



## 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 22<sup>nd</sup> 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, 2023 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 2022-2023.

The report has been prepared in compliance with section 184 of the Companies Act, 1994, Rule 12 of the Securities and Exchange Rules, 1987 and BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018, International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as issued by the Financial Reporting Council (FRC), Bangladesh and the Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) (Listing) Regulations, 2015.

### 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 23<sup>rd</sup> September 2018 and Chittagong Stock Exchanges Limited (CSE) on 16<sup>th</sup> September, 2018. From 10<sup>th</sup> 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

The pharmaceutical industry in Bangladesh is moving forward with great potential as 97% of the country's total demand for medicine is being met by domestic pharma industries. In addition to meeting the domestic demand, the companies also export medicines to several countries of the world. Besides, Bangladesh ranks 71<sup>st</sup> out of 134 countries in the world in terms of global pharmaceutical exports. As per market analysis by the Bangladesh Investment Development Authority (BIDA), the demand for healthcare services is growing at about 21% annually.





## Business Analysis

The year under review 2022-23, despite the macroeconomic challenges utmost effort was given to deliver expected volume of growth and financial results. We had to go the entire year through ongoing Russia-Ukraine war. The war impacted the global economy through significant disruptions in trade, food, fuel price, rising of raw materials costs, all of which are contributing to high inflation causing the global financing condition very adverse. In the face of adversity we acted responsibly across our business operations with continued support from our management, field forces, customers and chemists through benchmark measures and innovations. The Company nevertheless maintained enough courage and belief for future growth and in viewing of the same spirit we are focusing on high quality/life savings medicine upgrading necessary policy and system through regular research and development.

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.

The Company had made all-out efforts to maintain an overall progressive growth trend taking timely actions by the Board, managing the finance efficiently through visionary steps and ensuring proper investment procedures. In the year 2022-23, EPS stood Tk. 0.24 which was Tk. 0.75 in 2021-22. In the year under review, Net Asset Value per share is Tk. 17.10 which was Tk. 17.03 in 2021-22 and NOCFPS stood Tk. 0.51 in the year under review which was previously Tk. 1.18. It is mentionable here that the sales and Earnings Per Shares (EPS) has decreased from corresponding previous year's due to downtrend in local demand of product because of slowdown in the global and national economies and also increase in cost of goods sold due to significant increase in raw material cost, power and fuel cost and also disruption in international supply chain because of crisis of US Dollar and also Russia & Ukraine War.

## 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) Rules 1987, 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 1<sup>st</sup> quarter, half yearly, 3<sup>rd</sup> 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) Notification No. SEC/CMRRCD/2018-183/Admin/3-34, dated 27 September 2009 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. A.T.M. Sarwar Kamal Chowdhury, M.com (Accounting), CA-Advance Level (From 01.07.2023), Mr. Md. Musfiqur Rahman, FCA (up to 24.05.2023) 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. 25,18,229.00 will be transferred to the workers profit participation 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 2022-2023, the company shares were traded in Dhaka Stock Exchanges at minimum of Tk. 21.00 to maximum of Tk. 25.70 and Chittagong Stock Exchanges at minimum of Tk. 22.60 to maximum of Tk. 24.90 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> .





### 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.

### Wages-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 2022-2023, 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) BSEC/CMMRCD/2021-386/03 dated on January 14, 2021, the Company has adopted the Dividend Distribution Policy (DDP). The DDP is stated in the page no. 63-65 of the Annual Report 2023 and is also uploaded in the Company's official website in the following link: "[Dividend Distribution Policy – Silva Pharmaceuticals Ltd.](#)".

### 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, the company already decided to transfer the amount of unclaimed/unpaid dividend for the year 2019. The Year wise unclaimed/undistributed /unsettled dividend amount is stated below:

#### Unclaimed / Unpaid Dividend

Particulars	Amount in Taka
Dividend for the year 2021-2022	88,678.06
Dividend for the year 2020-2021	1,15,721.56
Dividend for the year 2019-2020	1,15,051.59
Dividend for the year 2018-2019	1,21,164.03
<b>Total</b>	<b>4,40,615.24</b>





## Reserves and Surplus

In the year 2022-2023, Company's reserves and surplus rose to Tk. 96,90,84,309.00 which was Tk. 96,01,98,381.00 in the previous year.

