CREDIT RATING REPORT ON NAVANA PHARMACEUTICALS PLC

RATING REPORT CONTENTS

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[FORM-IX] [Rule 10(8) A(g)]

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EXECUTIVE SUMMERY ELEVENTH (11th) SURVEILLANCE RATINGS OF NAVANA PHARMACEUTICALS PLC

Declaration Date	02.12.2024	17.12.2023	
Long Term Entity Rating	AA (Double A)	AA (Double A)	
Short Term Entity Rating	ST-2	ST-2	
Outlook	Stable	Stable	
Expiry Date	01.12.2025	16.12.2024	

Bank Loan Ratings ^a Short Term ST-2			

Note: The Company is availing funded and non-funded facilities from Al-Arafah Islami Bank PLC (VIP Road Branch), Dhaka Bank PLC (Banani Branch) Shimanto Bank PLC (Corporate Head Office) Community Bank Bangladesh PLC (Head Office), Bengal Commercial Bank PLC (Dilkusha Islami Banking Branch), Standard Chartered Bank Limited (Gulshan Branch), Prime Bank PLC (Gulshan Branch), City Bank PLC. (Head Office), IPDC Finance PLC (Head Office, Dhaka), and IDLC Finance PLC (Gulshan Branch)

"BLR is valid for one year for long term loan and for short term loan up to 365 days or according to the tenure of the loan whichever is earlier.

PERFORMANCE HIGHLIGHTS

Particulars	FY 2023-24	FY 2022-23
Total Assets (TK in Million)	11,303.70	9,589.74
Total Equity (TK in Million)	4,561.10	4,372.45
Net Revenue (TK in Million))	6,898.22	5,706.16
Net Profit (TK in Million)	404.63	356.95
Operating Margin (%)	14.75	13.05
Net Profit Margin (%)	5.87	6.26
EBITDA (TK in Million)	1,178.65	834.63
ROA (%)	3.87	4.28
ROE (%)	9.06	9.09
Current Ratio (X)	0.87	0.99
DSCR (X)	2.09	2.90
Debt to Total Capital (%)	54.10	49.75

ST	RENGTHS
•	Experience of the promoters in the related business
•	Owned manufacturing unit with adequate production capacity
•	Satisfactory turnover, profitability, asset base & EBITDA
	Sound banking transaction
	Notable export performance
	Rich Research & Development wing
CI	IALLENGES
•	Ensuring best quality products with highest customer satisfaction
	Reducing dependency on external financing
	Improving liquidity position
	Improving asset utilization capacity
•	Minimizing exchange rate risk

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Declaration Date	02.12.2024
Long Term Entity Rating	AA (Double A)
Short Term Entity Rating	ST-2
Outlook	Stable
Expiry Date	01.12.2025

Bank Loan Ratings ^a			
Short Term ST-2			
Long Term	AA		

Note: The Company is availing funded and non-funded facilities from Al-Arafah Islami Bank PLC (VIP Road Branch), Dhaka Bank PLC (Banani Branch) Shimanto Bank PLC (Corporate Head Office) Community Bank Bangladesh PLC (Head Office), Bengal Commercial Bank PLC (Dilkusha Islami Banking Branch), Standard Chartered Bank Limited (Gulshan Branch), Prime Bank PLC (Gulshan Branch), City Bank PLC. (Head Office), IPDC Finance PLC (Head Office, Dhaka), and IDLC Finance PLC (Gulshan Branch)

^aBLR is valid for one year for long term loan and for short term loan up to 365 days or according to the tenure of the loan whichever is earlier.

RATING BASIS

Ratings are based on six years' **audited** financial statements up to **June 30, 2024** along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. NCR has followed Corporate Rating and Bank Loan Rating Methodology published in its website.

RATING DEFINITION

AA (Double A) rating indicates very strong credit quality.

ST-2 rating indicates above average ability to meet short term financial commitments.

DEFINITION OF OUTLOOK

Stable indicates that rating may remain unchanged as existing fundamentals may remain unchanged in near future.

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RATING RATIONALE

Navana Pharmaceuticals PLC has been awarded with the above mentioned ratings in short term and long term with stable outlook. While assigning the ratings, the rating committee has considered both financial and non-financial parameters to measure the efficiency, performance, financial soundness and future prospects of the company. Moreover, the ratings have also highlighted qualified BoD, adequate experience of the promoters, skilled management team, strong presence of the company in competitive market along with existing rich customer base around the globe. Moreover, increased turnover, satisfactory EPS, appreciable ROA & ROE along with increased total asset base have also been considered duly by the rating committee while assigning the surveillance ratings of the company.

