

NOVENTA PHARMA (PRIVATE) LIMITED

Analyst:Musaddeq Ahmed Khan
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RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Initial	
RATING DATE	March 06, 2026		November 13, 2024	

Shareholding (5% or More)

Ijara Capital Partners Limited (ICPL) – 43.13%

Opal Laboratories (Pvt) Ltd – 16.45%

Mr. Iqbal Ahmed – 18.37%

Mr. Muhammad Owais – 22.04%

Other Information

Incorporated in 2024

Private Limited Company

Chief Executive: Dr. Ali Afzal**External Auditor:** A.F. Ferguson & Co**Applicable Rating Methodology**

VIS Entity Rating Criteria Methodology – Corporate Rating

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>**Rating Scale**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>**Rating Rationale**

The assigned ratings for Noventa Pharma (Private) Limited (NPL) reflect its strategic positioning within Pakistan's pharmaceutical sector, strong sponsorship from Ijara Capital Partners Limited (ICPL) and well experienced management. The pharmaceutical industry is characterized by stable demand fundamentals, low cyclicality, and resilience to economic downturns. However, input cost volatility remains a key sectoral challenge. NPL benefits from a portfolio of established and well-recognized brands, particularly in chronic and high-value therapeutic segments, which underpin revenue stability and long-term growth prospects. Profitability has demonstrated meaningful recovery, supported by margin expansion, disciplined cost management, reduced finance costs, and a more focused product mix. While revenue contraction was observed due to planned adjustments in distribution and inventory management, this is assessed as a temporary measure rather than a structural weakness. Financial risk has elevated due to the leveraged acquisition structure, resulting in higher debt levels and tighter liquidity. However, improved cash generation provides some comfort to debt-servicing capacity in near-term though weaken subsequently. Going forward, the ratings remain contingent upon the Company's ability to achieve projected revenue growth, sustain margin improvements, manage working capital efficiently, and retain profitability.

Company Profile

Noventa Pharma has its roots in OBS Pakistan, which was established following the management buyout of Organon Pakistan in 2006. Over the years, OBS acquired Merck Sharp & Dohme in Pakistan and Sri Lanka, Schering Plough Pakistan, AGP, and Johnson & Johnson. OBS Pakistan also developed key partnerships and collaborations with Santen Pharmaceuticals and Vifor International. In 2019, Luna Pakistan (Private) Limited gained control of OBS, which merged into Luna in 2020. Later that year, The Searle Company Limited (TSCL) acquired OBS Pakistan, leading to its rebranding as Searle Pakistan Limited (SPL) in 2021, following its transition to a public unlisted company.

In January 2025, IJARA Capital Partners Limited (ICPL) led consortium acquired 90.61% shareholding of TSCL in Searle Pakistan Limited (SPL). IJARA and its consortium already owned 9.39% shareholding of SPL. This acquisition was conducted under a leveraged buyout (LBO) structure via a special purpose vehicle (SPV), namely Noventa Pharma (Private) Limited ('NPL' or the 'Company'), incorporated on August 30, 2024. NPL will be merged subsequently with SPL.

Sponsor Profile

IJARA Group commenced operations in 2000 and has since established a successful track record in investments, mergers and acquisitions, as well as equity and debt advisory. Its core competencies include Private Equity, Venture Capital, REIT and M&A. IJARA Capital Partners Limited (ICPL) was founded in 2016 as a Private Equity investment firm. ICPL manages portfolios in frontier and emerging markets, focusing on long-term value creation. The group's investment strategy concentrates on industries such as fast-moving consumer goods (FMCG), healthcare, pharmaceuticals, logistics, infrastructure, and real estate. Recently, IJARA Capital acquired Sindlab Diagnostic to expand its healthcare footprint in Pakistan.

Funds	Investments
Pakistan Emerging Market Fund-1	PEMF-1 was launched with a fund size of PKR 10 billion and acquired Quick Foods Limited (MonSalwa) in 2017. In 2023, it completed the private equity exit through the sale of the company.
IJARA Equity Fund	Focuses on the pharmaceutical sector, with an initial investment in "Searle Pakistan Limited" in May 2023.
IJARA-HMR REIT Fund	A Real Estate Investment Trust (REIT) developing a high-rise office tower in DHA, Karachi, with a fund size of PKR 13 billion.

