.80	5,420,248	44.80
P. T. Otsuka Indonesia, Indonesia	17.2.1	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		100,483	0.83	100,483	0.83
Executives		121	-	121	-

17.2.1 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, 2025	June 30, 2024
	----- (Rupees in '000) -----	
18. LEASE LIABILITY		
Lease liability	-	24,826
Current maturity of lease liability	-	(11,995)
	<u>-</u>	<u>12,831</u>

18.1 The future payments of lease liabilities are as follows:

	June 30, 2025		June 30, 2024	
	Future minimum lease payments	Principal repayments	Future minimum lease payments	Principal repayments
	----- (Rupees in '000) -----			
Not later than 1 year	-	-	21,171	19,729
Later than 1 year and not later than 5 years	-	-	6,436	5,097
	<u>-</u>	<u>-</u>	<u>27,607</u>	<u>24,826</u>

18.2 Reconciliation of lease liability

	June 30, 2025				
	July 1, 2024	Cash inflow	Cash outflow	New Lease arrangement	Finance cost
	----- (Rupees in '000) -----				
Lease liability	24,826	-	(25,322)	-	496
	<u>24,826</u>	<u>-</u>	<u>(25,322)</u>	<u>-</u>	<u>496</u>

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

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

	Note	June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	-----
Loan from Otsuka Pharmaceutical Factory, Inc.	19.1	<u>1,083,500</u>	<u>951,390</u>

19.1 This represents foreign currency denominated loan. The loan was obtained in three tranches (two tranches JPY 125 million each and one tranche of JPY 300 million) drawn down on February 26, 2015, April 27, 2015 and May 17, 2024 respectively, repayable on or before February 25, 2016, April 26, 2016 and April 10, 2025 respectively. Out of these two tranches of JPY 125 million each were rolled forward annually multiple times however JPY 300 million was rolled forward annually once. During the financial year ended June 30, 2025 all the tranches have been rolled forward and are now repayable on or before February 25, 2026, April 26, 2026 and April 10, 2026 respectively.

Mark-up is charged at TIBOR (fixed at the time of receipt of loan) + 0.1% (June 30, 2024: TIBOR + 0.1%) per annum and is payable semi-annually in arrears.

	June 30, 2025	June 30, 2024
Note	----- (Rupees in '000) -----	

19.2 Movement of the loan is as follows:

Opening balance	951,390	498,075
Exchange loss / (gain)	132,110	(83,085)
Additional loan received	-	536,400
	132,110	453,315
Closing balance	1,083,500	951,390

20. TRADE AND OTHER PAYABLES

Creditors		157,071	66,478
Foreign bills payable	20.1	198,249	103,008
Accrued liabilities	20.2	197,375	241,120
Payable to employees provident fund		4,777	3,934
Payable to staff retirement benefit fund	36.1.2	13,029	-
Provision for employees short-term compensated absences		30,375	28,712
Sales tax payable	20.3	24,378	15,487
Retention money		868	902
Security deposits		3,889	2,139
Workers welfare fund		3,389	185
Workers profit participation fund	20.4	8,458	1,066
Central research fund		1,704	215
Contract liabilities	20.5	73,440	114,060
Other liabilities	20.6	47,911	46,691
		764,912	623,997

20.1 These include amounts payable to the related parties as at the end of the year aggregating to Rs. 99.85 million (June 30, 2024: Rs. 70.29 million) as disclosed in note 37.1.1.

20.2 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 ICAP in this regard.

20.3 This includes provision for sales tax in respect of imported and local packaging materials (for IV solutions) amounting to Rs. 9.97 million (June 30, 2024: 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 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. However, the Customs has taken up this case into their Tribunal and Appellate and the Company is attending the hearings through its appointed lawyer. The case is still opened and being fought on argument basis.



