SAAKH PHARMA LIMITED

Analyst:
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RATING DETAILS	
RATINGS CATEGORY	Initial Rating
	Short-term
STS RATING	A1 (plim)
RATING ACTION	Preliminary
RATING DATE	November 12, 2026

SHAREHOLDING 5% OR MORE	OTHER INFORMATION
Syed Mujtaba Hussain Kazmi – 80.7%	**Incorporated in** 2014
Syeda Sardar Bano – 19.3%	Public Unlisted Company
	External Auditor: Baker Tilly Mehmood Idrees Qamar Chartered Accountants
	Chief Executive Officer: Syed Mustafa Hussain Kazmi

APPLICABLE RATING CRITERIA

VIS Entity Rating Criteria Methodology – Corporates
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Instrument Ratings
https://docs.vis.com.pk/Methodologies-2026/IRM-2026.pdf

APPLICABLE RATING SCALE

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

RATING RATIONALE

The assigned rating of Saakh Pharma Limited's proposed Short-Term Sukuk reflects the strong sponsor commitment, and improving financial profile. The Company has demonstrated improved profitability through enhanced production efficiencies, higher capacity utilization, and increased volumes, while increase in equity strengthened capitalization structure, supporting working capital requirements in a volume-driven industry characterized by significant raw material price volatility and import dependence.

The rating also incorporates the proposed security structure, including a ranking charge over stocks and receivables, and a dedicated Sukuk Payment Account (SPA) to be funded through predefined installments, reaching PKR 500mn 30 days ahead of maturity. Additional repayment support is provided through an undrawn bank line of PKR 500mn (PKR 750mn inclusive of the green shoe option), to be arranged 30 days prior to maturity, alongside undertakings from two directors to meet any repayment shortfall. The timely buildup of the SPA, availability of the committed bank line, and continued sponsor support will remain key rating considerations.

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COMPANY PROFILE

Saakh Pharma Limited ('SPL' or the 'Company') was incorporated on June 9, 2014, in Pakistan under the Companies Ordinance 1984 (repealed by Companies Act, 2017). The Company's registered office is situated in Karachi, and the manufacturing facility of the Company is in North West Industrial Zone, Port Qasim, Karachi. The Company is engaged in manufacturing and sale of Active Pharmaceutical Ingredients (APIs). The Company operates across three segments: Antibiotics APIs, General APIs, and Pelletization & Taste Masking. The Antibiotics segment comprises two subclasses — Penicillin and Cephalosporins. Within the General segment, the product portfolio includes Paracetamol, Ciprofloxacin, and Sitagliptin. The Pelletization & Taste Masking segment includes products such as Esomeprazole, Omeprazole, Lansoprazole and Itraconazole.

PROPOSED SHORT TERM SUKUK (STS)

SPL is proposing to raise PKR 1,000 mn through an unlisted, privately placed, secured, short-term Sukuk Issue, with a further green sho option of PKR 250 mn. The Sukuk will be based on the Musharakah (Shirqat ul Aqd) structure. The proceeds will be used to meet th ongoing working capital requirements of the Company.

The Sukuk has a tenor of six months from the Issue Date, with the principal to be repaid as a bullet payment at maturity. Profit will b payable quarterly at a proposed rate of three-month KIBOR plus 175 bps, with the base rate set one business day prior to the Issue Date The issue will be backed by a ranking charge on stocks and receivables.

To mitigate repayment risk, the Company will maintain a Sukuk Payment Account (SPA) with an Islamic commercial bank, which it will no be allowed to operate during the tenor of the Sukuk and which will be governed by irrevocable standing instructions. The Company wi deposit funds in the SPA in tranches of PKR 100 mn at 60 days to maturity, PKR 150 mn at 45 days and PKR 250 mn at 30 days, takin the cumulative balance to PKR 500 mn ahead of maturity. In addition, the Company will arrange an undrawn bank line for the balanc amount of PKR 500 mn (PKR 750 mn with the green shoe option) 30 days prior to maturity. Further comfort is provided by an undertakin from two directors, Mr. Syed Mujtaba Hussain Kazmi and Dr. Tara Chand, to the Investment Agent to meet any shortfall.