Opal Laboratories

Opal Laboratories (Private) Limited, a part of the IJARA Group, has been manufacturing medicines for over 65 years, with operations in Pakistan and exports to the Philippines and Afghanistan. Its plant, located on 3.7 acres at Korangi Industrial Road, Karachi, includes a general pharmaceutical facility, cephalosporin facility, ophthalmology facility, and nutraceutical facility. In 2024-25, the Company was ranked 93rd in value sales among over 670 pharmaceutical companies in Pakistan. The Company employs around 614 people, covering manufacturing, field force, and head office functions.

Opal Laboratories' product portfolio spans multiple therapeutic areas, including treatments for gout, urinary tract infections, analgesics, alimentary tract medications, anti-infectives, respiratory care, and women's health. It has partnerships for contract manufacturing with companies such as Getz Pharma, Atco Laboratories, Scilife Pharma, Helix Pharma, Venture Pharma, and Hirani Pharma.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Farrukh Ansari is the Chairman and Founder of IJARA Group, bringing over 30 years of distinguished experience as a mergers and acquisitions specialist, with expertise in the healthcare and pharmaceutical sectors. He currently serves as Chief Executive Officer of IJARA Capital and holds directorship positions at several companies. In addition, he has served multiple terms as a Trustee of the Karachi Port Trust (KPT), reflecting his longstanding contribution to institutional governance and public service.

Dr. Ali Afzal serves as Chief Executive Officer. He has over 30 years of experience in the pharmaceutical industry, including key positions at OBS Pakistan (Pvt) Limited (now Searle Pakistan Limited), where he was Managing Director and involved in management buyout of Organon Pakistan, and acquisitions of Merck Sharp & Dohme Pakistan, AGP, and Johnson & Johnson. He joined Opal Laboratories in 2016 and has expertise in sales, marketing, regulatory affairs, and business development.

BOARD & SENIOR MANAGEMENT

There are 9 members of the Board of Directors including the CEO with no independent representation.

AUDIT OPINION

A.F. Ferguson & Co. Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of June 2025.

Business Risk

INDUSTRY UPDATE

The business risk profile of Pakistan's pharmaceutical sector is assessed as Medium to Low, reflecting low cyclicality, indicating its performance is relatively stable and not heavily dependent on economic cycles. However, it faces a medium degree of competition risk with a significant risk of barrier of entry but low substitution risk. Medicine consumption is primarily driven by population growth, increasing prevalence of chronic diseases, and rising health awareness. Even during periods of economic stress, demand has remained resilient—as evidenced by a 22% year-on-year (YoY) increase in industry sales, which reached PKR 916bn in FY24. This growth was largely attributable to price adjustments following the partial deregulation of drug pricing in February 2024, while volume growth remained modest at 2–5%.

The momentum persisted in FY25, with retail pharmaceutical sales surpassing PKR 1,049 billion by March 2025, marking a 20.62% YoY increase. However, unit volumes grew by only 3.63%, underscoring the price-led nature of topline expansion, with more than two-thirds of the growth attributed to pricing revisions. Export performance also strengthened: pharmaceutical exports rose by 34% to USD 457 million in FY25 (FY24: USD 341 million). Combined therapeutic goods exports, including medical devices and nutraceuticals, stood at USD 909 million, reflecting the sector's growing competitiveness and export capability.

The sector comprises over 600 licensed manufacturing entities, though market concentration remains high, with the top 50 firms accounting for the bulk of industry revenues. According to IQVIA, as of May 2025, the top 25 companies accounted for 74.0% of the market, while the top 50 collectively made up 87.0%.

Regulatory oversight remains a key risk factor. Historical price controls imposed by the Drug Regulatory Authority of Pakistan (DRAP) have restricted margin flexibility, particularly amid elevated input costs and exchange rate volatility. However, recent reforms—including the deregulation of prices for non-essential drugs and a one-time adjustment for essential medicines—have supported a recovery in profitability. Further, the FY25–26 federal budget introduced a rationalized tariff structure for imports of Active Pharmaceutical Ingredients (APIs) and packing materials, consolidated into four slabs (0%, 5%, 10%, 15%). Although the near-term benefit is likely to be modest, the phased implementation is expected to lower cost pressures over time. Nonetheless, regulatory unpredictability—especially regarding facility approvals and new product registrations—continues to weigh on sector planning.

