

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

ANNUAL REPORT 2020-21

FOR THE YEAR ENDED JUNE 30, 2021



Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Mikio Bando Mr. Hanif Sattar Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Suhari Mukti Mr. Noor Muhammad Mrs. Navin Salim Merchant	(Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) (Director and Chief Executive Officer) (Alternate: Mr. Sajid Ali Khan) (Independent Director) (Independent Director)
COMPANY SECRETARY	:	Mr. Muhammad Amin Bashir	
AUDIT SUB COMMITTEE OF THE BOARD	:	Mr. Noor Muhammad Mr. Koichi Okada Mr. Mehtabuddin Feroz	(Chairman) (Member) (Member)
HEAD OF INTERNAL AUDIT:		Mr. Jawaid Noor	(Secretary)
HUMAN RESOURCES REMUNERATION & NOMINATION SUB COMMITTEE OF THE BOARD	:	Mr. Noor Muhammad Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar	(Chairman) (Member) (Member) (Secretary)
AUDITORS (EXTERNAL)	:	Yousuf Adil (Chartered Accountants)	
AUDITORS (INTERNAL)	:	Saud Tariq & Co. (Chartered Accountants)	
LEGAL ADVISORS	:	Dr. Moneeba Hamid	
BANKERS	:	Citibank N.A., Bank Alfalah Limited Habib Metropolitan Bank Limited The Bank of Punjab Habib Bank Limited Allied Bank Limited MCB Bank Limited National Bank of Pakistan	
REGISTERED OFFICE	:	30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, Fax: 34549857 E-mail: secretarialcompliance@otsuka.pk Web site: www.otsuka.pk	
FACTORY	:	Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8 Fax: (0853) 303519	
SHARE REGISTRAR	:	CDC Share Registrar Services Limited – (CDCSRSL) CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi 74400. Pakistan. Tel: (92-21) 111-111-500, Fax: (92-21) 34326053 Email: info@cdcsrsl.com	

Vision

Otsuka people creating new products for better health worldwide.

Mission

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

Objectives

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

Focus

Medical
Profession
&
Patients

Patients

Distributors
&
Suppliers

Empolyees

Community

Shareholders



For Life .

Realizing
the hidden power
within.



HUNDRED YEAR
OTSUKA QUALITY

Otsuka Holdings Co., Ltd.

NOTICE OF MEETING

Notice is hereby given that the Thirty-Third (33rd) Annual General Meeting of Otsuka Pakistan Limited (the Company) will be held on Wednesday, October 27, 2021 at 10:30 a.m. via video-link from the Registered Office of the Company, situated at 30-B, Sindhi Muslim Co-operative Housing Society, Karachi to transact the following business.

In View of the prevailing circumstances of COVID-19 pandemic across the country and in line with the directions issued to listed companies by the Securities & Exchange Commission of Pakistan (SECP), vide its Circular No.4 of 2021 dated: February 15, 2021 and subsequent Circular No.6 of 2021 dated: March 04, 2021, the Company has arranged the participation of shareholders through video link facility only. The detailed procedure is mentioned under the heading of "**ONLINE PARTICIPATION IN ANNUAL GENERAL MEETING**":

ORDINARY BUSINESS:

To receive, consider and adopt the Audited Accounts for the year ended June 30, 2021, together with the Directors' and Auditors' reports thereon.

1. To appoint auditors and fix their remuneration for the year ending June 30, 2022.
2. To approve the final cash dividend of PKR 1.50 i.e. (15%).
3. To elect seven (7) Directors including two (2) independent directors and Chief Executive Officer, as fixed by the Board in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from November 1st, 2021. The retiring directors, whose term of office expires on October 31, 2021 are eligible to offer themselves for re-election are: Mr. Mikio Bando, Mr. Suhari Mukti, Mr. Koichi Okada, Mr. Mehtabuddin Feroz, Mr. Noor Muhammad, Mrs. Navin Salim Merchant and Mr. Hanif Sattar.

SPECIAL BUSINESS:

4. To consider and approve the reappointment and remuneration of Chief Executive Officer of the Company.
5. To transact any other business with the permission of the Chair.

By order of the Board

Karachi: September 22, 2021

Muhammad Amin Bashir
Company Secretary

ONLINE PARTICIPATION IN ANNUAL GENERAL MEETING

The shareholders of Otsuka Pakistan Limited are encouraged to participate in the 33rd Annual General Meeting (AGM) through electronic means as offered by the Company and get themselves registered with Company' Share Registrar i.e. M/s. CDC Share Registrar Services Limited at least 48 hours before the meeting time of AGM at cdcsr@cdcsrsl.com.

The shareholders will be able to login and participate in the 33rd AGM proceedings through their smart phones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 10:05 a.m. on October 27, 2021 enabling the participation to join the proceedings which will start at 10:30 a.m. sharp. The shareholders are requested to provide the information as per the below format. The details of the video link will be sent to the shareholders on the email address provided in the below table:

Sr. No.	Name of Shareholder	CNIC Number	Folio/CDC A/C Number	Cell Number	Email Address

Shareholders may send their comments and suggestions relating to the proposed agenda items of the 33rd AGM of the Company at least two working days before the AGM, at cdcsr@cdcsrsl.com or secretarialcompliance@otsuka.pk or WhatsApp or SMS on Cell No. 0321-8200864. Shareholders are required to mention their full name, CNIC number and Folio/CDS number for this purpose.

Shareholders will also be encouraged to participate in the 33rd AGM to consolidate their attendance and participation through proxies.

A. Book Closure and Proxy:

- (i) *The Share Transfer Books of the Company will remain closed from October 21, 2021 to October 27, 2021 (both days inclusive).*
- (ii) *CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).*
- (iii) *The SECP vide circular No. 6 of 2021 dated: March 3, 2021 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector. Accordingly, this notice of AGM of the Company shall be dispatched to the shareholders through printed copies and shall be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website under "Notice to Shareholders". Shareholders are requested to provide the Company their email addresses at secretarialcompliance@otsuka.pk if notice of the meeting is required through email.*

- (iv) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company.
- (v) Notarially Certified Instrument of appointing proxy duly signed and stamped along with the power of attorney or other authority under which proxy is assigned must be submitted at the Registered Office of the Company at least 48 hours before the time of the Meeting.
- (vi) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement
- (vii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (viii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (ix) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- (x) Proxies attending meeting on behalf of members are also required to provide below information for the purpose of attending the meeting through video link. Video link details and login credentials will be shared with proxy after verification.

Name of Proxy	CNIC Number	Folio/CDC A/C Number	Cell Number	Email Address

B. For Attending the Meeting:

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

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

The audited accounts of the Company for the year ended June 30, 2021 have been placed on the Company's website at www.otsuka.pk.

D. CNIC/NTN DETAILS ON ELECTRONIC DIVIDEND (MANDATORY REQUIREMENT):

According to the Securities and Exchange Commission of Pakistan's (SECP) SRO dated July 05, 2012 read with SRO 19(1) 2014 dated January 10, 2014 and other relevant rules, the electronic dividend should also bear the CNIC number of the registered shareholder or the authorized person, except in the case of minor(s) and Corporate Shareholders.

As per Regulation No. 4 & 6 of the Companies (Distribution of Dividend) Regulations, 2017, the Company shall be constrained to withhold the payment of dividend to the shareholders, In case of non-availability of identification number (CNIC or National Tax Number) of the Shareholder or authorized person.

Accordingly, the shareholders, who have not yet submitted copy of their valid CNIC or NTN, are once again requested to immediately submit the same to the Company's Share Registrar at CDC Share Registrar Services Limited, CDC House, 99-B, Block— B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

E. WITHHOLDING TAX ON DIVIDENDS:

Pursuant to the provision of the Finance Act, 2021 effective July 1, 2021, the rates of withholding income tax on the amount of dividend payment under Income Tax Ordinance, 2001 have been revised as under:

- Persons who are filer and whose names are also appearing on ATL - 15%
- Persons who are non-filer or whose names are not appearing on ATL - 30%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR before the date of approval of Cash dividend, in any other case tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

As per the clarification issued by FBR, withholding tax will be determined separately on "Persons names are appearing on ATL or not appearing on ATL" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Folio CDC A/c No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name & CNIC No.	Shareholding Proportion	Name & CNIC No.	Shareholding Proportion

F. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (MANDATORY REQUIREMENT):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017. It is mandatory for a listed company to pay cash dividend to its shareholder ONLY through electronic mode directly into the bank account designated by the entitled shareholder. Shareholders are requested to provide the valid copy of CNIC/NTN along with their bank mandate specifying Title of Bank Account, Account Number, International Bank Account Number (IBAN), Bank's Name, Branch's Name, Code and Address, Name of the Shareholder(s), Folio No. / CDS Account No., Mobile / Landline No. to the share Registrar of the Company i.e. M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block-'B', S.M.C.H.S, Main Shakra-e-Faisal, Karachi-74400.

In this respect, the Company had already sent letters on July 06, 2021 to the shareholders for submission of their bank account details for payment of Cash dividend to the shareholders whose bank account details are not updated. In case of non-provision of above-information the Company will have to withhold the cash dividend according to section 243(3) of the Companies Act, 2017.

G. CONVERSION OF PHYSICAL SHARES (WITH BOOK-ENTRY) INTO CDC ACCOUNT:

The SECP, through its letter No. CSD/ED/Misc2016-639-640 dated March 26, 2021, has advised all the listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages like safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares, and readily available for sale and purchase in an open market at better rates. The Company had already sent letters on July 06, 2021 to the shareholders carrying shareholders for conversion of physical shares into book-entry form.

H. UNPAID/UNCLAIMED DIVIDEND AND UNDELIVERD SHARE CERTIFICATE:

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

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

I. VIDEO-LINK FACILITY TO MEMBERS:

In accordance with Section 132 and 134 Of the Companies Act, 2017 if the Company receives consent from members holding in aggregate or more shareholding residing in a geographical location other than the city of the meeting to participate in the meeting through video conference. The Company will arrange video conference facility in that location (city) subject to availability of such facility in that city. To avail this facility a request is to be submitted at least 7 days prior to the date of Annual General Meeting to the Company Secretary by providing the consent for video conferencing facility.

The Company will intimate to members regarding the venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

J. POSTAL BALLOT:

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

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

AGENDA NO. 4:

The term of office of the present Directors of the Company will expire on October 31, 2021. In terms of Section 159(1) of the Companies Act, 2017 ("Act"), the Board of Directors in its meeting held on August 31, 2021 had fixed the number of elected Directors at 07 (Seven) to be elected in the 33rd Annual General Meeting for the period of next three years starting from November 01, 2021.

Every candidate desirous of offering himself/herself for election as a Director, whether he/she is a retiring Director or otherwise, shall file the following with the Company Secretary at the below mentioned address not later than 14 days before the date of AGM.

1. Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Companies Act, 2017 (Act) together with:
 - Consent to act as Director of the Company under Section 167 of the Act on the duly filled and signed Form-28.
 - Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Act, Listed Companies Code of Corporate Governance Regulations, 2019, Memorandum and Articles of Association of the Company (MOA & AOA), Rule Book of Pakistan Stock Exchange Limited, Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations.
 - Detail of other directorship and offices held.
 - Copy of Valid CNIC (in case of Pakistan national) / Passport (in case of foreign national), and NTN & Folio NO./CDC Investors Account NO./CDC Sub-Account No.
 - A detailed profile along with office address as required under SECP' SRO 1196 (1)/2019 dated October 3, 2019 to be placed on Company website.
2. Independent Director(s) will be elected through the process of election of director in terms of section 159 of the Act, accordingly the declaration for meeting the criteria of independence in terms of Section 166(2) of the Companies Act, 2017, the Companies (Manner and Selection of Independent Directors) Regulations 2018 and under Listed Companies (Code of Corporate Governance) Regulations, 2019 shall also be required.
3. A director must be a member of the Company at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.

STATEMENT UNER SECTION 134(3) AND 140 OF THE COMPANIES ACT, 2017

AGENDA NO. 5:

The Board of Directors had recommended the re-appointment of Mr. Hanif Sattar as Chief Executive Officer (CEO) of the Company for another term of three (3) years with effect from February 28, 2021 at a remuneration of Rs. 1.265 million with an annual increment of 15% per annum for approval in the shareholder's meeting.

"RESOLVED THAT the Mr. Hanif Sattar is re-appointed as CEO for another term of 3 years with effect from February 28, 2021 and he is entitled for a remuneration of 1.265 million exclusive of incentives, perquisites, retirement benefits and other non-monetary benefits to which he is entitled under his contract of service, company policies and applicable service rules."

"FURTHER RESOLVED THAT Mr. Hanif Sattar will be entitled to get an annual increment up to maximum limit of 15% per annum as the Board may determine."

NOTE:

Proxy, e-mandate and Consent for video conferencing facility forms can be downloaded from our website www.otsuka.pk.

Shareholders are requested to promptly notify any change in their addresses 'if any' to Company' Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Tel: Customer support services (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053 Email: cdcsr@cdcsrsl.com.

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

Mr. Muhammad Amin Bashir, Company Secretary, Otsuka Pakistan Limited, 30-B, S.M.C.H.S., Karachi-74400, Tel: 34528652 — 4 Lines (Ext. No. 356) Fax: (92-21) 34549857, Email: secretarialcompliance@otsuka.pk.

- 1- کمپنیز ایکٹ مجریہ 2017 (ایکٹ) کی دفعہ 159(3) کے تحت ڈائریکٹر کے انتخاب کے لیے خود پیش کرنے کے اس کے ارادے کا نوٹس:
 - مناسب طریقے سے بھرے اور دستخط شدہ فارم 28 پر کمپنیز ایکٹ کے سیکشن 167 کے تحت کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی رضامندی۔
 - لسنڈ کمپنیز کا کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019، میورنڈم اور آرٹیکل آف ایسوسی ایشن آف کمپنی (MOA & AOA)، رول بک آف پاکستان اسٹاک ایکسچینج لمیٹڈ، لسنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور دیگر متعلقہ قوانین اور ضابطے کے تحت لسنڈ کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی اہلیت کا اور ایکٹ کے تحت ڈائریکٹرز کے فرائض اور اختیارات سے آگاہی کا اعلان۔
 - دیگر ڈائریکٹر شپ اور دفاتر کی تفصیل۔
 - درست شناختی کارڈ کی کاپی (بصورت پاکستانی قومیت) / پاسپورٹ (بصورت غیر ملکی شہری)، اور NTN اور فوئیو نمبر / CDC سرمایہ کاروں کا اکاؤنٹ نمبر / CDC ذیلی اکاؤنٹ نمبر۔
 - ایس ای سی پی کے سرکلر 2019 (I) / 1196 مورخہ 13 اکتوبر 2019 کے تحت مطلوب دفتر کا پتہ بمع ایک تفصیلی پروفائل کی کمپنی کی ویب سائٹ پر موجود گی۔
- 2- ایکٹ کے سیکشن 159 کے مطابق ڈائریکٹر کے انتخاب کے عمل کے ذریعے آزاد ڈائریکٹر کا انتخاب، برطانیہ کمپنیز ایکٹ مجریہ 2017 کے سیکشن 166(2)، کمپنیز (میزز اینڈ سلیکشن آف انڈیپنڈنٹ ڈائریکٹرز) ریگولیشنز 2018 اور لسنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت آزادی کے معیار پر پورا اترنے کا اعلان یہ بھی مطلوب ہو گا۔
- 3- ڈائریکٹر کے انتخاب میں شرکت کیلئے اپنی رضامندی داخل کرنے کے موقع پر ڈائریکٹر کو کمپنی کا ممبر ہونا ضروری ہے ماسوائے کسی ممکنہ بنیادی جواز۔

کمپنیز ایکٹ مجریہ 2017 کے سیکشن 134(3) اور 140 کے تحت بیانیہ

ایجنڈا نمبر 5

بورڈ آف ڈائریکٹرز نے جناب حنیف ستار کو کمپنی کے چیف ایگزیکٹو آفیسر (سی ای او) کے طور پر دوبارہ تین سال کی تقرری کی سفارش کی ہے۔ جو کہ 28 فروری 2021 سے نافذ العمل ہے۔ اسی سلسلے میں بطور معاوضہ روپے 1.265 ملین سالانہ علاوہ دیگر مراعات، ریٹائرمنٹ کے فوائد اور دیگر غیر مالیاتی فوائد جس کے لئے وہ اپنی سروس کے معاوضے، کمپنی کی پالیسیوں اور قابل اطلاق سروس قواعد کے تحت حقدار ہوں گے۔

نوٹ:

ویڈیو کانفرنسنگ سہولت کیلئے پراسی، ای مینڈیٹ اور رضامندی فارم ہماری ویب سائٹ www.otsuka.pk سے ڈاؤن لوڈ کیا جاسکتا ہے۔ حصص یافتگان سے استدعا ہے کہ پتہ میں کسی قسم کی تبدیلی کی صورت میں کمپنی کے شیئرز رجسٹر کو فوری طور پر مطلع کریں۔ میسرز سی ڈی سی شیئرز رجسٹر اور سروسز لمیٹڈ، سی ڈی سی ہاؤس 99-بی، بلاک-بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی-74400، ٹیلیفون: کسٹمر سپورٹ سروسز (ٹول فری) CDCPL-0800-23275، فیکس نمبر 34326053 (21-92)، ای میل CDCSR@CDCSRSL.COM مزید کسی سوال / مسئلہ / معلومات کیلئے، سرمایہ کار مذکورہ بالا تفصیلات پر شیئرز رجسٹرار سے اور / یا کمپنی سیکریٹری سے مندرجہ ذیل تفصیلات پر سے رابطہ کر سکتے ہیں: جناب محمد امین بشیر، کمپنی سیکریٹری، اوٹسوکا پاکستان لمیٹڈ، 30-بی، ایس ایم سی ایچ ایس، کراچی-74400، ٹیلیفون: 4-34528652 (ایکسٹنشن نمبر 356)، فیکس: 34549857 (21-92)، ای میل: secretarialcompliance@otsuka.pk

F. نقد منافع منقسمہ کی الیکٹرونک ادائیگی (لازمی):

کمپنیز ایکٹ 2017ء کی دفعہ 242 اور کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز، مجریہ 2017ء کے تحت لسٹڈ کمپنی کے لئے ضروری ہے کہ قابل ادائیگی نقد منافع منقسمہ اہل شیئر ہولڈرز کو صرف الیکٹرونک طریقے سے براہ راست ان کے بینک اکاؤنٹس میں ادا کی جائے۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے بینک مینڈیٹ کے ساتھ NTN/CNIC کی درست کاپی جس میں نیشنل آف بینک اکاؤنٹ، اکاؤنٹ نمبر، انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)، بینک کا نام، برانچ کا نام، کوڈ اور پتہ، شیئر ہولڈر کا نام، فوئیو نمبر، سی ڈی ایس اکاؤنٹ نمبر، موبائل / لینڈ لائن نمبر کمپنی کے شیئر رجسٹرار یعنی میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL) سی ڈی سی ہاؤس 99-بی، بلاک 'بی'، ایس، ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی 74400 کو فراہم کر دیں۔

اس سلسلے میں، کمپنی مورخہ 06 جولائی 2021 کو ان حصص یافتگان جن کی بینک اکاؤنٹ کی تفصیلات اپ ڈیٹ نہیں ہیں انہیں بینک اکاؤنٹ کی تفصیلات فراہم کرنے کے لیے پہلے ہی خط ارسال کر چکی ہے۔ مذکورہ بالا معلومات کی عدم فراہمی کی صورت میں کمپنی کمپنیز ایکٹ مجریہ 2017ء کے سیکشن 243(3) کے مطابق نقد منافع منقسمہ کی ادائیگی روک دے گی۔