MANAGEMENT & GOVERNANCE

SPONSOR PROFILE

The shareholding of the Company was previously held 99.9% by Ms. Syeda Sardar Bano . During the review period, the Company issued 127 million new shares at Rs. 10 per share to Mr. Syed Mujtaba Hussain Kazmi against advances received for equity while certain intrafamily transfers also took place. Following these transactions, Mr. Kazmi held 80.7% of the Company, while Ms. Sardar Bano held the remaining 19.3%, compared with her previous 99% majority stake.

Subsequently, Mr. Kazmi sold a portion of his shareholding to DM United Group, which was inducted as a new sponsor, for which the share transfer is under process.. Following the transaction, Mr. Kazmi will hold 60% of the Company, Ms. Sardar Bano 19%, and DM United Group 20%. The DM United Group's induction is expected to strengthen sponsor support and enhance the Company's financial flexibility. The Kazmi family will continue to retain majority ownership and control.

DM United Group is a diversified, family-owned industrial and trading conglomerate in Pakistan. Founded in 1984 by Mr. Deoo Mal Essarani, the Group began with fertilizer and sugar trading and later expanded into sugar manufacturing, ethanol production, agrochemicals, packaging, commodity trading, and chemical distribution. The Group is primarily controlled by the Essarani family, with the next generation actively involved in its management and business expansion. Its associated entities include Sindh Abadgar's Sugar Mills Limited, SGM Sugar Mills Limited, Ranipur Sugar Mills (Pvt.) Limited, United Ethanol Industries Limited, United Agro Chemicals, Synergy Packaging (Pvt.) Limited, Agro Trade (Pvt.) Limited, and United Commodities (Pvt.) Limited.

CEO PROFILE

Syed Mustafa Hussain Kazmi serves as the CEO. He holds a Master's degree in International Marketing Strategy from the University of Northampton and a Bachelor's degree in Pharmacy from the University of Karachi. He holds over 16 years of managerial experience in FDA-regulated pharmaceutical environments as well as heading production at major local pharmaceuticals companies

GROUP COMPANIES

Saakh has consolidated the existing group company investments:

CKD Pharmaceuticals Pakistan (Private) Limited

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Established in 1983 by the South Korean company Chong Kun Dang (CKD) and acquired by Saakh Group in 2017, CKD Pharmaceuticals manufactures finished pharmaceutical formulations.. The Company holds a 56.28% ownership stake in CKD Pharmaceuticals. During the outgoing year, the Company made a capital contribution of PKR 425 million to CKD Pharmaceuticals. The Company is pivoting to an increased focus on CKD Pharma to benefit from the comparatively higher margins available in formulation.

Ranipur Sugar Mills (Private) Limited
During the year, the Company acquired an ownership stake in Ranipur Sugar Mills (Private) Limited. The Company purchased 7.8 million shares, resulting in a 19.99% shareholding, for a total consideration of PKR 680 million. The acquisition was made alongside the DM United Group. The acquisition was undertaken alongside DM United Group, which has an established presence and considerable experience in the sugar sector, with interests spanning sugar manufacturing and associated businesses, providing relevant industry expertise and operational insight to the investment.

Saakh Technologies (Private) Limited
Founded in 2018, Saakh Technologies provides medical and diagnostic equipment, laboratory instruments, and related services. The Company maintains a 7.5% ownership stake in the entity, though its financial impact on the broader group remains limited.

BOD & COMMITTEES

The governance framework of Saakh Pharma is underpinned by a seven-member Board of Directors (supported by the CEO as a deemed director) comprising 6 members from the old sponsors and 02 members from the DM United Group represented by Dr. Tara Chand and Mr. Jagdesh Kumar. Gender diversity is well-maintained with the inclusion of two female directors, ensuring a broad range of perspectives in strategic decision-making and corporate stewardship.

