

**CREDIT RATING REPORT  
ON  
NAVANA PHARMACEUTICALS LIMITED**

## RATING REPORT CONTENTS

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

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Md. Nurul Hoque  
Deputy Managing Director and COO  
National Credit Ratings Ltd.

## EXECUTIVE SUMMARY

### 9<sup>th</sup> SURVEILLANCE RATING OF NAVANA PHARMACEUTICALS LIMITED

|                          |               |               |
|--------------------------|---------------|---------------|
| Declaration Date         | 01.08.2023    | 04.12.2022    |
| Long Term Entity Rating  | AA (Double A) | AA (Double A) |
| Short Term Entity Rating | ST-2          | ST-2          |
| Outlook                  | Stable        | Stable        |
| Expiry Date              | 31.07.2024    | 03.12.2023    |

#### Bank Loan Ratings<sup>a</sup>

|            |      |
|------------|------|
| Short Term | ST-2 |
| Long Term  | AA   |

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

*<sup>a</sup>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

(TK In Million)

| Particulars                       | FY 2022-23<br>(09 month) | FY 2021-22 |
|-----------------------------------|--------------------------|------------|
| Total Assets <sup>a</sup>         | 8,893.18                 | 7,084.10   |
| Equity                            | 4,393.45                 | 3,483.05   |
| Net Turnover                      | 4,234.62                 | 4,758.71   |
| Net Profit                        | 248.54                   | 274.00     |
| Operating Margin (%)              | 13.36                    | 12.38      |
| Net Profit Margin (%)             | 5.87                     | 5.76       |
| EBITDA                            | 621.45                   | 705.70     |
| ROE (%)                           | 6.31                     | 8.07       |
| ROA (%)                           | 3.11                     | 4.46       |
| DSCR (X)                          | 2.85                     | 3.52       |
| Current Ratio (X)                 | 1.05                     | 0.88       |
| Net Debt/( Net Debt + Equity) (%) | 46.66                    | 45.46      |

#### STRENGTHS

- Experience of the promoters in the related business
- Owned manufacturing unit with huge production capacity
- Satisfactory turnover, asset base & EBITDA
- Positive operating cash flow
- Transparent banking performance
- Notable export performance
- Rich Research & Development wing

#### CHALLENGES

- Ensuring best quality products with highest customer satisfaction
- Reducing dependency on external financing
- High global and local market competition
- Improving asset utilization capacity
- Post pandemic and war induced economic crisis
- Timely servicing of financial obligations

**Md. Nurul Hoque**  
 Deputy Managing Director and COO  
 National Credit Ratings Ltd.

|                          |               |
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**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 3rd Quarter- 2023 (09 months) of March 31, 2023 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 Methodology and Bank Loan Rating Methodology of NCR published in our website. It is pertinent to mention that FY 2022-23 in the report will refer 09 month’s performance of the company from July 01, 2022 to March 31, 2023.

**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.

**Md. Nurul Hoque**  
Deputy Managing Director and COO  
National Credit Ratings Ltd.

**RATING RATIONALE**

NCR has reassigned the ratings of Navana Pharmaceuticals Limited after duly analyzing the financial as well as non-financial parameters of the company. The ratings have been supported by satisfactory business performance represented by large volume of operation & strong ability to utilize the capacity, use of modern machineries & technologies, favorable industry prospect, diversified supplier and customer base, experienced management team, diversified product line along with expert research and development team, owned manufacturing unit and serving the local as well as international market. Moreover, satisfactory compliance issues such as GMP license, drug license, sufficient fire safety equipment & precautionary activities, providing regular training to the employees and workers and environment friendly manufacturing unit have been taken into account while assigning the ratings. Numerically, the ratings have been supported by good financial profile epitomized by growth in turnover, asset base & EBITDA, improvement in bottom line profit margin, high debt absorption capacity, positive cash flow from operations, moderate export performance, transparent banking performance and moderately levered capital structure of the company. The ratings are, however, constrained to some extent by weak liquidity position excessive financial obligations and below standard asset utilization capacity. Moreover, high price hike of raw materials in the international market, high exchange rate fluctuation and global economic devastation were also taken into consideration while 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, 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 Limited (hereinafter referred as 'NPL' 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 whereas the paid up capital stood at 1,073.79 million divided by 107.38 million outstanding shares as on March 31, 2023. The company operates under the drug license from Directorate General of Drug Administration.