Despite having some affirmative factors, inadequate liquidity position, excessive financial obligations indicated, negative working capital management and weak asset utilization capacity have confined the ratings of the company. Moreover, undesirable volatility in foreign exchange rate, ongoing armed conflict between Russia & Ukraine causing high price hike of raw materials in the international market along with the possibility of increasing cost due to obligation to retain the compliance issues have also been taken into account during assigning the ratings.

The Bank Loan Ratings (BLR) have been assigned considering the factors like utilization of credit facilities, security coverage & the recovery prospects besides the concern's potential strength to meet financial obligations, originated from currently availing facilities, besides the proprietors' strength to meet financial obligations in adverse situation of the concern.

RATING OUTLOOK

NCR, taking the historical business performance, socio-economic aspects, industry growth potential in the regional area and the concern's ability to tap the opportunity and its reflection on forthcoming years' turnover, profitability, coverage indicators, liquidity parameters and external obligation meeting capacity into consideration, judges the outlook of the concern to be "**Stable**" as the concern may be able to retain its existing fundamentals which will favor to reaffirm the rating in foreseeable future.



1.0 BUSINESS OVERVIEW

1.1 Navana Pharmaceuticals PLC (hereinafter referred as 'NPPLC' or The Company) was first incorporated as a Private Limited Company on March 31, 1986 under the Company Act of 1913 which was later replaced by the Companies Act 1994. Later on December 30, 2021 the company has been transformed to Public Limited Company and has been listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on October 11 and October 12, 2022 respectively. Authorized capital of the company is TK 2,000.00 million divided by 200.00 million ordinary shares and the paid up capital stood at 1,074.16 million as on 30 June, 2024. The company operates under the drug license from Directorate General of Drug Administration.

1.2 Navana Pharmaceuticals PLC. produces both human and animal drugs comprising Tablet, Syrup, Powder, Cream, Oral Solution, Capsule, Gel, Ointment, Drops, and Suppository of various trade names. Some of NPPLC's products are exported to different countries like Myanmar, Vietnam, Sri Lanka, Cambodia, Togo, Georgia and Kenya. The current production capacity of the company is follows:

Deceme Form	UOM	Utilization	Installed Capacity	Actual Production
Dosage Form			Yearly	Yearly
Tablet, Capsule, Syrup, Bolus	Pcs.	98%	18,219,978	17,775,311
Liquid, PFS, Oral Solution	Bottle	53%	5,858,751	3,077,637
Powder	Container/Sachet	88%	6,289,701	5,546,538
Nasal Drops, Nasal Spray, Eye Drops	Dropper	95%	582,023,048	551,050,220
Ointment, Cream	tube	21%	205,974	42,871
Injection	Vial	90%	3,051,298	2,755,416
Total			615,648,750	580,247,993

1.3 Veterinary Division of NPPLC started operation in the year 2002. The division produces various range of Veterinary Products which includes Poultry, Large Animal and Aqua. These products are sold in the local market. The division is working as international partner of following companies: LAPROVET (France), Novus International Pte. Ltd. (USA), Polymix B. V. (Holland), Anpario PLC (UK), BASF (Germany), AJINOMOTO (China), CJBIO (Korea), ew nutrition (Germany), Morningbio (Korea), Alphatech (France), Zenex (India), Tech Agro (Greece), Sanzyme (India), Bewital Agni (Germany).

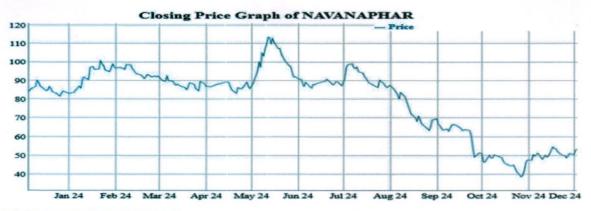
1.4 Corporate office of the company is located at House 99, Road 4, Block B, Banani Dhaka -1213, while the manufacturing plant is established at 1071, 1073, North Rupshi, Tarabo Municipality, Rupganj, Narayanganj on 834.00 decimals own land constructed as per standard of WHO-cGMP, clean room technology, segregate air-handling system and safe engineering technology.

1.5 Shares of the company are traded under "A" category in both the stock exchange. Face value of each share is TK 10.00. Last Annual General Meeting of the company held on December 28, 2023 and upcoming Annual General Meeting will be held on December 31, 2024. The Board has recommended 14.00% Cash Dividend only general shareholders for the year ended June 30, 2024. The Company has also reported EPS is TK 3.77, NAV per share is TK 42.46 and NOCFPS of TK is TK 6.58 for the year ended on June 30, 2024 against EPS TK 3.59, NAV per share TK 40.71 and NOCFPS of TK 1.80 respectively for the same period of the previous year. The following graph reveals the closing price of NPPLC's stock at DSE over a period of last one year:

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Reference: Agreement dated 03.11.2022 with Navana Pharmaceuticals PLC

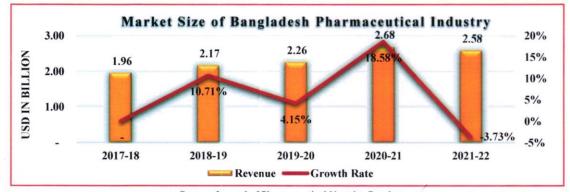


2.0 INDUSTRY RISK ANALYSIS

2.1 Pharmaceutical is one of the most flourishing and promising sectors of Bangladesh. Since the promulgation of drug control ordinance in 1982, the sector has been booming. In the last five years (2017-18 to 2021-22), the sector has grown at a CAGR of 5.65 percent. Currently, the size of the industry is USD 2.58 billion and expected to be USD 6.00 billion by 2025. Brief overview of pharmaceutical industry along with market size and growth trend is given below:

Particulars	Details
Market Size (2021-22)	USD 2.58 billion
CAGR of Market Size (2017-18 to 2021-22)	5.65%
Local Demand Met by the Industry	98% (Approx.)
GDP Contribution	1.83%
Export (FY 2022-23)	USD 175.42 million
Contribution to Total Export (FY 2022-23)	0.32%
CAGR of Export (FY 2018-19 to FY 2022-23)	6.18%
No. of Allopathic Manufacturers	302
No. of Registered Drugs (Allopathic)	34,690
No. of Unani Manufacturers	285
No. of Registered Drugs (Unani)	8,181
No. of Ayurvedic Manufacturers	205
No. of Registered Drugs (Ayurvedic)	4,962
No. of Herbal Manufacturers	39
No. of Registered Drugs (Herbal)	838

Source: Bangladesh Association of Pharmaceutical Industry (BAPI), Directorate General of Drug Administration (DGDA), Export Promotion Bureau (EPB), EBL Securities Ltd. (EBLSL), Journal of Pharmaceutical Negative Results



Source: Journal of Pharmaceutical Negative Results

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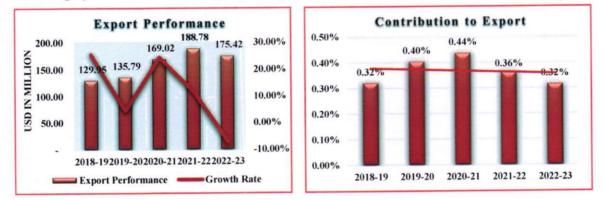
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2.2 Increased per capita income, health consciousness among people, unconditional tax holiday to all APIs and laboratory reagents producers, waivers on Advance Income Tax (AIT) and Tax Deducted at Source (TDS), waivers on VAT, 20% cash incentive for producers who add at least 20% value, 12-year tenure of term loans for factories and equipment, priority in getting land at the industrial parks and economic zones are the impetuses which have been helping the pharmaceutical industry to have such growth. Currently, the industry can meet 98 percent of local demand. Remaining 2 percent imported drugs are mainly vaccines, anticancer products and hormone drugs. 80% of the drugs produced in Bangladesh are generic drugs, rest 20% are patented drugs. Local manufacturers capture 90 percent of the market whereas the remaining 10 percent is captured by the multinational companies.

2.3 Bangladesh signed Trade-Related Aspects of Intellectual Property Rights (TRIPS) in 1995 with the World Trade Organization (WTO). Under this agreement, Least Developed Countries (LDCs) get the benefit of manufacturing or reverse-engineering patented medicines as well as reducing costs. After the third extension of validity of the agreement, Bangladesh can now manufacture patented medicines till 2033. This facility is also one of the major reasons behind the growth of the pharmaceutical industry of the country. Along with meeting the local demand, the industry is also contributing to export earnings. Bangladesh now exports pharmaceutical items to more than 150 countries. The country mainly exports generic medicines. 5 to 7 companies of the country got approval from top regulatory bodies around the world and the industry hopes to occupy 10 percent of the global generic medicine market. In the supply side, 95 percent of all Advanced Pharmaceutical Ingredients (API), most important material for pharmaceutical formulation, are imported mainly from China, South Korea and India. According to Bangladesh Investment Development Authority (BIDA), the country produce around 40 API molecules. Reduction of dependency on imports of API is essential for cost minimization and achievement of self-sufficiency. An API Park is being constructed in Munshiganj with a view to reducing import dependency to 80 percent by 2032.



Source: Export Promotion Bureau (EPB)

2.4 Pharmaceutical industry has the potential to be the next multi-billion-dollar industry of Bangladesh and the country is on the right track. From favorable policy support to TRIPS agreement, everything is pushing the industry forward. However, the country is in the way to be graduated to a developing country from least developed country. The facility of TRIPS agreement may not be available after the graduation. So, the country must focus on research and development to produce more patented drugs. Investment in the education sector to produce qualified and technical personnel for the industry should be increased to support the growing industry. Besides, development of backward industry is another important issue to fuel the expanding industry.

