



ACI Formulations Limited
Annual Report 2020-2021

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
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Fax (88-02) 887 0988, 887 8626
Email: info@aci-bd.com
Web: www.aci-bd.com

Your ref

Our ref

Date

9 December 2021

Letter of Transmittal

To

All Shareholders of ACI Formulations Limited (ACI FL)
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 Concern,

Re: Annual Report of ACI Formulations Limited (ACI FL) for the year ended 30 June 2021.

We are pleased to enclose a copy of ACI FL Annual Report together with the Audited Financial Statements as on 30 June 2021, statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity for the year ended 30 June 2021 along with notes thereto of ACI Formulations Limited for your kind information and record.

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

With best regards,

Yours truly,

Mohammad Mostafizur Rahman
Company Secretary



Forward-looking Statements

This forward-looking statements include the Company's business prospects, future developments, trends and conditions in the industry it operates, its strategies, plans, objectives and goals, operations, margins, overall market condition and risk management. The Annual Report reveals management's viewpoints based on the year's events as well as future events and the company's proposition. These statements do not provide assurance against certain risks and uncertainties. Thus, the actual future outcome and trends expected in the statements may vary due to the following factors:



Changes in national, economic and financial conditions;

Volatility of capital market;



Changes in Government policy;

Changes in corporate Tax and VAT structure;



Changes of interest rate;

Unexpected ecological and demographic changes;



Instabilities of price in the foreign exchange market;

Inconsistency of competitors, suppliers and pricing.



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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 | Number of Shares | 45,000,000 |
| Company Type | Public Limited | Face Value (Taka) | 10 |
| Number of Employees | 1047 | Year End | 30 June |

| Statutory Position | | Board of Directors | |
|--|--------------------------------|-------------------------------------|----------------------|
| Chief Financial Officer | Mr. Pradip Kar Chowdhury | ■ Mr. M. Anis Ud Dowla | Chairman |
| Company Secretary | Mr. Mohammad Mostafizur Rahman | ■ Dr. A.K.M. Fareyzul Haque Ansarey | Director |
| Head of Risk Management & Internal Audit | Mr. Amitava Saha | ■ Mr. Abdul-Muyeed Chowdhury | Independent Director |
| | | ■ Mr. Juned Ahmed Choudhury | Director |
| | | ■ Dr. Arif Dowla | Director |
| | | ■ Mr. Golam Mainuddin | Independent Director |
| | | ■ Ms. Shusmita Anis | Managing Director |

| Auditors | |
|-------------------------------|---|
| Statutory Auditor | A. Wahab & Co., Chartered Accountants |
| Governance Compliance Auditor | Al-Muqtadir Associates, Chartered Secretaries |

| Advisors | |
|-----------------------------|-----------------------|
| Legal Advisor | Barrister Nihad Kabir |
| Advisor, Regulatory Affairs | Mr. M. Sekander Ali |

| Contact Address | |
|------------------------------------|---|
| Registered Office | 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/ |
| Investors Relation's Office | 9 Motijheel C/A, Dhaka-1000 Phone # (8802) 9556254 |
| Factory Location | Rajabari, Sreepur, Gazipur Phone # (8802) 0682555135 |

| Principal Bankers | |
|---|-------------------------|
| ■ 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 |
| ■ Bengal Commercial Bank Limited | |

| Subsidiary Company | |
|--------------------------------|--|
| ■ Neem Laboratories (Pvt.) Ltd | |

| Board Audit Committee | |
|-------------------------------------|-----------|
| • Mr. Abdul-Muyeed Chowdhury | Chairman |
| • Dr. A.K.M. Fareyzul Haque Ansarey | Member |
| • Mr. Juned Ahmed Choudhury | Member |
| • Mr. Mohammad Mostafizur Rahman | Secretary |

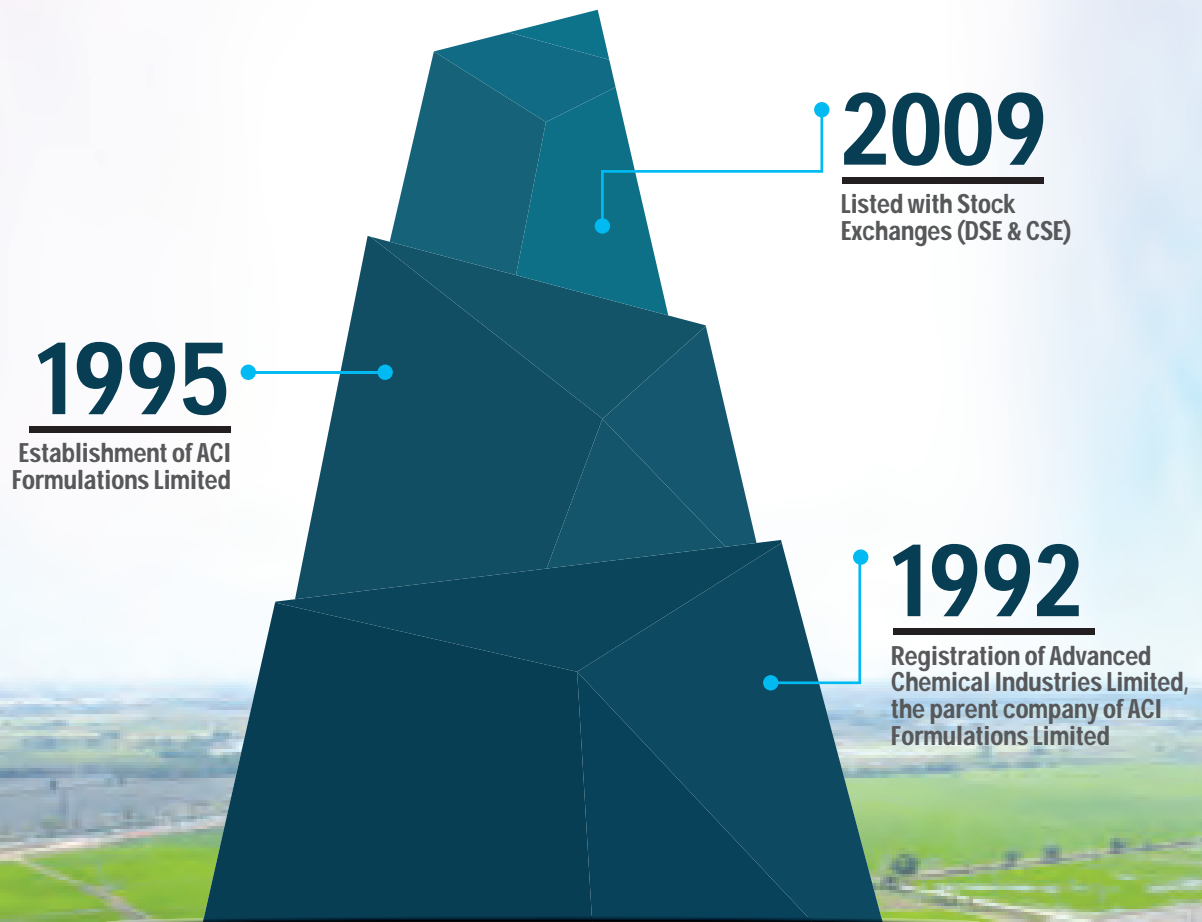
| Nomination and Remuneration Committee | |
|---------------------------------------|-----------|
| ■ Mr. Golam Mainuddin | Chairman |
| ■ Mr. Abdul-Muyeed Chowdhury | Member |
| ■ Mr. Juned Ahmed Choudhury | Member |
| ■ Mr. Mohammad Mostafizur Rahman | Secretary |

