



## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

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 15th 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, 2024, 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 711,340,685 in 2023-24. 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 large financial loss, but the company has made loss.

### FINANCIAL PERFORMANCE

The operating financial results of the Company for the year 2023-2024 as compared to previous year are summarized hereunder:

Particulars	2023-24	2022-23
Revenue	711,340,685	1,204,643,608
Gross Profit	11,289,295	291,724,263
Operating Profit	(76,947,054)	192,089,989
Profit Before Tax (NPBT)	(96,526,940)	160,441,412
Net Profit After Tax (NPAT)	(102,750,814)	129,987,366
NAVPs	17.58	18.35
EPS	(0.76)	0.96
NOCFPS	0.24	0.52

### 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

Particulars	30-June-24		30-June-23	
	Amount	Percentage	Amount	Percentage
Turnover	711,340,685	100%	1,204,643,608	100%
Cost of Goods Sold	700,051,390	98.41%	912,919,345	75.78%
Gross Profit	11,289,295	1.59%	291,724,263	24.22%
Net Profit for the year	(102,750,814)	(14.44) %	129,987,366	10.79%

## 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 0.25% cash dividend for the year ended 30th June, 2024 keeping in view of loss 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 0.25% cash dividend for the year ended 30th June, 2024 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. 34.09 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. 65

## **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 was submitted as an agenda in its 14th Annual General Meeting and this agenda was passed by shareholders frequently voting in the 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, Mrs Shanta Sinha Director retires by rotation and being eligible, she offers herself 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. 34.10 of the notes to the Financial Statements.

## **FAIRNESS OF THE FINANCIAL STATEMENTS**

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities & Exchange Rules, 1987. These statements fairly present the





company's state of affairs, the results of its operations, cash flow and changes in equity. In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code; dated: June 3, 2018, Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements, which is shown on page no. 68 of the report.

#### **BOOKS OF ACCOUNTS**

Proper books of accounts have been maintained by the Company as per Section 181 of Companies Act, 1994.

#### **CONSISTENCY OF APPROPRIATE ACCOUNTING POLICIES**

Accounting policies adopted by the Company have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgement. The accounting policies adopted and applied by the Company are appropriate in view of the nature of its business operations of the Company.

#### **APPLICATION OF INTERNATIONAL ACCOUNTING STANDARDS (IAS) OR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), Bangladesh Securities and Exchange Rules, 1987, Stock Exchanges (Listing) Regulations, 2015 and as applicable any other laws in Bangladesh, have been duly followed by the Company in preparation of the financial statements and any departure there from has been adequately disclosed.

#### **INTERNAL CONTROL**

The system of internal control is sound in design and has been effectively implemented and monitored by the Company and duly examined by the Internal and external auditors. The Company continuously give due emphasis for further improvement of internal control system, if any, can be done.

#### **INTEREST OF MINORITY SHAREHOLDERS**

As a constant policy of the Company, the management has protected Interest of Minority shareholders meticulously. 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 system of effective means of redress in place.

#### **PATTERN OF SHAREHOLDING**

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

#### **KEY OPERATING AND FINANCIAL DATA OF LAST PRECEDING 5 (FIVE) YEARS**

A statement of key operating and financial data of last preceding 5 (five) years are as under:

<b>Particulars</b>	<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>	<b>2020-2021</b>	<b>2019-2020</b>
Revenue	711,340,685	1,204,643,608	1,591,103,821	1,683,439,284	1,538,642,580
Gross Profit	11,289,295	291,724,263	428,756,868	458,645,509	419,961,598
Net Profit After Tax (NPAT)	(102,750,814)	129,987,366	188,802,587	222,094,041	194,728,952
NAVPS	17.58	18.35	17.99	18.48	16.36
EPS	(0.76)	0.96	1.51	2.12	1.85
NOCFPS	0.24	0.52	1.47	2.32	2.28





## **EXPLANATION ON THE REASONS IF THE ISSUER COMPANY HAS NOT DECLARED DIVIDEND (CASH OR STOCK) FOR THE YEAR**

The Company always maintains Consistent Dividend Policy and has been paying Dividend constantly. During the year, the Company proposed 0.25% Cash Dividend to its Shareholders.