		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
20.4 Workers profit participation fund			
Opening balance		1,066	-
Allocation for the year	29	8,458	1,066
		<u>9,524</u>	<u>1,066</u>
Interest on funds utilised in the Company's business	30	60	-
		<u>9,584</u>	<u>1,066</u>
Paid during the year		(1,126)	-
Closing balance		<u>8,458</u>	<u>1,066</u>

20.5 During the year, the performance obligations underlying the opening contract liability of Rs. 114.06 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. 73.44 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

20.6 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, 2024: Rs. 10.90 million) in these financial statements. From January 2020 onwards, the Company is paying full regulatory duty on these imported products.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
21. SHORT-TERM RUNNING FINANCE			
From banking companies - Secured			
Short-term running finance facilities utilised under mark-up arrangements - secured	21.1	-	-

21.1 Particulars of short-term running finance - secured

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

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

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

21.2.1 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, 2025 amounting to Rs. 289.61 million (June 30, 2024: Rs. 289.61 million) out of which Rs. 178.68 million (June 30, 2024: Rs. 132.77 million) are available for utilisation of import letter of credit and letter of guarantee.

	June 30, 2025	June 30, 2024
	----- (Rupees in '000) -----	
22. MARK-UP ACCRUED		
- Short-term running finance - secured	-	15,197
- Short-term loan from a related party - unsecured	2,339	829
	<u>2,339</u>	<u>16,026</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1 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, 2024: 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. Being prudent management has recorded a provision of Rs. 12.70 million with corresponding adjustment to refund liability to tax year 2015.

- 23.1.2 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. Lasbella 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, Being prudent a provision of Rs. 6.80 million has been made in the financial statements.

- 23.1.3 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.

- 23.1.4 For the tax year 2019, the Company's assessment was amended twice, firstly through order dated June 24, 2025 under section 122(1) and subsequently through order dated June 29, 2025 under section 122(5A) of the ITO.

In first amendment, certain expenses aggregating Rs. 421.66 million were disallowed including sales discount, unrealised exchange loss, and tax amortisation. Although, first amendment converted business loss into taxable business income, however tax refundable of Rs. 18.11 million being minimum tax remained intact.

In second amendment, total additions aggregating Rs. 258.36 million were made based on apportionment of expenses and disallowing withholding tax claim of Rs. 4.47 million due to which revise business income increases to the extent that its tax crossed minimum tax liability. Consequently, above refundable position converted into tax demand of Rs. 66.11 million.

The Company through its tax consultant has challenged both amended orders by filing appeals before CIRA and has a reasonable basis to defend its case.

23.1.5 During the year ended June 30, 2025, on December 13, 2024, an order of sales tax withholding demand was served on the company by the Commissioner, BRA Quetta, related to the tax periods from July 2019 to June 2024 for an amount of Rs. 19.63 million along with penalty and default surcharge under section 52(6) of the Balochistan Sales tax on Services Act 2015. The Company filed an appeal with the Appellate Tribunal Balochistan Revenue Authority (AT-BRA).

As per tax advisor opinion and based on relevant legal and factual position the management expect a positive outcome of above appeal pending.

23.1.6 During the year ended June 30, 2025, on May 30, 2025, the company received a sales tax demand of Rs 6.9 million with a penalty of Rs 0.34 from Deputy Commissioner Inland Revenue (DCIR) for the tax year 2020 due to inadmissible input tax and short payments of withholding sales tax. The Company filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) who heard the appeal instantly and reserved for order by CIRA.

		June 30, 2025	June 30, 2024
23.2	Commitments	Note	(Rupees in '000)
	Commitments in respect of:		
	Letters of credit		63,755
	Letters of guarantee		47,173

24. REVENUE FROM CONTRACT WITH CUSTOMERS

Gross sales	24.1	4,180,475	3,520,307
Sales tax		(87,502)	(75,330)
		4,092,973	3,444,977
Discounts		(313,455)	(281,109)
		3,779,518	3,163,868