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 2009.

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 its 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.

Milestones



وَاللَّهُ وَفَا الْبِرِّ وَالْحَقِّ



Mrs. Najma Dowla

(04 October 1946 - 28 July 2021)

We Deeply Mourn

ACI family despondently lost a mast on 28 July 2021, when Mrs. Najma Dowla breathed her last. She assisted ACI Limited and its subsidiaries as a Director of the Board since 1996. Her wise deliberations were a source of strength for the Company.

She lived a fulfilling life as a daughter, a wife, a mother, and a friend. She was a tremendously strong woman being diligent, kind and tenacious.

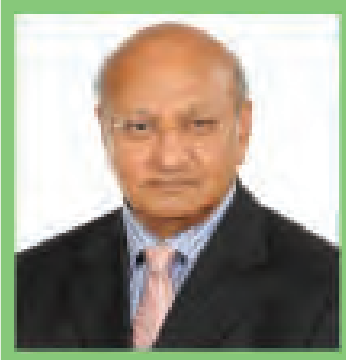
She left behind her husband, Mr. M. Anis Ud Dowla, Chairman, ACI Limited, daughter Ms. Shusmita Anis, son Dr. Arif Dowla, daughter-in-law, Mrs. Rumana Rashid Ishita, grandchildren and a large host of friends and relatives.

Her legacy will live on the hearts and minds of everyone.

May Allah grant her eternal peace in heaven!



Board of Directors' Profile



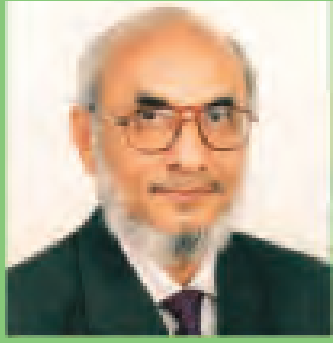
**Mr. M. Anis Ud Dowla
Chairman**

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 the terms in 1975-1976, 1976-1977, 1991-1992, 1992-1993, 2003-2004 and 2004-2005. Besides, he was the President of the Bangladesh Seed Association for three consecutive terms. Currently he is the Chairman of Pioneer Insurance Company Limited and Director of the Credit Rating Agency of Bangladesh. He is a member of the Board of Trustees of the Independent University of Bangladesh.



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

Dr. 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 work experience 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 President, ACI Agribusinesses Division. He has also been appointed as the Managing Director of ACI Agrolink Limited, ACI Motors Limited, Premiaflex Plastics Limited and ACI Marine and Riverine Technologies 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.



**Mr. 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 Cylliders Ltd, 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).



**Mr. Juned Ahmed
Choudhury
Director**

Mr. Juned Ahmed Choudhury joined the Board as Director on 17 August 2021. He obtained B. A (Hons.) degree in Economics from Dhaka University in 1957 and Master of Public Administration from Karachi University in 1959. He received training on Personnel Management in Public and Private Organisations at the National School of Administration in Paris; and on Industrial Relations at the Institute of Labour Studies in ILO, Geneva. Mr. Choudhury was Director of Shell Oil Company Ltd., and Public Affairs Adviser of Bangladesh Shell Petroleum Development B.V. He was decorated Knight of the Order of Arts and Letters by the Government of France for his contribution to promotion of better Bangladesh-France relationship in the fields of language and culture. Mr. Juned Ahmed Choudhury served ACI Formulations Limited as Independent Director for the period 2012 to 2018 in two consecutive tenures.



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, as well. 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 Bangladesh and UK, and Chairman of ACI CO-RO Bangladesh Limited, a Joint-venture between Bangladesh and Denmark. 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. He is a Director of Metropolitan Chamber of Commerce and Industry. 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, ACI Marine and Riverine Technologies Limited, Dowla Agricultural Development Company Limited, ACI Godrej Agrovvet Private Limited and ACI Foundation (a non-profit organization).



Mr. Golam Mainuddin
Independent Director

Mr. Golam Mainuddin joined the Board of ACI Formulations Limited in June 2020 as an Independent Director. He is also the Director of Advanced Chemical Industries Limited. Mr. Mainuddin has been the Chairman of British American Tobacco Bangladesh since August 2008. He has been with BAT Bangladesh over 39 years and served in different management capacity. After obtaining his Masters of Science degree from Dhaka University, Mr. Mainuddin pursued the first 28 years of his career in the agro-based industry followed by corporate management over the last 22 years. He was a Tea Garden Manager at Duncan Brothers from 1969 to 1982, and then joined BAT Bangladesh to soon become the Head of Leaf in 1985. He was inducted as Director of BAT in 1986, and was given the responsibility of Deputy Managing Director in 1996.

He is the Director of Metropolitan Chambers of Commerce and Industry and is also the Chairman of Chamber Finance and Membership Sub Committee. He was the Vice-President of Metropolitan Chambers of Commerce and Industries (MCCI), the Vice-President of Bangladesh Employers' Federation (BEF) and Director of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI). He was the Independent Director as well as Chairman of the Audit Committee of Apex Footwear Limited. Besides, he is the Director of Infrastructure Investment Facilitation Company (IIFC) at the Ministry of Finance (ERD) of the Government of Bangladesh. He has been a CIP (Commercially Important Person) by the Government of Bangladesh since 2010.