## **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

### Qualified Opinion:

- a) Accumulated unpaid dividend tax of Tk. 7,106,875 from prior years remains as an outstanding liability. Despite having an obligation to pay within 15 days of deduction in accordance with Income Tax Act 2023 & rules thereof.

### Explanation:

ACME Pesticides Limited was paid some dividend Tax and submitted challan copy to shareholders. The residual amount of dividend tax will be paid soon.

- b) The company made a provision for WPPF of 5% on its Net Profit Before Tax in the financial statements according to the Bangladesh Labor Act 2006 (Amendment 2013). No payment has been made as per section 234(1) (kha), which requires payments to be made not later than Nine (09) months from the end of the financial year to pay 80% to the Workers Profit Participation Fund, 10% to the Welfare Fund, and 10% to the Bangladesh Worker's Welfare Foundation Fund (established under section 14 of Bangladesh Workers Welfare Foundation Act, 2006).

### Explanation:

According to Labor Act 2006 (Amendment 2013) the payment of WPPF within 09 months from end of the financial year, but due to unavoidable circumstances ACME Pesticides Limited hold its 14th AGM on 10th June 2024. Due to late holding of AGM the company couldn't paid till to the date. It will be paid as soon as possible.

### Emphasis of Matter:

- a) The company is in the process of appeal against the tax claim of Tk. 113,511,046 of DCT for the year from 2014 to 2019. Since the year from 2014 to 2024, Tk. 107,386,027 has been provided under Provision for Income Tax, the settlement of which depends on the decision of the appeal and subsequent audit and assessment if required, which are pending as on the date of the reporting.

### Explanation:

The matter is pending under appeal division. The company is trying to settle this issue as early as possible.

- b) We draw attention to Notes 15 and 16 to the financial statements, which describe the company's outstanding long-term loan & lease obligations of TK 55,567,088 & 239,310,613 respectively availed from Mutual Trust Bank (MTB) and National Finance Ltd. (NFL). APL has not made any payments of those loans. However, MTB has issued remainder verbally & written on 28.11.2023 and legal notice dated 12.09.2024 regarding the default. NFL has also issued legal notice dated 03.09.2024 regarding the default. This matter may have significant financial and legal implications regarding the payment for the company.

### Explanation:

The company is discussing the matter with Mutual Trust Bank (MTB) against their verbal remainder & legal notice and take initiative to solve the matter. ACME Pesticides Limited hope that it will be solved very soon.

The matter of National Finance Limited is under writ petition in the High Court division of Supreme Court of Bangladesh. When it will be solved in the Court, the company will refund their loan.

- c) Suspense Accounts amounting to Tk. 32,417,598 represents interest charged by NFL on Loan under litigation. As it is under a claim of recalculation in the court, it has been shown as a suspense account. However, if the court does not accept the recalculation proposal, this may be cost burden & charged as expense.



**Explanation:**

National Finance Limited (NFL) was claiming unlawful interest amount to the company against loan and gave unauthenticated bank statement so, the company claim recalculation although it may be cost burden.

- d) In accordance with para 31 of IAS 16, “after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”. However, the company has not revalued any of its assets including land and as such, the fixed assets under Property; Plant & Equipment of Tk. 1,456,273,239 may be overstated or understated as on 30 June 2024.

**Explanation:**

The company didn't revalue the property, plant & equipment because the company was not cognizant about this matter. Whereas this matter notified by the auditor, the company will take initiative to revalue the property, plant & equipment as soon as possible.

**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 existing statutory Auditor of the Company M/S. Basu Banerjee Nath & Co, Chartered Accountants (Member firm of Safe Accountants) has conducted their audit for the financial year 2023-2024. M/S. Basu Banerjee Nath & Co, Chartered Accountants (Member firm of Safe Accountants) are being eligible for re-appointment so the company offered themselves for reappointment as statutory Auditor for the financial year 2024-2025 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 15th Annual General Meeting.

**Appointment/Reappointment of Corporate Governance Professionals**

The existing compliance Auditors of the Company ARTISAN 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 November 14, 2024, considered the appointment of Jesmin & Associates Chartered Secretaries as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30th June, 2025.





### 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](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 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