24.1 Gross sales are net of sales return amounting to Rs. 6.32 million (2024: Rs. 54.60 million).

25. COST OF SALES

		June 30, 2025	June 30, 2024
	Note	(Rupees in '000)	
Raw and packing material consumed:			
Opening raw and packing material		548,301	700,141
Purchases		1,262,588	1,066,151
Closing raw and packing material	10	(439,906)	(548,301)
		1,370,983	1,217,991
Salaries, wages and benefits	25.1	550,673	473,777
Fuel and power		396,869	379,053
Stores and spares consumed		172,557	108,662
Travelling and vehicle running		70,853	63,171
Depreciation	5.4	61,233	82,858
Rent, rates and taxes		18,872	16,550
Repairs and maintenance		16,102	12,635
Insurance		5,031	3,575
Communication and stationery		818	474
Depreciation right-of-use asset	5.8.3	-	1,710
Other expenses		12,119	13,449
		1,305,125	1,155,914
		2,676,108	2,373,905
Work-in-progress (WIP)			
Opening WIP		16,112	12,533
Closing WIP	10	(9,259)	(16,112)
		2,682,961	2,370,326
Opening finished goods		464,573	387,193
Finished goods purchased		429,354	305,304
		(13,106)	(11,366)
Cost of samples shown under selling and distribution expenses		(647,663)	(464,573)
Closing finished goods	10	(660,769)	(475,939)
		2,916,119	2,586,884

- 25.1 Salaries, wages and benefits include Rs. 7.05 million (2024: Rs. 5.59 million) and Rs. 9.29 million (2024: Rs. 8.67 million) in respect of staff retirement benefits and provident fund respectively.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
26. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	26.1	151,022	127,060
Advertising samples and promotional		159,182	111,932
Outward freight and handling		159,119	108,263
Travelling and vehicle running		20,089	9,344
Insurance		7,746	5,433
Rent, rates and taxes		2,268	1,404
Communication and stationery		3,286	1,738
Repairs and maintenance		253	1,402
Depreciation	5.4	5,232	3,411
		<u>508,196</u>	<u>369,987</u>

- 26.1 Salaries, wages and benefits include Rs. 3.53 million (2024: Rs. 3.19 million) and Rs. 4.96 million (2024: Rs. 4.19 million) in respect of staff retirement benefits and provident fund respectively.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
27. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and benefits	27.1	107,618	93,077
Legal and professional charges		18,550	5,950
Travelling and vehicle running		10,183	8,828
Depreciation right-of-use asset	5.8.3	11,880	9,668
Fuel and power		4,152	3,065
Repairs and maintenance		4,302	687
Depreciation	5.4	4,239	2,698
Insurance		3,535	1,495
Subscription		3,934	2,089
Communication and stationery		2,352	1,054
Rent, rates and taxes		65	84
Amortisation	6.1	315	331
General expenses		24,017	19,056
		<u>195,141</u>	<u>148,082</u>

- 27.1 Salaries, wages and benefits include Rs. 1.23 million (2024: Rs. 1.07 million) and Rs. 2.82 million (2024: Rs. 2.26 million) in respect of staff retirement benefits and provident fund respectively.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
28. OTHER INCOME			
Exchange gain - net		-	92,039
Scrap sales		100,525	46,807
Markup income from Hospital Supply Corporation		-	19,604
Gain on disposal of operating fixed assets - net		3,875	16,094
Reversal of provision against stents held with hospitals	10.3	4,559	7,078
Income from term deposit receipt		8,051	4,627
Reversal of provision against slow moving and obsolete stock-in-trade	10.2	7,487	-
Liabilities no longer payable-written back		-	8
Others		3,793	1,075
		<u>128,290</u>	<u>187,332</u>

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
29. OTHER EXPENSES			
Exchange loss - net		146,554	-
Auditor's remuneration and other professional services	29.1	3,200	2,400
Donations	29.2 & 29.3	91	507
Workers welfare fund		3,205	405
Workers profit participation fund	20.4	8,458	1,066
Central research fund		1,704	215
Provision against slow moving and obsolete stock-in-trade	10.2	-	40,960
Provision against slow moving and obsolete stores and spares	9.1	2,223	924
Bank charges and commission		3,095	3,359
Others		6,905	544
		<u>175,435</u>	<u>50,380</u>

29.1 Auditor's remuneration

Statutory audit fee	1,516	1,378
Review of condensed interim financial information	673	612
Tax advisory services	438	-
Special certifications	322	292
Out-of-pocket expenses	251	118
	<u>3,200</u>	<u>2,400</u>

29.2 Recipients of donations do not include any donee in whom Chief Executive Officer, directors or their spouse had any interest.