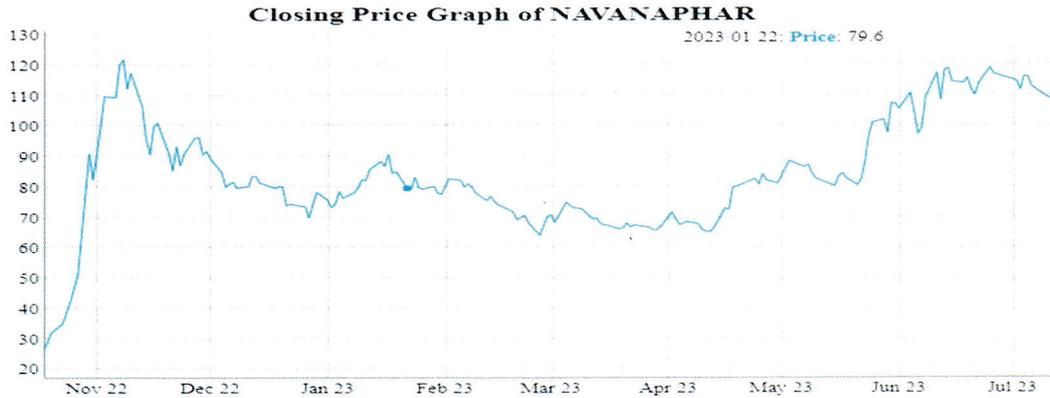
**1.2** Navana Pharmaceuticals Limited produces both human and animal drugs comprising Tablet, Syrup, Powder, Cream, Oral Solution, Capsule, Gel, Ointment, Drops, and Suppository of various trade names. Some of NPL's products are exported to different countries like Myanmar, Vietnam, Sri Lanka, Cambodia,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

| Dosage Form                         | UOM     | Utilization | 2021-22            |                    |
|-------------------------------------|---------|-------------|--------------------|--------------------|
|                                     |         |             | Installed Capacity | Actual Production  |
|                                     |         |             | Yearly             | Yearly             |
| Tablet, Capsule, Syrup, Bolus       | Pcs.    | 95%         | 580,343,048        | 549,370,220        |
| Liquid, PFS, Oral Solution          | Pcs.    | 53%         | 5,858,751          | 3,077,637          |
| Powder                              | Pcs.    | 83%         | 4,399,701          | 3,656,538          |
| Nasal Drops, Nasal Spray, Eye Drops | Dropper | 95%         | 6,736,858          | 6,292,191          |
| Ointment, Cream                     | Vial    | 21%         | 205,574            | 42,871             |
| Injection                           | Bottle  | 90%         | 2,931,298          | 2,635,416          |
| Total                               |         |             | <b>600,475,630</b> | <b>565,074,873</b> |

**1.3** Veterinary Division of NPL started operation in the year 2002. The division produces various range of Animal Health 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: Montajat Pharmaceuticals Co. Ltd., (Saudi Arabia), Meriden Animal Health (UK), LAPROVET (France), Novus International Pte. Ltd. (Singapore), Polymix B. V. (Holland), Anpario PLC (UK), BASF (Germany), Zoetis (India), AJINOMOTO (China).

**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 Rupshi, 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 in December 22, 2022. The Board of Directors approved 11.00% Cash Dividend for the year ended June 30, 2022. The Company has also reported Consolidated EPS is TK 3.42, NAV per share is TK 43.41 and NOCFPS of TK is TK 2.48 for the year ended on June 30, 2022 as against EPS TK 2.52, NAV per share TK 41.19 and NOCFPS of TK 1.52 respectively for the same period of the previous year. The following graph reveals the closing price of NPL's stock at DSE over a period of last one year:

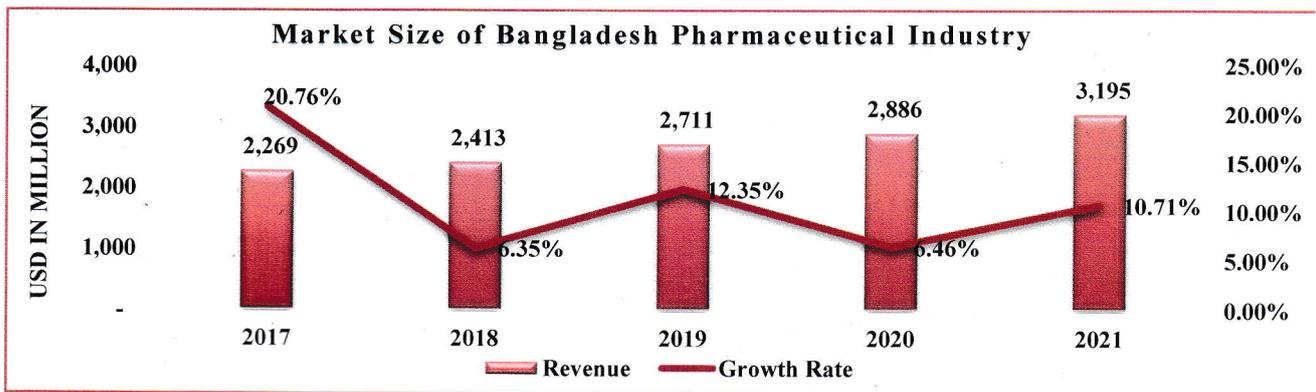


**2.0 INDUSTRY RISK ANALYSIS**

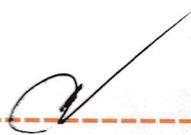
**2.1** Pharmaceutical is one of the most flourishing and promising sectors of Bangladesh. Since the promulgation of drug control ordinance in 1982, the sector has been booming. In the last five years (2017 to 2021), the sector has grown at a CAGR of 7.08 percent. Currently, the size of the industry is USD 3.20 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            |
|---|--------------------|
| Current Market Size                       | USD 3,195 million  |
| CAGR of Market Size (2017 to 2021)        | 7.08%              |
| Local Demand Met by the Industry          | 98% (Approx.)      |
| GDP Contribution                          | 1.83%              |
| Total Export (FY 2021-22)                 | USD 188.78 million |
| Contribution to Total Export (FY 2021-22) | 0.36%              |
| CAGR of Export (FY 2017-18 to FY 2021-22) | 12.78%             |
| No. of Allopathic Manufacturers           | 289                |
| No. of Registered Drugs (Allopathic)      | 32,558             |
| No. of Unani Manufacturers                | 285                |
| No. of Registered Drugs (Unani)           | 7,841              |
| No. of Ayurvedic Manufacturers            | 203                |
| No. of Registered Drugs (Ayurvedic)       | 4,678              |
| No. of Herbal Manufacturers               | 37                 |
| No. of Registered Drugs (Herbal)          | 732                |

