

Directors' Report to the Shareholders

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum WaRahmatullah,

The Board of Directors' of Silva Pharmaceuticals Limited highly pleased to welcome you to the 21st Annual General Meeting of the company and present before you to receive, consider and adopt the Audited Financial Statements of the company for the year ended on 30 June, 2022 together with the Auditors' Report and Directors' Report thereon, for your valuable guidance, opinion and consideration. We express our gratitude to the almighty Allah for the company's business achievement in 2021-2022.

In line with the requirements of the compliance with section 184 of the Companies Act, 1994 and BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018, our company has been presenting Directors' Report covering the financial results and other developments during the year ended 30 June, 2022. In addition the directors explained and disclosed certain issues, which they deemed relevant and important to ensure transparency and good governance practice.

Background:

Silva Pharmaceuticals Limited was incorporated in 24 April, 2001 as a private company limited by shares and registered with the Registrar of Joint Stock Companies & Firms of Bangladesh under the Companies Act, 1994 vide registration no. CH-42959(2318)/2001. On 22 April, 2014 the company converted to a Public Limited company under the Companies Act, 1994. The Company was listed with Dhaka Stock Exchange Limited (DSE) on 23rd September 2018 and Chittagong Stock Exchanges Limited (CSE) on 16th September, 2018. From 10th October, 2018 the shares of the company's are traded in both Stock Exchanges.

Main Objective of the Company

The Company's main objective is to play the role usually offering the healthcare service of highest standard through production and marketing of quality pharmaceuticals finished products in Bangladesh and abroad.

Board of Directors

The Board of Directors is the highest governance body of the Company and represents the interests of all shareholders and stakeholders, irrespective of who elected its directors. The Board of the company comprises with 8 (Eight) Directors, of whom 4 (Four) directors are shareholder Directors, 2 (Two) nominee directors and 2 (Two) independent directors. Independent Directors are appointed as per provision of the Corporate Governance Codes of Bangladesh Securities and Exchange Commission (BSEC) vides reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated 03 June, 2018. The Board's essential role is to approve the Company's strategy and oversee compliance.

Industrial Prospects

Silva Pharma tried to maintain the continuity of its productivity and best ethical standard of business affairs preferring the principles of sustainable development in the year under review. Alhamdulillah.

The Company has been able to hold its customer satisfaction upright providing the quality products with competitive price in the competitive business environment. The Company gives the utmost importance in extending business activities through supply of products as per demand keeping in view of future challenge depending on the modern technology.

Bangladesh Pharma Market

In the year under review, the growth of pharmaceuticals market of Bangladesh stood -3.85%. The Silva Pharmaceuticals Limited achieved -02.57% growths which is good with respect to the overall growth of pharma market of Bangladesh.

Business Analysis

The year 2021-2022 was a challenging year not only for the company but also for the entire world due to the ongoing Russia-Ukraine geopolitical situation which has caused supply chain disruptions as well as additional cost pressure for devaluation of BDT against USD as well and affected by the Coronavirus (COVID-19). The above disaster outbreak has greatly impacted the macroeconomic performance of the country as well as its operation and financial position.

The year under review, due to severe competition and distresses of Russia-Ukraine geopolitical situation & COVID-19 prevailed in the national and international business area; we have not been able to maintain an overall progressive growth trend in satisfactory level inspite of various visionary steps given timely by the Board of Directors.

As a result, it became not easy and usual to produce quality medicine and deliver the same at the doorsteps of the customers. The company has played a significant role in applying modern technology ensuring quality control, smooth distribution, and delivery of the medicine to the patients and customers.

In the year 2021-2022 EPS stood Tk. 0.75 which was Tk. 0.88 in 2020-2021. In the year under review Net Asset Value (NAV) per share is Tk. 17.03 which was Tk. 16.63 in 2020-2021 and NOCFPS per share stood Tk. 1.18 in the year under review which was Tk. 1.17 in the year 2020-2021. It is mentionable here that the sales and Earnings Per Shares (EPS) has decreased from corresponding previous year's due to flood affected in some sales reason and a major portion of sales and marketing team was left the company at the last moment of this year. Furthermore, increase in material cost due to macroeconomic factors, including significant increase of import costs caused by devaluation of local currency against US Dollar.

Compliance to the Labor Laws

In order to maintain labor friendly atmosphere in all aspects, the Company duly comply with the Bangladesh Labor Act, 2006 (As amended 2018) and other laws and regulations applicable to the Company. As per the Bangladesh Labor Rules, 2015 the requisite committees like Participatory Committee, Safety Committee, Canteen Management Committee and Sexual Harassment Protection Committee were formed. These committees are serving for the wellbeing of the workers within the purview of the provisions.

Pollution Free Environment

In order to protect from risk of human health and environment, caused by increasing manmade pollution; Silva Pharmaceuticals Limited is trying its best to keep pollution free environment through ETP and follow the required laws and rules of Directorate General of Drug Administration and Department of Environment of the Government in the factory and its surrounding as well.

Implementation of IAS, IFRS and Other Applicable Laws and Regulations

The Board of Directors of the Company is entrusted to ensure the disclosure of the actual financial position and preparation and maintenance of all types of Statutory Statements as per the Bangladesh Securities and Exchange Commission (BSEC), the Companies Act-1994 and Bangladesh Financial Reporting Act (FRA)-2015. The Board of Director's is absolutely responsible to prepare all types of financial reports in line with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and other applicable rules and regulations.