29.3 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.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
30. FINANCE COST			
On:			
-Short-term loan from a related party	19	5,347	3,168
-Short-term running finance		-	97,103
-Utilising Workers profit participation fund	20.4	60	-
-Unwinding of finance cost on lease liability	18.2	496	2,537
		<u>5,903</u>	<u>102,808</u>

31. LEVIES

Final tax on:			
- export sales	31.1	-	650
Minimum tax / revenue tax	31.2	49,463	-
		<u>49,463</u>	<u>650</u>

31.1 These represent final taxes paid on export sales as per section 154 of the ITO respectively, and are recognised as levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

31.2 These represents minimum tax provision under section 113 of the ITO. The provision for minimum tax has been recognised as levies in these financial statements as per the requirements of IFRIC 21 'Levies' or IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and guide on IAS 12 issued by ICAP.

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
32. TAXATION - NET			
Current			
- for the year		7,505	34,954
- for prior years		29,308	-
		<u>36,813</u>	<u>34,954</u>
Deferred tax expense / (income)	8.1	43,050	(11,869)
		<u>79,863</u>	<u>23,085</u>

32.1 Relationship between income tax expense and accounting profit

Profit before taxation		107,540	18,322
Tax charge @ 29% (2024: 29%)		31,187	5,313
Tax effect of:			
-Prior year tax adjustments		29,308	-
-Expenses that are not deductible in determining taxable profit		33,644	17,772
-Others		(14,276)	-
		<u>79,863</u>	<u>23,085</u>

33. EARNINGS / (LOSS) PER SHARE

33.1 Basic

Income / (Loss) for the year (Rupees in '000)		27,677	(4,763)
Weighted average ordinary shares outstanding during the year (Number of shares)	17.1	12,100,000	12,100,000
Earnings / (Loss) per share - basic and diluted (Rupees)		<u>2.29</u>	<u>(0.39)</u>

33.2 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, 2025 and June 30, 2024 which would have had any effect on the earnings per share if the option to convert had been exercised.

34. 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:

		June 30, 2025	June 30, 2024
	Note	----- (Rupees in '000) -----	
- Short term investments	15	264,610	124,610
- Bank balances	16	114,207	187,036
		<u>378,817</u>	<u>311,646</u>

35. 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	
	2025	2024	2025	2024	2025	2024
(Rupees in '000)						
Managerial remuneration	14,216	16,426	-	-	80,120	65,908
Bonus	1,507	389	-	-	9,177	4,314
Medical expenses	-	-	-	-	-	-
Leave fare assistance / encashment	1,829	4,549	-	-	8,095	7,928
Meeting fee	-	-	700	700	-	-
Technical advisory fee / contract fee	-	-	-	1,344	17,780	17,006
Retirement benefits	1,330	1,299	-	-	7,341	5,975
Others	380	363	-	-	1,425	2,632
	19,262	23,026	700	2,044	123,938	103,763
(Number)						
Number of person(s)	1	1	3	4	25	22

35.1 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.

36. EMPLOYEE BENEFIT SCHEMES

36.1 Defined benefit plan - staff retirement benefits

As mentioned in note 4.9 (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, 2025. The Projected Unit Credit Method with the following significant assumptions was used for the valuation of the scheme:

		June 30, 2025	June 30, 2024
36.1.1	Principal actuarial assumptions		
a)	Discount rate	11.75%	15.00%
b)	Expected rate of return on plan assets	11.75%	15.00%
c)	Expected rate of increase in salary		
	- management staff	11.75%	13.00%
	- non-management staff	11.75%	13.00%
d)	Mortality rates	Adjusted SLIC 2001-	Adjusted SLIC 2001-
e)	Withdrawal rates	High	High
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
36.1.2	Amount recognised in the statement of financial position		
	Present value of defined benefit obligation	173,495	147,698
	Fair value of plan assets	(160,466)	(147,774)
		13,029	(76)
		36.1.3	

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

		June 30, 2025		
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Note		(Rupees in '000)		
As at July 1, 2024		147,698	(147,774)	(76)
Current service cost	36.1.4	12,656	-	12,656
Interest expense / (income)	36.1.4	20,666	(21,518)	(852)
Remeasurements:				
- experience adjustments		10,507	187	10,694
Contributions made		-	(9,393)	(9,393)
Benefits paid		(18,032)	18,032	-
As at June 30, 2025		173,495	(160,466)	13,029