## Appointment of Statutory Auditors'

M/S. Shiraz Khan Basak & Co., Chartered Accountants, existing statutory auditors of the company, audited the Accounts for the year 2022-2023. M/S. Shiraz Khan Basak & Co., Chartered Accountants will retire at the 22nd Annual General Meeting. As per Law, the existing auditors are not eligible for re-appointment as statutory auditors since their continuous three years' time has been completed as per para 2(2) of Bangladesh Securities and Exchange Commission (BSEC) notification No. BSEC/CMRRCD/2006-158/208/Admin/81 Dated: 20 June 2018 and as per para 15(2) of DSE/CSE Listing Regulation. In this reason a new statutory auditor to be appointed for the next year. In the above situation, Mr. Md. Anwaruzzaman FCA, Partner Rahman Mostafa Alam & Co., Chartered Accountants; Mr. Golam Fazlul Kabir FCA, Partner Aziz Halim Khair Chowdhury, Chartered Accountants, Mr. Mohammad Fakhru Alam Patwary, FCA, Managing Partner, M. Z. Islam & Co., Chartered Accountants and Mr. Mahfel Huq FCA, Partner Mahfel Huq & Co., Chartered Accountants express their interest and duly offered to the company to audit of our company Silva Pharmaceuticals Limited for the year ended June 30, 2024. The above audit firms are also enlisted by the Commission (BSEC) and FRC.

From the review of the above audit firm the Audit Committee recommended to the Board for the appointment of M/s M. Z. Islam & Co., Chartered Accountants, Eastern View, 10th Floor, 50, DIT Extension Road, Naya Paltan, Dhaka-1000 as Statutory Auditors of the Company in the ensuing annual general meeting of the Company for the financial year ended on 30 June, 2024.

Being eligible as per Law, the Board of Directors has concurred with the recommendation of the audit committee to be appointed M/S. M. Z. Islam & Co., Chartered Accountants, Eastern View, 10<sup>th</sup> Floor, 50, DIT Extension Road, Naya Paltan, Dhaka-1000 as statutory auditors of the company for the financial year 2023-2024 and continuation up to the next AGM at a fees of Tk. 3,50,000.00 (Three lac fifty thousand) (including TDS but excluding VDS) only subject to approval by the Shareholders in the 22<sup>nd</sup> AGM of the company.

## Compliance Auditors' Appointment

As per Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), M/s. S. H. Khan & Co., Chartered Accountants, compliance auditors of the company audited the compliance status of the company for the year 2022-2023 and M/s S.H. Khan & Co., Chartered Accountants retire at this AGM. M/s. Mollah Quadir Yusuf & Co., Chartered Accountants, House # 63/F (3rd floor), Dolphin Goli, Lake Circus, Kalabagan, Dhanmondi, Dhaka-1209 willing to interest in conducting the Compliance Audit for the next year. In this respect Mr. Moinul Islam, FCA, Partner of M/s Mollah Quadir Yusuf & Co., Chartered Accountants giving a proposal for conducting the next year compliance audit.

The Audit Committee reviewed the profile of the said audit firms and recommended in favour of M/s. Mollah Quadir Yusuf & Co., Chartered Accountants, for appointment as Compliance Auditors of the company for the financial year 2023-2024.

The Board of Directors recommended for the appointment of M/s Mollah Quadir Yusuf & Co., Chartered Accountants as the Compliance Auditors of the Company for the financial year 2023-2024 and fixing the auditor fees of Tk. 30,000.00 (Thirty Thousand) (including TDS & excluding VDS) only subject to approval by the Shareholders in the 22<sup>nd</sup> 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 98<sup>th</sup> meeting held on November 13, 2023 appointed M/s. Jasmin & Associates, Chartered Secretaries as an Independent Scrutinizer to observe the 22<sup>nd</sup> AGM of the company to be held on 28 December, 2023 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 94<sup>th</sup> meeting held on November 14, 2022 appointed M/s. Credit Rating Agency of Bangladesh Limited (CRAB), Navana-DH Tower, Level-15, Plot-06, Panthapath, Tejgaon, Dhaka-1215 as a Credit Rater to rating position of the company for the financial year from 2021-2022 to 2024-2025, total four years and fixing the Credit Rating fees of Tk. 50,000.00 (Fifty Thousand) (including TDS but excluding VDS) per year only.