Financial Report and Accountability

The Board of Directors discharged their due responsibilities through timely preparation and publication of 1st quarter, half yearly, 3rd quarter and annual financial report at the end of each financial period and the affairs of the company performed in the year under review. Audit Committee, sub-committee of Board examined the fairness, exactness and transparency and completeness of these reports before placement of the same to the Board of their approval.

The Company Published the report (un-audited Financial Statements) of 1st Quarter, half yearly and 3rd Quarter Financial Statements as per notification of Bangladesh Securities and Exchange Commission (BSEC) and Listing rules 2015 of Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE) through Company's Website, Newspapers and online News portal and submitted the same timely to BSEC, DSE, CSE and other regulatory authorities.

Audit Committee

As per BSEC's notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018, the Audit Committee consisting of three members including one Independent Director having prominent reputation and versatile knowledge and experience have been working effectively. The Audit Committee has detailed discussion and analysis on its report as directed by BSEC and the Board with regards to internal audit system, preparation of annual financial report and the observations of external auditors. As there was no evidence of slightest mistakes, dissemblance or information contrary to the truth, the financial report was considered as realistic and transparent. Report of the Audit Committee is presented in the page no. 49-52 of the Annual Report.

Beneficiary Insider Trading Prohibition Policy

The Company has outlined the beneficiary insider trading prohibition policy regarding the trading of Company's share its directors, employees and concerned persons. The policy is being followed accordingly.

Independent Director

As per notification no-BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of Bangladesh Securities and Exchange Commission (BSEC), two learned and veteran professionals respectively Mr. Md Musfiqur Rahman, FCA and Mr. Muhammad Moniruzzaman, FCA have been performing the duties as Independent Director.

Respect to the Laws

The laws of the state and other applicable rules and regulations of the company and the affairs thereon have duly been complied with the highest preference and timely actions on the same have been ensured. The Company is committed to abide by the rules of regulatory bodies and other legislative authorities as always.

Statutory Payments

All statutory payments in relation to the employees and the government have duly been made up to date.

Compliance to the Laws of the Capital Market

Since listing in both the stock Exchanges, the Company strictly abides by all the laws, regulations and directions circulated time to time by Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE) and other related authorities.

Workers Profit Participation and Welfare Fund

In the year under review 5% of the Company's profit Tk. 58,33,311.00 will be transferred to the workers profit participation fund and welfare fund as per Labor Law 2006 (As amended in 2018).

Company's Position in the Share Market

In the year under review, the market share of the Company did not face ups and downs significantly in Dhaka Stock Exchange Ltd. (DSE) or Chittagong Stock Exchange Ltd. (CSE). The shareholders had always been confident on Silva shares. In the year 2021-2022, the company shares were traded in Dhaka Stock Exchanges at minimum of Tk. 17.60 to maximum of Tk. 27.40 and Chittagong Stock Exchanges at minimum of Tk. 17.50 to maximum of Tk. 27.30 as against the face value of Tk. 10.00.

Directors' Code of Conduct

The board of the company has approved a separate Code of Conduct for its Directors in compliance with the requirement of Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code issued on 03 June, 2018 which is stated in the page no. 62 of the Annual report. This Code of Conduct was duly been uploaded in the Company's official website in the following link: <https://silvapharma.com/investors/ipo/Code> of Conduct.

Code of Ethics and its Implementation

Highest emphasis is given on the implementation of code of ethics and principles so that the concerned officials and personal can take appropriate decision complying the required laws and professionals manner.

Workers-Officers Relationships

There exists devotion to work and respectful and harmonious relationships among all levels of officers and employees in The Silva Pharmaceuticals Industry Ltd. which has accelerated the Company's progress and productivity.

Nomination and Remuneration Committee and their Report

In accordance with the condition 6 of Bangladesh Securities and Exchange Commission's Code of Corporate Governance, BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, the Board formed the Nomination and Remuneration Committee (NRC).

The report from the Nomination and Remuneration Committee (NRC) about their activities performed during the year under review is mentioned in the page no. 53-55 of the Annual Report.

Wage-Remuneration Policy

The salary and wages of the employees are usually determined considering the prevailing inflation, price index and in commensuration with the existing salary structure in other competitors' companies. The procedure of evaluation and determining the honorarium of the functional directors are being followed within the criteria recommended by the Nomination and Remuneration Committee (NRC) duly approved by the Boards as per corporate governance code of BSEC.

Events after the Reporting Period

Events after the reporting period for the year 2021-2022, no necessity arose for subsequent adjustment or no pecuniary issues thereto happened which is mentionable in the Financial Statement.

Dividend Distribution Policy

The management of the company sincerely believes that at the end of yearly operation of the company, the highest benefit i.e. dividend is given to the shareholders after retaining a portion of earnings so that the company can maintain the ability for future expansion and also extending facilities to the shareholders in future. Keeping this policy in mind, the company declares dividend giving importance on a balance between the present expectation of the shareholders and that of potential beneficiaries considering all relevant applicable laws and best practices in this connection.