Ms. 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 and ACI Foundation (a non-profit organization). She is the Vice President of Bangladesh Employers' Federation.



Mr. Mohammad Mostafizur
Rahman
Company Secretary

Mohammad Mostafizur Rahman joined ACI Formulations Limited as the Company Secretary in July 2018. He is currently as well serving as the Head of the Legal & Estate and Administration Departments, in addition to his other responsibilities. Previously, he worked with Heidelberg Cement 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 qualified 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. Mr. Rahman is a Fellow member of Institute of Chartered Secretaries of Bangladesh. He is also acting as the Member on the part of the owners in the 2nd Labour Court, Dhaka since 15 October 2020 being selected and appointed by the Government of Bangladesh.

Notice of the 25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting (AGM) of ACI Formulations Limited will be held on Sunday, 26 December 2021 at 10:00 am. The AGM will be held virtually using digital platform through the following link: <http://tinyurl.com/ACIFormulationsagm2021>

AGENDA

- 1) To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2021 together with Reports of the Directors and Auditors thereon.
- 2) To declare dividend for the year ended 30 June 2021.
- 3) To elect/re-elect Directors and to approve the appointment of Directors.
- 4) To appoint Statutory and Compliance Auditors for the year 2021-2022 and to fix their remunerations.
- 5) To confirm appointment of Director and re-appointment of Independent Director.

Dhaka
2 December 2021

By Order of the Board



Mohammad Mostafizur Rahman
Company Secretary

Notes

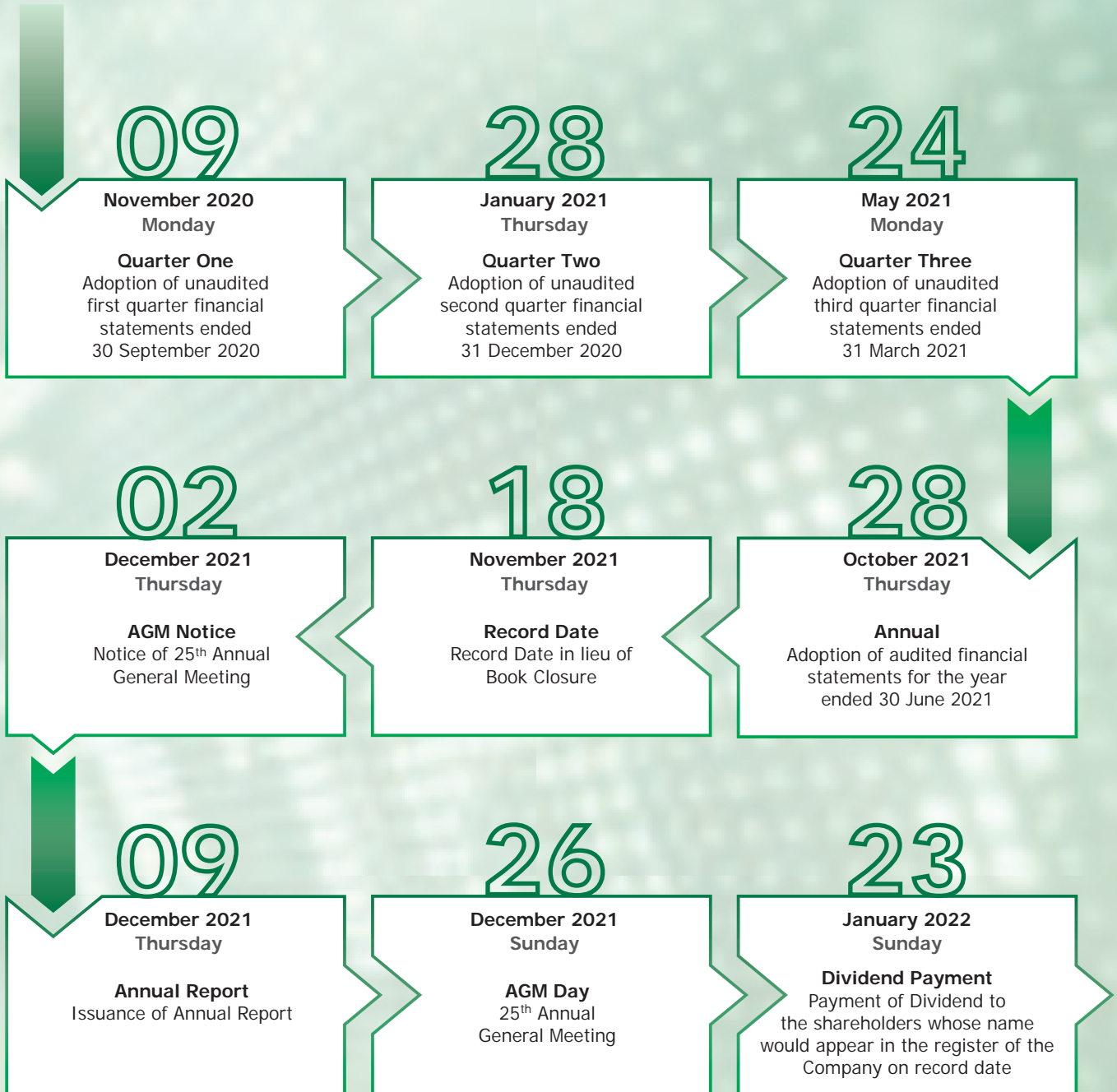
- a. The Shareholders whose names appeared in the Members/Depository Register as on the Record Date i.e. 18 November 2021, will be eligible to attend the virtual AGM and receive the dividend.
- b. Members can join the AGM using their Laptop, PC, Mobile or Tab providing their respective name, 16-digit BOID and No. of Shares. Members can also find the link easily by scanning the QR Code given.
- c. The Shareholders are requested to submit their written option to receive dividend to the Company's Share Office on or before 15 December 2021. In case of non-receipt of such option within the stipulated date, the dividend will be paid off as deemed appropriate by the Company.
- d. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel Commercial Area, Dhaka-1000 at least 48 hours before the time fixed for the Meeting.
- e. The Annual Report 2020-2021 will be available in Company's website, www.aci-bd.com/acifl/