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

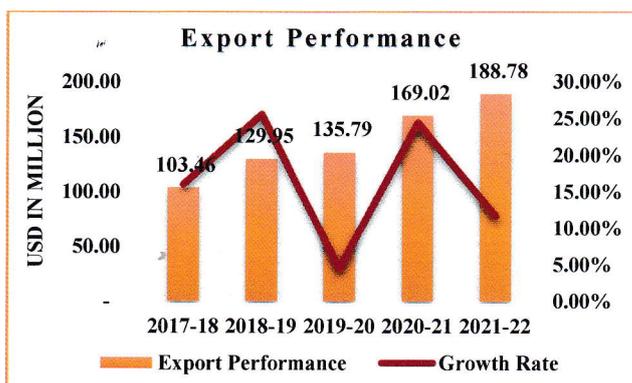


Source: Bangladesh Association of Pharmaceutical Industry (BAPI)



**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, anti-cancer 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 around 144 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 imports approximately USD 600 million of API in FY 2018-19. At present, 26 of API producers of 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.



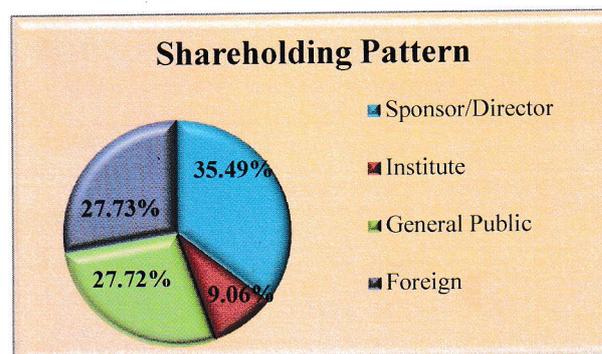
Source: Export Promotion Bureau (EPB)

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

#### 3.1 OWNERSHIP STRUCTURE

The major portion of the shares is held by sponsors (35.49%) of the company and rest outstanding shares is held by general public (27.72%) Foreign (27.73%) & institutions (9.06%) as on June 30, 2023. The distribution of share of Navana Pharmaceuticals Limited is depicted in the adjacent graph:



#### 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 |
|------------------------------------|----------------------|--|------------|
| Mr. Anisuzzaman Chowdhury          | Chairman             | Graduate in Business Administration from Palm Beach Atlantic College of USA  | -          |
| Professor Dr. Md. Jonaid Shafiq    | Managing Director    | MBBS, Research Fellowship of Kyushu University, Japan, PhD in anesthesiology | 41 years   |
| Mrs. Imrana Zaman Chowdhury        | Director             | Master's in Business Administration  | 11 years   |
| Dr. Zahara Rasul MD, CCFP FCFP     | Director             | CCFP and FCFP from Canada, MBBS  | 16 years   |
| Mr. Javed Kaiser Ally              | Director             | Bachelor of Business Administration in Finance                               | 32 years   |
| Mrs. Tarana Ahmed                  | Director             | BA   | 23 years   |
| Dr. Sayeed Ahmed                   | Director             | MBBS   | 21 years   |
| Mrs. Masuma Parvin                 | Director             | Masters of Public Administration, University of Dhaka                        | 14 years   |
| Mohammad Bul Hassan, FCS           | Independent Director | Chartered Secretary, Post Graduate in Accounting from University of Dhaka    | 28 years   |
| Khondaker Sabbir Mohammad Kabir    | Independent Director | Master's in Business Administration  | 31 years   |
| Mohammad Arife Billah (Bar-at-law) | Independent Director | MSS in Criminology & Criminal Justice, DU, Barrister-At-Law                  | 15 years   |

#### 3.3 MANAGEMENT

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

The organizational structure of the company is divided into six 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. NPL offers good

compensation packages to its employees including festival bonus and efficiency bonus etc. At present, there are 2,925 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            | -                      | PhD, MBBS     | 41 years   |
| Mr. Javed Kaiser Ally            | Director Finance             | Finance & Accounts     | MBA           | 32 Years   |
| Dr. Sayeed Ahmed                 | Director Sales and Marketing | Marketing, Sales       | MBBS          | 21 Years   |
| Mr. Shamim Rabbani               | Director Operations          | Administration         | M. Pharm      | 37 Years   |
| Mr. Md. Abu Hurayra FCA          | Chief Financial Officer      | Finance & Accounts     | FCA, M.Com    | 22 Years   |
| Mr. Joynul Abedin ACS            | Company Secretary            | Company Secretariat    | ACS, M.A,     | 17 Years   |
| Mr. Mustafa Khalid Shams         | Sr. General Manager          | Factory Administration | M. Pharm      | 37 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

NPL 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, Environmental Safety Policy, Leave Policy & Maternity Facility, Working Hour & Over Time 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, NPL 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 well-equipped 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 NPL has 01 main entry

and exits points. NPL 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.

