

# Annual Report 2018-2019



**ACI Formulations Limited**

কৃষকের সোনালী স্বপ্নের সাথে...





# ACI Formulations Limited

এ সি আই ফরমুলেশন্স লিমিটেড  
এসিআই সেন্টার  
২৪৫, তেজগাঁও ইন্ডাস্ট্রিয়াল এরিয়া  
ঢাকা ১২০৮, বাংলাদেশ  
পি ও বক্স ৭২১৮  
টেলিফোন (৮৮-০২) ৮৮৭ ০৯৮২-৭, ৮৮৭ ৮৬০৩  
ফ্যাক্স (৮৮-০২) ৮৮৭ ০৯৮৮, ৮৮৭ ৮৬২৬

**ACI Formulations Limited**  
ACI Centre  
245, Tejgaon Industrial Area  
Dhaka 1208, Bangladesh  
PO Box 7218  
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Email: [info@aci-bd.com](mailto:info@aci-bd.com)  
Web: [www.aci-bd.com](http://www.aci-bd.com)

Your ref

Our ref

Date

8 December 2019

## Letter of Transmittal

To

All Shareholders of Advanced Chemical Industries Limited (ACI)  
Bangladesh Securities and Exchange Commission (BSEC)  
Registrar of Joint Stock Companies and Firms (RJSCF)  
Dhaka Stock Exchange Limited (DSE)  
Chittagong Stock Exchange Limited (CSE) &  
Other Stakeholders of ACI Formulations Limited (ACI FL)

Dear Sirs,

**Re: Annual Report of ACI Formulations Limited (ACI FL) for the year ended 30 June 2019.**

We are pleased to enclose a copy of ACI FL's Annual Report which includes amongst others, Directors' Report and the Audited Financial Statements comprising of statement of financial position, statement of Profit or Loss and other comprehensive income, statement of cash flows, statement of changes in equity for the year ended 30 June 2019 along with notes thereto of ACI FL for your kind information and record.

General review of this report, unless explained otherwise, is based on the financials of the ACI FL.

Thanking you

Yours sincerely,

**Mohammad Mostafizur Rahman**  
Company Secretary



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# Corporate Information

## Company Profile

Basic Information			
Full Name	ACI Formulations Limited	Authorized Capital (Taka)	50,00,00,000
Incorporation Date	29 October 1995	Issued & Paid Capital (Taka)	45,00,00,000
Registration No	C-29594 (882)/95	No of Shares	45,000,000
Company Type	Public Limited	Face Value (Taka)	10
Number of Employees	1,361	Year End	30 June

Statutory Position		Board of Directors	
Chief Financial Officer	Pradip Kar Chowdhury	■ <b>Mr. M. Anis Ud Dowla</b> Chairman	
Company Secretary	Mohammad Mostafizur Rahman	■ <b>Ms. Shusmita Anis</b> Managing Director	
Head of Risk Management & Internal Audit	Amitava Saha	■ <b>Mrs. Najma Dowla</b> Director	
<b>Auditors</b>		■ <b>Dr. Arif Dowla</b> Director	
Statutory Auditor	Hoda Vasi Chowdhury & Co. Chartered Accountants	■ <b>Dr. A.K.M Fareyzul Haque Ansarey</b> Director	
Governance Compliance Auditor	Al-Muqtadir Associates, Chartered Secretaries	■ <b>Mr. Kamran Tanvirur Rahman</b> Independent Director	
<b>Advisors</b>		■ <b>Mr. Abdul-Muyeed Chowdhury</b> Independent Director	
Legal Advisor	Barrister Rafique-ul Huq, Huq and Company		
Advisor, Regulatory Affairs	Mr. M. Sekander Ali		
<b>Contact Address</b>		<b>Board Audit Committee</b>	
<b>Registered Office</b>	ACI Centre, 245, Tejgaon Industrial Area, Dhaka-1208 Phone # (8802) 8878603 Fax # (8802) 8878619, 8878626 Email # info@aci-bd.com Web # www.aci-bd.com/acifl/	• <b>Mr. Abdul-Muyeed Chowdhury</b> Chairman	
<b>Investors Relation's Office</b>	9 Motijheel C/A, Dhaka-1000 Phone # (8802) 9556254	• <b>Dr. A.K.M Fareyzul Haque Ansarey</b> Member	
<b>Factory Location</b>	Rajabari, Sreepur, Gazipur Phone # (8802) 0682555135	• <b>Mrs. Najma Dowla</b> Member	
<b>Principal Bankers</b>		• <b>Mr. Mohammad Mostafizur Rahman</b> Secretary	
■ Standard Chartered Bank	■ BRAC Bank Limited		
■ The Hongkong and Shanghai Banking Corporation Limited	■ The City Bank Limited		
■ Commercial Bank of Ceylon Plc	■ Prime Bank Limited		
<b>Subsidiary Company</b>			
■ Neem Laboratories (Pvt.) Ltd			

### ACI Formulations in Brief

ACI Formulations Limited (ACI FL) was established as the subsidiary of Advanced Chemical Industries (ACI) Limited in 1995. The Company obtained listing with Dhaka Stock Exchange in 2008.

ACI FL's Crop Care & Public Health (CC&PH) business is one of the most renowned names and leading agro chemical manufacturer and supplier of Bangladesh. Since, inception the business is contributing to the growth of country's agriculture sector and marked a huge footprint in the industry by showing quality and innovation. ACI Crop Care helps farmers protecting their crops from diseases, insects and weeds and thereby increases farm production through appropriate use of pesticides. CC&PH is providing a complete range of cost effective solution for the farmers through formulating and marketing insecticides, herbicides, fungicides and miticides etc.



## Board of Directors' Profile



**M. Anis Ud Dowla  
Chairman**

Mr. M. Anis Ud Dowla, the Chairman of ACI Group, is one of the most successful personalities in Bangladesh business circle. Mr. Dowla has maintained a high profile, and has provided leadership to the business community in different capacities. Mr. Dowla served in the British Oxygen Group of UK in Pakistan, Bangladesh and Kenya for 27 years, including 12 years as Managing Director of Bangladesh Oxygen Ltd. In 1987, he became the Group Managing Director of the three ICI companies in Bangladesh. With experience gathered while working with two British multi-nationals for over 32 years, Mr. Dowla has continued to maintain the multinational culture and management style in ACI, with especial emphasis on quality, productivity and customer services. He was the President of Metropolitan Chamber of Commerce & Industries, Dhaka in 1977, 1978, 1995 and 2010. Mr. Dowla has considerable contribution in the field of Industrial Relations of the country. He was elected President of Bangladesh Employers' Federation for four terms in 1975-1976, 1976-1977, 1991-1992 and 1992-1993. Besides, he was the Chairman of Pioneer Insurance Company Limited for three terms. At present, he is a Director of the Credit Rating Agency of Bangladesh. He has also been re-elected as the President of the Bangladesh Seed Association (BSA) for three consecutive terms. He is a member of the Board of Trustees of the Independent University of Bangladesh.



**Najma Dowla  
Director**

Mrs. Najma Dowla joined the Board as Director in 2001. In addition to her role as a Board member, she also serves as a Member of the Audit Committee of ACI Formulations Limited. Currently, she occupies the Directorship position in Advanced Chemical Industries Limited, ACI Salt Limited, Premiaflex Plastics Limited, Consolidated Chemicals Limited, ACI Foods Limited, ACI Motors Limited, Stochastic Logic Limited, ACI HealthCare Limited, ACI Chemicals Limited, ACI Boitech Limited, ACI Agrolink Limited, ACI Logistics Limited, ACI Edible Oils Limited, Dowla Agricultural Development Company Limited and ACI Foundation (a non-profit organization). She completed her Bachelor degree in Arts.



**Dr. Arif Dowla**  
Director

Dr. Arif Dowla was inducted as Director of the Company in 2003. He is the Managing Director of the parent company, Advanced Chemical Industries Limited and functional head of ACI Group. He has significant contribution in the advancement of Industrial as well as Agricultural sector of the country. His business strategy and various backward and forward linkages have diversified the Group business in manifold resulting ACI, a largest turnover based conglomerate in Bangladesh. Dr. Dowla obtained Ph.D in Mathematics from the University of California, USA. He is a member of the American Mathematical Society and the Society of Quantitative Analyst, New York. He has been included in the Forum of Young Global Leader Honorees 2009 by the World Economic Forum. He has been serving as the Honorary Consul of Belgium in Bangladesh since September 2013. Dr. Dowla is the Chairman of Tetley ACI (Bangladesh) Limited, a Joint-venture between India and Bangladesh. He is a Director of Mutual Trust Bank Limited and former Chairman of the Bank (2012-2014). He was also the Director of Pioneer Insurance Company Limited from 2002 to 2009. Besides, Dr. Dowla is the Managing Director of ACI Logistics Limited and Stochastic Logic Limited. He, however, occupies Directorship in ACI Formulations Limited, ACI Salt Limited, ACI Pure Flour Limited, ACI Motors Limited, ACI Foods Limited, Premiaflex Plastics Limited, ACI Agrolink Limited., ACI HealthCare Limited, ACI Edible Oils Limited, Creative Communication Limited, Consolidated Chemicals Limited, ACI Chemicals Limited, ACI Boitech Limited, INFOLYTX Bangladesh Limited, Dowla Agricultural Development Company Limited, ACI Godrej Agrovet Private Limited and ACI Foundation (a non-profit organization).



**Dr. A.K.M. Fareyzul**  
**Haque Ansarey**  
Director

A.K.M. Fareyzul Haque Ansarey a Ph.D holder in Ecology brings with him high profile management strength for a highly techno-dependent company. His wide experience working in MNCs like Ciba-Geigy and local corporate like Shetu Corporation Limited in the field of chemical world gives confidence in realizing the business potential of the Company. He is one of the promoters of ACI Formulations Limited and has been discharging his duties and responsibilities as Director since November 1995. Currently, he acts as the Managing Director & CEO of ACI Agribusinesses. He has also been appointed as the Managing Directors of ACI Agrolink Limited, ACI Motors Limited and Premiaflex Plastics Limited. He served Advanced Chemical Industries Limited in the capacity of Executive Director of Agribusinesses and General Manager & Head of Business Operation, as well. Besides, Dr. Ansarey occupies the Directorship position in ACI Salt Limited and ACI Godrej Agrovet Private Limited.



**Abdul-Muyeed Chowdhury**  
Independent Director

Mr. Abdul-Muyeed Chowdhury joined the Board as Independent Director in October 2018. He served as an Independent Director of Advanced Chemical Industries Limited from May 2012 to May 2018. Mr. Chowdhury obtained his Bachelor of Arts with Honors in History and Master of Arts (1st Class) from Dhaka University. He also attended Certificate of Participation in an acceptable program of special study in Political Science, Public Administration in the University of Tennessee, Knoxville. Mr. Chowdhury, a CSP, served as an Adviser to the Care Taker Government of Bangladesh in 2001 and was in charge of five Ministries. He was the Executive Director of BRAC from 2000 to 2006. Prior to that, he spent more than three decades in the civil service of Bangladesh and was the Secretary to the Government from 1994 to 2000 holding charge of various ministries. He served as the Chairman of NBR, Managing Director of Biman Bangladesh Airlines and Executive Director of Jamuna Multipurpose Bridge Authority, President of National Shooting Federation of Bangladesh, Chairman of SME Foundation and Vice President of Bangladesh Olympic Association. He was the Chairperson of BRACNet Limited. Currently, he is serving as the CEO of Tiger Tours Limited. Besides, he is a Director of MJL Bangladesh Limited, Omera Petroleum Limited, Omera Fuels Limited, Omera Cylinders Limited, Summit Alliance Port Limited, PEB Steel Alliance Limited and Tiger Tours Limited. He is also a Member of the Governing Body of BRAC University, Sajida Foundation and Bangladesh Youth Enterprise Advice and Help Center (B'Yeah).



**Kamran Tanvirur Rahman**  
Independent Director

Mr. Kamran Tanvirur Rahman was appointed as an Independent Director of the Company in 2014. He obtained his Bachelor of Science Degree in Mechanical Engineering from the Northeastern University, Boston, Massachusetts, USA in the year 1981. Mr. Rahman is the Chairman & Managing Director of Pubali Jute Mills Ltd. and the Kapna Tea Co. Ltd. (Kapnapahar Tea Estate). He is a former Vice-President (Asia-Pacific) of International Organization of Employers (IOE), Geneva, Switzerland as well as a former member of the Governing Body of the International Labour Organisation, Geneva, Switzerland. He was also the Vice-President of Metropolitan Chamber of Commerce and Industry, Dhaka, from January 2013 - December 2013. He was Director of the Federation of Bangladesh Chambers of Commerce and Industry. At present, he is the President of Bangladesh Employer's Federation.





**Shusmita Anis**  
Managing Director

Ms. Shusmita Anis completed her graduation in Fine Arts in Graphics Design from San Jose, California, USA. She was inducted as Director of ACI Formulations Limited in 2003 and appointed as the Managing Director of the Company in 2012. She has also been a Director of Advanced Chemical Industries Limited since 2000 and performing as a Member of the Audit Committee. Besides, she is the Director of ACI Logistics Limited, ACI Foods Limited, ACI Motors Limited, Premiaflex Plastics Limited, Creative Communication Limited, Consolidated Chemicals Limited, ACI Pure Flour Limited, Stochastic Logic Limited, ACI Salt Limited, ACI Chemicals Limited, Neem Laboratories (Pvt.) Limited, Dowla Agricultural Development Company Limited, ACI Foundation (a non-profit organization) and Pioneer Insurance Company Limited.



**Mohammad Mostafizur  
Rahman**  
Company Secretary

Mohammad Mostafizur Rahman joined ACI Formulations Limited as the Company Secretary in July 2018. Previously, he worked with HeidelbergCement Bangladesh Limited, Bata Shoe Company (Bangladesh) Limited, Square Pharma and Rangs Properties Limited in various capacities. In the year of 2010 the Institute of Chartered Secretaries of Bangladesh recognized him as a Fellow Chartered Secretary. He completed both LL.B. (Hons.) and LL.M from University of Dhaka. He earned Post Graduate Diploma in Human Resources Management (PGDHRM) from Bangladesh Institute of Management (BIM) in 2013.



# Notice of the 23<sup>rd</sup> Annual General Meeting

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting (AGM) of ACI Formulations Limited will be held on Monday, 23 December 2019 at 9:00 am at Officers Club, 26 Baily Road, Dhaka to transact the following business:

## AGENDA

- 1) To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2019 together with Reports of the Auditors and the Directors thereon.
- 2) To declare dividend for the year ended 30 June 2019.
- 3) To elect/re-elect Directors and to approve the appointment of Directors.
- 4) To appoint statutory and compliance Auditors for the year 2019-2020 and fix their remuneration.

By Order of the Board

Mohammad Mostafizur Rahman  
Company Secretary

Dhaka  
5 December 2019

## Notes

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- a. The Shareholders, whose names appeared in the Members/Depository Register as on the Record Date i.e. 3 December 2019 will be eligible to attend the AGM and receive the dividend.
- b. The Shareholders are requested to submit their written option to receive dividend to the Company's Share Office on or before 15 December 2019. In case of non-receipt of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- c. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel Commercial Area, Dhaka-1000 at least before 48 hours of the time fixed for the Meeting.
- d. Admittance to the Meeting venue will be on production of the Attendance Slip and verification of signature of Member(s) and/or Proxy-holder(s).
- e. The Annual Report 2018-2019 is available in Company's website, [www.aci-bd.com/acifl/](http://www.aci-bd.com/acifl/)

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

# Financial Calendar





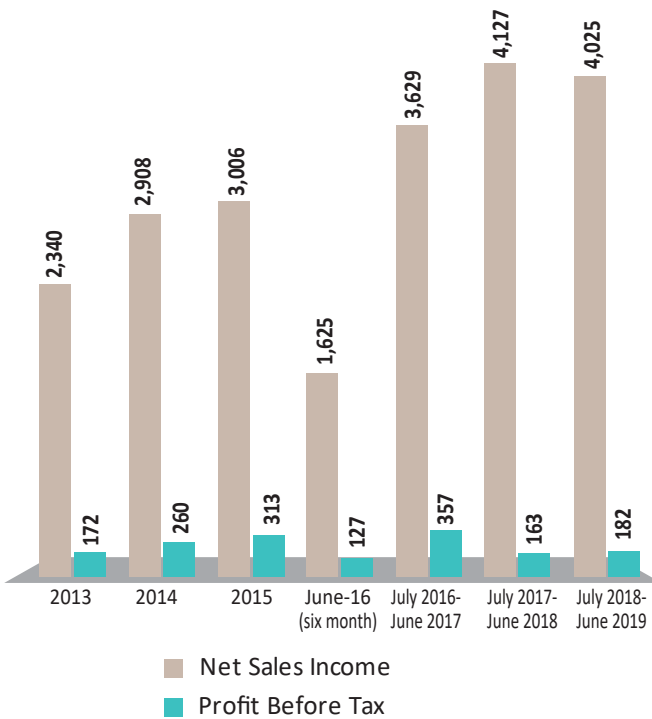
# Financial Highlights and Analysis

### Turnover Contribution by Business Unit

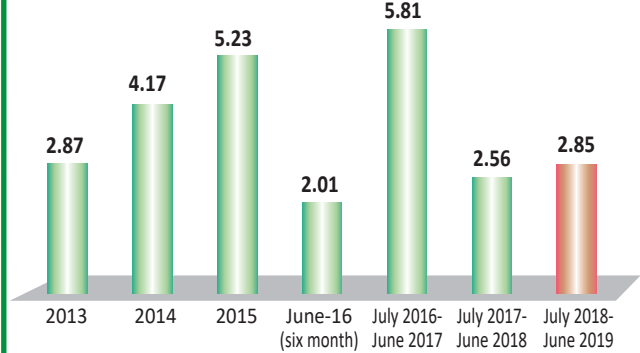


Business Unit	2018 - 2019	2017 - 2018
A Crop Care & Public Health	68.62%	59.20%
B Mosquito Coil	3.33%	11.95%
C Toilet Cleaner (Vanish)	1.16%	1.51%
D Aerosol	13.22%	17.93%
E Paint	13.67%	9.41%

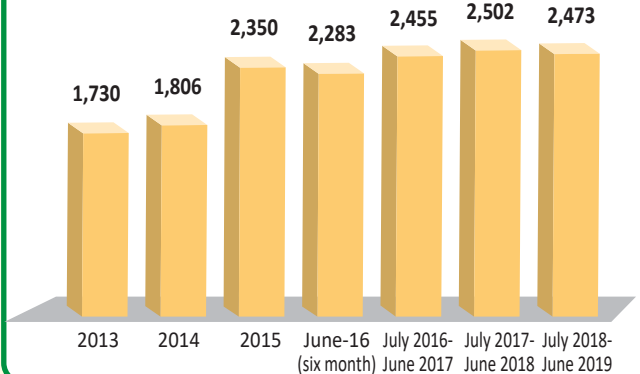
### Net Sales Income & Profit Before Tax (Taka in Million)



### Earnings Per Share (Taka)



### Shareowners' Equity (Taka in Million)



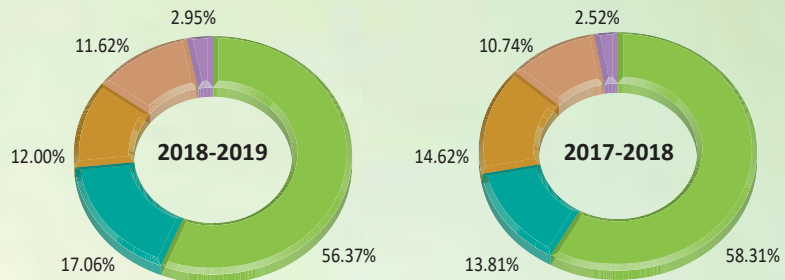
## Comparative Statistics

Particulars	2013	2014	2015	June 2016 (Six Month)	July 16- June 17	July 17- June 18	July 18- June 19
<b>Taka in million</b>							
Authorized capital	500.00	500.00	500.00	500.00	500.00	500.00	500.00
Issued & paid-up capital	450.00	450.00	450.00	450.00	450.00	450.00	450.00
Current assets	1,652.00	1,811.60	2,594.40	2,719.34	3,296.51	4,265.14	4,348.16
Tangible fixed assets (gross)	1,389.43	1,435.68	1,717.06	1,761.33	1,857.65	1,912.42	2,155.61
Shareowners' equity	1,730.47	1,805.59	2,350.46	2,283.36	2,454.80	2,502.33	2,473.29
Turnover (net)	2,340.43	2,908.11	3,006.49	1,625.48	3,629.43	4,127.46	4,025.29
Gross profit	584.56	738.58	800.14	476.94	1,107.81	1,026.50	1,210.67
Profit before tax	172.29	259.65	313.11	126.64	356.73	163.30	181.51
Profit after tax	129.23	187.62	235.14	90.40	261.44	115.03	128.45
Dividend	112.50	135.00	157.50	-	157.50	157.50	157.50
Current ratio (times)	1.49	1.50	1.35	1.29	1.29	1.22	1.15
Quick ratio (times)	0.98	0.94	0.88	0.82	0.75	0.76	0.72
Return on equity (%)	7.00	10.00	10.00	*7.92	10.65	4.60	5.19
Inventory turnover (times)	3.06	3.21	2.46	*2.31	1.82	1.93	1.73
Debtors turnover (times)	4.93	3.48	2.19	*2.56	2.51	2.78	2.19
Fixed assets turnover (times)	1.88	2.34	1.72	*1.87	2.02	2.30	2.07
Net asset per share (Taka)	38.45	40.12	52.23	50.74	54.55	55.61	54.96
Market price per share (Taka)	78.90	126.70	189.70	155.00	200.10	163.70	152.40
Earnings per share (Taka)	2.87	4.17	5.23	2.01	5.81	2.56	2.85
Dividend per share (Taka)	2.50	3.00	3.50	-	3.50	3.50	3.50
Dividend rate (%)	25.00	30.00	35.00	-	35.00	35.00	35.00
Dividend payout ratio (%)	87.11	71.94	66.92	-	60.24	136.92	122.62
Price earnings ratio (times)	27.49	30.38	36.27	*38.56	34.44	63.95	53.47
Dividend yield (%)	3.17	2.37	1.85	-	1.75	2.14	2.30
Number of employees	922	1,149	1,459	1,489	1,679	1,785	1,361

\* Ratios are annualised.

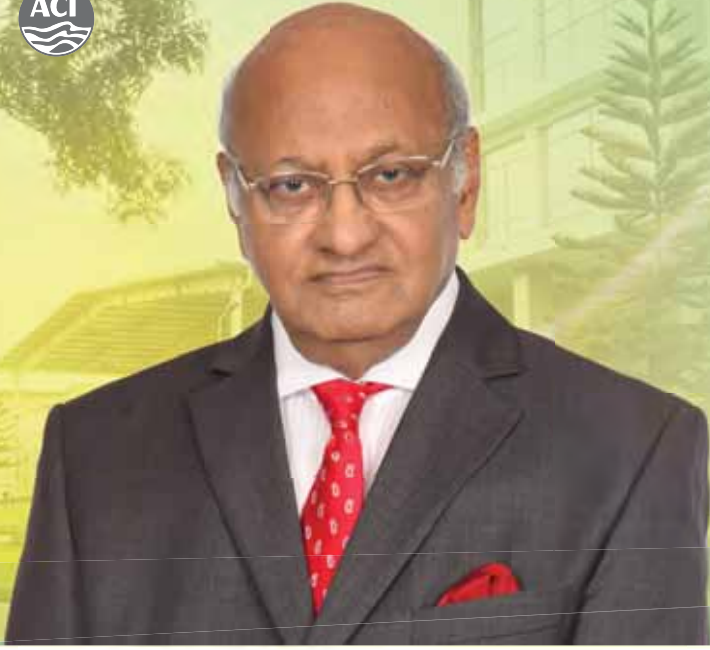
## Analysis of Turnover (%)

- Cost of Materials
- Expenses
- Duties & Taxes paid to Government Exchequer
- Salaries, Wages & Benefits paid to employees
- Profit



## Comparison of Turnover & Costs

	For the year ended 30 June 2019		For the year ended 30 June 2018	
	Taka in Million	%	Taka in Million	%
<b>Turnover (Gross)</b>	<b>4,348.22</b>	<b>100.00</b>	<b>4,572.60</b>	<b>100.00</b>
Cost of Materials	2,450.79	56.37	2,666.14	58.31
Expenses	741.92	17.06	631.86	13.81
Duties & Taxes paid to Government Exchequer	521.63	12.00	668.52	14.62
Salaries, Wages & Benefits paid to Employees	505.43	11.62	491.05	10.74
Profit	128.45	2.95	115.03	2.52
<b>Total</b>	<b>4,348.22</b>	<b>100.00</b>	<b>4,572.60</b>	<b>100.00</b>



## Message from the Chairman চেয়ারম্যানের বাণী

*Dear Shareowners,*

*Assalamu Alaikum,*

Farmers in Bangladesh face considerable uncertainty, from climatic changes and pest infestations, to the fluctuations in market price due to over production. Last year was a difficult year for farmers, particularly because they got low price for their paddy. ACI Crop Care business has to manage the difficulties of the farmer and maintain business performance. Putting all these in perspective, I believe that the business has served their customers well. The business has made some fundamental changes in their business processes which should pave the way for better performance.

The changes that were made in ACI Crop Care business processes will improve visibility and will facilitate resource mobilization more effectively. We hope that the business growth will be more robust and more profitable as we capture more value chain.

In order to maintain a uniform dividend policy we are once again supplementing of year's income with retained earnings. We hope with better performance from S. C. Johnson & Sons our household care products contract manufacture will generate better earnings through better capacity utilization.

Your investment has prospects of earnings good returns and grow in value.

*Sincerely,*

**M. Anis Ud Dowla**

Chairman

## প্রিয় শেয়ারমালিকবৃন্দ

আসসালামু-আলাইকুম,


বাংলাদেশের কৃষকরা সাধারণত জলবায়ু পরিবর্তন, ফসলে কীটপতঙ্গের সংক্রমণ, অতিরিক্ত উৎপাদনের ফলে সৃষ্ট বাজার মূল্যের অস্থিরতাসহ যথেষ্ট অনিশ্চয়তার মুখোমুখি হন। গত বছরটি তাদের জন্য অত্যন্ত দুর্ভাগ্য ছিল। বিশেষ করে তাদের উৎপাদিত ধানের দাম তুলনামূলক অনেক কম ছিল। এসিআই গ্রুপ কেয়ার ব্যবসাকে কৃষকের সমস্যা দূরীকরণের মাধ্যমে ব্যবসায়িক সাফল্য অর্জন করতে হয়। সে আঙ্গিক বিবেচনায়, আমি বিশ্বাস করি যে, এ ব্যবসা গ্রাহকদের ভালো সেবা প্রদান করে চলেছে। ব্যবসায়িক প্রক্রিয়ায় কোম্পানী কিছু মৌলিক পরিবর্তন আনয়ন করেছে যা অধিক ফলাফলের পথকে প্রসারিত করবে।

ব্যবসায়িক প্রক্রিয়ায় আনীত পরিবর্তনগুলি কোম্পানীর ভাবমূর্তি উজ্জ্বল করতে সহায়তা করবে যা পক্ষান্তরে সম্পদ সম্প্রসারণে কার্যকর ভূমিকা পালন করবে। অধিক ভ্যালু চেইন নিশ্চিতকরণের কারণে আরো মুনাফা এবং ব্যবসায়িক প্রবৃদ্ধির ব্যাপারে আমরা শতভাগ আশাবাদী।

লভ্যাংশ প্রদানের ধারাবাহিক নীতি অনুসরণের লক্ষ্যে আমরা এ বছরও আয় ও সঞ্চিত মুনাফার মধ্যে সমন্বয় করেছি। আমরা আশা করছি, এস. সি. জনসন এন্ড সন্স পরিকল্পিত ব্যাপক কার্যক্রম পরিচালনার মাধ্যমে আরো ভালো মুনাফা প্রদানে সক্ষম হবে।

আপনার বিনিয়োগ ভবিষ্যতে অধিক আয় এবং প্রবৃদ্ধি অর্জনে সক্ষম হবে।

আপনাদের বিশ্বস্ত,



এম. আনিস উদ্ দৌলা

চেয়ারম্যান



# Statement of Corporate Governance

In ACI FL corporate governance (CG) is a maxim that is intertwined in responsibility, compliance, transparency and finally accountability. As a part of it, ACI FL acknowledges good corporate governance as the essential element for success in business and recognizes that it is to be established by means of an effective CG Regime. Accordingly, ACI FL emphasizes on stronger diligence to business, all operations being transparent and invites larger involvement of the stakeholders. Aspiring on that, the Company has always strived to remain vigilant on good governance and good business conduct so as to create and maintain value for shareholders, safeguard stakeholders' interest and justify investor confidence. In this respect the Directors of ACI FL are also committed to meeting the highest standards of governance and disclosure. And with that aim, the Board ensures the integrity and firm attention of its employees, supported by a comprehensive framework of policies, guidelines and internal control. The Directors are conscious of their own responsibilities in supervision and direction of affairs of the Company in conformity with the practices of sound corporate governance. In fulfillment of those responsibilities, the Directors have set for themselves the principles that will be followed in their own involvement in the oversight functions and in setting up clear guidelines for the executive management.

## The Governing Board

The Board of Directors of ACI FL, being the highest authority in the Company, is constituted by a body of very knowledgeable persons and includes core competencies considered relevant in the context of the Company. To further ensure a balanced representation, the Board also includes Independent Directors, who are very resourceful and dignified members of the society. Thus, the Board of ACI FL is a compact body and meets all the criteria required under the BSEC governing Code. Further details about members of the Board are appended at the appropriate parts in this report.

## Composition of the Board

The Board consists of 7 (seven) members drawn from amongst the major shareowners and business professionals. Mr. M. Anis Ud Dowla is the Chairman of the Board and Ms. Shusmita Anis is the Managing Director. Of the seven Directors, five are non-executive Directors including two Independent Directors. The non-executive Directors are, however, available whenever business operations call for their attention and involvement.