To Join AGM

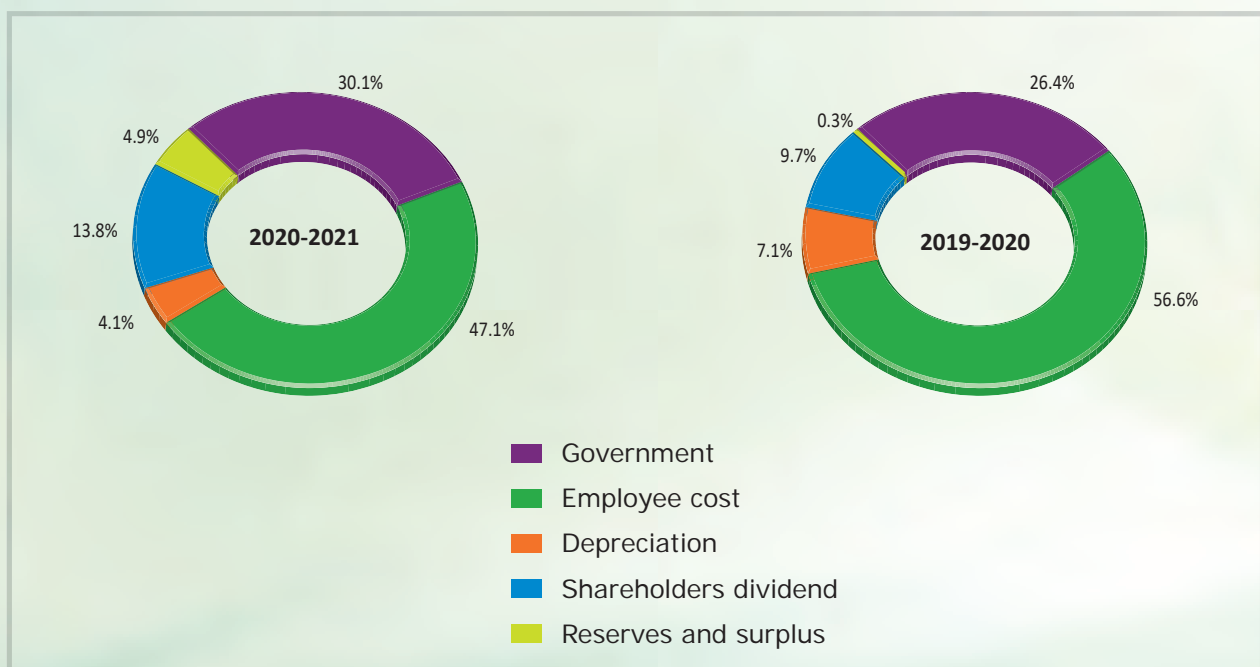


Financial Calendar



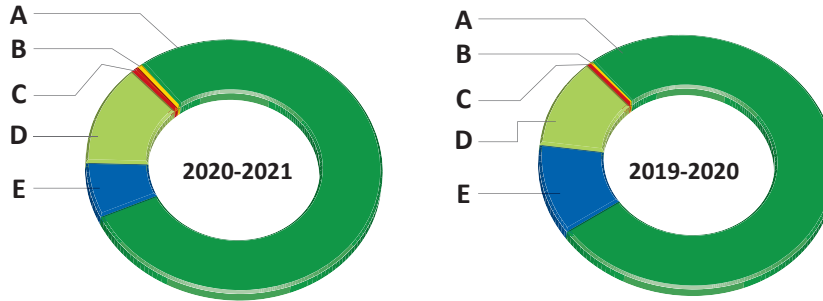
Value Added Statement

| Particulars | 2020-2021 | | 2019-2020 | |
|---------------------------------------|-----------------|-------------|-----------------|-------------|
| | Taka in Million | % | Taka in Million | % |
| Gross Turnover | 3,990 | | 3,544 | |
| Less: Purchase of materials & service | 2,849 | | 2,618 | |
| Value added | 1,141 | 100% | 926 | 100% |
| Applications | | | | |
| Government | 344 | 30.1% | 244 | 26.4% |
| Employee cost | 537 | 47.1% | 524 | 56.6% |
| Depreciation | 47 | 4.1% | 66 | 7.1% |
| Shareholders dividend | 158 | 13.8% | 90 | 9.7% |
| Reserves and surplus | 55 | 4.9% | 2 | 0.3% |
| Total | 1,141 | 100% | 926 | 100% |



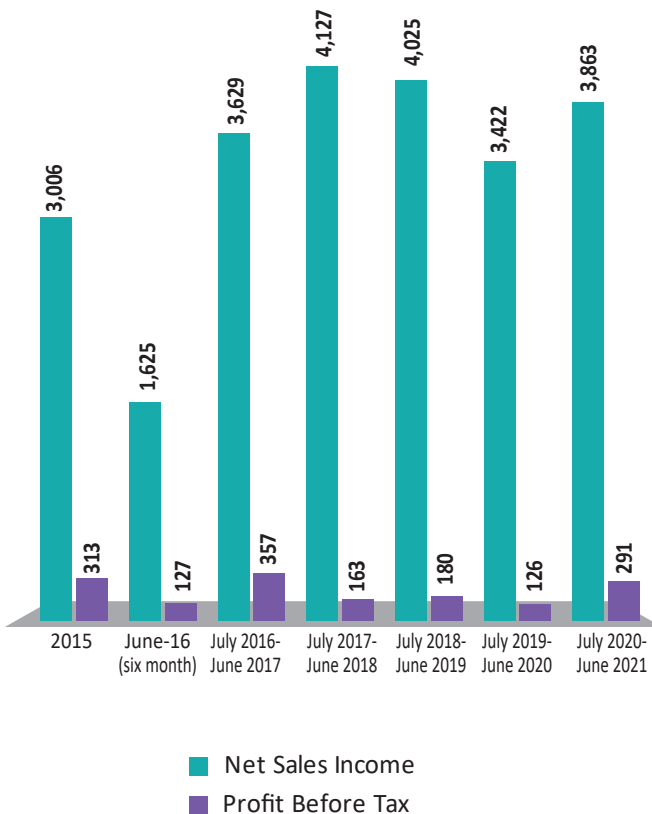
Financial Highlights and Analysis

Turnover Contribution by Business Unit

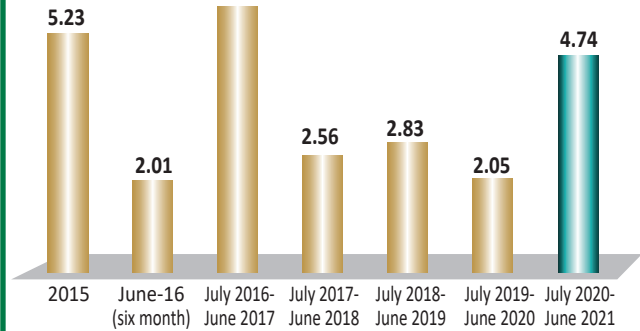


| Business Unit | 2020 - 2021 | 2019 - 2020 |
|-----------------------------|-------------|-------------|
| A Corp Care & Public Health | 78.76% | 76.43% |
| B Mosquito Coil | 0.58% | 0.33% |
| C Toilet Cleaner (Vanish) | 0.74% | 0.49% |
| D Aerosol | 13.17% | 11.57% |
| E Paint | 6.75% | 11.18% |

