

PRIVATE & CONFIDENTIAL

Navana Pharmaceuticals PLC

Auditors' Report

On

IPO Proceeds Utilization Statement
for the quarter ended 31 March 2024



Since -1967

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



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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 March 2024 ("utilization statement").

In our Opinion, the IPO (Initial Public Offering) proceeds utilization statement of Navana Pharmaceuticals PLC ("the Company") for the quarter ended 31 March 2024 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 denotes that an amount of Tk.38,060,751 remains as advance in the IPO proceed utilization report. Out of which unadjusted advance from previous period is Tk. 21,745,216.

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.

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.

Kazi Ahmmed Monowar, FCA

Managing Partner

Enrolment Number: 822

K M Alam & Co.

Chartered Accountants

Place: Dhaka

Date: 08 April 2024


IPO Proceeds Utilization Statement
For the quarter ended 31 March 2024

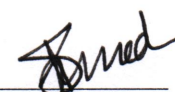
Name of the Company Navana Pharmaceuticals PLC
Capital Raised through IPO BDT 750,000,000
Proceeds Receiving Date Eligible Investors & Employees on 19 July 2022 (BDT 19,61,50,200) and General Public on 04 October 2022 (BDT 55,38,49,800)
Subscription Closing Date 19-Sep-22
Last date of full utilization fund as per prospectus 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- September 30, 2023		Fund utilization during the period from October 01 2023- December 31, 2023		Fund utilization during the period from January 01 2024-March 31, 2024		Variance	Unutilized	Remarks
				BDT	%	BDT	%	BDT	%			
1	Modernaization and expansion of Svpo facility	131,185,000	Within 24 month after receiving IPO proceeds	-	0.00%	-	0.00%	-	-	131,185,000	100.00%	
2	Modernaization and expansion of General liquid facility with dispensing area	46,815,000	Within 24 month after receiving IPO proceeds	-	0.00%	21,448,929	45.82%	24,871,204	53.13%	494,867	1.06%	Running advances of total BDT 1,37,77,128 have been made to some suppliers based on project progress.
3	Modernaization and expansion of Animal health facility	54,400,000	Within 24 month after receiving IPO proceeds	-	-	919,401	1.69%	9,529,336	17.52%	43,951,263	80.79%	Running advances of total BDT 95,29,336 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	77,916,378	80.08%	14,402,334	14.80%	4,638,342	4.77%	342,945	0.35%	Running advances of total BDT 1,46,48,800 have been made to some suppliers based on project progress.
5	Refurbishment of cephalosporin unit	178,500,000	Within 24 month after receiving IPO proceeds	144,439,969	80.92%	33,791,041	18.93%	266,750	0.15%	2,240	0.00%	Running advances of total BDT 1,05,487 have been made to some suppliers based on project progress and recorded as CWIP.
6	Partial loan repayment	211,800,000	Within 06 month after receiving IPO proceeds	211,800,000	100.00%	-	-	-	0.00%	-	0.00%	
7	IPO expenses	30,000,000	N/A	29,969,243	99.90%	-	0.00%	-	0.00%	30,757	0.10%	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.
8	Other expenses (*Charges directly deducted by bank)	0	N/A	58,664	-	52,945	-	6,095	-	(117,704)	0.00%	
Total IPO Proceeds		750,000,000		464,184,254	61.89%	70,614,650	9.42%	39,311,727	5.24%	175,889,368	23.45%	

Footnotes:


- *Excise Duty of BDT 100,000, bank charge of BDT 1,939, certificate charge of BDT 200, VAT of BDT 2,056, RTGS charge of BDT 909, cheque issuance charge of BDT 12,000 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 April 2024 and signed for and on behalf of the Board.
- The total utilization of the IPO Proceeds stands at Tk. 574,110,632 as on 31.03.2024 out of which an amount of Tk. 38,060,751 involves advance payment. The unadjusted advance paid in previous quarters has been reported at Tk. 21,745,216.

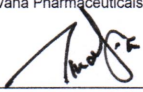

Md. Abu Hurayra, FCA
 Chief Financial Officer
 Navana Pharmaceuticals PLC


Dr. Sayeed Ahmed
 Director
 Navana Pharmaceuticals PLC


Kazi Ahmed Monwar, FCA
 Managing Partner
 Enrolment Number: 822
 K M Alam & Co.
 Chartered Accountants

Place: Dhaka
 Date: 08 April 2024


Lorens Shamol Molllick FCS
 Company Secretary
 Navana Pharmaceuticals PLC


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





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