G. سی ڈی سی اکاؤنٹ میں فزیکل شیئر کی تبدیلی (بک انٹری کے ساتھ):

ایس ای سی پی نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-6 بتاریخ 26 مارچ 2021ء کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ، مجریہ 2017ء ("ایکٹ") کی دفعہ 72 کی دفعات کی پیروی کریں۔ جس کے تحت تمام کمپنیاں ایکٹ کے آغاز کے چار سال کے اندر فزیکل شکل میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کرنے کی ضرورت ہو گی۔ اس کے مطابق کمپنی کے حصص یافتگان جن کے پاس فزیکل فوئیوز / شیئر سرٹیفکیٹ ہیں ان سے درخواست کی جاتی ہے کہ وہ جلد سے جلد اپنے حصص کو فزیکل فارم سے بک انٹری فارم میں تبدیل کریں۔ حصص یافتگان پی ایس ایکس ممبر، سی ڈی سی پارٹنرس، ایس ڈی سی انویسٹمنٹ، ایس ڈی سی انویسٹریٹس اور سی ڈی سی انویسٹریٹس سے درخواست کی جاتی ہے کہ وہ جلد سے جلد اپنے حصص کو فزیکل فارم میں تبدیل کرنے کے لیے رابطہ کر سکتے ہیں۔ بک انٹری فارم میں حصص کو برقرار رکھنے کے بہت سے فوائد ہیں جیسے سی ڈی سی کے پاس حصص کی محفوظ تحویل، ڈپلکیٹ شیئرز کے اجراء کے لیے درکار رسمی شرائط سے بچاؤ، اور بہتر قیمتوں پر اوپن مارکیٹ میں خرید اور فروخت کیلئے آسانی سے دستیابی ہے۔ کمپنی نے مورخہ 06 جولائی 2021 کو فزیکل حصص یافتگان کو فزیکل شیئرز کو بک انٹری شکل میں تبدیل کرنے کیلئے پہلے ہی خطوط ارسال کئے جا چکے ہیں۔

H. غیر ادا شدہ / غیر دعوی شدہ منافع منقسمہ اور عدم فراہم شیئر سرٹیفکیٹ:

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 244 کے تحت اپنی ذمہ داری پہلے ہی پوری کر چکی ہے جس کے تحت کمپنی نے حصص یافتگان سے قانون کے مطابق ان کے غیر دعوی شدہ منافع منقسمہ اور غیر تقسیم شدہ شیئر سرٹیفکیٹ کا دعویٰ کرنے کے لئے رابطہ کیا۔

حصص یافتگان جن کے کمپنی کے پاس موجود منافع منقسمہ تاحال غیر دعوی اور یا غیر تقسیم شدہ شیئر سرٹیفکیٹ ہیں، ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ اپنی واجب الادا منافع منقسمہ کی رقم اور یا غیر موصولہ شیئر سرٹیفکیٹ کے دعویٰ کے سلسلے میں شیئر رجسٹرار یا کمپنی سے رجوع کریں تاکہ کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 244(2) کی مقررہ شرائط کے مطابق وفاقی حکومت میں کریڈٹ کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس جمع کرائیں۔

I. ممبران کیلئے ویڈیو لنک کی سہولت:

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 132 اور 134 کے مطابق اگر کمپنی ایک شہر میں رہائش پذیر مجموعی طور پر کم از کم 10 فیصد شیئر ہولڈنگ رکھنے والے ممبران سے رضامندی کی وصولی کی صورت میں، کمپنی اس شہر میں ویڈیو لنک کی سہولت موجود ہونے کی بنیاد پر ویڈیو لنک کی سہولت کا انتظام کرے گی۔ کمپنی اس جگہ (شہر) میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔ اس سہولت سے فائدہ اٹھانے کے لیے کمپنی سیکریٹری کو سالانہ جنرل میٹنگ کی تاریخ سے کم از کم 7 دن قبل درج ذیل رضامندی فراہم کر کے درخواست جمع کرائی جائے گی۔ کمپنی ممبران کو سالانہ اجلاس عام کی تاریخ سے 5 روز قبل ویڈیو کانفرنس سہولت کے مقام کے بارے میں آگاہ کر دے گی۔ بعد تمام ضروری معلومات جس کے ذریعے اس سہولت تک رسائی حاصل کی جاسکے۔

J. پوسٹل بیلٹ:

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018ء کے تحت، ڈائریکٹرز کے انتخاب کے مقصد کیلئے اور کمپنیز ایکٹ 2017ء کے سیکشن 143 اور 144 کے تقاضوں سے مشروط کسی اور ایجنڈے آئٹم کے لئے، مجموعی طور پر 10 فیصد یا اس سے زائد حصص یافتگی والے ممبران کو پوسٹل بیلٹ کے ذریعے اپنے ووٹ کا حق استعمال کرنے جو مذکورہ بالا قواعد و ضوابط میں شامل تقاضوں اور طریقہ کار کے مطابق ڈاک کے ذریعے یا کسی بھی الیکٹرونک موڈ کے ذریعے ووٹ کی اجازت ہو گی۔

کمپنیز ایکٹ 2017ء مجریہ کی دفعہ 166(3) کے تحت ٹھوس شواہد کا بیان ہے:

ایجنڈا نمبر 4:

کمپنی کے موجودہ ڈائریکٹرز کے عہدے کی میعاد 131 اکتوبر 2021ء کو ختم ہو گی۔ کمپنیز ایکٹ مجریہ 2017ء ("ایکٹ") کے سیکشن 159(1) کے تحت، بورڈ آف ڈائریکٹرز نے 131 اگست 2021ء کو منعقد ہونے والے اپنے اجلاس میں یکم نومبر 2021ء سے شروع ہونے والی آئندہ تین سال کی مدت کے لیے 33 ویں سالانہ اجلاس عام میں منتخب ہونے والے 07 (سات) منتخب ڈائریکٹرز کی تعداد مقرر کی ہے۔ جو امیدوار خواہ وہ ریٹائرڈ ڈائریکٹر ہو یا دیگر خود کو بطور ڈائریکٹر انتخاب پیش کرنے کا خواہشمند ہے، کمپنی سیکریٹری کے پاس مندرجہ ذیل پتے پر اجلاس کے انعقاد سے 14 دن قبل حسب ذیل کا اندراج کرائے۔

- iv سالانہ اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا ضروری نہیں۔
- v پراکسی کی تقرری کا دستاویز اور پاور آف اٹارنی اور دیگر اٹھارٹی معہ پاور آف اٹارنی کی دستخط شدہ اور نوٹری سے تصدیق شدہ کاپی اجلاس ہذا کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں داخل کرانی ہوگی۔
- vi انفرادی صورت میں اکاؤنٹ ہولڈر یا سب/اکاؤنٹ ہولڈر اور/یا اس فرد کو جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن تفصیلات ریگولیشنز کے مطابق اپ لوڈ ہوں۔ پراکسی فارم مندرجہ بالا شرائط کے تحت جمع کرانے ہوں گے۔
- vii پراکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام 'پتے اور شناختی کارڈ نمبر فارم میں درج ہوں۔
- viii ڈیفیشل اونر کی شناختی کارڈ یا پاسپورٹ کی نوٹری پبلک سے تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- ix کارپوریٹ اثباتی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیا گیا ہو) پراکسی فارم کے ہمراہ منسلک کرنے ہوں گے۔
- x ممبران کی جانب سے اجلاس میں شرکت کرنے والے پراکسی ہولڈر کو ویڈیو لنک کے ذریعے اجلاس میں شرکت کے مقصد کیلئے حسب ذیل معلومات فراہم کرنا بھی ضروری ہے۔ ویڈیو لنک کی تفصیلات اور لاگ ان اسناد تصدیق کے بعد پراکسی ہولڈر کے ساتھ شیئر کی جائیں گی۔

حصص یافتگان کا نام	CNIC نمبر	فولیو/سی ڈی ایس/اکاؤنٹ نمبر	سیل نمبر	ای میل ایڈریس
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- B. برائے اجلاس میں شرکت:**
 - i ایک سے زیادہ افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر یا اس فرد کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ ہوں۔ اجلاس میں شرکت کے موقع پر اپنی شناخت کی تصدیق کیلئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - ii کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی معہ نامزد فرد کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوں گے۔
- C. کمپنی کی ویب سائٹ پر آڈٹ شدہ مالی گوشواروں کی دستیابی:**

30 جون 2021ء کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ اکاؤنٹس کو کمپنی کی ویب سائٹ www.otsuka.plt پر آویزاں کر دیا گیا ہے۔
- D. شناختی کارڈ این ٹی این تفصیلات کی فراہمی (لازمی):**

سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) بحوالہ سرکلر 2012(1)831 بتاریخ 05 جولائی 2012 اور 2014(1)19 بتاریخ 10 جنوری 2014 کے مطابق 'لیکٹراک فارم میں ڈیویڈنڈ کاؤنٹرز میں مجاز فریڈر جیٹ ڈیمبر کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ہونا چاہیے۔ ماسوائے نابالغان یا کارپوریٹ حصص یافتگان۔

کمپنیز (ڈیویڈنڈ کی تقسیم) ریگولیشنز، 2017 کے ریگولیشن نمبر 4 اور 6 کے مطابق، حصص یافتگان یا مجاز فرد کے کارڈ نمبر (CNIC) اینٹیل ٹیکس نمبر) کی عدم دستیابی کی صورت میں کمپنی حصص یافتگان کو منافع منقسمہ کی ادائیگی روکنے پر مجبور ہوگی۔

اس کے مطابق، شیئر ہولڈرز، جنہوں نے تاحال اپنے درست CNIC/NTN کی کاپی جمع نہیں کرائی ہے، ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ اسے کمپنی کے شیئر رجسٹر CDC/شیئر رجسٹر سروسز لمیٹڈ CDG باؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو جلد از جلد جمع کرائیں۔ کارپوریٹ اداروں سے درخواست کی جاتی ہے کہ وہ اپنے اینٹیل ٹیکس نمبر (این ٹی این) اور فولیو نمبر کے ساتھ مجاز نمائندے کی سی این آئی سی کاپی فراہم کریں۔
- E. منافع منقسمہ پر دو ہولڈنگ ٹیکس:**

فنانس ایکٹ 2021ء نافذ العمل یکم جولائی 2021ء کے اطلاق کیلئے ڈیویڈنڈ ادائیگی کی رقم پر دو ہولڈنگ ٹیکس بطابق انکم ٹیکس آرڈیننس 2001 کی نظر ثانی شدہ شرح حسب ذیل ہے۔

(الف) برائے انکم ٹیکس فائلر ز اور جن افراد کے نام ATL میں موجود ہیں 15 فیصد

(ب) برائے انکم ٹیکس فائلر ز اور جن افراد کے نام ATL میں موجود نہیں 30 فیصد

فائلر ز شیئر ہولڈرز کو ہدایت دی جاتی ہے کہ وہ ایف بی آر کی ویب سائٹ پر فراہم کردہ تازہ ایکٹیو ٹیکس پیپر لسٹ (ATL) میں اپنے ناموں کا اندراج نقد منافع منقسمہ کی منظوری کی تاریخ سے قبل یقینی بنائیں۔ بصورت دیگر وہ ان فائلر ز تصور کئے جائیں گے اور ان کے نقد منافع منقسمہ کی رقم سے 15 فیصد کے بجائے 30 فیصد کی شرح سے ٹیکس منہا کیا جائیگا۔

ایف بی آر (FBR) کی جاری شدہ وضاحت کے تحت دو ہولڈنگ ٹیکس کا پرنسپل شیئر ہولڈرز کی حیثیت "فائلر/نان فائلر" کے طور پر الگ الگ تعین کے ساتھ ساتھ جو اینٹ ہولڈرز کے شیئر ہولڈنگ تناسب کی بنیاد پر منحصر ہوگا۔ اگر شیئر اتا یقینی نہیں ہے تو ہر اکاؤنٹ ہولڈر کے پاس موجود شیئر کا تناسب مساوی سمجھا جائیگا اور قانون کے مطابق اسی اعتبار سے ٹیکس منہا کر دیا جائیگا۔

لہذا تمام شیئر ہولڈرز جن کے پاس مشتکہ شیئر موجود ہیں ان کیلئے پرنسپل شیئر ہولڈرز کا شیئر ہولڈنگ تناسب اور مشتکہ ہولڈرز کے پاس موجود شیئر ز کی تفصیلات رجسٹر اور اور شیئر ٹرانسفر نمائندہ کو تحریری طور حسب ذیل نمونے کی صورت میں فراہم کرنی ہے۔

فولیو نمبر/سی ڈی ایس/اکاؤنٹ نمبر	کل شیئرز	نام اور CNIC نمبر	پرنسپل شیئر ہولڈر	جو اینٹ شیئر ہولڈر
		نام اور CNIC نمبر	شیئر ہولڈنگ تناسب	نام اور CNIC نمبر

اوٹسوکا پاکستان لمیٹڈ

اطلاع برائے اجلاس

مطلع کیا جاتا ہے کہ اوٹسوکا پاکستان لمیٹڈ (کمپنی) کا تیسویں سالانہ اجلاس عام مورخہ 127 اکتوبر 2021ء بروز بدھ بوقت صبح 10:30 بجے عملی طور پر ویڈیو لنک کے ذریعے کمپنی کے رجسٹرڈ دفتر بمقام B-30، سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی، کراچی مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

ملک بھر میں COVID-19 وبائی امراض کے موجودہ حالات کے پیش نظر اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے سرکلر نمبر 4 سال 2021 بتاریخ 15 فروری، اور اس کو ساتھ سرکلر نمبر 6 سال 2021 بتاریخ 04 مارچ 2021 میں لائسنس کمپنیوں کو جاری کردہ ہدایات کے مطابق، کمپنی نے صرف ویڈیو سہولت کے ذریعے حصص یافتگان کی شرکت کا اہتمام کیا ہے۔ تفصیلی طریقہ کار "سالانہ اجلاس عام میں آن لائن شرکت" کے عنوان کے تحت درج کیا گیا ہے۔

عمومی امور:

- 1- 30 جون 2021ء کو ختم ہونے والے گزشتہ سال کیلئے سالانہ آڈٹ شدہ اکاؤنٹس مع ڈائریکٹرز اور آزاد آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 2- 30 جون 2022ء کو ختم ہونے والے آئندہ سال کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- 3- حتمی نقد منافع منقسمہ بحساب 1.50 روپے یعنی (15 فیصد) کی منظوری۔
- 4- کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 159 (1) کی دفعات کے مطابق یکم نومبر 2021ء سے شروع ہونے والی تین (3) سال کی مدت کیلئے بورڈ کی جانب سے طے کردہ سات (7) ڈائریکٹرز بمع (2) آزاد ڈائریکٹرز اور چیف ایگزیکٹو افسر کا انتخاب۔ سبکدوش ہونے والے ڈائریکٹرز، جن کے عہدے کی میعاد 13 اکتوبر، 2021ء کو ختم ہو رہی ہے وہ خود کو دوبارہ انتخاب کیلئے پیش کرنے کے اہل ہیں: جناب میکو بانڈو، جناب سہاری مگتی، جناب کوچی کاڈا، جناب مہتاب الدین فیروز، جناب نور محمد، محترمہ نوین سلیم مرچنٹ اور جناب حنیف ستار۔
خصوصی امور:
- 5- کمپنی کے چیف ایگزیکٹو آفیسر کی تقرری اور معاوضے پر غور و خوض اور منظوری۔
- 6- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بجلم بورڈ
محمد امین بشیر
کمپنی سیکریٹری

کراچی: 22 ستمبر 2021ء

سالانہ اجلاس عام میں آن لائن شرکت

اوٹسوکا پاکستان لمیٹڈ کے حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ 33 ویں سالانہ اجلاس عام (AGM) میں کمپنی کی جانب سے فراہم کردہ سہولیات کے مطابق الیکٹرانک انداز سے شرکت کریں اور کمپنی کے شیئرز رجسٹر اری یعنی میسرز سی ڈی سی شیئرز رجسٹر اری سرورسز لمیٹڈ کے پاس cdcsr@cdcsrsl.com پر سالانہ اجلاس عام کے اجلاس کے وقت سے کم از کم 48 گھنٹے قبل اپنا اندراج کروائیں۔

حصص یافتگان کی تصدیق اور شناخت کیلئے تمام مطلوبہ رسمی مراحل مکمل کرنے کے بعد حصص یافتگان اپنے گھروں سے یا کسی مناسب مقام سے اپنے سارٹ فون یا کمپیوٹر کے ذریعہ 33 ویں سالانہ اجلاس عام کی کارروائی میں لاگ ان اور حصہ لینے کے قابل ہوں گے۔

لاگ ان کی سہولت 127 اکتوبر 2021ء کو صبح 10:05 بجے کھول دی جائے گی جو شرکاء کو کارروائی میں شامل ہونے کے قابل بنائے گی جس کا آغاز صبح ساڑھے دس بجے کیا جائے گا۔ حصص یافتگان سے گزارش ہے کہ وہ مندرجہ ذیل نمونے کے مطابق معلومات فراہم کریں۔ ویڈیو لنک کی تفصیلات حصص یافتگان کو حسب ذیل ٹیلی فون میں فراہم کردہ ای میل ایڈریس پر ارسال کی جائیں گی۔

سیریل نمبر	حصص یافتگان کا نام	CNIC نمبر	فونو / سی ڈی ایس / اکاؤنٹ نمبر	سیل نمبر	ای میل ایڈریس

• حصص یافتگان کمپنی کی 33 ویں سالانہ اجلاس عام کے مجوزہ ایجنڈا آئٹم سے متعلق اپنے سوالات، تبصرے اور تجاویز سالانہ اجلاس عام سے کم از کم دو کاروباری دن قبل cdcsr@cdcsrsl.com / secretarialcompliance@otsuka.pk پر ای میل، ایس ایم ایس اور وٹس ایپ 8200864-0321 نمبر کے ذریعے ارسال کر سکتے ہیں۔ اس مقصد کے لئے حصص یافتگان کو اپنا پورا نام، CNIC نمبر اور فونو / سی ڈی ایس نمبر درج کرنا ہو گا۔

• حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ 33 ویں سالانہ اجلاس عام (AGM) میں اپنی اور بذریعہ پراکسی شرکت کو یقینی بنائیں۔
نوٹس:

A. کتاب کی بندش اور پراکسی:

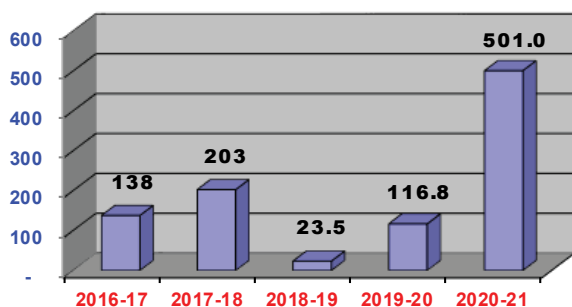
i- کمپنی کی منتقلی حصص کتب 12 اکتوبر 2021ء تا 27 اکتوبر 2021ء بند رہیں گی۔ (بشمول دونوں ایام)

ii- سی ڈی ایس ای اکاؤنٹس ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 1 بتاریخ 26 جنوری 2000 میں درج کردہ ہدایات پر عمل کرنا ہو گا۔