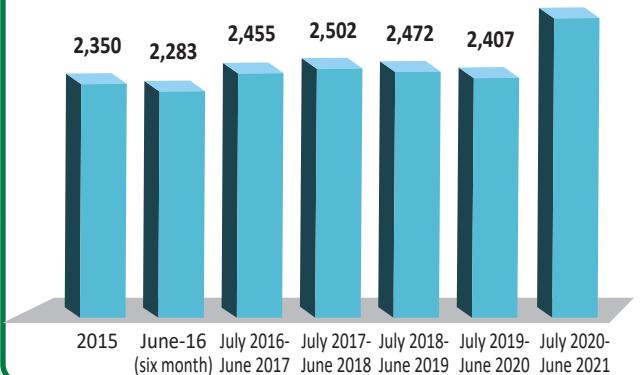
Net Sales Income & Profit Before Tax (Taka in Million)



Earnings Per Share (Taka)



Shareowners' Equity (Taka in Million)



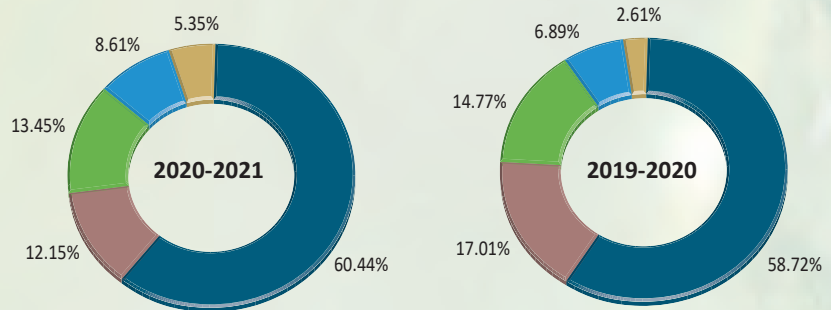
Comparative Statistics

| Particulars | 2015 | June 2016 (Six Month) | July 16- June 17 | July 17- June 18 | July 18- June 19 | July 19- June 20 | July 20- June 21 |
|-------------------------------|----------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Taka in million | | | | | | | |
| 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 | 2,594.40 | 2,719.34 | 3,296.51 | 3,994.18 | 4,010.05 | 3,563.12 | 3,219.51 |
| Tangible fixed assets (gross) | 1,717.06 | 1,761.33 | 1,857.65 | 1,912.42 | 2,155.61 | 2,176.81 | 2,694.88 |
| Shareowners' equity | 2,350.46 | 2,283.36 | 2,454.80 | 2,502.33 | 2,471.79 | 2,406.74 | 3,009.38 |
| Turnover (net) | 3,006.49 | 1,625.48 | 3,629.43 | 4,127.46 | 4,025.29 | 3,422.45 | 3,863.35 |
| Gross profit | 800.14 | 476.94 | 1,107.81 | 1,026.50 | 1,210.67 | 1,065.17 | 1,125.50 |
| Profit before tax | 313.11 | 126.64 | 356.73 | 163.30 | 180.26 | 125.57 | 290.45 |
| Profit after tax | 235.14 | 90.40 | 261.44 | 115.03 | 127.52 | 92.45 | 213.26 |
| Dividend | 157.50 | - | 157.50 | 157.50 | 157.50 | 90.00 | 157.50 |
| Current ratio (times) | 1.35 | 1.29 | 1.29 | 1.24 | 1.17 | 1.17 | 1.27 |
| Quick ratio (times) | 0.88 | 0.82 | 0.75 | 0.74 | 0.69 | 0.76 | 0.77 |
| Return on equity (%) | 10.00 | *7.92 | 10.65 | 4.60 | 5.16 | 3.84 | 7.09 |
| Inventory turnover (times) | 2.46 | *2.31 | 1.82 | 1.93 | 1.73 | 1.85 | 2.14 |
| Debtors turnover (times) | 2.19 | *2.56 | 2.51 | 2.78 | 2.19 | 2.02 | 2.69 |
| Fixed assets turnover (times) | 1.72 | *1.87 | 2.02 | 2.30 | 2.07 | 1.80 | 1.63 |
| Net asset per share (Taka) | 52.23 | 50.74 | 54.55 | 55.59 | 54.93 | 53.48 | 66.88 |
| Market price per share (Taka) | 189.70 | 155.00 | 200.10 | 163.70 | 152.40 | 110.20 | 148.20 |
| Earnings per share (Taka) | 5.23 | 2.01 | 5.81 | 2.56 | 2.83 | 2.05 | 4.74 |
| Dividend per share (Taka) | 3.50 | - | 3.50 | 3.50 | 3.50 | 2.00 | 3.50 |
| Dividend rate (%) | 35.00 | - | 35.00 | 35.00 | 35.00 | 20.00 | 35.00 |
| Dividend payout ratio (%) | 66.92 | - | 60.24 | 136.92 | 123.51 | 97.35 | 73.85 |
| Price earnings ratio (times) | 36.27 | *38.56 | 34.44 | 63.95 | 53.85 | 53.76 | 31.27 |
| Dividend yield (%) | 1.85 | - | 1.75 | 2.14 | 2.30 | 1.81 | 2.36 |
| Number of employees | 1,459 | 1,489 | 1,679 | 1,785 | 1,361 | 1,113 | 1,047 |

* Ratios are annualised.

