VIS
Credit Rating Company Limited

ASPIN PHARMA (PRIVATE) LIMITED

Analyst:
Musaddeq Ahmed Khan
(musaddeq@vis.com.pk)

RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A1	A	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	November 05, 2025		November 04, 2024	

Shareholding (5% or More)	Other Information
Aitkenstuart Pakistan (Private) Limited – 100%	Incorporated in 2013
	Private Limited Company
	Chief Executive: Mr. Tariq Moinuddin Khan
	External Auditor: Grant Thornton Anjum Rahman

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

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

Rating Rationale

The ratings reflect Aspin Pharma (Private) Limited's ('APL' or 'the Company') established position in Pakistan's pharmaceutical sector and its association with the OBS Group—one of the country's leading healthcare conglomerates with a strong local and regional presence. The pharmaceutical sector's business risk profile is assessed as Medium to Low, supported by stable demand fundamentals and low cyclicality, though regulatory unpredictability and input cost volatility remain key challenges. APL's product portfolio remains moderately concentrated, with its top five brands contributing over 80% of revenues; however, this risk is mitigated by their entrenched market positions. The Company's profitability improved during CY24 on the back of higher unit prices, disciplined cost management, and lower finance charges, while gross margins rebounded in 1HCY25 amid easing input costs. The investment in a new hormonal plant is expected to enhance cost efficiencies and create export potential over the medium term.

Capitalization remains sound, supported by steady earnings and a growing equity base. While gearing temporarily increased in Jun'25 following the issuance of a PKR 2.25 bn short-term sukuk, management's planned refinancing through a long-term facility is expected to strengthen the debt maturity profile. Liquidity remains adequate, with improved working capital efficiency, strong operating cash flow generation, and comfortable coverage indicators. Ratings remain underpinned to sustained profitability, manageable leverage, and maintenance of sound liquidity and coverage metrics post-reprofiling.

Company Profile

Aspin Pharma (Private) Limited ('APL' or 'the Company') was incorporated in 2013 as a private limited company. Its registered office is located in the Korangi Industrial Area, Karachi. The Company is a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited ('Aitkenstuart'), with West End 16 Pte Limited, Singapore as the ultimate holding company.

APL's principal activities include the import, marketing, export, distribution, wholesale, and manufacturing of a wide range of pharmaceutical products. The Company operates across diverse therapeutic areas, including Gastroenterology, Antifungals, Hormones, and Neurology. Its key revenue-generating products include Motilium, Vermox, Daktarin, Imodium, and Stugeron, among others.

Sponsor Profile

Aitkenstuart functions as the holding company for OBS Group, which controls five pharmaceutical entities: AGP Limited, Aspin Pharma (Pvt.) Limited, OBS AGP (Pvt.) Limited, OBS Pakistan (Pvt.) Limited, and OBS Pharma (Pvt.) Limited. The Group operates within Pakistan's healthcare industry and has established a significant presence both locally and across the region.

OBS Group's operations are supported by five manufacturing facilities, four located in Karachi and one in Lahore. Of these, four facilities specialize in pharmaceutical manufacturing, while one is dedicated exclusively to nutraceutical production.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Tariq Moinuddin Khan is the Founder and Chief Executive Officer (CEO) of OBS Group. He brings over four decades of professional experience across domestic and international markets. Mr. Khan is a graduate of Concordia University, Canada, and holds a Post Graduate Diploma from McGill University. He is also a Certified Public Accountant (CPA), USA.

BOARD & SENIOR MANAGEMENT

Aspin operates under the broader governance and strategic oversight of the OBS Group, with shared services across key support functions. Strategic direction and major decision-making are largely centralized at the group level, ensuring alignment with the Group's overall objectives. The Company's Board comprises three members, with no independent representation. Management team is fairly stable however, the finance function is currently under an interim arrangement with the CFO role yet to be permanently filled.

Business Risk

INDUSTRY UPDATE

The business risk profile of Pakistan's pharmaceutical sector is assessed as Medium to Low, reflecting low cyclicality, indicating its performance is relatively stable and not heavily dependent on economic cycles. However, it faces a medium degree of competition risk with a significant risk of barrier of entry but low substitution risk. Medicine consumption is primarily driven by population growth, increasing prevalence of chronic diseases, and rising health awareness. Even during periods of economic stress, demand has remained resilient—as evidenced by a 22% year-on-year (YoY) increase in industry sales, which reached PKR 916 billion in FY24. This growth was largely attributable to price adjustments following the partial deregulation of drug pricing in February 2024, while volume growth remained modest at 2–5%.

The momentum persisted in FY25, with retail pharmaceutical sales surpassing PKR 1,049 billion by March 2025, marking a 20.62% YoY increase. However, unit volumes grew by only 3.63%, underscoring the price-led nature of topline expansion, with more than two-thirds of the growth attributed to pricing revisions. Export performance also strengthened: pharmaceutical exports rose by 34% to USD 457 million in FY25 (FY24: USD 341 million). Combined therapeutic goods exports, including medical devices and nutraceuticals, stood at USD 909 million, reflecting the sector's growing competitiveness and export capability.

The sector comprises over 600 licensed manufacturing entities, though market concentration remains high, with the top 50 firms accounting for the bulk of industry revenues. According to IQVIA, as of May 2025, the top 25 companies accounted for 74.0% of the market, while the top 50 collectively made up 87.0%.