## Roles and Responsibilities of the Board

The Board is the supreme authority of the Company to oversee its operations through appropriate delegation, monitoring, control and reporting. The Directors hold the ultimate responsibility of

conducting the activities of the Company in accordance with law and in the interest of its shareowners and other stakeholders, keeping in view the long-term interest and aspirations of the Company, while also discharging company's legal obligations to its shareowners.

## Functioning of the Board

The Directors meet together for the dispatch of the business and regulate the meetings and proceedings according to the needs of the Company. Every Board meeting is preceded by service of Notice well ahead of scheduled time. Notice with agenda supported by working papers for every meeting of the Board are sent to all Directors well in advance so that they can come up with their considered views and can actively participate at the deliberations. During the meeting, the Board gets a thorough review of the performance of the Company through a PowerPoint presentation by the Managing Director. All pertinent matters are discussed in details and decisions are taken based on thorough considerations. Questions arising at any meeting are decided by a majority of votes. However, there is a procedure supported by the Articles of Associations of the Company which allows taking care of any urgent matter through Resolution by Circulation. Such circular resolution is adopted by the Directors present in Bangladesh, without having to call a





formal Board Meeting. To make it transparent, such resolutions passed by circulation are subsequently tabled at the immediate following Board meeting and included in the minutes accordingly.

### Management through People

The directors believe that a successful Board directs and not manage. Rather they manage the management. And with that spirit, the Board has delegated adequate operational and financial authorities to the Managing Director which empowers her to set up the organizational structure, recruit appropriate people, empower them to manage the Strategic Business Units and functional areas and provide them guidance for achievement of the desired results.

As the apex corporate authority, the Board is kept informed of the goals, targets and initiatives of the Business Units and apprised of the financial performance on a regular quarterly basis.

The Managing Director is in charge of operations of the Company and manages the affairs of the Company through close consultation with relevant people from within the Company and outside experts.

### Empowerment of People

The Board has given clear guidelines to the Managing Director to ensure that there is appropriate delegation of authority and clear statement of accountability of the management staff all the way down to the supervisory level and that performance of the individual is judged on the basis

of clearly set measurable goals and through objective assessment of their achievements.

### Reporting and Communication

The Managing Director reviews and approves the strategic plans of each Business Unit every quarter. She also reviews monthly report and commentary on the sales and financial performance of business from the heads of businesses and the activities of the functional and service heads. An elaborate MIS system is in place.

### Communication with Shareowners

The Board considers that good governance involves openness and trustful cooperation among all stakeholders concerned, including the shareowners of the Company. Shareowners, being the ultimate controllers of the Company, deserve to be informed in all corporate respects required under the law. Annual General Meeting (AGM) is the highest forum for interaction between shareowners and management of the Company. Accordingly, the Company holds the AGM regularly and in time. The shareowners are informed about the AGM well in advance and meeting materials are dispatched to them with priority abiding by laws and guidelines. The Directors attending the Annual General Meeting note the views, aspirations and suggestions of the shareowners and institutional stakeholders offered at the AGM and consider them with utmost attention. The Managing Director also brings to the notice of the Board any written communication received by her from the shareowners.



## Internal Control and Risk Management

The Managing Director has to satisfy the Board that adequate internal check and controls are in place through appropriate MIS and employment of Internal Audit team to check and validate the expenses and the systems in operation. To further strengthen the controls, the Company has introduced ISO 9001:2008 Quality Management System, under which all activities are carried out on the basis of Standard Operating Procedures. These standard procedures are updated on a regular basis in line with ISO requirements. The Company has also introduced ISO 14001:2004 Environmental Management System, and as a result has undertaken a task of continuing improvement through annual goals. Internal Audit department has been strengthened with induction of qualified and experienced personnel, demonstrating the Board's commitment to ensure that adequate risk management and internal control systems are in place across the Company.

## Independent Director

In compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission

(BSEC), the existing Board of Directors of the Company includes two Independent Directors, Mr. Kamran Tanvirur Rahman and Mr. Abdul-Muyeed Chowdhury. Mr. Chowdhury is the Chairman of the Board Audit Committee. The Independent Directors of the Company have been elected amongst the senior corporate leaders and bureaucrats of the country who are elite members of the society having requisite qualifications as prescribed by BSEC.

## Distinctive Role of Chairman and Managing Director

According to the Governance Code, the positions of Chairman and Managing Director are being held by separate individuals and their roles and responsibilities are clearly established, set out in writing and which are distinct from each other to ensure transparency and better governance. The Chairman is a non-executive director and responsible for smooth functioning of the Board, while the Managing Director acts as the Chief Executive Officer and in charge of the day-to-day operations of the Company.



## Chief Financial Officer, Head of Internal Audit and Company Secretary

Under requirements of the BSEC Governance Code, the Company has in place the above three key positions held by three qualified professionals. Mr. Pradip Kar Chowdhury, a Fellow Chartered Accountant, acts as the Chief Financial Officer and Mr. Amitava Saha, acts as the Head of Risk Management & Internal Audit. While Mr. Mohammad Mostafizur Rahman, a Fellow Chartered Secretary, is appointed as the Company Secretary of the Company who is responsible for overall governing compliance of the Company and performs as the bridge between the Board, Management and Shareholders. The roles, responsibilities and duties of these three key positions have clearly set forth in writing by the Board.

## The Board Audit Committee

Following the Code of Bangladesh Securities and Exchange Commission (BSEC), the Board has constituted an Audit Committee for the Company the details of which are stated in the Audit Committee Report forming part of this Annual Report. The Committee comprises of 3 (three) Members from the Board of Directors. All members of the Audit Committee are financially literate and are able to scrutinize and interpret financial statements while discharging their duties and responsibilities as a member of the Committee. The Chairman of the Committee is an Independent Director having the requisite qualification in line with BSEC Code. The Company Secretary acts as the Secretary of the Committee, as required by the BSEC Code. The Chief Financial Officer and Head of Internal Audit and Compliance attend all meetings of the Committee regularly as special invitees.

## The key responsibilities of the Audit Committee include:

1. Review and monitor the integrity of the financial reporting system and ensure that Company complies with the accounting policies, principles and applicable standards.
2. Review and appraisal of the performance of the internal audit and internal control system.
3. Review of the risks associated with the Company's business operation including mitigation and awareness plan.
4. Overseeing hiring and performance of external auditors.
5. Other matters as per terms of reference as well as time to time requirements of the Regulators.

## Reviewing of Business and Financial operations

The operations of the Company are regularly supervised, monitored and guided by the Board. The purpose of business review is to ensure strategic control and follow-up of results based on the prevailing strategic objectives and value considerations. Financial reviews provide the internal quarterly results follow-up for the Company. The purpose is to provide an analysis of the economic and financial situations, which will then form the basis for external reporting and presentations, and to provide quality assurance for the financial reporting.





# Report of The Audit Committee

For the year ended 30 June 2019

The Audit Committee Report presented under Condition No.5 (7) of the Corporate Governance Code as adopted on 3 June 2018 by Bangladesh Securities and Exchange Commission (BSEC) provides an insight on the functions of the Audit Committee during 2018-19.

Audit Committee in ACI Formulations is a sub-committee of the Board of Directors that assists the Board in fulfilling its oversight responsibilities by ensuring that the financial statements reflect true and fair view of the state of affairs of the company and by effective monitoring of the the business. The Audit Committee acts on behalf of the Board and is responsible to it. The jurisdiction of the Audit Committee extends over the Company covering risk management with special emphasis on ensuring compliance with all applicable legislation and regulation.

## Composition and Meetings

Chairman : Abdul-Muyeed Chowdhury, Independent Director  
Member : Dr. A.K.M Fareyzul Haque Ansarey, Director  
Member : Mrs. Najma Dowla, Director  
Secretary : Mr. Mohammad Mostafizur Rahman, Company Secretary

A total of 4 (Four) meetings of the Audit Committee were held during the year under report. Company Secretary functioned as the ex-officio Secretary to the Committee as per regulatory guidelines. In addition to that the Chief Financial Officer, Head of Internal Audit and Compliance attended the meetings on invitation and other officials attended as and when the Committee required the presence to clarify any issue.

The detailed responsibilities of Audit committee are well defined in the Terms of Reference (TOR). However, the major roles of the Audit Committee are mentioned below:

- (a) To review the quarterly and annual financial statements before submission to the Board for approval, ensure adequacy of internal audit function, examine Management's Discussions and Analysis of important and pertinent issues, review statement of all related party transactions on a random basis and ensure action on Management Letters or Letter of Internal Control weakness issued by statutory auditors etc.;
- (b) To oversee the financial reporting process, hiring and performance of external auditors;
- (c) To monitor choice of accounting policies, and principles, and their adjustment, where so required.;
- (d) To oversee risk management, internal controls arrangements and compliance with legal and regulatory requirements;
- (e) To review the activity and performance of the Internal Audit function.

The Audit Committee reports on its activities to the Board of Directors. Audit Committee also immediately reports to the Board of Directors on a) report on conflicts of interests, b) suspected or presumed fraud or irregularity or material defect in the internal control system, c) suspected infringement of laws, rules and regulations including those relating to securities, d) any other matter which needs disclosure to the Board of Directors.

The Committee considered the scope and methodology of the audits, as well as the independence, objectivity and qualification of the external auditors. The Audit Committee reviewed the external audit works and concluded that the financial reporting was satisfactory and in compliance with generally accepted accounting principles in Bangladesh and that the audit was satisfactorily conducted. In connection with financial reporting, the Audit Committee also reviewed the Company's financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

The Audit Committee also reviewed ACI FL's self-assessment of Corporate Governance practices, based on a checklist provided by Bangladesh Securities and Exchange Commission (BSEC). The Committee concluded that Corporate Governance practices within ACI FL generally exceeded the standards laid down.

Besides these, the Audit Committee reviewed risk identification, assessment and mitigation methodologies, process and management. The Committee concluded that risk management was reasonably satisfactory, with the formulation of highly structured and well-defined risk categories, as well as the identification and review of the major risks affecting ACI FL's flow of operations and their impact in upcoming years.

The Audit Committee will continue to monitor the progress made by Internal Audit Division for "Risk Based Audit" by conducting critical examination of random samples of Corporate Governance and Ethics compliance issues, and ensuring the clearance/resolution of outstanding items.

## Summary of activities during the year

During the year under review the Committee, inter alia, focused on the following activities:

- a) Reviewed and recommended the Annual Financial Statements for the year ended on 30 June 2019 to the Board for approval.
- b) Reviewed the Management Letter from external auditors for the year under review along with management's responses on the findings.
- c) Reviewed the Auditors' Certification on Corporate Governance compliance for the year ended 30 June 2019.
- d) Reviewed and ensured that the internal control system including financial and operational controls, accounting system, and reporting structure are satisfactory.
- e) Endorse the internal audit plan 2019-20 and review the progress against the approved internal audit plan 2018-19.
- f) Reviewed the regular reports submitted by the Head of Risk Management and Internal Audit and oversee the progress on implementation of Management responses against internal audit findings.
- g) Reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee reports.
- h) The Committee placed its reports regularly to the Board for reviewing and monitoring the activities recommended on the internal control system, compliance with rules and regulation of the regulatory bodies.
- i) The Committee reviewed unaudited quarterly Financial Statements during the year under review and recommended those to the Board for its approval.
- j) Based on the above review and discussion, the Audit Committee is of the view that the internal control and compliance procedures are satisfactory to present a true and fair view of the activities and financial status of the Company.



**Mohammad Mostafizur Rahman**  
Secretary of the Committee



**Abdul-Muyeed Chowdhury**  
Chairman of the Committee

Dhaka, 24 October 2019



## Directors' Report to the Shareowners

For the year ended 30 June 2019

Under section 184 of the Companies Act 1994 and Corporate Governance Code as adopted 3 June 2018 by Bangladesh Securities and Exchange Commission (BSEC).

It is a pleasure and privilege on the part of the Board of Directors to present herewith the Directors' and Auditors' Report together with the audited Financial Statements of ACI Formulations Ltd. for the financial year ended 30 June 2019.

### Discussion on industry outlook, segment wise performance and other operational excellence

ACI Formulations Limited has been segmented into three major areas namely ACI Crop Care, Paints and Home Care Solutions.

A country like Bangladesh relies dynamically on the uses of crop care products to increase the yield as there is a huge population to sustain whereas, the resources are limited. Pesticide companies are working together with farmers to achieve that common goal by providing agrochemical solutions.

During the year 2018-19, there was a low level of infestation that created less demand for insecticide. However, the farmers could not reap the benefit of a good harvest because the market price of the main crop rice was below the cost of production. It was disheartening and a setback for the farmers. Moreover, drought has caused a great deal of damage to Amon Rice affecting the Crop Care business. It has caused two types of problems for the business: firstly, the farmers being cash strapped had less inclination to use crop protection chemicals and secondly, the trade could not settle outstanding debt because they themselves failed to collect dues from farmers.

In Crop Care business, industry grew by 5% whereas, the business grew by 13%. This was due to business gain in market share in the Liquid and Powder insecticide category. ACI Crop Care business is the market leader in the Herbicide category which grew by 7% in 2018-19. The Fungicide business suffered significantly because of lack of infestation which resulted in stock carry over.

ACI Crop Care business identified and are working with renowned Technology Partners to systematically modernize its product portfolio with more cost effective and eco-friendly pest control solutions. In different categories, the business has launched four new molecules during 2018-19.



Flora is a bio-friendly plant energizer and yield booster having a strong brand image amongst the farmers. The business has been able to overcome the challenges faced earlier in marketing of this product and establish the increase in yield of rice by using Flora, gaining acceptance amongst farmers. As a result, a growth of 238% by volume has been achieved by the business. A bright future of this product is expected in the coming years.

The margins eroded because of intense competition compounded by Raw Material and Packaging Material price increase and devaluation of currency. Moreover, the business was also affected by the increase in the interest rate.

Marketing team has been working relentlessly to solve the farmers' crop care problems. Brown Plant Hopper (BPH) is an epidemic pest for rice. The attack of which results in massive crop loss. ACI Crop Care has come up with fourth generation molecule - Pyrazin. By using this solution, farmers are benefitting from crop loss. ACI Crop Care has been closely working with Department of Agricultural Extension (DAE) Officials in the field during infestation. Maize cultivation is growing manifold but Fall Armyworm Pest is a major threat for this crop. ACI Crop Care is already in the process for product registration to address this problem. Farmers are presently cultivating oil and pulse crops after Amon Rice harvesting is completed in the same field. ACI Crop Care product named 'Reload' is the highly effective solutions for combating Pod Borer for oil and pulse crops.

ACI Crop Care business has expanded its Research and Development wing with a dedicated team for conducting a large number of field trials on various target crops to expand business opportunities on existing molecules as well as new molecules.





ACI Crop Care was awarded 'Appreciation Crest' from reputed long standing development partner Swiss Contact for the M4C project. This project provides pioneering services to the people in the remote Northern Char area for the last five years. ACI Crop Care has been providing agricultural advices to farmers with high quality pesticides and Plant Growth Regulators.

In order to strengthen the communication with different stakeholders ACI Crop Care has launched an official Customer Relationship Management Platform with dedicated helpline number to serve farmers better and bridge the gap. A team of experienced agriculturists could now give farmers instant solutions on crop pest problems. In addition, ACI Crop Care Facebook page and 'ACI Crop Care' YouTube channel are gaining popularity. Another initiative - 'acropcare.com' is fully farmer friendly website developed and published in Bengali language containing all vital crop and pest information with proper solutions. In addition, there is an E-commerce section to deliver products through online orders.

The business has strengthened its Sales team and taken steps to be more effective. Sales Promotional Officers are directly working with farmers providing crop care solutions in the field through "Scheduled Farmer Meetings" and "Spot Farmer Meetings". In addition, ACI Crop Care's Solution Advisors are working closely with the DAE Officers to better serve the farmers. Marketing and Field Forces are worthy to be appreciated for their hard work, dedication and drive.

ACI Formulations Factory located in Gazipur on a span of 42 acres of land remains fully compliant with the laws governing safety, health and environment. The factory has kept its technological advancement in alignment with global standards and has additional space to accommodate many new businesses. The factory continues to get high rating for its technical excellence from the foreign principals.

During the year 2018-19, Performance Coatings portfolio comprising of marine, protective and powder coatings have done well. In addition, Global Partner AkzoNobel has increased its portfolio range in Decorative Paints, with the enhanced distribution network and brand visibility, the sales growth of paints has increased by 41.7% over last year. In the coming year, there will be line extension for the Decorative Paints and ACI Crop Care business anticipate to have full production at the factory.





Home Care Solution comprises of products from both Pest & Non-Pest Category. ACI Aerosol - the most effective insect killer and the flagship brand of ACI Consumer Brands continues leading the Aerosol category with 94.4% market share (As per Nielsen Data). ACI Mosquito Coil maintains strong presence in the market amongst the branded coils with 5.1% market share. However, the presence of numerous strong non-branded and unauthorized coils which are not manufactured under the regulatory guidelines, putting pressure against the market share of ACI Mosquito Coils. In the non-pest category, three new exotic fragrances of Angelic Air Freshener and Vanish Toilet Cleaner have strong presence in the market.

ACI Formulations is focused on advising farmers to take care of their crops and creating value for its customers by providing high quality products by adhering to the concept of sustainable development. At the same time, improving efficiency in productivity will lead ACI Formulations Limited to become a contract manufacturing company of choice.





## Key Operating & Financial Information at a Glance

The key operating and financial information for the year 2018-19 along with the preceding five years are presented below:

Figures are in million (BDT)

Particulars	July 2018- June 2019	July 2017- June 2018	July 2016- June 2017	January 2016 -June 2016 (six month)	December 2015	December 2014	December 2013
Net Turnover	4,025	4,127	3,629	1,625	3,006	2,908	2,340
Gross profit	1,211	1,027	1,108	477	800	739	585
Profit before tax	182	163	357	127	313	260	172
Profit after tax	128	115	261	90	235	188	129
Earnings per share (Taka)	2.85	2.56	5.81	2.01	5.23	4.17	2.87
Issued & paid capital	450	450	450	450	450	450	450
Shareowners' equity	2,473	2,502	2,455	2,283	2,350	1,806	1,730
Net asset per share (Taka)	54.96	55.61	54.55	50.74	52.23	40.12	38.45
Number of employees	1,361	1,785	1,679	1,489	1,459	1,149	922
Total contribution to National Exchequer	522	669	564	256	387	246	166

## Financial Results

For the year ended 30 June 2019, total revenue of ACI Formulations Limited was Taka 4,025 million, a decrease of Taka 102 million from financial year 2017-2018, resulting into 2.47% lower revenue over last year. The main reason was sharp drop in coil portfolio due to market disruption by unauthorized coil. Despite having lower revenue growth, gross profit margin has increased to 30.08% in the current year from 24.87% of financial year 2017-2018 due to higher revenue in Crop Care business over last year and changes of product mix. On the other hand, financing cost has increased by Taka 54 million, mainly due to higher interest rate and unfavorable exchange rate variance over last year. Despite higher interest rate and lower revenue, the Company registered higher EPS by Tk. 0.29 per share compared to last year. In the current year, profit before tax (PBT) was Taka 182 million and profit after tax (PAT) was Taka 128 million resulting into Earnings per Share (EPS) Taka 2.85 as opposed to Tk. 2.56 per share of last year.

## Appropriation of Profit

Considering the financial results of the Company during the year and free reserve carried over and in line with following a consistent dividend policy, the Directors recommended appropriation of net profit as follows:

Particular	For the year ended 30 June 2019	For the year ended 30 June 2018
<i>Un-appropriated profit</i>	758,439,875	800,904,890
<i>Add: Net profit after tax</i>	128,453,851	115,034,985
<i>Add: Realization of revaluation reserve</i>	-	-
<b>Total profit available for appropriation</b>	<b>886,893,726</b>	<b>915,939,875</b>
<b>Appropriation of profit:</b>		
<i>Final Dividend Proposed:</i>		
<i>Cash Dividend</i>	157,500,000	157,500,000
<b>Total Dividend</b>	<b>157,500,000</b>	<b>157,500,000</b>
<b>Balance carried forward</b>	<b>729,393,726</b>	<b>758,439,875</b>

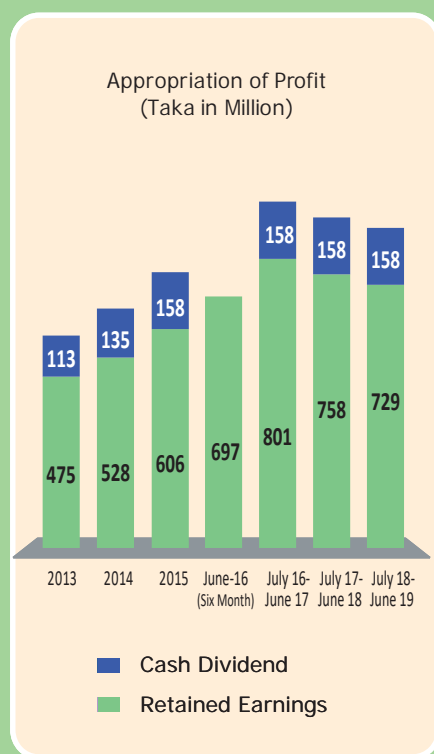
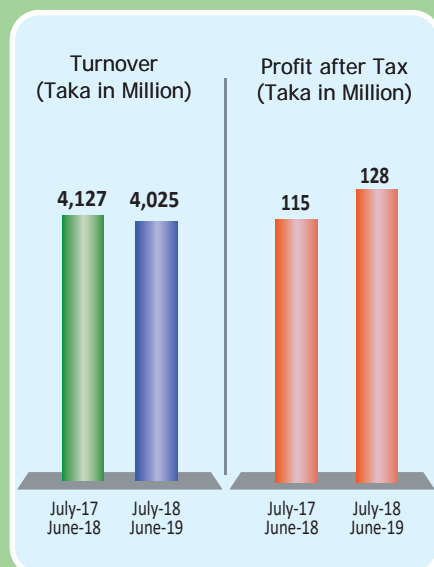
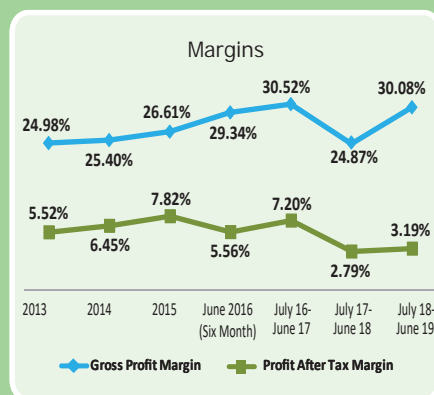
With the balance carried forward and with future ploughing back of the profit, Directors are confident that company will be able to maintain prudent dividend policy in coming years.

## Dividend

The Board of Directors is pleased to recommend cash dividend @ 35% on face value of Tk. 10 per share (i.e. Taka 3.5 per share) for the year ended 30 June 2019 to those shareowners whose names were appeared in the Share Register of Members of the Company or in the Depository list of CDBL on the Record Date which is 03 December 2019. During the period under review no bonus share or stock dividend has been declared as interim dividend.

## Contribution to the National Exchequer

For the year ended 30 June 2019, the company contributed Taka 522 million to the National Exchequer in the form of Corporate Tax, Custom Duty and Value Added Tax (VAT). This is equivalent to 12% of the Company's gross sales revenue for the year 2018-19.



## Cost of Goods Sold and Profit Margins

For the year ended 30 June 2019, cost of goods sold was Taka 2,815 million (69.92% of net revenue) which was Taka 3,101 million (75.13% of net revenue) during the financial year 2017-18, resulting a decrease of 5.21% cost due to favorable material cost variance and changes of product mix over last year. This has resulted to increase gross profit margin of 30.08% (Taka 1,211 million) during the year ended 30 June 2019 as against 24.87% (Taka 1,026 million) of the financial year 2017-18. Higher gross profit margin, coupled with controlled operating cost led to register PAT 3.2% in financial year 2018-19.

## Related Party Transactions

All transactions with related parties are made on a commercial basis and the basis was the principle of "Arms Length Transaction". Details of related party transaction are disclosed in the Note-36 of the Financial Statements.

## Disclosure for Significant Deviation

For the year ended 30 June 2019, total revenue of ACI Formulations Limited as a Group was Taka 4,025 million, a decrease of Taka 102 million from financial year 2017-2018, resulting into 2.47% lower revenue over last financial year. The main reason was sharp drop in coil portfolio due to market disruption by unauthorized coil. Despite having slight de-growth in revenue, Gross Profit margin has increased to 30.08% in the current year from 24.87% of financial year 2017-2018 due to higher revenue in Crop Care business over last year and changes of product mix. On the other hand, finance cost has increased by Taka 54 million, mainly due to higher interest rate and unfavorable exchange rate variance over last year. Due to the combined effect of the different parameters, in the reported financial year, Profit Before Tax (PBT) was Taka 182 million with a growth of 11.66% over the last financial year. In line with the growth in PBT, Profit After Tax (PAT) increased to Taka 128 million in the reported financial year with a growth of 11.30% over last financial year resulting into Earnings per Share Taka 2.85.

## Consolidation of Accounts

The financial statements of the subsidiary company, Neem Laboratories (Pvt.) Limited have duly been consolidated with the financial statements of ACI Formulations Limited as per requirements of the Companies Act-1994, Bangladesh Securities and Exchange Commission's guidelines and in line with the International Accounting Standards (IASs)/IFRSs adopted by Bangladesh. However, separate reports including the audited financial statements, auditors' and directors' report for the subsidiary company is provided at the respective section of this report.

## Segment-wise performance

Segment-wise performance has been shown in Note-7(ii) of the notes to the accounts of the financial statements.

## Risk and Concern

The Company is aware of the different risks associated with doing business and is prepared to counter those risks through systematic approach. However, business may be affected by risks and uncertainties presently not known to us or that we currently believe to be immaterial. Financial risks management has been disclosed in the Note-33 of the Financial Statements.

## Extraordinary Gain/Loss

No extra-ordinary gain or loss exists during the year as prescribed by the Bangladesh Financial Reporting Standards (BFRS).

## Utilization of Proceed (Public Issue)

No proceed has been raised by the Company through public issue, right issue and any instruments during the year under review. And, the financial results of the Company have continued to grow as reflected in the annual financial statements of the Company.

## Preparation and Fair Presentation of Financial Statements

The Financial statements prepared by the management of the Company present a true and fair view of Company's state of affairs, result of its operation and changes in equity and cash flows.

## Books of Accounts

The books of accounts of the Company have been maintained in accordance with provisions of the Companies Act 1994.

## Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.

## Application of IAS or IFRS to the Financial Statements

International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) have been followed in preparation of the financial statements.

## Internal Control

Internal Control Policies in ACI FL is designed to ensure operational efficiency, reliable financial reporting and sound governance within and outside the Company. Accordingly, the Board of Directors of the Company is of the opinion that the system of Internal Control is sound in design and has been effectively implemented and monitored.

## Declaration/Certification of CEO & CFO

The declaration or certification by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to the Board of the Company as prescribed under the Codes of Corporate Governance issued by Bangladesh Securities and Exchange Commission is disclosed in Annexure-IV of this report.



## Management Discussion & Analysis

The discussion and analysis duly signed by the Managing Director of the Company presenting, among others, the detailed analysis of the company's operations, financial position, performance, risk and concern, accounting policies & estimation to the financial statements any changes thereof have been disclosed in Annexure-III of this report.

## Board of Directors

The Board of Directors of the Company consist of 7 (seven) members including 2 (two) Independent Directors. The majority of members of the Board are non-executive. The list and details of Directors are available under the 'Directors Profile' of this report.

## Re-election of Directors

By operation of Article 47 of the Company's Articles of Association Mr. M. Anis Ud Dowla and Dr. A.K.M. Fareyzul Haque Ansarey retire by rotation and being eligible, offer themselves for re-election. The brief resume along with required information of the re-elected Directors are available under the 'Directors Profile' of this report.

## Independent Director

In compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), the existing Board of Directors of the Company includes two Independent Directors, Mr. Kamran Tanvirur Rahman and Mr. Abdul-Muyeed Chowdhury. Mr. Chowdhury is the Chairman of the Board of Audit Committee. The Independent Directors of the Company have been elected amongst the senior corporate leaders and bureaucrats of the country who are elite members of the society having requisite qualifications as prescribed by BSEC.

## Board Meeting & Attendance

During the financial year 2018-2019, a total number of 5 (Five) meetings of the Board of Directors were held to

transact company's affairs. The Attendance record of the Directors are furnished in Annexure-I of this report.

## Remuneration to Directors

During the year, the Company has paid a total of BDT 11,250 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note-29 and 36(b) of the Financial Statements.

## Shareholding Pattern

The pattern of shareholding as 30 June 2019 of the Company as prescribed by the code of corporate governance issued by the Bangladesh Securities and Exchange Commission (BSEC) is furnished in Annexure-II of this report.

## Minority Interest

The Board of Directors ensures that the Company operates within the limit of its charter supported by the laws and codes of corporate governance with regard to the rights of its minority shareholders are protected from any direct or indirect abusive actions by, or in the interest of, the controlling shareholders. However, for contingency, there has been effective means of redress.

## Appointment of Auditors

The existing Auditors of the Company, Hoda Vasi Chowdhury & Co., Chartered Accountants, retire at this Annual General Meeting on completion of their audit works for the year ended 30 June 2019. They are, however, eligible for reappointment as per BSEC notification. Hoda Vasi Chowdhury & Co., Chartered Accountants, expressed their interest to be appointed as auditors of the Company for the FY 2019-2020 at a fee of Tk. 693,000 plus VAT. Accordingly, Board recommends their appointment to the shareholders of the Company.

