

## 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 October 2022 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 28 June 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 28 June, 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 28 June, 2018 and other applicable laws and regulations, gives a true and fair view of the statement for the month 31 October 2022.

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

1. During the month of October 2022 no expenses has been incurred in respect of Civil Construction. However, the company has utilized accumulative amount of Tk. 60,532,650 up to 31 October 2022 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 October 2022 amounting to Tk. 7,761,300 has been incurred in respect of purchase of new Machinery and Equipment's. However, the company has utilized accumulative amount of Tk. 91,472,147 which was 74.67% up to 31 October 2022 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 31 October 2022 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 31 October 2022 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 there after revised utilization plan except the above said issues no.1 of the Company;
- b) IPO proceeds have been utilized in so far line with the conditions of the BSEC's consent letter for the IPO except the above said issues no. 1.
- c) The time frame for completion of the utilization of IPO proceeds was revised and will be completed within the time frame as specified in the resolution of 19<sup>th</sup> Annual General Meeting (AGM).
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus and 18<sup>th</sup> 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.

**Dhaka, Bangladesh**  
Dated: 13 November 2022

  
**Mesbah Uddin, FCA**  
Partner  
ICAB Enroll no: 1533  
**Pinaki & Company**  
Chartered Accountants

**Report on Utilization of IPO Proceeds  
For the Month of October 2022**

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

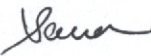
*(Amount in BDT)*


S.L	Purpose mentioned in the prospectus / 18th AGM	Time Line			Amount as per Prospectus	Amount as per 18th AGM	Status of Utilization								Remarks
		As per Prospectus	As per 18th AGM	As per 19th AGM			Opening	During the Month	Total Utilized Amount	Utilized %	Excess Utilized amount	Excess-utilized %	Total unutilized amount	Un-utilized %	
1	Civil Construction	09.04.2020	09.10.2020	31.12.2022	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	31.12.2022	122,500,000	122,500,000	83,710,847	7,761,300	91,472,147	74.67	-	-	31,027,853	25.33	
3	Repayment of Bank Borrowing at prospectus	09.01.2019	N/A	N/A	99,000,000	99,000,000	99,000,000	-	99,000,000	100.00	-	-	-	-	
4	IPO Expenses	N/A	N/A	N/A	22,500,000	20,441,474	20,441,474	-	20,441,474	100.00	-	-	-	-	
<b>Total</b>					<b>300,000,000</b>	<b>300,000,000</b>	<b>263,684,971</b>	<b>7,761,300</b>	<b>271,446,271</b>	<b>90.48</b>	<b>2,474,124</b>	<b>0.82</b>	<b>31,027,853</b>	<b>10.34</b>	

Notes:

- a) Actual application was received almost 25.76 Times.  
 b) 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.  
 c) Interest on IPO Proceeds in BDT (from FDR & SND) - 24,989,516  
 d) Un-Utilized IPO Proceeds with interest income in BDT - 53,543,246

  
 Silvana Mirza  
 Chairman

  
 Dr. Saira Khan  
 Managing Director

  
 Md. Abul Kasem  
 Chief Financial Officer

  
 Md. Masud Hossain  
 Company Secretary

  
 Mesbah Uddin, FCA  
 Partner  
 ICAB Enroll. No: 1533  
 Pinaki & Company  
 Chartered Accountants

Dhaka  
 Dated : 13 November 2022