The Board operates two specialized sub-committees: the Audit Committee and the Compensation (HR & Remuneration) Committee. Both committees are chaired by an independent director, Ms. Fauzia Hasnain, which significantly strengthens governance integrity. The Audit Committee consists exclusively of non-executive and independent members, focusing on financial reporting and regulatory compliance. Similarly, the Compensation Committee oversees talent management and executive remuneration with a non-executive majority. Dr. Chand is a member of both committees.

Name of Director	Designation / Category	Audit Committee Role	Compensation (HR&RC) Role
Syed Mustafa Hussain Kazmi	Chief Executive Officer & Executive Director	-	Member
Syed Mujtaba Hussain Kazmi	Executive Director	-	-
Mr. Sohail Raza	Executive Director	-	-
Dr. Tara Chand	Non-Executive Director	Member	Member
Mr. Jugdesh Kumar	Non-Executive Director	-	-
Ms. Ambreen Zehra	Non-Executive Director	-	-
Mr. Ayyaz Ahmed	Independent Director	Member	-
Ms. Fauzia Hasnain	Independent Director	Chairperson	Chairperson

ESG

Saakh Pharma demonstrates a proactive commitment to Environmental, Social, and Governance (ESG) principles, underpinned by strict regulatory compliance and robust occupational health and safety (OHS) frameworks. Environmentally, the Company maintains valid approvals for its Environmental Management Plan (EMP) and Hazardous Substances Management Plan (HSMP) from the Sindh Environmental Protection Agency (SEPA), supported by the consistent submission of bi-annual Environmental Monitoring Reports (EMRs) to the regulator. The Company also ensures the safe, SEPA-compliant incineration of its industrial and hazardous waste—including penicillin and cephalosporin by-products—through certified third-party contractors. Socially, Saakh Pharma prioritizes workforce well-being by conducting routine medical examinations through certified Medical practitioners or Doctors to ensure a disease-free and fully vaccinated staff. This is reinforced by comprehensive emergency preparedness initiatives, evidenced by regular internal and Civil Defence-certified fire-fighting and first aid training programs across all operational departments, alongside the proactive maintenance and certification of on-site fire safety equipment.

AUDIT OPINION

Baker Tilly Mehmood Idrees Qamar Chartered Accountants, categorized as 'Category A' on SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion of the financials for FY26.

BUSINESS RISK

INDUSTRY

The Active Pharmaceutical Ingredient (API) segment remains a structurally constrained yet essential component of Pakistan's pharmaceutical sector. As of FY26, the domestic retail pharmaceutical market reached approximately PKR 1.251 trillion (roughly USD 4.5

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billion, up from PKR 1.089 trillion in FY25 and PKR 918 billion in FY24), contributing around 1.0% to the national GDP. However, growth in FY26 (14.9% in value terms) was predominantly price-led following the February 2024 deregulation of non-essential medicine prices, while volumetric growth remained muted at 0.93% (reaching 3.80 billion units). The industry comprises over 650 pharmaceutical companies, though consolidation in favor of domestic players has accelerated: local firms now account for nearly 80% of the retail market (PKR 998.5 billion in FY26, up from 74% in FY24), while multinationals hold the remaining 20% (PKR 252.1 billion) following foreign divestments and faster domestic portfolio expansion. Despite top-line expansion in formulations, domestic API manufacturing continues to represent a small fraction of national demand.

Pakistan currently relies on imports for approximately 85–90% of its API requirements, sourced predominantly from China and India. While relative exchange rate stability and easing monetary conditions in FY25 and FY26 alleviated the acute Letter of Credit (LC) and foreign exchange pressures seen in earlier years, this heavy import reliance continues to expose the sector to external supply chain vulnerabilities and global raw material price fluctuations.

