VIS
Credit Rating Company Limited

RATING REPORT

ASPIN PHARMA (PRIVATE) LIMITED

Analyst:
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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 10, 2026		November 05, 2025	

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/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

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

Rating Rationale

Aspin Pharma (Private) Limited's ('APL' or the 'Company') ratings reflect its market presence, supported by a diversified therapeutic portfolio of established pharmaceutical brands and association with the OBS Group, which provides strategic oversight and shared support functions. The Company benefits from the Group's established presence in the pharmaceutical sector and distribution network.

The business risk profile is supported by the relatively stable demand dynamics of the pharmaceutical sector, although exposure to imported raw materials, regulatory pricing constraints and competitive pressures remains. Profitability was lower during the interim period, primarily due to lower sales and higher finance costs. The Company maintains a relatively conservative capital structure and following the maturity of its long-term loans, APL secured fresh financing to support its capital structure. The debt coverage indicators, reflecting higher financing costs due to the fresh financing. Liquidity indicators have improved, supported by a reduction in short-term borrowings and an adequate current ratio. The recently completed hormonal manufacturing facility is expected to support in-house manufacturing and subsequently, product diversification, while planned investments in solar power and energy-efficient machinery may improve operating efficiency and margins over the medium term.

The ratings will remain sensitive to the Company's ability to sustain its market position, improve profitability and strengthen debt-servicing capacity. Successful launch of new products/line extensions, including hormonal products, coupled with operational efficiency initiatives, will remain key areas of focus. Maintaining adequate liquidity and a prudent financial risk profile will also be important.

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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 parent company.

APL's principal activities include the manufacturing, import, marketing, export, and distribution 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.

Group Profile

Aitkenstuart functions is 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 the other is dedicated exclusively to nutraceutical production.

Management and Governance

CEO & CHAIRMAN PROFILE

Mr. Tariq Moinuddin Khan is the Founder/Sponsor of the 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

APL 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. Composition and representation of the Board remained unchanged. In terms of senior management, Mr. Aaqib Siddiqui replaced Mr. Umair Mukhtaras Finance Head while Mr. Tahireen-ul-Haq replaced Mr. Omar bin Asad as Sales & Marketing Head. No other changes or vacancies were reported in the senior management.

AUDIT OPINION

Grant Thornton Anjum Rahman, categorized as 'Category A' on the SBP's Panel of Auditors with 'satisfactory with improvements required' QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position for CY25.

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 as relatively stable and not heavily dependent on economic cycles. However, it faces a medium degree of competition risk with high barriers of entry and low substitution risk. Medicine consumption is primarily driven by population growth, increasing prevalence of chronic diseases, and rising health awareness. Industry sales reached PKR 1,078.2bn by May 2025, reflecting a YoY increase of 19.3%. This growth was largely attributable to price adjustments following the partial deregulation of drug pricing in February 2024. Export performance also strengthened: pharmaceutical exports rose by ~34% to USD 457mn in FY25 (FY24: USD 341mn). The growth momentum continued into FY26, with sales reaching PKR 1,229.4bn by May 2026, up 14.0% YoY; however, largely stable unit volumes indicate that topline growth remains predominantly price-led. Despite over 600 licensed manufacturers, the sector remains concentrated, with the top 25 and 50 companies accounting for 71.6% and 86.4%, respectively, of the market as of May 2026. The sector remains exposed to external supply-side risks, as approximately 85–90% of APIs are imported, meaning high sensitivity to exchange-rate movements, freight costs, and global supply chain disruptions.