Analysis of Turnover (%)

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



Comparison of Turnover & Costs

| | For the year ended 30 June 2021 | | For the year ended 30 June 2020 | |
|--|------------------------------------|---------------|------------------------------------|---------------|
| | Taka in Million | % | Taka in Million | % |
| Turnover (Gross) | 3,989.48 | 100 | 3,543.67 | 100 |
| Cost of Materials | 2,411.35 | 60.44 | 2,080.69 | 58.72 |
| Expenses | 484.59 | 12.15 | 602.77 | 17.01 |
| Salaries, Wages & Benefits Paid to Employees | 536.83 | 13.45 | 523.66 | 14.77 |
| Duties & Taxes Paid to Government Exchequer | 343.45 | 8.61 | 244.10 | 6.89 |
| Profit | 213.26 | 5.35 | 92.45 | 2.61 |
| Total | 3,989.48 | 100.00 | 3,543.67 | 100.00 |



Message from the Chairman

চেয়ারম্যানের বাণী

Dear Shareowners,

Assalamu Alaikum,

One of the major activities of ACI Formulations is to produce and supply Crop Protection and plant growth enhancing products for Agriculture. These products protect the crops from insects, fungi and weeds and increase the yield. Timely supply of these products ensure good crops for farmers.

We salute the farming community for their resilience and hard work which have enabled our nation to continue to enjoy food self-sufficiency for an ever-growing population. All the organizations and institutions in the public and the private sector engaged in Agriculture deserve recognition and appreciation for their contribution in the food autarky of Bangladesh.

ACI Group of Companies has been engaged in production and supply of almost all the products our farmers need and has become the largest integrator of agri-businesses.

You as Shareowners of ACI Formulations can claim your share of credit for this achievement in food self-sufficiency by investing in this business and supporting its activities.

Dear Shareowners, this pandemic has caused many tragedies, ACI employees have braved the hazards and devotedly performed their duties of

servicing their customers including the farmers and are now recognized as "Friend of Farmers". The Board acknowledges most thankfully the courage and devotion of our employees in facing the challenges of the pandemic and performed their duties with loyalty and sincerity.

We are a Company focused on our mission of improving the quality of life of people and you can feel proud to be a partner in this journey.

Your business is beneficial for the country and is progressing well. The business is in safe hands and will endeavor to give you handsome returns in the years to come, through innovative approach to business issues and steer a course for sustainable growth.

Wishing you well. Take care.

Sincerely,

M. Anis Ud Dowla

Chairman



প্রিয় শেয়ারমালিকগণ

আসসালামু-আলাইকুম,

এসিআই ফরমুলেশনস্-এর প্রধান কার্যক্রমগুলির মধ্যে অন্যতম হল কৃষিক্ষেত্রে ফসল সুরক্ষা এবং উদ্ভিদের বৃদ্ধিবর্ধক পণ্য উৎপাদন ও সরবরাহ করা। এসব পণ্য পোকামাকড়, ছত্রাক এবং আগাছা থেকে ফসলকে রক্ষা করে এবং ফলন বাড়ায়। সময়মত এসব পণ্যের সরবরাহ কৃষকদের জন্যে ভালো ফসল নিশ্চিত করে।

নিষ্ঠা ও কঠোর পরিশ্রমের মাধ্যমে ক্রমবর্ধমান জনসংখ্যার জন্যে খাদ্যে স্বয়ংসম্পূর্ণতা অর্জনে সক্ষম করায় কৃষকদের অভিনন্দন জানাচ্ছি। কৃষিতে নিয়োজিত সরকারি ও বেসরকারি খাতের সকল সংস্থা ও প্রতিষ্ঠান বাংলাদেশের খাদ্যে স্বয়ংসম্পূর্ণতা অর্জনে অবদানের জন্য স্বীকৃতি ও প্রশংসার দাবিদার।

এসিআই গ্রুপ অফ কোম্পানিজ কৃষকদের প্রয়োজনীয় প্রায় সকল পণ্যের উৎপাদন ও সরবরাহে নিয়োজিত থেকে কৃষি-ব্যবসার বৃহত্তম সংযোজনকারী হয়ে উঠেছে।

এসিআই ফরমুলেশনস্-এর শেয়ার মালিক হিসেবে ব্যবসায় বিনিয়োগ করে এবং এর কার্যক্রমকে সমর্থনের মাধ্যমে খাদ্যে স্বয়ংসম্পূর্ণতা অর্জনের জন্য আপনিও কৃতিত্বের দাবিদার।

প্রিয় শেয়ার মালিকগণ, এই করোনা মহামারি অনেক ট্র্যাজেডির জন্ম দিয়েছে। এসিআই কর্মীরা বিপদে সাহসীকতা এবং নিষ্ঠার

সাথে কৃষকসহ সকল গ্রাহককে সেবা প্রদানের দায়িত্ব পালনের মাধ্যমে 'কৃষকের বন্ধু' হিসাবে স্বীকৃত হয়েছে। মহামারির চ্যালেঞ্জ মোকাবেলায় সাহস, নিষ্ঠা, আনুগত্য ও আন্তরিকতার সাথে দায়িত্ব পালনের জন্য পরিচালনা পর্ষদ কর্মীদের প্রতি কৃতজ্ঞতা জ্ঞাপন করছে।

এটি এমন একটি কোম্পানি যা মানুষের জীবনযাত্রার মানোন্নয়নে সদা সচেষ্ট। এই অগ্রযাত্রায় আপনিও গর্বিত অংশীদার।

আপনার ব্যবসা দেশের প্রয়োজন মিটিয়ে সুন্দরভাবে এগিয়ে চলেছে। ব্যবসাটি নিরাপদ হাতে পরিচালিত হচ্ছে। ব্যবসায়িক সমস্যা সমাধানে উদ্ভাবনী পদ্ধতির ব্যবহার ও টেকসই প্রবৃদ্ধির জন্য উদ্যোগ গ্রহণের মাধ্যমে আগামী বছরগুলিতে আপনাকে ভালো মুনাফা এনে দিতে কোম্পানি বদ্ধ পরিকর।

আপনার মঙ্গল কামনা করছি। ভালো থাকবেন।

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 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, four 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. Golam Mainuddin 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.

Re-appointment of Independent Director

Mr. Abdul-Muyeed Chowdhury completed his 1st tenure as Independent Director of the Company on 24 October 2021. Being eligible, the Board of Directors of the Company re-appointed him as Independent Director of the Company for 2nd tenure of three years with effect from 25 October 2021. The Board requested the shareholders to confirm the appointment at their 25th Annual General Meeting.

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. 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.