### 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](http://www.silvapharma.com)) as well.

### Statements or disclosures as per clause (5) of BSEC Notification No. BSEC/CMRRC/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 dollar crisis, volatile of foreign currency market and also 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	
	01/07/2022 to 30/06/2023	01/07/2021 to 30/06/2022	01/07/2022 to 30/06/2023	01/07/2021 to 30/06/2022
Tablet	103,309,726	121,243,421	323,279,790	431,535,896
Capsule	33,590,892	38,517,480	147,150,552	219,827,638
Liquid	1,417,113	1,349,760	107,314,346	65,899,574
Dry Syrup	1,090,366	1,343,822	139,121,747	61,406,746
<b>Total</b>	<b>139,408,097</b>	<b>162,454,483</b>	<b>716,866,435</b>	<b>778,669,854</b>

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 dollar crisis outbreak on the Company's trading performance and supply continuity remains uncertain. Up to the date of this report, the outbreak has a lot of 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 dollar crisis 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. 485.50 million (67.73% of Sales) as compared to last year's cost of goods sold of Tk. 491.29 million (63.09% of Sales). This is due to effect of the volatile in foreign currency market 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. 231.36 million as against last year's gross profit of Tk. 287.37 million. Gross profit decrease due to increase of cost of production and decrease in sales compared to last year.

#### Net Profit/ (Loss):

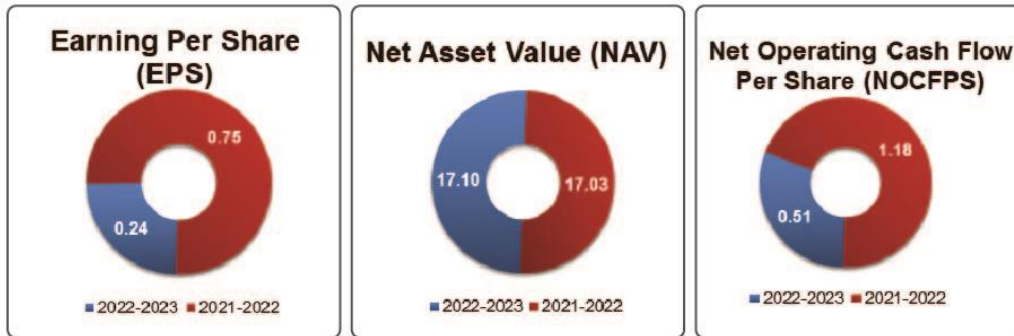
The company earned net profit during the year amounting to Tk. 33.08 million as compared to last year's net profit of Tk. 102.25 million. The Net profit is decreased compared to the prior year due to increase of cost of production and decrease in sales.

### Financial Results:

The overall financial results of the company for the year ended 30 June, 2023 as compared to previous year ended 30 June, 2022 are summarized as follows:

Particulars	Amount in Taka	
	01/07/2022 to 30/06/2023	01/07/2021 to 30/06/2022
Turnover	716,866,435	778,669,854
Cost of Goods sold	(485,502,033)	(491,295,776)
Gross Profit/ (Loss)	231,364,402	287,374,078
Operating Expenses	(185,168,222)	(170,829,024)
Operating Income	46,196,180	116,545,054
Net Profit/ (Loss) before Income Tax	50,364,571	116,666,221
Income Tax Expenses	(17,288,832)	(14,410,627)
Net Profit/ (Loss) after Income Tax	33,075,739	102,255,594
Earnings Per Share (EPS)	0.24	0.75
Retained Earnings	969,084,309	960,198,381
Net Asset Value (NAV)	2,334,084,309	2,325,198,381
Net Asset Value (NAV) per Share	17.10	17.03
Net Operating Cash Flow per Share	0.51	1.18





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

During the Financial year 2022-2023, 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 this 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 (Kawran Bazar Branch)	99,000,000
04	IPO expenses	22,500,000
<b>Total</b>		<b>300,000,000</b>

The status of IPO proceeds as on 30 June, 2023 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, 2023	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	94,317,362	28,182,638
Payment of Term Loan	99,000,000	99,000,000	99,000,000	-
<b>TOTAL</b>	<b>300,000,000</b>	<b>300,000,000</b>	<b>271,817,362</b>	<b>28,182,638</b>

**The progress of utilization of IPO Proceeds**

Utilization of IPO Fund already utilized 90.61% amount which includes 100% of IPO Expenses, Payment of Term Loan and Civil Construction and 76.99% 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 12 months.