## Corporate Governance Compliance Status

ACI Formulations Limited believes in sustainable business development through quality assurance, customer focus,

innovation, fairness, transparency & compliance, and continuous improvement for enriching the quality of life of the people. However, the Board and management of the Company are committed to continuously strive for the highest standards and ethics in governance practices with a view to safeguarding the interest of its shareowners and innumerable stakeholders as well. In this connection, we are pleased to confirm that the Company has meanwhile complied with all the requirements under the Corporate Governance Code adopted by Bangladesh Securities and Exchange Commission. The compliance checklist for the year ended 30 June 2019 in this regard is appended in Annexure-V of the Directors' Report. However, the Corporate Governance Compliance Certificate as provided by Al-Muqtadir Associates, Chartered Secretaries, is also enclosed in Annexure-VI of this report.

### Going Concern

The Board is of the opinion that the Company is indeed a going concern. This is recognized through appropriate enquiries and analyses, which establishes that the resources are adequate to support the operations and that sufficient business opportunities exist to justify the organization as a going concern and the Directors analyze the financial statements accordingly to ensure that. Accordingly, the Financial Statements are prepared on a going concern basis and there is no doubt, whatsoever, upon the Company's ability to continue as going concern.

### Corporate Social Responsibility (CSR)

CSR is a central function of ACI FL and the projects and programs under CSR are selected on basis of their relevance to the business objectives of the Company. We are conscious of our responsibility to manage a sustainable business organization which requires a strong team to manage CSR and at the same time respect the social aspirations concerning us.

On behalf of the Board



**Shusmita Anis**  
Managing Director

Dhaka, 24 October 2019

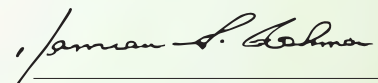
### The People of ACI FL

Our Human Resource department is continuously developing our people by conducting customized training programs throughout the year. We empower our workforce with delegated authority and evaluate them under a scientific system called Balanced Score Card and reward them according to their performance. We acknowledge achievement of individuals and promote our employees based on fair and transparent evaluation. ACI FL takes its social responsibility seriously. Occupational health, safety and environmental protection are always on top of our priority list. We aspire to achieve better results and accordingly set priorities and goals.

### Acknowledgements

The Board of Directors firmly believes that ACI FL has the necessary strengths, resources and commitments to further propel the Company to newer heights. The performance of the Company during the period under review, even with so many challenges confronted, demonstrates the resolves and determination of the Board, Management and overall the peoples in the Company. At this occasion, the Board expresses on record their appreciation to the partners of ACI FL, shareowners, suppliers, customers, bankers, regulators, media and all other well-wishers for their support and patronage to bring the company to this level. We value their continued support to fulfill our mission to improve the lives of people.

Finally, and most importantly, we, on behalf of the Board of Directors thank the employees of ACI FL in factories, depots, offices and other locations across the country, for their untiring efforts. They have worked hard, against all odds, uncertainties and adversities and built a stronger organization that can create a greater positive impact on the quality of life of the people.



**Kamran Tanvirur Rahman**  
Independent Director



## শেয়ার মালিকদের নিকট পরিচালনা পর্ষদের প্রতিবেদন

৩০শে জুন ২০১৯ তারিখে সমাপ্ত অর্থবছরের জন্য

কোম্পানী আইন ১৯৯৪ এর ১৮৪ ধারা এবং বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক ইস্যুকৃত কর্পোরেট গভার্নেন্স কোড অনুযায়ী

আমরা অত্যন্ত আনন্দের সঙ্গে এসিআই ফরমুলেশনস লিমিটেডের পরিচালনা পর্ষদের পক্ষ থেকে ৩০শে জুন ২০১৯ তারিখে সমাপ্ত অর্থবছরের নিরীক্ষিত আর্থিক বিবরণী সমূহ ও নিরীক্ষা প্রতিবেদনসহ পরিচালক মণ্ডলীর প্রতিবেদন আপনাদের বিবেচনার জন্য উপস্থাপন করছি।

### ইভাঙ্জিয়াল আউটলুক, সেগমেন্টওয়াইজ পারফরম্যান্স, ভবিষ্যৎ পরিকল্পনা এবং অন্যান্য পরিচালনগত তথ্য

এসিআই ফরমুলেশনস লিমিটেড, এসিআই ক্রপ কেয়ার, পেইন্টস্ এবং হোমকেয়ার সলিউশনস্ এই তিনটি প্রধান ব্যবসায় বিভক্ত।

বাংলাদেশের মত দেশে যেখানে সীমিত সম্পদ ব্যবহারের মাধ্যমে বিশাল জনগোষ্ঠীর খাদ্যের যোগান নিশ্চিত করতে হয় সেখানে ফসল সুরক্ষাকারী পণ্যগুলি অধিক ফলন নিশ্চিতকরণে কার্যকর ভূমিকা পালন করে। এদেশের পেস্টিসাইড কোম্পানীগুলি সে লক্ষ্যপূরণে যথাযথ কীটনাশক সংক্রান্ত সমস্যা সমাধানের মাধ্যমে কৃষকের সাথে একাত্ম হয়ে কাজ করে যাচ্ছে।

কীটপতঙ্গের উপদ্রব তুলনামূলকভাবে কম থাকার কারণে ২০১৮-২০১৯ অর্থবছরে কীটনাশকের চাহিদা কম ছিল। উৎপাদিত প্রধান ফসল ধানের মূল্য উৎপাদন ব্যয়ের চেয়ে কম হওয়ায় ভালো ফলন হওয়া সত্ত্বেও কৃষকরা আশাতীত ফল পেতে ব্যর্থ হয়। কৃষকদের জন্য এটি হতাশাব্যঞ্জক ও উদ্বেগজনক। তদুপরি, খরার ফলে আমন ধানের ব্যাপক ক্ষতি হয়েছে যার প্রভাব ক্রপ কেয়ার ব্যবসায় পড়েছে। এটি ব্যবসায় দু'ধরনের সমস্যা সৃষ্টি করেছে। প্রথমত, তারল্যের সংকট কৃষকদের ফসল সুরক্ষায় কীটনাশক ব্যবহারে অনাগ্রহী করেছে এবং দ্বিতীয়ত, কৃষকদের কাছ থেকে পাওনা আদায়ে ব্যর্থ হওয়ায় ব্যবসায়ীরা কোম্পানীর দেনা পরিশোধে ব্যর্থ হয়েছে।

যেখানে ফসল সুরক্ষা শিল্পে প্রবৃদ্ধি ৫% বেড়েছে সেখানে ক্রপ কেয়ার ব্যবসা ১৩% প্রবৃদ্ধি অর্জন করতে সক্ষম হয়েছে। এটা সম্ভব হয়েছে লিকুইড এবং পাউডার ইনসেক্টিসাইড ক্যাটাগরিতে মার্কেট শেয়ার বাড়ার কারণে হার্বিসাইড ব্যবসা মার্কেটে নেতৃত্বস্থানীয়, যা এ বছর ৭% প্রবৃদ্ধি অর্জন করতে সক্ষম হয়। ফাংগিসাইড ব্যবসা ছত্রাকের সংক্রমণ কম হওয়ার কারণে উল্লেখযোগ্যভাবে ক্ষতিগ্রস্ত হয়েছে। যার ফলে পণ্য মজুদ করতে হয়েছে।

কোম্পানী প্রসিদ্ধ কারিগরি সহযোগীদের সহযোগিতায় ক্রমাগতই আরো সাস্রয়ী, পরিবেশবান্ধব কীটপতঙ্গ নিয়ন্ত্রণ-সমাধানসহ নিয়মিতভাবে পণ্যসম্ভার আধুনিকীকরণ করে চলেছে। বিভিন্ন বিভাগে ২০১৮-২০১৯ অর্থবছরে চারটি নতুন Molecules বাজারজাত করা হয়েছে।

'ফ্লোরা' হল একটি বায়ো-বান্ধব উদ্ভিদ Energizer এবং ফলন বর্ধক যা কৃষকদের মধ্যে একটি শক্তিশালী ব্র্যান্ড হিসেবে পরিচিতি পেয়েছে। কোম্পানী এ পণ্য বিপণনে পূর্বের চ্যালেঞ্জ মোকাবেলায় সক্ষম হয়েছে। ফ্লোরা ব্যবহারের মাধ্যমে ধানের ফলন বৃদ্ধি সক্ষম হয়েছে ফলে এটি

কৃষকদের গ্রহনযোগ্যতা অর্জন করেছে। ফলস্বরূপ, এ বছর বিক্রয় ২৩৮% বৃদ্ধি পেয়েছে। এই পণ্যের উজ্জ্বল ভবিষ্যৎ রয়েছে।

কাঁচামালের মূল্যবৃদ্ধির ফলে সৃষ্ট তীব্র প্রতিযোগিতা, প্যাকেজিং উপাদানের মূল্যবৃদ্ধি, পরিবহণ খরচ বৃদ্ধি এবং মুদ্রার অবমূল্যায়নের কারণে এ বছর প্রবৃদ্ধি বাঁধাগ্রস্ত হয়েছে। এছাড়া, সুদের মাত্রা বৃদ্ধি পাওয়াতেও ব্যবসা ভীষণভাবে ক্ষতিগ্রস্ত হয়েছে।

কৃষিক্ষেত্রে কৃষকেরা নিয়মিত যে সকল সমস্যার সম্মুখীন হয় তা নিরসনে বিপণনকর্মীরা নিরলসভাবে কাজ করে যাচ্ছে। Brown Plant Hopper (BPH)-ধানের মহামারী সৃষ্টিকারী কীটপতঙ্গ যা সংক্রমণে ফসলের ব্যাপক ক্ষতি সাধিত হয়। এ সমস্যা দূরীকরণে এসিআই ক্রপ কেয়ার চতুর্থ প্রজন্মের মলিকিউল-Pyrazin নিয়ে এসেছে। যা ব্যবহারের মাধ্যমে কৃষক ফসল সুরক্ষার সুযোগ পাচ্ছে। ফসলে কীটপতঙ্গের উপদ্রবকালীন সময়ে Department of Agricultural Extension (DAE) এর কর্মকর্তাদের সাথে কর্মীরা একযোগে কাজ করে যাচ্ছে। ভূট্টা বর্তমানে সম্ভাবনাময় ফসল হিসেবে উৎপাদিত হচ্ছে। Fall armyworm একটি ভূট্টা বিনষ্টকারী অন্যতম কীট। ইতোমধ্যে এ পোকাকার সংক্রমণ হতে ফসলকে রক্ষা করতে কার্যকরী কীটনাশক বাজারজাত করতে নিবন্ধনের জন্য কোম্পানী কাজ করছে। কৃষকেরা এখন একই মাঠে আমন ধানের পরে তেলবীজ এবং ডাল জাতীয় ফসল উৎপাদন করে। Pod borer হতে তেলবীজ এবং ডালকে রক্ষা করতে কার্যকরী পণ্য 'Reload' সরবরাহ করা হচ্ছে।

বর্তমান molecules এবং নতুন উদ্ভাবিত molecules এর ব্যবসায়িক সুযোগ সৃষ্টির জন্য রিসার্চ এন্ড ডেভেলপমেন্ট বিভাগের একদল নিবেদিতপ্রাণ কর্মী বিভিন্ন বাছাইকৃত ফসলের উন্নয়নে মাঠ পর্যায়ে ব্যাপক পরীক্ষা নিরীক্ষা চালিয়ে যাচ্ছে।

এসিআই ক্রপ কেয়ার M4C প্রোজেক্টের জন্য দীর্ঘদিনের উন্নয়ন অংশীদার স্বনামধন্য Swiss Contact কর্তৃক "Appreciation Crest" অর্জন করেছে। প্রজেক্টটি বিগত পাঁচ বছর যাবৎ উত্তরাঞ্চলের বিচ্ছিন্ন চর এলাকার জনগণকে অগ্রণী সেবা প্রদান করে আসছে। এসিআই ক্রপ কেয়ার উন্নত কীটনাশক ও Plant Growth Regulators সরবরাহসহ বিভিন্ন কৃষি পরামর্শ প্রদান করে আসছে।

স্টেকহোল্ডারদের সাথে যোগাযোগ আরো জোরদার করতে বেশকিছু পদক্ষেপ গ্রহণ করা হয়েছে। কৃষকদের সাথে দূরত্ব ঘুচিয়ে অধিক সেবা প্রদানের লক্ষ্যে সার্বক্ষণিক হেল্পলাইন নাম্বারসহ একটি Customer Relationship Management Platform চালু করা হয়েছে। কৃষকের ফসল সম্পর্কিত যে কোন সমস্যার তাৎক্ষণিক সমাধান দিতে একদল অভিজ্ঞ কৃষিবিদ সদা প্রস্তুত রয়েছে। 'এসিআই ক্রপ কেয়ার' নামে একটি নিজস্ব ফেসবুক পেজ পরিচালনা করা হচ্ছে এবং 'এসিআই ক্রপ কেয়ার' নামে একটি ইউটিউব চ্যানেল পরিচালনা করা হচ্ছে যেগুলি দ্বারা ফসল সম্পর্কিত সেবা প্রদানের মাধ্যমে এসিআই ফরমুলেশন্স দর্শকপ্রিয়তা পেয়েছে। আর একটি উদ্যোগ, 'এসিআই ক্রপ কেয়ার.কম' সম্পূর্ণ কৃষকবান্ধব বাংলায় পরিচালিত ওয়েবসাইট যেখানে ফসল সংক্রান্ত সকল গুরুত্বপূর্ণ তথ্য সমাধানসহ উপস্থাপন করা হয়েছে। এছাড়াও অনলাইনে অর্ডারের মাধ্যমে পণ্য সরবরাহের উদ্দেশ্যে 'ই-কমার্স' বিভাগ চালু করা হয়েছে।

মাঠকর্মীদের সক্রিয় করা হয়েছে এবং তাদের ভূমিকা আরো কার্যকর করতে বিভিন্ন পদক্ষেপ গ্রহণ করা হয়েছে। সিডিউল ফার্মার্স মিটিং এবং স্পট ফার্মার্স মিটিং এর মাধ্যমে সেলস প্রমোশনাল অফিসাররা সরাসরি মাঠপর্যায়ে কৃষককে ফসল সুরক্ষা সংক্রান্ত সমস্যার সমাধান দিচ্ছে। এ ছাড়াও, সলিউশন এডভাইজাররা কৃষককে আরো উন্নতর সেবা প্রদানের লক্ষ্যে DAE এর কর্মকর্তাদের সাথে একযোগে কাজ করে চলেছে। কঠোর পরিশ্রম, আত্মোৎসর্গ এবং নিষ্ঠার সাথে কাজ করার জন্য মাঠকর্মীদের প্রতি কোম্পানী কৃতজ্ঞ।

গাজীপুরে ৪২ একর জমিতে নির্মিত এসিআই ফরমুলেশন্স এর কারখানাটি সুরক্ষা, স্বাস্থ্য এবং পরিবেশ সংক্রান্ত সকল আইন পরিপালন করে। এ কারখানাটি আন্তর্জাতিক মানসম্পন্ন বৈশ্বিক প্রযুক্তিতে পরিচালিত। যেখানে আরো নতুন ব্যবসা সম্প্রসারণের মত পর্যাণ্ড জায়গা রয়েছে। এই কারখানাটি

প্রযুক্তিগত উৎকর্ষতার জন্য বিদেশী বিনিয়োগকারীদের কাছ থেকে উচ্চতর রেটিং অর্জন করে চলেছে।

পেইন্টস এর কোটিং বিভাগ, যার মধ্যে রয়েছে সামুদ্রিক, প্রতিরক্ষামূলক ও পাউডার কোটিং, গত বছরের তুলনায় ভালো করেছে। ২০১৮-১৯ সালে বৈশ্বিক অংশীদার Akzonobel ডেকোরিটিভ পেইন্টস'র পণ্যসম্ভার পরিধি বাড়িয়েছে। বর্ধিত ডিস্ট্রিবিউশন নেটওয়ার্ক বিস্তৃতকরণ এবং প্রচার কার্যক্রমের কারণে গত বছরের তুলনায় পেইন্টস এর বিক্রয় ৪১.৭% বৃদ্ধি পেয়েছে। আসন্ন বছরে ডেকোরিটিভ পেইন্ট ব্যবসা সম্প্রসারণ করা হবে। এবছর নিজস্ব কারখানায় সম্পূর্ণ উৎপাদন করার ব্যাপারে কোম্পানী আশাবাদী।

হোমকেয়ার সলিউশন পেস্ট ও ননপেস্ট উভয় পণ্যে সমন্বিত। এসিআই এ্যারোসল, সর্বাধিক কার্যকর পোকার ঘাতক যা এসিআই কনজিউমার ব্যান্ডের ফ্লাগশিপ ব্র্যান্ড, ৯৪.৪% মার্কেট শেয়ার ধরে রেখেছে (Nielsen এর তথ্য)। এসিআই মশার কয়েল ৫.১% মার্কেট শেয়ারের মাধ্যমে ব্র্যান্ডেড কয়েলগুলির মধ্যে শক্ত উপস্থিতি বজায় রেখেছে। তবে নির্দেশিকা না মানা এবং অননুমোদিত অনেক নন-ব্র্যান্ডেড কয়েল রয়েছে যা এসিআই এর আরো ভালো মার্কেট শেয়ার অর্জনের পথে অন্তরায়। ননপেস্ট বিভাগে Angelic Air Freshner এর তিনটি নতুন সুগন্ধি এবং Vanish Toilet Cleaner শক্তিশালী ভাবমূর্তি বজায় রেখেছে।

এসিআই ফরমুলেশন্স কৃষকদের ফসল সুরক্ষায় পরামর্শ প্রদান, গুণগত মানসম্পন্ন পণ্য সরবরাহসহ ভোক্তাদের জীবনমানে উৎকর্ষতা আনার মাধ্যমে টেকসই উন্নয়ন নিশ্চিত করতে দৃঢ় প্রতিজ্ঞ। একই সাথে, উৎপাদন ক্ষেত্রে উন্নততর দক্ষতা অর্জন এসিআই ফরমুলেশন্স লিমিটেডকে অন্যতম পছন্দের কন্ট্রাক্ট ম্যানুফ্যাকচারিং কোম্পানী হিসেবে প্রতিষ্ঠিত করবে।





## এক নজরে মূখ্য পরিচালনগত ও আর্থিক তথ্য

২০১৮-১৯ অর্থবছর সহ কোম্পানীর বিগত পাঁচ বছরের মূখ্য পরিচালনগত ও আর্থিক তথ্যাদি নিম্নে প্রদর্শন করা হলোঃ

মিলিয়ন টাকায়

বিবরণ	জুলাই ২০১৮ - জুন ২০১৯	জুলাই ২০১৭ - জুন ২০১৮	জুলাই ২০১৬ - জুন ২০১৭	জানুয়ারি ২০১৬ - জুন ২০১৬ (ছয় মাস)	ডিসেম্বর ২০১৫	ডিসেম্বর ২০১৪	ডিসেম্বর ২০১৩
নীট বিক্রয়	৪,০২৫	৪,১২৭	৩,৬২৯	১,৬২৫	৩,০০৬	২,৯০৮	২,৩৪০
মোট গ্রহণ মুনাফা	১,২১১	১,০২৭	১,১০৮	৪৭৭	৮০০	৭৩৯	৫৮৫
কর পূর্ববর্তী মুনাফা	১৮২	১৬৩	৩৫৭	১২৭	৩১৩	২৬০	১৭২
কর পরবর্তী মুনাফা	১২৮	১১৫	২৬১	৯০	২৩৫	১৮৮	১২৯
শেয়ার প্রতি আয় (টাকা)	২.৮৫	২.৫৬	৫.৮১	২.০১	৫.২৩	৪.১৭	২.৮৭
ইসুকৃত ও পরিশোধিত মূলধন	৪৫০	৪৫০	৪৫০	৪৫০	৪৫০	৪৫০	৪৫০
শেয়ার মালিকদের ইকুইটি	২,৪৭৩	২,৫০২	২,৪৫৫	২,২৮৩	২,৩৫০	১,৮০৬	১,৭৩০
শেয়ার প্রতি নীট সম্পদ (টাকা)	৫৪.৯৬	৫৫.৬১	৫৪.৫৫	৫০.৭৪	৫২.২৩	৪০.১২	৩৮.৪৫
কর্মচারীদের সংখ্যা	১,৩৬১	১,৭৮৫	১,৬৭৯	১,৪৮৯	১,৪৫৯	১,১৪৯	৯২২
জাতীয় রাজস্ব আয়ে অবদান	৫২২	৬৬৯	৫৬৪	২৫৬	৩৮৭	২৪৬	১৬৬

### আর্থিক ফলাফল

৩০শে জুন ২০১৯ সালে সমাপ্ত অর্থবছরে এসিআই ফরমুলেশনস্ লিমিটেড এর নীট বিক্রয় ছিল ৪,০২৫ মিলিয়ন টাকা যা ২০১৭-২০১৮ অর্থ বছরের তুলনায় ১০২ মিলিয়ন টাকা এবং ২.৪৭% কম। অননুমোদিত কয়েলের কারণে বাজার অস্থিরতা কয়েল পোর্টফোলিওতে এ প্রভাব ফেলে। বিক্রয় সামান্য হ্রাস পাওয়া সত্ত্বেও এ অর্থবছরে ক্রপ কেয়ার ব্যবসায় বিক্রয়বৃদ্ধি এবং Product Mix এর সমন্বয়ের ফলে গ্রহণ মুনাফার হার বৃদ্ধি পেয়ে ৩০.০৮% হয়েছে যা ২০১৭-২০১৮ অর্থ বছরে ২৪.৮৭% ছিল। অন্যদিকে গত বছরের তুলনায় ব্যাংক সুদের হার বৃদ্ধি ও বৈদেশিক মুদ্রার বিনিময় হার প্রতিকূল হওয়ায় অর্থায়ন ব্যয় ৫৪ মিলিয়ন টাকা বেড়েছে। উচ্চ সুদহার এবং বিক্রয় হ্রাস সত্ত্বেও কোম্পানীর গত বছরের তুলনায় শেয়ার প্রতি আয় ০.২৯ টাকা বৃদ্ধি পেয়েছে। আলোচ্য অর্থবছরে কর পূর্ববর্তী মুনাফা ১৮২ মিলিয়ন টাকা এবং কর পরবর্তী মুনাফা ১২৮ মিলিয়ন টাকা হয়েছে যার ফলশ্রুতিতে শেয়ার প্রতি আয় (ইপিএস) হয়েছে ২.৮৫ টাকা, গত বছরে যা শেয়ার প্রতি ছিল ২.৫৬ টাকা।

### মুনাফা বন্টন

আলোচ্য অর্থবছরের ফলাফল পর্যালোচনা, ফ্রি রিজার্ভ এবং ধারাবাহিক লভ্যাংশ নীতি অনুসরণের আলোকে পরিচালনা পর্ষদ নীট মুনাফার নিম্নলিখিত বন্টন সুপারিশ করেছেনঃ

বিবরণ	৩০শে জুন ২০১৯ তারিখে সমাপ্ত বছরের জন্য	৩০শে জুন ২০১৮ তারিখে সমাপ্ত বছরের জন্য
অবন্টিত মুনাফা	৭৫৮,৪৩৯,৮৭৫	৮০০,৯০৪,৮৯০
যোগ: কর-পরবর্তী মুনাফা	১২৮,৪৫৩,৮৫১	১১৫,০৩৪,৯৮৫
যোগ: আদায়কৃত পুনঃমূল্যায়ণ সঞ্চিতি	-	-
সর্বমোট বন্টনযোগ্য মুনাফা	৮৮৬,৮৯৩,৭২৬	৯১৫,৯৩৯,৮৭৫
মুনাফা বন্টনঃ		
চূড়ান্ত প্রস্তাবিত লভ্যাংশঃ		
নগদ লভ্যাংশ	১৫৭,৫০০,০০০	১৫৭,৫০০,০০০
সর্বমোট লভ্যাংশ	১৫৭,৫০০,০০০	১৫৭,৫০০,০০০
অবন্টিত মুনাফা স্থিতি	৭২৯,৩৯৩,৭২৬	৭৫৮,৪৩৯,৮৭৫

এ বছরের স্থিতি এবং আগামীতে মুনাফা অর্জনের মাধ্যমে কোম্পানী ধারাবাহিক লভ্যাংশ নীতি বজায় রাখতে পারবে বলে পরিচালনা পর্ষদ আশ্বাসীল।

### লভ্যাংশ

৩০শে জুন ২০১৯ তারিখে সমাপ্ত বছরের জন্য পরিচালনা পর্ষদ আনন্দের সাথে চূড়ান্ত লভ্যাংশ হিসেবে ৩৫% নগদ লভ্যাংশ (অর্থাৎ শেয়ার প্রতি ৩.৫ টাকা) সুপারিশ করেছে। রেকর্ড ডেট, অর্থাৎ ৩রা ডিসেম্বর ২০১৯, যে সকল সম্মানিত শেয়ার মালিকগণের নাম কোম্পানীর সদস্যদের শেয়ার রেজিস্টার বা সিডিবিএল এর ডিপোজিটরিতে অন্তর্ভুক্ত ছিল, তারা এই চূড়ান্ত লভ্যাংশ পাওয়ার যোগ্য হিসেবে বিবেচিত। আলোচ্য বছরে কোম্পানী অন্তর্বর্তীকালীন লভ্যাংশ হিসেবে কোন বোনাস শেয়ার বা স্টক ডিভিডেন্ড ঘোষণা করেনি।

### জাতীয় রাজস্ব আয়ে অবদান

৩০শে জুন ২০১৯ তারিখে সমাপ্ত অর্থবছরে কোম্পানি আয়কর, আবগারি শুল্ক এবং মূল্য সংযোজন কর বাবদ মোট ৫২২ মিলিয়ন টাকা জাতীয় কোষাগারে জমা দান করেছে; যা উল্লেখিত সমাপ্ত বছরের মোট বিক্রয়লব্ধ আয়ের ১২%।



## বিক্রিত পণ্যের খরচ এবং মুনাফার হার

৩০শে জুন ২০১৯ তারিখে সমাপ্ত অর্থবছরে বিক্রিত পণ্যের ব্যয় হয়েছে ২,৮১৫ মিলিয়ন টাকা (নীট বিক্রয়ের ৬৯.৯২%) যা ২০১৭-২০১৮ অর্থ বছরে ছিল ৩,১০১ মিলিয়ন টাকা (নীট বিক্রয়ের ৭৫.১৩%)। কাঁচামালের মূল্য তুলনামূলকভাবে কম থাকায় এবং Product Mix সমন্বয়ের কারণে বিক্রিত পণ্যের মূল্য গত অর্থ বছরের তুলনায় ৫.২১% হ্রাস পেয়েছে। ফলে মোট মুনাফার হার বৃদ্ধি পেয়ে দাঁড়িয়েছে ৩০.০৮% (১,২১১ মিলিয়ন টাকা), যা ২০১৭-২০১৮ অর্থ বছরে ছিল ২৪.৮৭% (১,০২৬ মিলিয়ন টাকা)। ২০১৮-২০১৯ অর্থ বছরে অর্থায়ন ব্যয় বৃদ্ধি পাওয়া সত্ত্বেও নিয়ন্ত্রিত পরিচালন ব্যয়ের কারণে কর পরবর্তী মুনাফার হার ছিল ৩.২%।

## সংশ্লিষ্ট পক্ষগুলোর সকল লেনদেন

সংশ্লিষ্ট পক্ষগুলোর সাথে সব লেনদেন বাণিজ্যিক ভিত্তিতে করা হয়েছে এবং এর ভিত্তি ছিল "Arms Length Transaction"। সংশ্লিষ্ট পক্ষের লেনদেনের বিস্তারিত তথ্য আর্থিক বিবরণীর নোট-৩৬-এ প্রকাশিত হয়েছে।

## বার্ষিক আর্থিক বিবরণীর মধ্যে উল্লেখযোগ্য পার্থক্য

২০১৮-২০১৯ অর্থবছরে এসিআই ফরমুলেশনস এর বিক্রয় ছিল ৪,০২৫ মিলিয়ন টাকা যা ২০১৭-২০১৮ অর্থবছরের তুলনায় ১০২ মিলিয়ন টাকা কম, ফলশ্রুতিতে বিক্রয় হ্রাস পেয়েছে ২.৪৭%। অননুমোদিত কয়েলের কারণে সৃষ্ট বাজার অস্থিরতা কয়েল পোর্টফোলিওতে প্রভাব ফেলে। বিক্রয় হ্রাস পেলেও ক্রম ক্রয়ের ব্যবসায় বিক্রয়বৃদ্ধি এবং Product Mix সমন্বয়ের ফলে এস মুনাফার হার ৩০.০৮% বৃদ্ধি পেয়েছে যা ২০১৭-২০১৮ অর্থবছরে ২৪.৮৭% ছিল। অন্যদিকে, গতবছরের তুলনায় ব্যাংক সুদের হার ও বৈদেশিক মুদ্রার বিনিময় হার বৃদ্ধি পাওয়ার কারণে অর্থায়ন ব্যয় বেড়েছে ৫৪ মিলিয়ন টাকা। ২০১৮-২০১৯ অর্থবছরে কর পরবর্তী মুনাফা হয়েছে ১৮২ মিলিয়ন টাকা, যা গত বছরের তুলনায় ১১.৬৬% বেশি এবং কর পরবর্তী মুনাফা ১১.৩০% বৃদ্ধি পেয়ে দাঁড়িয়েছে ১২৮ মিলিয়ন টাকায়, ফলশ্রুতিতে শেয়ার প্রতি আয় হয়েছে ২.৮৫ টাকা।

## সাবসিডিয়ারী কোম্পানীর আর্থিক বিবরণীর কনসলিডেশন

কোম্পানী আইন-১৯৯৪, বিএসইসি রেগুলেশন ও বাংলাদেশে গৃহীত আইএএস ও আইএফআরএস অনুসারে সাবসিডিয়ারী কোম্পানী, নিম ল্যাবরেটরীজ (প্রাঃ) লিমিটেড এর আর্থিক বিবরণীসমূহ এসিআই ফরমুলেশনস লিমিটেড এর আর্থিক বিবরণীর সঙ্গে একত্রিকরণ করা হয়েছে। এছাড়াও সাবসিডিয়ারী কোম্পানীর নিরীক্ষিত আর্থিক বিবরণীসমূহ নিরীক্ষা প্রতিবেদন ও পরিচালক মণ্ডলীর প্রতিবেদনসহ আলাদাভাবে বার্ষিক প্রতিবেদনের নির্ধারিত স্থানে উপস্থাপন করা হয়েছে।

