



## **DIRECTORS' REPORT**

Dear Shareholders

On behalf of the Board of Directors of ACME Pesticides **Limited**, I welcome you all to the 13<sup>th</sup> Annual General Meeting. It is a pleasure to present to you the Audited Financial Statements of the Company for the year ended June 30, 2022, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies Act 1994, and International Accounting Standards and other applicable rules & regulations.

### **BACKGROUND**

The Company namely "ACME Pesticides Limited" was incorporated on 13 April, 2009 vide registration no. C-76214 as a private limited Company in Bangladesh under the Companies Act 1994. Subsequently the Company converted into Public Limited Company dated on 28 November, 2019.

The Authorized capital of the company is Tk. 1,500.00 million and paid-up capital 1350.00 million.

### **REVENUE**

The principal activities of the Company are manufacturing pesticides, fertilizers and household product and marketing the same in the local market. The turnover of the Company stood at Taka 1,591,103,821 in 2021-22. The Pesticides and agro based sector are passing through hard time in recent era internationally. Yet the efficient and prudent management of process control has enabled the company to avoid financial adversity and has earned profit.

### **FINANCIAL PERFORMANCE**

The operating financial results of the Company for the year 2021-2022 as compared to previous year are summarized hereunder:



Particulars	2021-22	2020-21
Revenue	1,591,103,821	1,683,439,284
Gross Profit	428,756,868	458,645,509
Operating Profit	2,66,615,996	297,511,463
Profit Before Tax (NPBT)	229,375,599	255,332,657
Net Profit After Tax (NPAT)	188,802,587	222,094,041
NAVPs	17.99	18.48
EPS	1.51	2.12
NOCFPS	1.47	2.32

## PRINCIPAL BUSINESS ACTIVITIES

The Principal business activities of the Company during the year under report continued to be the manufacturing and marketing of different types of Agro Chemical and household products.

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY

The company's business is to build, own, and manufacturing and marketing of Agro products in the categories of Insecticides, Fertilizer, Pesticides and Certified Seeds, Household, Toiletries and other consumer products to its customers.

Competitive wage together with easily trainable workforce, entrepreneurial skill, expanding supply-side capacity, and government policy support helped to translate the comparative advantages into competitive advantages of this industry.

## SEGMENT REPORTING

The company operates only in one segment, which is manufacturing and marketing of Agro products in the categories of Insecticides, Fertilizer, Pesticides and Certified Seeds, Household, Toiletries and other consumer products.

## RISK AND CONCERNS

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative Financial Instruments for speculative or trading purposes.

The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide.

Similarly, risks factors of the industry depend on the Government polices as well. Unless any policy change that may negatively and materially affect the industry as a whole, the business of the company is expected not to be affected in the short run.

**A POSITION ON COST OF GOODS SOLD, GROSS MARGIN AND NET PROFIT MARGIN**

Profit from Operation	30-June-22		30-June-21	
	Amount	Percentage	Amount	Percentage
Turnover	1,591,103,821	100%	1,683,439,284	100%
Cost of Goods Sold	1,162,346,953	73.05%	1,224,793,775	72.76%
Gross Profit	428,756,868	26.95%	458,645,509	27.24%
Net Profit for the year	188,802,587	11.87%	222,094,041	13.19%

**DISCUSSION ON CONTINUITY OF EXTRAORDINARY GAIN OR LOSS**

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. As for the Company, there was no such gain or loss during the year under reporting.

**REASONS FOR VARIANCE IN QUARTERLY/ANNUAL FINANCIAL RESULT**

The current global economic situation is the main reason for the variation of financial result. Besides the economic situations, owing to decrease of collection from customers, Net Operating Cash Flows per share (NOCFPS) has been decreased as compared to previous corresponding year.

**DIVIDEND**

The Directors recommend 5% cash dividend for the year ended 30<sup>th</sup> June, 2022 keeping in view of profit of the period and retained earnings. All those shareholders, whose names would appear in the Depository Register of Members in the CDBL system at the close of business on the record date, shall qualify for the said dividend.

**SUBSEQUENT EVENTS**

Nothing happened affecting financial position of the company since end of the financial year under review save and except that the Directors recommend for declaration of 5% cash dividend for the year ended 30<sup>th</sup> June, 2022 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review, as stipulated under the condition no. 1.5 (XXV) of BSEC Corporate Governance Code, 2018, is annexed herewith as Annexure-III to this Report.

**RELATED PARTY TRANSACTIONS**

Related party transactions are presented in note no. 30.07 of the notes to the financial statements.

**BOARD SIZE:**

The number of members in the Board of Directors of the Company is five including one Independent Director in line with notification given by BSEC.





## **INDEPENDENT DIRECTORS**

The Boards of Directors has approved appointed of Prof. M. Shahjahan Mina as an Independent Director of the company on 10 April 2021 subject to approval of shareholders in 12<sup>th</sup> Annual General Meeting of the company.