As of early-FY27, there remain 23 licensed API manufacturers in the country, with around seven to eight core facilities actively operational at scale. These facilities collectively meet an estimated 12–15% of domestic demand, producing mainly intermediate and semi-basic APIs such as paracetamol, ibuprofen, amoxicillin, azithromycin, cefixime, ciprofloxacin, moxifloxacin, and cefadroxil. While industry leaders are actively pursuing joint ventures and capacity expansions into specialized antibiotics, peptides, and fermented APIs, sector-wide capabilities for basic chemical synthesis remain limited. The Drug Regulatory Authority of Pakistan (DRAP) has granted approvals for 39 APIs and issued semi-basic licenses for 117 molecules, though actual production remains constrained by scale, high industrial energy tariffs, and infrastructure deficits.

The working capital-intensive nature of API manufacturing, coupled with thin margins against low-cost Chinese and Indian imports, requires significant economies of scale for commercial viability. While DRAP has made strides toward regulatory modernization—including the adaptation of PIC/S guidelines for licensing and post-license variations in September 2026, mandatory 2D barcoding/serialization (Track & Trace) effective October 2026, and ongoing progress toward WHO Maturity Level 3 (WLA) certification—the limited domestic availability of accredited bioequivalence and quality testing laboratories continues to hinder rapid industry development. Furthermore, high switching costs and stringent stability/validation requirements for formulation companies—once supply relationships with approved API vendors are established—continue to limit near-term entry opportunities for new domestic API producers.

API prices in Pakistan are not directly regulated by DRAP and follow international market dynamics. On the downstream side, the formulation segment operates under a bifurcated pricing structure: following the 2024 deregulation policy, manufacturers can independently adjust prices for non-essential medicines (which drove price increases across roughly 55% of deregulated drugs through FY25–FY26), whereas prices for medicines on the National Essential Medicines List (NEML, updated by DRAP in October 2025) remain strictly regulated. Since high-volume, locally manufactured APIs (such as paracetamol and first-line antibiotics) are heavily concentrated in the price-controlled essential medicines category, indirect constraints on cost pass-through persist for domestic API and integrated manufacturers.

After reaching a 20-year high of USD 457.5 million in FY25 (up 34% from USD 341 million in FY24), Pakistan's pharmaceutical exports declined by 30.3% to USD 319.0 million in FY26, with a further 25.5% year-on-year contraction recorded in 1QFY27. This downturn was primarily triggered by severe border and trade disruptions with Afghanistan—which previously accounted for roughly 34% (USD 155.7 million) of total pharmaceutical exports in FY25. APIs continue to contribute minimally to export proceeds, which predominantly comprise finished formulations shipped to regional markets such as Afghanistan, the Philippines, Uzbekistan, Sri Lanka, Cambodia, and Iraq. Globally, the API market is projected to exceed USD 309 billion by 2028, and the ongoing wave of global patent expiries through 2026–2028 presents long-term export and import-substitution opportunities for local producers—contingent on achieving WHO prequalification, PIC/S compliance, and bioequivalence readiness.

DRAP's API Policy (originally notified in 2022) outlines incentives such as reduced import duties on machinery and chemical intermediates, export retention benefits, and support for API parks; however, on-ground execution has remained gradual. While the Ministry of Health directed DRAP in June 2025 to prepare a concept note for a domestic naphtha cracker complex to enable backward integration of basic petrochemicals, the project remains in the consultative stage, with industry bodies (such as the PPMA) reiterating urgent calls in mid-2026 for its establishment alongside rationalized energy tariffs and sales tax structures.

In the near term, domestic API production is expected to remain below 20% of total demand. Meaningful improvement in sector performance and import substitution will depend on the commercial commissioning of planned private-sector API and bioequivalence investments, structurally competitive industrial utility rates, the diversification of export destinations beyond Afghanistan, and the concrete operationalization of government incentives for basic raw material synthesis.