## সেগমেন্ট অনুযায়ী রিপোর্টিং

আর্থিক বিবরণীর নোট-৭(ii) এ সেগমেন্ট অনুযায়ী রিপোর্টিং ফলাফল পর্যালোচনা করা হয়েছে।

## ব্যবসা সংশ্লিষ্ট ঝুঁকি

কোম্পানী নিজ ব্যবসা সংশ্লিষ্ট ঝুঁকি সম্পর্কে সচেতন এবং সেগুলোকে নিয়মানুগ পদ্ধতির মাধ্যমে মোকাবেলায় প্রস্তুত। যদিও ব্যবসা বিভিন্ন ঝুঁকি এবং অনিশ্চয়তার দ্বারা প্রভাবিত হতে পারে যার পূর্ব ধারণা করা কঠিন। আর্থিক বিবরণীর নোট-৩৩ এ আর্থিক ঝুঁকি ব্যবস্থাপনা বর্ণিত হয়েছে।

## অস্বাভাবিক লাভ বা ক্ষতি

International Financial Reporting Standards (IFRSs) অনুসারে কোন অস্বাভাবিক লাভ বা ক্ষতি রিপোর্টিং পিরিয়ডে বিদ্যমান নেই।

## পাবলিক ইস্যু তহবিলের ব্যবহার

রিপোর্টিং পিরিয়ডে কোন আইপিও, রাইট ইস্যু বা অন্য কোন ধরনের ক্যাপিটাল ইস্যু নেই। কোম্পানীর আর্থিক ফলাফল ক্রমবর্ধমান যা বার্ষিক আর্থিক বিবরণীতে প্রতিফলিত হয়েছে।

## আর্থিক বিবরণী প্রস্তুতকরণ ও যথাযথ প্রদর্শন

কোম্পানীর ব্যবস্থাপনা পর্ষদ কর্তৃক প্রস্তুতকৃত আর্থিক বিবরণীতে কোম্পানীর স্থিতি, পরিচালন ফলাফল, অর্থ প্রবাহ এবং ইকুইটি পরিবর্তনের একটি সত্য ও যথার্থ চিত্র তুলে ধরা হয়েছে।

## হিসাবের বই রক্ষণাবেক্ষন

কোম্পানীর হিসাবের বই কোম্পানী আইন-১৯৯৪ বিধি মোতাবেক রক্ষণাবেক্ষন করা হয়েছে।

## আর্থিক বিবরণী হিসাবনীতি

আর্থিক বিবরণী প্রস্তুতকরণের ক্ষেত্রে যথাযথ হিসাবনীতি ধারাবাহিকভাবে অনুসরণ করা হয়েছে এবং হিসাবের ভিত্তি যুক্তিসঙ্গত ও সঠিক।

## আর্থিক বিবরণী IAS ও IFRS এর প্রভাব

আর্থিক বিবরণী প্রস্তুতকরণের ক্ষেত্রে "International Accounting Standards (IASs)" ও "International Financial Reporting Standards (IFRSs)" অনুসরণ করা হয়েছে।

## আভ্যন্তরীণ নিয়ন্ত্রণ

কোম্পানীর সার্বিক কার্যক্ষমতা, আর্থিক প্রতিবেদনের নির্ভরযোগ্যতা এবং সুশাসন প্রতিষ্ঠাকে বিবেচনায় রেখে এসিআই ফরমুলেশনস এর আভ্যন্তরীণ নীতিমালা প্রণীত হয়েছে। তদনুসারে, কোম্পানীর পরিচালনা পর্ষদের মতে, আভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা কার্যকর এবং তা সঠিক ভাবে নিরীক্ষণ করা হয়েছে।

## CEO এবং CFO এর প্রত্যায়নপত্র

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর কর্পোরেট গভর্নেন্স কোড অনুযায়ী চীফ এক্সিকিউটিভ অফিসার (সিইও) এবং চীফ ফাইন্যান্সিয়াল অফিসার (সিএফও) কর্তৃক বোর্ডকে প্রদত্ত প্রত্যায়নপত্র বার্ষিক প্রতিবেদনের Annexure-IV এ অন্তর্ভুক্ত করা হয়েছে।

## পরিচালনগত আলোচনা ও বিশ্লেষণ

কোম্পানীর ব্যবস্থাপনা পরিচালক কর্তৃক স্বাক্ষরিত “পরিচালনগত আলোচনা ও বিশ্লেষণ” রিপোর্টের Annexure-III এ অন্তর্ভুক্ত করা হয়েছে, যেখানে কোম্পানীর আর্থিক বিবরণী সংশ্লিষ্ট পরিচালনগত বিশদ বিশ্লেষণ, আর্থিক অবস্থা, ফলাফল, ঝুঁকি ও উদ্বেগ, হিসাবনীতি ও অনুমানসহ অন্যান্য বিষয় আলোচিত হয়েছে।

## পরিচালনা পর্ষদ

কোম্পানীর পরিচালনা পর্ষদ দুইজন স্বতন্ত্র পরিচালক সহ সাত জন সদস্যের সমন্বয়ে গঠিত। বোর্ডের অধিকাংশ সদস্য অ-নির্বাহী। পরিচালকদের তালিকা এবং বিবরণ এই রিপোর্টের 'পরিচালক প্রোফাইল' এ অন্তর্ভুক্ত করা হয়েছে।

## পরিচালক নির্বাচন

কোম্পানীর আর্টিক্যালস অব এসোসিয়েশন এর ৪৭ অনুচ্ছেদ অনুযায়ী জনাব. আনিস উদ দৌলা ও ডঃ এ.কে.এম ফারাজুল হক আনসারী আসন্ন বার্ষিক সাধারণ সভায় পর্যায়ক্রমিকভাবে অবসর গ্রহণ করবেন। পুনঃনির্বাচিত পরিচালকদের তালিকা এবং বিবরণ এই রিপোর্টের 'পরিচালক প্রোফাইল' এ অন্তর্ভুক্ত করা হয়েছে। আসন্ন ২৩তম বার্ষিক সাধারণ সভায় উল্লেখিত সকল পরিচালকগণ পুনঃনির্বাচনের যোগ্য হিসেবে বিবেচিত। তাদের সংক্ষিপ্ত জীবন বৃত্তান্ত ও অন্যান্য তথ্যাদি এই রিপোর্টের 'পরিচালক প্রোফাইল' এ অন্তর্ভুক্ত করা হয়েছে।

## স্বতন্ত্র পরিচালক

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন (বিএসইসি) প্রবর্তিত কর্পোরেট গভর্নেন্স কোড এর কমপ্লয়েন্স অনুযায়ী বর্তমান পরিচালনা পর্ষদে দুইজন স্বতন্ত্র পরিচালক, জনাব কামরান তানভীর রহমান এবং জনাব আবদুল-মুয়ীদ চৌধুরীকে অন্তর্ভুক্ত করা হয়েছে। জনাব আবদুল মুয়ীদ চৌধুরী অডিট কমিটির চেয়ারম্যান হিসেবেও দায়িত্ব পালন করছেন। বিএসইসির নির্দেশনা অনুযায়ী সমাজের সুযোগ্য ব্যক্তিবর্গ সিনিয়র কর্পোরেট লিডার এবং আমলাদের মধ্য থেকে যোগ্য ব্যক্তিবর্গকে স্বতন্ত্র পরিচালক হিসেবে নির্বাচন করা হয়েছে।



## পরিচালনা পর্ষদের সভা

২০১৮-২০১৯ অর্থবছরে পরিচালনা পর্ষদের মোট ৫টি সভা অনুষ্ঠিত হয়েছে। পরিচালকগণের উপস্থিতি সারাংশ Annexure-I এ দেখানো হয়েছে।

## পরিচালকদের সম্মানী ভাতা

২০১৮-২০১৯ অর্থবছরে কোম্পানীর বোর্ড মিটিং এ উপস্থিতি ফি হিসাবে মোট ১১,২৫০/- টাকা প্রদান করা হয়েছে। পরিচালকমণ্ডলীর সম্মানী ভাতা আর্থিক বিবরণীর নোট-২৯ এবং ৩৬(বি) তে উল্লেখ করা হয়েছে।

## শেয়ার হোল্ডিং প্যাটার্ন

৩০শে জুন ২০১৯ ইং তারিখে কোম্পানীর শেয়ার হোল্ডিং প্যাটার্ন Annexure-II এ দেখানো হয়েছে।

## ক্ষুদ্র বিনিয়োগকারীদের স্বার্থরক্ষা

পরিচালনা পর্ষদ এই মর্মে নিশ্চিত যে, কোম্পানী কর্পোরেট গভার্নেন্স কোড ও তার নিজস্ব আইনানুগ কার্যসীমার মধ্যে পরিচালিত একটি সত্ত্বা এবং কোম্পানীর ক্ষুদ্র বিনিয়োগকারীগণ কন্ট্রোলিং শেয়ার হোল্ডারগণের যেকোন প্রত্যক্ষ ও পরোক্ষ ক্ষতিকর কার্যকলাপ থেকে সুরক্ষিত। তদুপরি, যেকোন অনাকাঙ্ক্ষিত ঘটনার জন্য যথাযথ প্রতিকারের ব্যবস্থা কোম্পানীতে রয়েছে।

## অডিটরদের নিয়োগ

কোম্পানীর বর্তমান অডিটর হুদা ভাসি চৌধুরী এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস, তাদের ২০১৯ সালের ৩০শে জুন তারিখের সমাপ্ত আর্থিক বছরের নিরীক্ষা সম্পন্ন করার পর আসন্ন বার্ষিক সাধারণ সভায় অবসর গ্রহণ করবেন। বিএসইসি'র প্রজ্ঞাপন মোতাবেক তারা পুনঃনিয়োগের যোগ্য হিসেবে বিবেচিত। হুদা ভাসি চৌধুরী এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস ৬,৯৩,০০০/- টাকা (মূল্য সংযোজন কর ব্যতিরেকে) সম্মানীর বিনিময়ে ২০১৯-২০২০ অর্থ বছরের নিরীক্ষা কার্যক্রম সম্পন্ন করার লক্ষ্যে নিয়োগ প্রাপ্ত হতে আগ্রহ প্রকাশ করেছে। এ লক্ষ্যে, কোম্পানীর পরিচালনা পর্ষদ শেয়ারহোল্ডারদের নিকট তাদের নিয়োগের জন্য সুপারিশ করেন।

## কর্পোরেট গভার্নেন্স কমপ্লায়েন্স স্ট্যাটাস

এসিআই ভোক্তা সাধারণের জীবনযাত্রার গুণগতমান-উন্নয়ন, ভোক্তা অধিকার সংরক্ষণ, উদ্ভাবন, স্বচ্ছতা, জবাবদিহিতা ও ক্রমাগত উন্নতির মধ্য দিয়েই ব্যবসার প্রসার ঘটানোর সম্ভব বলে বিশ্বাস করে। এর রয়েছে দেশের সর্ববৃহৎ একীভূত বহুমাত্রিক ঐতিহ্য সমৃদ্ধ ব্যবসায়িক সংস্কৃতি। দীর্ঘদিন ধরে এসিআইতে কর্পোরেট গভার্নেন্স এর অনুশীলন বিরাজমান। পরিচালনা পর্ষদ ও ব্যবস্থাপকগণ কোম্পানীতে কর্পোরেট গভার্নেন্স অনুশীলনে সর্বোচ্চ নৈতিকতা ও মান বজায় রাখার মাধ্যমে শেয়ারহোল্ডার ও অংশীদারদের স্বার্থ রক্ষায় প্রতিশ্রুতিবদ্ধ। আমরা অত্যন্ত আনন্দের সাথে আপনাদের এই মর্মে নিশ্চিত করছি যে, কোম্পানী বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন এর নোটিফিকেশন অনুযায়ী সমস্ত প্রয়োজনীয় দিকনির্দেশনা পালন করেছে। এই অনুসারে, ৩০শে জুন ২০১৯ সালের সমাপ্ত অর্থবছরের জন্য মন্তব্যসহ কমপ্লায়েন্স রিপোর্ট কোম্পানীর পরিচালকমণ্ডলীর প্রতিবেদনের Annexure-V এ অন্তর্ভুক্ত করা হয়েছে। এ ছাড়াও কর্পোরেট গভার্নেন্স কোড অনুযায়ী আল-মুক্তাদীর এ্যাসোসিয়েটস, চার্টার্ড সেক্রেটারীজ, কর্তৃক প্রত্যায়িত

পরিচালকমণ্ডলীর পক্ষে,



সুপ্তিতা আনিস  
ব্যবস্থাপনা পরিচালক

ঢাকা, ২৪ অক্টোবর ২০১৯

কমপ্লায়েন্স সার্টিফিকেট এই প্রতিবেদনের Annexure-VI এ অন্তর্ভুক্ত করা হয়েছে।

## চলমান প্রতিষ্ঠান

পরিচালনা পর্ষদ বিশ্বাস করে যে এসিআই ফরমুলেশন্স একটি চলমান প্রতিষ্ঠান হিসাবে পরিচালিত। তারা পর্যাণ্ড অনুসন্ধান এবং বিশ্লেষণের মাধ্যমে নিশ্চিত হয়েছে যে, সম্পদ এবং পর্যাণ্ড ব্যবসায়িক সুযোগের মাধ্যমে কোম্পানীকে চলমান প্রতিষ্ঠান হিসেবে বিবেচনা করা যায়, যা নিশ্চিতকরণের জন্য পরিচালকগণ আর্থিক হিসাবপত্র বিশ্লেষণ করেছেন। চলমান প্রতিষ্ঠান নীতির আলোকেই কোম্পানীর আর্থিক বিবরণী সমূহ প্রস্তুত করা হয়েছে।

## কর্পোরেট সামাজিক দায়বদ্ধতা (CSR)

সামাজিক দায়বদ্ধতা এসিআই ফরমুলেশন্স লিমিটেড এর একটি কেন্দ্রীয় কার্যক্রম এবং CSR এর আওতায় গৃহীত সকল প্রজেক্ট ও প্রোগ্রামসমূহ ব্যবসায়িক সংশ্লিষ্টতার সাথে সম্পর্কিত। টেকসই ব্যবসা প্রতিষ্ঠান গড়ে তোলার লক্ষ্যে আমরা সামাজিক দায়বদ্ধতা ও আকাঙ্ক্ষার প্রতি শ্রদ্ধাশীল।

## এসিআই'র মানব সম্পদ

বহুব্যাপী বিভিন্ন ধরনের কাস্টমাইজড প্রশিক্ষণের মাধ্যমে আমাদের মানব সম্পদ বিভাগ কর্মীদের উন্নয়নে ধারাবাহিকভাবে কাজ করে যাচ্ছে। কর্তৃত্ব অর্পণ ও ক্ষমতায়নের পাশাপাশি আমরা আমাদের কর্মী বাহিনীকে ব্যালেন্সড স্কোর কার্ডের মত বৈজ্ঞানিক পন্থায় তাঁদের কার্যফল যাচাই ও পুরস্কৃত করে থাকি। নিরপেক্ষ ও স্বচ্ছ মূল্যায়নের মাধ্যমে প্রত্যেকের স্ব-স্ব অবদানের স্বীকৃতি স্বরূপ তাদের পদোন্নতি নিশ্চিত করা হয়। এসিআই ফরমুলেশন্স সামাজিক দায়বদ্ধতাকে গুরুত্বের সাথে বিবেচনা করে থাকে। পেশাগত স্বাস্থ্য, নিরাপত্তা ও পরিবেশ রক্ষা এখানে অগ্রাধিকার তালিকার শীর্ষে রয়েছে। আমরা ভাল কিছু করার প্রচেষ্টায় সর্বদা নিয়োজিত এবং সেই অনুযায়ী আমাদের সুনির্দিষ্ট লক্ষ্য নির্ধারণে সচেষ্ট।

## কৃতজ্ঞতা জ্ঞাপন ও স্বীকৃতি

কোম্পানীর পরিচালনা পর্ষদ দৃঢ়ভাবে বিশ্বাস করে যে, এসিআই ফরমুলেশন্স এর রয়েছে পর্যাণ্ড শক্তি, সম্পদ ও প্রতিশ্রুতি যা কোম্পানীকে আরও উচ্চতায় পৌঁছে দিতে পারে। বহুবিধ চ্যালেঞ্জের মুখোমুখি হওয়া সত্ত্বেও কোম্পানির ব্যবসায়িক ফলাফল পরিচালনা পর্ষদ, ব্যবস্থাপনা পর্ষদ, সর্বোপরি এবং সকল কর্মীবৃন্দের দৃঢ় মনোবল এবং সংকল্পেরই ফসল। এসিআই ফরমুলেশন্স এর সকল ব্যবসায়িক সহযোগী, শেয়ারমালিক, সরবরাহকারী, ক্রেতা, ব্যাংকার ও মিডিয়া যাদের সহযোগীতা এবং অক্লান্ত পরিশ্রমের ফলে কোম্পানি আজকের এই পর্যায়ে এসেছে তাদের জন্য পরিচালনা পর্ষদের পক্ষ থেকে রইল আন্তরিক অভিনন্দন। মানুষের জীবনমান উন্নয়নে আমাদের লক্ষ্যের প্রতি তাদের এই অব্যাহত মূল্যবান সমর্থন ও সহযোগীতা আমাদের কাছে যথেষ্ট গুরুত্ব বহন করে।

পরিশেষে, এবং অক্লান্ত গুরুত্বের সাথে আমরা পরিচালনা পর্ষদের পক্ষ থেকে ফ্যাক্টরী, ডিপো এবং অফিস সমূহের সকলের অক্লান্ত প্রচেষ্টার প্রতি আমাদের কৃতজ্ঞতা জানাতে চাই। নানাবিধ অনিশ্চয়তা ও প্রতিকূলতার মাঝেও তাদের কঠোর পরিশ্রম ও নিষ্ঠার বলে এসিআই ফরমুলেশন্স একটি শক্তিশালী প্রতিষ্ঠান হিসেবে গড়ে উঠেছে যা জনগণের জীবনমান উন্নয়নে নিরন্তর অবদান রেখে চলেছে।



কামরান তানজীর রহমান  
স্বতন্ত্র পরিচালক

## Annexure-I

### Number of Board Meetings and Attendance of Directors

As per condition no. 1 (5) (xxii) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the number of Board Meetings held and the Attendance by each Director during the Financial Year 2018-2019 are as follows:

Name	Position	Meeting Held	Meeting Attended	Remarks
Mr. M. Anis Ud Dowla	Chairman	5	5	-
Dr. A.K.M Fareyzul Haque Ansarey	Director	5	5	-
Dr. Arif Dowla	Director	5	5	-
Mrs. Najma Dowla	Director	5	4	-
Mr. Kamran Tanvirur Rahman	Independent Director	5	4	-
Mr. Juned Ahmed Choudhury	Independent Director	5	2	Retired on 25.10.18
Mr. Abdul-Muyeed Chowdhury	Independent Director		3	Appointed on 25.10.18
Ms. Shusmita Anis	Managing Director	5	5	-

- The Board granted leave of absence to the members who were unable to attend Board meetings as per laws.

## Annexure-II

### Pattern of Shareholding

As per condition no. 1 (5) (xxiii) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the pattern of shareholding along with name wise details as on 30 June 2019 are as follows:

Condition no.	Name of Shareholders	Position	No. of Shares held	% of Shares held
<b>1(5) (xxiii) (a)</b>	<b>Parent/Subsidiary/Associated Companies and other related parties:</b>			
	Advanced Chemical Industries Limited	Parent Company	24,066,105	53.48%
<b>1(5) (xxiii) (b)</b>	<b>Directors:</b>			
	Mr. M. Anis Ud Dowla	Chairman	4,504,500	10.01%
	Dr. A.K.M Fareyzul Haque Ansarey	Director	1,129,500	2.51%
	Advanced Chemical Industries Limited, Represented By,		24,066,105	53.48%
	Mrs. Najma Dowla	Director	4,500	0.010%
	Dr. Arif Dowla	Director	1,800	0.004%
	Ms. Shusmita Anis	Managing Director	1,800	0.004%
	Mr. Abdul-Muyeed Chowdhury	Independent Director	-	-
	Mr. Kamran Tanvirur Rahman	Independent Director	-	-
	<b>Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and Compliance:</b>			
	Ms. Shusmita Anis	Chief Executive Officer	1,800	0.004%
	Mr. Pradip Kar Chowdhury	Chief Financial Officer	-	-
	Mr. Mohammad Mostafizur Rahman	Company Secretary	-	-
	Mr. Amitava Saha	Head of Internal Audit	-	-
<b>1(5) (xxiii) (c)</b>	<b>Executives (Other than Directors, CEO, CS, CFO and Head of Internal Audit and Compliance):</b>			
	-	-	-	-
<b>1(5) (xxiii) (d)</b>	<b>Shareholders holding 10% or more voting interest in the Company:</b>			
	Advanced Chemical Industries Limited	Parent Company	24,066,105	53.48%
	Investment Corporations of Bangladesh (ICB)	Institution	6,529,159	14.51%
	Mr. M. Anis Ud Dowla	Chairman	45,04,500	10.01%



## Annexure-III

### Management Discussion and Analysis

As per condition no. 1 (5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, 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. Detail description of accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the notes 4 and 6 to the 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 has material impact on financial statements.

#### Comparative analysis of financial performance and financial position as well as cash flows for current financial year with preceding five and half years

Major areas of financial performances and financial position as well as cash flows with preceding five and half years are as follows:

Figures in million except ratios and percentage (BDT)

Particulars	2013	2014	2015	June 2016	July 16- June 17	July 17- June 18	July 18- June 19
Net Turnover	2,340	2,908	3,006	1,625	3,629	4,127	4,025
Gross profit	585	739	800	477	1,108	1,027	1,211
Profit before tax	172	260	313	127	357	163	182
Profit after tax	129	188	235	90	261	115	128
Earnings per share (Taka)	2.87	4.17	5.23	2.01	5.81	2.56	2.85
EBITDA	292	373	435	188	551	406	484
Issued & paid capital	450	450	450	450	450	450	450
Shareowners' equity	1,730	1,806	2,350	2,283	2,455	2,502	2,473
Net asset per share (Taka)	38.45	40.12	52.23	50.74	54.55	55.61	54.96
Net operating cash flows per share (Taka)	9.38	0.25	(5.16)	1.05	(6.54)	(2.74)	(6.11)

The Company has maintained a consistent growth over the analyzed periods as depicted in the analysis enumerated above.

#### Comparison of financial performances and financial position as well as cash flows with peer industry scenario

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

#### Explanation of the financial and economic scenario of the country and the globe

In FY19, Bangladesh economy maintained a strong growth momentum with stable inflation, amidst subdued global growth emanated mainly from the escalating trade tension, rising geopolitical tension, and the Brexit related uncertainty. Bangladesh Bureau of Statistics (BBS)'s provisional estimate shows that real GDP grew by 8.13% in FY 2018-19 up from 7.86% in FY 2017-18, supported largely by the pick-up in the investment demand, particularly public investment and robust export growth. On the production side, the growth surge emerged mainly from the industry sector (13.02% growth) with 14.76% growth in manufacturing activities. At the same time, activities in the service and agriculture sectors remained firm (6.50% and 3.51% growth, respectively) in FY 2018-19.

At the end of Q4 of FY 2018-19, the 12-month average CPI inflation edged down to 5.48%, remaining comfortably below the ceiling of 5.6% for FY 2018-19, aided by the moderation of food inflation with a decline in rice prices. However, the 12-month average non-food inflation steadily increased to 5.42% in June 2019, warranting close attention as point-to-point non-food inflation continued rising.

Though the waning of import demand led to a sizeable reduction in the trade balance deficit, the current account balance deficit widened marginally in Q4 of FY 2018-19 (USD 1,008 million in Q4 FY 2018-19 compared to USD 948 million in Q3 FY 2018-19) because of a rise in the outflow of primary income of which remittance income is the major part. Nonetheless, the overall balance witnessed a surplus of USD 338 million due partly to the lowering of statistical discrepancies. During this period, BDT experienced modest depreciation and to avoid excessive volatilities of the exchange rate, Bangladesh Bank continued selling USD. However, in FY 2018-19, BoP recorded a small surplus (USD12 million) from a big deficit (USD 857 million) in FY 2017-18 due to improvement in CAB throughout the year.

Notwithstanding a strong growth in government borrowings from the banking system and the turnaround of the net foreign asset (NFA), broad money (M2) registered a modest growth of 9.9% at the end of FY 2018-19 against the programmed ceiling of 12%, due mainly to decelerated credit growth in the private sector. The modest growth in private credit helped reduce the stress on the liquidity condition in the banking system in Q4 FY 2018-19 in spite of subdued deposit growth. Nonetheless, interest rates in the interbank money market and yields on various government securities went up during this quarter. Consequently, interest rates on both deposit and lending showed some upward nudge.

Given the downturn in equity markets throughout the world, Dhaka Stock Exchange witnessed some dip with volatility in Q4 FY 2018-19, as reflected in its price index, market capitalization, and turnover.

On the fiscal side, a rise in the government expenditure against a moderate revenue collection led budget deficit to 4.5% of GDP in FY 2018-19. Though deficit financing mostly relied on non-bank borrowing, borrowing from the banking system by the government went up in Q4 FY 2018-19.

While looking in to the Global Economy, commodity prices were to some extent stable during the last couple of quarters due to softening energy prices with a slight increase in global food prices. The recent massive decline in the rice import in Bangladesh due to a good harvest of boro, reflected in the falling domestic rice prices though the global rice price index slightly went up. Regional inflation shows a mixed scenario as inflation in most of the South Asian economies except India declined in Q4 FY 2018-19. Inflation in Pakistan and Sri Lanka declined to 8.9% and 2.1% in June 2019, down from 9.4% and 2.9%, respectively, in March 2019. However, inflation in India edged up to 3.2% in June 2019 from 2.9% in March 2019. Looking ahead, stable global commodity prices with declining energy prices and favorable domestic production reduce the inflation risks over the short-term. However, inflation outlook has an upside risk due to creeping up non-food inflation in the domestic front may continue in the near future.

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

The Company has exposure to the Credit Risk, Liquidity Risk and Market Risk arising from its operations as outlined in the financial statements. The detail explanation of risk and concerns along with the Risk Management Framework are explained in the note 35 of the financial statements published in this annual report.

The Company has taken sufficient steps and controls effectively and 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.



**Shusmita Anis**  
Managing Director



## Annexure-IV

[As per condition No. 1(5) (xxvi)]

### DECLARATION BY CEO AND CFO

24 October 2019

The Board of Directors  
ACI Formulations Limited  
ACI Centre, 245, Tejgaon I/A,  
Dhaka 1208.

Subject: **Declaration on Financial Statements for the year ended 30 June 2019.**

Dear Sir,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of ACI Formulations Limited for the year ended 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- i. We have reviewed the financial statements for the year ended 30 June 2019 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Managing Director

Pradip Kar Chowdhury  
Chief Financial Officer (CFO)

## Annexure-V

### Status of Compliance with the Corporate Governance Code (CGC)

[As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018

(Report under Condition No. 9)

Condition No	Title	Status		Remarks
		Complied	Not-Complied	
1(1)	The number of Board members shall not be less than 5 (five) and more than 20 (twenty);	Complied		
1(2)(a)	At least one-fifth (1/5) of the total number of directors shall be Independent Directors (ID);	Complied		
1(2)(b)(i)	IDs do not hold any share or holds less than 1% shares of the total paid-up shares of the Company;	Complied		
1(2)(b)(ii)	ID is not a sponsor and not connected with any sponsor or director or nominated director or shareholder or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares and his or her family members shall not hold above mentioned shares;	Complied		
1(2)(b)(iii)	ID has not been an executive of the company in immediately preceding two financial years;	Complied		
1(2)(b)(iv)	ID does not have any pecuniary or otherwise relationship with the company or its subsidiary/associated companies;	Complied		
1(2)(b)(v)	ID is not a member or TREC holder, director or officer of any stock exchange;	Complied		
1(2)(b)(vi)	ID is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	Complied		
1(2)(b)(vii)	ID is/was not a partner or an executive of company's audit firms engaged in Statutory Audit or Internal Audit or Special Audit or Compliance Certification of the Codes during preceding three years;	Complied		
1(2)(b)(viii)	ID shall not be independent director in more than five listed companies;	Complied		
1(2)(b)(ix)	ID has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or NBF1;	Complied		
1(2)(b)(x)	ID has not been convicted for a criminal offence involving moral turpitude;	Complied		
1(2)(c)	Appointment of ID shall be done by Board and approved by shareholders in the AGM;	Complied		
1(2)(d)	The position of IDs cannot remain vacant for more than ninety days.	Complied		
1(2)(e)	The tenure of office of an ID shall be for Three years, which may be extended for One tenure only	Complied		
1(3)(a)	ID shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, corporate laws, regulatory requirements and can make meaningful contribution to the business;	Complied		
1(3)(b)(i)	ID is a Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of One Hundred million or any listed company or a member of any national or international chamber of commerce or business association	Complied		
1(3)(b)(ii)	ID is/was a Corporate Leader as top level executive as adopted by the code and a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	Complied		
1(3)(b)(iii)	ID was Former official of government in the position not below 5th Grade of the national pay scale and educational background of bachelor degree in economics or commerce or business or law;	Complied		
1(3)(b)(iv)	ID is/was University Teacher who has educational background in Economics or Commerce or Business Studies or Law;			N/A
1(3)(b)(v)	ID is/was a professional or an advocate practicing in the HCD of Bangladesh Supreme Court or a CA,CMA, CFA, CCA, CPA and CS or equivalent qualification;	Complied		
1(3)(c)	The ID shall have at least Ten years of experiences in any field mentioned in clause (b);	Complied		
1(3)(d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission.			N/A

Contd.



