



DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Dear Shareholders,

On behalf of the Board of Directors of ACME Pesticides Limited, I would like to extend a warm welcome to all of you to the 14th Annual General Meeting of our esteemed company. It is a pleasure to present to you the Audited Financial Statements of the Company for the year ended June 30, 2023, 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 1,204,643,608 in 2022-23. 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 2022-2023 as compared to previous year are summarized hereunder:

Particulars	2022-23	2021-22
Revenue	1,204,643,608	1,591,103,821
Gross Profit	291,724,263	428,756,868
Operating Profit	192,089,989	2,66,615,996
Profit Before Tax (NPBT)	160,441,412	229,375,599
Net Profit After Tax (NPAT)	129,987,366	188,802,587
NAVPs	18.35	17.99
EPS	0.96	1.51
NOCFPS	0.52	1.47

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 policies 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

Particulars	30-June-23		30-June-22	
	Amount	Percentage	Amount	Percentage
Turnover	1,204,643,608	100%	1,591,103,821	100%
Cost of Goods Sold	912,919,345	75.78%	1,162,346,953	73.05%
Gross Profit	291,724,263	24.22%	428,756,868	26.95%
Net Profit for the year	129,987,366	10.79%	188,802,587	11.87%

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 0.10% cash dividend for the year ended 30th June, 2023 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 0.10% cash dividend for the year ended 30th June, 2023 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. 31.07 of the notes to the financial statements.

PRESENT STATUS OF UTILIZATION OF IPO PROCEEDS

Details regarding status of utilization of IPO proceeds has been given in page no. 42.

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 resignation of Prof. M. Shahjahan Mina as an Independent Director of the company on 20 December, 2022. The Board of Directors has also approved appointment of K.M. Nasir Uddin as an Independent Director of the company and his all required documents as per BSEC submitted to Bangladesh Securities & Exchange Commission on 16 March 2023 and got approval from BSEC on 17 April 2023 and it will subject to approval of shareholders in 14th Annual General Meeting of the company.

BOARD MEETING AND ATTENDANCE

Board Meeting and attendance Report for the year under review, is in the Annexure – I of 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. 31.07 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/CMR-RCD/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.

STATEMENT OF DIRECTORS ON AUDITOR OPINION ON FINANCIAL REPORTS

- a) The Auditor reported the company did not provide us any return of withholding Tax, information regarding payment of salary and information regarding filing of return by employees as per Income Tax Ordinance – 1984 (Under section – 75A, 108 and 108A). So we could not verify the correctness of payment of salary and expenses related to TDS & VDS



EXPLANATION

Most of the employees yearly basic salary of our company is below Tk. 3,00,000. As per Income Tax rules, whose salary income is below Tk. 3 lac they are not eligible to pay Income Tax. As a result we couldn't deducted withholding Tax from those employees. Some of our employees are paying Income Tax but they pay it from their income personally, so we were not collect Challan copy & Income Tax acknowledgement copy from them. We are now already deducting withholding Tax from our eligible employees and it will be shown in our upcoming financial statement.

- b) The Auditor also reported that, We draw attention to note no.16.00 "Provision for Income Tax" amount Tk.106,394,749 in the Financial Statements as at 30 June, 2023, which was unsettled/unassessed from long since, but the management of the company didn't give any disclosure regarding present status of unsettled/unassessed provision for Income Tax.

EXPLANATION

Due to unavoidable circumstances, the company was not assess Income Tax on that period. It is now under processing. When it will be done, we will provide all related documents to the financial statement.

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/CMR-RCD/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 existing statutory Auditor of the Company M/S. Islam Quazi Shafique & Co. has conducted their audit for the financial year 2022-2023. M/S. Islam Quazi Shafique & Co. the auditors of the Company retires at this Annual General Meeting. The Board of Directors hereby notify that M/S Basu Banarjee Nath & Co., Chartered Accountants is newly appointed as the statutory auditors of the Company for the financial year ended 30 June, 2024 at a remuneration of BDT 5,17,500 (Five Lac Seventeen Thousand Five Hundred Only) including Income Tax & VAT subject to the approval of the Shareholders in its forthcoming 14th Annual General Meeting.

APPOINTMENT/REAPPOINTMENT OF CORPORATE GOVERNANCE PROFESSIONALS

The existing compliance Auditors of the Company M/S S.R. Islam & Co. Chartered Accountants, retire at this Annual General Meeting. In accordance with the condition no. 9 (2) of BSEC Corporate Governance Code, 2018, the Board, in this meeting held on April 03, 2024, considered the appointment of ARTISAN Chartered Accountants as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30th June, 2024.



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. Sabuj Kumar Ghosh
Head of Internal Audit	Md. Osman Ghani

Maintaining a website

The company has been maintaining an official website 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 abroad 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

Shanta Sinha

Chairman