OPERATIONAL UPDATE

Segment (Units in KGs)	FY24	FY25	FY26
Antibiotic APIs			
Nameplate Capacity	329,100	329,100	672,000
Actual Production	186,998	259,629	343,310
Capacity Utilization (%)	*56.8%*	*78.9%*	*51.1%*
General APIs			

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Nameplate Capacity	1,200,000	1,200,000	1,200,000
Actual Production	127,649	219,313	350,962
Capacity Utilization (%)	*10.6%*	*18.3%*	*29.2%*
Pelletization			
Nameplate Capacity	72,000	72,000	144,000
Actual Production	45,580	52,465	58,280
Capacity Utilization (%)	*63.3%*	*72.9%*	*40.5%*
Total Nameplate Capacity	1,601,100	1,601,100	2,016,000
Total Actual Production	360,227	531,407	752,552
Overall Capacity Utilization (%)	*22.5%*	*33.2%*	*37.3%*

During FY26, installed capacity was increased with high capacity utilization and growing business with an outlay of approximately PKR 271.3mn. Name plate capacity in the Antibiotic API segment was more than doubled to 672,000 KGs (FY25: 329,100 KGs), while Pelletization capacity was doubled to 144,000 KGs (FY25: 72,000 KGs). Aggregate production output expanded by 41.6% YoY to 752,552 KGs (FY25: 531,407 KGs), led by a 32.2% increase in Antibiotic API output (343,310 KGs) and a 60.0% rise in General API production (350,962 KGs). on the back of scaled-up Paracetamol manufacturing.

BUSINESS MODEL & PRICING DYNAMICS

Unlike finished pharmaceutical formulators that operate under retail price regimes administered by the Drug Regulatory Authority of Pakistan (DRAP), SPL's operational risk profile is closely aligned with specialty chemical processing. Because the Company synthesizes APIs from imported chemical intermediates and precursors (principally sourced from China), its revenue trajectory is directly exposed to global commodity price cycles and exchange rate movements.

During FY26, international prices of key beta-lactam and cephalosporin precursors corrected sharply downward. Consequently, SPL's average realized selling prices for Amoxicillin and Cefixime declined by 25.6% (to PKR 7,243/KG from PKR 9,739/KG in FY25) and 15.0% (to PKR 41,620/KG from PKR 48,976/KG in FY25), respectively. While this resulted in a 14.4% contraction in net revenue during FY26, the company was able to improve its gross margins through effective management of its procurement prices..

PRODUCT CONCENTRATION & PORTFOLIO MIX

Segment / Key Product Mix (% of Net Revenue)	FY24	FY25	FY26
Segment-wise Disaggregation			
Antibiotic APIs	84.3%	90.7%	85.8%
General APIs	10.6%	4.6%	6.2%
Pelletization	5.1%	4.7%	8.1%
Key Product Concentration			
Amoxicillin (Antibiotic API)	41.3%	56.0%	47.4%
Cefixime (Antibiotic API)	34.2%	35.1%	39.5%
Paracetamol (General API)	3.9%	4.1%	8.1%
Top 3 Products Combined	79.4%	95.2%	95.0%

Product concentration risk remains elevated, with the Company's revenue stream heavily anchored in two products namely Amoxicillin and Cefixime, which jointly contributed 86.9% of net sales in FY26 (FY25: 91.1%; FY24: 75.5%). In volumetric terms, Amoxicillin sales edged down by 2.6% YoY to 303,333 KGs (FY25: 311,363 KGs), which, combined with steeper price deflation, reduced its top-line share to 47.4% (FY25: 56.0%). Conversely, Cefixime sales volume rose by 13.3% YoY to 44,048 KGs (FY25: 38,871 KGs), partially offsetting price compression and lifting its revenue share to 39.5% (FY25: 35.1%). Within the General API segment, Paracetamol sales volumes rose 64.5% YoY to 352,327 KGs (FY25: 214,200 KGs); however, given its low unit value, its top-line contribution remained modest at 8.1% (FY25: 4.1%). Positively, the Pelletization segment registered a 47.9% YoY increase in turnover to PKR 374.8 mn (FY25: PKR 253.5 mn), increasing its revenue share to 8.1% (FY25: 4.7%), supported by growing demand for enteric-coated and sustained-release pellets (primarily Omeprazole and Esomeprazole variants).