		June 30, 2024		
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Note		(Rupees in '000)		
As at July 1, 2023		136,398	(142,325)	(5,927)
Current service cost	36.1.4	11,185	-	11,185
Interest expense / (income)	36.1.4	19,419	(20,746)	(1,327)
Remeasurements:				
- 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	-
As at June 30, 2024		147,698	(147,774)	(76)

36.1.4 Amount recognised in the statement of profit or loss

	June 30, 2025	June 30, 2024
	(Rupees in '000)	
Current service cost	12,656	11,185
Interest cost	20,666	19,419
Expected return on plan assets	(21,518)	(20,746)
Expense for the year	11,804	9,858

36.1.5 Amount recognised in the statement of comprehensive income

June 30, 2025	June 30, 2024
10,694	(1,528)

	As at June 30, 2025		As at June 30, 2024	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
36.1.6 Composition of plan assets				
Treasury bills	73,708	45.93%	135,935	91.99%
Defence savings certificates	10,651	6.64%	7,837	5.30%
Cash and cash equivalents	76,107	47.43%	4,002	2.71%
	160,466	100.00%	147,774	100.00%

36.1.7 The gratuity scheme exposes the Company to the following risks:

a) Longevity risks

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) Investment risk

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.

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

Particulars	Change in assumption	June 30, 2025		Change in assumption	June 30, 2024	
		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%	(4.40)	(7,641)	+1%	3.90	(5,766)
	-1%	4.87	8,442	-1%	4.27	6,310
Salary rate	+1%	4.83	8,386	+1%	4.32	6,378
	-1%	(4.45)	(7,727)	-1%	(4.01)	(5,923)
Withdrawal rate	+10%	0.00	8	+10%	0.26	391
	-10%	0.00	(9)	-10%	(0.28)	(414)

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 retirement benefit obligation recognised in the statement of financial position.

The weighted average duration of the staff retirement benefits is approximately 4.64 years (2024: 4.13) years.

36.1.9 Expected contribution to gratuity fund for the year ending June 30, 2026 is Rs. 15.18 million.

36.2 Defined contribution plan - staff provident fund

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

37. 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, Qubitech.

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

37.1 Name and nature of relationship

a) Holding company

	June 30, 2025		June 30, 2024	
	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Otsuka Pharmaceutical Company Limited, Japan Parent Company	44.8	5,420,248	44.8	5,420,248

b) Directors / Individual shareholders

	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Mr. Tariq Mehtab	0.8254	99,871	0.8254	99,871
Mr. Mikio Bando	0.0000	1	0.0000	1
Mr. Kimitaka Naito	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	0.0008	100

c) Associated Companies due to common directorship and undertaking

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

Name of related party	Relationship with the Company	Nature of transaction	June 30, 2025 ----- (Rupees in '000) -----	June 30, 2024
Otsuka Pharmaceutical Factory Inc.	Associated undertaking	Purchases	-	33,287
		Mark up on loan	5,347	3,168
		Dividend paid	-	2,385
Guangdong Otsuka Pharmaceutical Co., Ltd	Associated undertaking	Purchases	38,031	-
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	167,496	139,229
		Dividend paid	-	8,131