As per extended time which was approved by the Shareholders in the 21<sup>st</sup> Annual General Meeting (AGM) the IPO proceeds has to be completed within 31 December, 2023. Due to 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, furthermore, Banks are unwilling to open new L/C for import of new capital machinery & equipment due to Dollar crisis and also access to new loans is becoming increasingly difficult due to limited access to financing. In the above situation, the company could not complete the whole establishments of constructed new factory building and import related Capital machinery from abroad in the scheduled time. For this reason, the management could not complete the utilization of IPO fund fully.

### **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
	<b>Total</b>	<b>300,000,000</b>

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. 94,317,362.00 out of TK. 12,25,00,000.00 in account of Acquisition of machinery and equipment and Tk. **28,182,638.00** was remain un-utilized as on 30 June, 2023. As per extended time which was approved by the Shareholders in the 21<sup>st</sup> Annual General Meeting (AGM) the IPO proceeds has to be completed within 31 December, 2023. Due to 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, furthermore, Banks are unwilling to open new L/C for import of new capital machinery & equipment due to Dollar crisis and also access to new loans is becoming increasingly difficult due to limited access to financing. In the above situation, the company could not complete the whole establishments of constructed new factory building and import related Capital machinery from abroad in the scheduled time. For this reason, the management could not complete the utilization of IPO fund fully and they feeling the need to further one year time extension for fully utilization of IPO fund, i.e. up to 31 December, 2024. It is hopeful that within extended time we can use rest amount of IPO fund and complete the new factory building works smoothly. The board of directors of the company in its 98th meeting held on 13 November, 2023 recommends lengthening the IPO fund utilization's due time up to 31 December, 2024 for utilization of entire amount of IPO fund subject to the approval by the shareholders in its 22<sup>nd</sup> 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 2022-2023, Annual financial statements are considerably varied with the quarterly financial performances of the company. The above variance occurred due to decrease in sales volume for downtrend in local demand of product because of slowdown in the global and national economies and also increase in cost of goods sold due to significant increase in raw material cost, power and fuel cost due to disruption in international supply chain because of crisis of US Dollar and also Russia & Ukraine War.





**(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, 2023. A statement of remuneration paid to the directors including independent directors is stated in the Notes 43.01 of the notes to the financial statements on page no. 133 of this 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 adopted by the Financial Reporting Council (FRC) which is 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 remarkable deviations in the operational affairs as compared to the previous year. The explanation regarding the Deviation in net profit after tax and EPS are as follows:

The operating profit and EPS has decreased for lessening the sales revenue due to downtrend in local demand of product because of slowdown in the global and national economies and also increase in cost of goods sold due to significant increase in raw material cost, power and fuel cost.



**(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				
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
<b>Operating Data</b>					
Turnover	716,866,435	778,669,854	799,249,592	763,335,406	732,450,190
Cost of Goods Sold	485,502,033	491,295,776	484,217,947	464,525,568	440,501,039
Operating Expenses	185,168,222	170,829,024	166,316,323	151,457,138	141,697,442
Financial Expenses	3,866,297	4,759,978	2,792,095	1,459,132	3,613,899
Gross Profit	231,364,402	287,374,078	315,031,645	298,809,838	291,949,151
Operating Profit	42,329,883	111,785,076	145,923,227	145,893,568	146,637,810
Net Profit before Tax	50,364,571	116,666,221	151,345,370	159,087,248	157,318,884
Net Profit after Tax	33,075,739	102,255,594	119,853,751	118,942,931	143,323,416
<b>Financial Position Data</b>					
Shareholders' Equity	2,334,084,309	2,325,198,381	2,270,472,128	2,198,109,877	2,133,442,946
Non-Current Assets	1,502,305,667	1,481,576,724	1,372,217,229	1,365,926,835	1,241,202,338
Non-Current Liabilities	82,455,958	81,431,672	88,198,786	98,260,873	78,520,043
Current Assets	1,000,426,186	1,063,164,037	1,074,937,836	1,090,279,961	1,060,520,369
Current Liabilities	86,191,586	138,110,708	88,484,151	159,836,046	89,759,718
Total Assets	2,502,731,853	2,544,740,761	2,447,155,065	2,456,206,796	2,301,722,707
Total Liabilities	168,647,544	219,542,380	176,682,937	258,096,919	168,279,761
<b>Financial Ratios</b>					
Current Ratio (Times)	11.61	7.70	12.15	6.82	11.82
Debt-Equity Ratio (Times)	0.07	0.09	0.08	0.12	0.08
Gross Profit Ratios (%)	32.27%	36.91%	39.42%	39.15%	39.86%
Net Income Ratio (%)	4.61%	13.13%	15.00%	15.58%	19.57%
Return on Equity (%)	1.42%	4.40%	5.28%	5.41%	6.72%
Return on Assets (%)	1.31%	4.10%	4.89%	5.00%	6.66%
<b>Equity Parameters</b>					
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	1,365,000,000	1,300,000,000
Shareholders' Equity	2,334,084,309	2,325,198,381	2,270,472,128	2,198,109,877	2,133,442,946
Number of Shares Outstanding	136,500,000	136,500,000	136,500,000	136,500,000	130,000,000
Face Value per share	10.00	10.00	10.00	10.00	10.00
Net Asset Value per share (NAV)	17.10	17.03	16.63	16.10	15.63
Earnings Per Share (Basic EPS)	0.24	0.75	0.88	0.87	1.05
Market Price per Share(Closing)	21.60	24.10	19.70	18.30	23.00
Price Earnings ratio (Times)	90.00	28.80	22.39	21.00	20.07
Net Operating Cash Flow Per Share (NOCFPS)	0.51	1.18	1.17	1.10	1.39
Dividend -Cash (%)	1.00	3.00 (1.5 for ICB)	5.00	5.00	6.00
Dividend -Stock (%)	Nil	Nil	Nil	Nil	5.00
Number of Shareholders	7,069	6,067	6,223	6,962	6,566
Number of Employees	587	658	945	914	1,018



