

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 30 September 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 30 September 2020.

We draw attention to the following matters:

During the verification, it was found that the revised IPO utilization plan which was approved by the shareholders was reported to the Bangladesh Securities and Exchange Commission (BSEC) and Chittagong Stock Exchange (CSE) vide later no. SPL/F&A/BSEC/2020/471, Dated March 03, 2020 and SILVAPHL/F&A/2020/473 dated March 05, 2020 respectively and we reported the necessary observation accordingly with the relevant monthly report.

The time frame for Utilization of IPO proceeds has been extended up to 09 October 2020 and approved by the shareholders on 18th AGM of the company held on 25 November 2019.

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

1. During the month of September, 2020 no expenses has been incurred in respect of Civil Construction. However, the Company has utilized accumulative amount of Tk. 60,532,650 up to 30 September 2020 which was 104.26% of the amount specified in the prospectus and thereafter revised utilization plan for the purpose of Civil Construction. As such, approval was a pre-requisite from the respected shareholders and concerned regulatory authority for the excess utilized amount of Tk. 2,474,124.
2. During the month of September, 2020 no expense has been incurred in respect of Purchase new Machinery and Equipment's. However, the Company has utilized accumulative amount of Tk. 24,999,020 which was 20.41% up to 30 September 2020 in respect of Purchase of Machinery and Equipment's.
3. The Company has utilized Tk. 99,000,000 which was 100% of the budgeted amount up to 30 September 2020 for the purpose of loan repayment as specified in the prospectus.
4. The Company has utilized Tk. 20,441,474 which was 100% of the budgeted amount up to 30 September 2020 for the purpose of IPO expenses as specified in the prospectus and thereafter revised utilization plan.

We also state that:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus and thereafter revised utilization plan except the above said issues no.1 of the Company;
- b) IPO proceeds have been utilized so far in line with the conditions of the BSEC's consent letter for the IPO except the above said issues no. 1.
- c) The completion of the utilization of IPO proceeds will be subject to COVID-19.
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus and 18th AGM of the Company.
- 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 : 06 October 2020
Dhaka


Pinaki & Company
Chartered Accountants

**Report on Utilization of IPO Proceeds
For the Month of September 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**

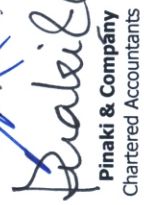
Last Date of Full Utilization of IPO Fund as per Prospectus: **As stated in time line columns**

S.L	Purpose mentioned in the prospectus / 18th AGM	Time Line		Amount as per Prospectus per 18th AGM	Amount as per 18th AGM	Status of Utilization				Remarks		
		As per Prospectus	As per 18th AGM			Opening	During the Month	Total Utilized Amount	Utilized %		Excess Utilized amount	Excess-utilized %
1	Civil Construction	09.04.2020	09.10.2020	56,000,000	58,058,526	60,532,650	-	60,532,650	104.26	2,474,124	4.26	-
2	Machinery and Equipment	09.04.2020	09.10.2020	122,500,000	122,500,000	24,999,020	-	24,999,020	20.41	-	-	79.59
3	Repayment of Bank Borrowing at prospectus	09.01.2019	N/A	99,000,000	99,000,000	99,000,000	-	99,000,000	100.00	-	-	-
4	IPO Expenses	N/A	N/A	22,500,000	20,441,474	20,441,474	-	20,441,474	100.00	-	-	-
Total				300,000,000	300,000,000	204,973,144	-	204,973,144	68.32	2,474,124	0.82	97,500,980

Notes:

- Actual application was received almost 25.76 Times.
- 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) -
18,259,640
- Un-Utilized IPO Proceeds with interest income in BDT -
113,286,496


Md. Imrul Hossain
Company Secretary


Pinaki & Company
Chartered Accountants

06/10/2020


Md. Abul Kasem
Chief Financial Officer


Dr. Saira Khan
Managing Director


Silvana Mirza
Chairman