Pursuant to the Dividend related Directive issued by Bangladesh Securities and Exchange Commission (BSEC) on January 14, 2021, the Company has adopted the Dividend Distribution Policy (DPP). The DPP is stated in the page no. 63-65 of the Annual Report 2022 and is also uploaded on the Company's website.

Transferring the Unclaimed Dividend to Capital Market Stabilization Fund

Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Directive no. BSEC/CMMRCD/2021-386/03 dated January 14, 2021 and Bangladesh Securities and Exchange Commission Capital Market Stabilization Fund Rules, 2021, during the financial year the company did not required transfer of any amount to this fund, since the company unclaimed/unpaid dividend start from the year 2019. Year wise unclaimed/undistributed/unsettled dividend amount is stated below:

Unclaimed / Unpaid Dividend

Particulars	Amount in Taka
Dividend for the year 2020-2021	3,97,684.00
Dividend for the year 2019-2020	3,97,465.00
Dividend for the year 2018-2019	4,68,496.00
Interest (Net off AIT & Bank Charges)	33,287.00
Total	12,96,932.00

Reserves and Surplus

In the year 2021-2022, Company's reserves and surplus rose to Tk. 96,01,98,381.00 which was Tk. 90,54,72,128.00 in the previous year.

Appointment of Statutory Auditors¹

M/S. Shiraz Khan Basak & Co., Chartered Accountants, existing statutory auditors of the company, audited the Accounts for the year 2021-2022. M/S. Shiraz Khan Basak & Co., Chartered Accountants will retire at the 21st Annual General Meeting. As per Law, the existing auditors are eligible for re-appointment as statutory auditors. M/S. Shiraz Khan Basak & Co., Chartered Accountants, 86, Bir Uttam C.R. Datta Road, (Level-10), Dhaka-1205 has given their expression of interest to be re-appointed as statutory auditors for the financial year 2022-2023.

The Audit Committee reviewed the performance of audit acted in the last year and profile of the said audit firms and recommended in favour of M/S. Shiraz Khan Basak & Co., Chartered Accountants, for re-appointment as Statutory Auditors of the company for the next financial year.

Being eligible as per Law, the Board of Directors has concurred with the recommendation of the audit committee to be re-appointed M/S. Shiraz Khan Basak & Co., Chartered Accountants, 86, Bir Uttam C.R. Datta Road, (Level-10), Dhaka-1205 as statutory auditors of the company for the financial year 2022-2023 and continuation up to the next AGM at a fees of Tk. 3,00,000.00 (Three lac) (including TDS but excluding VDS) only and also as per application of the auditor, the audit fee for the year 2021-2022 revised near to maintenance of ICAB fees schedule from Tk. 2,00,000.00 to Tk. 3,00,000.00 (Three Lac) (including TDS but excluding VDS) subject to approval by the Shareholders in the 21st AGM of the company.

Compliance Auditors' Appointment

As per Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), M/s. S.M. Zakaria & Co., Chartered Accountants, compliance auditors of the company audited the compliance status of the company for the year 2021-2022 and M/s S.M. Zakaria & Co., Chartered Accountants retire at this AGM. **Mr. K M Kawsar Ali, FCA, Partner of M/s S.H. Khan & Co.**, Chartered Accountants willing to interest in conducting the Compliance Audit for the next year. In this respect **Mr. K M Kawsar Ali, FCA, Partner of M/s S.H. Khan & Co.**, Chartered Accountants giving a proposal for conducting the next year compliance audit. After threadbare discussion the board of directors agrees to appointment of M/s. S.H. Khan & Co., Chartered Accountants, Fahima Tower (5th Floor), 42/43, Purana Paltan, Dhaka-1000 as Compliance Auditors of the Company for the financial year 2022-2023.

The Audit Committee reviewed the profile of the said audit firms and recommended in favour of M/s. S.H. Khan & Co., Chartered Accountants, for appointment as Compliance Auditors of the company for the next financial year.

The Board of Directors recommended for the appointment of M/s S.H. Khan & Co., Chartered Accountants as the Compliance Auditors of the Company for the financial year 2022-2023 and fixing the auditor fees of Tk. 30,000.00 (Thirty Thousand) (including TDS & VDS) only subject to approval by the Shareholders in the 21st AGM of the company.

Independent Scrutinizer Appointment

As per Bangladesh Securities and Exchange Commission's (BSEC's) directive No. BSEC/CMRRCD/2009-193/08 dated 10 March, 2021, the Board of Directors in its 94th meeting held on November 14, 2022 appointed M/s. Jasmin & Associates, Chartered Secretaries as an Independent Scrutinizer to observe the 21st AGM of the company to be held on 29 December, 2022 ensuring the facility to exercise the shareholders (holders of paper shares or dematerialized shares) voting rights on the resolution proposed to be considered at the general meeting.

The due process of election and detailed information of voting results shall be authenticated by Independent Scrutinizer M/s. Jasmin & Associates, Chartered Secretaries and be reported of the same to the BSEC within the stipulated time of conclusion of AGM.