## **BOARD MEETING AND ATTENDANCE**

Board Meeting and attendance Report for the year under review, is annexed herewith as Annexure-I to this Report.

## **DIRECTORS' APPOINTMENT / RE-APPOINTMENT**

Under the provisions of the Articles of Association of the Company, Mr. K M Heluar retires by rotation and being eligible, he offers himself for re-election. The brief resume along with required information of the re-elected Director are available under the 'Directors Profile' of this report.

## **DIRECTOR'S REMUNERATION**

Director's remuneration is shown in the note no. 30.07 of the notes to the Financial Statements.

## **PATTERN OF SHAREHOLDING**

Details of pattern of shareholding are disclosed in the Annexure-II of this report.

## **AUDIT COMMITTEE**

The Audit Committee, as a sub-committee of the Board has been constituted with the Independent Director as Chairman and two other Directors as members. The Company Secretary acts as Secretary to the Audit Committee. This committee assists the Board of the company in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The roles and functions of the Audit Committee have been stated in the annual audit committee report and it is annexed herewith.

## **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee, as a sub-committee of the Board of Director has been constituted with three board of directors including one Independent director as a chairman. The company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive of the company. NRC is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. Since the corporate governance code has been adopted on 02 September, 2020 we have been taking necessary steps to comply with.



## STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, the Directors are pleased to confirm the following:

- a) The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- e) 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.
- f) The system of internal control is sound and has been implemented and monitored effectively.
- g) No bonus shares or stock dividend has been or shall be declared as interim dividend.
- h) Management discussion and analysis signed by Managing Director presenting detailed analysis of the company's position and operations along with a brief discussion on changes in the financial statements.
- i) The key operating and financial data for the last five years.

## CORPORATE GOVERNANCE

The Company constantly endeavours to follow the Corporate Governance Code and best practices sincerely and disclose the same transparently. The Board is conscious of its inherent responsibility to disclose on time and accurate information regarding the Company's operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company. The Directors state in accordance with the Annexure-C attached to the Directors Report as to whether the Company has complied with the conditions on comply basis under BSEC Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued u/s 2CC of the Securities and Exchange Ordinance 1969.

## APPOINTMENT/REAPPOINTMENT OF STATUTORY AUDITORS

The Board of Directors hereby notify that M/S Islam Kazi Shafiq & Co., Chartered Accountants was appointed as the statutory auditors of the Company for the financial year ended 30 June, 2022 in the last Annual General Meeting. The Auditors have carried out the audit for the year ended 30 June, 2022 and hence they are eligible for re-appointment. The Board of Directors recommended to appoint M/S Islam Kazi Shafiq & Co., Chartered Accountants as the statutory auditors of the company for the financial year end 30 June, 2023. This appointment of statutory auditors will be approved by the shareholders in the forthcoming Annual General Meeting.





## **APPOINTMENT/REAPPOINTMENT OF CORPORATE GOVERNANCE PROFESSIONALS**

In accordance with the condition no. 9 (2) of BSEC Corporate Governance Code, 2018, the Board, in this meeting held on October 30, 2022, considered the reappointment of S. R Islam & Co., Chartered Accountants as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30<sup>th</sup> June, 2023.

## **CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, HEAD OF INTERNAL AUDIT**

As per corporate governance guidelines of BSEC, the company has allocated the responsibilities of the officials as follows:

Chief Financial Officer	: Mr. Md. Salim Reza
Company Secretary	: Mr. Md. Ariful Alam
Head of Internal	: Md. Osman Ghani

## **MAINTAINING A WEBSITE**

The company has been maintaining an official website [www.acmepesticides.com](http://www.acmepesticides.com) which is linked with the website of the stock exchange.

## **SUBSIDIARY COMPANY**

The company has no subsidiary company whatsoever.

## **DECLARATION BY CEO/MD& CFO**

The provision of BSEC regulations have been compiled in the Annual Report in the annexure IV of this report.

## **GOING CONCERN**

While approving the financial statements, the directors have made appropriate inquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the Company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the Company has adequate resources to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing the financial statements.



## ACKNOWLEDGMENT

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their whole hearted co-operation and active support.

We are thankful to the Government and private sector Organization and many others for extending co-operation and support to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, executives, officers, staffs and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year.

I, on behalf of the board of the directors, take the opportunity to inform you that we welcome any suggestions and opinion to improve our Company performance and financial stability.

Thanking you.