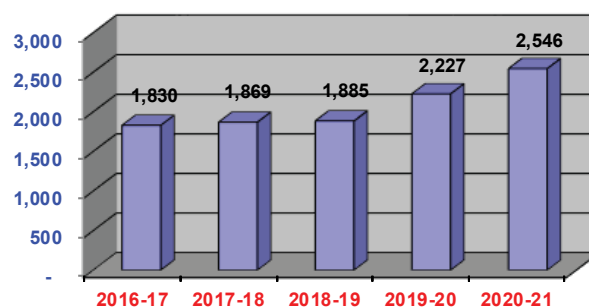
iii- ایس ای سی پی کے سرکلر نمبر 6 مجریہ 2021 بتاریخ 3 مارچ 2021 میں کارپوریٹ شیعے کے لئے "نوٹس برائے اسٹاک ہولڈرز" کے تحت پاکستان اسٹاک ایکسچینج لمیٹڈ کے PUCAR سسٹم اور سالانہ اجلاس عام کا یہ نوٹس حصص یافتگان کو پرنٹڈ کاپیوں کی صورت میں ارسال کیا جائے گا اور "نوٹس برائے اسٹاک ہولڈرز" کے تحت پاکستان اسٹاک ایکسچینج لمیٹڈ کے PUCAR سسٹم اور کمپنی کی ویب سائٹ (www.otsuka.pk) پر الیکٹرانک طور پر دستیاب ہو گا۔ حصص یافتگان سے گزارش ہے کہ اگر وہ اجلاس کا نوٹس حاصل کرنا چاہتے ہیں تو کمپنی کو ان کے ای میل secretarialcompliance@otsuka.pk پر اپنا ای میل ایڈریس فراہم کریں۔

Five Years at a Glance

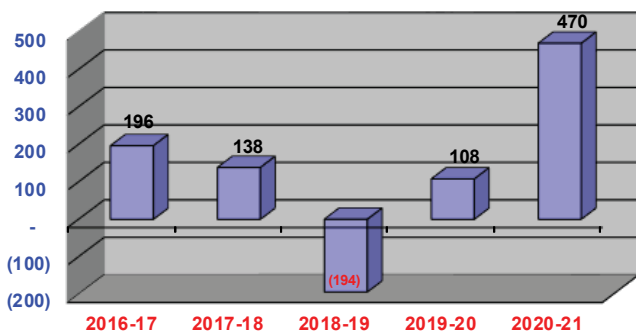
Shareholders' Equity
(Rupees in Million)



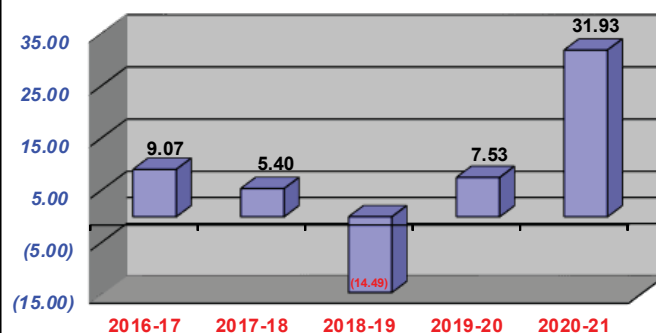
Sales
(Rupees in Million)



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



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





CHAIRMAN REVIEW

INTRODUCTION

It gives me the great pleasure to present a review report under the requirement of Section 192 of the Companies Act, 2017. I welcome you at the 33rd Annual General Meeting (AGM) of your Company and present my review on the performance of your Company for the year ended June 30th 2021.

GENERAL OVERVIEW AND BUSINESS ENVIRONMENT

The financial year of 2020-21 had proved to be an abnormal year with the devastating impact of pandemic (COVID-19) over global economies and its spill-over effects on Pakistan. However, Otsuka Pakistan Limited remained committed in terms of business continuity, employee wellbeing, business delivery and took immediate measures to cope with the new challenges.

Even though there were tough economic conditions in the country, the Company had delivered a good business performance with healthy returns for all the stakeholders of the Company by improving the sales mix of its products. During post COVID-19 phase, the biggest challenge was the global disruption in the supply chain which had disturbed our stock schedules and had also increased the material unit cost for the Company. Nevertheless, the Company focused on cost improvement measures to ensure sustainable profit delivery.

FINANCIAL RESULTS OF THE COMPANY

Your Company sales had posted a decent growth rate of 14% mainly due to the increase in sales of Clinical Nutrition (CN) products. The Company had achieved a better gross profit margin of 33% as compared to 27% during the last year. With the stable exchange rates during the financial year the Company has made the net exchange gain of Rs. 56 million during the year against net exchange loss of Rs. 48 million during last year. The operating profit before tax of the Company grew by 4.4 times and reported Rs. 469 million as compared to Rs. 107 million during the last year. During the last quarter of the financial year, the Company had also launched a new product Otsuflox (Ciprofloxacin).

BOARD OF DIRECTORS

The board of directors are going to complete their term on October 30, 2021, after being elected in the 30th Annual General Meeting. The board comprises professional with diverse background, sound business acumen and profound understanding of pharmaceutical industry. The directors have performed their duties effectively in the best interest of the Company.

The overall performance of the Board and each of its members was satisfactory based on an evaluation of all the integral-components, which had a direct bearing on the Board's role in achievement of the Company's objectives. I appreciate the valuable contributions made by the retiring directors and welcome the newly elected directors of the Company.

FUTURE OUTLOOK

We expect that the prevalent COVID-19 vaccination inoculation drive along with compliance of SOPs will bring down the precariousness among the masses and will help us to revert to our normal life. It is anticipated that the government will continue its expansionary monetary and fiscal policies which may bring the depreciation of local currency. Further the levy of withholding tax on pharmaceutical distributors/wholesaler, dealers and retailer may bring some disruption in the supply of the products. We are hopeful that the Company will continue this upward growth trajectory in the coming years.

On behalf of the Board of Directors of your Company. I would like to take this opportunity of acknowledging the devoted and sincere efforts of all employees and thankful to our business partners.



Mikio BANDO
Chairman

چیرمین کا تبصرہ

تعارف:

مجھے خوشی ہے کہ آپ کی کمپنی کی 33 ویں سالانہ جزل میٹنگ کے موقع پر میں آپ کا استقبال کر رہا ہوں۔ اور 30 جون 2021 کو ختم ہونے والے سال پر آپ کی کمپنی کی کارکردگی کی سالانہ رپورٹ اپنے تبصرے کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے پیش کر رہا ہوں۔

عمومی جائزہ اور کاروباری ماحول:

2020-21 کا مالی سال کوویڈ-19 کے وبائی اثرات اور پاکستان پر اس کے پورے پھیلنے کی وجہ سے ایک غیر معمولی سال ثابت ہوا ہے۔ جس کا بڑی بڑی عالمی معیشتوں پر بھی گہرا اثر ہوا ہے۔ تاہم اوٹسوکا پاکستان اپنے کاروباری تسلسل سے ملازمین کی فلاح و بہبود اور مصنوعات کی ترسیل کے معاملے میں پرعزم رہی اور نئے چیلنجوں سے نمٹنے کے لئے فوری اقدامات کئے۔ اگرچہ ملک کے معاشی حالات کافی سخت تھے۔ کمپنی نے اپنی مصنوعات کی فروخت کے بہتر اختلاط سے اپنے تمام حصص داروں کے لئے کافی بہتر منافع حاصل کرنے میں کامیاب رہی اور ایک اچھی کارکردگی کا مظاہرہ کیا۔ موجودہ کوویڈ-19 وباء کے دوران سب سے بڑا چیلنج درآمدی خام مال کی ترسیل میں عالمی رکاوٹ تھا۔ ترسیلات کے لمبے وقفوں نے کمپنی کی پیداواری لاگت میں بھی اضافہ کئے رکھا۔ ان سب رکاوٹوں کو مد نظر رکھتے ہوئے کمپنی نے اپنے پرانے سپلائرز کے ساتھ عالمی تعاون کو یقینی بنانے میں توجہ دی۔ اسی حکمت عملی کی وجہ سے ہم بہت حد تک کامیاب رہے۔ کمپنی کے مالی نتائج:

کلینیکل نیوٹریشن (CN) مصنوعات کی فروخت میں اضافے کی وجہ سے آپ کی کمپنی کی فروخت میں 14 فیصد اضافہ ہوا ہے۔ کمپنی نے گزشتہ سال کے دوران 27 فیصد کے مقابلے میں 33 فیصد کا مجموعی منافع حاصل کیا۔ 2020-21 مالی سال کے دوران مستحکم زرمبادلہ کی شرح کے ساتھ کمپنی نے 56 ملین روپے کا منافع زرمبادلہ کی مد میں حاصل کیا ہے۔ جو کہ پچھلے سال 48 ملین روپے خسارے میں ریکارڈ ہوا تھا۔ کمپنی کے قبل ازیکس منافع میں 4.4 فیصد اضافہ ہوا ہے۔ جس کا کل مجموعہ 469 ملین روپے ہے۔ گزشتہ سال یہی منافع 107 ملین روپے ریکارڈ ہوا تھا۔ مالی سال کی آخری سہ ماہی کے دوران کمپنی نے ایک نئی مصنوعات Otsuflox (Ciprofloxacin) بھی متعارف کرائی تھی۔

بورڈ آف ڈائریکٹرز:

30 ویں سالانہ اجلاس میں منتخب ہونے کے بعد تمام بورڈ ممبران 30 اکتوبر 2021 کو اپنی تین سالہ مدت پوری کرنے جا رہے ہیں۔ کمپنی کا بورڈ دورانہ اندیش اور حامل پیشہ ورا افراد پر مشتمل ہے۔ ان کا تجربہ کمپنی کی کاروباری صلاحیتوں کو بہتر بنانا ہے۔ مجھے یہ بتاتے ہوئے فخر محسوس ہو رہا ہے کہ تمام بورڈ ممبران نے اپنے فرائض پوری ایمانداری اور کمپنی کی مزید بہتری کے لئے مکمل طور پر انجام دیئے ہیں۔ بورڈ اور اس کے ہر فرد کی کارکردگی اطمینان بخش تھی۔ اور ان کے فیصلے لازمی اجزاء کے تشخیص پر مبنی تھے۔ جس کا براہ راست اثر کمپنی کے مقاصد کے حصول کے لئے تھا۔ میں ریٹائرڈ ہونے والے تمام ممبران کی کاوشوں اور ان کی قیمتی شراکتوں کو سراہتا ہوں۔ اس کے ساتھ میں کمپنی کو نو منتخب ڈائریکٹرز کو خوش آمدید کہتا ہوں۔

مستقبل کا نقطہ نظر:

ہم توقع کرتے ہیں کہ موجودہ کوویڈ-19 کی SOPs اور سرکاری سطح پر بہتر حکمت عملی اور حالیہ جاری ٹیکہ کاری مہم سے موجودہ غیر یقینی صورتحال پر قابو پایا جاسکتا ہے۔ اور ہم اپنی معمول کی زندگی کی طرف لوٹ سکتے ہیں۔ ہم امید رکھتے ہیں کہ گورنمنٹ وسیع مانٹری اور مالیاتی پالیسیوں کی سوجھ بوجھ سے روپے کی قدر میں گراؤ کو بحال کر سکتی ہے۔ جس سے کاروباری ماحول سازگار رہے گا۔ یہ متوقع ہے کہ دو سازی کی پیداوار، سامان، اس سے جڑی تھوک فروشی اور ڈیلریا خوردہ فروش پرود ہولڈنگ ٹیکس لگانے سے مصنوعات کی پیداوار اور فراہمی میں خلل واقع ہو سکتا ہے۔ اس کے باوجود ہم پرامید ہیں کہ کمپنی اپنے آنے والے وقتوں میں اپنی ترقی کی رفتار کو جاری رکھے گی۔

اس موقع پر میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے تمام ملازمین کی پرنٹلوں اور بے لوث خدمات کا تہ دل سے معترف ہوں۔ اور اپنے تمام کاروباری شراکت داروں کا دل سے شکریہ ادا کرتا ہوں۔

坂本 隆夫

میکو ہینڈو
چیرمین

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of Otsuka Pakistan Limited (the Company) for the year ended June 30, 2021.

Business Review

Due to consistent fiscal policies of the government the overall business situation was better despite the adverse impact of different waves of Covid-19. The State Bank efforts to keep the interbank rate at 7% have given ease to the businesses. The Dollar vs Pak rupee parity was favorable throughout the fiscal year with continued support to the reserves of the country from foreign remittances and exports. However, the rupee started to depreciate again in the month of June and the trend is going on subsequent to the year end. Further inflation was in double digits throughout the year however, government has made serious efforts to control the inflation.

Our sales during the year were grown by 14% as compared to 18% during last year. Medical devices business was under pressure due to Covid-19, however sales of clinical nutrition products supported the Company sales growth. In the light of the corporate objective, a new product OTSUFLOX (Ciprofloxacin) was launched in the month of April 2021.

The Company has achieved a gross profit of 33% as compared to 27% of last year. This healthy increase was due to better sales mix and costs controls being exercised throughout the fiscal year.

Financial Results

	2021	2020
	----- (PKR in '000) -----	
Profit for the year before taxation	469,535	107,557
Taxation – net	(83,204)	(16,491)
Profit for the year after taxation	386,331	91,066
Other comprehensive income/(loss) -net	(2,141)	2,266
Total comprehensive income for the year	384,190	93,332
Accumulated losses brought forward	(4,213)	(97,545)
Accumulated profits carried forward	379,977	(4,213)

Appropriations

The Company had earned a profit after tax of Rs. 386 million and the board is delighted to propose 15% dividend (1.50 per share) for the year ended June 30, 2021

Earnings / (loss) Per Share

The earnings per share for the year ended June 30, 2021 works out to be Rs. 31.93 (2020: Rs. 7.53).

Key operating and financial data

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

Value of investments of provident and gratuity funds

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

Provident Fund	Rs. 175,008,589/-
Gratuity Fund	Rs. 107,238,817/-

Future outlook

There is severe competition in IV Solutions market due to oversupply of products however, your company is continuously readjusting its strategies from time to time to get the maximum market share on the basis of product's quality and good service.

The Company has investment plans to make investments under good manufacturing process (GMP) and the quality improvement projects in the upcoming years. The Company is extremely confident on the performance of new and existing products of the Company and will make all the efforts to continue its growth.

Corporate Governance

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

- a. the financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- b. proper books of accounts of the Company have been maintained;
- c. appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- e. the system of internal control is sound in design and has been effectively implemented and monitored;
- f. there are no significant doubts upon the Company's ability to continue as a going concern;
- g. there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h. In accordance with the criteria specified in Code, two directors have a certification under Directors' Training Program. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies; and
- i. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2021 except for those already disclosed in the financial statements.

Board of Directors

The composition of Board was remained the same throughout the year and there was no change during the period.

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

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

CATEGORY	NAMES	GENDER
Executive Director	Mr. Hanif Sattar (CEO)	Male Directors
Non-Executive Directors	Mr. Mikio Bando (Chairman)	
	Mr. Mehtabuddin Feroz	
	Mr. Koichi Okada	
	Mr. Suhari Mukti	
Independent Directors	Mr. Noor Muhammad	Female
	Mrs. Navin Salim Merchant	

Board Committees

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz
Human Resource Remuneration & Nomination Committee	Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar
Risk Management Committee	OPL Senior Executive Management Members

Directors' Remuneration

The Board has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. Currently the two Independent directors and a non-working alternate director are getting fixed fees for attending the Board and its Committee Meetings. The aggregate amount of remuneration paid to each director of the Company during the year is given below:

CATEGORY	NAMES	NATURE OF REMUNERATION	AMOUNT (Rs. In '000)
Executive Director	Mr. Hanif Sattar (CEO)	Salaries and benefits**	17,034
Non-Executive Directors	Mr. Mikio Bando (Chairman)	Not applicable	NIL
	Mr. Mehtabuddin Feroz	Consultancy fees	3,200
	Mr. Koichi Okada	Not applicable	NIL
	Mr. Suhari Mukti*	Not applicable	NIL
Independent Directors	Mr. Noor Muhammad	Meeting fees	200
	Mrs. Navin Salim Merchant	Meeting fees	160

* Meeting fees of Rs. 80,000 paid to Mr. Taufiq Feroz for attending meeting as an alternate director of Mr. Suhari Mukti.
** CEO is entitled to full time working salaries and company benefits as recommended by the board of directors which was duly approved by the shareholders of the Company.

Risk Management

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

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

NAME	DESIGNATION
Mr. Hanif Sattar	Director & Chief Executive Officer
Mr. Sajid Ali Khan	Finance Director
Mr. Syed Tariq Shahid	Director Marketing and Sales
Dr. Adam Ali	Director Plant Operations
Mr. M. Owais Qazi	Senior Manager Supply Chain
Mr. Attique ur Rehman	Senior Manager Quality Operations
Mr. Sunil Julian	Manager HR & Administration

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

Name of Director	Board Meetings		Audit Committee Meetings		Human Resource Remuneration & Nomination Committee Meetings	
	Meetings held during the period	Attendance	Meetings held during the period	Attendance	Meetings held during the period	Attendance
Mr. Hanif Sattar (Director and CEO)	4	4	5	N/A	1	1
Mr. Mehtabuddin Feroz	4	4	5	5	1	1
Mr. Makio Bando (Chairman)	4	1	5	N/A	1	N/A
Mr. Suhari Mukti	4	0	5	N/A	1	N/A
Mr. Koichi Okada	4	4	5	5	1	1
Mr. Noor Muhammad (Independent Director)	4	3	5	5	1	1
Mrs. Navin Salim Merchant (Independent Director)	4	4	5	N/A	1	N/A
Mr. Muammad Taufiq Feroz (1)	4	3	5	N/A	1	N/A
Mr. Sajid Ali Khan (2)	4	4	5	N/A	1	N/A

(1) Alternate Director for Mr. Mikio Bando

(2) Alternate Director for Mr. Suhari Mukti

Pattern of Shareholding

The Pattern of shareholding of the Company as at June 30, 2021 is annexed with this annual report.

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

During the year no trading in shares were reported by directors, executives and their spouses and minor children.

Corporate Social Responsibility

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

Adequacy of Internal Financial Control

The Company has an adequate internal financial controls system in place and the same was operating effectively during the year ended June 30, 2021. The Company's Directors provide reasonable assurance regarding the achievement of operating, reporting and compliance objectives are the means by which:

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

Holding Company

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

Subsequent events

Subsequent to the year end, the fourth wave of Covid-19 has become severe and in Sindh including Karachi one week lock down was imposed. Besides this, there is a surge in international petrol prices therefore we foresee some increase in cost of sales in future as the prices of our major cost of Raw Material (Low Density Polyethylene - LDPE) is dependent on the international oil prices.

Except for the matters mentioned above, no other material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of this report.

Description of principal risks & uncertainties

We expect no principal risks & uncertainties as at the closing period of June 30, 2021.

Changes occurring in the nature of business

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

Main trends/ developments likely to affect future performance

Despite all the odds, where every industry faced huge financial and non-financial losses, Pharma industry is the only one to survive with tremendous growth rate due to the increase in awareness about the healthcare among the masses. The trend for the consumption of nutritional pharma products have elevated during the year and it is expected to be continue in future. Though the government of Pakistan have imposed income tax on distributor and retailers which may hamper first quarter sales of the Company.

The Company may face rise in the cost of production, utilities, freight charges with rising inflation. The government is announcing incentives to different sectors in order to achieve their economic growth rate target for the fiscal year 2021-22. Positive developments in the pharmaceutical sector will also encourage us to invest further for manufacturing facilities and ultimately introduction of new products for the betterment of people.