Appointment of Credit Rating Company

As per Bangladesh Securities and Exchange Commission's (BSEC's) Notification No. BSEC/CMRRC/2009-193/37/Admin/132 dated 12 May, 2022, the Board of Directors in its 94th meeting held on November 14, 2022 appointed M/s. Emerging Credit Rating Ltd., SHAMS Rangs, House 104, Park Road, Level- A 1, 2 & 5, Baridhara Dhaka-1212 as a Credit Rater to rating position of the company for the financial year 2021-2022 and fixing the Credit Rating fees of Tk. 40,000.00 (Forty Thousand) (including TDS and VDS).

Relation and Communication with the Shareholders

The Company has been arranging regular Annual General Meetings (AGM) as per Companies Act, 1994 through which Shareholders are informed about the Company's progress, important activities and the development activities undertaken during the year under review. As a result, the shareholders concerned organizations and the people get various information about the company in due time. The Shareholders of the company are able to collect all required information from our share department through land phone, mobile phone, e-mail service and website (www.silvapharma.com) as well.

Statements or disclosures as per clause (5) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June, 2018

(i) Industry outlook and possible future developments in the industry:

The Pharmaceutical sector is one of the most developed industries among the manufacturing industries in our country. The demand of medicine is increase in day by day since of increasing in awareness about healthcare, higher income and increasing government expenditure. As one of the emergent pharmaceuticals manufacturers in Bangladesh, we try to make full use of the market scope, our business potentials and dynamics to benefit the best interests of our shareholders. We are committed to provide sustainable solutions to the healthcare challenges. Our business is successfully operated and our services towards nation are smoothly run by the efficient field forces. We have already introduced some new products and some of them are to be introduced soon.

Despite of the tough situation of COVID-19 and Russia-Ukraine ongoing geopolitical situation, we were tried to maintain revenue at a reasonable level. Moreover, we have given special emphasis on cost control, resource optimization and Research & Development capabilities in order to face these economic challenges. We always stick to our belief and focused ideas and activities to make our dream true. At the same time we are equally focused on high quality products. All of our initiatives are directed towards the value creation for our shareholders and customers. With vast experience in pharmaceuticals manufacturing, we are confident and believe that we can hold on our reputation as a quality manufacturer.

(ii) Segment-wise or product-wise performance:

No geographical segment reporting is applicable for the company as required by IFRS 08: Operating Segments, as the company operates in a single geographical area and has a single business line of product i.e. manufacturing and selling of medicine.

Product wise sales performances are given below:

Name of Item	Quantity (Pcs/PHs)		Amount in Taka	
	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021
Tablet	121,243,421	126,801,853	431,535,896	466,942,114
Capsule	38,517,480	35,548,504	219,827,638	244,787,002
Liquid	1,349,760	1,553,510	65,899,574	71,508,092
Dry Syrup	1,343,822	179,270	61,406,746	16,012,384
Total	162,454,483	164,083,137	778,669,854	799,249,592

However, product wise capacity utilization is given in note no. 41.03 of the Financial Statements.

(iii) Risk & Concerns:

Pharmaceuticals industry faces many of the challenges like lack of power, labour unrest, political unrest resulting hartal causing disruption of production and cost of fund. Changes in the existing global or national policies can have either positive or negative impacts for the company. Any insufficiency or price hike of raw materials due to change in policy in the international market might hamper the production and profitability. Changes in currency exchange rates might also affect the pricing and thereby the profitability of the Company. The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide. Moreover, risks and concern of the industry solely depends on the upcoming government policy as well.

The potential impact of the Russia-Ukraine war and Corona Virus outbreak on the Company's trading performance and supply continuity remains uncertain. Up to the date of this report, the outbreak has some impact on the trading results of the industry. However, we continue to monitor the situation closely, including the potential impacts on trading results, our supply continuity and our employees. The situation could change at any time and there can be no assurance that the corona virus outbreak will not have a material adverse impact but continuing of Russia-Ukraine war will have a material adverse impact on the future results of the company.

(iv) Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

Cost of goods Sold:

The year's cost of goods sold was Tk. 491.29 million (63.09% of Sales) as compared to last year's cost of goods sold of Tk. 484.45 million (60.61% of Sales). This is due to effect of the COVID-19 pandemic and the ongoing Russia-Ukraine geopolitical situation which has caused supply chain disruptions as well as additional cost pressure for devaluation of BDT against USD.

Gross Profit:

Gross profit earned during the year was Tk. 287.37 million as against last year's gross profit of Tk. 314.80 million. Gross profit decrease due to increase of cost of sales and decrease in sales compared to last year.

Net Profit/ (Loss):

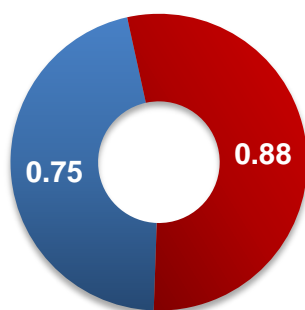
The company earned net profit during the year amounting to Tk. 102.25 million as compared to last year's net profit of Tk. 119.85 million. The Net profit is decreased compared to the prior year due to increase of cost of sales and decrease in sales & other income.