Nomination and Remuneration Committee (NRC)

In compliance with the Corporate Governance Code, the Board of Directors of the Company in its meeting held on 28 October 2020 has constituted a Nomination and Remuneration Committee as a sub-committee of the Board. The Committee consists



of the following Members:

Mr. Golam Mainuddin, Independent Director - Chairman

Mr. Abdul-Muyeed Chowdhury, Independent Director - Member

Mr. Juned Ahmed Choudhury, Director - Member

Mr. Mohammad Mostafizur Rahman, Company Secretary - Secretary

Mr. Juned Ahmed Choudhury was appointed as Member of the Committee on 17 August 2021 to fill the vacancy due to expiry of Mrs. Najma Dowla. A detailed Terms of Reference (ToR) and Policy of the NRC has also been approved by the Board.

The terms of reference of the Nomination & Remuneration Committee and Policy include, among other items, the determination of the Company's policy on unique remuneration for Executive Directors, the review, recommendation and/or approval of remuneration to Directors, the review and approval of the Company's remuneration policy, the creation of evaluation criteria for Independent Directors and the Board of Directors, identifying persons who are eligible to become Directors and who may be appointed to senior management in accordance with the criteria laid down and recommending the appointment or removal of such persons to the Board and discharging such other functions and exercising such other powers as the Board of Directors may delegate / direct from time to time.

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.

Governance is Subsidiary Companies

ACI Formulation Limited (ACI FL) has one subsidiary company under its corporate canopy. ACIFL, being the holding company, applies the same governance strategy in its subsidiary. In that exercise, the Company has duly implemented the following as per requirements of the BSEC CG Code:

- Provisions relating to the composition of the Board of holding company has also been applied in the composition of the Board of the subsidiary company;
- The minutes of the Board meeting of the Subsidiary company are placed for review at the following Board meeting of the holding company;
- The minutes of the respective Board meeting of the holding company duly record that the Board has also reviewed the affairs of the subsidiary company, and
- The Board Audit Committee of ACIFL duly reviews the financial statements, in particular the investments made by its subsidiary company.



Report of The Audit Committee

For the year ended 30 June 2021

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 2020-21.

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 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 : Mr. Abdul-Muyeed Chowdhury,
Independent Director

Member : Dr. A.K.M. Fareyzul Haque Ansarey,
Director

Member : Mr. Juned Ahmed Choudhury,
Director

Secretary : Mr. Mohammad Mostafizur Rahman,
Company Secretary

Mr. Juned Ahmed Choudhury was appointed on 17 August 2021 as Member of the Committee to fill the vacancy due to expiry of Mrs. Najma Dowla.

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, interalia, focused on the following activities:

- a) Reviewed and recommended the Annual Financial Statements for the year ended on 30 June 2021 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 2021.
- d) Reviewed the performance of the external auditors during the year, their appointment and remuneration for the next year and recommended the same to the Board for consideration.
- e) Reviewed and ensured that the internal control system including financial and operational controls, accounting system, and reporting structure are satisfactory.
- f) Endorsed the internal audit plan 2021-22 and review the progress against the approved internal audit plan 2020-21.
- g) 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.
- h) Reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee reports.
- i) 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.
- j) The Committee reviewed unaudited quarterly Financial Statements during the year under review and recommended those to the Board for its approval.
- k) 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.
- l) Reviewed the financial statements of the subsidiary company.
- m) Reviewed the capital investments made by the subsidiary company.
- n) Received, reviewed and perused the letter from Dhaka Stock Exchange on CG compliance by the Company and duly replied in time.



Mohammad Mostafizur Rahman
Secretary of the Committee



Abdul-Muyeed Chowdhury
Chairman of the Committee

Dhaka, 28 October 2021



Nomination and Remuneration Committee Report

For the year ended 30 June 2021

The Nomination and Remuneration Committee (NRC) of ACI FL is one of its Board sub-committees that assists the Board generally in formulation of policy with regard to defining qualifications, positive attributes, experiences, remuneration for Directors and Top-Level Executives of the Company.

Dear Shareholders,

This report provides an overview of how the Committee operates, an insight into the Committee's activities and its role. A brief of the NRC and its roles, responsibilities and functions are given below:

Composition and Meetings

The NRC of ACI Formulations Limited comprises three (3) members who are exclusively Non-Executive Directors, including one Independent Director. The Committee consists of:

- Mr. Golam Mainuddin, Independent Director - Chairman
- Mr. Abdul-Muyeed Chowdhury, Independent Director - Member
- Mr. Juned Ahmed Choudhury, Director - Member
- Mr. Mohammad Mostafizur Rahman, Company Secretary - Secretary

Mr. Juned Ahmed Choudhury was appointed as Member of the Committee on 17 August 2021 to fill the vacancy due to expiry of Mrs. Najma Dowla.

A total of two meetings were held during the financial year 2020-2021. A record of the Members' attendance at the NRC meetings during 2020-21 is given below:

| Committee members | Attendance | % (Percentage) | Committee member since |
|----------------------------|------------|----------------|------------------------|
| Mr. Golam Mainuddin | 1 | 100 | |
| Mr. Abdul-Muyeed Chowdhury | 1 | 100 | |
| Mrs. Najma Dowla | 1 | 100 | Expired on 28 July'21 |
| Mr. Juned Ahmed Choudhury | - | - | Joined on 17August'21 |

Major Responsibilities of NRC

The role of the NRC shall be to oversee, among others, the following matters and make report with recommendations to the Board:

- a) The NRC is an independent Committee and responsible or accountable to the Board and to the shareholders;
- b) NRC is responsible to supervise, among others, the following matters and make report along with its recommendations to the Board:
 - (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board relating to the remuneration of directors and top level executives, considering the following:
 - (a) that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully;
 - (b) that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- (c) that remunerations to directors and top level executives involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (ii) devising a policy on Board's diversity taking into consideration age, experience, gender, ethnicity, educational background and nationality;
- (iii) 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;
- (iv) formulating the criteria for evaluation of performance of independent directors and members of the Board;
- (v) identifying Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- (vi) developing, recommending and reviewing annually the Company's human resources and training policies;
- (vii) establishing the levels of pay and benefits of top level executives. For this purpose 'top level executive' means and includes the Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the Company;
- (viii) reviewing and authorising changes to pay or benefits policy covering all employees;
- (ix) reviewing and recommending on periodic/annual employee assessments and their increment proposals, if any;
- (x) furthermore, the Nomination and Remuneration Committee will also be authorised to recommend collective awards for negotiated pay settlements, and
- (xi) reviewing and recommending Company's codes of conduct (CoC) for the Chairman, Board members, CEO and other senior executives

Appraisal of the Board

Directors in the Company Board are also subject to appraisal and assessment about their respective performances and collective wisdom. The NRC is responsible for ensuring ability and effectiveness of the Board. With that in view, the Committee carries out yearly evaluation of Board's work modalities, functional performances as well as its level of monitoring of internal control over financial reporting for preparation of the financial statements and the safeguarding of Company assets. Such evaluation process is led by the Chairman and assisted by the Company Secretary. For this purpose, Directors are required to complete a yearly confidential pre-set questionnaire. The evaluation includes an annual review of administration of the Board and its committees covering their operations, serving of meeting notices, agenda, reports and information produced for consideration and its overall relationship with the Management.