Loans

During the year, the Company has obtained Statement Bank of Pakistan (SBP) Rozgar Scheme Loan under COVID-19 scheme of Rs. 67.40 million at interest rate of 3%. This loan will be repaid in 2 years in eight equal quarterly installments. The Company has already paid 2 installments during the year.

The Company had roll forward two out three loan installments taken from M/s. Otsuka Pharmaceutical Factory, Inc., Japan (related party) which represents a foreign currency denominated loan. During this fiscal year one installment of JPY 125 million has been repaid on June 30, 2021. The current loan payable position is given below: -

Initial Date of Draw down	Loan Amount (JPY)	Loan Payable (PKR)	Latest Repayment date
26-Feb-15	125,000,000	178,275,000	25-Feb-22
27-Apr-15	125,000,000	178,275,000	26-Apr-22
	250,000,000	356,550,000	

We foresee that in next one year last two tranches will also be repaid in full and exchange losses will be avoided.

Auditors

The present auditors, Messrs. Yousuf Adil Chartered Accountants retire at the conclusion of the 33rd Annual General Meeting and being eligible, offer themselves for reappointment.

Based on the suggestion of the Audit Committee, the Board of Directors has recommended to the shareholders for the appointment of Messrs. Yousuf Adil Chartered Accountants as the external auditors of the Company for the year ending June 30, 2022.

Acknowledgement

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



Mehtabuddin Feroz

Director

Karachi

Dated: August 31, 2021

On behalf of the Board



Hanif Sattar

Chief Executive Office

اہم رجحانات، پیش رفت مستقبل کی کارکردگی کو متاثر کرنے کے امکانات:

تمام مشکلات کے باوجود، جہاں ہر صنعت کو بھاری مالی اور غیر مالی نقصانات کا سامنا کرنا پڑا، وہیں عوام میں صحت کی دیکھ بھال کے بارے میں آگہی میں اضافے کی وجہ سے فارما انڈسٹری ہی زبردست ترقی کی شرح کے ساتھ آگے بڑھتی رہے گی۔ نیوٹریشنل مصنوعات کے استعمال کا رجحان دوران سال کافی بلند ہوا ہے اور توقع ہے کہ یہ مستقبل میں بھی جاری رہے گا۔ اگرچہ حکومت پاکستان نے ریٹیلرز اور خوردہ فروشوں پر انکم ٹیکس لگا دیا ہے جو کہ کمپنی کی پہلی سہ ماہی کی فروخت میں رکاوٹ بن سکتا ہے۔ بڑھتی ہوئی افراط زر کے ساتھ کمپنی کو پیداواری لاگت، افادیت، مال برداری کے اخراجات میں اضافے کا سامنا کرنا پڑ سکتا ہے۔ حکومت مالی سال 2021-22 کے لئے معاشی ترقی کی شرح کا ہدف حاصل کرنے کے لئے مختلف شعبوں کو مراعات دینے کا اعلان کر رہی ہے۔ جو کہ دو اساسی کے مینوفیکچرنگ شعبے میں مثبت پیش رفت اور بالا آخروگوں کی بہتری کے لئے نئی مصنوعات متعارف کرانے کے لئے مزید سرمایہ کاری کو ترغیب دے گی۔

قرضے

سال کے دوران، کمپنی نے کوویڈ-19 سکیم کے تحت اسٹیٹ بینک آف پاکستان (ایس بی پی) اور روزگار سکیم کے تحت 67.4 ملین روپے کا قرض حاصل کیا ہے جس کی سالانہ شرح سود 3 فیصد ہے۔ یہ قرض آٹھ مساوی اقساط میں آئندہ 2 سال میں ادا کیا جائے گا۔ کمپنی پہلے ہی سال کے دوران 2 اقساط ادا کر چکی ہے۔ کمپنی نے میسرز اوٹسوکا فارما سیوٹیکل فیکٹری، انکار پور بیڈ، جاپان (جاپانی متعلقہ کمپنی) سے لئے گئے تین قرضوں کی اقساط میں سے دو اقساط کی ادائیگی مزید ایک سال کے لئے آگے بڑھائی ہیں۔ اور ایک قسط مبلغ 125 ملین (جاپانی کرنی) 30 جون 2021 کو ادا کر دی گئی ہے۔ بقایا قرضے کی پوزیشن درج ذیل گوشوارے میں درج کی گئی ہے۔

وصولی کی ابتدائی تاریخ	قرضے کی رقم جاپانی کرنی	قرضے کی ادائیگی پاکستانی روپے میں	ادائیگی کی آخری تاریخ
26-Feb-15	125,000,000	195,087,500	25-Feb-22
27-Apr-15	125,000,000	195,087,500	26-Apr-22
	250,000,000	390,175,000	

ہم توقع کرتے ہیں کہ آئندہ ایک سال میں کمپنی آخری دو اقساط کی ادائیگی کرنے میں پر عزم ہے تاکہ زرمبادلہ کے تبادلے میں مزید خسارے سے بچا جاسکے۔

آڈیٹرز:

موجودہ آڈیٹرز، میسرز ڈیلویٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کمپنی کے 33 ویں سالانہ عام اجلاس پر ریٹائرڈ ہو گئے ہیں اور اہلیت کی بنیاد پر اپنے آپ کو دوبارہ تقرر کیلئے پیش کر رہے ہیں۔

آڈٹ کمیٹی کے مشورے کے مطابق، کمپنی بورڈ آف ڈائریکٹرز نے 30 جون 2022 کے ختم ہونے والے سال کیلئے بطور پیر و نی آڈیٹرز میسرز، یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی تقرر کی سفارش کی ہے۔ یہ تبدیلی اوٹسوکا جاپان گروپ کے آڈیٹرز ہونے کے ناطے حصص داروں کے سامنے رکھی گئی ہے۔

اعتراف:

بورڈ اپنے ملازمین کی انتھک محنت پر تہ دل سے ان کا مشکور ہے اور ان کی کاوشوں کو قدر کی نگاہ سے دیکھتا ہے۔

بورڈ کی جانب سے



حذیف ستار
چیف ایگزیکٹو آفیسر



مہتاب الدین فیروز
ڈائریکٹر

کراچی

تاریخ: اگست 31، 2021ء

کمپنی ڈائریکٹران، ایگزیکٹو کی ازدواج اور بچوں کا کمپنی کے حصص میں لین دین:
زیر نظر دوران سال میں ڈائریکٹران، ازدواج اور بچوں کے نام پر کمپنی حصص کی خرید و فروخت وقوع پذیر نہیں ہوئی۔

کارپوریٹ سماجی ذمہ داری:

کمپنی میں مجموعی طور پر کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات پر بھی غور کیا جاتا ہے اور اس ذمہ داری کو فرض سمجھتے ہوئے مالی اور ادویات کی صورت میں مختلف اداروں کو عطیات کی فراہمی بھی کی جاتی ہے۔ کمپنی اپنے تمام شرکاء داروں کی بہتری کیلئے مصروف عمل ہے خاص طور پر وہ کمیونٹی جس میں ہم رہائش پذیر ہیں اور اپنے گاہکوں کے اطمینان کی بنیاد اور جائز مطالبات کے طور پر کار فرما ہے۔ اسی سلسلے میں کمپنی نے غذائیت کے میدان میں تحقیق، تعلیمی اور پیشہ وارانہ سرگرمیوں کو فروغ دینے کیلئے گرینوچ یونیورسٹی کے ساتھ ایک طویل المدتی معاہدہ تشکیل دیا ہے۔

اندرونی فنانشل کنٹرول پر دسترس:

کمپنی میں ایک مناسب داخلی مالیاتی کنٹرول سسٹم ہے اور اسی طرح 30 جون 2021 تک ختم ہونے والے سال کے دوران موثر طریقے سے کام کر رہا تھا۔ کمپنی کے ڈائریکٹران نے آپریٹنگ رپورٹنگ کی تعمیل کے مقاصد کے حصول کے بارے میں مناسب یقین دہانی فراہم کی ہے جو مندرجہ ذیل ہیں۔ کمپنی کا مکمل آپریشن کا شفاف طریقہ کار کے مطابق کئے جاتے ہیں۔ انٹرنل انزائز قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔ انٹرنل انزائز کاروباری اثاثوں اور اندرونی معلومات کسی بھی غیر مناسب استعمال سے محفوظ ہیں۔

ہولڈنگ کمپنی:

آپ کی کمپنی میسرس اوٹسوکا فارماسیوٹیکل کمپنی لمیٹڈ کی بلا واسطہ ماتحت کمپنی ہے جسے جاپان میں قائم کیا گیا ہے۔

واقعات بعد از نتائج:

سال کے اختتام کے بعد، کوویڈ-19 کی چوتھی لہر شدید ہو گئی ہے اور کراچی سمیت سندھ میں ایک ہفتہ لاک ڈاؤن لگا دیا گیا۔ اس کے علاوہ، بین الاقوامی پٹرول کی قیمتوں میں اضافہ ہے لہذا اہم مستقبل میں فروخت کی لاگت میں کچھ اضافے کے منتظر ہیں کیونکہ ہماری خام مال (کم کثافت پالیٹھین۔ ایل ڈی پی ای) کی قیمتیں تیل کی بین الاقوامی قیمتوں پر منحصر ہیں۔

مذکورہ بالا معاملات کے علاوہ، مالی سال کے اختتام اور اس کی رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی دوسری مادی تبدیلیاں یا وعدے وقوع پذیر نہیں ہوئے۔

کوئی خدشہ یا خطرہ غیر یقینی صورتحال جس کا کمپنی کو ممکنہ طور پر سامنا ہو:

ہم کسی بھی رسک یا غیر یقینی صورتحال کو رو نمما ہوتے نہیں دیکھ رہے ہیں جیسا کہ 30 جون 2021 تک تھا۔

کاروبار کی نوعیت میں ہونے والی تبدیلیاں

کمپنی مستقبل قریب میں مزید نئی مصنوعات متعارف کرانے کا ارادہ رکھتی ہے اس کے باوجود ہمارے کاروبار کی بنیادی نوعیت میں کوئی تبدیلی نہیں آئے گی۔

رسک مینجمنٹ:

کمپنی کارسک مینجمنٹ انفراسٹرکچر اہم رسک مینجمنٹ فریم ورک پر مبنی ہے جو ہر شعبے کے بڑے خطرات بشمول اسٹریٹجک، انتظامی، تعمیل اور مالیاتی بیانات کے خطرات سے نپٹنے کا اہل ہے۔ پالیسیوں اور اصولوں کے ذریعے اطمینان بخش کنٹرول تشکیل دیا گیا ہے اور عملے کو آگاہ کیا گیا ہے۔ ان اختیارات اور انتظامی افادیت کا جائزہ لینے اور ان کی نگرانی کیلئے بورڈ نے درج ذیل کمیٹی تشکیل دی ہے۔

نام	عہدہ
جناب حنیف ستار	ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر
جناب ساجد علی خان	فنانس ڈائریکٹر
جناب سید طارق شاہد	ڈائریکٹر مارکیٹنگ اینڈ سیلز
جناب ڈاکٹر آدم علی	ڈائریکٹر پلانٹ آپریشنز
جناب محمد اویس قاضی	سینئر مینجنگ سپلائی چین
جناب عتیق الرحمن	سینئر مینجنگ کوالٹی آپریشنز
جناب سنیل جولیئن	منیجر ایچ آر اینڈ ڈیولپمنٹ

بورڈ میٹنگ، آڈٹ کمیٹی اور ہیومن ریورس و معاوضہ کمیٹیوں کی میٹنگز:

ہیومن ریورس و معاوضہ کمیٹی		آڈٹ کمیٹی میٹنگ		بورڈ میٹنگ		ڈائریکٹر ان کے نام
حاضر	پیریڈ کے دوران ہونے والی میٹنگ	حاضر	پیریڈ کے دوران ہونے والی میٹنگ	حاضر	سال کے دوران ہونے والی میٹنگ	
1	1	نا قابل اطلاق	5	4	4	حنیف ستار (ڈائریکٹر اینڈ سی ای او)
1	1	5	5	4	4	مہتاب الدین فیروز
نا قابل اطلاق	1	نا قابل اطلاق	5	1	4	میکو بانڈو چیئرمین
نا قابل اطلاق	1	نا قابل اطلاق	5	0	4	سوہاری کنتی
نا قابل اطلاق	1	5	5	4	4	کوچی او کاڈا (3)
1	1	5	5	3	4	نور محمد آزاد ڈائریکٹر
نا قابل اطلاق	1	نا قابل اطلاق	5	4	4	مسز نوین سلیم مرچنٹ آزاد ڈائریکٹر
نا قابل اطلاق	1	نا قابل اطلاق	5	3	4	محمد توفیق فیروز (1)
نا قابل اطلاق	1	نا قابل اطلاق	5	4	4	ساجد علی خان (2)

(1) متبادل ڈائریکٹر برائے جناب میکو بانڈو
(2) متبادل ڈائریکٹر برائے جناب سوہاری کنتی

حصص داروں کا پیٹرن:

کمپنی کی حصص داروں کا پیٹرن برائے اختتامی سال 30 جون 2021 اس رپورٹ کے ساتھ منسلک ہے۔

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

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب حنیف ستار (سی ای او)	مرد
نان ایگزیکٹو ڈائریکٹرز	جناب میکو بانڈو (چیئرمین) جناب مہتاب الدین فیروز جناب کوچی او کاڈا جناب سوہاری مکتی	مرد
آزاد ڈائریکٹرز	جناب نور محمد مسز نوین سلیم مرچنٹ	مرد خاتون

بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹی کا نام	ممبر کا نام
آڈٹ کمیٹی	جناب نور محمد (چیئرمین) جناب کوچی او کاڈا جناب مہتاب الدین فیروز
ہیومن ریسورس اور معاوضہ کمیٹی	جناب نور محمد (چیئرمین) جناب کوچی او کاڈا جناب مہتاب الدین فیروز جناب حنیف ستار

ڈائریکٹرز کا معاوضہ:

کمپنیز ایکٹ مجریہ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 کے مطابق بورڈ کا ڈائریکٹرز کے معاوضے کیلئے باقاعدہ پالیسی اور شفاف طریقہ کار ہے۔ نان ایگزیکٹو ڈائریکٹرز بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کیلئے معاوضے کی مد میں مقررہ فیس وصول کر چکے ہیں۔

عہدے	نام	معاوضے کی تفصیلات	پاکستانی روپے '000
ایگزیکٹو ڈائریکٹر	حنیف ستار (سی ای او)	** تنخواہیں اور مراعات	17,034
نان ایگزیکٹو ڈائریکٹر	میکو بانڈو چیئرمین	قابل اطلاق نہیں	NIL
	مہتاب الدین فیروز	کنسلٹنسی فیس	3,200
	کوچی او کاڈا	* قابل اطلاق نہیں	NIL
	سوہاری مکتی	قابل اطلاق نہیں	NIL
	نور محمد	مینگ فیس	200
آزاد ڈائریکٹر	مسز نوین سلیم مرچنٹ	مینگ فیس	160

* 80,000 روپے جناب نوین فیروز کو بطور متبادل ڈائریکٹر مسز سوہاری مکتی کے مینگ میں شرکت کرنے کے لئے ادا کئے گئے۔

** بورڈ آف ڈائریکٹرز کی سفارش کے مطابق سی ای او کی وٹنی کام کرنے والی تنخواہوں اور کمپنی کے فوائد کا حقدار ہے جسے کمپنی کے حصص یافتگان نے باقاعدہ طور پر پہلے سے منظور کیا ہوا ہے۔

پروویڈنٹ اور گریجویٹ فنڈز میں سرمایہ کاری کی قدر:

تازہ ترین آڈٹ شدہ حسابات کی بنیاد پر سرمایہ کاری کی قدر مندرجہ ذیل ہیں۔

پروویڈنٹ فنڈ	=/ 175,008,589 روپے
گریجویٹ فنڈ	=/ 107,238,817 روپے

مستقبل کا نقطہ نظر:

کمپنی کو 1V سلوشنز مارکیٹ میں مصنوعات کی زیادہ سپلائی کی وجہ سے سخت مقابلے کا سامنا رہا ہے تاہم، کمپنی نے وقتاً فوقتاً اپنی بہتر حکمت عملی سے اور اپنی مصنوعات کے معیار اور اچھی سروس کی بنیاد پر زیادہ سے زیادہ مارکیٹ شیئر حاصل کیا۔

کمپنی کے پاس اعلیٰ پیمانے کا مینوفیکچرنگ پروسیس (جی ایم پی) اور آنے والے برسوں میں معیار کو مزید بہتر بنانے کے منصوبوں کے تحت سرمایہ کاری کرنے کے لئے سرمایہ کاری کے منصوبے ہیں۔ کمپنی اپنی نئی اور موجودہ مصنوعات کی کارکردگی پر انتہائی پر اعتماد ہے اور اپنی ترقی کو جاری رکھنے کے لئے تمام کوششیں کرتی رہے گی۔

کارپوریٹ گورننس:

جیسا کہ کارپوریٹ گورننس کے تحت درکار ہے ڈائریکٹران مسرت کے ساتھ مندرجہ ذیل اقدامات کی تصدیق کرتے ہیں۔

1- کمپنی کے مالیاتی گوشوارے اور معلومات جیسا ہے ویسا ہی پیش کرتے ہیں جس میں آپریشنز نتائج، کیش فلوز اور ایکویٹی میں تبدیلی شامل ہیں۔

2- کمپنی کے کھاتوں کی تیاری میں مناسب دیکھ اور احتیاط روا رکھی گئی ہے۔

3- مناسب اور رائج اکاؤنٹنگ پالیسیاں مستقل بنیادوں پر فنانشل بیانات کی تیاری پر لاگو کی گئی ہیں۔ مزید برآں اکاؤنٹنگ کے تخمینے معقول اور عقابت اندیشی سے لئے گئے فیصلوں کی بنیاد پر لگائے گئے ہیں۔

4- پاکستان میں لاگو تمام بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز مالیاتی گوشواروں کی تیاری میں استعمال ہوئے ہیں اور کسی قسم کی کوئی غفلت نہیں برتی گئی۔

5- اندرونی کنٹرول کا سسٹم کا ڈیزائن متوازن ہے اور اسے موثر انداز میں لاگو کیا گیا اور اس کی نگرانی کی جاتی رہی۔

6- ایسے کوئی خدشات لاحق نہیں جن کی بنیاد پر کمپنی کے آگے کام کرنے کی صلاحیت پر شک کیا جائے۔

7- بیان کردہ ریگولیشنز میں کارپوریٹ گورننس کی بہترین پریکٹس میں سے کوئی میٹرل ڈیپارچر نہیں ہوا۔

8- ضابطے میں درج شق کے معیار کے مطابق دو ڈائریکٹران کے پاس ڈائریکٹر ٹریننگ پروگرام کا سرٹیفکیٹ ہے۔ بورڈ کے تمام ڈائریکٹران اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔

9- 30 جون 2021 تک کمپنی ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کسی بھی رقم کی ادائیگی کی قانوناً پابند نہیں ماسوائے ان کے جو مالیاتی گوشواروں میں پہلے ہی بیان کئے جا چکے ہیں۔

بورڈ آف ڈائریکٹرز:

بورڈ کی تشکیل سال بھر ایک جیسی رہی اور اس دوران کوئی تبدیلی نہیں آئی۔

کمپنیز ایکٹ، 2017 کے سیکشن 159 کے تحت بورڈ آف ڈائریکٹرز کی ضرورت کے مطابق آئندہ منتخب ہونے والے ڈائریکٹرز کی تعداد سات (7) طے کی گئی ہے جن میں دو (2) آزاد ڈائریکٹرز بھی شامل ہیں جو کمپنی کے اقلیتی شیئر ہولڈرز کی نمائندگی کریں گے۔ لٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت آئندہ تین سال کی مدت 01 نومبر 2021 سے شروع ہو رہی ہے۔

ڈائریکٹرز رپورٹ

اوتسوکا پاکستان لمیٹڈ کمپنی کے ڈائریکٹرز اختتامی سال 30 جون 2021ء کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
کاروباری جائزہ:

حکومت کی مسلسل مالیاتی پالیسیوں کی وجہ سے کوویڈ-19 کی مختلف لہروں کے منفی اثرات کے باوجود مجموعی طور پر کاروباری صورتحال بہتر تھی۔ اسٹیٹ بینک کی انٹربینک ریٹ 7 فیصد پر رکھنے کی کوششوں نے کاروباری اداروں کو آسانی دی ہے۔ غیر ملکی ترسیلات زر اور برآمدات سے ملک کے ذخائر کو مسلسل مدد کے ساتھ ڈالر بمقابلہ روپے کی برابری پورے مالی سال میں سزاگرا رہی۔ تاہم جون کے مہینے میں روپے کی قدر میں ایک بار پھر کمی شروع ہوئی اور یہ رجحان سال کے آخر تک جاری ہے۔ سال بھر افراط زر دو ہندسوں میں رہا تاہم حکومت نے مہنگائی پر قابو پانے کے لئے سنجیدہ کوششیں کی ہیں۔

سال کے دوران ہماری فروخت میں 14 فیصد اضافہ ہوا ہے جو کہ گزشتہ سال 18 فیصد تھا۔ کوویڈ-19 کی وجہ سے میڈیکل ڈیوائسز کا کاروبار دباؤ میں تھا، تاہم کلینیکل نیوٹریشن مصنوعات کی فروخت نے کمپنی کی مجموعی فروخت میں نمایاں اضافہ کیا ہے۔ کارپوریٹ مقصد کی روشنی میں، ایک نئی پروڈکٹ Otsuflox (Ciprofloxain) اپریل 2021ء کے مہینے میں متعارف کرائی گئی ہے۔

دوران سال کمپنی نے 33 فیصد کا مجموعی منافع حاصل کیا ہے جو کہ گزشتہ سال 27 فیصد تھا۔ یہ صحت منداں اضافہ فروخت کے بہتر اختلاط اور اخراجات پر قابو پانے کی وجہ سے وقوع پذیر ہوا۔

(روپے ملین میں)

مالیاتی نتائج

2021	2020	
469,535	107,557	رواں سال منافع قبل از ٹیکس
(83,204)	(16,491)	ٹیکس کی فراہمی
386,331	91,066	رواں سال منافع بعد از ٹیکس
(2,141)	2,266	دیگر جامع آمدنی / (نقصانات)
384,190	93,332	رواں سال کل مجموعی آمدنی / (نقصانات)
(4,213)	(97,545)	گزشتہ سال کا جمع کردہ کل مربوط منافع
379,977	(4,213)	رواں سال کا مجموعی مربوط منافع / خسارہ

اختصاصات:

کمپنی نے بعد از ٹیکس 386 ملین روپے کا منافع کمایا ہے اور بورڈ ممبران 30 جون 2021 کو ختم ہونے والے سال کے لئے 15 فیصد منافع (1.50 روپے فی حصص) تجویز کرنے پر بہت خوش ہیں۔

آمدنی / (خسارہ) فی حصص:

آمدنی فی حصص برائے اختتامی سال 30 جون 2021 مبلغ 31.93 روپے نکالا گیا۔ (2021ء میں آمدنی فی حصص مبلغ 7.53 روپے رہا)۔

کلیدی آپریٹنگ اور مالی اعداد و شمار:

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

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

Name of Company: Otsuka Pakistan Limited
Year ended: June 30, 2020

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

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

a) Male: 6 (six)

b) Female: 1 (one)

2. The composition of the board is as follows:

Category	Names
Independent directors*	Mr. Noor Muhammad Mrs. Navin Salim Merchant
Non-executive directors	Mr. Mikio Bando - Chairman Mr. Mehtabuddin Feroz Mr. Koichi Okada Mr. Suhari Mukti
Executive director	Mr. Hanif Sattar - Chief Executive

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act 2017, and these Regulations;
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Companies Act 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and these Regulations;

9. There was no fresh appointment of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit (HOIA) during the year ended June 30, 2021. The board has approved appointment of CFO, CS and HOIA, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

10. The following directors have acquired the prescribed Directors' Training Program (DTP) certification:

- a. **Mr. Noor Muhammad**
- b. **Mrs. Navin Saleem Merchant**

One of the director is exempt from Directors Training Program as he has the requisite education and experience.

11. Chief financial officer and chief Executive Officer duly endorsed the financial statements before approval of the board.

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

a) Audit Committee:

Mr. Noor Muhammad	Chairman
Mr. Koichi Okada	Member
Mr. Mehtabuddin Feroz	Member

b) Human Resource Remuneration & Nomination Committee:

Mr. Noor Muhammad	Chairman
Mr. Koichi Okada	Member
Mr. Mehtabuddin Feroz	Member
Mr. Hanif Sattar	Member

c) Risk Management Committee – Consist of Otsuka Pakistan Ltd.'s Management Team:

Mr. Hanif Sattar	Chairman
Mr. Sajid Ali Khan	Member
Mr. Syed Tariq Shahid	Member
Dr. Adam Ali	Member
Mr. Muhammad Owais Qazi	Member
Dr. Arshad Kamal	Member
Mr. David Sunil	Member

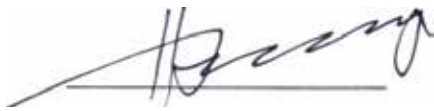
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

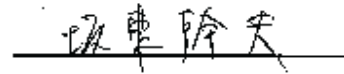
- a) **Audit Committee:** Quarterly
- b) **Human Resource Remuneration & Nomination Committee:** Yearly
- c) **Risk Management Committee:** As and when needed

15. The board has outsourced the internal audit function to M/s. Saud Tariq & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. All the directors of the Company had attended the Annual General Meeting except for the two overseas directors having their pre-engagements. We will ensure the attendance of every director in future. However, PT Otsuka Indonesia and Otsuka Pharmaceutical Factory had appointed local attorney for their participation in the meeting.
20. In addition to the mandatory and non-mandatory clauses / regulations stipulated in the Regulations, there are certain regulations / clauses in the Regulations in which word 'may' or 'encouraged' have been used. We understand that these clauses remain recommendatory in nature and therefore, neither fall under mandatory regulations / clauses nor fall into 'comply or explain' approach. However, the Company may voluntarily comply with such regulations / clauses as at June 30, 2021, the Company has complied with certain recommendatory regulations / clauses and the Company may consider compliance with remainder of these in future.

For and behalf of the board



Hanif Sattar
Chief Executive Officer



Mikio Bando
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Otsuka Pakistan Limited** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



Chartered Accountants

Place: Karachi

Date: September 06, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Otsuka Pakistan Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Recognition of deferred tax asset</p> <p>(Refer notes 4.11 and 8 to the annexed financial statements)</p> <p>At June 30, 2021, the Company has recorded deferred tax asset of Rs. 107.785 million, which represents 7.26% of total assets and 21.51% of shareholders' equity.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of management process to record deferred tax asset;

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>The recognition of deferred tax asset in respect of the above is allowed only to the extent that it is probable that future taxable profits will be available to utilize the benefit from unused tax losses and ACT.</p> <p>We have considered this area to be a key audit matter because significant judgement is required when assessing the projections of future taxable profits, which are based on assumptions regarding future business and economic conditions and other assumptions.</p>	<ul style="list-style-type: none"> • Checked that the Board of Directors have approved the Plan (or Projections) prepared by management, which forms the basis of recognition of deferred tax asset; • Checked that, based on taxable profit forecast, unused tax losses and ACT are being utilized within the permitted period of offset to utilize these tax benefits; • Analyzed reliability of the evidence (internal or external) supporting the management's best-estimate assumptions; • Assessed the reasonableness of assumptions used by management in preparation of Projections; • Tested the overall mathematical accuracy of the Projections; and • Reviewed the adequacy and completeness of disclosures made in the annexed financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report of the Company for the year ended June 30, 2021, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Yousuf Adil

Chartered Accountants

Place: Karachi

Date: September 06, 2021

OTSUKA PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	2021	2020
Note	----- Rupees in '000 -----	-----
ASSETS		
Non-current assets		
Property, plant and equipment	5 297,002	335,043
Intangible assets	6 1,496	1,781
Long-term loans	7 7,583	8,743
Long-term deposits	1,337	1,309
Deferred tax asset - net	8 107,785	173,634
	<u>415,203</u>	<u>520,510</u>
Current assets		
Stores and spares	9 45,943	47,822
Stock-in-trade	10 582,233	680,918
Trade debts	11 291,385	283,707
Loans and advances	12 38,911	61,532
Trade deposits, short-term prepayments and other receivables	13 23,180	38,124
Taxation	44,072	24,843
Bank balances	14 44,504	22,825
	<u>1,070,228</u>	<u>1,159,771</u>
Total assets	<u><u>1,485,431</u></u>	<u><u>1,680,281</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	15 121,000	121,000
Revenue reserves	<u>379,977</u>	<u>(4,213)</u>
Total shareholders' equity	<u>500,977</u>	<u>116,787</u>
LIABILITIES		
Non-current liabilities		
Long-term finance	16 31,903	-
Deferred government grant	17 307	-
	<u>32,210</u>	<u>-</u>
Current liabilities		
Short-term loan from a related party	18 356,550	585,262
Trade and other payables	19 573,517	530,407
Current portion of long-term finance	16 16,542	-
Current portion of deferred government grant	17 1,794	-
Unclaimed dividend	3,186	3,188
Short-term running finance	20 -	429,854
Mark-up accrued	21 655	14,783
	<u>952,244</u>	<u>1,563,494</u>
Total equity and liabilities	<u><u>1,485,431</u></u>	<u><u>1,680,281</u></u>
CONTINGENCIES AND COMMITMENTS		
	22	

The annexed notes from 1 to 47 form an integral part of these financial statements.



Hanif Sattar
Chief Executive Officer



Mentaabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees -----
Sales - net	23	2,546,276	2,226,989
Cost of sales	24	<u>(1,701,192)</u>	<u>(1,627,818)</u>
Gross profit		845,084	599,171
Selling and distribution expenses	25	(278,185)	(266,808)
Administrative and general expenses	26	<u>(107,575)</u>	<u>(98,617)</u>
		459,324	233,746
Other income	27	<u>107,351</u>	45,961
		566,675	279,707
Other expenses	28	<u>(78,286)</u>	(99,442)
Operating profit		488,389	180,265
Finance cost	29	<u>(18,854)</u>	(72,708)
Profit for the year before taxation		469,535	107,557
Taxation - net	30	<u>(83,204)</u>	(16,491)
Profit for the year		<u><u>386,331</u></u>	<u><u>91,066</u></u>
		----- Rupees -----	
Earnings per share - basic and diluted	31	<u><u>31.93</u></u>	<u><u>7.53</u></u>

The annexed notes from 1 to 47 form an integral part of these financial statements.


Hanif Sattar
Chief Executive Officer


Mehtabuddin Feroz
Director


Sajid Ali Khan
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

Note	2021 -----Rupees in '000-----	2020
Profit for the year	386,331	91,066
Other comprehensive 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 gain / (loss) on defined benefit plan	34.1.4 (3,015)	3,191
Tax on remeasurement of defined benefit plan	8.3 874	(925)
	(2,141)	2,266
Total comprehensive income for the year	384,190	93,332

The annexed notes from 1 to 47 form an integral part of these financial statements.



Hanif Sattar
Chief Executive Officer



Mentaabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 -----Rupees in '000-----	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	721,703	320,105
Taxes paid - net		(35,710)	(7,404)
Interest paid		(32,982)	(77,303)
Lease rentals paid		-	(15,171)
Long-term deposits - net		(28)	-
Long-term loans - net		1,160	(1,653)
Net cash flows generated from operating activities		654,143	218,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(65,831)	(50,700)
Purchase of intangible asset		(489)	(449)
Proceeds from disposal of property, plant and equipment		8,328	4,256
Net cash flows used in investing activities		(57,992)	(46,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2)	(6,016)
Proceeds from long-term finance		67,395	-
Repayment of long-term finance		(16,849)	-
Repayment of short-term loan		(195,162)	-
Net cash flows used in financing activities		(144,618)	(6,016)
Net increase / (decrease) in cash and cash equivalents during the year		451,533	165,665
Cash and cash equivalents at the beginning of the year		(407,029)	(572,694)
Cash and cash equivalents at the end of the year	32	44,504	(407,029)

The annexed notes from 1 to 47 form an integral part of these financial statements.


Hanif Sattar
Chief Executive Officer


Mentaabuddin Feroz
Director


Sajid Ali Khan
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

	Issued, subscribed and paid- up capital	Revenue reserves			Total equity
		General reserve	Accumulated profit	Sub-total	
----- Rupees in '000 -----					
Balance as at July 01, 2019	121,000	341,980	(439,525)	(97,545)	23,455
Profit for the year ended June 30, 2020	-	-	91,066	91,066	91,066
Other comprehensive income for the year					
Remeasurement gain / (loss) on defined benefit plan	-	-	3,191	3,191	3,191
Tax on remeasurement of defined benefit plan	-	-	(925)	(925)	(925)
	-	-	2,266	2,266	2,266
Total comprehensive income for the year	-	-	93,332	93,332	93,332
Balance as at June 30, 2020	121,000	341,980	(346,193)	(4,213)	116,787
Profit for the year ended June 30, 2021	-	-	386,331	386,331	386,331
Other comprehensive income for the year					
Remeasurement gain on defined benefit plan	-	-	(3,015)	(3,015)	(3,015)
Tax on remeasurement of defined benefit plan	-	-	874	874	874
	-	-	(2,141)	(2,141)	(2,141)
Total comprehensive income for the year	-	-	384,190	384,190	384,190
Balance as at June 30, 2021	121,000	341,980	37,997	379,977	500,977

The annexed notes from 1 to 47 form an integral part of these financial statements.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**OTSUKA PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Otsuka Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 30-B, S.M.C.H. Society, Karachi in the province of Sindh, Pakistan. The Company is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipments.

The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

2.4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS
- Amendments to IFRS 3 'Business Combinations' - Definition of a business
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform

Certain annual improvements have also been made to a number of IFRSs.

2.4.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

	Effective from Accounting period beginning on or after
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - Amendments regarding deferred tax on leases and decommissioning obligations	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued following standards, which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Impairment of trade debts and other receivables (notes 4.7.1 and 11.1);
- Residual values, useful lives and depreciation rates of operating fixed assets (notes 4.1 and 5.1);
- Provision against slow moving and obsolete stock-in-trade and stores and spares (notes 4.3, 4.4, 9 and 10);
- Estimate of liabilities in respect of staff retirement benefits (notes 4.9(a) and 34);
- Provision for taxation and realizability of deferred tax asset (notes 4.11, 8 and 30);
- Provisions (note 4.8);and
- Revenue recognition (notes 4.12 and 23);

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise disclosed or specified.

4.1 Property, plant and equipment

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 to these financial statements and 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 property, plant and equipment are taken to the statement of profit or loss in the year in which the disposal is made.

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.

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.

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 cash and cheques in hand, balances with banks in current accounts and short-term borrowings under 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 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 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, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

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 recognized 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 amortization, if no impairment loss had been recognized.

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 recognized 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

Income tax expense comprises of current and deferred tax.

Current

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using the liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. The Company also recognises deferred tax asset on unused tax losses, alternate corporate tax and unused tax credits.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available to the Company against which the temporary difference can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax asset or liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting date.

4.12 Revenue recognition

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

For sales of products, the performance obligation is judged to have been satisfied and revenue is therefore recognized 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.

4.13 Borrowing costs

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

4.14 Government grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received. The benefit of a long-term finance at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants related to long-term finances are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as finance cost related to long-term finances at market rate of interest.

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.

	Note	2021 -----Rupees in '000-----	2020
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	275,096	304,687
Capital work-in-progress	5.7	21,906	30,356
		<u>297,002</u>	<u>335,043</u>

5.1 Operating fixed assets

Following is the statement of operating fixed assets

Particulars	Year ended June 30, 2021							Total
	Leasehold land (Note 5.8)	Right-of-use-asset (Note 5.9)	Building on leasehold land (Note 5.8)	Plant and machinery (Note 5.5 and 5.8)	Furniture, fixtures and equipment	Vehicles	Fork lifter	
Rupees in '000								
As at July 1, 2020								
Cost	3,953	15,171	340,639	928,881	58,501	38,104	15,289	1,400,538
Accumulated depreciation	(1,269)	(2,845)	(250,318)	(760,888)	(49,384)	(18,308)	(12,839)	(1,095,851)
Net book value	2,684	12,326	90,321	167,993	9,117	19,796	2,450	304,687
Year ended June 30, 2021								
Opening net book value	2,684	12,326	90,321	167,993	9,117	19,796	2,450	304,687
Additions	-	-	-	28,667	2,825	14,585	5,850	51,927
Transfer from capital work-in-progress (note 5.7.1)	-	-	-	22,354	-	-	-	22,354
Disposals / write-offs								
Cost	-	-	-	(10,855)	(1,354)	(5,465)	(3,606)	(21,280)
Accumulated depreciation	-	-	-	10,855	1,354	4,372	3,606	20,187
Depreciation charge	(40)	(7,586)	(23,985)	(52,841)	(4,578)	(5,794)	(1,217)	(96,041)
Impairment charge (note 28)	-	-	-	(6,738)	-	-	-	(6,738)
Closing net book value	2,644	4,740	66,336	159,435	7,364	27,494	7,083	275,096
As at June 30, 2021								
Cost	3,953	15,171	340,639	946,693	59,972	47,224	17,533	1,453,539
Accumulated depreciation	(1,309)	(10,431)	(274,303)	(802,874)	(52,608)	(19,730)	(10,450)	(1,171,705)
Accumulated impairment	-	-	-	(6,738)	-	-	-	(6,738)
Net book value	2,644	4,740	66,336	137,081	7,364	27,494	7,083	275,096
Depreciation rate per annum	1.01%	50%	5% - 10%	10% - 50%	10% - 33%	20%	20%	
Year ended June 30, 2020								
Particulars	Leasehold land (Note 5.8)	Right-of-use-asset (Note 5.9)	Building on leasehold land (Note 5.8)	Plant and machinery (Note 5.5 and 5.8)	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
Rupees in '000								
As at July 1, 2019								
Cost	3,953	-	340,990	907,312	55,185	38,820	15,289	1,361,549
Accumulated depreciation	(1,229)	-	(226,165)	(709,703)	(46,228)	(15,410)	(11,816)	(1,010,551)
Net book value	2,724	-	114,825	197,609	8,957	23,410	3,473	350,998
Year ended June 30, 2020								
Opening net book value	2,724	-	114,825	197,609	8,957	23,410	3,473	350,998
Additions	-	15,171	-	21,200	3,685	4,218	-	44,274
Transfer from capital work-in-progress (note 5.7.1)	-	-	-	1,939	-	-	-	1,939
Disposals / write-offs								
Cost	-	-	(351)	(1,570)	(369)	(4,934)	-	(7,224)
Accumulated depreciation	-	-	269	1,570	369	2,041	-	4,249
Depreciation charge	(40)	(2,845)	(24,422)	(52,755)	(3,525)	(4,939)	(1,023)	(89,549)
Closing net book value	2,684	12,326	90,321	167,993	9,117	19,796	2,450	304,687
As at June 30, 2020								
Cost	3,953	15,171	340,639	928,881	58,501	38,104	15,289	1,400,538
Accumulated depreciation	(1,269)	(2,845)	(250,318)	(760,888)	(49,384)	(18,308)	(12,839)	(1,095,851)
Net book value	2,684	12,326	90,321	167,993	9,117	19,796	2,450	304,687
Depreciation rate per annum	1.01%	50%	5% - 10%	10% - 50%	10% - 33%	20%	20%	

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. metres)
a) Plot no. F/4-9, Hub Industrial Trading Estate, District Lasbela (Balochistan)	Manufacturing facility	26,825

5.3 Included in operating fixed assets are fully depreciated assets which are in use having cost of Rs. 644.60 million (2020: Rs. 543 million).