**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**

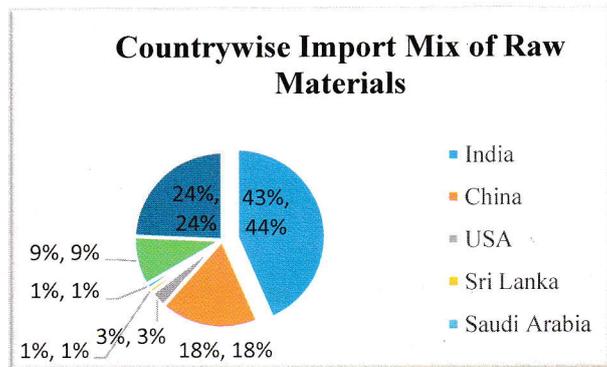
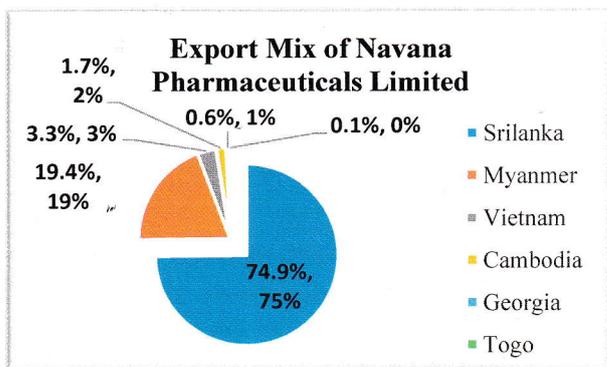
To ensure pollution free environment the company has setup 01 effluent treatment plant 10,000 liter per day and 02 Water Treatment Plant with total capacity of 3,000 liter per hour.

**3.5.5 INFORMATION TECHNOLOGY**

NPL 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, NPL is exporting to five major countries besides serving the local market. Export and import composition to different countries are presented in the graph below:



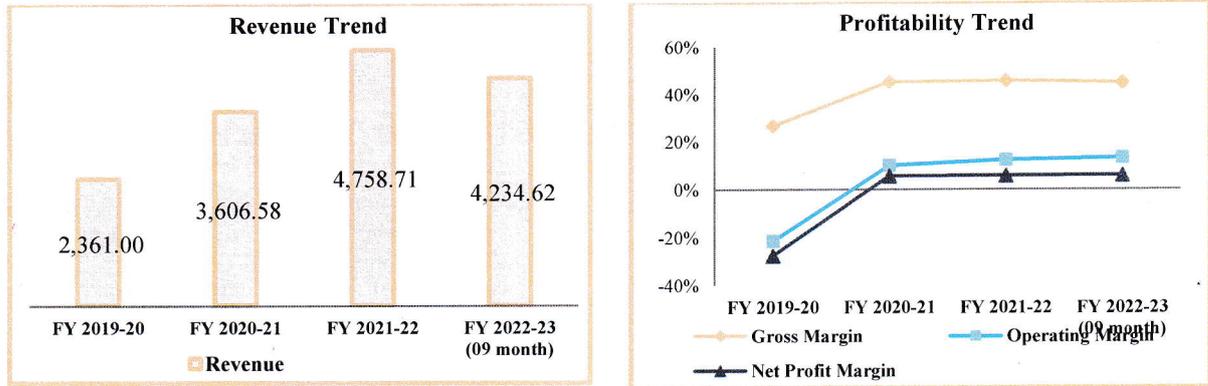
**3.6 QUANTITATIVE ANALYSIS**

| Particulars               | FY 2022-23 (09 months) | FY 2021-22 |
|---------------------------|------------------------|------------|
| Turnover (TK in Million)  | 4,234.62               | 4,758.71   |
| Turnover Growth (%)       | -11.01                 | 31.95      |
| Cost To Revenue Ratio (%) | 55.22                  | 54.35      |
| Gross Margin (%)          | 44.78                  | 45.65      |
| Operating Margin (%)      | 13.36                  | 12.38      |
| Net Profit Margin (%)     | 5.87                   | 5.76       |
| ROA (%)                   | 3.11                   | 4.46       |
| ROE (%)                   | 6.31                   | 8.07       |

**3.6.1** Financial analysis is based on six years Audited Financial statements up to March 31, 2023. It is pertinent to mention that FY 2022-23 in the report will refer 09 month's performance of the company from July 01, 2022 to March 31, 2023.

**3.6.2** Over the last few years the turnover of the company is enjoying increasing trend and reached to the highest in FY 2021-22. Turnover was reported including export to TK 4,234.62 million in nine months of FY 2022-23 which was TK 4,758.71 million in FY 2021-22.

**3.6.3** Profitability parameters of the company was satisfactory over the last few years of operation. The net profit margin was recorded 5.8776% in FY 2022-23 and 5.76% in FY 2020-2021. Although asset turnover ratio was found 0.53 times and 0.77 times in last two financial years respectively.