The outlook for FY26 is stable. Sustained domestic demand, easing input costs, and supportive pricing reforms are expected to underpin sectoral performance. Going forward, consistent implementation of regulatory measures particularly maintaining partial deregulation and introducing tiered pricing frameworks that balance innovation with affordability will be critical to preserving recent gains.

OPERATIONAL PERFORMANCE

NPL's (Previously SPL) therapeutic area coverage reflects concentration in five major segments constituting 73.0% (FY24: 79.6%) of total portfolio in FY25, with Steroid contributing 24.6% (FY24: 11.1%) of sales, followed by Anemia at 18.8% (FY24: 38.4%), Antihypertensive at 14.3% (FY24: 13.8%), Parkinsonism at 8.0% (FY24: 10.0%) and Iron Supplements at 7.3% (FY24: 0%) of total revenue in FY25. However, NPL's brands serve in high-value niche and high-volume chronic therapeutic markets, positioning the Company for sustainable organic growth going forward.

Similar to the industry trend, the Company's portfolio continues to exhibit moderate concentration risk, with the top five brands collectively contributing ~61.5% (FY24: 68.7%) of total revenue in FY25. Among these, Decadron remains the largest revenue contributor, accounting for 24.5% (FY24: 11.1%), followed by Venofer at 12.01% (FY24: 26.3%), Aldomet at 9.8% (FY24: 8.9%), Sinemet at 8.0% (FY24: 10.3%) and Maltofer at 7.2% (FY24: 3.1%) of total revenue in FY25. Despite this concentration, leading products maintain their distinctiveness and brand value in respective market categories.

To reinforce focus and operational effectiveness, the Company divides its product portfolio into three therapeutic categories: Gynecology, Central Neuro System (CNS), and Thematic & Pediatrics. Each segment has a separate departmental head responsible for driving strategy and

execution, with two new product launches planned per category. This structure is designed to improve focus, streamline decision-making, and drive growth in each therapeutic area.

PROFITABILITY

During FY25, the Company's revenue declined to PKR 6.4bn (FY24: PKR 9.3bn), mainly due to a 29.5% drop in volumes of non-essential products. According to management, this reduction was resulted from deliberate slowdown of sales to allow distributor to sell the large amount of unsold inventory piled over the years. This impact is temporary, and revenue is expected to recover and surpass PKR 10bn by the end of FY26. However, gross profit increased to PKR 1.8bn (FY24: PKR 1.4bn), driven by a significant reduction in cost of raw material related to non-essential products. As a result, the gross margin improved to 28.4% (FY24: 14.7%).

The Company's operating performance strengthened in FY25 with decline in distribution costs to PKR 654.9mn (FY24: PKR 830.5mn), reflecting lower sales activity, while administrative expenses increased to PKR 145.0mn (FY24: PKR 103.2mn) due to higher salaries as well as increased amortization and depreciation resulting in improvement in operating margin to 17.1% (FY24: 6.4%). Finance charges also declined, driven by a lower monetary policy rate and reduced debt levels. Consequently, profit after tax (PBT) increased to PKR 529.3mn (FY24: PKR -223.5mn), with net margin rising to 4.7% (FY24: -2.4%) in FY25. As per management, net profit reported in 1HFY26 was PKR 480mn while PKR 1.1bn is projected in FY26.

Financial Risk

CAPITAL STRUCTURE

Post completion of acquisition, the Company's capital structure will be shifted, with a significant increase in debt acquired to finance the transaction. Gearing and leverage ratios are projected to increase to 1.28x and 2.09x, respectively, in FY26. The higher leverage requires generating adequate cash flows to service the debt while maintaining operational liquidity.

DEBT COVERAGE & LIQUIDITY

Funds from Operations (FFO) improved substantially to PKR 476.2mn (FY24: PKR -287.8 bn) in FY25, supported by stronger profitability. This translated into improved coverage indicators; the Debt Service Coverage Ratio (DSCR) increased to 2.38x (FY24: 0.66x).

Post-merger liquidity is expected to weaken, constrained by deferred acquisition payouts and the significant debt burden from the leveraged buyout. As a result, liquidity metrics are likely to be constrained in the medium term with elevated financial risk.