Condition No	Title	Status		Remarks
		Complied	Not-Complied	
1(4)(a)	Chairman of the Board and the Chief Executive Officer of the companies is different individuals having clearly defined their respective roles and responsibilities by Board.	Complied		
1(4)(b)	Chairperson of the Board and the MD and/or CEO of the company shall be different individuals;	Complied		
1(4)(c)	Chairperson elected from among the non-executive directors of the company;	Complied		
1(4)(d)	The Board clearly defined respective roles for Chairman and the Managing Director;	Complied		
1(4)(e)	In absence of Chairman, the remaining members may elect one from non-executive directors as Chairperson for that particular Board's meeting;	Complied		
1(5)(i)	An industry outlook and possible future developments;	Complied		
1(5)(ii)	Segment-wise or product-wise performance.	Complied		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	Complied		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	Complied		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Complied		
1(5)(vi)	A detailed discussion and statement on related party transactions;	Complied		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	Complied		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Complied		
1(5)(ix)	An explanation on any significant variance between Quarterly Financial performances and Annual Financial Statements;	Complied		
1(5)(x)	A statement of Directors remuneration;	Complied		
1(5)(xi)	A statement on fair preparation of the financial statements by the management of the issuer company;	Complied		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	Complied		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	Complied		
1(5)(xiv)	IAS / BAS / IFRS / BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	Complied		
1(5)(xvi)	A statement with regard to the protection of minority shareholders from abusive actions of controlling shareholders.	Complied		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern;	Complied		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	Complied		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	Complied		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Complied		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	Complied		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	Complied		
1(5)(xxiii)(a)	Parent / Subsidiary / Associated Companies and other related parties (name wise details);	Complied		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied		
1(5)(xxiii)(c)	Executives;	Complied		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied		



Condition No	Title	Status		Remarks
		Complied	Not-Complied	
1(5)(xxiv)(a)	A brief resume of the director;	Complied		
1(5)(xxiv)(b)	Nature of expertise in specific functional areas;	Complied		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and membership of board committees;	Complied		
	A Management's Discussion and Analysis signed by CEO or MD	Complied		
1(5)(xxv)(a)	Presenting detailed analysis of accounting policies and estimation for preparation of financial statements;	Complied		
1(5)(xxv)(b)	Presenting detailed analysis of changes in accounting policies and estimation, if any;	Complied		
1(5)(xxv)(c)	Presenting detailed analysis of comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	Complied		
1(5)(xxv)(d)	Presenting detailed analysis of compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	Complied		
1(5)(xxv)(e)	Presenting detailed analysis of briefly explain the financial and economic scenario of the country and the globe;	Complied		
1(5)(xxv)(f)	Presenting detailed analysis of risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	Complied		
1(5)(xxv)(g)	Presenting detailed analysis of future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	Complied		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) disclosed as per Annexure-A;	Complied		
1(5)(xxvii)	The report and compliance certificate disclosed as per Annexure-B and Annexure-C;	Complied		
1(6)	Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line BSS as adopted by the ICSB;	Complied		
1(7)(a)	Code of conduct, based on the recommendation of the NRC for the Chairman of the Board, other board members and Managing Director of the company;	Complied		
1(7)(b)	Code of conduct as determined by the NRC shall be posted on the website of the company;			To be posted soon
2(a)	Composition of the Board of the subsidiary company;	Complied		
2(b)	Independent director of the holding company on the Board of the subsidiary company;	Complied		
2(c)	Review of minutes of the subsidiary company's Board meeting by the holding company's Board;	Complied		
2(d)	Statement as to the review of minutes of Subsidiary company by the holding company's Board.	Complied		
2(e)	Review of financial statements of Subsidiary company by the Audit Committee of the holding company;	Complied		
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC;	Complied		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	Complied		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;			To be implemented soon
3(1)(d)	Respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied		
3(1)(e)	Removal of the MD or CEO, CS, CFO and HIAC with approval of the Board and immediate dissemination to BSEC and stock exchange(s);	Complied		
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	Complied		
3(3)(a)(i)	Certification of CEO and CFO as to the review of financial statements with declaration that there is no materially untrue and misleading statement;	Complied		
3(3)(a)(ii)	Certification of CEO and CFO as to the true and fair view of the financial statements and affairs of the Company's per applicable laws;	Complied		
3(3)(b)	Certification of CEO and CFO that to the best of their knowledge and belief there was no fraudulent, illegal transactions during the year;	Complied		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	Complied		
4(i)	Board Audit Committee (BAC)	Complied		

Contd.



Condition No	Title	Status		Remarks
		Complied	Not-Complied	
4(ii)	Nomination and Remuneration Committee			To be formed soon
5(1)(a)	BAC as a sub-committee of the Board;	Complied		
5(1)(b)	BAC shall assist the Board of Directors as to the the financial statements reflect true and fair view of the state of affairs of the company;	Complied		
5(1)(c)	BAC is responsible to the Board. The duties of the BAC is clearly set forth in writing.	Complied		
5(2)(a)	BAC is composed of 3 (three) members.	Complied		
5(2)(b)	The Board appointed members of BAC who are non-executive directors and Chairperson is an ID.	Complied		
5(2)(c)	All members of BAC are "financially literate" and 1 (one) member have accounting or related financial management background and 10 (ten) years of such experience;	Complied		
5(2)(d)	Filling of casual vacancy in the BAC.	Complied		
5(2)(e)	The CS shall act as the Secretary of the Committee.	Complied		
5(2)(f)	The quorum of the BAC meeting have not constitute without ID	Complied		
5(3)(a)	The Board of Directors select 1 (one) ID as the Chairman of BAC;	Complied		
5(3)(b)	Election of Chairman of the particular meeting in absence of regular Chairperson of BAC recording the reasons of such absence in the minutes.	Complied		
5(3)(c)	Chairman of the BAC shall remain present in the AGM.	Complied		
5(4)(a)	BAC conducted four meetings in the financial year:	Complied		
5(4)(b)	The quorum of the meeting of BAC constituted in presence of either two members including ID or two third of the members , whichever was higher;	Complied		
5(5)(a)	Oversee the financial reporting process.	Complied		
5(5)(b)	Monitor choice of accounting policies and principles.	Complied		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced;	Complied		
5(5)(d)	Oversee hiring and performance of external auditors;	Complied		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	Complied		
5(5)(f)	Review with the management, the annual financial statements before submission to the Board for approval;	Complied		
5(5)(g)	Review with the management, the quarterly and half yearly financial statements before submission to the Board for approval	Complied		
5(5)(h)	Review the adequacy of internal audit function;	Complied		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied		
5(5)(j)	Review statement of all related party transactions submitted by the management;	Complied		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Complied		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	Complied		
5(5)(m)	Oversee whether the proceeds raised IPO or RPO or Rights Share Offer have been utilized per the purposes stated in relevant offer document or prospectus approved by the Commission;	Complied		
5(6)(a)(i)	The BAC shall report on its activities to the Board.	Complied		
5(6)(a)(ii)(a)	The BAC shall immediately report to the Board if any report on conflicts of interests	Complied		
5(6)(a)(ii)(b)	The BAC shall immediately report to the Board if any suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	Complied		
5(6)(a)(ii)(c)	The BAC shall immediately report to the Board if any suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	Complied		
5(6)(a)(ii)(d)	The BAC shall immediately report to the Board if any other matter which the Audit Committee deems necessary.	Complied		
5(6)(b)	If any material impact on the financial condition and results of operation, unreasonably ignored by the management	Complied		
5(7)	Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii)	Complied		

Condition No	Title	Status		Remarks
		Complied	Not-Complied	
6(1)(a)	Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			To be formed soon
6(1)(b)	The NRC shall assist 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;			To be implemented soon
6(1)(c)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			To be implemented soon
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			To be implemented soon
6(2)(b)	All members of the Committee shall be non-executive directors.			To be implemented soon
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board			To be implemented soon
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee			To be implemented soon
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			To be implemented soon
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			To be implemented soon
6(2)(g)	The company secretary shall act as the secretary of the Committee.			To be implemented soon
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			To be implemented soon
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			To be implemented soon
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			To be implemented soon
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			To be implemented soon
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders			To be implemented soon
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.			To be implemented soon
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			To be implemented soon
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			To be implemented soon
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC;			To be implemented soon
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			To be implemented soon
6(5)(b)(i)(a)	NRC shall oversee, formulate & recommend to the Board regarding the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			To be implemented soon
6(5)(b)(i)(b)	NRC shall oversee, formulate & recommend to the Board regarding the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;			To be implemented soon
6(5)(b)(i)(c)	NRC shall oversee, formulate & recommend to the Board regarding remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			To be implemented soon

Contd.



Condition No	Title	Status		Remarks
		Complied	Not-Complied	
6(5)(b)(ii)	NRC shall oversee & make report with recommendation to the Board regarding devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			To be implemented soon
6(5)(b)(iii)	NRC shall oversee & make report with recommendation to the Board regarding identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			To be implemented soon
6(5)(b)(iv)	NRC shall oversee & make report with recommendation to the Board regarding formulating the criteria for evaluation of performance of independent directors and the Board;			To be implemented soon
6(5)(b)(v)	NRC shall oversee & make report with recommendation to the Board regarding identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			To be implemented soon
6(5)(b)(vi)	NRC shall oversee & make report with recommendation to the Board regarding developing, recommending and reviewing annually the company's human resources and training policies;			To be implemented soon
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report;			To be implemented soon
	The issuer Company shall not engage its external or statutory auditors -	Complied		As declared by the Auditors
7(1)(i)	- to perform the appraisal or valuation services or fairness opinions of the company.	Complied		
7(1)(ii)	- to perform the financial information systems design and implementation of the company.	Complied		
7(1)(iii)	- to perform book-keeping or other services related to the accounting records or financial statements of the company.	Complied		
7(1)(iv)	- to perform broker-dealer services of the company.	Complied		
7(1)(v)	- to perform actuarial services of the company.	Complied		
7(1)(vi)	- to perform internal audit services or special audit services of the company.	Complied		
7(1)(vii)	- to perform any service that the Audit Committee determines of the company.	Complied		
7(1)(viii)	- to perform audit or certification services on compliance of corporate governance as required under condition No. 9(1) of the company.	Complied		
7(1)(ix)	- to perform any other service that creates conflict of interest of the company.	Complied		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	Complied		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders;	Complied		
8(1)	The Company shall have an official website linked with the website of the stock exchange;	Complied		
8(2)	The Company shall keep the website functional from the date of listing;	Complied		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s) ;	Complied		
9(1)	Compliance Audit certification and its disclosure in the Annual Report;	Complied		
9(2)	Compliance certification professional shall be appointed by the shareholders in the AGM;	Complied		
9(3)	The directors of the Company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not;	Complied		

## Annexure-VI

**Al-Muqtadir Associates**  
Chartered Secretaries & Consultants

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### **Report to the Shareholders of ACI Formulations Limited on compliance with the Corporate Governance Code**

(As required under the BSEC Codes of Corporate Governance)

We have examined the compliance status to the Corporate Governance Code by **ACI Formulations Limited** for the year ended on 30th June 2019. This code relates to the gazette notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance Code. This is a scrutiny and verification and an independent audit on compliance of the conditions of Corporate Governance as well as provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of the Corporate Governance Code.

We state that we have obtained all the information and explanations or representations, which we have required, and after due scrutiny and verification thereof, we report that in our opinion and subject to the remarks and observations as reported in the connected Compliance Statement :

- (a) The Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- (c) Proper books and records have been kept by the Company as required under the Companies Act 1994, the securities laws and other relevant laws, and
- (d) The standard of governance in the Company is satisfactory.

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2018-19.

**Muqtadir Associates**  
Chartered Secretaries & Consultants



**A.K.A. Muqtadir FCS**  
**CEO & Chief Consultant**

Dhaka, November 14, 2019



## *ACI Formulations Limited*

# **Auditors' Report & Audited Financial Statements as at and for the year ended 30 June 2019**



# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### Independent Auditor's Report

To the Shareholders of ACI Formulations Limited

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated financial statements of ACI Formulations Limited and its subsidiaries (the "Group") as well as the separate financial statements of ACI Formulations Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the audit of financial statements are as under:

Key audit area	Our responses
<b>Carrying value (CV) of Property, plant and equipment (PPE) and its impairment</b>	
<p>PPE includes the Group's and the Company's long term assets, which flow economic benefits to the entities more than one year. PPE is measured at cost or revaluation less accumulated depreciation and accumulated impairment loss. The items of PPE excluding under-construction assets were revalued by a professional valuer in 2015 on the basis of applicable methods including market value based method. The carrying value of PPE represents significant portion of total assets, which is amounting to Tk. 194.5 crore for the Company and Tk. 194.6 crore for the Group at the reporting date. In other words, for both the Company and the Group, approximately 31% of total assets are represented by PPE.</p> <p>The carrying value of PPE is the function of depreciation charges on cost/revaluated that involved estimation. Therefore, it has been considered as a significant area of auditor's judgment and requires special attention. It is a</p>	<p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets.</p> <p>Followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <ul style="list-style-type: none"> <li>• Reviewing basis of recognition, measurement and valuation of assets;</li> <li>• Observing procedures of assets acquisition, depreciation and disposal;</li> <li>• Checking ownership of the major assets;</li> <li>• Checking the Capital-Work-in-Progress (CWIP) and its transfer to PPE as well as capital expenditure commitment;</li> <li>• Performing due physical asset verification on sample basis at the year-end;</li> <li>• Checking estimated rates of depreciation being used and assessed its fairness;</li> <li>• Discussing with the management about the fair value of the assets and assessing independently whether the CV approximates the fair value at the reporting date;</li> </ul>

Key audit area	Our responses
<p>matter to consider that the carrying value of PPE may be higher than the recoverable amount and the impairment charges thereon may not have been recognized.</p>	<ul style="list-style-type: none"> <li>• Evaluating the Group's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and</li> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our testing did not identify any issues with regard to CV of PPE and any indicators that would trigger impairment.</p>
<p>Refer to the note no. 8 and 8(a) to the financial statements</p>	
<p><b>Inventory valuation</b></p>	
<p>At year end the Company reported inventory of Tk. 163 crore and the Group, as a whole, reported inventory of Tk. 164 crore held in depots, central warehouse and factories. Inventories are carried at the lower of cost and net realizable value.</p> <p>The Group provides provision for obsolescence or slow-moving based on age analysis of inventories. This methodology relies upon assumptions made in determining appropriate provisioning amount to inventory balances. Therefore, it has been considered as key area of auditor's judgment and, thereby requiring special attention.</p>	<p>We obtained a detailed understanding and evaluated the design and implementation of controls that the Group has established in relation to inventory valuation.</p> <p>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory provisions.</p> <p>Our substantive procedures in relation to the inventory comprise the followings:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key inventory controls operating across the Group including Distribution Centres, Warehouses and Branches on sample basis;</li> <li>• Attending inventory counts at the year-end and reconciling the results of counting to the inventory listings to test the completeness of data;</li> <li>• Critically assessing the Group's inventory provisioning policy, with specific consideration given to aged inventory as well as stock turnover calculations, including the impact of seasonality;</li> <li>• Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of inventories and comparing to the associated provision to assess whether inventory provisions are complete; and</li> <li>• Reviewing the historical accuracy of inventory provision and the level of inventory write-offs during the year.</li> </ul> <p>Our procedures above did not identify any issues with regard to inventory.</p>
<p>Refer to the note no. 11 and 11(a) to the financial statements</p>	
<p><b>Short-term loan and Bank overdraft ("Loan")</b></p>	
<p>At reporting date, the position of Loan outstanding was Tk. 195.1 and Tk. 195.3 crore for the Company and the Group respectively. In other words, approximately 51% and 50% of total liabilities are represented by loans for the Company and Group respectively.</p> <p>Evidently, the Company is using loan to operate the business and also, to acquire non-current assets. Loan, therefore, has been considered as key audit area.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans.</p> <p>Our audit procedures included, among others, the followings:</p> <ul style="list-style-type: none"> <li>• Understanding and reviewing the nature or types of loans;</li> <li>• Reviewing the board meeting minutes on arrangements of the loans;</li> </ul>



	<ul style="list-style-type: none"> <li>• Obtaining the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans;</li> <li>• Recalculating the interest related to loans;</li> <li>• Checking the adjustments or repayments of loans through bank statements as per repayment schedule;</li> <li>• Observing whether there is any overdue payment relevant to loans; and</li> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our procedures above did not identify any issues with regard to loans.</p>
Refer to the note no. 20, 21 and 21(a) to the financial statements	
<b>Revenue Recognition</b>	
<p>At year end the Company reported total revenue of Tk. 402 crore and the Group, as a whole, reported total revenue of Tk. 405 crore.</p> <p>Revenue is recognized when the performance obligation is satisfied by transferring the goods or services to a customer, either at a point in time or over time. Goods or services are “transferred” when the customer obtains control of it. It is a matter of concern that revenue may be misstated due to recognition of sales transaction before performance obligation being satisfied.</p> <p>Furthermore, revenue is measured at net of trade discounts, returns and allowances. Within a number of the Group's markets, the estimation of discount recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a matter of consideration that revenue may be misstated as a result of faulty estimations over discounts.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the followings:</p> <ul style="list-style-type: none"> <li>• Segregation of duties in invoice creation and modification;</li> <li>• Approved price list and specified terms of trade in place;</li> <li>• Authorization of credit terms to customers;</li> <li>• Timing of revenue recognition; and</li> <li>• Calculation of discounts.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the followings:</p> <ul style="list-style-type: none"> <li>• Observing and evaluating whether proper segregation of duties put in place;</li> <li>• Examining samples of sales orders for evidence of proper credit approval by the appropriate personnel concerned and application controls for credit limits;</li> <li>• Comparing prices and terms on samples of sales invoices to the authorized price list and terms of trade and also, examining application controls for authorized prices and terms;</li> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• Assessing the appropriateness of the Group's revenue recognition accounting policies, including those relating to discounts by comparison with applicable accounting standard;</li> <li>• Testing the effectiveness of the Group's controls over the calculation of discounts and appropriate timing of revenue recognition;</li> <li>• Critically assessing manual journals made to revenue to identify unusual or irregular items; and</li> </ul>

	<ul style="list-style-type: none"> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our testing did not identify any issues with regard to revenue.</p>
<p>Refer to the note no. 26 and 26(a) to the financial statements</p>	
<p><b>Negative operating cash flows</b></p>	
<p>At year end the Company reported negative operating cash flows amounting to Tk. 27.5 crore and the Group, as a whole, reported negative operating cash flows amounting to Tk. 26.9 crore respectively.</p> <p>The Company has been continuously generating negative operating cash flows for last three years. Furthermore, negative operating cash flow has significantly increased by 123% and 95% at the Company and the Group level respectively, for the accounting year ended 30 June 2019 compared to the last accounting year ended 30 June 2018. Therefore, it has been considered as key audit area.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the statement of cash flows.</p> <p>Our audit procedures included, among others, the followings:</p> <ul style="list-style-type: none"> <li>• Analyzing the cash operating cycle.</li> <li>• Analyzing the operating profitability of the Company and the Group.</li> <li>• Observing and evaluating whether proper segregation of duties put in place;</li> <li>• Testing the effectiveness of the Group's controls over the cash and bank receipts/payments process;</li> <li>• Reviewing the delegated list of authority for cash payments;</li> <li>• Observing the cheques authorization process and also, observing the procedure of postings to cash payments journal and payable accounts with approval;</li> <li>• Inspecting relevant documentation for evidence of approval by authorized personnel;</li> <li>• Reviewing reconciliation of funds transfers and cheques issued with postings to cash payments journal and payable accounts;</li> <li>• Observing supplier statements reconciled to payable accounts and monthly bank reconciliations of bank statements to ledger account;</li> <li>• Reviewing agreement of monthly cash payments journal to general ledger posting and payable accounts reconciled to general ledger control account;</li> <li>• Reviewing list of cash receipts reconciled with posting to customer accounts; and</li> <li>• Tracing cash receipts from listing to cash receipts journal for proper classification.</li> </ul> <p>Our testing did not identify any issues with regard to negative operating cash flows.</p>
<p>Refer to the operating activities of the Statement of cash flows and note no. 16.3 and 16.3(a) of the financial statements.</p>	

## Other Matter

The Group comprises the parent, ACI Formulations Limited, and its subsidiary namely Neem Laboratories (Pvt.) Ltd. The financial statements of subsidiary have been audited by Shiraz Khan Basak & Co., Chartered Accountants. The auditor of subsidiary has expressed an unmodified opinion on the financial statements on 30 June 2019.

## Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Hoda Vasi Chowdhury & Co

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) the consolidated and the separate statements of financial position and statements of profit or loss and other comprehensive income along with the annexed notes 1 to 38 dealt with by the report are in agreement with the books of account, and
- d) the expenditure incurred was for the purposes of the Group's and the Company's business.

As per our report of same date.

Dhaka, 24 October 2019

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

## ACI Formulations Limited

### Statement of financial position

In Taka	Note	30 June 2019	30 June 2018
<b>Assets</b>			
Property, plant and equipment	8	1,944,656,528	1,793,502,725
Investments	9	39,742,772	37,096,077
<b>Non-current assets</b>		1,984,399,300	1,830,598,802
Inventories	11	1,625,582,683	1,610,648,618
Trade receivables	12	1,713,472,029	1,350,154,816
Other receivables	13	41,728,563	27,351,264
Inter-company receivables	14	22,983,074	516,615,689
Advances, deposits and prepayments	15	646,689,537	498,329,534
Cash and cash equivalents	16	297,708,034	262,039,838
<b>Current assets</b>		4,348,163,920	4,265,139,758
<b>Total assets</b>		6,332,563,220	6,095,738,560
<b>Equity</b>			
Share Capital	17	450,000,000	450,000,000
Revaluation reserve		1,136,392,931	1,136,392,931
Retained earnings		886,893,726	915,939,875
<b>Total equity</b>		2,473,286,657	2,502,332,806
<b>Liabilities</b>			
Employee benefits	18	43,494,776	39,179,275
Deferred tax liabilities	19	49,417,522	59,510,615
<b>Non-current liabilities</b>		92,912,298	98,689,890
Bank overdrafts	20	128,758,666	163,497,501
Loans and borrowings	21	1,822,161,341	2,738,695,818
Trade payables	22	89,050,954	126,995,956
Other payables	23	248,013,100	196,583,593
Inter-company payables	24	1,146,287,405	-
Provision for tax	25	332,092,799	268,942,996
<b>Current liabilities</b>		3,766,364,265	3,494,715,864
<b>Total liabilities</b>		3,859,276,563	3,593,405,754
<b>Total equity and liabilities</b>		6,332,563,220	6,095,738,560
<b>Net asset value (NAV) per share</b>		54.96	55.61

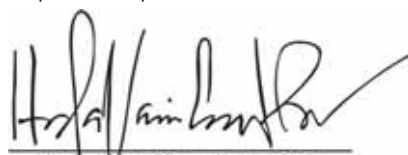
The annexed notes 1 to 38 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Managing Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Company Secretary

As per our report of same date.

  
 \_\_\_\_\_  
 Hoda Wasi Chowdhury & Co  
 Chartered Accountants

Dhaka, 24 October 2019



## ACI Formulations Limited

### Statement of profit or loss and other comprehensive income

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Revenue	26	4,025,285,890	4,127,465,958
Cost of sales	27	(2,814,616,591)	(3,100,967,609)
<b>Gross profit</b>		1,210,669,299	1,026,498,349
Other income	28	5,109,758	6,594,472
Administrative, selling and distribution expenses	29	(799,954,438)	(690,177,273)
<b>Operating profit</b>		415,824,619	342,915,548
<b>Finance costs, net</b>	30	(224,760,871)	(171,020,345)
<b>Profit before contribution to WPPF</b>		191,063,748	171,895,203
Contribution to WPPF		(9,553,187)	(8,594,760)
<b>Profit before tax</b>		181,510,561	163,300,443
<b>Income tax expense</b>	31		
Current tax		(63,149,803)	(40,544,336)
Deferred tax income/(expense)		10,093,093	(7,721,122)
		(53,056,710)	(48,265,458)
<b>Profit after tax</b>		128,453,851	115,034,985
Other comprehensive income		-	-
<b>Total comprehensive income</b>		128,453,851	115,034,985
<b>Earnings per share</b>	32.1		
Basic earnings per share		2.85	2.56

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

Dhaka, 24 October 2019

As per our report of same date.

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

## ACI Formulations Limited

### Statement of changes in equity

<i>In Taka</i>	For the year ended 30 June 2019			
	Share capital	Revaluation reserve	Retained earnings	Total
<b>Balance at 1 July 2018</b>	450,000,000	1,136,392,931	915,939,875	2,502,332,806
<b>Total comprehensive income</b>				
Profit after tax	-	-	128,453,851	128,453,851
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	-	128,453,851	128,453,851
<b>Transactions with owners of the company</b>				
<b>Contributions and distributions</b>				
Final dividend paid for the year 2017-18	-	-	(157,500,000)	(157,500,000)
<b>Total transactions with owners of the company</b>	-	-	(157,500,000)	(157,500,000)
<b>Transactions recognised directly in equity</b>				
Realisation of revaluation surplus	-	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-	-
<b>Balance at 30 June 2019</b>	450,000,000	1,136,392,931	886,893,726	2,473,286,657

<i>In Taka</i>	For the year ended 30 June 2018			
	Share capital	Revaluation reserve	Retained earnings	Total
<b>Balance at 1 July 2017</b>	450,000,000	1,136,392,931	868,404,890	2,454,797,821
<b>Total comprehensive income</b>				
Profit after tax	-	-	115,034,985	115,034,985
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	-	115,034,985	115,034,985
<b>Transactions with owners of the company</b>				
<b>Contributions and distributions</b>				
Final dividend paid for the year 2016-17	-	-	(67,500,000)	(67,500,000)
<b>Total transactions with owners of the company</b>	-	-	(67,500,000)	(67,500,000)
<b>Transactions recognised directly in equity</b>				
Realisation of revaluation surplus	-	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-	-
<b>Balance at 30 June 2018</b>	450,000,000	1,136,392,931	915,939,875	2,502,332,806

*The annexed notes 1 to 38 form an integral part of these financial statements.*



## ACI Formulations Limited Statement of cash flows

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Cash flows from operating activities</b>			
Cash receipts from customers and others		3,634,301,498	4,092,179,386
Cash paid to suppliers and employees		(3,488,739,647)	(3,916,293,729)
Cash (used in)/generated from operating activities		145,561,851	175,885,657
Paid to WPPF		(8,594,760)	(18,775,022)
Interest paid		(254,474,644)	(160,275,500)
Income tax paid		(157,369,784)	(120,057,281)
		(420,439,188)	(299,107,803)
<b>Net cash (used in)/from operating activities*</b>	16.3	(274,877,337)	(123,222,146)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(218,972,841)	(63,755,936)
Sale proceed from property, plant and equipment		-	432,800
Investment		(2,646,695)	(30,028,790)
<b>Net cash (used in)/from investing activities</b>		(221,619,536)	(93,351,926)
<b>Cash flows from financing activities</b>			
Inter-company debts received/(paid)		1,639,920,020	(533,376,884)
Proceeds from loans and borrowings		(916,534,477)	862,820,412
Dividends paid		(156,649,902)	(67,198,737)
<b>Net cash (used in)/from financing activities</b>		566,735,641	262,244,791
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Opening cash and cash equivalents		98,542,337	52,510,777
Effect of foreign exchange rate changes		168,263	360,841
<b>Cash and cash equivalents at reporting date</b>		168,949,368	98,542,337
<b>Closing balance represents</b>			
Cash and cash equivalents	16	297,708,034	262,039,838
Bank overdraft	20	(128,758,666)	(163,497,501)
		168,949,368	98,542,337
<b>Net operating cash flows per share (NOCFPS)</b>		(6.11)	(2.74)

\* See Note 16.3 for reconciliation of net operating cash flow.

The annexed notes 1 to 38 form an integral part of these financial statements.





## ACI Formulations Limited

### Consolidated statement of financial position

In Taka	Note	30 June 2019	30 June 2018
<b>Assets</b>			
Property, plant and equipment	8(a)	1,946,404,129	1,795,746,344
Investments	9(a)	35,794,438	33,147,743
Intangible assets	10	5,147,792	5,147,792
<b>Non-current assets</b>		<b>1,987,346,359</b>	<b>1,834,041,879</b>
Inventories	11(a)	1,641,860,723	1,629,233,566
Trade receivables	12(a)	1,718,346,712	1,360,567,380
Other receivables	13	41,673,512	26,004,265
Inter- company receivable	14(a)	3,658,384	490,417,631
Advances, deposits and prepayments	15(a)	649,979,459	500,830,409
Cash and cash equivalents	16(a)	298,654,227	262,105,286
<b>Current assets</b>		<b>4,354,173,017</b>	<b>4,269,158,537</b>
<b>Total assets</b>		<b>6,341,519,376</b>	<b>6,103,200,416</b>
<b>Equity</b>			
Share Capital	17	450,000,000	450,000,000
Revaluation reserve		1,136,392,931	1,136,392,931
Retained earnings		881,850,264	909,029,248
<b>Equity attributable to the owners of the Company</b>		<b>2,468,243,195</b>	<b>2,495,422,179</b>
<b>Non controlling interest</b>		<b>(127,415)</b>	<b>(165,520)</b>
<b>Total equity</b>		<b>2,468,115,780</b>	<b>2,495,256,659</b>
<b>Liabilities</b>			
Employee benefits	18	43,494,776	39,179,275
Deferred tax liabilities		49,120,473	58,526,713
<b>Non-current liabilities</b>		<b>92,615,249</b>	<b>97,705,988</b>
Bank overdrafts	20	128,758,666	163,497,501
Loans and borrowings	21(a)	1,825,021,499	2,746,378,692
Trade payables	22(a)	97,424,470	132,432,664
Other payables	23(a)	249,643,994	197,588,908
Inter-company payables	24	1,146,287,405	-
Provision for tax	25(a)	333,652,313	270,340,004
<b>Current liabilities</b>		<b>3,780,788,347</b>	<b>3,510,237,769</b>
<b>Total liabilities</b>		<b>3,873,403,596</b>	<b>3,607,943,757</b>
<b>Total equity and liabilities</b>		<b>6,341,519,376</b>	<b>6,103,200,416</b>
<b>Net Asset Value (NAV) per share</b>		<b>54.85</b>	<b>55.45</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our report of same date.