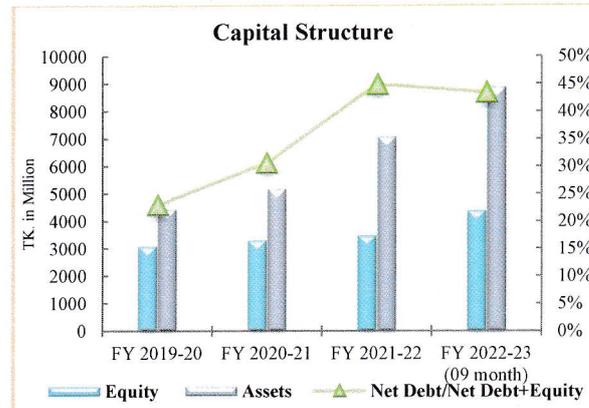
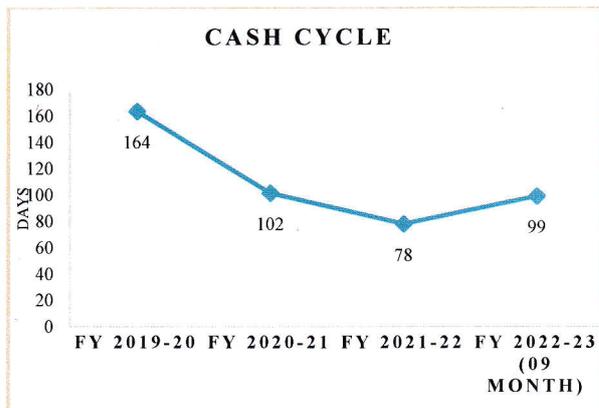
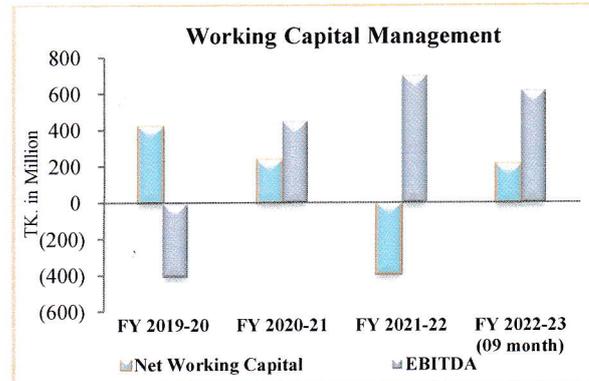
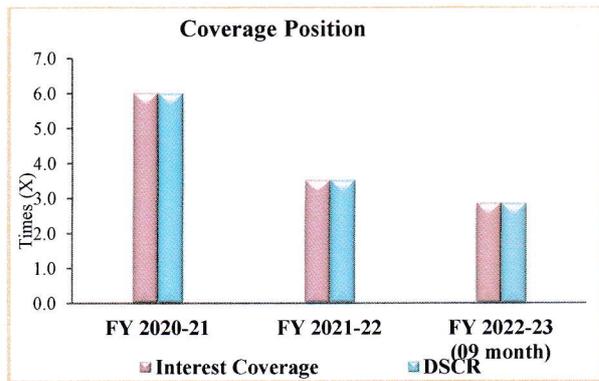
#### 4.0 FINANCIAL RISKS

| Particulars                      | FY 2022-23 (09 months) | FY 2021-22 |
|----------------------------------|------------------------|------------|
| EBITDA                           | 621.45                 | 705.70     |
| Current Ratio (x)                | 1.05                   | 0.88       |
| DSCR(x)                          | 2.85                   | 3.52       |
| Debt payback periods (Years)     | 5.43                   | 4.02       |
| Cash Cycle (Days )               | 99.12                  | 78.02      |
| Net Debt (Net Debt + Equity) (%) | 43.42                  | 44.89      |
| Total Asset (TK in Million)      | 8893.18                | 7084.10    |

**4.1** Debt service coverage ratio (DSCR) of the company was registered 2.85 times in FY 2022-23 which was 3.52 times in the previous year. The prime liquidity indicator, current ratio, was adequate recording 1.05 times from 0.88 times in FY 2022-23 and FY 2021-22 accordingly.

**4.2** Cash cycle of the company was recorded to 100 days in FY 2022-23 from 79 days in FY 2021-22 depicting efficiency of the company in the management of debtors and inventory. Working capital of NPL was TK 211 million in FY 2021-22 against TK (391.14) million in FY 2020-21.

**4.3** Capital structure of the company was composed of 46.66% debt and 45.46% equity as on March 31, 2023. The company has been using moderate amount of debt in its capital structure which is suitable to challenge any distress situation.