The FY27 Federal Budget provides some support to industry profitability through the reduction in Super Tax from 10% to 8% for companies with profits exceeding PKR 500mn. Customs duties were also reduced across 92 tariff lines covering selected industrial inputs, while duties were exempted on critical cancer-related APIs and abolished on more than 100 raw materials used in cancer and other medicines. However, sales tax on raw materials/APIs remains unchanged, limiting the overall benefit given the sector's high import dependence. Regional geopolitical tensions, could further pressure margins through higher freight, marine insurance, energy and input costs, while disruptions along regional shipping routes could increase procurement lead times and working-capital requirements. Sector growth in FY27 is expected to remain resilient

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but largely price-driven, with profitability dependent on timely pricing adjustments, exchange-rate stability, and management of imported input costs. Additionally, Pakistan and China have moved to deepen pharmaceutical investment ties, with a Beijing business briefing in June 2026 mobilizing over 40 Chinese enterprises across APIs, biologics, and medical devices ahead of the sixth Pakistan-China B2B Conference on Pharmaceutical Manufacturing. While still at an early stage, successful conversion of this initiative into committed investment could meaningfully improve the sector's FDI trajectory, which fell sharply in FY25 on MNC divestment and gradually reduce the import intensity that currently weighs on margins and the external account.

PRODUCT MIX

The Company's product portfolio remains concentrated, among the five leading therapeutic categories collectively accounting for 95.2% of total sales in 1HCY26 (CY25: 86.9%; CY24: 86.9%). Alimentary Tract & Metabolism remained the dominant therapeutic category, contributing 63.0% to total sales. At the individual product level, Motilium continued to be the largest revenue contributor, representing 24.1% of sales (CY25: 26.5%; CY24: 27.1%). Approximately 60% of the product portfolio comprises essential medicines, which are subject to a regulated pricing regime, with price increases capped at 70% of inflation or 7%, whichever is lower; while the remaining 40% comprises non-essential medicines. On the procurement front, APL sources approximately 85% of its raw material requirements from China, with less than 10% sourced from India and the remainder from European countries. Distribution is primarily undertaken through Muller & Phipps Pakistan (Private) Limited, which accounts for approximately 85% of sales, while a further 6% comprises toll manufacturing for group companies. Despite the concentration in its product portfolio, the Company's established market position in its leading products provides comfort. The new hormonal facility is expected to support portfolio diversification over the medium term.

PROFITABILITY

During CY25, revenue slightly increased to PKR 6,349.0mn (CY24: PKR 6,319.9mn), following the deregulation of non-essential medicines. Gross margin improved to 55.4% (CY24: 51.4%), primarily reflecting a decline in cost of sales to PKR 2,834.2mn (CY24: PKR 3,057.4mn). Distribution costs and administrative expenses increased to PKR 1,273.7mn (CY24: PKR 1,148.1mn) and PKR 577.6mn (CY24: PKR 496.1mn), respectively, mainly due to higher sales promotion expenses, fees and subscriptions. Other income also increased to PKR 114.4mn (CY24: PKR 78.3mn), primarily driven by higher dividend income of PKR 80.4mn (CY24: PKR 33.5mn) from AGP Limited. Consequently, operating profit increased marginally to PKR 1,663.5mn (CY24: PKR 1,618.4mn). However, finance costs more than doubled, increasing by 123.6% YoY to PKR 353.8mn (CY24: PKR 158.3mn), due to higher short-term and long-term borrowings, the latter was undertaken to pay-off the short-term borrowings. Accordingly, profit before levies and income tax declined by 6.3% YoY to PKR 1,311.6mn (CY24: PKR 1,398.8mn). Following taxation, PAT stood at PKR 824.1mn (CY24: PKR 840.5mn), while net profit margin moderated slightly to 13.0% (CY24: 13.3%).