PLANNED CAPEX

The Company has planned fixed asset additions of PKR 2.46 bn over FY27–28, along with an initial working capital margin of PKR 620 mn, taking the total outlay to PKR 3.08 bn. Capacity enhancement of PKR 1.31 bn in pelletization (mainly the taste-masking machine) and Amoxicillin is planned in FY27, to be funded through the planned IPO (PKR 658.5 mn) and internal cash flows. In addition, three new projects (Cephalosporin, GLP-1 and Oncology) with a project cost of PKR 1.15 bn and a total outlay of PKR 1.77 bn are planned, of which PKR 740 mn is to be funded through financing and the balance through internal cash flows. The expansions underpin the projected sales growth, though timely commissioning and funding remain key sensitivities.

CLIENT CONCENTRATION & SECTORAL DYNAMICS

Client Concentration Metrics	FY25	FY26

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Top 3 Clients (% of Net Revenue)*	55.1%	45.7%
Top 4 Clients (% of Net Revenue)*	62.8%	53.5%
Top 10 Clients (% of Net Revenue)	78.3%	71.7%

*Top clients comprise Bosch Pharmaceuticals (Pvt.) Ltd. (FY26: 22.3%; FY25: 30.6%), Barrett Hodgson Pakistan (Pvt.) Ltd. (FY26: 15.5%; FY25: 16.0%), Lucky Core Industries Ltd. (FY26: 7.9%; FY25: 7.8%), and Macter International Ltd. (FY26: 7.9%; FY25: 8.5%).

While customer concentration exhibited a gradual diluting trend during FY26, reliance on a narrow tier of domestic pharmaceutical formulators remains high. The top 10 customers accounted for 71.7% (PKR 3,326.5 mn) of net revenue in FY26, down from 78.3% (PKR 4,244.0 mn) in FY25. Although the strong credit standing of these established pharmaceutical manufacturers mitigates counterparty default risk, high off-take concentration exposes SPL to volume volatility if key customers alter their procurement mix or direct-import strategies.

At the macro-sectoral level, domestic pharmaceutical formulation volumes experienced headwinds during FY26 following the closure of informal and formal cross-border trade routes with Afghanistan. Historically, elevated medicine off-take in the Khyber Pakhtunkhwa and Balochistan markets was buoyed by cross-border demand; the curtailment of this channel normalized downstream formulation volumes, which in turn tempered aggregate domestic demand for locally manufactured antibiotic APIs during FY26.

PROFITABILITY

During FY26, SPL's net revenue contracted by 14.4% YoY to PKR 4.64 bn (FY25: PKR 5.42 bn; FY24: PKR 3.67 bn), reflecting downward price corrections in global API markets rather than volumetric attrition. Despite the lower revenue base, gross profit rose to 22.6% (FY25: 17.5%). Margin expansion was underpinned by a 20.9% reduction in raw material consumption costs—as global precursor price declines outpaced finished API price adjustments—alongside a favorable shift in sales mix toward Cefixime and value-added Pelletization products. Operating overheads (selling and administrative expenses) grew by 5.7% to PKR 379.9 mn (FY25: PKR 359.5 mn; 8.2% vs. 6.6% of net sales), enabling operating margin to reach 14.4% (FY25: 10.9%).

Below the operating line, an impairment loss of PKR 70.3 mn (FY25: reversal of PKR 6.5 mn) on financial assets, comprising expected credit loss provisions against long-term other receivables (PKR 32.4 mn), trade receivables (PKR 31.9 mn) and other receivables (PKR 6.1 mn) and a decline in other income to PKR 45.7 mn, stemming from lower markup on the UROK Pharma receivable following full principal recovery, lower gains on asset disposals and a smaller fair value gain on investment properties, partially offset these gains. However, finance costs fell by 38.5% to PKR 255.3 mn with decline in interest rates, lifting pre-tax profit to PKR 362.4 mn. Profit after tax rose to PKR 415.8 mn (FY25: PKR 170.9 mn), a net margin of 9.0% (FY25: 3.2%), aided by a non-cash deferred tax credit of PKR 113.1 mn..