#### 4.4 CREDIT FACILITIES

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

| TK in Million  |                                   |                           |   |  |
|--|-----------------------------------|---------------------------|---|--|
| Name of Bank   | Nature of Facility                | Limit                     | Outstanding*  | Purpose  |
| Al-Arafah Islami Bank Limited (VIP Road Branch, Dhaka) | L/C (Foreign-Sight/Deferred/UPAS) | 1,500.00                  | 331.84  | <ul style="list-style-type: none"> <li>To import raw materials of medicine, packing materials, spare parts and accessories</li> </ul>  |
|  | Bills                             |                           | 680.72  |  |
|  | MPI-TR                            | (150.00)                  | 151.36  | <ul style="list-style-type: none"> <li>To retire goods to be imported</li> </ul>   |
|  | Bai-Muazzal                       | 850.00                    | 1,071.36  | <ul style="list-style-type: none"> <li>To procure raw materials of medicine, packing materials, spare parts and accessories</li> </ul> |
|  | Specific Bai Muazzal              | (200.00)<br>(Blocking LC) |   |  |
|  | MDB/MDB-FC                        | 20.00                     | 1.34  | <ul style="list-style-type: none"> <li>To purchase Local/Foreign Bill</li> </ul>   |
|  | Bank Guarantee                    | 20.00                     | 7.86  | <ul style="list-style-type: none"> <li>To provide performance guarantee for participating in tenders</li> </ul>                        |
|  | HPSM (Transport)                  | 150.00                    | 72.46   | <ul style="list-style-type: none"> <li>To procure vehicles from local market</li> </ul>  |
| HPSM (Machinery)                                       | 150.00                            | 65.54                     | <ul style="list-style-type: none"> <li>To import machinery</li> </ul> |  |

|   |  |          |        |   |
|---|--|----------|--------|---|
| <b>Dhaka Bank Limited</b><br>(Banani Branch)                              | L/C (Import/Local-Sight/Deferred)      | 300.00   | 7.22   | <ul style="list-style-type: none"> <li>To import raw materials of medicine, packing materials, spare parts and accessories</li> </ul> |
|   | Accepted bills against UPAS            |          | 118.29 |   |
|   | LTR                                    | (285.00) | 10.01  | <ul style="list-style-type: none"> <li>To retire import/shipping documents</li> </ul>   |
|   | Revolving STL                          | (100.00) | 96.25  | <ul style="list-style-type: none"> <li>To procure raw materials of medicine and packing materials from local market</li> </ul>        |
|   | Revolving STL                          | (100.00) | Nil    | <ul style="list-style-type: none"> <li>To meet selling &amp; distribution related expense</li> </ul>                                  |
|   | Rev. Time Loan                         | 15.00    | 15.24  | <ul style="list-style-type: none"> <li>To pay Duty, VAT, ALT etc.</li> </ul>  |
|   | OD                                     | 180.00   | 183.26 | <ul style="list-style-type: none"> <li>To meet working capital requirements</li> </ul>  |
|   | Time Loan (Stimulus)                   | 95.00    | 96.89  | <ul style="list-style-type: none"> <li>To meet urgent requirement of fund to pay wages &amp; salary</li> </ul>                        |
|   | Rev. Bank Guarantee                    | 10.00    | NIL    | <ul style="list-style-type: none"> <li>To issue bank guarantee favoring utility authorities</li> </ul>                                |
| <b>Shimanto Bank Limited</b><br>(Corporate Head Office)                   | L/C (Sight/Deferred/UPAS)              | 100.00   | NIL    | <ul style="list-style-type: none"> <li>To import raw materials, Packaging materials, spare part and accessories</li> </ul>            |
|   | LTR                                    | (50.00)  | NIL    | <ul style="list-style-type: none"> <li>To retire the import documents</li> </ul>  |
|   | Time Loan-I                            | 10.00    | NIL    | <ul style="list-style-type: none"> <li>For payment duty, Tax, and other expense</li> </ul>  |
|   | Time Loan-II                           | 40.00    | 40.89  | <ul style="list-style-type: none"> <li>To procure raw materials and packaging materials</li> </ul>                                    |
|   | OD                                     | 250.00   | 254.39 | <ul style="list-style-type: none"> <li>To meet up day to day operational expenses</li> </ul>  |
| <b>Community Bank Limited</b><br>(Head Office)                            | L/C(Foreign/Local-Sight/Deferred/UPAS) | 150.00   | NIL    | <ul style="list-style-type: none"> <li>To import the raw materials and others business related items</li> </ul>                       |
|   | Acceptance                             | (150.00) | NIL    | <ul style="list-style-type: none"> <li>To retire the LC Documents</li> </ul>  |
|   | LTR                                    | (135.00) | NIL    | <ul style="list-style-type: none"> <li>To retire Sight LC Documents</li> </ul>  |
|   | Time Loan (Earmark LTR)                | (135.00) | 135.83 | -   |
|   | BG (Bid/PG)                            | 10.00    | NIL    | <ul style="list-style-type: none"> <li>To provide the guarantee against different works orders</li> </ul>                             |
|   | Time Loan-I                            | 400.00   | 399.80 | <ul style="list-style-type: none"> <li>To procure raw materials from local sources</li> </ul>   |
|   | Time Loan-II                           | 60.00    | 52.84  | <ul style="list-style-type: none"> <li>To pay different required government revenue</li> </ul>  |
|   | OD                                     | 200.00   | 203.79 | <ul style="list-style-type: none"> <li>To meet overhead and day to day sense</li> </ul>   |
| <b>Bengal Commercial Bank Limited</b><br>(Dilkusha Islami Banking Branch) | Murabaha LC                            | 50.00    | 0.76   | <ul style="list-style-type: none"> <li>To import pharmaceuticals raw materials</li> </ul>   |
|   | Bai Muajjal - TR                       | (45.00)  | 14.81  | <ul style="list-style-type: none"> <li>To retire shipping documents</li> </ul>  |
|   | Bai Muajjal (WC)                       | 200.00   | 206.91 | <ul style="list-style-type: none"> <li>To procure raw materials, packing &amp; Packaging materials</li> </ul>                         |
|   | Shipping Guarantee                     | 3.12     | 3.12   | <ul style="list-style-type: none"> <li>To issue guarantee</li> </ul>  |
| <b>Prime Bank Limited</b><br>(Gulshan Branch)                             | LC (Sight/UPAS/DP)                     | 400.00   | 65.40  | <ul style="list-style-type: none"> <li>To import raw materials for pharmaceutical industry</li> </ul>                                 |
|   | Acceptance                             | (400.00) | 1.69   |   |
|   | LTR                                    | (360.00) | NIL    | <ul style="list-style-type: none"> <li>To retire LC documents</li> </ul>  |