Dhaka, 24 October 2019

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



# ACI Formulations Limited

## Consolidated statement of profit or loss and other comprehensive income

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Revenue	26(a)	4,052,370,211	4,153,270,513
Cost of sales	27(a)	(2,837,236,215)	(3,122,157,333)
<b>Gross profit</b>		1,215,133,996	1,031,113,180
Other income	28	5,109,758	6,594,472
Administrative, selling and distribution expenses	29(a)	(801,352,931)	(691,303,121)
<b>Operating profit</b>		418,890,823	346,404,531
<b>Finance costs, net</b>	30(a)	(225,072,447)	(171,540,849)
<b>Profit before contribution to WPPF</b>		193,818,376	174,863,682
Contribution to WPPF		(9,553,187)	(8,594,760)
<b>Profit before tax</b>		184,265,189	166,268,922
<b>Income tax expense:</b>	31(a)		
Current tax		(63,312,309)	(41,662,554)
Deferred tax income/(expense)		9,406,241	(7,324,782)
		(53,906,068)	(48,987,336)
<b>Profit after tax</b>		130,359,121	117,281,586
Other comprehensive income		-	-
<b>Total comprehensive income</b>		130,359,121	117,281,586
<b>Profit attributable to:</b>			
Owners of the Company		130,321,016	117,236,654
Non-controlling interest		38,105	44,932
		130,359,121	117,281,586
<b>Earnings per share</b>	32.1(a)		
Basic earnings per share		2.90	2.61

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

Dhaka, 24 October 2019

As per our report of same date.

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

# ACI Formulations Limited

## Consolidated statement of changes in equity

For the year ended 30 June 2019

In Taka	Attributable to owner of the Company				Total equity
	Share capital	Revaluation reserve	Retained earnings	Total	
<b>Balance as at 1 July 2018</b>	450,000,000	1,136,392,931	909,029,248	2,495,422,179	2,495,256,659
<b>Total comprehensive income</b>					
Profit after tax	-	-	130,321,016	130,321,016	130,359,121
Other comprehensive income, net of tax	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	130,321,016	130,321,016	130,359,121
<b>Transactions with owners of the company</b>					
Contributions and distributions	-	-	(157,500,000)	(157,500,000)	(157,500,000)
Final dividend paid for the year 2017-18	-	-	-	-	-
Changes in ownership interests	-	-	-	-	-
Adjustment of strike off of subsidiaries	-	-	-	-	-
<b>Total transactions with owners of the company</b>	-	-	(157,500,000)	(157,500,000)	(157,500,000)
<b>Transactions recognised directly in equity</b>					
Realisation of revaluation surplus	-	-	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-	-	-
<b>Balance as at 30 June 2019</b>	450,000,000	1,136,392,931	881,850,264	2,468,243,195	2,468,115,780

For the year ended 30 June 2018

In Taka	Attributable to owner of the Company				Total equity
	Share capital	Revaluation reserve	Retained earnings	Total	
<b>Balance at 1 July 2017</b>	450,000,000	1,136,392,931	859,292,594	2,445,685,525	2,445,475,073
<b>Total comprehensive income</b>					
Profit after tax	-	-	117,236,654	117,236,654	117,281,586
Other comprehensive income, net of tax	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	117,236,654	117,236,654	117,281,586
<b>Transactions with owners of the company</b>					
Contributions and distributions	-	-	(67,500,000)	(67,500,000)	(67,500,000)
Interim dividend paid for the year 2016-17	-	-	-	-	-
Changes in ownership interests	-	-	-	-	-
Adjustment of strike off of subsidiaries	-	-	-	-	-
<b>Total transactions with owners of the company</b>	-	-	(67,500,000)	(67,500,000)	(67,500,000)
<b>Transactions recognised directly in equity</b>					
Realisation of revaluation surplus	-	-	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-	-	-
<b>Balance at 30 June 2018</b>	450,000,000	1,136,392,931	909,029,248	2,495,422,179	2,495,256,659

The annexed notes 1 to 38 form an integral part of these financial statements.



## ACI Formulations Limited

### Consolidated statement of cash flows

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Cash flows from operating activities</b>			
Cash receipts from customers		3,666,923,700	4,120,241,219
Cash paid to suppliers and employees		(3,514,802,843)	(3,958,204,168)
Cash (used in)/generated from operating activities		152,120,857	162,037,051
Payment for WPPF		(8,594,760)	(18,775,022)
Interest paid		(254,786,221)	(160,796,004)
Income tax paid		(157,913,752)	(120,205,040)
		(421,294,733)	(299,776,066)
<b>Net cash (used in)/from operating activities*</b>	16.3(a)	(269,173,876)	(137,739,015)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(218,972,841)	(63,755,935)
Sale proceed from property, plant and equipment		-	432,800
Investment		(2,646,695)	(30,028,790)
<b>Net cash (used in)/from investing activities</b>		(221,619,536)	(93,351,925)
<b>Cash flows from financing activities</b>			
Inter-company debts received/(paid)		1,639,920,020	(533,376,884)
Proceeds from loans and borrowings		(921,357,193)	865,014,138
Dividends paid		(156,649,902)	(67,198,737)
<b>Net cash (used in)/from financing activities</b>		561,912,925	264,438,517
Net increase/(decrease) in cash and cash equivalents		71,119,513	33,347,577
Opening Cash and cash equivalents		98,607,785	64,899,367
Effect of foreign exchange rate changes		168,263	360,841
<b>Closing cash and cash equivalents at reporting date</b>		169,895,561	98,607,785
<b>Closing balance represents</b>			
Cash and cash equivalents	16(a)	298,654,227	262,105,286
Bank overdraft	20	(128,758,666)	(163,497,501)
		169,895,561	98,607,785
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>		(5.98)	(3.06)

\* See Note 16.3(a) for reconciliation of net operating cash flow.

The annexed notes 1 to 38 form an integral part of these financial statements.



# ACI Formulations Limited

## Notes to the financial statements

as at and for the year ended 30 June 2019

### 1. Reporting entity

#### 1.1 Company profile

ACI Formulations Limited (the "Company") is a company incorporated in Bangladesh. It was incorporated as a private limited company on 29 October 1995 and converted to a public limited company on 4 May 2005. The Company was listed with both Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) on 30 October 2008. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208, Bangladesh. The Company went into commercial operations on 1 July 1998. Advanced Chemical Industries Limited (ACI Limited) incorporated in Bangladesh is the immediate as well as ultimate parent of the Company. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprise the Company's and its subsidiaries (together referred to as the "Group" and individually as "Group entities") interest in controlled entities.

#### 1.2 Nature of business

The principal activities of the Company are manufacturing and marketing of a number of agrochemical and consumer products.

- Agrochemical products (Crop Care & Public Health) are directly marketed by the Company with the use of depot facilities of ACI Limited.
- Some products of S. C. Johnson & Son, Inc., are manufactured by the Company under contract which is distributed by ACI Limited.
- Paint products are manufactured and marketed by the Company under license from Akzo Nobel N.V., and distributed with logistics support from ACI Limited.

#### 1.3 Description of subsidiary

The Company acquired 98% shares of Neem Laboratories (Pvt.) Ltd. The initial effective date of acquisition was 28 February 2014. Neem Laboratories (Pvt.) Ltd is engaged in manufacturing and marketing of herbal products in a small scale.

### 2. Basis of accounting

#### 2.1 Statement of compliance

The separate financial statements as well as consolidated financial statements have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), (BASs & BFRSs for the year ended 30 June 2018), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### 2.2 Date of authorisation

The audited consolidated financial statements as well as separate financial statements for the year ended 30 June 2019 were authorised by the Board of Directors on 24 October 2019 for publication.

#### 2.3 Basis of measurement

The consolidated financial statements have been prepared on going concern basis under the historical cost basis except for certain assets, which are stated either at revalued amount or fair market value as explained in the accompanying notes.



### 3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional and presentation currency of the Group. The amounts in these financial statements have been rounded off to the nearest Taka, unless otherwise indicated. In some instances the total may not match with the sum of individual balance due to rounding off.

### 4 Use of judgments and estimates

In preparing these separate and consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

#### 4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended 30 June 2019 is included in the following notes:

Note - 8 & 8(a)	Property, plant and equipment
Note - 11 & 11(a)	Inventories
Note - 12 & 12(a)	Trade receivables
Note - 13	Other receivables
Note - 14 & 14(a)	Inter-company receivables
Note - 18	Employee benefits
Note - 19	Deferred tax liabilities
Note - 25 & 25(a)	Provision for tax
Note - 34	Commitment and contingencies

#### 4.2 Fair value

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 5 Reporting period

The financial period of the Company covers one year from 1 July 2018 to 30 June 2019 and is being followed consistently.

## 6 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- (a) Current versus non-current classification
- (b) Offsetting
- (c) Basis of consolidation
- (d) Revenue from contract with customers
- (e) Foreign currency transactions
- (f) Employee benefits
- (g) Finance income and finance costs
- (h) Income tax
- (i) Investment
- (j) Inventories
- (k) Property, plant and equipment
- (l) Intangible assets
- (m) Financial instruments
- (n) Share capital
- (o) Impairment
- (p) Operating leases
- (q) Provisions
- (r) Going concern
- (s) Contingencies
- (t) Statement of cash flows
- (u) Earnings per share (EPS)
- (v) Events after the reporting period
- (w) Dividends
- (x) Materiality and aggregation
- (y) Application of new standards

### (a) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised in normal operating cycle, or
- ii) due to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) used or exchanged to settle a liability within twelve months after the reporting period.

All other assets are classified as non-current.



A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

## **(b) Offsetting**

The Group reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short are presented net in the statement of cash flows.

## **(c) Basis of consolidation**

### *(i) Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that it ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

### *(ii) Non-controlling interests*

Non-controlling interest (NCI) is the equity interest in a subsidiary not attributable to ACI Formulations Limited. NCI is measured at subsidiaries' proportionate share of identifiable net asset.

### *(iii) Loss of control*

When the Company loses control over a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary, any related NCI and other components of the equity at their carrying amount at the date when control is lost. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *(iv) Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.



**(d) Revenue from contract with customers**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers:

Type of product or service	Revenue recognition under IFRS 15	Revenue recognition under IAS 18
Sale of goods or services	<p>"Revenue is recognized when or as a performance obligation is satisfied by transferring a good or service to a customer, either at a point in time or over time. A good or service is 'transferred' when or as the customer obtains control of it. Customers obtain control of goods at point of delivery or over time.</p> <p>The entity assesses whether it transfers control over time by following prescribed criteria for satisfying performance obligation. If none of the criteria is met then the entity recognizes revenue at point of time at which it transfers control of the goods to the customer.</p> <p>Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognised when delivery is made and cash is received by the Group.</p>	<p>"Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognised when delivery is made and cash is received by the Group.</p> <p>Revenue from rendering of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.</p> <p>When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised in the net amount of commission earned by the Group.</p>

**(e) Foreign currency transactions**

The financial statements are prepared in BDT, which is the Company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of such transactions. Monetary assets and liabilities in foreign currencies at the date of financial position are translated into BDT at the exchange rate prevailing at that date, with foreign currency differences being recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

**(f) Employee benefits**

*(i) Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(ii) Defined contribution plans (provident fund)*

The Company operates a recognised provident fund scheme where employees contribute 8% of their basic salary with equal contribution by the Company. The provident fund is being considered as defined contribution plan being managed by a Board of Trustees.



The Company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*(iii) Defined benefit plans (gratuity)*

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. The Employees' Gratuity Fund is being considered as defined benefit plan.

Defined benefit plan is a post-employment benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The rate used to discount post employment benefit obligations is determined by reference to the rate stated in the actuarial report. Actuarial valuation of gratuity scheme has been made as on 30 June 2018 by independent actuarial valuer to assess the adequacy of the liabilities provided for the schemes.

*(iv) Workers' Profit Participation Fund (WPPF)*

The Company operates funds for workers as 'Workers' Profit Participation Fund' and 5% of the profit before charging such expense have been transferred to this fund as per section 234 of the Labour Act 2006 (amended in 2013).

**(g) Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense;

Interest income or expense is recognised using the effective interest method.

**(h) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI (Other Comprehensive Income).

*(i) Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets and liabilities are offset only if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting date. The applicable tax rates for the Company is currently 25%.

*(ii) Deferred tax*

Deferred tax asset or liability is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- taxable temporary differences arising on the initial recognition of goodwill.
- temporary difference related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

**(i) Investment**

In separate financial statements of the Company, investment in subsidiaries has been carried at cost as per IAS 27: Separate Financial Statements. All other investments have been categorised in accordance with IFRS 9 (IAS 39 for the year ended 30 June 2018).

Investment in subsidiaries has been accounted for as per IFRS 10: Consolidated Financial Statements. The investment is eliminated in full against the equity of acquired subsidiary, which is measured at fair value at the date of acquisition as per IFRS 3: Business Combinations.

**(j) Inventories**

Inventories except materials in transit are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Allowance for inventory is periodically recognised mainly on the basis of failure in quality control testing, net realisable value, non compliance testing, near to expiry etc. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of the statement of financial position. Inventory losses and abnormal losses are recognised as expenses.

**(k) Property, plant and equipment**

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation and any accumulated impairment losses. The items of property, plant and equipment were revalued in the year 2004, 2010 and 2015 by a firm of professional valuers on the basis of applicable methods including market value method, premise on the accompanying narrative information and valuation methodology. Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to the working condition for their intended use.

*(ii) Subsequent costs*

The cost of replacement or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. All other repair and maintenance expense are charged to income statement as incurred.



(iii) *Depreciation*

All items of property, plant and equipment have been depreciated on straight line basis over the estimated useful life of each item of property, plant and equipment. Depreciation on additions is charged in full from the month of acquisition and no depreciation is charged in the month of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work in progress, as land has unlimited useful life and CWIP has not yet been placed in service.

The revalued items of property, plant and equipment are depreciated based on their revalued amount at the date of revaluation over their remaining estimated useful lives.

The estimated useful lives of initially recognised property, plant and equipment are as follows:

<i>In Year</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Building	40	40
Plant and machinery	10	10
Equipment and machinery	5-10	5-10
Electrical and other office appliances	5-10	5-10
Furniture and fixture	10	10
Motor vehicles	5	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No revision in respect of items of property, plant and equipment was done for the year ended 30 June 2019.

(iv) *Capitalisation of borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset as per IAS 23: Borrowing cost. The capitalisation rate is the weighted average of the borrowing costs of Group's borrowings for this purpose and the capitalisation of such borrowing costs ceases when the asset is ready for intended use.

(v) *Impairment*

The carrying amount of the non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

(vi) *Retirement and disposals*

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation surplus are transferred to retained earnings.

**(I) Intangible assets**

Intangible assets consist of goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

## (m) Financial instruments

Non-derivative financial instruments comprise of investments in shares and term deposit, trade receivable, inter-company receivable, other receivables, cash and cash equivalents, trade payables, inter-company payables, other payables, bank overdraft, share capital and interest-bearing borrowings.

### (i) Financial assets

The Group initially recognises receivables and deposits issued on the date when they originate. All other financial assets are initially recognised on the trade date, when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Group's financial assets comprise trade receivable, intercompany receivable, other receivables, refundable deposits and cash and cash equivalents.

#### *Trade, inter-company and other receivables*

Trade, inter-company and other receivables are initially recognised at the transaction price. These assets are subsequently measured at amortised cost using the effective interest method less allowance for impairment loss of receivables using expected credit loss model.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### *Investment in term deposit*

The Group has the positive intent and ability to hold term deposit to collect contractual cash flows, and as such financial assets are classified as amortised cost (original classification under IAS 39 was held to maturity).

### (ii) Financial liabilities

The Group initially recognises financial liabilities on the transaction date at which the Group becomes a party to the contractual provisions of the liability. The Group recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group's financial liabilities comprise trade and other payables and interest - bearing borrowings.

The Group recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.



(iii) *Offsetting a financial asset and a financial liability*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(n) **Share capital**

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12: Income Taxes.

(o) **Impairment**

(i) *Financial assets*

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; or
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

*Financial assets measured at amortised cost*

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated using expected credit loss model as prescribed in IFRS 9. Impairment loss is recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological costs, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash Generating Units).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

**(p) Operating leases**

All leases other than those that meet the definition of finance lease are treated as operating lease and are not recognised in the statement of financial position. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

**(q) Provisions**

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provision are reversed.

**(r) Going concern**

The Group has adequate resources to continue in operation for the foreseeable future. For this reason the management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds to meet the present requirements of its existing business.

**(s) Contingencies**

*(i) Contingent liability*

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

The Group discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

*(ii) Contingent asset*

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Group does not recognise contingent asset. Only when the realisation of the related economic benefits are visually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.



**(t) Statement of cash flows**

Cash flows from operating activities are presented under direct method as per IAS 7: Statement of cash flows.

**(u) Earnings per share (EPS)**

The Group presents basic earnings per share (EPS) for its ordinary shares. basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company / Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting profit or loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2019.

**(v) Events after the reporting period**

Events after the reporting period that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

**(w) Dividends**

Final dividend distribution to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

**(x) Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

**(y) Application of new standards**

*i) Initial application of new standards*

The Group initially applied IFRS 15 and IFRS 9 from 1 July 2018. These two new standards do not have a material effect on the Group's financial statements.

*a) IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group has applied IFRS 15 from 1 July 2018. However, there was no material impact of adopting IFRS 15 on the Group's financial statements. Accordingly, comparative information is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 6D.



b) *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact of adopting IFRS 9 on the Group's financial statement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

For additional information about the Group's accounting policies relating to financial instruments, see Note - 6M.

ii) *Standard issued but not yet effective*

A new standard and amendments to standards in effect from previous periods are effective for annual periods beginning or after 1 January 2019, with early application permitted. However, the Group is yet to apply the following new standard in preparing these financial statements.

a) *IFRS 16 Leases*

IFRS 16 eliminates the current operating/financing lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also adopted. The Group is to adopt IFRS 16 on its financial statements from the next financial year.

## 7 Operating segments

### (i) Basis for segmentation

The Group has the following four strategic business units, which are reportable segments. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports at least on quarterly basis.

Reportable segments	Operations
Crop Care and Public Health (CC & PH)	To manufacture and sell crop care and public health products
Mosquito Coil (M. Coil)	To manufacture and sell mosquito coil products
Aerosol	To manufacture and sell aerosol and air freshener products
Paint	To manufacture and sell paint products

## (ii) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

### 30 June 2019

In Taka	Reportable segments					Total
	CC & PH	M Coil	Aerosol	Paint	Total reportable segments	
External revenue	2,762,064,532	134,212,762	531,931,582	550,247,221	3,978,456,097	4,025,285,890
Intra-segment revenue	-	-	-	-	-	27,084,321
<b>Segment revenue</b>	<b>2,762,064,532</b>	<b>134,212,762</b>	<b>531,931,582</b>	<b>550,247,221</b>	<b>3,978,456,097</b>	<b>4,052,370,211</b>
Cost of sales excluding depreciation	(1,733,029,995)	(102,615,202)	(470,514,350)	(417,226,415)	(2,723,385,962)	(2,786,755,886)
Depreciation	(34,062,151)	(22,170,165)	(6,070,754)	(4,630,566)	(66,933,636)	(68,339,122)
Other income	3,076,674	-	340,905	1,692,179	5,109,758	5,109,758
Operating expenses excluding depreciation	(641,322,039)	(7,279,876)	(11,404,919)	(121,575,677)	(781,582,511)	(783,494,136)
Finance costs	(190,944,323)	-	-	(33,816,548)	(224,760,871)	(225,072,448)
<b>Segment profit/(loss) before tax</b>	<b>157,493,563</b>	<b>2,040,143</b>	<b>42,068,341</b>	<b>(24,044,316)</b>	<b>177,557,731</b>	<b>184,265,189</b>
<b>Segment assets</b>	<b>3,395,284,952</b>	<b>789,134,746</b>	<b>774,443,479</b>	<b>505,506,544</b>	<b>5,464,369,721</b>	<b>6,341,519,376</b>
<b>Segment liabilities</b>	<b>2,347,992,286</b>	<b>20,510,815</b>	<b>168,645,228</b>	<b>78,202,334</b>	<b>2,615,350,663</b>	<b>3,873,403,596</b>

### 30 June 2018

In Taka	Reportable segments					Total
	CC & PH	M Coil	Aerosol	Paint	Total reportable segments	
External revenue	2,443,423,693	493,339,066	740,044,144	388,284,614	4,065,091,517	4,127,465,958
Intra-segment revenue	-	-	-	-	-	25,804,555
<b>Segment revenue</b>	<b>2,443,423,693</b>	<b>493,339,066</b>	<b>740,044,144</b>	<b>388,284,614</b>	<b>4,065,091,517</b>	<b>4,153,270,513</b>
Cost of sales excluding depreciation	(1,548,731,260)	(448,672,834)	(693,827,073)	(303,498,615)	(2,994,729,782)	(3,074,611,867)
Depreciation	(31,527,801)	(21,542,720)	(5,266,820)	(3,977,695)	(62,315,036)	(63,620,326)
Other income	5,399,477	-	261,660	933,335	6,594,472	6,594,472
Operating expenses excluding depreciation	(566,146,178)	(7,851,318)	(9,104,536)	(91,164,839)	(674,266,872)	(675,222,223)
Finance costs	(151,972,566)	-	-	(19,047,779)	(171,020,345)	(171,540,849)
<b>Segment profit/(loss) before tax</b>	<b>142,923,096</b>	<b>14,508,583</b>	<b>30,502,006</b>	<b>(27,047,430)</b>	<b>160,886,256</b>	<b>166,268,922</b>
<b>Segment assets</b>	<b>3,113,953,743</b>	<b>819,496,863</b>	<b>610,415,503</b>	<b>400,986,835</b>	<b>4,944,852,944</b>	<b>6,103,200,416</b>
<b>Segment liabilities</b>	<b>1,203,632,465</b>	<b>25,024,322</b>	<b>283,779,417</b>	<b>97,668,332</b>	<b>1,610,104,536</b>	<b>3,607,943,757</b>

## 8 Property, plant and equipment

In Taka	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Cost</b>									
<b>Balance at 1 July 2017</b>	230,289,163	185,798,139	222,860,630	14,610,850	7,379,197	13,223,457	53,402,854	16,719,948	744,284,238
Additions	3,676,022	-	4,342,985	1,462,002	524,777	1,719,702	14,569,538	36,930,166	63,225,192
Transfer	-	5,722,863	14,656,231	186,536	206,160	7,694,082	-	(28,465,872)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	233,965,185	191,521,002	241,859,846	16,259,388	8,110,134	22,637,241	67,972,392	25,184,242	807,509,430
<b>Balance at 1 July 2018</b>	233,965,185	191,521,002	241,859,846	16,259,388	8,110,134	22,637,241	67,972,392	25,184,242	807,509,430
Additions	-	-	5,670,829	6,933,593	960,837	426,904	9,969,764	194,462,244	218,424,171
Transfer	195,176,655	-	15,534,624	49,000	-	8,474,087	-	(219,234,366)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	429,141,840	191,521,002	263,065,299	23,241,981	9,070,971	31,538,232	77,942,156	412,120	1,025,933,601
<b>Revaluation</b>									
<b>Balance at 1 July 2017</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
<b>Balance at 1 July 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582

In Taka	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Accumulated depreciation-Cost</b>									
<b>Balance at 1 July 2017</b>	-	8,873,004	44,926,132	3,667,319	1,526,252	4,017,663	15,230,107	-	78,240,477
Depreciation	-	6,010,996	33,720,666	3,114,069	1,287,022	2,769,872	13,308,154	-	60,210,779
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(1)	-	(1)
<b>Balance at 30 June 2018</b>	-	14,884,000	78,646,798	6,781,388	2,813,274	6,787,535	28,538,260	-	138,451,255
<b>Balance at 1 July 2018</b>	-	14,884,000	78,646,798	6,781,388	2,813,274	6,787,535	28,538,260	-	138,451,255
Depreciation	-	6,491,181	34,728,388	3,664,552	1,129,506	3,690,491	15,362,628	-	65,066,746
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	-	21,375,181	113,375,186	10,445,940	3,942,780	10,478,026	43,900,888	-	203,518,001
<b>Accumulated depreciation- Revaluation</b>									
<b>Balance at 1 July 2017</b>	-	1,774,387	1,196,669	178,725	207,809	18,563	(2)	-	3,376,151
Depreciation	-	1,171,367	823,630	118,952	138,540	14,392	-	-	2,266,881
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
<b>Balance at 1 July 2018</b>	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Depreciation	-	1,171,367	823,630	55,692	138,541	14,392	-	-	2,203,622
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	-	4,117,121	2,843,929	353,369	484,890	47,347	(2)	-	7,846,654
<b>Carrying amounts</b>									
As at 1 July 2017	1,317,319,744	211,458,572	181,633,059	11,213,653	6,936,757	9,300,702	38,172,757	16,719,948	1,792,755,192
As at 30 June 2018	1,320,995,766	209,999,072	166,087,979	9,629,170	6,242,132	15,930,222	39,434,142	25,184,242	1,793,502,725
As at 30 June 2019	1,516,172,421	202,336,524	151,741,414	12,891,519	5,934,922	21,126,330	34,041,278	412,120	1,944,656,528

### 8 (a) Consolidated property, plant and equipment

In Taka	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Cost</b>									
<b>Balance at 1 July 2017</b>	230,289,164	185,798,139	225,164,228	15,223,018	7,812,660	13,574,420	54,662,854	16,719,948	749,244,431
Additions	3,676,022	-	4,342,985	1,462,002	524,777	1,719,702	14,569,538	36,930,166	63,225,192
Transfer	-	5,722,863	14,656,231	186,536	206,160	7,694,082	-	(28,465,872)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	233,965,186	191,521,002	244,163,444	16,871,556	8,543,597	22,988,204	69,232,392	25,184,242	812,469,623
<b>Balance at 1 July 2018</b>	233,965,186	191,521,002	244,163,444	16,871,556	8,543,597	22,988,204	69,232,392	25,184,242	812,469,623
Additions	-	-	5,670,829	6,933,593	960,837	426,904	9,969,764	194,462,244	218,424,171
Transfer	195,176,655	-	15,534,624	49,000	-	8,474,087	-	(219,234,366)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	429,141,841	191,521,002	265,368,897	23,854,149	9,504,434	31,889,195	79,202,156	412,120	1,030,893,794
<b>Revaluation</b>									
<b>Balance at 1 July 2017</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(1)	-	(1)
<b>Balance at 30 June 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581
<b>Balance at 1 July 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581

In Taka	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Accumulated depreciation-Cost</b>									
<b>Balance at 1 July 2017</b>	-	8,873,004	45,732,392	3,843,098	1,634,297	4,140,129	16,112,107	-	80,335,027
Depreciation	-	6,010,996	33,951,025	3,187,762	1,317,892	2,804,967	13,560,159	-	60,832,801
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	-	14,884,000	79,683,417	7,030,860	2,952,189	6,945,096	29,672,266	-	141,167,828
<b>Balance at 1 July 2018</b>	-	14,884,000	79,683,417	7,030,860	2,952,189	6,945,096	29,672,266	-	141,167,828
Depreciation	-	6,491,181	34,958,748	3,738,245	1,160,376	3,725,587	15,488,627	-	65,562,764
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	-	21,375,181	114,642,165	10,769,105	4,112,565	10,670,683	45,160,893	-	206,730,592
<b>Accumulated depreciation-Revaluation</b>									
<b>Balance at 1 July 2017</b>	-	1,774,387	1,196,669	178,725	207,809	18,563	(2)	-	3,376,151
Depreciation	-	1,171,367	823,630	118,952	138,540	14,392	-	-	2,266,881
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
<b>Balance at 1 July 2018</b>	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Depreciation	-	1,171,367	823,630	55,692	138,541	14,392	-	-	2,203,622
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	-	4,117,121	2,843,929	353,369	484,890	47,347	(2)	-	7,846,654
<b>Carrying amounts</b>									
As at 1 July 2017	1,317,319,745	211,458,572	183,130,397	11,650,042	7,262,175	9,529,199	38,550,757	16,719,948	1,795,620,835
As at 30 June 2018	1,320,995,767	209,999,072	167,354,958	9,991,866	6,536,680	16,123,624	39,560,135	25,184,242	1,795,746,344
As at 30 June 2019	1,516,172,422	202,336,524	152,778,033	13,180,522	6,198,600	21,284,636	34,041,272	412,120	1,946,404,129

## 9 Investments

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Investment in subsidiary	9.1	3,948,334	3,948,334
Investment in FDR	9.2	35,719,438	33,072,743
Investment in shares of ACI Motors Limited		75,000	75,000
		<b>39,742,772</b>	<b>37,096,077</b>

### 9.1 Investment in subsidiary

	30 June 2019					30 June 2018
	Number of shares	Face value per share	Called and paid up capital per share	Share-holding	Value	Value
		Taka	Taka	%	Taka	Taka
<b>Name of subsidiary</b>						
Neem Laboratories (Pvt.) Ltd	4900	100	100	98	3,948,334	3,948,334
Total investment in subsidiary					<b>3,948,334</b>	<b>3,948,334</b>

**9.2** Investment in FDR includes Taka 2,022,500 which is kept as lien against service received from Titas Gas Transmission and Distribution Limited. Therefore, the Company has no intention to encash the said amount and recorded as long term investment.