During 1QFY27, SPL posted net sales of PKR 1.12 bn. Gross margin eased to 21.4% (FY26: 22.6%), while operating expenses rose to 8.7% of net sales (FY26: 8.2%), as largely fixed administrative costs were spread over a lower quarterly sales base, resulting in a lower operating margin of 12.6% (FY26: 14.4%). Other income remained minimal at PKR 2.8 mn, and finance costs stood at PKR 66.7 mn. Profit before tax was PKR 77.9 mn, and after a tax charge of PKR 22.6 mn, profit after tax stood at PKR 55.3 mn, translating into a net margin of 4.9% (FY26: 9.0%, adjusted for deferred tax credit: 6.5%).

FINANCIAL RISK

CAPITAL STRUCTURE

During FY26, the Company increased its authorized capital from PKR 1.0 billion to PKR 1.5 billion to accommodate the issuance of shares against advances received for equity. Advances against equity rose to PKR 1,269.0 million at end-FY26 (FY25: PKR 811.4 million), while the subordinated loan of PKR 329.9 million outstanding in FY25 was fully repaid. Paid-up capital remained unchanged at PKR 804.2 million at end-FY26, as the advances had not yet been converted into shares. Accumulated profits increased to PKR 511 million (end-FY25: PKR 25 million), reflecting profit retention. Consequently, equity, excluding surplus, stood at PKR 2,584.0 million (end-FY25: PKR 1,970.9 million).

In 1QFY27, the Company further increased its authorized capital to PKR 2.1 billion and issued 126.9 million new shares at PKR 10 per share. The PKR 1,269.0 million in advances against equity outstanding at end-FY26 was converted into paid-up capital. Accordingly, paid-up capital increased to PKR 2,073.2 million at end-September 2026 (end-June 2026: PKR 804.2 million). Total equity, excluding revaluation surplus, rose to PKR 2,806.6 million at end-September 2026 (end-June 2026: PKR 2,584.0 million), supported by a new PKR 167.3 million subordinated loan from a director and quarterly profit of PKR 55.3 million, which increased accumulated profits to PKR 566.1 million.

Total interest-bearing debt increased to PKR 2.13 bn at end-FY26 (FY25: PKR 1.95 bn), comprising secured Islamic working capital facilities of PKR 1.78 bn, a short-term loan of PKR 49.9 mn and long-term Diminishing Musharakah facilities of PKR 303.1 mn. The debt profile remains skewed toward short-term borrowings (85.8% of total debt). Gearing improved to 0.82x at end-FY26 (FY25: 0.99x; FY24: 2.41x), as the growth in core equity outpaced the increase in debt. Leverage moderated to 1.16x (FY25: 1.83x; FY24: 3.19x), supported by the equity expansion as well as a reduction in total liabilities to PKR 3.00 bn (FY25: PKR 3.60 bn).

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Total debt declined to PKR 1.83 bn at end-Sep'26 (end-Jun'26: PKR 2.13 bn), as short-term borrowings fell to PKR 1.43 bn. Resultantly, gearing and leverage improved to 0.65x and 0.92x, respectively (end-Jun'26: 0.82x and 1.16x).

DEBT COVERAGE & LIQUIDITY

SPL's short term liquidity profile remains constrained at end-FY26. The current ratio moderated to 1.17x (FY25: 1.25x), while short-term borrowings coverage, measured by stock-in-trade and trade debts relative to short-term debt, declined to 0.70x (FY25: 1.06x). The working capital cycle extended to 58 days (FY25: 51 days). Cash and bank balances stood at a modest PKR 39.2 mn (FY25: PKR 87.8 mn).