Regulatory oversight remains a key risk factor. Historical price controls imposed by the Drug Regulatory Authority of Pakistan (DRAP) have restricted margin flexibility, particularly amid elevated input costs and exchange rate volatility. However, recent reforms—including the deregulation of prices for non-essential drugs and a one-time adjustment for essential medicines—have supported a recovery in profitability. Further, the FY25–26 federal budget introduced a rationalized tariff structure for imports of Active Pharmaceutical Ingredients (APIs) and packing materials, consolidated into four slabs (0%, 5%, 10%, 15%). Although the near-term benefit is likely to be modest, the phased implementation is expected to lower cost pressures over time. Nonetheless, regulatory unpredictability—especially regarding facility approvals and new product registrations—continues to weigh on sector planning.

The outlook for FY26 is stable. Sustained domestic demand, easing input costs, and supportive pricing reforms are expected to underpin sectoral performance. Going forward, consistent implementation of regulatory measures particularly maintaining partial deregulation and introducing tiered pricing frameworks that balance innovation with affordability will be critical to preserving recent gains.

PRODUCT MIX

The Company's product portfolio remains concentrated, with the top five products contributing 81.9% of total sales during 1HCY25 (CY24: 81.6%; CY23: 78.1%). Motilium continues to be the largest contributor, representing 28.2% of revenue (CY24: 36.4%; CY23: 35.7%). Notwithstanding this concentration, ratings derive comfort from the strong market positioning of these products, supported by sizeable market shares in their respective therapeutic segments, which partially offsets concentration risk.

PROFITABILITY

During CY24, the Company's revenue increased to PKR 6.3 bn (CY23: PKR 4.6 bn), supported by higher unit prices—following the government's decision in February 2024 to deregulate non-essential medicines, as well as increased volumes. However, gross margin declined to 51.4% (CY23: 56.3%), reflecting the drawdown of higher-cost raw material inventory accumulated in CY23 to mitigate supply chain risks and currency volatility, which elevated cost of sales and pressured margins.

The Company's operating performance strengthened in CY24, with administrative and marketing expenses controlled at PKR 1.6 bn (CY23: PKR 1.6 bn) and operating margin improving to 24.6% (CY23: 21.9%). Finance charges also declined, driven by a lower monetary policy rate and reduced debt levels. Consequently, profit after tax (PaT) increased by ~81% to PKR 840.5 mn (CY23: PKR 463.5 mn), with net margin rising to 13.3% (CY23: 10.2%).

In 1HCY25, sales remained stable at PKR 2.9 bn (1HCY24: PKR 2.8 bn), while gross margin rebounded to 54.5% on the back of easing cost pressures. Expense growth was contained, and finance charges declined to PKR 68.7 mn (1HCY24: PKR 126.7 mn), reflecting lower interest rates amid an improving macroeconomic backdrop. As a result, the Company posted a PaT of PKR 329.4 mn (1HCY24: PKR 309.9 mn).

Going forward, profitability is expected to strengthen as gross margins benefit from easing cost pressures and stable raw material prices. While performance remains susceptible to macroeconomic risks, particularly exchange rate volatility and inflationary pressures, the Company intends to maintain earnings stability through disciplined cost management and enhanced cash flow generation.

Financial Risk

CAPITAL STRUCTURE

The Company's capital structure remains sound, underpinned by a sizable and growing equity base supported by consistent profitability and investment gains. The notable improvement in gearing and leverage metrics by end-CY24 reflects deleveraging through scheduled repayments and reduced short-term borrowings. However, the subsequent uptick in total debt by Jun'25, following the issuance of a PKR 2.25 bn short-term sukuk, temporarily elevates balance sheet leverage. The increase in borrowings does not materially weaken the financial risk profile, given management's intent to refinance the sukuk with a longer-tenor syndicated facility, thereby improving the maturity profile. The planned reprofiling reflects Company's intent to optimize capital efficiency while preserving liquidity headroom. Going forward, timely execution of the refinancing plan and adherence to projected gearing thresholds will remain key rating sensitivities.

DEBT COVERAGE & LIQUIDITY

APL's current ratio moderated to 1.15x at end-CY24, primarily due to capex outlays funded through internal cash generation. The position is expected to normalize following the implementation of the planned balance sheet reprofiling. Company's working capital efficiency improved, as reflected in a shorter cash conversion cycle. Despite modest cash reserves, liquidity coverage remains sufficient, aided by available short-term credit lines and healthy operating inflows.

Funds from Operations (FFO) rose substantially to PKR 1.3 bn in CY24 (CY23: PKR 602.5 mn), supported by stronger profitability and disciplined working capital management. This translated into improved coverage indicators; DSCR increased to 3.80x (CY23: 1.71x), while FFO-to-Total Debt and FFO-to-Long-Term Debt strengthened to 2.12x (CY23: 0.54x) and 5.63x (CY23: 1.31x), respectively. During 1HCY25, FFO generation of PKR 521.7 mn further enhanced coverage, with DSCR rising to 4.68x and FFO-to-Long-Term Debt to 9.07x.

REGULATORY DISCLOSURES — Appendix I

Name of Rated Entity	Aspin Pharma (Private) Limited
Sector	Medical and Pharmaceutical
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
05-Nov-25	A	A1	Stable	Reaffirmed
04-Nov-24	A	A1	Stable	Reaffirmed
04-Oct-23	A	A1	Stable	Upgrade
30-Sep-22	A	A2	Stable	Reaffirmed
06-Oct-21	A	A2	Stable	Reaffirmed
19-Oct-20	A	A2	Stable	Reaffirmed
03-Oct-19	A	A2	Stable	Reaffirmed
14-Dec-18	A	A2	Stable	Reaffirmed
18-Oct-17	A	A2	Stable	Initial

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
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Due Diligence Meeting Conducted

Name	Designation	Date
Mr. Muhammad Usama Alam Ansari	Interim Chief Financial Officer	September 24, 2025