	Note	2021 -----Rupees in '000-----	2020
5.4 The depreciation charge for the year has been allocated as follows			
Cost of sales	24	84,296	82,769
Selling and distribution expenses	25	2,109	1,961
Administrative and general expenses	26	9,636	4,819
		96,041	89,549

5.5 Plant & Machinery includes Orthopedic kits, power tool sets and femoral holders amounting to Rs. 6.196 million, Rs 0.613 million and Rs 0.273 million (2020: Rs 8.055 million, Rs 0.754 million and Rs 0.329 million) respectively have been impaired by 6.738 million due to the decision by management to liquidate the orthopedic implants business at recoverable prices in the market and to minimize the business closure loss. These assets were acquired with the funds of the Company but are not in the possession of the Company. These assets were given by the Company to Vikor Enterprises (Private) Limited for the purpose of assembling and fitting knee implant.

5.6 The details of operating fixed assets disposed / written offs during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposals / settlement	Particulars of buyers / purchasers
	----- (Rupees '000) -----						
Vehicles							
Suzuki Swift	1,497	1,197	299	1,035	736	Damaged	Insurance Proceeds
Honda City	1,364	1,092	273	1,291	1,018	Negotiation	Mr.Wasim Mirza
Toyota Corolla XLI	1,555	1,244	311	1,487	1,176	Negotiation	Mr.Imran Ahmed
Suzuki Cultus	1,049	839	210	1,034	824	Negotiation	Mr.Nisar Ahmed
Furniture, Fixtures & Equipment							
Split Air Conditioner	23	23	-	4	4	Negotiation	Aamir Cool Engineering
Split Air Conditioner	42	42	-	8	8	Negotiation	Aamir Cool Engineering
Mitsubishi 24Vc A/C	58	58	-	10	10	Negotiation	Aamir Cool Engineering
Mobile Set	24	24	-	1	1	Negotiation	Mobile N Move
Tower Earthling Complete	140	140	-	33	33	Negotiation	Ilyas Communication
Printer Laser Jet	43	43	-	2	2	Negotiation	A.K.Traders
Printer Laser Jet	39	39	-	3	3	Negotiation	A.K.Traders
Printer Laser Jet	35	35	-	4	4	Negotiation	Penta Technology
Air Conditioner	42	42	-	5	5	Negotiation	Bilal Maqsood Scrap Merchant
Work Station	150	150	-	5	5	Negotiation	Lalajee Traders(Yasir Mehmood
Pentium IV Computer	22	22	-	1	1	Negotiation	Lalajee Traders(Yasir Mehmood
LG Epson Printer	40	40	-	1	1	Negotiation	Lalajee Traders(Yasir Mehmood
UPS With Battery	33	33	-	1	1	Negotiation	Lalajee Traders(Yasir Mehmood
Server Hp MI-370	277	277	-	10	10	Negotiation	Lalajee Traders(Yasir Mehmood
Computer Printer	39	39	-	1	1	Negotiation	Lalajee Traders(Yasir Mehmood
Computer	11	11	-	-	-	Negotiation	Lalajee Traders(Yasir Mehmood
Computer	27	27	-	1	1	Negotiation	Lalajee Traders(Yasir Mehmood
Computer Printer	12	12	-	-	-	Negotiation	Lalajee Traders(Yasir Mehmood
Computer Printer	46	46	-	2	2	Negotiation	Lalajee Traders(Yasir Mehmood
Trimph Manual	9	9	-	-	-	Negotiation	Lalajee Traders(Yasir Mehmood
CPU With Lcd 18.5 Ci3 3Ghz	47	47	-	2	2	Negotiation	Lalajee Traders(Yasir Mehmood
Photocopy Machine	121	121	-	20	20	Negotiation	Ghori Imaging Solution
Meg Plus	59	59	-	8	8	Negotiation	SPL Information Technology
Ups 600W & Battery	15	15	-	-	-	Written Off	Not applicable
Plant and machinery							
Head Cylinder	78	78	-	9	9	Negotiation	Bilal Maqsood Scrap Merchant
Atlas Air Compressor	1,912	1,912	-	229	229	Negotiation	Bilal Maqsood Scrap Merchant
Water Chiller	650	650	-	78	78	Negotiation	Bilal Maqsood Scrap Merchant
A/C Daikin Plant	588	588	-	12	12	Written Off	Not applicable
Filter Plate	49	49	-	-	-	Written Off	Not applicable
Kit Cover Coller	27	27	-	-	-	Written Off	Not applicable
Lc 10A Tvp Liquid Pump	275	275	-	-	-	Written Off	Not applicable
Plunger Seal	10	10	-	-	-	Written Off	Not applicable
Pump Bearing	10	10	-	-	-	Written Off	Not applicable
Lab Equipment Filter Holder	211	211	-	-	-	Written Off	Not applicable
Lab Equipment Hydrometer	1	1	-	-	-	Written Off	Not applicable
Thermometre	9	9	-	-	-	Written Off	Not applicable
Caliberation	20	20	-	-	-	Written Off	Not applicable
Electrode For Mettler	40	40	-	-	-	Written Off	Not applicable
Steam Boiler	5,800	5,800	-	1,990	1,990	Negotiation	Automation Aid
Pannel Board	29	29	-	10	10	Negotiation	Automation Aid
Generator 90Kw Rastgar	1,146	1,146	-	600	600	Negotiation	Al Wasay Diesel Gas Power
Fork Lifter							
Truck Power Pallet	725	725	-	87	87	Negotiation	Bilal Maqsood Scrap Merchant
Truck Power Pallet	725	725	-	87	87	Negotiation	Bilal Maqsood Scrap Merchant
Staker Lifter	605	605	-	72	72	Negotiation	Bilal Maqsood Scrap Merchant
Shinko Electric Lifter	1,439	1,439	-	172	172	Negotiation	Bilal Maqsood Scrap Merchant
Wheel Castrol Small	112	112	-	13	13	Negotiation	Bilal Maqsood Scrap Merchant
2021	21,280	20,187	1,093	8,328	7,235		
2020	7,224	4,249	2,975	4,256	1,281		

	Note	2021 -----Rupees in '000-----	2020
5.7 Capital work-in-progress (note 5.7.1)			
Stores and spares held for capital expenditure		3,844	4,769
Others	5.7.2	18,062	25,587
		21,906	30,356

5.7.1 Movement

	2021			
	Opening	Additions during the year	Transfers during the year	Closing
	----- Rupees in '000 -----			
Stores and spares held for capital expenditure	4,769	7,578	(8,503)	3,844
Others	25,587	6,326	(13,851)	18,062
	30,356	13,904	(22,354)	21,906

	2020			
	Opening	Additions during the year	Transfers during the year	Closing
	----- Rupees in '000 -----			
Stores and spares held for capital expenditure	5,561	-	(792)	4,769
Others	5,137	21,597	(1,147)	25,587
	10,698	21,597	(1,939)	30,356

5.7.2 This includes cost of survival project related to Nutraceutical Solutions amounting to Rs. 17.987 million (2020: 13.609 million).

5.8 These are kept as collateral with banks under pari-passu charge for obtaining short-term financing. Details are provided in note 20.1.

5.9 This represents head office building acquired on lease by the Company for a period of 24 months starting from February 16, 2020. The Company made advance payment of lease rentals for the entire term of the lease.

	2021 -----Rupees in '000-----	2020
6. INTANGIBLE ASSETS		
Computer software	1,496	1,781
6.1 Following is the statement of intangible assets:		
Opening net book value	1,781	1,945
Additions (at cost)	489	449
Amortization charge	(774)	(613)
Closing net book value	1,496	1,781
Closing value - Gross amount		
Cost	3,763	3,274
Accumulated amortization	(2,267)	(1,493)
Net book value	1,496	1,781
Amortization rate per annum	20% - 33%	20% - 33%

	Note	2021 -----Rupees in '000-----	2020
7. LONG-TERM LOANS			
Loans to employees	7.1	14,866	15,775
Less: receivable within one year	12	(7,283)	(7,032)
		7,583	8,743

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 instalments 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, 2021, none of these loans were past due or impaired.

	Note	2021 -----Rupees in '000-----	2020
8. DEFERRED TAX ASSET - NET			
Deductible temporary differences			
Employees' short-term compensated absences		6,521	6,381
Impairment of trade debts		8,987	10,931
Unused tax losses	8.1	60,851	101,380
Excess of Alternative Corporate Tax (ACT) over corporate tax		10,447	10,447
Unrealized exchange loss		-	45,217
Property, plant and equipment		710	-
Other provisions		20,269	5,112
		107,785	179,468
Taxable temporary differences			
Accelerated tax depreciation allowance		-	(5,834)
		107,785	173,634

8.1 This represents deferred tax recorded on unabsorbed tax depreciation amounting to Rs. 60.851 million (2020: Rs. 101.380 million).

8.2 Management carries out periodic assessment to assess the benefit of unused tax losses and alternative corporate tax as the Company can carry forward and set off tax losses against the profits earned in future years. The deferred tax asset recognised against unused tax losses and alternative corporate tax represents the management's best estimate of probable benefit expected to be realised in future years in the form of reduced tax liability. The amount of this benefit has been determined based on a business plan of the Company for the next five years. The business plan involves certain key assumptions underlying the estimation of future taxable profits estimated in the plan. The determination of future taxable profit is most sensitive to certain key assumptions such as product pricing, sales forecast, cost of material, supply arrangements, product mix, oil prices, exchange rates etc. expected to be achieved during the next five years. Any significant change in the aforementioned key assumptions may have an effect on the realisability of the deferred tax asset. Management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently the deferred tax asset may be fully realised in future years.

8.3 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	Other comprehensive income	
	----- Rupees in '000 -----			
Movement for the year ended				
June 30, 2021				
Deductible / (taxable) temporary difference				
- Accelerated tax depreciation allowance	(5,834)	5,834	-	-
- Employees' short-term compensated absences	6,381	140	-	6,521
- Impairment of trade debts	10,931	(1,944)	-	8,987
- Unused tax losses	101,380	(40,529)	-	60,851
- Excess of Alternative Corporate Tax (ACT) over corporate tax	10,447	-	-	10,447
- Unrealized exchange loss	45,217	(45,217)	-	-
- Property, Plant and Equipment	-	710	-	710
- Other provisions	5,112	14,283	874	20,269
	173,634	(66,723)	874	107,785

Movement for the year ended June 30, 2020	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss	Other comprehensive income	
	----- Rupees in '000 -----			
Deductible / (taxable) temporary difference				
- Accelerated tax depreciation allowance	(12,327)	6,493	-	(5,834)
- Employees' short-term compensated absences	5,836	545	-	6,381
- Impairment of trade debts	6,329	4,602	-	10,931
- Unused tax losses	98,769	2,611	-	101,380
- Excess of Alternative Corporate Tax (ACT) over corporate tax	10,447	-	-	10,447
- Unrealized exchange loss	37,444	7,773	-	45,217
- Other provisions	6,049	(12)	(925)	5,112
	<u>152,547</u>	<u>22,012</u>	<u>(925)</u>	<u>173,634</u>

	Note	2021 -----Rupees in '000-----	2020
9. STORES AND SPARES			
Stores		25,036	22,809
Spares			
- in hand		20,317	24,620
- in transit		3,194	3,851
		<u>23,511</u>	<u>28,471</u>
		48,547	51,280
Less: provision against slow moving and obsolete stores and spares		(2,604)	(3,458)
		<u>45,943</u>	<u>47,822</u>
10. STOCK-IN-TRADE			
Raw and packing materials			
- in hand		183,470	123,232
- in transit		109,049	181,726
	24	<u>292,519</u>	<u>304,958</u>
Work-in-progress	24	9,491	8,356
Finished goods			
- in hand	10.1	318,794	370,287
- in transit		2,363	17,674
	24	<u>321,157</u>	<u>387,961</u>
		623,167	701,275
Less: provision against slow moving and obsolete stock-in-trade	10.2	(9,728)	(3,975)
Less: provision against orthopedic knee implants	10.3	(20,339)	-
Less: provision against stents held with hospitals	10.4	(10,867)	(16,382)
		(40,934)	(20,357)
		<u>582,233</u>	<u>680,918</u>

10.1 These include items costing Rs. 26.088 million (2020: Rs. 3.922 million) that have been valued at their net realisable value amounting to Rs. 4.186 million (2020: Rs. 2.906 million).

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

	Note	2021 -----Rupees in '000-----	2020
Opening balance		3,975	5,348
Charge for the year	28	6,949	3,164
Reversal during the year	27	(1,196)	(4,537)
		5,753	(1,373)
Closing balance		9,728	3,975

10.3 Movement of provision against orthopedic knee implants is as follows:

	Note	2021 -----Rupees in '000-----	2020
Opening balance		-	-
Charge for the year	28	22,276	-
Reversal during the year - net	27	(1,937)	-
Closing balance		20,339	-

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

	Note	2021 -----Rupees in '000-----	2020
Opening balance		16,382	11,420
Charge for the year	28	-	4,962
Reversal during the year - net	27	(5,515)	-
Closing balance		10,867	16,382

11. TRADE DEBTS

Due from Hospital Supply Corporation - a related party	11.3	203,788	190,319
Others		121,667	132,310
		325,455	322,629
Loss allowance	11.1.1	(34,070)	(38,922)
		291,385	283,707

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

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

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

	Collectively assessed	Individually assessed	Total
	----- Rupees '000-----		
11.1.1 Movement of loss allowance			
Balance as at July 1, 2019	-	21,486	21,486
Provision for the year - net	-	17,625	17,625
Write-off during the year	-	(189)	(189)
Balance as at June 30, 2020	-	38,922	38,922
Reversal of provision during the year - net	-	(4,852)	(4,852)
Write-off during the year	-	-	-
	-	(4,852)	(4,852)
Balance as at June 30, 2021	-	34,070	34,070

- 11.2** As at June 30, trade debts of Rs. Nil million (2020: Rs. 100.615 million) represents amount which is overdue from a related party. The overdue receivable balance carries mark-up at 3 months KIBOR (MK) + 4% (2020: 3MK + 3%) per annum on over due balance. The remaining balances (excluding impaired debts) relate to a number of independent customers for whom there is no recent history of default.

The age analysis of trade debts is as follows:

	2021		
	From others	From a related party	Gross
-----Rupees in '000-----			
Past due but not impaired			
Not yet due	35,077	203,788	238,865
Past due 1-30 days	43,128	-	43,128
Past due 31-60 days	5,283	-	5,283
Past due 61-90 days	11,646	-	11,646
Past due more than 90 days	26,533	-	26,533
	121,667	203,788	325,455
Past due and impaired			
Others	34,070	-	34,070
Less: loss allowance	(34,070)	-	(34,070)
	-	-	-

	2020		
	From others	From a related party	Gross
-----Rupees in '000-----			
Past due but not impaired			
Not yet due	12,826	89,704	102,530
Past due 1-30 days	32,325	50,394	82,719
Past due 31-60 days	8,868	41,697	50,565
Past due 61-90 days	24,247	1,856	26,103
Past due more than 90 days	15,122	6,668	21,790
	93,388	190,319	283,707
Past due and impaired			
Others	38,922	-	38,922
Less: loss allowance	(38,922)	-	(38,922)
	-	-	-

- 11.3** The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is Rs 325.454 million (2020: Rs 473.266 million).

	Note	2021	2020
		-----Rupees in '000-----	
12. LOANS AND ADVANCES - CONSIDERED GOOD			
Loans to employees - current portion	7	7,283	7,032
Advances to:			
- employees	12.1	1,302	1,149
- suppliers	12.2	30,326	53,351
		31,628	54,500
		38,911	61,532

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

12.2 This includes 100% cash margin of Rs. 16.907 million (June 30, 2020: 40.964 million) equivalent to import value against import of goods specified by SBP via BPRD circular no. 02 of 2017 and BPRD circular no. 05 of 2018 and non-interest bearing monies provided in the normal course of business.

	Note	2021 -----Rupees in '000-----	2020
13. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits	13.1	17,622	23,817
Short-term prepayments		5,126	5,094
Sales tax adjustable		-	2,497
Other receivables		432	1,104
Surplus to staff retirement benefit funds	34.1.2	-	5,612
		23,180	38,124

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

14. BANK BALANCES

Balances with banks in current accounts	44,504	22,825
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15. SHARE CAPITAL

15.1 Authorised share capital

2021 Number of shares	2020 Number of shares		2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000	200,000

15.2 Issued, subscribed and paid-up

2021 Number of shares	2020 Number of shares		2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
10,000,000	10,000,000	Ordinary shares of Rs. 10 each fully paid in cash	100,000	100,000
2,100,000	2,100,000	Ordinary shares of Rs. 10 issued as bonus shares	21,000	21,000
12,100,000	12,100,000		121,000	121,000

15.3 The following shares were held by the holding company, associated companies and other related parties of the Company as at June 30:

Name of the Company	2021		2020	
	Shares held	Percentage	Shares held	Percentage
Otsuka Pharmaceutical Company Limited, Japan	5,420,248*	44.80%	5,420,248*	44.80%
P. T. Otsuka Indonesia, Indonesia	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	398,668	3.29%	398,668	3.29%
Executives	121	0.00%	121	0.00%

* 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.

	2021	2020
	----- Rupees in '000 -----	
16. LONG-TERM FINANCE		
From banking companies (Secured) - At amortised cost		
Refinance scheme for payment of wages and salaries	67,395	-
Less: present value adjustment on refinance scheme at below market rate of interest	(4,320)	-
Add: finance cost	3,665	-
Less: principal repaid	(18,295)	-
	<u>48,445</u>	<u>-</u>
Less: current portion shown in current liabilities refinance scheme	(16,542)	-
	<u>31,903</u>	<u>-</u>

16.1 It represents a long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. It carries mark-up at the rate of 3% per annum. However, the effective interest rate is calculated at 3 months KIBOR + 1% and the loan has been recognised at the present value. The loan is repayable in 8 equal quarterly installments commencing from January 2021. The differential markup has been recognised as government grant (as mentioned in note 17) which will be recognised and presented as reduction of related interest expense. The financing is secured against first pari-passu hypothecation charge over land and building.