### 9(a) Consolidated investments

<i>In Taka</i>	30 June 2019	30 June 2018
Investment in FDR	35,719,438	33,072,743
Investment in shares of ACI Motors Limited	75,000	75,000
	<b>35,794,438</b>	<b>33,147,743</b>

## 10 Intangible assets

<i>In Taka</i>	30 June 2019	30 June 2018
Goodwill on acquisition:		
Neem Laboratories (Pvt.) Ltd	5,147,792	5,147,792
	<b>5,147,792</b>	<b>5,147,792</b>

## 11 Inventories

<i>In Taka</i>	30 June 2019	30 June 2018
Raw and packing materials	823,197,299	643,307,254
Finished goods	724,125,316	824,787,142
Goods in transit	66,925,520	127,762,895
Other inventories (engineering stores and diesel)	25,972,297	27,321,256
Allowance for slow-moving inventory	(14,637,749)	(12,529,929)
	<b>1,625,582,683</b>	<b>1,610,648,618</b>

In view of innumerable items of inventories and diversified quantities, inventories are presented group-wise.



## 11(a) Consolidated inventories

<i>In Taka</i>	30 June 2019	30 June 2018
Raw and packing materials	837,460,655	656,813,680
Finished goods	726,307,088	825,485,805
Goods in transit	67,704,849	132,506,744
Other inventories (engineering stores and diesel)	25,972,297	27,321,256
Allowance for slow-moving inventory	(15,584,166)	(12,893,919)
	<b>1,641,860,723</b>	<b>1,629,233,566</b>

## 12 Trade receivables

<i>In Taka</i>	30 June 2019			30 June 2018
	Dues over 6 months	Dues below 6 months	Total	Total
Related party	-	-	-	-
Other than related parties	454,479,806	1,401,909,167	1,856,388,973	1,461,218,715
			1,856,388,973	1,461,218,715
Less: Allowance for impairment loss			(142,916,944)	(111,063,899)
			<b>1,713,472,029</b>	<b>1,350,154,816</b>

In view of innumerable number of debtors, it is not practicable to disclose the amount of receivable against each specific debtors.

## 12(a) Consolidated trade receivables

<i>In Taka</i>	30 June 2019			30 June 2018
	Dues over 6 months	Dues below 6 months	Total	Total
Related parties	-	-	-	-
Other than related parties	454,479,806	1,406,783,850	1,861,263,656	1,471,631,279
			1,861,263,656	1,471,631,279
Less: Allowance for impairment loss			(142,916,944)	(111,063,899)
			<b>1,718,346,712</b>	<b>1,360,567,380</b>

## 13 Other receivables

Other receivable represents receivable on accounts of promotional expense to be reimbursed by Akzonobel and interest income from FDR.

## 14 Inter-company receivables

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	-	465,478,723
Neem Laboratories (Pvt.) Ltd	22,983,074	51,136,966
	<b>22,983,074</b>	<b>516,615,689</b>

This arises due to working capital financing with ACI Limited and Neem Laboratories Pvt. Ltd.

## 14(a) Consolidated inter-company receivables

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	3,658,384	490,417,631
	<b>3,658,384</b>	<b>490,417,631</b>



## 15 Advances, deposits and prepayments

<i>In Taka</i>	Note	30 June 2019	30 June 2018
<b>Advances:</b>			
Staffs		590,894	622,834
Suppliers and others		40,985,242	37,334,415
VAT current account		9,541,496	22,876,978
Advance income tax	15.1	560,861,570	403,491,786
		611,979,202	464,326,013
<b>Deposits</b>			
Security deposits		11,704,373	9,984,433
Bank guarantee margin		18,092,893	18,599,560
		29,797,266	28,583,993
<b>Prepayments</b>			
Prepaid expenses		4,913,069	5,419,528
		4,913,069	5,419,528
		646,689,537	498,329,534

### 15.1 Advance income tax

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	403,491,786	283,434,505
Additions	157,369,784	120,057,281
Closing balance	560,861,570	403,491,786

### 15(a) Consolidated advances, deposits and prepayments:

<i>In Taka</i>	30 June 2019	30 June 2018
<b>Advances:</b>		
Staffs	590,894	622,834
Suppliers & others	41,892,636	38,157,308
VAT current account	10,408,055	23,170,306
Advance income tax	562,377,539	404,463,787
	615,269,124	466,414,235
<b>Deposits:</b>		
Security deposits	11,704,373	9,984,433
Bank guarantee margin	18,092,893	18,599,560
	29,797,266	28,583,993
<b>Prepayments:</b>		
Prepaid expenses	4,913,069	5,832,181
	4,913,069	5,832,181
	649,979,459	500,830,409

## 16 Cash and cash equivalents

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Cash in hand		4,163,463	4,253,865
Collection in hand	16.1	118,215,885	157,098,527
Cash at bank	16.2	175,328,686	100,687,446
		297,708,034	262,039,838



**16.1** This represents cash in hand at depots which was collected against cash sales and payment instruments collected against credit sales at the end of the reporting period.

## 16.2 Cash at Bank

<i>In Taka</i>	30 June 2019	30 June 2018
Standard Chartered Bank	24,536,934	18,839,170
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	9,731,841	12,940,545
AB Bank Limited	58,125,349	32,689,873
Agrani Bank Limited	1,158,203	2,752,892
Janata Bank Limited	9,730,300	4,944,061
Sonali Bank Limited	5,043,841	4,879,643
Bank Asia Limited	1,640	2,790
BRAC Bank Limited	39,140,423	14,500,256
ONE Bank Limited	3,061,891	4,406,428
Commercial Bank of Ceylon PLC	42,197	5,352,044
The City Bank Limited	20,000	-
Prime Bank Limited	22,916,013	-
Pubali Bank Limited	157,013	238
Dutch Bangla Bank Limited	1,663,041	(620,494)
	<b>175,328,686</b>	<b>100,687,446</b>

## 16.3 Reconciliation of net operating cash flow

<i>In Taka</i>	30 June 2019	30 June 2018
Profit after tax	128,453,851	115,034,985
<i>Adjustment for:</i>		
- Depreciation and amortization	67,843,104	63,008,544
- Bad debts and inventory loss/(recovery)	34,884,757	(28,518,099)
- Net finance cost	224,760,871	171,020,345
- Tax expense	53,056,710	48,265,458
- Contribution to WPPF	9,553,187	8,594,760
<i>Changes in:</i>		
- Inventories	(17,041,885)	(225,077,013)
- Trade and other receivables	(409,547,560)	(17,782,217)
- Advances, deposit and prepayments	9,009,780	21,704,548
- Trade and other payables, employment benefits'	44,589,036	19,634,346
<b>Cash generating from operating activities</b>	<b>145,561,851</b>	<b>175,885,657</b>
Paid to WPPF	(8,594,760)	(18,775,022)
Interest paid	(254,474,644)	(160,275,500)
Income tax paid	(157,369,784)	(120,057,281)
<b>Net cash from operating activities</b>	<b>(274,877,337)</b>	<b>(123,222,146)</b>

## 16(a) Consolidated cash and cash equivalents

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Cash in hand		4,249,368	4,339,770
Collection in hand		118,215,885	157,098,527
Cash at bank	16.2(a)	176,188,974	100,666,989
		<b>298,654,227</b>	<b>262,105,286</b>

### 16.2(a) Consolidated Cash at Bank

<i>In Taka</i>	30 June 2019	30 June 2018
Standard Chartered Bank	24,536,934	18,839,170
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	9,731,841	12,940,545
AB Bank Limited	58,125,349	32,689,873
Agrani Bank Limited	1,158,203	2,752,892
Janata Bank Limited	9,730,300	4,944,061
Sonali Bank Limited	5,043,841	4,879,643
Bank Asia Limited	1,640	2,790
BRAC Bank Limited	39,140,423	14,500,256
ONE Bank Limited	3,061,891	4,406,428
Commercial Bank of Ceylon PLC	42,197	5,352,044
The City Bank Limited	20,000	-
Prime Bank Limited	22,916,013	-
Pubali Bank Limited	157,013	238
Dutch Bangla Bank Limited	2,523,329	(640,951)
	<b>176,188,974</b>	<b>100,666,989</b>

### 16.3(a) Reconciliation of consolidated net operating cash flow

<i>In Taka</i>	30 June 2019	30 June 2018
Profit after tax	130,359,122	117,281,586
<i>Adjustment for:</i>		
- Depreciation and amortization	68,339,121	63,620,326
- Bad debts and inventory loss/(recovery)	35,467,184	(28,221,910)
- Net finance cost	225,072,448	171,540,849
- Tax expense	53,906,068	48,987,336
- Contribution to WPPF	9,553,187	8,594,760
<i>Changes in:</i>		
- Inventories	(15,317,404)	(243,580,980)
- Trade and other receivables	(403,954,626)	(14,186,113)
- Advances, deposit and prepayments	8,764,702	24,098,048
- Trade and other payables, employment benefits'	39,931,055	13,903,149
<b>Cash generating from operating activities</b>	<b>152,120,857</b>	<b>162,037,051</b>
Paid to WPPF	(8,594,760)	(18,775,022)
Interest paid	(254,786,221)	(160,796,004)
Income tax paid	(157,913,752)	(120,205,040)
<b>Net cash from operating activities</b>	<b>(269,173,876)</b>	<b>(137,739,015)</b>

## 17 Share capital

<i>In Taka</i>	30 June 2019	30 June 2018
Ordinary shares (6,600,000 shares of Tk 10 each)	66,000,000	66,000,000
Bonus shares (32,500,000 shares of Tk. 10 each)	325,000,000	325,000,000
Right shares (5,900,000 shares of Tk. 10 each)	59,000,000	59,000,000
<b>In issue at reporting date - fully paid</b>	<b>450,000,000</b>	<b>450,000,000</b>
<b>Authorised - par value Tk. 10</b>	<b>500,000,000</b>	<b>500,000,000</b>



## 17.1 Shareholding position

	Number of shares		Percentage of holding		Value (Taka)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Directors and sponsors	29,708,205	29,708,205	66.02%	66.02%	297,082,050	297,082,050
Institutions	12,256,911	10,891,808	27.24%	24.20%	122,569,110	108,918,080
General shareholders	3,034,884	4,399,987	6.74%	9.78%	30,348,840	43,999,870
	45,000,000	45,000,000	100.00%	100.00%	450,000,000	450,000,000

## 17.2 Share owning schedule:

Shareholder's range	Number of shareholders		Number of shares		Percentage of holding	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Less than 500	2,454	2,334	404,554	380,450	0.90%	0.85%
501 to 5000 shares	952	1,006	1,432,732	1,623,379	3.17%	3.61%
5001 to 10,000 shares	65	80	452,351	582,914	1.01%	1.30%
10,001 to 20,000 shares	29	40	440,263	577,544	0.98%	1.28%
20,001 to 30,000 shares	15	24	372,442	612,438	0.83%	1.36%
30,001 to 40,000 shares	8	11	275,691	398,931	0.61%	0.89%
40,001 to 50,000 shares	9	11	407,579	511,205	0.91%	1.14%
50,001 to 100,000 shares	12	13	894,418	1,055,218	1.99%	2.34%
100,001 to 1,000,000 shares	14	16	4,090,706	4,469,282	9.09%	9.93%
Over 1,000,000 shares	4	4	36,229,264	34,788,639	80.51%	77.31%
	3,562	3,539	45,000,000	45,000,000	100.00%	100.00%

## 18 Employee benefits

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Defined benefit obligation	18.1	32,394,865	29,519,364
Other employee benefits		11,099,911	9,659,911
		43,494,776	39,179,275

### 18.1 Defined benefit obligation

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	29,519,364	25,100,219
Service cost	5,438,826	5,989,331
Benefits paid	(2,563,325)	(1,570,186)
Closing balance	32,394,865	29,519,364

## 19 Deferred tax liabilities

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Opening balance		59,510,615	51,789,493
Deferred tax (income)/expense for the year	31	(10,093,093)	7,721,122
Closing balance		49,417,522	59,510,615

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
<b>At 30 June 2019</b>			
Land	1,516,172,421	-	1,516,172,421
Property, plant and equipment (other than land)	428,071,987	222,393,033	205,678,954
Allowance for slow-moving inventory	14,637,749	-	(14,637,749)
Allowance for doubtful debts	142,916,944	-	(142,916,944)
Defined benefit obligation	32,394,865	-	(32,394,865)
<b>Taxable/(Deductible) temporary differences</b>	<b>2,134,193,966</b>	<b>222,393,033</b>	<b>1,531,901,817</b>
Applicable tax rate for land			3%
Applicable tax rate for other than land			25%
<b>Deferred tax liabilities</b>			<b>49,417,522</b>
<b>At 30 June 2018</b>			
Land	1,320,995,766	-	1,320,995,766
Property, plant and equipment (other than land)	447,322,717	214,686,555	232,636,162
Allowance for slow-moving inventory	12,529,929	-	(12,529,929)
Allowance for doubtful debts	111,063,899	-	(111,063,899)
Defined benefit obligation	29,519,364	-	(29,519,364)
<b>Taxable/(Deductible) temporary differences</b>	<b>1,921,431,675</b>	<b>214,686,555</b>	<b>1,400,518,736</b>
Applicable tax rate for land			3%
Applicable tax rate for other than land			25.00%
<b>Deferred tax liabilities</b>			<b>59,510,615</b>

## 20 Bank overdrafts

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	20.1	9,910,418	43,607,230
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	20.1	(2,462,871)	(1,394,870)
Prime Bank Limited	20.1	97,110,273	95,570,247
BRAC Bank Limited	20.1	4,915,476	8,831,767
Commercial Bank of Ceylon PLC	20.1	19,285,370	16,883,127
		<b>128,758,666</b>	<b>163,497,501</b>

### 20.1 Terms and repayment schedule

The terms and conditions of outstanding overdraft are as follows.

<i>In Taka</i>	Currency	Year of maturity	30 June 2019		30 June 2018	
			Loan limit	Loan outstanding	Loan limit	Loan outstanding
Standard Chartered Bank	BDT	2019	10,000,000	9,910,418	10,000,000	43,607,230
HSBC	BDT	2019	10,000,000	(2,462,871)	10,000,000	(1,394,870)
Prime Bank Limited	BDT	2019	100,000,000	97,110,273	100,000,000	95,570,247
BRAC Bank Limited	BDT	2019	10,000,000	4,915,476	10,000,000	8,831,767
Commercial Bank of Ceylon PLC	BDT	2019	20,000,000	19,285,370	20,000,000	16,883,127
			<b>150,000,000</b>	<b>128,758,666</b>	<b>150,000,000</b>	<b>163,497,501</b>

The Company is enjoying overdraft facilities from the banks for the purpose of meeting working capital requirements which is to be repaid to the banks on demand.



## 21 Loans and borrowings

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	21.1	1,984,088	-
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	21.1	32,511,722	55,162,809
BRAC Bank Limited	21.1	466,614,410	471,909,577
The City Bank Limited	21.1	350,000,000	578,940,357
Prime Bank Limited	21.1	362,317,860	843,582,669
Commercial Bank of Ceylon PLC	21.1	608,733,261	789,100,406
		<b>1,822,161,341</b>	<b>2,738,695,818</b>

### 21(a) Consolidated Loans and borrowings

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	21.1	1,984,088	-
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	21.1	32,511,722	55,162,809
BRAC Bank Limited	21.1	466,614,410	471,909,577
The City Bank Limited	21.1	350,000,000	578,940,357
Prime Bank Limited	21.1	362,317,860	843,582,669
Commercial Bank of Ceylon PLC	21.1	608,733,261	789,100,406
Dutch Bangla Bank Limited		2,860,158	7,682,874
		<b>1,825,021,499</b>	<b>2,746,378,692</b>

#### 21.1 Terms and repayment schedule

The terms and conditions of combined outstanding loans are as follows:

<i>In Taka</i>	Note	Currency	Year of maturity	30 June 2019		30 June 2018	
				Loan limit	Loan outstanding	Loan limit	Loan outstanding
Standard Chartered Bank	21.1.1	BDT	2019	510,000,000	1,984,088	510,000,000	-
HSBC	21.1.2	BDT	2019	300,000,000	32,511,722	420,000,000	55,162,809
BRAC Bank Limited	21.1.3	BDT	2019	750,000,000	466,614,410	750,000,000	471,909,577
The City Bank Limited	21.1.4	BDT	2019	800,000,000	350,000,000	800,000,000	578,940,357
Prime Bank Limited	21.1.5	BDT	2019	800,000,000	362,317,860	800,000,000	843,582,669
Commercial Bank of Ceylon PLC	21.1.6	BDT	2019	800,000,000	608,733,261	800,000,000	789,100,406
				<b>3,960,000,000</b>	<b>1,822,161,341</b>	<b>4,080,000,000</b>	<b>2,738,695,818</b>

#### 21.1.1 Standard Chartered Bank

The Company is enjoying trade finance facility under general banking facilities from Standard Chartered Bank (SCB) under the following terms and conditions against the facility offer letter dated 18 June 2017 and subsequent updates:

##### 21.1.1.1 Letter of Credit (L/C secured)/Loan Against Trust Receipt (LATR)

Amount: Tk 510,000,000.

Purpose: To retire the documents under letters of credit issued by the Standard Chartered Bank.

Tenure: 360 days.

Payment: On maturity, each trust receipt outstanding will be adjusted by debiting Company's bank account and quarterly interest will be charged into the same account.

#### 21.1.1.2 Acceptance

Amount : Tk 510,000,000 (Inner limit of 21.1.1.1)  
Purpose : To provide acceptance against usance or deferred/usance L/C issued. Acceptance can be utilised for machinery L/C as well.  
Tenure : 360 days.

#### 21.1.1.3 Shipping Guarantees

Amount : Tk 200,000,000 (Inner limit of 21.1.1.1)  
Purpose : To release of imported goods  
Tenure : 30 days.

#### 21.1.1.4 Import loan

Amount : Tk 50,000,000 (Inner limit of 21.1.1.1)  
Purpose : For release of imported goods  
Tenure : 180 days.

#### 21.1.1.5 Short term loan

Amount : Tk 250,000,000 (Inner limit of 21.1.1.1)  
Purpose : For the purpose of working capital  
Tenure : 90 days.  
Payment : On maturity of such loan.

#### 21.1.1.6 Bond & Guarantees

Amount : Tk 20,000,000 (Inner limit of 21.1.1.1)  
Purpose : Issuance of guarantees on behalf of the company  
Tenure : 365 days.

#### 21.1.1.7 Securities against the facilities

Securities against the facilities mentioned under notes 20 and 21.1.1 are as follows:

- Demand promissory note and letter of continuation for Tk 520,000,000 each.
- Registered hypothecation over stock and book debts of the Company on pari-pasu basis for Tk 540,000,000.
- First charge by way of registered mortgage over the tangible fixed assets of the Company both existing and future where Standard Chartered Bank's share being at least Tk 140,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited supported by board resolution.

#### 21.1.2 The Hongkong and Shanghai Banking Corporation Limited (HSBC)

The Company is enjoying following facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions against the facility offer letter dated 21 January 2019 and subsequent updates:

##### 21.1.2.1 Combined limit/ import line/ Import cash limit

Amount : Tk 300,000,000.  
Purpose : To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To finance imported raw materials/spares/small machinery on sight and deferred basis.  
Tenure : 180 days for imports (loan) and deferred payment bills and 30 days for shipping guarantee.  
Payment : On maturity of such loan.



#### 21.1.2.2 Guarantee

Amount : Tk 5,000,000.

Purpose : To issues guarantees favouring various Government Bodies and utility companies etc. required in the normal course of business.

Tenure : Open ended

#### 21.1.2.3 Securities against the facilities

Securities against the facilities mentioned under notes 20 and 21.1.2 are as follows:

- Demand promissory note of Tk 597,549,000 with letter of revival and continuity.
- Letter of Set Off between different accounts maintained with the bank.
- Corporate guarantee to be executed by Advanced Chemical Industries Limited for Tk 510,000,000 supported by Board Resolution.
- First pari-pasu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk.430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC).
- First pari-pasu charge with other lenders over the borrower's book debts/receivables for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies (RJSC) on pari-pasu basis with Standard Chartered Bank, where HSBC's share is 430,000,000.

#### 21.1.3 BRAC Bank Limited

The Company is enjoying following facilities from BRAC Bank Limited under the following terms and conditions against the facility offer letter dated 30 September 2018:

##### 21.1.3.1 Letters of Credit/ Revolving Acceptance/Loan Against Trust Receipt (LATR)

Amount : Tk 500,000,000

Purpose : To retire import documents for raw materials.

Tenure : 120 - 180 days

Payment : On maturity of such loan.

##### 21.1.3.2 Bank guarantee

Amount : Tk 50,000,000 (Inner limit of 21.1.3.1)

Purpose : To meet various contractual obligation

Tenure : 1-5 Years

##### 21.1.3.3 Revolving loan

Amount : Tk 250,000,000

Purpose : To make payment of customs duty and VAT and meet working capital requirements

Tenure : 150 days

Payment : On maturity of such loan.

##### 21.1.3.4 Securities against the facilities

Securities against the facilities mentioned under notes 20 and 21.1.3 are as follows:

- Registered first charge over stock and book debts of the Company for Tk. 760,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited.

#### 21.1.4 The City Bank Limited

The Company is enjoying following facilities from The City Bank Limited under the following terms and conditions against the facility offer letter dated 02 April 2019.

##### 21.1.4.1 Letters of Credit / Revolving Acceptance/Loan Against Trust Receipt (LATR)/Short Term Loan

Amount : Tk 800,000,000

Purpose : To retire sight L/C, deferred L/C, import of raw materials and finished goods.

Tenor : 90 - 360 days



#### 21.1.4.2 Letters of Credit - Local

Amount : Tk 300,000,000 (Inner limit of 21.1.4.1)  
Purpose : To procure raw material and finished goods from local source  
Tenor : 90 days from date of each disbursement

#### 21.1.4.3 Securities against the facilities

Securities against the facilities mentioned under notes and are as follows:

- 1st ranking PPSSA on all floating assets including stock, book debts of ACI Formulations Limited for BDT 800,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited.

#### 21.1.5 Prime Bank Limited

The Company is enjoying following facilities from Prime Bank Limited under the following terms and conditions against the facility offer letter dated 5 March 2018.

##### 21.1.5.1 Letters of credit (LC) / Loan Against Trust Receipt (LATR)

Amount : Tk 800,000,000  
Purpose : For payment of imported raw materials / chemicals / accessories / capital machinery / spare parts and others (import of capital machinery shall not exceed Tk 80,000,000). Also for retirement of L/C documents or payment of accepted bills.  
Tenure : 180 - 365 days  
Payment : On maturity of such loan.

##### 21.1.5.2 Time loan / Short term loan

Amount : Tk 500,000,000 (Inner limit of 21.1.5.1)  
Purpose : To procure raw materials / chemicals / accessories and others from local sources.  
Tenure : 180 days  
Payment : On maturity of such loan.

##### 21.1.5.3 Bank guarantee

Amount : Tk 40,000,000 (Inner limit of 21.1.5.1)  
Purpose : To provide guarantee in favor of different authority as required by the Company.  
Tenure : Open ended

##### 21.1.5.4 Securities against the facilities

Securities against the facilities mentioned under notes and 20.1.5 are as follows:

- Available charge on floating assets with Registrar of Joint Stock Companies (RJSC) and Firms along with NIGPA.
- Cross Corporate guarantee among Advance Chemicals Industries Limited, ACI Formulations Limited, ACI Salt Ltd, ACI Pure Flour Ltd, Premiaflex Plastics Ltd., & ACI Motors Ltd..

#### 21.1.6 Commercial Bank of Ceylon PLC

The Company is enjoying following facilities from Commercial Bank of Ceylon PLC under the following terms and conditions against the facility offer letter dated 5 September 2017 and subsequent updates:

##### 21.1.6.1 Letters of Credit / Loan Against Trust Receipt (LATR)

Amount : Tk 700,000,000  
Purpose : To retire import documents for raw materials, packing materials, finished goods and spare parts.  
Tenor : 180 days  
Payment : On maturity of such loan.



### 21.1.6.2 Short term loan

Amount : Tk 100,000,000

Purpose : For granting payment of procurement of local raw materials and payment for duty and tax of imported raw materials.

Tenure : 180 days

Payment : On maturity of such loan.

### 21.1.6.3 Securities against the facilities

Securities for the facilities mentioned under notes 20 and 21.1.6 are as follows:

- Registered first hypothecation charge over stocks and book debts on pari-pasu basis with other lenders, CBC's share being Tk 820,000,000.

## 22 Trade Payables

<i>In Taka</i>	30 June 2019	30 June 2018
Related party-Premiaflex Plastics Limited	4,135,063	10,818,922
Other than related parties	84,915,891	116,177,034
	89,050,954	126,995,956

### 22(a) Consolidated trade payables

<i>In Taka</i>	30 June 2019	30 June 2018
Related party-Premiaflex Plastics Limited	4,135,063	10,818,922
Other than related parties	93,289,407	121,613,742
	97,424,470	132,432,664

## 23 Other payables

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Creditors for expenses	23.1	193,888,613	116,944,466
Interest payable		16,288,914	45,834,424
Security money payable		11,765,968	11,049,410
Unpaid dividend		11,810,167	10,960,069
Withholding tax and VAT		4,706,251	3,200,464
Provision for workers' profit participation fund		9,553,187	8,594,760
		248,013,100	196,583,593

23.1 This includes accrued selling, manufacturing and other accrued expenses.

### 23(a) Consolidated other payables

<i>In Taka</i>	30 June 2019	30 June 2018
Creditors for expenses	195,338,739	117,767,558
Interest payable	16,288,914	45,834,424
Security money payable	11,765,968	11,049,410
Unpaid dividend	11,810,167	10,960,069
Withholding tax and VAT	4,887,019	3,382,687
Provision for workers' profit participation fund	9,553,187	8,594,760
	249,643,994	197,588,908

## 24 Inter-company payables

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	1,146,287,405	-
	1,146,287,405	-

This arises due to common cost sharing and working capital financing with ACI Limited .

## 25 Provision for tax

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	268,942,996	228,398,660
Provision made during the year	63,149,803	40,544,336
<b>Closing balance</b>	<b>332,092,799</b>	<b>268,942,996</b>

### 25(a) Consolidated provision for tax

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	270,340,004	228,677,450
Provision made during the year	63,312,309	41,662,554
<b>Closing balance</b>	<b>333,652,313</b>	<b>270,340,004</b>

## 26 Revenue

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Agrochemical products	26.1	2,762,064,532	2,443,423,693
Consumer products	26.2	1,263,221,358	1,684,042,265
		4,025,285,890	4,127,465,958

In view of innumerable items of sales and diversified quantities, it is not practicable to disclose the quantities against each items of sale.

### 26.1 Agrochemical products

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Local	2,739,550,275	2,422,736,206
Export	22,514,257	20,687,487
	2,762,064,532	2,443,423,693

### 26.2 Consumer products

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Coil	26.2.1	134,212,762	493,339,066
Aerosol	26.2.1	531,931,582	740,044,144
Vanish	26.2.1	46,829,793	62,374,441
Paint		550,247,221	388,284,614
		1,263,221,358	1,684,042,265



**26.2.1** On 24 April 2015 ACI Limited entered into agreements with S. C. Johnson & Son, Inc. (a corporation incorporated under the laws of the state of Wisconsin, USA) whereby S. C. Johnson & Son, Inc. has purchased the brands of these products on mutually beneficial terms. As per contract, ACI Formulations Limited produces these products for S.C. Johnson & Son, Inc., which are marketed by ACI Limited through its own channel. ACI Formulations Limited will continue to be the manufacturer of these products for a period of 5 years from 24 April 2015.