Financial Results:

The overall financial results of the company for the year ended 30 June, 2022 as compared to previous year ended 30 June, 2021 are summarized as follows:

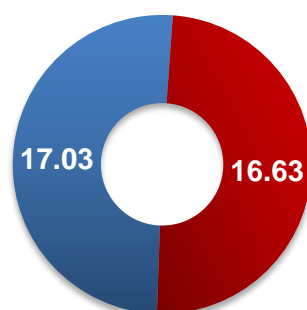
Particulars	Amount in Taka	
	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021
Turnover	778,669,854	799,249,592
Cost of Goods sold	(491,295,776)	(484,445,877)
Gross Profit/ (Loss)	287,374,078	314,803,715
Operating Expenses	(170,829,024)	(166,088,393)
Operating Income	116,545,054	148,715,322
Net Profit/ (Loss) before Income Tax	116,666,221	151,345,370
Income Tax Expenses	(14,410,627)	(31,491,619)
Net Profit/ (Loss) after Income Tax	102,255,594	119,853,751
Earnings Per Share (EPS)	0.75	0.88
Retained Earnings	960,198,381	905,472,128
Net Asset Value (NAV)	2,325,198,381	2,270,472,128
Net Asset Value (NAV) per Share	17.03	16.63
Net Operating Cash Flow per Share	1.18	1.17

Earning Per Share (EPS)



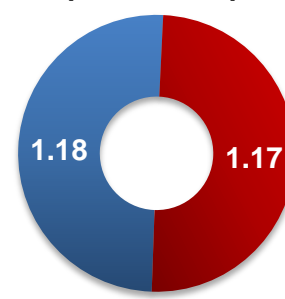
■ 2021-2022 ■ 2020-2021

Net Asset Value (NAV)



■ 2021-2022 ■ 2020-2021

Net Operating Cash Flow Per Share (NOCFPS)



■ 2021-2022

(v) Discussion on Continuity of any extra-ordinary activities and their implications (gain or loss):

During the Financial year 2021-2022, no extra ordinary activities occurred in the Company.

(vi) About the Related Party Transactions

The business related Party Transaction of the Company is being made based on the business principle and as per International Accounting Standard IAS-24. During the year under review, the standard, nature and the manner of related party transactions in the ordinary course of business carried out arm's length basis at commercial rates with related parties were reflected transparently in the financial statements which is given in note no. 43.00 of the Financial Statements on page no. 132-133 of the Annual Report.

(vii) Statement of Utilization of Proceeds rose through Public Issues:

The Silva Pharmaceuticals Limited accorded the consent from Bangladesh Securities and Exchange Commission (BSEC) on 28 June 2018 for raising its capital through Initial Public Offering (IPO) for implementation of the followings:

Sl.	Particulars	Amount in BDT.
01	Acquisition of brand new machinery and Equipment	122,500,000
02	Civil construction of two storied new factory building	56,000,000
03	Repayment of term loan of NCC Bank Limited (Kowran Bazar Branch)	99,000,000
04	IPO expenses	22,500,000
Total		300,000,000

The status of IPO proceeds as on 30 June, 2022 are given below:

Purpose of IPO Fund Utilization	Estimated Amount as per Prospectus	Revised Estimated Amount as per 18th AGM	Amount used up to 30 June, 2022	Un-Utilized Amount of IPO Fund
IPO Expenses	22,500,000	20,441,474	20,441,474	-
Civil Construction	56,000,000	58,058,526	58,058,526	-
Machinery & Equipment	122,500,000	122,500,000	83,548,804	38,951,196
Payment of Term Loan	99,000,000	99,000,000	99,000,000	-
TOTAL	300,000,000	300,000,000	261,048,804	38,951,196

The progress of utilization of IPO Proceeds

Utilization of IPO Fund already utilized 87.01% amount which includes 100% of IPO Expenses, Payment of Term Loan and Civil Construction and 68.20% of Machinery & Equipment. Used of IPO funds against IPO Expenses, Payment of Term Loan and Civil Construction within its stipulated time. Using the fund, SPL has built a new factory building and installed new capital machineries. Process of built new factory building and installed new capital machineries is going on. We expect to complete the whole procedures within the next 6 months. As per extended time which was approved by the Shareholders in the 19th Annual General Meeting (AGM) the IPO proceeds has to be completed within 31 December, 2022. Due to the long impact of COVID-19 pandemic and the ongoing Russia-Ukraine geopolitical situation which has caused supply chain disruptions as well as additional cost pressure for devaluation of BDT against USD as well as market uncertainties, it is not possible to complete the factory building works in due time and related machineries and equipment are not imported within schedule time properly.

TIME EXTENTION FOR UTILIZATION OF IPO PROCEEDS

It may be recalled that, The Silva Pharmaceuticals Limited issued the prospectus on 02 July, 2018 in relation to the Initial public Offering (IPO) of the Company's 3,00,00,000 Ordinary shares for the listing with Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE) and duly traded from 10 October 2018 in the DSE and CSE.

