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Silva Pharmaceuticals Limited
সিলভা ফার্মাসিউটিক্যালস্ লিমিটেড

Ref: SPL/SD/2026/84
Date: November 12, 2026

1. **The Chairman**
   Bangladesh Securities and Exchange Commission (BSEC),
   Dhaka-1207
2. **Managing Director**
   Dhaka Stock Exchange PLC (DSE),
   Dhaka-1229
3. **Managing Director**
   Chittagong Stock Exchange PLC (CSE),
   Chittagong

Subject: Material Deviations in the Utilization of IPO Proceeds and the Board's Recommendations for Shareholders' Fresh Approval and Ratification at the 25th Annual General Meeting (AGM).

Dear Sir,

We are pleased to inform you and the valued shareholders of **Silva Pharmaceuticals Limited** and all concerned that the Board of Directors of **Silva Pharmaceuticals Limited**, at its **112th Meeting of the Board of Directors**, held on November 12, 2026, considered and recommended the following proposals for placing before the shareholders of the Company for their fresh approval and ratification, as applicable, at the forthcoming **25th Annual General Meeting (AGM)**.

Background of the Matters

The following three matters were previously placed before the shareholders at the **9th Extraordinary General Meeting (EGM)** of the Company held on December 30, 2025, and were approved by the shareholders. However, the Bangladesh Securities and Exchange Commission (BSEC) did not accept the voting results due to certain deficiencies in the Scrutinizer's Report concerning the calculation and reporting of votes cast by eligible public shareholders.

Accordingly, to address the deficiencies identified by the Commission, the Company has undertaken the necessary corrective measures, including the revision of the voting particulars and supporting documentation. Consequently, the Board of Directors decided to recommend placing the aforesaid matters before the shareholders afresh for their fresh approval and ratification, as applicable, at the forthcoming 25th AGM.

The details of the matters, including the nature of the deviations and the reasons therefor, are set out below:

01. Revisions to the New Factory Project Constructed Using IPO Proceeds

The Company's IPO Prospectus provided for the construction of a two-storied factory building covering an area of **20,000 square feet** under the head of Civil Construction. However, during the implementation of the project, certain modifications were considered necessary to meet the Company's operational requirements and comply with WHO **cGMP** and DGDA guideline.

The major deviations from the originally approved project are as follows:

a) **Change in Construction Method:** The originally planned two-storied conventional civil construction structure was changed to a pre-fabricated steel structure to accommodate the revised factory design and construction requirements.

b) **Expansion of Factory Building:** The originally planned built-up area of 20,000 square feet was increased to **45,848.02 square feet**, excluding the utility building, to accommodate the expanded manufacturing facilities and associated utilities.

c) **Additional Machinery and Equipment:** Additional machinery and equipment, including equipment required for different manufacturing processes, were procured and installed to facilitate compliance with applicable **WHO Current Good Manufacturing Practice (cGMP), Directorate General of Drug Administration (DGDA)** requirements.

Bangladesh Securities and Exchange Commission
12 NOV 2026
Time:
SL. No.
Received
Signature

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Reasons for the Deviations:

The aforesaid modifications were considered necessary in view of the Company's actual factory development requirements, the need for adequate manufacturing and utility facilities, and compliance with applicable pharmaceutical manufacturing standards and regulatory requirements. The expansion of the factory area and installation of additional machinery and equipment were intended to establish a more suitable manufacturing facility with the necessary infrastructure and technical capabilities.

In view of the above, the Board recommended obtaining shareholders' fresh approval and post-facto ratification of the revisions made to the New Factory Project undertaken through the Company's IPO proceeds.

02. Reallocation and Utilization of Unutilized IPO Proceeds of BDT 28,182,638.00

Under the original IPO Prospectus, an amount was earmarked under the head **"Machinery & Equipment."** However, following the subsequent revision and expansion of the New Factory Project, the remaining unutilized IPO proceeds were found to be insufficient to meet the costs of completing the outstanding works of the project.

In this regard, the management explored alternative sources of financing to meet the remaining project costs. Upon reassessing the Company's overall financial and operational requirements, management identified that the unutilized amount of **BDT 28,182,638.00** under the aforesaid head was required to support the Company's working capital requirements. Accordingly, management considered it appropriate to propose the reallocation of the said amount from **"Machinery & Equipment"** to **"Working Capital"** to meet the Company's operational and business requirements, subject to the requisite approval of the shareholders and consent of the Commission.

Reasons for the Deviations:

The deviation was necessitated by the revision and expansion of the New Factory Project, which resulted in a reassessment of the Company's project financing requirements and overall fund allocation. As the remaining unutilized IPO proceeds were insufficient to complete the outstanding works of the revised factory project, the management explored alternative financing arrangements to meet the additional project costs.

At the same time, considering the Company's prevailing operational and financial requirements, adequate working capital was essential to support its regular business activities, including procurement of raw materials, production, distribution and other day-to-day operational expenses. Accordingly, the reallocation of the unutilized amount of **BDT 28,182,638.00** from the "Machinery & Equipment" head to "Working Capital" was considered more appropriate to address the Company's immediate business requirements and maintain operational continuity.

In view of the above circumstances, the Board recommended placing the matter before the shareholders for their **fresh approval of the reallocation of BDT 28,182,638.00 from "Machinery & Equipment" to "Working Capital" and post-facto approval and ratification of the utilization of the said amount under the revised head of "Working Capital,"** in accordance with the applicable regulatory requirements.

03. Utilization of Accumulated Profit/Interest of BDT 32,221,642.00 Earned on IPO Proceeds

The Company earned accumulated profit/interest amounting to **BDT 32,221,642.00** on its IPO proceeds during the period of fund utilization. The said accumulated profit/interest was utilized for the Company's factory project and working capital requirements.

Reasons for the Utilization:

The accumulated profit/interest was generated from the Company's IPO proceeds and was utilized to support the development of the New Factory Project and meet the Company's working capital requirements. Such utilization was considered necessary to facilitate the completion and development of the factory infrastructure, meet associated project-related expenditure and support the Company's regular business operations.

The Board was informed that the entire accumulated profit/interest amounting to **BDT 32,221,642.00** had been utilized by September 30, 2026.

In view of the above, the Board recommended obtaining shareholders' post-facto approval and ratification of the utilization of the accumulated profit/interest earned on the IPO proceeds.

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Board's Recommendation and Shareholders' Approval

After due consideration of the above matters, the Board of Directors recommended placing all three matters before the shareholders at the forthcoming **25th Annual General Meeting (AGM)** for their fresh approval and post-facto approval and ratification, as applicable, in accordance with **Condition No. 6 of Part-C of the Bangladesh Securities and Exchange Commission (BSEC) Consent Letter No. BSEC/CI/IPO-269/2017/429 dated June 28, 2018**.

The Company is disclosing the above material deviations, together with their respective descriptions and reasons, pursuant to the requirements of the aforesaid BSEC Consent Letter, for the information of shareholders, investors and all other concerned stakeholders.

By Order of the Board of Directors

Md. Iqbal Hossain
Company Secretary

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