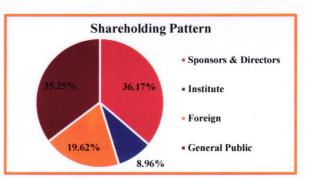


3.0 BUSINESS RISK

Reference:

3.1 OWNERSHIP STRUCTURE

At present, majority of the shares (36.17%) are being held by the sponsors & directors. And, different institutes & foreign investors are holding 8.96% & 19.62% of the total shares respectively. The remaining 35.25% shares are currently being held by general public. The adjacent graph portrays the shareholding structure of the company as on October 31, 2024:



3.2 CORPORATE GOVERNANCE

The company's BOD comprises of twelve members including three independent directors. All the members have experience in businesses. The board is responsible for policy formulation and overseeing the management functions. The BOD is a key source of guidance to the management. Brief profile of the board members is given below:

Name	Designation	Educational Qualification	Experience
Professor Dr. Sarder A. Nayeem	Chairman	Bachelor of Medicine and Bachelor of Surgery (MBBS) & Ph.D. in Surgery	40 Years
Professor Dr. Md. Jonaid Shafiq	Managing Director	Bachelor of Medicine and Bachelor of Surgery (MBBS), Research Fellowship of Kyushu University, Japan, Ph.D in Anesthesiology	40 years
Dr. Sayeed Ahmed	Deputy Managing Director	Bachelor of Medicine and Bachelor of Surgery (MBBS)	24 years
Mr. Javed Kaiser Ally	Director	Masters of Business Administration (MBA)	31 years
Mrs.Tarana Ahmed	Director	Bachelor of Arts (B.A)	24 years
Mrs. Masuma Parvin	Director	Masters of Arts (M.A)	15 years
Mr. Mohammad Arife Billah (Bar-At-Law)	Independent Director	Post-graduation in Accounting & Fellow Chartered Secretary	16 years
Professor Mohammad Shofiqul Islam	Independent Director	Master's in Business Administration (MBA) & Master of Commerce (M. Com)	24 Years

3.3 MANAGEMENT

3.3.1 The management team is organized with a good blend of young and experienced personnel from different professional background which includes Pharmacists, Engineers, Accountants, Secretary, Marketing, Medical Regulatory Specialist, Business Development Executive and Market Research Specialist. Professor. Dr. Md. Jonaid Shafiq, Managing Director of NPPLC, has vast experience in pharmaceutical sector.

3.3.2 The organizational structure of the company is divided into Seven (7) functional divisions, namely: (1) Factory (2) Finance & Accounts Department (3) Sales & Marketing Department (4) Distribution Department (5) Administration & IT Department (6) Commercial & Purchase Department, 7) Secretarial Department. All the divisions are supervised by the Professor. Dr. Md. Jonaid Shafiq, Managing Director of the company. The heads of the divisions have the capability to promote and run the business smoothly. NPPLC offers good compensation packages to its employees including festival bonus and efficiency bonus etc.

3.3.3 As on June 30, 2024, there are 3,560 officers and workers employed in the factory, office and filed level. The details of the key professionals of the management team are given below:



Name	Designation	Department	Qualification	Experience
Professor. Dr. Md. Jonaid Shafiq	Managing Director	Lead all over the Company	Bachelor of Medicine and Bachelor of Surgery (MBBS), Research Fellowship of Kyushu University, Japan, Ph.D in Anesthesiology	40 years
Dr. Sayeed Ahmed	Deputy Managing Director	Marketing, Sales	Bachelor of Medicine and Bachelor of Surgery (MBBS)	24 Years
Mr. Shamim Rabbani	Operations Director	Administration	Post-graduation in Pharmacy	38 Years
Mr. Hassan Shahid Sarwar FCA	Finance Director & CFO	Finance & Accounts	Post-graduation in Accounting & Fellow Chartered Accountant	29 Years
Mr. Mustafa Khalid Shams	Sr. General Manager	Head of Plant	Post-graduation in Pharmacy	36 Years

3.4 **OPERATIONAL RISKS**

The company is exposed to other risks associated with the operation. The operational risks are:

3.5 INTERNAL CONTROL SYSTEM

NPPLC offers good compensation packages to its employees including festival bonus, production bonus, medical expense, maternity benefits, holiday allowance, tiffin bills etc. With the motivation and support of their executives and workers, they look forward to attain sustainable growth. The company has written HR policy for the employees. The company abides by the labor law 2006 and actively encourages employee involvement in company's business through various types of benefits. According to the HR Policy they provide Health care facilities (first aid facilities, In House Medical treatment, Outside medical Treatment including emergency ambulance service), Maternity facilities (Maternity Treatments, Maternity awareness Program, and Maternity leave) and Group Insurance Facility. Moreover, the company also abides by self-designed as well as international standard policies like Discrimination Policy Health & Safety Policy, Wastage policy, Child-Care Policy, Harassment & Abuse Policy, Canteen Management Policy, Grievance policy Anti-Forced Labor Policy, Child Labor Policy, Career Development Policy, Remediation of Child labor Policy, Anti-Corruption and Anti-Bribery Policy for maintaining an excellent working environment ensuring human, workers and employee right.