### 26(a) Consolidated revenue

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Agrochemical products	26.1(a)	2,762,064,532	2,443,423,693
Consumer products	26.2(a)	1,290,305,679	1,709,846,820
		4,052,370,211	4,153,270,513

### 26.1(a) Agrochemical products

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Local	2,739,550,275	2,422,736,206
Export	22,514,257	20,687,487
	2,762,064,532	2,443,423,693

### 26.2(a) Consumer products

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Coil	134,212,762	493,339,066
Aerosol	531,931,582	740,044,144
Vanish	46,829,793	62,374,441
Paint	550,247,221	388,284,614
Herbal cosmetics	27,084,321	25,804,555
	1,290,305,679	1,709,846,820



## 27 Cost of sales

In Taka	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Opening stock of finished goods		824,787,142	660,208,455
Cost of goods manufactured	27.1.1	2,604,767,705	3,125,644,812
Finished goods purchased		137,322,002	147,947,385
Reimbursement for cost variance		(31,605,327)	(10,118,687)
Stock write off		3,470,385	2,072,786
Cost of finished goods available for sale		3,538,741,907	3,925,754,751
Closing stock of finished goods		(724,125,316)	(824,787,142)
		2,814,616,591	3,100,967,609

### 27.1 Cost of Sales for the year ended 30 June 2019

In Taka	Note	For the year ended 30 June 2019						For the year ended 30 June 2018
		Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint	Total	
Stock of finished goods at 1 July		603,851,246	58,623,551	76,109,258	8,955,003	77,248,084	824,787,142	660,208,455
Cost of goods manufactured	27.1.1	1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,125,644,812
Finished goods purchased		10,897,167	-	-	-	126,424,835	137,322,002	147,947,385
Reimbursement for cost variance		-	(42,550,865)	13,401,082	(2,455,544)	-	(31,605,327)	(10,118,687)
Stock write off		2,771,525	-	-	-	698,860	3,470,385	2,072,786
Cost of finished goods available for sale		2,212,850,293	229,296,311	532,727,003	49,195,441	514,672,859	3,538,741,907	3,925,754,751
Stock of finished goods at 30 June		(460,289,931)	(105,073,388)	(56,704,342)	(7,535,673)	(94,521,982)	(724,125,316)	(824,787,142)
		1,752,560,362	124,222,923	476,022,661	41,659,768	420,150,877	2,814,616,591	3,100,967,609

### 27.1.1 Cost of goods manufactured

In Taka	Note	For the year ended 30 June 2019						For the year ended 30 June 2018
		Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint	Total	
Cost of materials consumed	27.1.1.1	1,517,822,293	138,051,308	422,113,669	37,490,747	286,101,841	2,401,579,858	2,868,408,710
Manufacturing overhead	29	77,631,159	88,116,835	21,177,110	6,505,480	24,768,901	218,199,485	259,710,027
Stock write off		(123,097)	(12,944,518)	(74,116)	(1,300,245)	(569,662)	(15,011,638)	(3,212,780)
Cost of production		1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,124,905,957
Difference in work in process		-	-	-	-	-	-	738,855
Work in process at 1 July		-	-	-	-	-	-	-
Work in process at 30 June		-	-	-	-	-	-	738,855
		1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,125,644,812

### 27.1.1.1 Cost of materials consumed

In Taka	For the year ended 30 June 2019					For the year ended 30 June 2018
	Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint	
<b>Raw and packing materials</b>						
Opening stock	324,858,595	161,731,661	89,598,762	19,353,036	47,765,199	643,307,253
Purchase	1,656,834,781	91,366,176	500,805,469	41,714,945	290,748,533	2,581,469,904
Closing Stock	(463,871,083)	(115,046,529)	(168,290,562)	(23,577,234)	(52,411,891)	(823,197,299)
	1,517,822,293	138,051,308	422,113,669	37,490,747	286,101,841	2,401,579,858

### 27(a) Consolidated cost of sales

	For the year ended 30 June 2019	For the year ended 30 June 2018
In Taka		
Opening stock	1,482,299,485	1,321,252,011
Purchase	2,729,147,796	3,031,697,921
Reimbursement for cost variance	(31,605,327)	(10,118,687)
Manufacturing overhead	221,162,004	261,625,573
Closing stock	(1,563,767,743)	(1,482,299,485)
	2,837,236,215	3,122,157,333

### 28 Other income

	For the year ended 30 June 2019	For the year ended 30 June 2018
In Taka		
Crop Care & Public Health	3,076,674	5,399,477
Aerosol	340,905	261,660
Paint	1,692,179	933,335
	5,109,758	6,594,472

## 29 Administrative, selling and distribution expenses

<i>In Taka</i>	For the year ended 30 June 2019					For the year ended 30 June 2018
	Manufacturing expenses	Administrative expenses	Distribution expenses	Selling expenses	Total	Total
Salary and wages	128,507,520	126,047,653	38,826,412	212,043,441	505,425,026	491,050,353
Traveling and conveyance	203,074	3,484,300	22,030,243	73,022,047	98,739,664	108,098,419
Rent and rates	588,195	792,477	15,429,640	18,247,196	35,057,508	30,179,347
Repair and maintenance	16,601,246	5,675,551	1,060,262	328,014	23,665,073	31,627,566
Fuel and power	23,432,217	2,966,182	1,875,706	108,342	28,382,447	35,059,669
Postage, telephone and fax	541,378	133,641	-	7,130,245	7,805,264	10,916,744
Printing and stationery	649,164	1,128,912	4,909,252	872,002	7,559,330	7,223,891
Promotional expenses	-	-	-	126,465,615	126,465,615	129,709,263
Entertainment	1,529,141	3,711,251	1,677,680	5,626,421	12,544,493	8,830,037
Vehicle maintenance	899,681	1,618,918	6,370,785	8,430,173	17,319,557	24,173,108
Doubtful debts	-	-	-	32,776,937	32,776,937	(27,378,105)
Truck and handling	-	-	10,709,048	-	10,709,048	18,349,241
Legal and professional charge	-	2,767,134	-	36,304,357	39,071,491	10,083,079
Audit fees	-	630,000	-	-	630,000	630,000
Insurance	4,996,398	990	-	995,002	5,992,390	4,442,972
Directors' fees	-	9,750	-	-	9,750	11,250
Bank charges	-	2,662,489	-	1,085,687	3,748,176	3,152,156
Sundry expenses	224,357	-	-	-	224,357	205,868
Product development expenses	26,947	-	-	1,248,977	1,275,924	846,464
Training expenses	14,838	-	-	842,339	857,177	1,812,527
Depreciation	50,480,328	2,493,100	24,066	14,845,610	67,843,104	63,008,544
Lab chemical and apparatus	541,046	-	-	-	541,046	391,755
Meeting expenses	-	-	-	2,546,591	2,546,591	4,908,802
	229,235,530	154,122,348	102,913,094	542,918,996	1,029,189,968	957,332,950
Recovery of expenses for toll manufacturing service charges:	(11,036,045)	-	-	-	(11,036,045)	(7,445,650)
	218,199,485	154,122,348	102,913,094	542,918,996	1,018,153,923	949,887,300
(A) Manufacturing expenses					218,199,485	259,710,027
(B) Administrative, selling and distribution expenses					799,954,438	690,177,273
					1,018,153,923	949,887,300

### 29(a) Consolidated administrative, selling and distribution expenses

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Administrative expenses	155,520,841	128,122,548
Distribution expenses	102,913,094	96,212,226
Selling expenses	542,918,996	466,968,347
	801,352,931	691,303,121



### 30 Finance costs, net

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Interest expenses</b>		
Bank loan	142,544,969	182,963,319
Inter-company	89,509,934	4,835,410
	232,054,903	187,798,729
<b>Interest income</b>		
Bank	3,160,659	54,902
Inter-company	4,133,373	16,723,482
	7,294,032	16,778,384
	224,760,871	171,020,345

### 30(a) Consolidated finance costs, net

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Interest expenses</b>		
Bank loan	142,856,545	183,483,823
Inter-company	89,509,934	4,835,410
	232,366,479	188,319,233
<b>Interest income</b>		
Bank	3,160,659	54,902
Inter-company	4,133,373	16,723,482
	7,294,032	16,778,384
	225,072,447	171,540,849

### 31 Income tax expense

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Current tax expense</b>			
Charged during the year	25	63,149,803	40,544,336
		63,149,803	40,544,336
Deferred tax expense/(income)			
Change in deferred tax liabilities	19	(10,093,093)	7,721,122
		(10,093,093)	7,721,122
Tax expense/(income)		53,056,710	48,265,458



### 31(a) Consolidated income tax expense

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Current tax expense</b>		
Charged during the year	63,312,309	41,662,554
	63,312,309	41,662,554
<b>Deferred tax expense/(income)</b>		
Change in deferred tax assets	(9,406,241)	7,324,782
	(9,406,241)	7,324,782
Tax expense/(income)	53,906,068	48,987,336

### 32 Earnings per share

#### 32.1 Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

<i>In Taka/Number</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Profit/(loss) attributable to the owners of the Company (Taka)	128,453,851	115,034,985
Weighted average number of ordinary shares (number)	45,000,000	45,000,000
<b>Earning per share (Taka)</b>	2.85	2.56

#### 32.1(a) Consolidated basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

<i>In Taka/Number</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Profit/(loss) attributable to the owners of the Group (Taka)	130,321,016	117,236,654
Weighted average number of ordinary shares (number)	45,000,000	45,000,000
<b>Earning per share (Taka)</b>	2.90	2.61

#### 32.2 Diluted earnings per share

No diluted EPS was required to be calculated for the year ended 30 June 2019 since there was no scope for dilution of shares.

### 33 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see 33(ii));
- Liquidity risk (see 33(iii)); and
- Market risk (see 33(iv)).

#### (i) Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



## (ii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Company's exposure to credit risk primarily relates to trade receivables and balance with banks including short and long term deposits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amount of financial asset in the statement of financial position.

### (a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In Taka</i>	Note	Carrying amount	
		30 June 2019	30 June 2018
Trade receivables	12(a)	1,861,263,656	1,471,631,279
Other receivables	13	41,673,512	26,004,265
Inter-company receivables	14(a)	3,658,384	490,417,631
Deposits	15(a)	29,797,266	28,583,993
Bank balances	16(a)	176,188,974	100,666,989
		2,112,581,792	2,117,304,157

At reporting date, the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

<i>In Taka</i>	Carrying amount	
	30 June 2019	30 June 2018
Bangladesh	1,863,557,107	1,472,548,104
India	39,380,061	25,087,440
	1,902,937,168	1,497,635,544

### (b) Ageing of trade receivables

The ageing of trade receivables at reporting date was as follows:

<i>In Taka</i>	Carrying amount	
	30 June 2019	30 June 2018
Neither past due nor impaired	1,126,256,614	885,082,002
Past due 1 - 90 days	271,802,571	217,866,451
Past due 91 - 120 days	134,653,453	92,354,328
Past due 121 - 180 days	98,138,610	50,946,672
Past due 181 - 365 days	69,338,906	55,502,112
Past due 366 - 730 days	38,583,637	53,733,018
Past due 731 plus days	122,489,865	116,146,696
	1,861,263,656	1,471,631,279

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis of the customer credit risk, including underlying customers' credit rating if they are applicable.

The movement in the allowance for impairment in respect of receivables during the year was as follows:

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Opening balance	12(a)	111,063,899	136,971,225
Impairment loss recognised		32,776,937	16,006,533
Amounts written off/ write in		(923,892)	(41,913,859)
Closing balance		142,916,944	111,063,899

### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other investments at amounts in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2019		Contractual cash flows					
In Taka	Note	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Employee benefits	18	43,494,776	43,494,776	-	-	-	43,494,776
Bank overdrafts	20	128,758,666	128,758,666	128,758,666	-	-	-
Loans and borrowings	21(a)	1,825,021,499	1,825,021,499	346,397,393	1,478,624,106	-	-
Trade payables	22(a)	97,424,470	97,424,470	97,424,470	-	-	-
Other payables	23(a)	249,643,994	249,643,994	31,924,332	217,719,662	-	-
Inter-company payables	24	1,146,287,405	1,146,287,405	-	1,146,287,405	-	-
		3,490,630,810	3,490,630,810	604,504,861	2,842,631,173	-	43,494,776
Derivative financial liabilities		-	-	-	-	-	-
		3,490,630,810	3,490,630,810	604,504,861	2,842,631,173	-	43,494,776
<b>30 June 2018</b>							
In Taka	Note	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Employee benefits	18	39,179,275	39,179,275	-	-	-	39,179,275
Bank overdrafts	20	163,497,501	163,497,501	163,497,501	-	-	-
Loans and borrowings	21(a)	2,746,378,692	2,746,378,692	-	2,746,378,692	-	-
Trade payables	22(a)	132,432,664	132,432,664	132,432,664	-	-	-
Other payables	23(a)	197,588,908	197,588,908	60,177,180	137,411,728	-	-
Inter-company payables	24	-	-	-	-	-	-
		3,279,077,040	3,279,077,040	356,107,345	2,883,790,420	-	39,179,275
Derivative financial liabilities		-	-	-	-	-	-
		3,279,077,040	3,279,077,040	356,107,345	2,883,790,420	-	39,179,275



#### (iv) Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Bangladesh Taka (Taka/TK/BDT). The foreign currency in which these transactions are denominated is US Dollar (USD).

##### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as at balance sheet date was as follows

<i>In USD</i>	30 June 2019	30 June 2018
Cash at bank	241,198	204,641
Loans and borrowings	(3,851,956)	(10,547,917)
	(3,610,758)	(10,343,276)

The following significant exchange rates have been applied during the year:

<i>In Taka</i>	30 June 2019		30 June 2018	
	Average rate	Year-end spot rate	Average rate	Year-end spot rate
USD	84.13	84.50	82.53	83.75

##### Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against functional currency at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchase.

<i>Effect in Taka</i>	Profit/(loss)		Equity, net of tax increase/(decrease)	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2019				
USD (5% movement)	15,187,749	(15,187,749)	15,187,749	(15,187,749)
30 June 2018				
USD (5% movement)	42,678,944	(42,678,944)	42,678,944	(42,678,944)

## b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as at balance sheet date is as follows.

<i>In Taka</i>	Note	Nominal Amount	
		30 June 2019	30 June 2018
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Investment in FDR	9(a)	35,719,438	33,072,743
<i>Financial liabilities</i>			
Bank overdrafts	20	(128,758,666)	(163,497,501)
Loans and borrowings	21(a)	(1,499,531,220)	(1,862,990,643)
		(1,592,570,448)	(1,993,415,401)
<b>Variable rate instruments</b>			
<i>Financial assets</i>			
Loans to Advance Chemical Industries Limited		3,658,384	486,991,754
<i>Financial liabilities</i>			
Offshore loan		(325,490,279)	(883,388,049)
Loans from Advance Chemical Industries Limited		(1,146,287,405)	-
		(1,468,119,300)	(396,396,295)



## v) Financial instruments - Fair values and financial risk management

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019

In Taka	Note	Carrying amount					Fair value					
		Investment valued at cost	Hedging instruments	Maturity at FVTPL	Assets at amortized cost	FVOCI - Equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>												
<b>Financial assets not measured at fair value</b>												
	12(a)	-	-	-	1,861,263,656	-	-	1,861,263,656	-	-	-	-
	13	-	-	-	41,673,512	-	-	41,673,512	-	-	-	-
	14(a)	-	-	-	3,658,384	-	-	3,658,384	-	-	-	-
	15(a)	-	-	-	29,797,266	-	-	29,797,266	-	-	-	-
	16.2(a)	-	-	-	176,188,974	-	-	176,188,974	-	-	-	-
		-	-	-	2,112,581,792	-	-	2,112,581,792	-	-	-	-
<b>Financial liabilities measured at fair value</b>												
<b>Financial liabilities not measured at fair value</b>												
	18	-	-	-	-	-	-	43,494,776	-	-	-	-
	20	-	-	-	-	-	-	128,758,666	-	-	-	-
	21(a)	-	-	-	-	-	-	1,825,021,499	-	-	-	-
	22(a)	-	-	-	-	-	-	97,424,470	-	-	-	-
	23(a)	-	-	-	-	-	-	249,643,994	-	-	-	-
	24	-	-	-	-	-	-	1,146,287,405	-	-	-	-
		-	-	-	-	-	-	3,490,630,810	-	-	-	-

30 June 2018

In Taka	Note	Carrying amount						Fair value					
		Held-for-trading	Designated at fair value	Fair value -hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>													
<b>Financial assets not measured at fair value</b>													
Trade receivables	12(a)	-	-	-	-	1,471,631,279	-	-	1,471,631,279	-	-	-	-
Other receivables	13	-	-	-	-	26,004,265	-	-	26,004,265	-	-	-	-
Inter-company receivables	14(a)	-	-	-	-	490,417,631	-	-	490,417,631	-	-	-	-
Security deposits	15(a)	-	-	-	-	28,583,993	-	-	28,583,993	-	-	-	-
Cash at bank	16.2(a)	-	-	-	-	100,666,989	-	-	100,666,989	-	-	-	-
		-	-	-	-	2,117,304,157	-	-	2,117,304,157	-	-	-	-
<b>Financial liabilities measured at fair value</b>													
<b>Financial liabilities not measured at fair value</b>													
Employee benefits	18	-	-	-	-	-	-	39,179,275	39,179,275	-	-	-	-
Bank overdrafts	20	-	-	-	-	-	-	163,497,501	163,497,501	-	-	-	-
Loans and borrowings	21(a)	-	-	-	-	-	-	2,746,378,692	2,746,378,692	-	-	-	-
Trade payables	22(a)	-	-	-	-	-	-	132,432,664	132,432,664	-	-	-	-
Other payables	23(a)	-	-	-	-	-	-	197,588,908	197,588,908	-	-	-	-
Inter-company payables	24	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	3,279,077,040	3,279,077,040	-	-	-	-

The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair values.



## 34 Commitments and contingencies

### 34.1 Commitments

On the statement of financial position date, the Company is enjoying unfunded credit facilities from the following banks:

<i>In Taka</i>	30 June 2019	30 June 2018
<b>a) Revenue expenditure (Letters of credit)</b>		
Commercial Bank of Ceylon PLC	155,416,161	100,797,229
The City Bank Limited	847,312	14,428,976
BRAC Bank Limited	35,288,690	374,229,873
Prime Bank Limited	-	4,419,874
	<b>191,552,163</b>	<b>493,875,952</b>
<b>b) Capital expenditure</b>		
Approved and contracted for	18,468,390	145,404,227
	<b>18,468,390</b>	<b>145,404,227</b>

### 34.2 Contingent liabilities

<i>In Taka</i>	30 June 2019	30 June 2018
<b>Bank guarantee</b>		
HSBC	1,581,679	1,581,679
Pubali Bank Limited	20,300,000	-
BRAC Bank Limited	24,562,358	37,544,393
	<b>46,444,037</b>	<b>39,126,072</b>
<b>Performance guarantee</b>		
Standard Chartered Bank	15,585,398	15,585,397
	<b>15,585,398</b>	<b>15,585,397</b>
	<b>62,029,435</b>	<b>54,711,469</b>

## 35 Production capacity

The production status (business wise) for the year ended 30 June 2019 are as follows:

Business Segment	Capacity	Unit	Actual	% of utilisation
Crop Care and Public Health	25,800	M Ton	10,905	42.27
Mosquito Coil	1,098,000	Carton	128,237	11.68
Aerosol	11,400,000	Can	5,632,517	49.41
Vanish	12,000,000	Can	1,191,494	9.93
Paint	3,000	M Ton	1,696	56.55

The production status (business wise) for the year ended 30 June 2018 were as follows:

Business Segment	Capacity	Unit	Actual	% of utilisation
Crop Care and Public Health	25,800	M Ton	13,652	52.91
Mosquito Coil	1,098,000	Carton	406,268	37.00
Aerosol	11,400,000	Can	9,166,362	80.41
Vanish	12,000,000	Can	1,849,570	15.41
Paint	3,000	M Ton	1,247	41.57



### 36 Related parties

#### a) Parent and ultimate controlling party

ACI Limited holds 53.48% shares in the Company. As a result, the ultimate controlling party of the Company is ACI Limited.

#### b) Transactions with key management personnel

##### (i) Loans to directors

During the year, no loan was given to the directors of the Company.

##### (ii) Key management personnel compensation

Key management personnel compensation comprised the followings:

In Taka	For the year ended 30 June 2019	For the year ended 30 June 2018
Salary	7,519,050	8,467,878
Benefits	5,554,048	5,858,836
	13,073,098	14,326,714

Company's key management personnel includes the Company's directors. Compensation includes salaries, non-cash benefits, and contributions to a post employment defined benefit plan.

#### c) Other related party transactions

Name of the parties	Relationship	Nature of transaction	Transaction value (Taka)		Outstanding balance at	
			30 June 2019	30 June 2018	30 June 2019	30 June 2018
ACI Limited	Holding company	Working capital financing	1,611,766,128	(522,173,869)	(1,146,287,405)	465,478,723
Neem Laboratories (Pvt) Ltd	Subsidiary company	Working capital financing	28,153,892	(11,203,015)	22,983,074	51,136,966
Premiaflex Plastics Limited	Sister concern	Purchase of products	73,236,746	81,610,298	-	-
		Payment against purchase	(69,101,683)	(71,428,376)	(4,135,063)	(10,181,922)



## 37 Other disclosures

### 37.1 Number of employees

At 30 June 2019, number of regular employees receiving remuneration of Tk. 36,000 or above per annum was 1,361 (30 June 2018: 1,785).

### 37.2 Comparatives

Previous year's figures have been rearranged, whenever considered necessary to conform to the current year's presentation.

More specifically, during the year amongst others effect of foreign exchange rate changes amounting to Tk. 168,263, has been presented under opening cash and cash equivalents in the Statement of cash flows in the financial statements of the Company. In the comparative this figure was presented on net-off basis with the interest paid figure in the operating activities section of the Statement of cash flows. Due to rearrangement of effect of foreign exchange rate changes, comparatives of the Company has been changed and consequently, comparatives of the consolidated financial statements of ACI Formulations Limited has been rearranged with the corresponding impact on the value of consolidated interest paid and effect of foreign exchange rate changes, as well as the amount of net cash (used in)/from operating activities and net increase/(decrease) in cash and cash equivalents. The rearrangement in the comparative reconciliation of net operating cash flow of the Company (Note - 16.3) and the Goup (Note - 16.3(a)) has also been met. Thus, the net operating cash flows per share reported in the comparative has changed at both the Comapny and the Group level from Tk. (2.73) and Tk. (3.05) respectively to Tk. (2.74) and Tk. (3.06). Note that this rearrangement does not have any impact on the comparative closing cash and cash equivalents reported by the Company and the Group on 30 June 2018.

### 37.3 Subsequent events

The Board of Directors in their meeting held on 24 October 2019 have recommended cash dividend at 35% per share of Taka 10 each aggregating to Taka 157,500,000 for the year ended 30 June 2019 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on 23 December 2019. The financial statements for the year ended 30 June 2019 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

## 38 Name of auditors of the group companies

Name of the company	Status of the company	Name of auditors
Neem Laboratories (Pvt.) Ltd	Subsidiary	Shiraz Khan Basak & Co.

***ACI Formulations Limited***

**Report of the Directors and Audited  
Financial Statements of the Subsidiary Company  
for the year ended 30 June 2019**





## Neem Laboratories (PVT.) Limited Directors' Report to the Shareholders For the year ended on 30 June 2019

Neem Laboratories (Pvt.) Ltd. is a private Company limited by shares, incorporated in 2003 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh and governed by the Companies Act 1994. ACI Formulations Limited is the major shareholder of the Company having 98% shares in the Company.

Currently, the Company engaged in manufacturing and marketing of herbal products in small scale. ACI Formulations Limited, however, acquired the Company in 2013 having a plan of large scale operation to capture the potential market of the Neem based products and to make available the benefits of Neem & other herbs to the consumers. The personal care portfolio has been re-launched under the brand name "Neem Original". Currently the portfolio consists soap, face wash, hand wash and face pack. The soap category is the flagship product of the portfolio. We are looking to introduce more products in the portfolio in coming years to strengthen the brand as a whole.

The Company follows fiscal year (July-June) as its financial year. The operating results as per audited accounts of the Company for the year ended 30 June 2019 are as follows:

### Key Financial Results

	Value (BDT)
Revenue	27,084,321
Gross profit	4,464,697
Operating profit/ (loss)	3,066,204
Profit / (loss) before tax	2,754,627
Profit / (loss) after tax	1,905,271

On behalf of the Board

  
Shusmita Anis  
Director

  
Syed Alamgir  
Director

Dhaka: 23 October 2019



**SHIRAZ KHAN BASAK & CO.**  
CHARTERED ACCOUNTANTS  
(An associate firm of D. N. Gupta & Associates)

**R. K. TOWER (Level-10)**  
**86, Bir Uttam C.R. Datta Road**  
(312, Sonargaon Road). Dhaka-1205  
Tel : 88-02-9635139, 88-02-9673597  
Mobile : 01552-638228, 01711520770  
01922-117370, 01757-941837  
E-mail : shirazkhanbasak@yahoo.com

## **Independent Auditor's Report** to the Shareholders of **NEEM LABORATORIES (Pvt) Limited**

### **Report on the Audit of the Financial Statements Opinion**

We have audited the financial statements of NEEM LABORATORIES (Pvt.) Limited ("the Company"), which comprise the statement of Financial Position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Financial Position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these (consolidated) financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



# SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

**R. K. TOWER (Level-10)**  
**86, Bir Uttam C.R. Datta Road**  
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01922-117370, 01757-941837  
E-mail : shirazkhanbasak@yahoo.com

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The statement of Financial Position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Date: 02 October 2019

Place: Dhaka

**Ramendra Nath Basak, FCA**  
**Partner**  
**Shiraz Khan Basak & Co.**  
**Chartered Accountants.**

# NEEM LABORATORIES (Pvt.) Limited

## Statement of Financial Position

As at 30 June 2019

Particulars	30 June 2019 Taka	30 June 2018 Taka
<b>Assets</b>		
Property, plant and equipment:		
At cost	4,960,191	4,960,191
Accumulated depreciation	(3,212,591)	(2,716,573)
<b>Total non-current assets</b>	<b>1,747,600</b>	<b>2,243,618</b>
<b>Deferred tax asset</b>	<b>297,050</b>	<b>983,901</b>
Inventories	16,278,040	18,584,948
Trade receivables	4,874,683	10,412,564
Advances, deposits and prepayments	3,289,921	2,500,875
Inter-company receivable	3,658,384	24,938,908
Cash and cash equivalents	946,193	65,448
<b>Total current assets</b>	<b>29,047,221</b>	<b>56,502,743</b>
<b>Total assets</b>	<b>31,091,871</b>	<b>59,730,262</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	500,000	500,000
Retained earnings	(6,870,337)	(8,775,608)
<b>Total equity</b>	<b>(6,370,337)</b>	<b>(8,275,608)</b>
<b>Liability</b>		
Loans and borrowings	2,860,158	7,682,874
Trade payables	8,373,517	5,436,703
Other payables	1,630,894	1,005,315
Inter-company liabilities	23,038,127	52,483,972
Current tax liability	1,559,512	1,397,006
<b>Total current liabilities</b>	<b>37,462,208</b>	<b>68,005,870</b>
<b>Total liabilities</b>	<b>37,462,208</b>	<b>68,005,870</b>
<b>Total equity and liabilities</b>	<b>31,091,871</b>	<b>59,730,262</b>

  
Director

  
Director

  
Company Secretary

As per our separate report of even date annexed.

  
Shiraz Khan Basak & Co.  
Chartered Accountant

Date: 02 October 2019  
Place: Dhaka

An associate firm of D.N. Gupta Associates



# NEEM LABORATORIES (PVT.) LIMITED

## Statement of Comprehensive Income

For the year ended 30 June 2019

Particulars	30 June 2019 Taka	30 June 2018 Taka
Revenue	27,084,321	25,804,555
Cost of sales	(22,619,624)	(21,189,724)
<b>Gross profit</b>	<b>4,464,697</b>	<b>4,614,831</b>
Administration, selling and distribution expenses	(1,398,493)	(1,125,850)
Other income	3,066,204	3,488,981
	-	-
<b>Result from operating activities</b>	<b>3,066,204</b>	<b>3,488,981</b>
Finance cost	(311,577)	(467,744)
<b>Profit / (loss) before income tax</b>	<b>2,754,627</b>	<b>3,021,237</b>
Income tax expenses :		
Current tax expenses	(162,506)	(201,496)
Deferred tax income	(686,851)	12,564
	(849,357)	(188,932)
<b>Net profit / (loss) after tax</b>	<b>1,905,271</b>	<b>2,832,305</b>

  
Director

  
Director

  
Company Secretary

As per our separate report of even date annexed.

Date: 02 October 2019  
Place: Dhaka

  
Shiraz Khan Basak & Co.  
Chartered Accountant

An associate firm of D.N. Gupta Associates



# NEEM LABORATORIES (PVT.) LIMITED

## Statement of Changes In Equity

For the year ended 30 June 2019

Particulars	Share capital Taka	Retained earnings Taka	Total Taka
Balance on 30 June 2017	500,000	(11,022,207)	(10,522,207)
Net profit for the year	-	2,246,599	2,246,599
Other comprehensive income/(Loss) for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	2,246,599	2,246,599
<b>Balance at 30 June 2018</b>	500,000	(8,775,608)	(8,275,608)
Net profit for the year	-	1,905,271	1,905,271
Other comprehensive income/(Loss) for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	1,905,271	1,905,271
<b>Balance at 30 June 2019</b>	500,000	(6,870,337)	(6,370,337)



# NEEM LABORATORIES (PVT.) LIMITED

## Statement of Cash Flows

For the year ended 30 June 2019

Particulars	30 June 2019 Taka	30 June 2018 Taka
<b>A) Cash flows from operating activities</b>		
Cash receipts/(paid) from /(to) customers	32,622,202	28,061,833
Cash receipts from other income	-	-
	32,622,202	28,061,833
<b>Cash paid for:</b>		
Purchase of inventory	(17,375,902)	(31,493,455)
Operating expenses	(276,896)	(413,423)
Advances, deposits and prepayments	(245,078)	2,393,500
	(17,897,876)	(29,513,378)
<b>Cash generated from operations</b>	14,724,326	(1,451,545)
Financing cost	(311,577)	(520,504)
Income tax	(543,968)	(147,759)
	(855,545)	(668,263)
<i>Net cash used in operating activities</i>	<b>13,868,781</b>	<b>(2,119,808)</b>
<b>B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	-
<i>Net cash from (used in) investing activities</i>	-	-
<b>C) Cash flows from financing activities</b>		
Inter-company debts (paid)/received	(8,165,320)	(12,397,060)
Short term loan received	(4,822,716)	2,193,726
<i>Net cash flows from financing activities</i>	<b>(12,988,036)</b>	<b>(10,203,334)</b>
<b>D) Net cash flow from all activities (A+B+C)</b>	880,745	(12,323,142)
<b>E) Cash and cash equivalent at 01 July 2018</b>	65,448	12,388,590
<b>F) Cash and cash equivalent at 30 June 2019 (D+E)</b>	<b>946,193</b>	<b>65,448</b>
<b>Closing balance represents:</b>		
Cash in hand and at bank	946,193	65,448
	<b>946,193</b>	<b>65,448</b>



# ACI FORMULATIONS LIMITED

Registered Office  
ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member of ACI Formulations Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_  
whose signature is appended below as my/our proxy to attend and vote for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Monday, 23 December 2019 at 9:00 am and/or at any adjournment thereof.

As witness my hands this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature on  
Tk.20  
Revenue Stamp

\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
(Signature of the Shareholder)  
Registered Folio/ BO ID No. \_\_\_\_\_  
No. of Shares held \_\_\_\_\_  
Date \_\_\_\_\_

Note : A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel C/A, Dhaka 1000, not later than 48 hours before the time fixed for the meeting.



Please complete the attendance slip and hand it over at the venue of the Meeting.



**ACI FORMULATIONS LIMITED**

Registered Office  
ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208

**ATTENDANCE SLIP**

I hereby record my Attendance at the 23<sup>rd</sup> Annual General Meeting being held on Monday, 23 December 2019 at 9:00 am at Officers Club, 26 Baily Road, Dhaka.

Name of member/proxy \_\_\_\_\_

Registered Folio/ BO ID No \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder(s)









**ACI Formulations Limited**  
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

*Design & Production  
Creative Communication Limited*