	Note	2021	2020
		----- Rupees in '000 -----	
17. DEFERRED GOVERNMENT GRANT			
As at July, 01		-	-
Received during the year	17.1	4,320	-
Released to the statement of profit or loss		(2,219)	-
		<u>2,101</u>	<u>-</u>
As at June, 30		<u>2,101</u>	<u>-</u>
Current portion of government grant		<u>1,794</u>	<u>-</u>
Long-term portion of government grant		<u>307</u>	<u>-</u>

17.1 As disclosed in note 16.1, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic.

	Note	2021	2020
		-----Rupees in '000-----	
18. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
In foreign currency			
Loan from Otsuka Pharmaceutical Factory, Inc.	18.1 & 18.2	<u>356,550</u>	<u>585,262</u>

18.1 This represents foreign currency denominated loan. The loan was obtained in three tranches of JPY 125 million each, drawn down on February 26, 2015, April 27, 2015 and July 27, 2015, repayable on or before February 25, 2016, April 26, 2016 and July 26, 2016 respectively. These were rolled forward annually multiple times. During the year, one tranche drawn down on July 27, 2015 has been repaid on June 30, 2021 while the other two tranches have been rolled forward and are now repayable on or before February 25, 2022 and April 26, 2022 respectively.

These carry mark-up at LIBOR + 0.40% (2020: LIBOR + 0.40%) per annum, payable semi-annually in arrears.

	Note	2021 -----Rupees in '000-----	2020
18.2			
Movement of the loan is as follows:			
Opening balance		585,262	557,588
Exchange (gain) / loss		(50,437)	27,674
Repayment during the year		(178,275)	-
		(228,712)	27,674
Closing balance		356,550	585,262
19. TRADE AND OTHER PAYABLES			
Creditors		64,407	63,105
Bills payable	19.1	146,758	145,965
Accrued liabilities	19.3	201,683	175,699
Payable to Employees Provident Fund		3,250	2,821
Payable to Staff Retirement Benefit Fund		4,096	-
Provision for employees short-term compensated absences		24,721	22,721
Sales tax payable	19.2	33,963	35,612
Retention money		930	930
Security deposits		1,889	1,689
Workers' Welfare Fund		7,569	725
Workers' Profit Participation Fund	19.4	25,300	5,707
Central Research Fund		3,819	854
Contract liabilities		29,277	53,527
Other liabilities	19.5	25,855	21,052
		573,517	530,407
19.1			
These include amounts payable to the related parties as at the end of the year aggregating to Rs. 68.199 million (2020: Rs. 51.5 million).			
19.2			
This includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions). The Company filed a suit in the Sindh High Court (SHC) on May 17, 2016 against the imposition of sales tax under the Sales Tax Act, 1990 with respect to raw and packing material being imported and purchased locally by the Company for manufacturing pharmaceutical products. The SHC has 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 is announced by SCP on June 27, 2018 in favor of the industries. The Company has availed sales tax exemption under the said stay order by providing bank guarantees amounting to Rs. 33.298 million on imported packaging material. The management, however, as a matter of abundant caution, has recorded full provision of Rs. 33.298 million in these financial statements till the original bank guarantees are received. The Company has applied for the cancellation of guarantees to the Customs Collectorate which are awaited till date.			
19.3			
This includes Rs. 45.454 million charged by Sui Southern Gas Company Limited with respect to the Gas Infrastructure and Development Cess (GIDC) having present value of Rs. 36.853 million. The Company has recorded a full provision in the financial statements. 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. However, the Company is party to the joint legal suit in the Sindh High Court (SHC) on the grounds that the end price for the pharmaceutical products of the Company are regulated, therefore the burden of GIDC cannot pass through to the user of the product. In this regard, SHC has awarded stay order in favor of the petitioners on June 21, 2021, however, management as a matter of abundant caution is carrying this provision in these financial statements.			
19.4 Workers' Profit Participation Fund			
Balance at July 1		5,707	-
Allocation for the year	28	25,274	5,707
		30,981	5,707
Interest on funds utilised in the Company's business	29	176	-
		31,157	5,707
Less: amount paid during the year		(5,857)	-
Balance at June 30		25,300	5,707

19.5 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 Honorable 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 abundant caution, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.90 million (2020: Rs. 10.90 million) in these financial statements. From January 2020 onwards, the Company is paying full regulatory duty on these imported products

	Note	2021 ------(Rupees '000)-----	2020
20. SHORT-TERM RUNNING FINANCE - SECURED			
From banking companies - Secured			
Short-term running finance facilities utilised under mark-up arrangements - secured	20.1	-	429,854

20.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000' 2021	Limit in Rs '000' 2020	Mark up rate	Current security	Frequency of mark-up payment	Facility expiry date	2021 -----Rupees in '000-----	2020
Citi Bank	765,000	765,000	1 month KIBOR + 0.50% p.a.	(a) SECP Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for Rs. 432 million (b) SECP Registered Joint Pari-passu Charge on Current Assets for Rs. 778 million.	Quarterly	February 28, 2022	-	366,388
Bank Alfalah Limited	185,000	185,000	3 months KIBOR + 2% p.a.	(a) SECP Registered Joint pari passu charge over stocks and receivables of Rs. 147 million (b) SECP Registered Mortgage charge over land and building for Rs. 51 million (c) SECP Registered Joint pari passu charge over plant and machinery of Rs. 121 million.	Quarterly	May 31,** 2021	-	22,466
Habib Metro Bank	75,000	-	3 months KIBOR + 1% p.a.	-Ranking Charge of Rs. 180 million with 25% margin to be registered with SECP over stocks and receivables -Ranking Charge of Rs. 120 million with 25% margin to be registered with SECP over company's fixed assets i.e, Land, Building and Plant & Machinery.	Quarterly	December 31, 2021	-	-
The Bank of Punjab	41,000	41,000	3 months KIBOR + 2% p.a.	(a) SECP Registered Joint pari passu charge over stocks and receivables of Rs. 24 million (b) SECP Registered Mortgage charge over land and building for Rs. 15 million (c) SECP Registered Joint pari passu charge over plant and machinery of Rs. 17 million.	Quarterly	March, 31* 2021	-	41,000
	1,066,000	991,000					-	429,854

* The Company has applied for the renewal of the working capital for further twelve months ending March 31, 2022 with The Bank of Punjab and expects that the facility would get renewed soon.

** The Company is negotiating for renewal for a further period of twelve months ending May 31, 2022 with Bank Alfalah Limited.

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

20.2.1 The facilities relating to import letter of credit (sight / usance / acceptance) available from banks as at June 30, 2021 amounted in aggregate to Rs. 340 million (2020: Rs. 190 million) in respect of which the Company has exercised its option to utilise a part of the total facility limit of Rs. 25 million (2020: Rs. 40 million) for issuance of letters of guarantee. The remaining unutilised amount as at June 30, 2021 was Rs. 258.738 million (2020: Rs. 170.894 million).

20.2.2 In addition, a facility for guarantee available from banks as at June 30, 2021 amounted to Rs. 75 million (2020: Rs. 115 million) in addition to Rs. 25 million being utilized from the facilities relating to import letter of credit. The remaining unutilised amount as at June 30, 2021 was Rs. 38.795 million (2020: Rs. 67.558 million).

21. ACCRUED MARK-UP

21.1 This represent mark-up on loan from related party.

2021 **2020**
-----Rupees in '000-----

22. CONTINGENCIES AND COMMITMENTS

22.1 Commitments in respect of:

Letters of credit	81,262	19,106
Letters of guarantee	61,205	47,442

22.2 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. 164.778 million (2020: Rs. 164.778 million) under section 122 (5A) of the Income Tax Ordinance, 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 hearing of ATIR 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, 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. 21.408 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. 21.408 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, 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. 12.699 million has been raised by the ACIR which has been settled by the Company in prior year under protest through adjustment of refund relating to the tax year 2015. As a matter of abundant caution, management has recorded a provision of Rs. 12.699 million with corresponding adjustment to refund liability to tax year 2015.

22.3 During the year ended June, 30 2020, electricity charges were increased by Rs. 6.8 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 Hon'ble High Court of Sindh, at Karachi through the association of M/s. Lasbela Chamber of Commerce and Industry (LCCI) located in LIEDA to challenge the above-said charges. During the year, the Company has issued undated cheque amounting to Rs. 6.8 million in favour of Nazir of Sindh High Court as per the interim directives issued by the Hon'ble High Court of Sindh, thereafter a judgment has been passed by the Hon'ble High Court of Sindh in favour of the company which has been challenged by K-Electric in the Hon'ble Supreme Court of Pakistan. Management has assessed favorable outcome of the case, however, as a matter of abundant caution a provision of Rs. 6.8 million has been made in the financial statements.

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

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

	Note	2021 -----Rupees in '000-----	2020
23. SALES - NET			
Sales [net of returns of Rs 0.38 million (2020: Rs 27.50 million)]		2,838,793	2,485,907
Less: sales tax		(12,521)	(23,900)
		2,826,272	2,462,007
Less: discounts		(279,996)	(235,018)
		2,546,276	2,226,989
24. COST OF SALES			
Raw and packing material consumed:			
Opening stock		304,958	213,361
Purchases		745,557	725,985
Closing stock	10	(292,519)	(304,958)
		757,996	634,388
Stores and spares consumed		66,685	63,295
Salaries, wages and benefits	24.1	313,910	313,861
Rent, rates and taxes		15,051	9,795
Insurance		3,294	3,127
Fuel and power		165,882	231,363
Repairs and maintenance		6,307	9,189
Travelling and vehicle running expenses		32,790	33,183
Communication and stationery		579	591
Depreciation	5.4	84,296	82,769
Other expenses		7,849	6,308
		696,643	753,481
		1,454,639	1,387,869
Work-in-progress			
Opening stock		8,356	6,354
Closing stock	10	(9,491)	(8,356)
		1,453,504	1,385,867
Cost of goods manufactured		1,453,504	1,385,867
Opening stock of finished goods		387,961	371,863
Finished goods purchased		191,613	267,371
Cost of samples shown under selling and distribution expenses		(10,729)	(9,322)
Closing stock of finished goods	10	(321,157)	(387,961)
		(331,886)	(397,283)
		1,701,192	1,627,818

24.1 Salaries, wages and benefits include Rs. 11.997 million (2020: Rs. 11.740 million) in respect of staff retirement benefits.

	Note	2021 ----Rupees in '000----	2020
25. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	25.1	114,733	102,756
Rent, rates and taxes		833	743
Insurance		5,603	4,605
Repairs and maintenance		114	27
Travelling and vehicle running expenses		4,867	6,073
Communication and stationery		1,821	1,598
Advertising samples and promotional expenses		83,111	86,246
Outward freight and handling		64,994	62,799
Depreciation	5.4	2,109	1,961
		278,185	266,808

25.1 Salaries, wages and benefits include Rs. 6.587 million (2020: Rs 6.331 million) in respect of staff retirement benefits.

	Note	2021 ----Rupees in '000----	2020
26. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and benefits	26.1	71,470	63,960
Rent, rates and taxes		565	5,126
Insurance		1,180	984
Fuel and power		1,714	1,495
Repairs and maintenance		598	371
Travelling and vehicle running expenses		3,355	3,745
Communication and stationery		1,109	1,051
Subscription		2,147	2,257
Legal and professional charges		9,357	3,808
Depreciation	5.4	9,636	4,819
Amortisation	6.1	774	613
General expenses		5,670	10,388
		107,575	98,617

26.1 Salaries, wages and benefits include Rs 2.997 million (2020: Rs 3.180 million) in respect of staff retirement benefits.

	Note	2021 ----Rupees in '000----	2020
27. OTHER INCOME			
Liabilities no longer payable-write back		1,397	1,355
Reversal of provision against doubtful trade debts		4,852	-
Exchange gain - net		56,841	-
Reversal of provision against obsolete stores and spares		854	-
Late payment charges from Hospital Supply Corporation - a related party		2,569	22,832
Gain on disposal of operating fixed assets - net		7,235	1,281
Scrap sales		17,102	14,678
Reversal of provision against slow moving and obsolete stock-in-trade	10.2	1,196	4,537
Reversal of provision against orthopedic knee implants	10.3	1,937	-
Reversal of provision against stents held with hospitals	10.4	5,515	-
Reimbursement of pharmacovigilance cost		6,957	-
Others		896	1,278
		107,351	45,961

	Note	2021 -----Rupees in '000-----	2020
28. OTHER EXPENSES			
Exchange loss - net		-	48,303
Auditor's remuneration and other professional services	28.1	2,400	2,400
Donations	28.2 & 28.3	1,281	2,257
Workers' Welfare Fund		6,844	-
Workers' Profit Participation Fund	19.4	25,274	5,707
Central Research Fund		3,819	854
Provision against doubtful trade debts	11.1.1	-	17,625
Provision against slow moving and obsolete stock-in-trade	10.2	6,949	3,164
Provision against orthopedic knee implants	10.3	22,276	-
Provision against stents held with hospitals	10.4	-	4,962
Provision against obsolete stores and spares		-	279
Bank charges and commission		1,104	765
Impairment on plant and machinery		6,738	-
Others		1,601	13,126
		78,286	99,442
28.1 Auditor's remuneration			
Statutory audit fee		990	900
Fee for the review of condensed interim financial information		440	400
Fee for tax advisory services		475	515
Fee for special certifications		325	200
Out-of-pocket expenses		170	385
		2,400	2,400
28.2	Recipients of donations do not include any donee in whom Chief Executive Officer, directors or their spouse had any interest.		
28.3	Following are the name of donee(s) to whom the donation amount exceeds 10% of the Company's total amount of donation:		
		2021	2020
S.No	Name of donee	-----Rupees-----	
1	Tabba Heart Institute	957,223	-
2	Koochi Goth Foundation	200,000	-
3	Malir University of Science	-	500,000
4	Zafar and Atia Foundation Charitable Trust	-	325,000
5	Karachi Expo Centre	-	269,977
29. FINANCE COST			
Short-term loan from a related party		3,831	3,427
Short-term running finance		13,547	69,281
Long-term finance		1,300	-
On utilising Worker's Profit Participation Fund	19.4	176	-
		18,854	72,708
30. TAXATION - NET			
Current			
- for the year	30.1	5,614	36,417
- for prior years		10,867	2,086
		16,481	38,503
Deferred	8.3	66,723	(22,012)
	30.2	83,204	16,491

- 30.1** Return for the tax year 2020 has been filed by the Company and is deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Contingencies in respect of taxation are detailed in notes 22.2 and 30.3.
- 30.2** Tax charge for the year ended June 30, 2021 represents minimum tax amounting to Rs. 4.77 million and final tax amounting to Rs. 0.84 million (June 30, 2020: minimum tax amounting to Rs. 29.29 million and final tax amounting to Rs. 7.13 million) under the Income Tax Ordinance, 2001, and for this reason, relationship between tax expense and accounting profit has not been presented.
- 30.3** Through the Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision a tax equal to 7.5 percent of accounting profit for the year will be levied on every public company, other than a scheduled bank and modaraba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made. In this connection, the Company has filed a constitutional petition before the Honorable Sindh High Court on August 27, 2017 seeking a declaration and injunction therefrom against the Federation of Pakistan and others to suspend the aforementioned imposition of tax on undistributed profit of the Company and has been granted a stay order by the Honorable Sindh High Court in respect of levy of the above tax. SHC has announced its judgement on April 30, 2021 which states that "insertion of section 5A in the Income Tax Ordinance 2001, including amendments thereto from time to time, does not fall within the parameters delineated per Article 73 of the Constitution of Pakistan, 1973, hence, the provision impugned is found to be ultra vires of the Constitution, and is hereby struck down. As a consequence, any show cause / demand notices or constituents thereof, seeking enforcement of section 5A of the Income Tax Ordinance 2001, are hereby set aside.

On July 1, 2021 the Company is in receipt of a legal notice from the Commissioner Inland Revenue, (Legal) and informed that they are filing in a civil appeal in Sindh High Court (SHC) against this judgement. The management as a matter of abundant prudent has recorded a provision amounting to Rs. 14.713 million under prior year taxation for the year ended June 30, 2021 in respect of the additional tax liability.

	Note	2021 -----Rupees in '000-----	2020
31. EARNINGS PER SHARE			
31.1 Basic			
Profit for the year after taxation		<u>386,331</u>	<u>91,066</u>
		-----Numbers of shares-----	
Weighted average number of ordinary shares outstanding during the year	15.2	<u>12,100,000</u>	<u>12,100,000</u>
		-----Rupees-----	
Earnings per share - basic and diluted		<u>31.93</u>	<u>7.53</u>

31.2 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, 2021 and June 30, 2020 which would have had any effect on the earnings per share if the option to convert had been exercised.

32. CASH AND CASH EQUIVALENTS

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

	Note	2021 -----Rupees in '000-----	2020
- Bank balances	14	<u>44,504</u>	22,825
- Short-term running finance	20	<u>-</u>	(429,854)
		<u>44,504</u>	<u>(407,029)</u>

33. 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 Officer, Directors and Executives of the Company are as follows:

Particulars	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						
Managerial remuneration	6,600	6,600	-	-	36,637	30,724
Bonus	-	-	-	-	2,219	-
House rent	4,620	4,620	-	-	16,483	13,825
Utilities	1,320	1,320	-	-	3,666	3,073
Medical expenses	660	660	-	-	4,374	3,583
Leave fare assistance / encashment	1,443	1,085	-	-	5,356	6,457
Meeting fee	-	-	440	400	-	-
Technical advisory fee	-	-	3,200	3,000	5,670	2,700
Retirement benefits	1,045	1,045	-	-	1,005	4,721
Long Service Award	1,100	-	-	-	-	-
Others	246	-	-	-	5,402	-
	17,034	15,330	3,640	3,400	80,812	65,083
Number of person(s)	1	1	4	4	17	15

33.1 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.

34. EMPLOYEE BENEFIT SCHEMES

34.1 Defined benefit plan - staff retirement gratuity scheme

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, 2021. The Projected Unit Credit Method with the following significant assumptions was used for the valuation of the scheme:

	2021	2020
34.1.1 Principal actuarial assumptions		
a) Discount rate	10.00%	8.50%
b) Expected rate of return on plan assets	10.00%	8.50%
c) Expected rate of increase in salary - for the next one year		
- management staff	12%	12%
- non-management staff	12%	12%
d) Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
e) Withdrawal rates	Moderate	Moderate
	2021	2020
	-----Rupees in '000-----	
34.1.2 Amount recognised in the statement of financial position		
Present value of defined benefit obligation	117,117	104,795
Less: fair value of plan assets	(113,021)	(110,407)
	4,096	(5,612)
	13	

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

	Year ended June 30		
	----- 2021 -----		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
	----- Rupees in '000 -----		
As at July 1, 2020	104,795	(110,407)	(5,612)
Current service cost	8,880	-	8,880
Interest expense / (income)	8,662	(9,244)	(582)
Remeasurements:			
- loss from the changes in financial assumptions	4,070	1,277	5,347
- experience adjustments	(4,366)	2,034	(2,332)
	(296)	3,311	3,015
Contributions made	-	(1,605)	(1,605)
Benefits paid	(4,924)	4,924	-
As at June 30, 2021	117,117	(113,021)	4,096

	Year ended June 30		
	----- 2020 -----		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
	----- Rupees in '000 -----		
As at July 1, 2019	98,347	(104,441)	(6,094)
Current service cost	8,404	-	8,404
Interest expense / (income)	12,727	(13,884)	(1,157)
Remeasurements:			
- loss from the changes in financial assumptions	4,187	(6,605)	(2,418)
- experience adjustments	(1,362)	589	(773)
	2,825	(6,016)	(3,191)
Contributions made	-	(3,574)	(3,574)
Benefits paid	(17,508)	17,508	-
As at June 30, 2020	104,795	(110,407)	(5,612)

	2021	2020
	-----Rupees in '000-----	
34.1.3 Amount recognised in the statement of profit or loss		
Current service cost	8,880	8,404
Interest cost	8,662	12,727
Expected return on plan assets	(9,244)	(13,884)
Expense for the year	8,298	7,247
34.1.4 Amount recognised in the statement of comprehensive income	3,015	(3,191)

34.1.5 Composition of plan assets

	Unaudited			
	--- As at June 30, 2021 ---		--- As at June 30, 2020 ---	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Treasury Bills	38,414	33.99%	-	0.00%
Defence Saving Certificates	7,469	6.61%	47,670	43.18%
Pakistan Investment Bonds	59,272	52.44%	56,174	50.88%
Cash and cash equivalents	7,866	6.96%	6,563	5.94%
	113,021	100.00%	110,407	100.00%

34.1.6 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.