During 1HCY26, sales declined to PKR 2,165.3mn (1HCY25: PKR 2,858.1mn), due to reduced business activity amid the border closure with Afghanistan and favorable weather conditions which resulted in lower disease prevalence. Consequently, gross profit decreased to PKR 1,120.8mn (1HCY25: PKR 1,556.8mn), despite a corresponding reduction in cost of sales. Operating expenses also declined to PKR 657.0mn (1HCY25: PKR 944.8mn), reflecting lower marketing and selling expenses. Higher other income of PKR 91.8mn (1HCY25: PKR 9.8mn) partially offset the impact of increased finance costs, which rose to PKR 176.9mn (1HCY25: PKR 68.7mn). The increase in finance costs was primarily attributable to short-term Sukuks issued by APL to finance working capital requirements. Consequently, PBT and PAT declined to PKR 378.7mn and PKR 249.8mn, respectively, although the net profit margin remained stable at 11.5%. At the end of 9MCY26, sales and PAT stood at PKR 4.1bn and PKR 451.2mn, respectively.

Going forward, APL's strategy is focused on strengthening sales of existing products and pursuing line extensions to enhance its product portfolio. In line with the Group's acquisition-led growth strategy, the Company may also pursue acquisitions, subject to the availability of viable opportunities. Furthermore, the APL's hormonal manufacturing has recently been completed, with new hormonal products expected to commence by late 2027, supporting portfolio diversification over the medium term. On the cost front, the Company has initiated the installation of PKR 70.0mn solar power panels, which is expected to reduce reliance on grid electricity and contain utility costs. Additionally, the replacement of existing machinery with modern, energy-efficient equipment is expected to improve operational efficiency. These initiatives are expected to support margin improvement and strengthen profitability over the medium term.

Financial Risk

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CAPITAL STRUCTURE

The Company has a conservative capital structure. Gearing and leverage ratios improved to 0.63x (CY25: 1.16x) and 1.10x (CY25: 1.58x), respectively, at the end of 9MCY26. This decrease is because APL has paid off its short-term Sukuk which it acquired to meet its working capital and capex requirements. The debt profile is primarily composed of long-term borrowings. However, high dividend payouts have limited equity growth over the years. Total equity at end of 1HCY26 stood at PKR 4,226.4mn (CY25: PKR 4,311.6mn).

DEBT COVERAGE & LIQUIDITY

The Company's FFO increased marginally to PKR 1,314.3mn during CY25 (CY24: PKR 1,296.3mn). However, DSCR declined to 2.42x (CY24: 3.80x), reflecting an increase in debt servicing. Similarly, FFO to total debt reduced to 26.3% (CY24: 211.8%), due to early disbursement of the long-term loan during the last week of December 2025 that was used to repay the short-term Sukuk, which was maturing in the first week of January 2026.

During 9MCY26, the current ratio improved to 1.38x (CY25: 1.23x; CY24: 1.15x), primarily supported by a significant reduction in short-term borrowings to PKR 100.0mn (CY25: PKR 2,518.8mn; CY24: PKR 382.2mn) and an increase in advances and other receivables to PKR 978.0mn (CY25: PKR 743.2mn; CY24: PKR 794.2mn). Furthermore, receivables outstanding for three months or more accounted for only 0.6% of total receivables as of CY25, reflecting a notable improvement from 2.7% in CY24. On the other hand, the cash conversion cycle increased to 129 days in CY25 (CY24: 115 days), indicating a lengthening of the Company's working capital cycle.

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REGULATORY DISCLOSURES	Appendix I
Name of Rated Entity	Aspin Pharma (Private) Limited
Sector	Pharmaceutical
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
10-11-2026	A	A1	Stable	Reaffirmed
05-11-2025	A	A1	Stable	Reaffirmed
04-11-2024	A	A1	Stable	Reaffirmed
04-10-2023	A	A1	Stable	Upgrade
30-09-2022	A	A2	Stable	Reaffirmed
06-10-2021	A	A2	Stable	Reaffirmed
19-10-2020	A	A2	Stable	Reaffirmed
03-10-2019	A	A2	Stable	Reaffirmed
14-12-2018	A	A2	Stable	Reaffirmed
18-10-2017	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

S.No	Name	Designation	Date
1	Mr. Aaqib Siddiqui	Financial Controller	3rd November, 2026
2	Mr. Bosco Firmin Dominic Sales	GM – Investments & New Ventures	

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