Financial Summary					(PKR Mn)
	FY22A	FY23A	FY24A	FY25A	FY25 (A) (Merged)
Balance Sheet					
Property, plant and equipment	1,675.90	1,918.36	1,974.44	3,251.86	1,773.60
Intangible Assets	9,001.06	8,996.47	8,991.87	8,921.92	9,209.91
Stock-in-trade	2,655.44	2,980.58	1,052.02	588.54	525.67
Trade debts	1,734.28	3,850.13	5,157.71	4,266.83	4,024.40
Short-term Investments	15.77	15.77	15.77	0.00	3.62
Cash & Bank Balances	28.86	8.43	586.92	221.78	508.04
Other Assets	902.04	2,003.10	1,269.63	1,429.88	1,027.98
Total Assets	16,013.35	19,772.84	19,048.36	18,568.57	1,7073.22
Creditors					
Long-term Debt (incl. current portion)	58.16	54.48	49.23	195.38	4,641.84
Short-Term Borrowings	1,424.77	3,468.74	2,520.10	1,551.98	1,067.79
Total Debt	1,482.93	3,523.22	2,569.33	1,747.36	5,709.62
Other Liabilities	2,694.53	4,169.64	4,303.74	2,900.89	4,487.19
Total Liabilities	4,265.42	7,824.18	7,168.66	5,354.28	12,248.91
Paid up Capital	10,470.30	11,555.78	11,555.78	11,555.78	3,987.85
Revenue Reserve	-596.88	-595.94	-732.90	-347.49	59.63
Other Equity (excl. Revaluation Surplus)	1,465.40	379.92	379.92	379.92	99.90
Equity (excl. Revaluation Surplus)	11,338.82	11,339.76	11,202.80	11,588.21	5,258.62
Income Statement					
Net Sales	7,300.53	8,173.09	9,341.55	6,387.88	6,378.40
Gross Profit	2,323.79	1,906.35	1,369.31	1,814.73	1,791.53
Operating Profit	1,967.03	1,328.35	599.30	1,091.84	1,185.01
Finance Costs	170.01	495.93	731.65	409.04	664.53
Profit Before Tax	1,797.02	832.42	(132.35)	682.80	227.79
Profit After Tax	1,200.32	437.06	(223.52)	300.72	59.63
Ratio Analysis					
Gross Margin (%)	31.83	23.32	14.66	28.41	28.09
Operating Margin (%)	26.94	16.25	6.42	17.09	18.58
Net Margin (%)	16.44	5.35	(2.39)	4.71	0.93
Funds from Operation (FFO) (PKR Mn)	1,673.24	675.02	(287.81)	476.15	666.74
FFO to Total Debt* (%)	112.83	19.16	(11.20)	27.25	11.68
FFO to Long Term Debt* (%)	2876.96	1239.02	(584.62)	243.70	14.36
Gearing (x)	0.13	0.31	0.23	0.15	1.38
Leverage (x)	0.38	0.69	0.64	0.46	2.95
Debt Servicing Coverage Ratio* (x)	10.63	2.04	0.66	2.38	1.53
Current Ratio (x)	1.34	1.21	1.21	1.47	0.85
(Stock in trade + Stores & Spares + Trade debts) / STD (x)	3.10	1.98	2.48	3.16	4.26
Return on Average Assets* (%)	7.97	2.44	(1.15)	1.60	0.34
Return on Average Equity* (%)	11.34	3.85	(1.98)	2.64	1.4
Cash Conversion Cycle (days)	227.64	282.44	258.52	294.75	108.83
<i>*Annualized, if required</i>					
A - Actual Accounts					
P - Projections					

REGULATORY DISCLOSURES Appendix I

Name of Rated Entity	Noventa Pharma (Private) Limited				
Sector	Pharmaceutical				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	06-Mar-26	A	A2	Stable	Reaffirmed
	13-Nov-24	A	A2	Stable	Initial
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meeting Conducted	S.No	Name	Designation	Date	
	1.	Dr. Ali Afzal	CEO	October 7, 2025	
	2.	Mr. Syed Zeeshan Mubeen	Non-Executive Director		
	3.	Mr. Farrukh Mirza	Non-Executive Director		
	4.	Mr. Ashas Ansari	Associate		