Name of related party	Relationship with the Company	Nature of transaction	June 30, 2025 ----- (Rupees in '000) -----	June 30, 2024
Hospital Supply Corporation (Note: 11.1)	Common Directorship	Late payment surcharge on receivables	-	19,604
		Sales - gross	-	706,943
		Sales return	-	42,701
		Sales discounts / claims	-	260,730
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	134,483	70,049
PT. Otsuka Indonesia	Associated undertaking	Purchases	14,631	40,684
		Dividend	-	1,806
Shanghai Microport EPMED Tech Co. Limited	Associated undertaking	Purchases	-	33,075
Danish Enterprises	Others	Purchases	-	2,129
Qubitech	Others	Purchases	-	2,860
Director	Independent Director and Non Executive director	Meeting fees	700	700
Otsuka staff provident fund	Provident fund	Contribution during the year to the fund	16,680	15,034
Otsuka staff gratuity fund	Gratuity fund	Contribution during the year to the fund	9,393	2,479
Key Management Personnel	Key Management Personnel	Remuneration paid	74,331	68,191
Mr. Mehtabuddin Feroz	Director	Consultancy charges	-	1,344
		Dividend	-	597
Otsuka Pharmaceutical Factory Inc.	Associated undertaking	Short term loan payable	1,083,500	951,390
		Markup payable	2,339	829
		Payable against purchases	-	14,385
Otsuka Pharmaceutical Co, Ltd.	Parent company	Payable against purchases	59,060	38,230
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchases	40,793	17,679
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff provident fund	Provident fund	Payable to Employees Provident Fund	4,777	3,934
Otsuka staff gratuity fund	Gratuity fund	(Receivable from) / Payable to Staff Retirement Benefit Fund	13,029	(76)
Key Management Personnel	Key Management Personnel	Advance from key management personnel	330	1,124

37.2 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 Company	44.80%
2	P. T. Otsuka Indonesia, Indonesia	Pertkantoran 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 EPMed Tech Co., Limited, China	Building #28, Lane 588, Tianxiong Road, Pudong New District, Shanghai, P. R.	China	Other associated undertaking	N/A
5	Otsuka Pharmaceutical Factory, Inc., Japan	115 Kuguhara, Tateiwa, Muya- cho, Naruto, Tokushima 772-8601		Other associated undertaking	13.14%
6	Guangdong Otsuka Pharmaceutical Co., Ltd	High-tech Industrial Park, Ronggui Street, Shunde District, Foshan City, Guangdong Province, China	China	Associated undertaking	N/A
				June 30, 2025	June 30, 2024
			Note	----- (Rupees in '000) -----	

38. CASH GENERATED FROM OPERATIONS

Profit before levies and taxation		157,003	18,972
Adjustment for non-cash charges and other items:			
Finance cost	30	5,903	102,808
Depreciation	5.4	70,704	88,967
Provision for loss allowance	11.2.1	(49,989)	73,046
Provision / Reversal against slow moving and obsolete stock-in-trade - net	28 & 29	(7,487)	40,960
Depreciation right-of-use asset	5.8.3	11,880	11,378
Provision for staff retirement benefits	36.1.4	11,804	9,858
Provision for employees short-term compensated absences		7,200	8,203
Workers profit participant fund	29	8,458	1,066
Provision against slow moving and obsolete stores and spares	29	2,223	924
Workers welfare fund	29	3,205	405
Amortisation	6.1	315	331
Central research fund	29	1,704	215
Liabilities no longer payable-write back	28	-	(8)
Gain on disposal of operating fixed assets - net	28	(3,875)	(16,094)
Reversal of provision against stents held with hospitals	28	(4,559)	(7,078)
Unrealised exchange loss / (gain)	28 & 29	146,554	(92,039)
Working capital changes	38.1	112,065	276,254
		473,108	518,168

		June 30, 2025	June 30, 2024
		----- (Rupees in '000) -----	
38.1	Working capital changes		
	(Increase) / decrease in current assets		
	Trade debts	120,709	146,167
	Stock-in-trade	(67,842)	70,881
	Sales tax refundable	-	43,091
	Stores and spares	(21,230)	4,843
	Loans and advances	(22,158)	684
	Trade deposits, short-term prepayments and other receivables	2,890	(17,465)
		<u>12,369</u>	<u>248,201</u>
	Increase in current liabilities		
	Trade and other payables	99,695	28,053
		<u>112,065</u>	<u>276,254</u>
		June 30, 2025	June 30, 2024
		----- (Number) -----	
39.	NUMBER OF EMPLOYEES		
	As at	408	345
	Average during the year	377	354
40.	OPERATING SEGMENTS		
40.1	These financial statements have been prepared on the basis of a single reportable segment.		
40.2	Sales from Intravenous Solutions represent 86.28% while sales from others represent 13.72% (June 30, 2024: 84.84% and 15.16%) respectively of the total revenue of the Company.		
40.3	Sales percentage by geographic region is as follows:	June 30, 2025 (%)	June 30, 2024 (%)
	Pakistan	96.00	95.00
	Afghanistan	4.00	5.00
40.4	All non-current assets of the Company as at June 30, 2025 are located in Pakistan.		
41.	FINANCIAL INSTRUMENTS BY CATEGORY	Note	June 30, 2025 June 30, 2024 ----- (Rupees in '000) -----
	Financial assets at amortised cost		
	Long-term loans	7	13,693 14,420
	Long-term deposits		1,463 3,699
	Trade debts	11	89,744 160,464
	Trade deposits and other receivables		16,248 15,923
	Short-term investment	15	264,610 124,610
	Bank balances	16	114,207 187,036
			<u>499,965</u> <u>506,152</u>
	Financial liabilities at amortised cost		
	Short-term loan from a related party	19	1,083,500 951,390
	Trade and other payables		610,140 492,984
	Unclaimed dividend		1,955 1,955
	Mark-up accrued	22	2,339 16,026
	Lease liability	18	- 24,826
			<u>1,697,934</u> <u>1,487,181</u>