3.5.1 COMPLIANCE AND QUALITY ISSUES

The company complies with all legal and compliance requirements for producing best quality product under good manufacturing practices. Trade license, environmental clearance, fire license, drug license, eGMP license all are up to date. Moreover, NPPLC has a detailed Quality Control Policy complying with International Standard requirements of ISO 9001:2000 through continually developed Human Resource. The company is committed to comply with WHO cGMP standard and follow local drug regulatory norms in every phase of product development, manufacturing, quality assurance and distribution of medicine

3.5.2 INFRASTRUCTURAL RISK

The company has sufficient number of machineries to start its manufacturing unit. The company has a wellequipped quality control department with branded machinery. Stringent quality control measures are adopted to make sure consistent fine quality products are manufactured. The concern has 64 private cars, 07 microbus and 62 covered vans to smoothen the transportation purpose. The factory premise of NPPLC has 01 main entry and exits points. NPPLC has required fire equipment's to take appropriate measures against fire exposure i.e. central fire hydrant system, PA system, fire door, gas musk etc.



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3.5.3 UTILITY RISK

The company meets its electricity requirements from REB (Narayanganj Palli Bidyut Samity) & uses 04 diesel generators with total capacity of 2375 KVA to support the backup power requirement.

3.5.4 ENVIRONMENTAL RISK

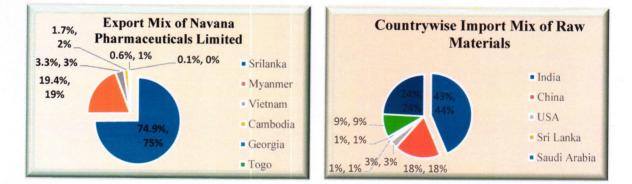
To ensure pollution free environment the company has setup 01 effluent treatment plant 10,000 liter per day and 02 Water Treatment Plant with total capacity of 3,000 liter per hour.

3.5.5 INFORMATION TECHNOLOGY

NPPLC uses advanced Information Technology for MIS reporting. The company exercises ERP system. In addition the company uses manual system for handling procurement, production, inventory management and the other activities.

3.5.6 PROCUREMENT AND SALES RISK

The company sources raw materials from the local and international markets. The major sourcing countries are India, China, USA, Sri Lanka, SE Asia, and Europe. Again, NPPLC is exporting to five major countries besides serving the local market. Export and import composition to different countries are presented in the graph below:



3.6 QUANTITATIVE ANALYSIS

Particulars	FY 2023-24	FY 2022-23	
Turnover (TK in Million)	6,898.22	5,706.16	
Turnover Growth (%)	20.89	19.91	
Cost To Revenue Ratio (%)	54.41	54.28	
Gross Margin (%)	45.59	45.72	
Operating Margin (%)	14.75	13.05	
Net Profit Margin (%)	5.87	6.26	
ROA (%)	3.87	4.28	
ROE (%)	9.06	9.09	

3.6.1 Financial analysis is based on six years audited financial statements up to june 30, 2024. Turnover of the company increased to TK 6,898.22 million in FY 2023-24 from TK 5,706.16 million in FY 2022-23. Turnover grew by 20.89% in FY 2023-24.

3.6.2 Profitability parameters of the company was satisfactory over the last few years of operation. The net profit increased to TK 404.63 million in FY 2023-24 from TK 356.95 million in FY 2022-23.

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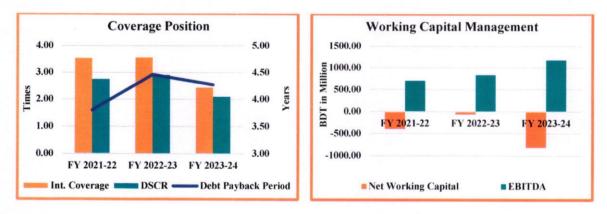
4.0 FINANCIAL RISKS

Particulars	FY 2023-24	FY 2022-23
EBITDA (TK in Million)	1,178.65	834.63
Current Ratio (X)	0.87	0.99
DSCR (X)	2.09	2.90
Debt Payback Period (Years)	4.27	4.46
Cash Conversion Cycle (Days)	121.07	114.35
Debt to Total Capital (%)	54.10	49.75
Total Assets (TK in Million)	11,303.70	9,589.74

4.1.1 Debt service coverage ratio remained adequate but fell to 2.09 times in FY 2023-24 from 2.90 times in FY 2022-23 since the finance cost of the company grew at a greater rate compared to EBITDA. The prime liquidity indicator, current ratio, was unfavorable and further deteriorated to 0.87 times in FY 2023-24 from 0.99 times in FY 2022-23.