|  |                    |          |        |  |
|--|--------------------|----------|--------|--|
|  | Time Loan-I        | (50.00)  | 25.38  | <ul style="list-style-type: none"> <li>To meet operational expenses</li> </ul>                                   |
|  | Time Loan-II       | (50.00)  | 23.41  | <ul style="list-style-type: none"> <li>To make payments of customs Duty/VAT and other similar expense</li> </ul> |
|  | One Off Facilities |          |        |  |
|  | LC (Sight/UPAS/DP) | 231.15   | NIL    | <ul style="list-style-type: none"> <li>To import warehouse related equipment</li> </ul>                          |
|  | Acceptance         | (231.15) | NIL    | <ul style="list-style-type: none"> <li>To retire import documents</li> </ul>                                     |
|  | Term Loan-I        | 20.00    | 19.77  | <ul style="list-style-type: none"> <li>For construction work of warehouse</li> </ul>                             |
|  | Term Loan-II       | (161.80) | NIL    | <ul style="list-style-type: none"> <li>To retire import documents</li> </ul>                                     |
|  | Term Loan-III      | 38.20    | 5.02   | <ul style="list-style-type: none"> <li>For procurement of local equipment for warehouse</li> </ul>               |
| <b>Standard Chartered Bank Limited</b><br>(Gulshan Branch) | Import LC          | 300.00   | 42.67  | <ul style="list-style-type: none"> <li>For issuance of LC</li> </ul>   |
|  | Acceptance         | (300.00) | 102.63 | <ul style="list-style-type: none"> <li>To provide acceptance against deferred LC</li> </ul>                      |
|  | Overdraft          | (20.00)  | NIL    | <ul style="list-style-type: none"> <li>For general operation purpose</li> </ul>                                  |
|  | Shipping Guarantee | (150.00) | 3.16   | <ul style="list-style-type: none"> <li>To issue shipping guarantee</li> </ul>                                    |
|  | LATR               | (300.00) | NIL    | <ul style="list-style-type: none"> <li>To release imported goods</li> </ul>                                      |
|  | Import Loan        | (300.00) | NIL    | <ul style="list-style-type: none"> <li>To release imported goods</li> </ul>                                      |
| <b>IDLC Finance Ltd.</b><br>(Gulshan Branch)               | Lease finance      | 36.87    | 15.62  | <ul style="list-style-type: none"> <li>To purchase vehicles</li> </ul>   |
|  | Lease Finance      | 13.25    | 12.44  | <ul style="list-style-type: none"> <li>To purchase vehicles</li> </ul>   |
| <b>IPDC Finance Limited</b><br>(Head Office, Dhaka)        | Lease Finance      | 12.02    | 12.02  | <ul style="list-style-type: none"> <li>To purchase vehicles and capital machineries</li> </ul>                   |
|  | Term Loan          | 23.00    | 18.95  | <ul style="list-style-type: none"> <li>To meet additional fund requirement for business expansion</li> </ul>     |
|  | Lease Finance      | 20.00    | 16.53  | <ul style="list-style-type: none"> <li>To purchase reconditioned vehicles</li> </ul>                             |

\*Outstanding as on 30.06.2023

Note: Outstanding loans of Islami Banks are including anticipated profit

**4.4.1 SECURITY ARRANGEMENT**

| Name of Bank   | Security Collateral | Description  |
|--|---------------------|--|
| <b>Al-Arafah Islami Bank Limited</b><br>(VIP Road Branch, Dhaka) | <b>Collateral</b>   | <ul style="list-style-type: none"> <li>Registered Mortgage of 644.00 decimal along with the factory building located (1,23,100.00 sft.) at Dist: Narayangonj, P.S. &amp; 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)</li> </ul> |
| <b>Dhaka Bank Limited</b><br>(Banani Branch)                     | <b>Collateral</b>   | <ul style="list-style-type: none"> <li>Pledge of 3.00 million shares of Navana Pharmaceuticals Limited with Face Value of TK 30.00 million and Market Value of TK 246.30 million as on 11.05.2023</li> </ul>   |
| <b>Shimanto Bank Limited</b><br>(Corporate Head Office)          | <b>Collateral</b>   | <ul style="list-style-type: none"> <li>Pledge of 2.00 million shares of Navana Pharmaceuticals Limited with Face Value of TK 20.00 million and Market Value of TK 138.60 million as on 20.02.2023</li> </ul>   |
| <b>Community Bank Limited</b><br>(Corporate Branch)              | <b>Security</b>     | <ul style="list-style-type: none"> <li>Pledge of 3.00 million shares of Navana Pharmaceuticals Limited with Face Value of TK 30.00 million</li> </ul>  |
| <b>Bengal Commercial Bank Limited</b>                            | <b>Security</b>     | <ul style="list-style-type: none"> <li>Lien of shipping documents</li> <li>Hypothecation of stock</li> </ul>   |

