

PRIVATE & CONFIDENTIAL

# Navana Pharmaceuticals PLC

Auditors' Report

On

IPO Proceeds Utilization Statement

for the quarter ended 31 December 2023



**K. M. ALAM & CO.**  
**CHARTERED ACCOUNTANTS**

**Head Office, Dhaka :** 46, Mohakhali (12th Floor), Dhaka-1212, Bangladesh  
Tel: 02222285697, E-mail : k.monowar@kmacobd.com, www.kmacobd.com

**Branch Office, Dhaka:** 80, Motijheel C/A (4th Floor), Dhaka-1000, Bangladesh  
Tel : 02223386990, 0247123083

**Branch Office, Khulna:** 5, KDA Avenue (6th Floor), Khulna-9100, Tel: 041-2830395

**Independent Auditors' Report**

To Navana Pharmaceuticals PLC. and Bangladesh Securities and Exchange Commission

**Report on the Audit of IPO (Initial Public Offering) Proceeds Utilization Statement**

**Opinion**

We have audited the annexed IPO (Initial Public Offering) proceeds utilization statement of Navana Pharmaceuticals PLC. for the quarter ended 31 December 2023 ("utilization statement").

In our Opinion, the IPO (Initial Public Offering) proceeds utilization statement of Navana Pharmaceuticals PLC. ("the Company") for the quarter ended 31 December 2023 is prepared, in all material respects, in accordance with Bangladesh Securities and Exchange Commission (BSEC) Rules 1987, conditions laid down in the clause 3 & 4 of PART-D of the consent letter BSEC/CI/IPO-323/2022/853 Dated June 19, 2022.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the IPO (Initial Public Offering) proceeds utilization statement section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the utilization statement in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

Without modifying our opinion in above paragraph, we would like to draw attention of the users of this report to the Footnote No. 3 of the IPO proceeds utilization statements for the quarter under audit which denote that use of proceeds of Tk. 23.24 Crore (31%) of the total IPO proceeds of Tk. 75 Crore for construction of new general production building has been changed and replaced with modernization and expansion of existing facilities in its 6th EGM held on 31.07.23. The costs of modernization and expansion of existing facilities that were initiated as normal business plan of the company were paid after obtaining approval at EGM..

**Other Matters - Basis of Preparation and Restriction on Distribution**

The utilization statement is prepared to assist the Company to meet the requirements of Bangladesh Securities and Exchange Commission ("BSEC"). As a result, the utilization statement may not be suitable for another purpose. Our report is intended solely for the Company and the BSEC and should not be distributed to parties other than the Company or the BSEC. Our opinion is not modified in respect of this matter.

The audit of IPO Proceeds utilization for the period from July to September 2023 was conducted by another audit firm and an unmodified audit report was issued.

**Responsibilities of Management and Those Charged with Governance for the IPO (Initial Public Offering) Proceeds Utilization Statement**

Management is responsible for the preparation and fair presentation of the IPO (Initial Public Offering) proceeds utilization statement prepared in accordance with Bangladesh Securities and Exchange Commission (BSEC) Rules 1987, condition laid down in the clause 3 & 4 of PART-D of the consent letter BSEC/CI/IPO-323/2022/853 dated June 19,2022 and with other applicable laws and regulations.

In preparing the utilization statement, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the IPO (Initial Public Offering) Proceeds Utilization Statement**

Our objectives are to obtain reasonable assurance about whether the IPO (Initial Public Offering) proceeds utilization statement 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 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 this utilization statement.

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

- a) Identify and assess the risks of material misstatement of the IPO (Initial Public Offering) proceeds utilization statement, 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 utilization statement 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.

We communicate with those charged with governance 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.

**K M Alam & Co.**  
Chartered Accountants

**Kazi Ahmmad Monowar, FCA**  
Partner  
Enrolment Number: 822

Place: Dhaka  
Date: 08 February 2024

**IPO Proceeds Utilization Statement  
For the quarter ended 31 December 2023**

Name of the Company  
Capital Raised through IPO (Book building method)  
Proceeds Received Date  
Subscription Closing Date  
Last date of full utilization fund as per prospectus

Navana Pharmaceuticals PLC.  
BDT 750,000,000  
Eligible Investors & Employees on 19 July 2022 (BDT 19,61,50,200) and General Public on 04 October 2022  
(BDT 55,38,49,800)  
19-Sep-22  
3-Oct-24