**(xx) Declaration of Dividend:**

During the year, the Board of Directors of the Company recommended 1% (one percent) Cash Dividend for all shareholders.

**(xxi) Declaration of Interim Dividend:**

During the Financial Year 2022-2023 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, 2023 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, 2023:**

Sl. No.	Name of Attended	Position	No. of Meeting held	No. of Meeting Attended
1	Mrs. Silvana Mirza	Chairman	04	04
2	Dr. Saira Khan, MBBS, DCH, FCPS.	Managing Director	04	04
3	Mrs. Samina Mirza	Director	04	04
4	Mrs. Farhana Mirza	Director	04	04
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	03

**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 2023 disclosing the aggregate number of shares (along with name wise details) held by:-**

A report on the pattern of shareholding as on 30 June 2023 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, 2023. 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	2,80,22,201	20.53%
06.	Mr. Mansur 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.	Mr. Muhammad Moniruzzaman, FCA, Independent Director	Independent Director	Nil	Nil
09.	Mr. Md. Iqbal Hossain	Company Secretary	1,15,500	00.08%
10.	Mr. Md. Abul Kasem	Chief Financial Officer	Nil	Nil
11.	Mr. Khurshid Ahmed Siddique	Head of Internal Audit and Compliance	24,500	0.02%
12.	Mr. 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.	Mr. A. R. Hassan Mirza	Executive Director	51,97,500	3.81%
03.	Mr. Md. Iqbal Hossain	Company Secretary	1,15,500	00.08%
04.	Mr. Md. Abul Kasem	Chief Financial Officer	Nil	Nil
05.	Mr. Khurshid Ahmed Siddique	Head of Internal Audit and Compliance	24,500	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	2,80,22,201	20.53%

**(xxiv) Appointment or re-appointment of Director:**

As per provision of the Articles of Association of the company Mrs. Samina Mirza, Mrs. Farhana Mirza and Mrs. Mahmuda Akhter (Nominee of ICB) will retire by rotation in the next 22nd 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. 10, 11 and 13 of this Annual Report.

**(xxv) Appointment of Independent Director:**

The 3 (three) years tenure [2 (two) times period] of office of Independent Directorship of Mr. Md. Musfiqur Rahman, FCA was ended on 24 May, 2023 as per BSEC's Notification, Dated- 03 June 2018 on Corporate Governance Code (CGC). As per Corporate Governance Code (CGC) he is not eligible for re-appointment. The board of directors in its 96<sup>th</sup> meeting held on 30 April 2023 has been recommended to be appointment of Mr. A.T.M. Sarwar Kamal Chowdhury, M. Com. (Accounting), CA-Advance Level is an Independent Director for one tenure time (i.e. three years) only with effect from 01 July, 2023 to 30 June, 2026 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 this Annual Report.





**(xxvi) 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/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 has been separately reported by the Managing Director in page no. 44-46.

**(xxvii) 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. 78 of the Annual Report.

**(xxiii) 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. 79-88 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, 28 October, 2023

