



AUDITORS' REPORT

on

Utilization of IPO Proceeds

We have audited the annexed Statement of Initial Public Offering (IPO) Proceeds Utilization of Silva Pharmaceuticals Limited for the month ended 31 January 2020 as per required by Bangladesh Securities and Exchange and Commission (BSEC) under Section 2CC of the Securities and Exchange Ordinance 1969.

Management's Responsibility for the IPO proceeds Utilization

Management is responsible for the preparation and fair presentation of these IPO proceeds utilization statement in accordance with Bangladesh Securities and Exchange Commission Rules 1987, Condition laid down in clause 2, 3, 5 & 6 of PART-C of consent letter # BSEC/CI/IPO-269/2017/429, Dated June 28, 2018 and other applicable laws and regulations.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these Initial Public Offering (IPO) proceeds utilization statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), Bangladesh Securities and Exchange Commission Rules 1987, Condition laid down in clause 2, 3, 5 & 6 of PART-C of consent letter # BSEC/CI/IPO-269/2017/429, Dated June 28, 2018 and other applicable laws and regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our Opinion, the Statement of Initial Public Offering (IPO) Proceeds Utilization, prepared in accordance with Bangladesh Securities and Exchange Commission Rules 1987 and Condition laid down in clause 2, 3, 5 of PART-C of consent letter # BSEC/CI/IPO-269/2017/429, Dated June 28, 2018 and other applicable laws and regulations, gives a true and fair view of the statement for the month ended 31 January 2020.

We draw attention to the following matters:

While examining the minutes of meeting of the 18th Annual General Meeting dated 25 November 2019, it was found that a decision has been taken regarding utilization of fund incorporating revise plan with a part of IPO Fund amounting Tk. 20,58,526.00 will be used for civil construction of new



factory building for which necessary formalities were not complied in line with the clause- 6 of part -C of the consent letter # BSEC/CI/IPO-269/2017/429, Dated June 28, 2018.

The time frame for Utilization of IPO proceeds has been extended up to 09 October 2020 and approve by the shareholders on 18th AGM of the company held on 25 November 2020. The revised IPO Utilization time frame is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).

As per TOR, We draw attention to the following matter:

1. The Company has utilized accumulative amount of Tk. 31,088,332 which was 55.51% up to 31 January 2020 in respect of Civil Construction. During the month of January 2020, an amount of Tk. 1,577,000 has been utilized out of IPO fund in respect of Civil Construction.
2. The Company has utilized accumulative amount of Tk. 2,554,204 which was 2.09% up to 31 January 2020 in respect of Purchase of New Machinery and Equipment's. During the month of January 2020, an amount of Tk. 271,519 has been utilized out of IPO fund in respect of Purchase of new Machinery and Equipment's.
3. The Company has utilized Tk. 99,000,000 which was 100% of the budgeted amount up to 31 January 2020 for the purpose of loan repayment as specified in the prospectus.
4. The Company has utilized Tk. 20,441,474 which was 90.85% of the budgeted amount up to 31 January 2020 for the purpose of IPO expenses as specified in the prospectus.

We also state that:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus of the company;
- b) IPO proceeds have been utilized in line with the conditions of the BSEC's consent letter for the IPO;
- c) Utilization of IPO proceeds will not be completed within time frame as specified in the prospectus;
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus.
- e) Audit statement has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with bank statements.

Date: 27 February 2020
Dhaka.

Pinaki & Company
Chartered Accountants



পিনাকী এন্ড কোম্পানী
Pinaki & Company

Chartered Accountants



Report on Utilization of IPO Proceeds
For the Month of January 2020

Name of the Company: : Silva Pharmaceuticals Limited
Amount (BDT) of capital raised through IPO: : BDT 300,000,000
Date of Close of Subscription: : 05 August 2018
Proceeds Receiving Date: : 10 October 2018
Last Date of Full Utilization of IPO Fund as per Prospectus : As stated in time line columns

(Amount in BDT)

S.L	Purpose mentioned in the prospectus	Time Line	Amount as per Prospectus	Status of Utilization						Remarks
		As per Prospectus		Opening	During the Month	Total Utilized Amount	Utilized %	Total un utilized amount	Un -utilized %	
1	Civil Construction	09.04.2020	56,000,000	29,511,332	1,577,000	31,088,332	55.51	24,911,668	44.49	
2	Machinery and Equipment	09.04.2020	122,500,000	2,282,685	271,519	2,554,204	2.09	119,945,796	97.91	
3	Repayment of Bank Borrowing	09.01.2019	99,000,000	99,000,000	-	99,000,000	100.00	-	-	
4	IPO Expenses	N/A	22,500,000	20,441,474	-	20,441,474	90.85	2,058,526	9.15	
Total			300,000,000	151,235,491	1,848,519	153,084,010	51.03	146,915,990	48.97	

Notes:

- Actual application was received almost 25.76 Times.
- In January 2020, Tk. 271,519 has been charged by the bank as new LC value (Margin and others charge) for Machinery purchase.
- IPO proceeds have been utilized for the purposes/heads as specified in the prospectus and in line with the condition of the Commission's consent letter.
- Interest on IPO Proceeds in BDT (from FDR & SND) 14,112,734
- Un-Utilized IPO Proceeds with interest income in BDT 161,028,724

Silvana Mirza
Chairman

Dr. Saira Khan
Managing Director

Md. Abul Kasem
Chief Financial Officer

Md. Inam Hossain
Company Secretary

Pinaki & Company
Chartered Accountants

27.02.2020