Liquidity indicators improved at end-1QFY27, with the current ratio at 1.37x and short-term borrowings coverage at 0.96x. Short-term borrowings declined to PKR 1.43 bn (end-Jun'26: PKR 1.83 bn). The working capital cycle, however, lengthened to 82 days (end-Jun'26: 58 days), as payable days shortened to 40 days (end-Jun'26: 73 days) and inventory days edged up to 67 days (end-Jun'26: 63 days). This was partly offset by faster collections, with receivable days improving to 55 days (end-Jun'26: 68 days). Cash and bank balances remained modest at PKR 45.0 mn.

Funds from Operations (FFO) increased to PKR 460.7 mn in FY26 (FY25: PKR 351.8 mn), on higher margins and a decline in finance costs. Resultantly, coverage indicators improved, with FFO to total debt at 0.22x (FY25: 0.18x) and FFO to long-term debt at 1.52x (FY25: 0.96x). The Debt Service Coverage Ratio (DSCR) strengthened to 2.12x (FY25: 1.29x; FY24: 0.37x), indicating an adequate cushion over financial obligations.

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REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Saakh Pharma Limited
Sector	Pharmaceuticals
Type of Relationship	Solicited
Purpose of Rating	Instrument Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
12-11-2026	A-	A2	Stable	Reaffirmed
29-08-2025	A-	A2	Stable	Initial
RATING TYPE: INSTRUMENT (STS)				
12-11-2026	-	A1	-	Preliminary

Instrument Structure

Particulars	Details
Instrument Name	Saakh Pharma Limited Short-term Sukuk
Nature of Instrument	Unlisted, Privately Placed, Secured, Short-Term, Musharakah (Shirqat ul Aqd) based Sukuk Certificate Issue
Tenure of Instrument	6 months from the Issue Date
Size of the Issue	PKR 1,250 Mn (Inclusive of a Green Shoe of PKR 250 Mn)
Principal Redemption Schedule	Bullet payment at maturity
Issue Date	The date on which entire disbursement of the Sukuk Issue has been made
Grace Period	N/A
Redemption	Principal to be repaid as bullet payment at maturity
Rate	Base Rate plus 175 bps. Base rate is the average three (03) months KIBOR prevailing on the Base Rate Setting Date. Profit will be payable quarterly.
Security	Ranking charge on stocks and receivables
Sukuk Payment Bank (SPA)	The Company shall nominate and maintain an account designated as the "Sukuk Payment Account (SPA)" with an Islamic Commercial Bank. The Company shall deposit funds in the SPA according to the following schedule: • 60 days to maturity: Deposit PKR 100M • 45 days to maturity: Deposit PKR 150M • 30 days to maturity: Deposit PKR 250M *In addition, Saakh will make available an undrawn down bank line for the balance amount of the Sukuk i.e., PKR 500m without or PKR 750m with green shoe option, 30 days prior to the Sukuk Maturity. The Company shall not be permitted to operate the SPA during the tenor and shall issue irrevocable standing instructions to the account bank.*
Undertaking	An undertaking will be provided by two Directors i.e. Mr. Mujtaba Hussein Kazmi and Dr Tara Chand to the Investment Agent confirming that they will meet any shortfall in the SPA structure given above.
Conditions Precedent	Standard conditions precedent including but not limited to Board resolutions, SECP Shariah Compliant Certificate, legal opinion, CIB clearance, KYC documents, and payment of all fees and expenses. No separate financial or operational covenants.
Investment Agent	Pak Brunei Investment Company
Shariah Advisor	Alhamd Shariah Advisory
Legal Counsel	Mohsin Tayebaly & Co.
Lead Advisor & Arranger	Topline Securities Limited ("TSL")

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.

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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 Meetings Conducted	

Name	Designation	Date
Mr. Sohail Raza	CFO	14 October 2026
Mr. Hasan Ali Jokhio	Financial Controller	

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