|  |                   |   |
|--|-------------------|---|
| (Dilkusha Islami Banking Branch)                           |                   | <ul style="list-style-type: none"> <li>▪ 5% cash margin on LC</li> <li>▪ Personal guarantee of the directors of the company</li> <li>▪ Usual charge documents</li> </ul>  |
| <b>Prime Bank Limited</b><br>(Gulshan Branch)              | <b>Collateral</b> | <ul style="list-style-type: none"> <li>▪ Pledge of 2.00 million shares of Navana Pharmaceuticals Limited with Face Value of TK 20.00 million</li> </ul>   |
| <b>Standard Chartered Bank Limited</b><br>(Gulshan Branch) | <b>Collateral</b> | <ul style="list-style-type: none"> <li>▪ RM on pari-passu basis with other lenders over factory building and land measuring 472 decimals land located at Rupshi, Rupganj, Narayanganj</li> </ul>  |
| <b>IDLC Finance Ltd.</b><br>(Gulshan Branch)               | <b>Security</b>   | <ul style="list-style-type: none"> <li>▪ Ownership of lease asset.</li> <li>▪ One MICR cheque covering lease amount.</li> <li>▪ Postdated cheque for monthly rentals</li> <li>▪ Demand promissory note in cash or in shares</li> </ul>  |
| <b>IPDC Finance Limited</b><br>(Head Office, Dhaka)        | <b>Security</b>   | <ul style="list-style-type: none"> <li>▪ Ownership of lease asset.</li> <li>▪ One MICR cheque covering lease amount.</li> <li>▪ Postdated cheque for monthly rentals</li> <li>▪ Demand promissory note in cash or in shares.</li> </ul> |

|          |  |   |
|----------|--|---|
| ANALYSTS | <b>SHEIKH ZAKARIA AHMED</b><br>+88-02-471201568<br>zakaria@ncrbd.com | <b>MOHAMMAD MOHI UDDIN</b><br>+88-02-471201568<br>mohiuddin@ncrbd.com |
|----------|--|---|

  
**Md. Nurul Hoque**  
 Deputy Managing Director and COO  
 National Credit Ratings Ltd.

## APPENDIX-I: RATING HISTORY

| SURVEILLANCE ENTITY RATING – 2022 |                      |
|-----------------------------------|----------------------|
| Date of Rating Declaration        | Long Term            |
| 04.12.2022                        | AA (Double A)        |
| SURVEILLANCE ENTITY RATING – 2022 |                      |
| Date of Rating Declaration        | Long Term            |
| 12.05.2022                        | AA (Double A)        |
| SURVEILLANCE ENTITY RATING – 2021 |                      |
| Date of Rating Declaration        | Long Term            |
| 02.12.2021                        | AA (Double A)        |
| SURVEILLANCE ENTITY RATING – 2020 |                      |
| Date of Rating Declaration        | Long Term            |
| 17.08.2020                        | AA- (Double A Minus) |
| SURVEILLANCE ENTITY RATING – 2019 |                      |
| Date of Rating Declaration        | Long Term            |
| 25.04.2019                        | AA- (Double A Minus) |
| SURVEILLANCE ENTITY RATING – 2018 |                      |
| Date of Rating Declaration        | Long Term            |
| 28-Feb-2018                       | A- (Single A Minus)  |
| SURVEILLANCE ENTITY RATING – 2016 |                      |
| Date of Rating Declaration        | Long Term            |
| 16.10.2016                        | A+ (Single A Plus)   |
| SURVEILLANCE ENTITY RATING – 2015 |                      |
| Date of Rating Declaration        | Long Term            |
| 23.04.2015                        | A+ (Single A Plus)   |
| INITIAL ENTITY RATING – 2011      |                      |
| Date of Rating Declaration        | Long Term            |
| 16.11.2011                        | A+ (Single A Plus)   |

**APPENDIX- II: RATING SCALE AND DEFINITION**

| <i>Long Term Rating Scale and Definitions</i> |   |
|---|---|
| <b>Rating Notches</b>                         | <b>Definition</b>   |
| 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  |
| A   | 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                                    |
| B   | Weak Credit Quality   |
| B-  | Very Weak Credit Quality  |
| C   | Poor Credit Quality   |
| D   | Default (Failed to meet their rated financial commitment on time or when due) |

| <i>Short Term Rating Scale and Definitions</i> |   |
|--|---|
| <b>Rating Notches</b>                          | <b>Definition</b>   |
| 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)     |