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

Particulars	Change in assumption	----- As at June 30, 2021 -----		Change in assumption	----- As at June 30, 2020 -----	
		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%	(5.79)	(6,720)	+1%	(6.37)	(6,659)
	-1%	6.50	7,541	-1%	7.18	7,497
Salary increase rate	+1%	6.53	7,576	+1%	7.20	7,522
	-1%	(5.92)	(6,864)	-1%	(6.50)	6,794
Withdrawal rate	+10%	0.15	175	+10%	0.17	175
	-10%	0.16	(182)	-10%	(0.17)	(181)

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

The weighted average duration of the defined benefit obligation is approximately 6.15 years (2019: 6.77 years).

34.2 Defined contribution plan - staff provident fund

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

35. 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, Otsuka Welfare Clinic, etc.), entities under common directorship namely Hospital Supply Corporation and Danish Enterprises, staff retirement funds and the key management personnel. Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed else where are as follows:

Name of related party	Relationship with the Company	Nature of transaction	June 30,	June 30,
			2021	2020
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	-	362
		Mark up on loan	3,831	3,427
		Repayment of short term loan	228,712	27,675
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	96,741	76,642
		Reimbursement of pharmacovlgilance cost	6,957	-
Hospital Supply Corporation	Common Directorship	Late payment surcharge on receivables	2,569	22,832
		Purchases	-	672
		Sales return	29	12,933
		Sales	1,388,782	1,193,513
		Sales discounts / claims	197,109	168,502
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchases	33,571	58,779
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	27,551	46,049
PT. Otsuka Indonesia	Associated Undertaking	Purchases	17,430	7,119
Shanghai Microport EP MED Tech Co. Limited	Associated Undertaking	Purchases	11,691	21,863
Danish Enterprises	Others	Purchases	3,132	1,367
Director	Independent Director & Non Executive Directors	Meeting fees	440	400
Otsuka staff provident fund	Provident fund	Contribution during the year to the fund	13,188	12,203
Otsuka staff gratuity fund	Gratuity fund	Contribution during the year to the fund	1,605	3,574
Key Management Personnel	Key Management Personnel	Remuneration paid	66,003	57,907
Director	Director	Consultancy charges	3,200	3,000

The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts for rendering of certain services. In addition, the Company has also entered into financing arrangement with the group company. Sales to related parties represent sales made to Hospital Supply Corporation which is the sole distributor of the Company's products in the southern region. The Company allows discount to the distributor on trade price based on the agreed terms. Purchases from related parties primarily represent purchase of raw materials and finished goods from Otsuka group companies.

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

Name of related party	Relationship with the Company	Nature of balance	June 30,	June 30,
			2021	2020
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan payable	356,550	585,262
Otsuka Pharmaceutical Co., Ltd.	Parent company	Payable against purchases Advance against reimbursement of pharmacovigilance cost	29,635 1,140	14,022 -
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	203,788	190,319
PT. Otsuka Indonesia	Associated undertaking	Payable against purchases	-	4,537
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchases	12,289	15,829
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchases	19,302	10,083
Shanghai Microport EPMed Tech Co.,	Associated undertaking	Payable against purchases	6,973	7,028
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff provident fund	Provident fund	Payable to Employees Provident Fund	3,250	2,821
Otsuka staff gratuity fund	Gratuity fund	Payable to Staff Retirement Benefit Fund	4,096	-
Key Management Personnel	Key Management Personnel	Advance from key management personnel	512	1,226

35.1 Following are the details of related parties:

S. No.	Name of Related Party	Basis of association	Aggregate % of shareholding
1	Hospital Supply Corporation, Pakistan	Common directorship	N/A
2	Idrees Plastic, Pakistan	Other associated undertaking	N/A
3	Uniferoz (Private) Limited, Pakistan	Other associated undertaking	N/A
4	Otsuka Pharmaceutical Company Limited, Japan	Parent / Holding Company	44.80%
5	P. T. Otsuka Indonesia, Indonesia	Other associated undertaking	9.95%
6	Thai Otsuka Pharmaceutical Company Limited, Thailand	Other associated undertaking	N/A
7	Shanghai Microport Medical (Group) Company Limited, China	Other associated undertaking	N/A
8	Shanghai Microport EPMed Tech Co., Limited, China	Other associated undertaking	N/A
9	Otsuka Pharmaceutical Factory, Inc., Japan	Other associated undertaking	13.14%
10	Mr. Mehtabuddin Feroz	Key Management Personnel	3.29%
11	Mrs. Mehtabuddin Feroz	Spouse of Director	0.00%
12	Mr. Muhammad Hanif Sattar	Key Management Personnel	0.00%
13	Mrs. Rehana Hanif	Spouse of Director	0.00%
14	Mr. Makio Bando	Director	0.00%
15	Mrs. Makio Bando	Spouse of Director	0.00%
16	Mr. Koichi Okada	Director	0.00%
17	Mrs. Koichi Okada	Spouse of Director	0.00%
18	Mr. Suhari Mukti	Director	0.00%
19	Mrs. Suhari Mukti	Spouse of Director	0.00%
20	Mr. Noor Muhammad	Director	0.00%
21	Mrs. Tehseen Akhter	Spouse of Director	0.00%
22	Mrs. Navin Salim Merchant	Director	0.00%
23	Mr. Salim Hussain Merchant	Spouse of Director	0.00%

35.2 Following are the details of associated undertakings incorporated outside Pakistan:

S. No.	Name of undertaking	Registered address	Country of incorporation	Basis of association	Aggregate % of shareholding, including shareholding through other companies or entities
1	Otsuka Pharmaceutical Company Limited, Japan	Osaka Headquarters 3-2-27, Otedori, Chuo-ku, Osaka 540-0021	Japan	Parent / Holding Company	44.80%
2	P. T. Otsuka Indonesia, Indonesia	Pertkantor Hijau Orkadia, Tower A, Lt.3, Jl. Letjen. TB. Simatupang Kav.88, Jakarta	Indonesia	Other associated undertaking	9.95%
3	Thai Otsuka Pharmaceutical Company Limited, Thailand	15th. Floor, Unit No. 1501-1502, United Center Building, 323 Silom Road, Bangkok	Thailand	Other associated undertaking	N/A
4	Shanghai Microport Medical (Group) Company Limited, China	501 Newton Road, Zhangjiang Hi-Tech Park, Shanghai 201203	China	Other associated undertaking	N/A
5	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
6	Otsuka Pharmaceutical Factory, Inc., Japan	115 Kuguhara, Tateiwa, Muya- cho, Naruto, Tokushima 772-8601	Japan	Other associated undertaking	13.14%

36. CASH GENERATED FROM OPERATIONS	Note	2021 -----Rupees in '000-----	2020
Profit for the year before taxation		469,535	107,557
Adjustment for non-cash charges and other items:			
Depreciation	5.4	96,041	89,549
Impairment on plant and machinery	28	6,738	-
Amortisation	6.1	774	613
Liabilities no longer required written back	27	(1,397)	(1,355)
Unrealised exchange loss		(30,858)	27,674
Workers' Welfare Fund	28	6,844	-
Workers' Profit Participant Fund	28	25,274	5,707
Central Research Fund	28	3,819	854
Gain on disposal of operating fixed assets - net	27	(7,235)	(1,281)
Provision / (reversal of provision) against slow moving and obsolete stock-in-trade - net	10.2	5,753	3,164
(Reversal of provision) / Provision against stents held with hospitals	10.4	(5,515)	4,962
Provision against orthopedic knee implants - net	10.3	20,339	-
(Reversal of provision) / Provision against obsolete stores and spares - net	27	(854)	279
Provision against doubtful trade debts - net	11.1.1	(4,852)	17,625
Provision against doubtful trade debts - amount written off	11.1.1	-	(189)
Finance cost	29	18,854	72,708
Working capital changes	36.1	118,443	(7,762)
		721,703	320,105

	2021	2020
	-----Rupees in '000-----	
36.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	2,733	(3,402)
Stock-in-trade	78,108	(114,234)
Trade debts	(2,826)	(51,750)
Loans and advances	22,621	(34,545)
Trade deposits, short-term prepayments and other receivables	14,944	5,127
	115,580	(198,804)
Increase / (decrease) in current liabilities		
Trade and other payables	2,863	191,042
	118,443	(7,762)
	2021	2020
37. STAFF STRENGTH	Number of employees	
Number of employees at June 30	375	393
Average number of employees during the year	384	391
38. OPERATING SEGMENTS		
38.1 These financial statements have been prepared on the basis of a single reportable segment.		
38.2 Sales from Intravenous Solutions represent 84.11 percent while sales from others represent 15.89 percent (2020: 84.40 percent and 15.60 percent) respectively of the total revenue of the Company.		
38.3 Sales percentage by geographic region is as follows:		
	2021	2020
	In percent	
Pakistan	97.01	96.77
Afghanistan	2.99	3.23
38.4 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.		
38.5 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region is around 46.67 percent during the financial year ended June 30, 2021 (2020: 45.11 percent).		
	2021	2020
39. FINANCIAL INSTRUMENTS BY CATEGORY	----- Rupees in '000 -----	
Financial assets at amortized cost		
Long-term loans	14,866	15,775
Long-term deposits	1,337	1,309
Trade debts	291,385	283,707
Trade deposits and other receivables	18,054	24,921
Bank balances	44,504	22,825
	370,146	348,537
Financial liabilities at amortized cost		
Short-term loan from a related party - unsecured	356,550	585,262
Trade and other payables	473,589	433,982
Long-term finance	48,445	-
Deferred government grant	2,101	-
Unclaimed dividend	3,186	3,188
Short-term running finance - secured	-	429,854
Mark-up accrued	655	14,783
	884,526	1,467,069

40. 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:

40.1 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.

40.1.1 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, 2021, financial liabilities of Rs. 503.308 million (2020: Rs. 731.227 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	2021 -----Rupees in '000-----	2020
Short-term loan from a related party - unsecured			
Yen	18	<u>356,550</u>	<u>585,262</u>
Bills payable			
US Dollar		140,066	131,572
Euro		-	2,182
Yen		1,519	4,098
Yuan		5,173	8,113
	19	<u>146,758</u>	<u>145,965</u>

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

As at June 30, 2021, 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. 50.33 million (2020: Rs. 73.123 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency denominated financial liabilities.

40.1.2 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 financing from its related party based on the LIBOR at the time of financing. LIBOR is fixed at the time of financing. Since these financial liabilities 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 KIBOR based rupee financing representing short-term running finance arrangements obtained from various banks that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR 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, 2021 would have been lower / higher by Rs. nil million (2020: Rs. 4.299 million).

The movement in the liabilities under short-term finances utilised under mark-up arrangements and KIBOR is expected to change over time. Therefore, the sensitivity analysis prepared as at June 30, 2021 is not necessarily indicative of the effect on the Company's profits / losses due to future movement in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date and for the off-balance sheet instruments is based on the settlement date.

40.1.3 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.

40.1.4 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 creditworthiness 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, 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. 370.146 million (2020: Rs. 348.537 million) of which trade debts amounting to Rs. 291.385 million (2020: Rs. 283.707 million) constitute a significant portion. Of these trade debts, Rs. 203.8 million (2020: Rs. 190.319 million) is receivable from a related party from which the Company does not expect a default. The remaining trade debts (excluding impaired debts) relate to a number of independent customers for whom there is no recent history of default. Loans and advances to employees are secured against their respective balances maintained under employee benefit schemes. The Company is also exposed to counterparty credit risk on balances with banks which is limited as the counterparties are banks having reasonably high credit ratings. The credit quality of the bank balances maintained by the Company is as follows:

BANK	--- As at June 30, 2021 ---		--- As at June 30, 2020 ---		Rating agency
	Short-term	Long-term	Short-term	Long-term	
Allied Bank Limited	AAA	A1+	AAA	A1+	PACRA
Bank Alfalah Limited	AA+	A1+	AA+	A1+	PACRA
Habib Bank Limited	AAA	A1+	AAA	A1+	JCR - VIS
MCB Bank Limited	AAA	A1+	AAA	A1+	PACRA
National Bank of Pakistan	AAA	A1+	AAA	A1+	PACRA
The Bank of Punjab	AA+	A1+	AA	A1+	PACRA
Habib Metro Bank	A1+	AA+	A1+	AA+	PACRA
Citi Bank	A+	A-1	A-1	A-1	Standard & Poor's

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.

40.1.5 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 Company manages it by maintaining bank balances in current accounts, arranging financing through banking facilities and managing timing of payments to related parties. Based on this the management strongly believes that the Company will be able to meet all its current and future liabilities as these fall due.

41. 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, 2021 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, 2021 and June 30, 2020, the Company did not have any assets or liabilities which were measured at fair values using any of the aforementioned valuation techniques.

42. CAPITAL RISK MANAGEMENT

42.1 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.

42.2 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 balance sheet plus net debt.

	2021	2020
	-----Rupees in '000-----	
Total borrowings	404,995	1,015,116
Less: bank balances	(44,504)	(22,825)
Net debt	<u>360,491</u>	<u>992,291</u>
Total equity	500,977	116,787
Total capital	<u><u>861,468</u></u>	<u><u>1,109,078</u></u>
Gearing ratio	41.85%	89.47%

As at June 30, 2021, the Company's gearing ratio has decreased primarily due to the profit earned in the current year. The Company's foreign loan liability increased due to devaluation of currency. As a part of the Company's future strategy, the 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.

43. PLANT CAPACITY AND PRODUCTION

Particulars	2021		2020	
	Capacity	Actual production	Capacity	Actual production
	----- million bottles -----			
I.V. solutions	31.4	20.3	30.8	22.3
Plastic ampoules	21.0	14.6	14.5	12.1

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

44. IMPACT OF COVID-19 ON THE COMPANY'S OPERATIONS

The pandemic of COVID-19 that has rapidly spread all across the world and has not only endangered human lives but has also adversely impacted the global economy. On March 21, 2020, the Government of Pakistan (GoP) announced a temporary lock down as a measure to reduce the spread of the COVID-19. Due to lockdown, management has assessed the accounting implications on the business and financial statements. As per assessment of the Company, there is no significant accounting impact of the effects of COVID-19 on the business and financial statements.

45. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2021 by the Board of Directors of the Company.

47. GENERAL

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

OTSUKA PAKISTAN LIMITED
Pattern of Shareholding Report
As of June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. MEHTABUDDIN FERAZ	1	397,485	3.29
MR. MIKIO BANDO	1	1	0.00
MR. SUHARI MUKTI	1	1	0.00
MR. KOICHI OKADA	1	1	0.00
MR. HANIF SATTAR	1	121	0.00
MRS. NAVIN SALIM MERCHANT	1	509	0.00
NOOR MUHAMMAD	1	550	0.00
Associated Companies, undertakings and related parties	4	8,214,808	67.89
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions.	3	8,621	0.07
Insurance Companies	2	111,802	0.92
Modarabas and Mutual Funds	1	120	0.00
General Public			
a. Local	793	2,086,916	17.25
b. Foreign	1	12,045	0.10
Foreign Companies	-	-	-
Others	21	1,267,020	10.47
Totals	832	12,100,000	100.00
Share holders holding 10% or more			
		Shares Held	Percentage
M/S. OTSUKA PHARMACEUTICAL FACTORY, INC.		1,589,940	13.14
M/S OTSUKA PHARMACEUTICAL COMPANY LIMITED		5,420,248	44.80

OTSUKA PAKISTAN LIMITED
Pattern of Shareholding
As of June 30, 2021

# Of Shareholders	Shareholdings'Slab			Total Shares Held
370	1	to	100	4,201
261	101	to	500	50,003
80	501	to	1000	55,708
79	1001	to	5000	165,004
15	5001	to	10000	100,598
8	10001	to	15000	93,538
2	20001	to	25000	44,985
1	25001	to	30000	30,000
1	30001	to	35000	30,250
1	50001	to	55000	51,474
1	110001	to	115000	111,562
1	125001	to	130000	129,600
1	130001	to	135000	133,300
1	140001	to	145000	142,994
1	180001	to	185000	182,913
1	265001	to	270000	268,386
1	300001	to	305000	301,558
5	395001	to	400000	1,989,240
1	1200001	to	1205000	1,204,499
1	1585001	to	1590000	1,589,940
1	5420001	to	5425000	5,420,247
833				12,100,000

COMPARISON OF RESULTS LAST 6 YEARS

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Share Capital (Rs. In '000)	110,000	110,000	121,000	121,000	121,000	121,000
Unappropriated Profit / (Loss) (Rs. In '000)	(448,022)	(339,636)	(274,688)	(439,525)	(346,193)	37,997
General Reserve (Rs. In '000)	367,500	367,500	356,500	341,980	341,980	341,980
Capital Employed (Rs. In '000)	29,478	137,864	202,812	23,455	116,787	532,880
Long Term Loans (Rs. In '000)	-	-	-	-	-	31,903
Sales (Rs. In '000)	1,550,709	1,829,624	1,869,013	1,884,753	2,226,989	2,546,276
Profit/(Loss) Before Tax (Rs. In '000)	(153,477)	196,174	138,008	(193,711)	107,557	469,535
Taxation - net (Rs. In '000)	(41,300)	(86,423)	(72,702)	18,363	(16,491)	(83,204)
Profit/(Loss) After Taxation (Rs. In '000)	(112,177)	109,751	65,306	(175,348)	91,066	386,331
% of Sales	(7.23)	6.0	3.5	(9.3)	4.1	15.2
% of Total Assets	(7.09)	7.54	4.12	(11.46)	5.42	26.01
% of Capital Employed	(380.54)	79.61	32.20	(747.59)	77.98	72.50
Dividend Amount (Rs. In '000)	-	-	14,520	-	-	18,150
% of Dividend	-	-	12.00	-	-	15.00
Bonus Shares Dividend (Rs. In '000)	-	-	11,000	-	-	-
% of Bonus Issue	-	-	10.00	-	-	-
Earnings / (Loss) Per Share	(10.20)	9.98	5.40	(14.49)	7.53	31.93
Earnings / (Loss) Per Share (Restated) *	(9.27)	9.07	N/A	N/A	N/A	N/A
Fixed Assets less Depreciation (Rs. In '000)	533,565	458,398	413,124	350,998	304,687	275,096
Total Assets (Rs. In '000)	1,582,657	1,455,442	1,583,800	1,530,644	1,680,281	1,485,431
Average Number of Employees	399	394	392	392	391	384

*Earnings / (Loss) per share for prior years has been restated consequent to a readjustment in the weighted average number of ordinary shares outstanding during prior years upon interim issue of bonus shares during year 2017-18 of 10% respectively.

PROXY FORM 33rd Annual General Meeting

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

Please quote Folio No.

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

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirty-first Annual General Meeting of the Company to be held on Wednesday, October 27, 2021 and at any adjournment thereof.

As witness my hand this..... day of2021

Signed by the said.....
.....

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

Witness

Signature on
Revenue stamp of
appropriate value

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

Notes:

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

**AFFIX
CORRECT
POSTAGE**








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










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