Sl. No.	Name of the projects	Estimated cost of project implementation (in BDT)	Estimated time for completion	Fund utilization during the period from October 01 2022- December 31, 2022		Fund utilization during the period from January 01 2023- March 31, 2023		Fund utilization during the period from April 01 2023- June 30, 2023		Fund utilization during the period from July 01 2023-September 30, 2023		Fund utilization during the period from October 01 2023- December 31, 2023		Variance	Unused	Remarks
				BDT	%	BDT	%	BDT	%	BDT	%	BDT	%			
1	Modernization and expansion of Svpo facility	131,185,000	Within 24 month after receiving IPO proceeds	-	0.00%	-	0.00%	-	0.00%	0.00%	0.00%	0.00%	131,185,000	100.00%		Running advances of total BDT 69,90,929 have been made to some suppliers based on project progress. LC Margin BDT 14,459,000
2	Modernization and expansion of General liquid facility with dispensing area	46,815,000	Within 24 month after receiving IPO proceeds	43,629,763	44.84%	7,829,842	8.05%	-	0.00%	21,449,929	45.82%	21,449,929	25,366,071	54.18%		
3	Modernization and expansion of Animal health facility	54,400,000	Within 24 month after receiving IPO proceeds	613,255	0.34%	97,811,389	54.80%	6,808,331	3.81%	33,791,041	1.89%	919,401	53,480,599	98.31%		Running advances of total BDT 2,42,248,521 have been made to some suppliers based on project progress.
4	Construction of new utility and engineering building	97,300,000	Within 24 month after receiving IPO proceeds	211,800,000	100.00%	-	0.00%	-	0.00%	-	0.00%	-	4,981,287	5.12%		Running advances of total BDT 1,05,487 have been made to some suppliers based on project progress and recorded as CWIP. LC Margin BDT 32,541,956
5	Refurbishment of cephalosporin unit	178,500,000	Within 06 month after receiving IPO proceeds	27,929,786	93.10%	2,039,457	6.80%	-	0.00%	-	0.00%	-	268,990	0.15%		Actual IPO expenses totalled BDT 29,978,208, but only BDT 29,969,243 was utilized from IPO proceeds. Of the total expenditure, BDT 1,266,579 was paid in cash for petty expenses, with the highest single transaction amounting to BDT 193,797.
6	Partial loan repayment	211,800,000	Within 06 month after receiving IPO proceeds	283,972,804	37.86%	107,680,688	14.36%	6,808,331	0.91%	58,664	0.00%	52,945	(111,609)	0.00%		
7	IPO expenses	30,000,000	N/A	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	30,757	0.10%		
8	Other expenses ("Charges directly deducted by bank")	0	N/A	750,000,000	100.00%	750,000,000	100.00%	750,000,000	100.00%	750,000,000	100.00%	750,000,000	215,201,095	28.69%		
	<b>Total IPO Proceeds</b>															

**Footnotes:**

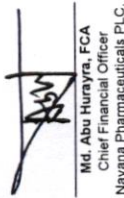
- Excise Duty of BDT 100,000, bank charge of BDT 1,939, certificate charge of BDT 200, VAT of BDT 1,261, RTGS charge of BDT 609, cheque issuance charge of BDT 7,000 and accounts maintenance charge of BDT 600 had been debited from IPO Bank account.
- The utilization statement was approved and authorized for issue by the Board of Directors on 08 February 2024 and signed for and on behalf of the Board.
- The shareholders of the company have approved change in the use of proceeds Tk. 23.24 Cr. (31% of the total IPO proceeds of Tk. 75 Cr. for construction of new general production building and replace it with modernization and expansion of existing facilities (Sl. No. 1, 2 and 3 of the above table) in its 6th EGM held on 31.07.23. The costs of modernization and expansion of existing facilities that were initiated as normal business plan of the company were paid after obtaining approval at EGM.

K M Alam & Co.

Chartered Accountants

  
Kazi Ahmed Monowar, FCA  
Partner  
Enrollment Number: 822

Place: Dhaka  
Date: 08 February 2024

  
Md. Abu Hurayra, FCA  
Chief Financial Officer  
Navana Pharmaceuticals PLC.

  
Dr. Sayeed Ahmed  
Director  
Navana Pharmaceuticals PLC.

  
Joydul Abedin, ACS  
Company Secretary  
Navana Pharmaceuticals PLC.

  
Prof. Dr. Md. Jonaid Shafiq  
Managing Director  
Navana Pharmaceuticals PLC.





*Since -1967*

**K. M. ALAM & CO.**  
**CHARTERED ACCOUNTANTS**