4.1.2 Cash conversion cycle of the company elongated to 121 days in FY 2023-24 from 114 days in FY 2022-23 depicting declined efficiency of the company in the management of inventory and receivables. Net working capital of the company was negative and stood at TK (814.39) million in FY 2023-24 against TK (65.55) million in FY 2022-23.

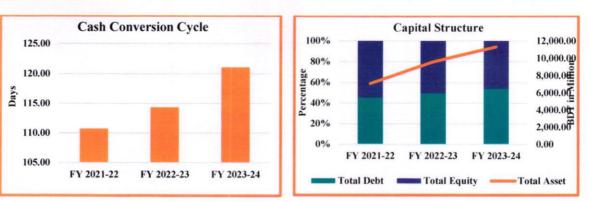
4.1.3 Capital structure of the company was composed of 54.10% debt and 45.90% equity at the end of the financial year. Capital structure of the company was highly dependent on debt finance. Total asset base increased to TK 11,303.70 million in FY 2023-24 from TK 9,589.74 million in FY 2022-23.



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Reference: Agreement dated 03.11.2022 with Navana Pharmaceuticals PLC



4.2 CREDIT FACILITIES

NPPLC is enjoying credit facilities from Al-Arafah Islami Bank PLC. (VIP Road Branch), Dhaka Bank PLC. (Banani Branch) Shimanto Bank PLC. (Corporate Head Office) Community Bank Bangladesh PLC. (Head Office), Bengal Commercial Bank PLC. (Dilkusha Islami Banking Branch), Standard Chartered Bank Limited (Gulshan Branch), Prime Bank PLC. (Gulshan Branch), City Bank PLC. (Head Office) IPDC Finance PLC. (Head Office, Dhaka), and IDLC Finance PLC. (Gulshan Branch). The details of the credit facilities are given as below:

Name of Bank	Nature of Facility	Limit	Outstanding*	(TK in Million) Purpose
	L/C (Foreign- Sight/Deferred/UPAS)	1,500.00	113.13	 To import raw materials of medicine, packing materials, spare
	Bills			parts and accessories
	MPI-TR	(350.00)	259.18	To retire goods to be imported
	Bai-Muazzal	850.00		To procure raw materials of
Al-Arafah Islami Bank PLC	Specific Bai Muazzal (LC blocked)	140.00	489.31	medicine, packing materials, spare parts and accessories
(VIP Road Branch,	MDB/MDB-FC	20.00	NILL	 To purchase Local/Foreign Bill
Dhaka)	Bank Guarantee	20.00	10.38	 To provide performance guarantee for participating in tenders
	HPSM (Transport)	150.00	62.43	 To procure vehicles from local market
	HPSM (Machinery)	227.00	101.48	 To import machinery
	Rev. L/C (Sight, UPAS)	300.00	Nil	 To import raw materials of medicine, packing materials, spare parts and accessories
	Rev. Sub. LTR	(285.00)	Nil	 For retirement of import/shipping documents
Dhaka Bank PLC (Banani Branch)	Revolving STL (Local Procurement)	(100.00)	Nil	 To procure raw materials from local sources
	Revolving STL (Selling & Distribution)	(100.00)	91.02	 To meet up selling & distribution related expenses.
	Rev. OD	180.00	178.42	 To meet working capital requirements
	Rev. TMLN (Salary, Wages etc.)	95.00	95.63	 To meet up urgent requirements of fund to pay wages, salary & additional factory overhead expenditure to run the factory
	Rev. TMLN (Duty, VAT)	15.00	15.31	 To pay Duty, VAT, ALT etc.
	Rev. Bank Guarantee	10.00	Nil	 To issue bank guarantee favoring utility authorities, custom authorities etc.
	Time Loan (One-off)	100.00	92.43	• -