On behalf of the Board of Directors

**Reza-ur Rahman Sinha**  
Managing Director

**Annexure -I****BOARD MEETING AND ATTENDANCE**

During the year, 4 (Four) nos. of Board Meetings were held. The attendance record of the directors is as given below:

Name of Directors	Meeting Held	Attendance
Ms. Shanta Sinha	8	8
Mr. Reza-Ur-Rahman Sinha	8	8
Ahasan Habib Sinha	8	8
K M Heluar	8	7
Prof. M Shahjahan Mina	8	8

**Annexure – II****SHAREHOLDING PATTERN**

The shareholding of directors at the end of 30 June, 2022 is shown as below:

Name of the shareholders	Position	Shares Held	%
i. Parent/ Subsidiary/ Associated companies and other related parties			
ii. Directors:			
Ms. Shanta Sinha	Chairman	9,859,454	9.39%
Mr. Reza-Ur-Rahman Sinha	Managing Director	22,974,860	21.88%
Mr. Ahasan Habib Sinha	Director	5,971,158	5.69%
Mr. K M Heluar	Director	4,627,349	4.41%
Prof. M Shahjahan Mina	Independent Director	-	-
iii. Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouse and Minor Children:			
Ms. Shanta Sinha	Wife of Mr. Reza-Ur-Rahman Sinha	9,859,454	9.39%
Mr. Reza-Ur-Rahman Sinha	Husband of Ms. Shanta Sinha	22,974,860	21.88%
<b>Mr. Md. Salim Reza</b>	Chief Financial Officer	Nil	-
Mr. Md. Ariful Alam	Company Secretary	Nil	-
iv. Executives:		Nil	-
v. Shareholders holding 10% or more voting interest in the company:		Nil	-



**Annexure – III****Management Discussion and Analysis**

As per condition no. 1(5) (xxv) of the CG Code 2018 issued by BSEC, the Management's discussion & Analysis are as follows:

**Accounting policies and estimation for preparation of financial statements**

The Company follows International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) along with local regulations applicable for preparation of financial statements.

**Changes in Accounting policies and estimation**

The Company has been following consistent policies and estimation. There are no such changes in accounting policies or estimation which was material impact on financial statements.

**Comparative analysis of financial performance and financial position as well as cash flows for current financial year with previous year**

Particulars	2021-22	2020-21
Revenue	1,591,103,821	1,683,439,284
Gross Profit	428,756,868	458,645,509
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**Comparison of financial performances and financial position as well as cash flows with peer industry scenario**

The Company is a diversified business conglomerate having several businesses in different sectors. Accordingly, the company has no such peer company to draw a reasonable comparison.



### **Global and Local Economic scenario**

The world economy was going to sink in to the worst crisis since the great worldwide pandemic. It would be an inconceivable idea that we as a company, would have been capable of comprehending that global economy would have been set off for the worst turmoil of modern era ensued from the incredible event. The pandemic created an atmosphere of fear resulted in failed fiscal policies in some regions of the world and disastrous financial policies in other, all occurring at the same time. We have made our business decisions based on information available, at that time.

The Domino effect from multiple factors starting from the war between Russia and Ukraine faired commodity prices higher and higher. Following the other parts of the world, Bangladesh is also going through the troughs of supply crisis, forex volatility and blown remittance. the difference in inflation made BDT weaker historically, however, now coupled with other crises, BDT got far weaker ever crossing 107 BDT per dollar even crossed BDT 120. this might be temporary but still shows the vulnerability of the economy.

Another episode, this time the fuel price hike, again reshaped the business environment in Bangladesh from bad to worse. The effect of the increase in the price of fuel had a terrible negative impact on people's lives. Agriculture and agriculture-based industries were directly affected. The demand for diesel in the country is 3.5-4 million tons. About 15 per cent of it is used in agriculture. Earlier, the price of fertilizer was increased. With fuel oil price increase, the price of electricity is also increased. Resulting the cost of agricultural production increased by about 50 per cent

The Government of Bangladesh realizing that whatever small measures it has taken was not being effective and the business and banking sectors was being crippled, due to the decline in the amount of foreign currency reserves for which banks were forced to defer foreign bill payments and in worse cases to cope up with the situation some banks even stopped issuing further Import Letter of Credits. The abnormal increase in import expenditure has offset the balance of trade. As a result, we could not continue normal fund utilization and business again came to an almost standstill situation.

So, it is from our firm conviction we urge, that ACME Pesticides Ltd had been doing good business, and failed, when it did during world economy crisis, not due to its own fault but rather a part of global phenomenon, and had given every possible effort to maintain business by keeping up with Government guidelines.

### **Risk and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan**

The Company has exposure to the Credit Risk, Liquidity Risk and Market Risk arising from the financial statements. The Company has taken sufficient steps and controls effectively consistently round the year to mitigate the risk and concerns.

### **Future Plan for company's operation, performances and financial position**

The Company has taken all sorts of feasible plans, strategy and vision to continue the operations of the company for foreseeable future. This is relevant to share that company maintains a periodic action plans along with mid term and long-term strategies to maintain the sustainability in its performances and financial position.

**Reza-ur Rahman Sinha**  
Managing Director