In the Prospectus, it was disclosed under the head of "Use of Proceeds and implementation schedule" that the company will issue 3,00,00,000 ordinary shares of BDT 10.00 each and raise BDT 30,00,00,000.00 (Thirty Crore) which will supposed to be used for the following purpose:

Sl.	Particulars	Amount in Tk.
01	Acquisition of brand new machinery and equipment	122,500,000
02	Civil construction of two storied new factory building	56,000,000
03	Repayment of term loan	99,000,000
04	IPO expenses	22,500,000
	Total	300,000,000

Out of above mentioned work we already use fully repayment of term loan, IPO Expenses and civil construction of new factory building. The company utilized Tk. 8,35,48,804.00 out of TK. 12,25,00,000.00 in account of Acquisition of brand new machinery and equipment and Tk. 3,89,51,196.00 was remain un-utilized as on 30 June, 2022. As per extended time which was approved by the Shareholders in the 19th Annual General Meeting (AGM) the IPO proceeds has to be completed within 31 December, 2022. Due to the long impact of COVID-19 pandemic and the ongoing Russia-Ukraine geopolitical situation which has caused supply chain disruptions as well as additional cost pressure for devaluation of BDT against USD as well as market uncertainties, it is not possible to complete the factory building works in due time and related machineries and equipment are not imported within schedule time properly. For this reason, the management could not complete the utilization of IPO fund regarding the acquisition of machinery & equipment in due time fully. In this situation, considering the greater interest of the shareholders and due to ongoing Russia-Ukraine geopolitical situation and pandemic awareness situation, the board of directors of the company in its 94th meeting held on 14 November, 2022 recommend to lengthen the IPO fund utilization's due time up to 31 December, 2023 for utilization of entire amount of IPO fund subject to the approval by the shareholders in its 21st Annual General Meeting (AGM) and necessary intimation to the Commission and Exchanges.

(viii) Explanation if the financial Results Deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Offer and Direct Listing:

Silva Pharmaceuticals Limited went for Initial Public offering (IPO) in the year 2018 and did not go for any further offering since then. There has been no deteriorating in the financial results after the company goes for Initial Public Offering (IPO). So, no such explanation is required for Silva Pharmaceuticals Limited.

(ix) Explanation of significance variance occurs between Quarterly Financial Performance and Annual Financial Statements.:

During the financial year 2021-2022, Annual financial statements are almost in consonance with the quarterly financial performances of the company. As such, no significant variance has been observed between quarterly financial performances and annual financial statements.

(x) Remuneration to directors including independent Directors:

The company did not pay any remuneration or any other facilities or perquisites except board meeting attending fees to its directors (including independent directors) except Managing Director during the financial year ended 30 June, 2022. A statement of remuneration paid to the directors including independent directors is stated in the Notes 43.01 of the notes to financial statements on page no. 133 of the Annual Report.

(xi) Financial Statements prepared by the management of the Company presents fairly its state of affairs, the result of its operation, cash flows and changes in equity:

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and the Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of operation, cash flow and changes in equity.

(xii) Proper books of accounts of the company have been maintained:

The Books of accounts of the Company have been maintained properly.

(xiii) Accounting Policies:

The appropriate accounting policies have been consistently applied in preparing financial statements and the accounting estimates are based on reasonable and prudent judgment.

(xiv) Application of IAS and IFRS:

International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as applicable in Bangladesh have been followed in preparing financial statements and any departure has been adequately disclosed.

(xv) The system of internal control:

The internal control system was proper and effective application and monitoring was confirmed.

(xvi) Statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress:

As a constant policy of the company, interests of minority shareholders have been protected meticulously by the management. The management protects interest of Minority shareholders from abusive actions by or in the interest of, controlling shareholders acting either directly or indirectly and has effective means of redress in place. No abusive actions either directly or indirectly with regard to the interest of minority shareholders was observed.

(xvii) Going Concern:

By the grace of the Almighty Allah, the Board of Directors after analysis of the business trend of the Company has confirmed that the Company has enough ability to carry on business activities in the coming days as a Going Concern and the financial statements have been prepared on the basis of going concern assumption basis. As per management assessment there is no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

(xviii) Explanation of significant deviation from the last year's operating result:

There have been no remarkable deviations in the operational affairs as compared to the previous year.

(xix) Key operating and financial data preceding 5 (Five) years:

The statement of key operating and financial data for the last preceding 5(five) years of the company have been presented as follows:

Financial Highlights for the last 5 (five) Years

Particulars	Figures in Taka				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Operating Data					
Turnover	778,669,854	799,249,592	763,335,406	732,450,190	685,233,408
Cost of Goods Sold	491,295,776	484,217,947	464,525,568	440,501,039	412,239,594
Operating Expenses	170,829,024	166,316,323	151,457,138	141,697,442	125,410,284
Financial Expenses	4,759,978	2,792,095	1,459,132	3,613,899	5,620,364
Gross Profit	287,374,078	315,031,645	298,809,838	291,949,151	272,993,814
Operating Profit	111,785,076	145,923,227	145,893,568	146,637,810	141,963,166
Net Profit before Tax	116,666,221	151,345,370	159,087,248	157,318,884	143,876,215
Net Profit after Tax	102,255,594	119,853,751	118,942,931	143,323,416	92,993,941
Financial Position Data					
Shareholders' Equity	2,325,198,381	2,270,472,128	2,198,109,877	2,133,442,946	1,710,561,004
Non-Current Assets	1,481,576,724	1,372,217,229	1,365,926,835	1,241,202,338	1,088,236,707
Non-Current Liabilities	81,431,672	88,198,786	98,260,873	78,520,043	91,219,792
Current Assets	1,063,164,037	1,074,937,836	1,090,279,961	1,060,520,369	913,520,356
Current Liabilities	138,110,708	88,484,151	159,836,046	89,759,718	199,976,267
Total Assets	2,544,740,761	2,447,155,065	2,456,206,796	2,301,722,707	2,001,757,063
Total Liabilities	219,542,380	176,682,937	258,096,919	168,279,761	291,196,059
Financial Ratios					
Current Ratio (Times)	7.70	12.15	6.82	11.82	4.57
Debt-Equity Ratio (Times)	0.09	0.08	0.12	0.08	0.17
Gross Profit Ratios (%)	36.91%	39.42%	39.15%	39.86%	39.84%
Net Income Ratio (%)	13.13%	15.00%	15.58%	19.57%	13.57%
Return on Equity (%)	4.40%	5.28%	5.41%	6.72%	5.44%
Return on Assets (%)	4.10%	4.89%	5.00%	6.66%	4.72%
Equity Parameters					
Authorised Capital	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Paid-up Capital	1,365,000,000	1,365,000,000	1,365,000,000	1,300,000,000	1,000,000,000
Shareholders' Equity	2,325,198,381	2,270,472,128	2,198,109,877	2,133,442,946	1,710,561,004
Number of Shares Outstanding	136,500,000	136,500,000	136,500,000	130,000,000	100,000,000
Face Value per share	10.00	10.00	10.00	10.00	10.00
Net Asset Value per share (NAV)	17.03	16.63	16.10	15.63	17.11
Earnings Per Share (Basic EPS)	0.75	0.88	0.87	1.05	0.93
Market Price per Share(Closing)	24.10	19.70	18.30	23.00	N/A
Price Earnings ratio (Times)	28.80	22.39	21.00	20.07	N/A
Net Operating Cash Flow Per Share (NOCFPS)	1.18	1.17	1.10	1.39	1.34
Dividend -Cash (%)	3.00 (1.5 for ICB)	5.00	5.00	6.00	Nil
Dividend -Stock (%)	Nil	Nil	Nil	5.00	Nil
Number of Shareholders	6,067	6,223	6,962	6,566	89
Number of Employees	658	945	914	1,018	1,082

(xx) Declaration of Dividend:

During the year, the Board of Directors of the Company recommended 3% Cash Dividend for all shareholders excluding sponsors and directors (except 1.50% for ICB).

(xxi) Declaration of Interim Dividend:

During the Financial Year 2021-2022 no Bonus share or Stock Dividend has been declared by the board as interim dividend.

(xxii) The total number of board meetings held during the year and attendance by each director:

During the year ended 30 June, 2022 the Board of Directors were held **04 (Four)** meetings. The attendance record of the Directors is shown below. The Directors who could not attend the meeting were granted leave of absence.

Board Meeting and Attendance During the year ended 30 June, 2022:

Sl. No.	Name of Attended	Position	No. of Meeting held	No. of Meeting Attended
1	Mrs. Silvana Mirza	Chairman	04	03
2	Dr. Saira Khan, MBBS, DCH, FCPS.	Managing Director	04	04
3	Mrs. Samina Mirza	Director	04	03
4	Mrs. Farhana Mirza	Director	04	03
5	Mrs. Mahmuda Akhter (Nominated by ICB)	Director	04	04
6	Mr. Monsur Rahman (Nominated by Adarsha Fisheries & Poultry Farm Ltd.)	Director	04	04
7	Mr. Md. Musfiqur Rahman, FCA,	Independent Director	04	04
8	Mr. Muhammad Moniruzzaman, FCA,	Independent Director	04	04

In Attendance

Sl. No.	Name of Directors Attended	Position	No. of Meeting held	No. of Meeting Attended
1	Mr. Md. Iqbal Hossain	Company Secretary	04	04
2	Mr. Md. Abul Kasem	Chief Financial Officer	04	04
3	Mr. Khurshid Ahmed Siddique	Head of Internal Audit & Compliance	04	04

(xxiii) A report on the pattern of shareholding as on 30 June 2022 disclosing the aggregate number of shares (along with name wise details) held by:-

A report on the pattern of shareholding as on 30 June 2022 disclosing the aggregate numbers of shares (along with name wise details) are stated below:-

a. Parent or Subsidiary or Associated Companies and other related parties:

The Silva Pharmaceuticals limited does not have any Parent or Subsidiary or Associated Companies as on 30 June, 2022. However, other related parties do not hold any shares of the company.

b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:

Sl. No.	Name of the Shareholders	Status	Number of Shares Held	Percentage (%)
01.	Mrs. Silvana Mirza	Chairman	30,55,500	02.24%
02.	Dr. Saira Khan, MBBS, DCH, FCPS.	Managing Director	73,18,500	05.36%
03.	Mrs. Samina Mirza	Director	30,55,500	02.24%
04.	Mrs. Farhana Mirza	Director	30,55,500	02.24%
05.	Mrs. Mahmuda Akhter (Nominated by ICB)	Director	2,87,00,591	21.03%
06.	Mr. Monsur Rahman (Nominated by Adarsha Fisheries & Poultry Farm Ltd.)	Director	53,44,500	03.92%
07.	Mr. Md. Musfiqur Rahman, FCA, Independent Director	Independent Director	Nil	Nil
08.	Muhammad Moniruzzaman, FCA, Independent Director	Independent Director	Nil	Nil
09.	Md. Iqbal Hossain	Company Secretary	1,15,500	00.08%
10.	Md. Abul Kasem	Chief Financial Officer	Nil	Nil
11.	Khurshid Ahmed Siddique	Head of Internal Audit and Compliance	24,000	0.02%
12.	A R Hassan Mirza	Spouses of Managing Director	51,97,500	3.81%
13.	Other Spouse and Minor Children		Nil	Nil

c. Executives:

Sl. No.	Name of the Shareholders	Status	Number of Shares Held	Percentage (%)
01.	Dr. Saira Khan, MBBS, DCH, FCPS.	Managing Director	73,18,500	05.36%
02.	A R Hassan Mirza	Executive Director	51,97,500	3.81%
03.	Md. Iqbal Hossain	Company Secretary	1,15,500	00.08%
04.	Md. Abul Kasem	Chief Financial Officer	Nil	Nil
05.	Khurshid Ahmed Siddique	Head of Internal Audit and Compliance	24,000	0.02%

d. Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details):

Sl. No.	Name of the Shareholders	Status	Number of Shares Held	Percentage (%)
01.	Investment Corporation of Bangladesh (ICB)	Director	2,87,00,591	21.03%

(xxiv) Appointment or re-appointment of Director:

As per provision of the Articles of Association of the company Mrs. Silvana Mirza, Dr. Saira Khan, MBBS, DCH, FCPS, and Mr. Monsur Rahman will retire by rotation in the next 21st Annual General Meeting and being eligible they will be offered for re-appointment. The brief resume along with the required information of the directors is given under the Directors Profile in page no. 08, 09 and 12 of the Annual Report.

(xxv) Appointment or re-appointment of Managing Director:

As per condition of the appointment of the Managing Director the 5 (five) years tenure was successfully completed of existing Managing Director Dr. Saira Khan, MBBS, DCH, FCPS, as on 11.03.2022. As per section 110 of the Companies Act, 1994, she is eligible for re-appointment. The board of directors in its 91st meeting dated 27 January, 2022 recommended for re-appointment of existing Managing Director Dr. Saira Khan, MBBS, DCH, FCPS further one tenure time for three years only with effect from 12 March, 2022 to 11 March 2025 as recommended by the NRC subject to the approval by the

shareholders in its next Annual General Meeting (AGM) of the company. The brief resume along with the required information of the managing director is given under the Directors Profile in page no. 09 of the Annual Report.

(xxvi) Appointment or re-appointment of Independent Director:

The tenure of office of Independent Directorship of Mr. Muhammad Moniruzzaman, FCA was ended on 31 December 2022 as per BSEC's Notification, Dated- 03 June 2018 on Corporate Governance Code (CGC). As per Corporate Governance Code (CGC) he is eligible for re-appointment for further one tenure. The board of directors in its 94th meeting held on 14 November, 2022 has been recommended to be re-appointment of existing Independent Director Mr. **Muhammad Moniruzzaman, FCA** for further one tenure time (three years) only with effect from 01 January, 2023 to 31 December, 2025 subject to the approval by the shareholders in this Annual General Meeting (AGM) of the company. The brief resume along with the required information of the independent director is given under the Directors Profile in page no. 15 of the Annual Report.

(xxvii) Management's Discussion and Analysis:

Detailed discussion on the operating and financial performance of the company along with other disclosures as required under Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) through Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated June 3, 2018 has been separately reported by the Managing Director in page no. 44-46 of the Annual Report.

(xxviii) Declaration or Certification by the Managing Director and Chief Financial Officer:

Declaration or Certification by the Managing Director and Chief Financial Officer to the Board of Director's as required by **Annexure-A** of the notification of BSEC is disclosed in the page no. 77 of the Annual Report.

(xxix) The report of compliance on the Corporate Governance Code:

The report of compliance on the Corporate Governance Code audited by Compliance Auditor has been incorporated as per preformats prescribed in Annexure-B and Annexure-C of the notification of BSEC has been disclosed in page no. 78-87 of the Annual Report.

Recognition and Compliments

The Board of Directors extends its heart felt gratefulness to the Ministry of Health, Directorate General of Drug Administration, respected Doctors, Chemists, Patrons and all concerned with the pharmaceuticals industry for their all-out support to us. The Board of Directors remembers the co-operation of Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchanges Ltd. (DSE) and Chittagong Stock Exchanges Ltd, (CSE) gratefully. The Board thanks the banks and the financial institutions for their support.

The Board of Directors wishes all levels of officers, employees, buyers, consumers, patrons, well-wishers and all concerned for their sincere contribution towards our business success, we are also grateful to our beloved shareholders for their comprehensive support to the company.

The shareholders trustworthiness to the Board of Directors makes them confident and deeply inspired. The management and employees of all levels are committed to uphold this.

May Allah accept all our efforts for the development of our company, Nation and the country at large. We pray to the Almighty Allah for his blessing for continual overall progress and prosperity of our beloved country People's Republic of Bangladesh.

Allah Hafiz

Approved by the Board of Directors and signed on its behalf,



Mrs. Silvana Mirza

Chairman

Dhaka, 27 October, 2022