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	L/C (Sight/Deferred/ UPAS)	100.00	NIL	 To import raw materials, Packaging materials, spare part and accessories
Shimanto Bank	LTR	(50.00)	21.37	 To retire the import documents
PLC (Corporate Head	Time Loan-I	10.00	NIL	 For payment duty, Tax, and other expense
Office)	Time Loan-II	40.00	41.04	 To procure raw materials and packaging materials
	OD	250.00	252.56	 To meet up day to day operational expenses
	L/C(Foreign/Local- Sight/Deferred/UPAS)	150.00	NIL	 To import the raw materials and others business related items
	Acceptance	150.00	NIL	•
	LTR	(135.00)	NIL	To retire Sight LC Documents
Community Bank PLC	Time Loan (One-Off)	(135.00)	118.86	•
(Head Office)	BG (Bid/PG)	10.00	2.70	 Tom provide the guarantee against different works orders
	Time Loan-I	500.00	515.53	 To procure raw materials from local sources To pay different required
	Time Loan-II	60.00	62.90	 To pay different required government revenue To meet overhead and day to day
	OD	200.00	205.22	sense
	Time Loan (one Off)	50.00	51.34	
Bengal Commercial Bank	Murabaha LC	50.00	NILL	To import pharmaceuticals raw materials
PLC (Dilkusha Islami	Bai Muajjal - TR	(45.00)	47.92	To retire shipping documents
Banking Branch)	Bai Muajjal (WC)	200.00	206.48	 To procure raw materials, packing & Packaging materials To import processing for the processing of the processin
	LC (Sight/UPAS/DP)	pharmaceutical ind	 To import raw materials for pharmaceutical industry 	
-	Acceptance/ABP	(380.00)	198.78	•
-	LTR	(340.00)	NIL	To retire LC documents
	Time Loan-I	(30.00)	15.40	 To meet operational expenses To make payments of customs
	Time Loan-II	(50.00)	13.28	Duty/VAT and other similar expense
Prime Bank PLC	OD	20.00	15.45	
(Gulshan Branch)	One Of			
	LC (Sight/UPAS/DP)	231.15	Nil	 To import warehouse related equipment
	Acceptance	(231.15)	43.87	 To retire import documents
	Term Loan-I 20.00 16.13 For construction warehouse	For construction work of		
	Term Loan-II	(161.80)	28.55	 To retire import documents
	Term Loan-III	38.20	30.15	 For procurement of local equipment for warehouse
	Import LC	300.00	NILL	 For issuance of LC covering the import of goods
Standard Chartered Bank	Acceptance	(300.00)	286.75	 To provide acceptance against deferred LC
PLC	Overdraft	(20.00)	NIL	 For general operation purpose
(Gulshan Branch)	Shipping Guarantee	(150.00)	NIL	 To issue shipping guarantee
	LATR	(300.00)	NIL	 To release imported goods

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	Import Loan	(300.00)	NIL	 To release imported goods
	Import LC	210.00	NIL	 For issuance of LC covering the import of goods
	Acceptance	(210.00)	NIL	 To release imported goods
	Shipping Guarantee	(105.00)	NIL	 To secure the release of goods
IDLC Finance PLC. (Gulshan Branch)	Lease finance	36.87	19.67	 To purchase vehicles
IPDC Finance PLC	Term Loan	23.00	14.01	 To meet additional func- requirement for business expansion
(Head Office, Dhaka)	Lease Finance – Vehicle (05 Nos.)	25.00	24.59	 To purchase reconditioned vehicles
	Deferred LC/UPAS	300.00	Nil	 To procure (import or local) ray materials, reagents, finished goods packing materials
	Acceptance	(300.00)	Nil	-
	LTR	(300.00)	Nil	• To re
The City Bank PLC (Head Office, Dhaka)	RSTL 1	(100.00)	91.00	 For payment of import duty/VAT
	RSTL 2	(200.00)	203.60	 To procure raw materials packing materials etc. from loca market and to meet operationa expenses including utility an others to genuine suppliers/vendor against related invoices
	BG	5.00	Nil	 To be issued favoring customs other government agencies an utility suppliers for related purpose or for releasin containers imported.
	OD	200.00	207.10	 To meet overhead expenses administrative, promotional an marketing expenses

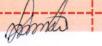
*Bank Provided Outstanding as on 30.09.2024

*Management provided liability position of Al-Arafah Islami Bank PLC including anticipated profit as on 30.09.2024

4.2.1 SECURITY ARRANGEMENT

Name of Bank	Security Collateral	Description
Al-Arafah Islami Bank PLC (VIP Road Branch, Dhaka)	Collateral	 Registered Mortgage of 644.00 decimal along with the factory building located (1,23,100.00 sft,) at Dist: Narayangonj, P.S. & S.R.O: Rupgonj, Mouza: Uttar Rupshi having forced sale value (FSV) of TK 747.50 million (As per branch valuation dated 21.10.2020)
Dhaka Bank PLC (Banani Branch)	Collateral	 Pledge of 3.00 million shares of Navana Pharmaceuticals PLC with Face Value of TK 30.00 million and Market Value of TK 246.30 million as on 11.05.2023
Shimanto Bank PLC (Corporate Head Office)	Collateral	 Pledge of 2.00 million shares of Navana Pharmaceuticals PLC with Face Value of TK 20.00 million and Market Value of TK 138.60 million as on 20.02.2023
Community Bank PLC (Corporate Branch)	Security	 Pledge of 3.00 million shares of Navana Pharmaceuticals PLC with Face Value of TK 30.00 million
Bengal Commercial Bank PLC (Dilkusha Islami Banking Branch)	Security	 Lien of shipping documents Hypothecation of stock 5% cash margin on LC Personal guarantee of the directors of the company Usual charge documents