42. 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:

42.1 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.

42.1.1 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, 2025, financial liabilities of Rs. 1,281.75 million (June 30, 2024: Rs. 1,054.34 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, 2025	June 30, 2024
Short-term loan from a related party - unsecured			
Yen	19	1,083,500	951,390
Bills payable			
US Dollar		174,565	88,263
Euro		15,805	83
Yen		7,880	14,662
	20	198,250	103,008

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, 2025, 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. 128.17 million (2024: Rs. 105.44 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency denominated financial liabilities.

42.1.2 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, 2025 would have change by Rs. 10.84 million.

42.1.3 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.

42.2 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. 499.96 million (2024: Rs. 506.15 million) of which trade debts amounting to Rs. 89.74 million (2024: Rs. 160.46 million) constitute a significant portion. The 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, 2025		June 30, 2024		Rating agency
	Short-term	Long-term	Short-term	Long-term	
Allied Bank Limited	A1+	AAA	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AA+	A1+	AAA	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	A1+	AAA	PACRA
Meezan Bank Limited	A1+	AAA	-	-	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.

42.3 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, 2025			As at June 30, 2024		
	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	1,083,500	-	1,083,500	951,390	-	951,390
Trade and other payables	610,140	-	610,140	492,984	-	492,984
Unclaimed dividend	1,955	-	1,955	1,955	-	1,955
Mark-up accrued	2,339	-	2,339	-	-	-
Lease liability	-	-	-	21,171	6,436	27,607
Total	1,697,934	-	1,697,934	1,467,500	6,436	1,473,936

43. 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, 2025 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, 2025 and June 30, 2024, the Company did not have any assets or liabilities which were measured at fair values using any of the aforementioned valuation techniques.

44. CAPITAL RISK MANAGEMENT

44.1 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.

- 44.2 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, 2025	June 30, 2024
	----- (Rupees in '000) -----	
Total borrowings	1,083,500	976,216
Less: bank balances	(114,207)	(187,036)
short term investment	(264,610)	(124,610)
Net debt	704,683	664,570
Total equity	695,779	675,695
Total capital	1,400,462	1,340,265
	June 30, 2025	June 30, 2024
	----- (%) -----	
Gearing ratio	50.32	49.58

As at June 30, 2025, the Company's gearing ratio has increased due to retranslation of foreign currency loan obtained to meet working capital requirement. 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.

45. PLANT CAPACITY AND PRODUCTION

	June 30, 2025		June 30, 2024	
Particulars	Capacity	Actual production	Capacity	Actual production
	----- (In million) -----			
I.V. solutions	28.6	18.0	28.6	18.7
Plastic ampoules	14.1	12.1	14.1	11.8
Sachets	4.9	2.7	4.9	2.9

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

46. SUBSEQUENT EVENT

The Board of Directors in its meeting held on proposed a final cash dividend of Rs. _____ per share (2024: Rs. Nil) amounting to Rs. _____ (2024: Rs. Nil) subject to the approval of the members in the forthcoming annual general meeting of the Company.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on _____, 2025 by the Board of Directors of the Company.

48. GENERAL

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

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

Chief Executive Officer

Director

Chief Financial Officer

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