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Agreement dated 03.11.2022 with Navana Pharmaceuticals PLC



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(Gulshan Branch) Standard Chartered Bank PLC	Collateral	 with Face Value of TK 20.00 million RM on pari-passu basis with other lenders over factory building and land measuring 472 decimals land located at Rupshi
(Gulshan Branch)	Collateral	Rupganj, Narayanganj
IDLC Finance Ltd. (Gulshan Branch)	Security	 Ownership of lease asset. One MICR cheque covering lease amount. Postdated cheque for monthly rentals Demand promissory note in cash or in shares
IPDC Finance PLC (Head Office, Dhaka)	Security	 Ownership of lease asset. One MICR cheque covering lease amount. Postdated cheque for monthly rentals Demand promissory note in cash or in shares.

	MD. ROKANUZZAMAN	MOHAMMAD MOHI UDDIN
ANALYSTS	+88-02-471201568	+88-02-471201568
	rokan@ncrbd.com	mohiuddin@ncrbd.com

Kishor Mitra Chief Rating Officer (CRO) ational Credit Ratings Ltd.

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Reference: Agreement dated 03.11.2022 with Navana Pharmaceuticals Ltd.

APPENDIX-I: RATING HISTORY

SURVEILLANCE ENT	
Date of Rating Declaration	Long Term
17.12.2023	AA (Double A)
SURVEILLANCE ENT	ITY RATING - 2023
Date of Rating Declaration	Long Term
01.08.2022	AA (Double A)
SURVEILLANCE ENTI	ITY RATING - 2022
Date of Rating Declaration	Long Term
04.12.2022	AA (Double A)
SURVEILLANCE ENT	ITY RATING - 2022
Date of Rating Declaration	Long Term
12.05.2022	AA (Double A)
SURVEILLANCE ENTI	ITY RATING – 2021
Date of Rating Declaration	Long Term
02.12.2021	AA (Double A)
SURVEILLANCE ENT	
Date of Rating Declaration	Long Term
17.08.2020	AA- (Double A Minus)
SURVEILLANCE ENTI	
Date of Rating Declaration	Long Term
25.04.2019	AA- (Double A Minus)
SURVEILLANCE ENTI	ITY RATING - 2018
Date of Rating Declaration	Long Term
28-Feb-2018	A- (Single A Minus)
SURVEILLANCE ENTI	TY RATING - 2016
Date of Rating Declaration	Long Term
16.10.2016	A+ (Single A Plus)
SURVEILLANCE ENTI	
Date of Rating Declaration	Long Term
23.04.2015	A+ (Single A Plus)
INITIAL ENTITY	
Date of Rating Declaration	Long Term
16.11.2011	A+ (Single A Plus)



	Long Term Rating Scale and Definitions	
Rating Notches	Definition	
AAA	Strongest Credit Quality	
AA+	Below Strongest Credit Quality	
AA	Very Strong Credit Quality	
AA-	Below Very Strong Credit Quality	
A+	Very Good Credit Quality	
А	Above Average Credit Quality	
A-	Moderately Good Credit Quality	
BBB+	Moderate Credit Quality	
BBB	Average Credit Quality	
BBB-	Below Average Credit Quality	
BB+	Moderately Below Average Credit Quality	
BB	Slightly Below Average Credit Quality	
BB-	Less Than Average Credit Quality	
B+	Significantly Below Average Credit Quality	
В	Weak Credit Quality	
B-	Very Weak Credit Quality	
С	Poor Credit Quality	
D	Default (Failed to meet their rated financial commitment on time or when due)	
	Short Term Rating Scale and Definitions	
Rating Notches	Definition	
ST-1	Strongest Ability to Meet Short Term Financial Commitments	
ST-2	Above Average Ability to Meet Short Term Financial Commitments	
ST-3	Average Ability to Meet Short Term Financial Commitments	
ST-4	Below Average Ability to Meet Short Term Financial Commitments	
ST-5	Well Below Average Ability to Meet Short Term Financial Commitments	
ST-6	Default (Failed to meet their short-term financial commitments)	

APPENDIX- II: RATING SCALE AND DEFINITION