The NRC policy

The Company follows a nomination and remuneration policy the benchmark of which relies on standards and also recognisable in the market context and sufficient to fit and meet the current and future needs of the Company. The broad criteria in that respect are as follows:



(a) Nomination criteria -

- (i) To follow a selection process that is absolutely transparent in all respects,
- (ii) To pursue a policy that is compatible to international standards,
- (iii) To only recognise core competencies considered relevant in the context of the Company,
- (iv) To follow general diversity in age, qualification, expertise and gender disciplines,
- (v) To identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and also promotion principles.

(b) Remuneration (basic) criteria -

- (i) The structure, scale and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors and/or managers to run the Company effectively,
- (ii) The context of packages including remuneration/ benefits monthly, yearly and in long run are categorically laid down and meets appropriate performance benchmarks,
- (iii) There is a clear balance in benefits between fixed and incentive pay of the directors and senior management reflecting short and long-term performance goals and objectives of the Company.
- (iv) The remuneration/compensation/benefits (or in whatever form) payable to the directors and senior managers shall be determined by the NRC and recommended to the Board for approval.
- (v) The remuneration to be paid to the whole-time directors shall be in accordance with the provisions (if any) laid down in the Articles of Association of the Company.
- (vi) Increments (if any) to the existing structure of remuneration shall be determined by the NRC and recommended to the Board for approval.

(c) Detailed scope of remuneration strategy

The Nomination and Remuneration Committee will review all aspects of the terms and conditions of the services of Directors and top level executives. It will also cover the pay and benefits policy for the rest of the organisation. The overall scope and criteria of the NRC with respect to remuneration will encompass the following aspects:

- i. To recognise that the remuneration & benefits package is a major cost, but which is also a significant management instrument which must be used strategically and positively with a clear view of the cost/benefit implications of any pay proposal;
- ii. To review the volume and terms and conditions of all benefits in kind while ensuring that the reward practices are aligned to the Company's reward strategy;
- iii. To identify the market competitors of the same type, level and caliber where employment and recruitment policies are pursued in nearly same measurement;
- iv. To ensure arrangement for regular surveys of remuneration and benefits in peer companies to obtain a reliable measure of the market;
- v. To formulate and justify a pay and/or remuneration level compatible to the market with appropriate relative position recognising that the Company will need to attract and retain managers and professionals of high caliber;
- vi. To ensure that any changes to the packages are based on the market and which are affordable. The remuneration review process should consider inflation level which is reflected also with those of the comparator companies and based on normal practice amongst the peer companies;
- vii. To ensure reviewing the reward packages as a whole, seeking overall competitiveness and market comparability;
- viii. To review the individual components of the total reward package to determine by examining market trends, the benefit value of each element and adjust the package to achieve the greatest perceived value for cost;

- ix. To ensure that the remuneration package is at all times fully in compliance with individual taxation and other legal requirements, whilst at the same time maximizing legitimate individual pay advantages;
- x. To maintain an effective system of job evaluation to ensure that the applicable grade structure is maintained at management level;
- xi. To consider the employment terms and conditions of the unionised employees, management staff, directors and/or expatriates, if any, separately;
- xii. To grant prior approval to collective pay/benefit awards for unionised employees. The NRC may authorise the Managing Director or any relevant management member of the Company to negotiate pay/benefit settlements with recognised Trades Unions or Collective Bargaining Agent within predetermined limits, while any agreement being notified to the Committee members on completion of negotiations;
- xiii. To also ensure that the employment and retirement benefit packages comply with the best practice guidelines.

Functionality and management of NRC

The Nomination and Remuneration Committee will formally meet at least once in a year or more frequently depending on necessity. The annual format for managing the Nomination and Remuneration Committee will be somewhat as follows:

- Committee Secretary (who is the Company Secretary) initiates the raw planning and finalises the date for the forthcoming NRC meeting with the Chairman of the Committee and ensures ultimate membership attendance at the meetings.
- The Head of Human Resources compiles background data for the next meeting and communicates to the Company Secretary who prepares agenda for submission to the Committee members for pre-reading.
- Members agree on agenda and the key areas of focus in advance with the Chairman for the forthcoming meeting.
- The NRC meeting, convened by the secretary, goes into session with necessary quorum being present and followed by due preparation of minutes of the meeting by the Committee secretary.
- The draft minutes are circulated to the Committee members for study, review and concurrence. Signed/initialed copies of the minutes are returned to the secretary.
- Minutes of the Nomination and Remuneration Committee meetings are subsequently considered and approved at regular meetings of the Board.

Overall, ACI Formulations Limited, being a responsible Company, pursues a uniformly transparent strategy in all respects. Accordingly, its nomination and remuneration policy, evaluation criteria, activities and basic constitution of NRC, as a Board sub-committee, are reflected at a glance in the Annual Report of the Company for general information of all.

Major Activities of the NRC during the period were as follows:

- Reviewed and recommended the revision in the “Code of Conduct of ACI FL”.
- Recommended Nomination and Remuneration Policy of ACI FL.
- Reviewed and evaluated the salary of the Managing Director.
- Approved the criteria for evaluation of performance of the Board and the Managing Director.



Golam Mainuddin
Chairman of the Committee



Dividend Distribution Policy

ACI Formulations Limited's Board pursues a dividend policy which is flexible and designed to ensure a steady cash income for the investors with occasional extra gain by way of interim dividend and stock dividend if the cash flow permits.

A portion of the profit of the Company is put in investors' fund for future appropriation, either in equity or to make up for any shortfall, in case in any year the profit is not adequate and in that case the fund can be used to meet the expectations of shareowners.

The Dividend Policy is the result of many interactions over the years between the sponsors and other shareowners which have developed a general understanding of the expectations and the dividend declaration has been based on that understanding.

The dividend policy has stood the test of time, normal time as well as pandemic time and has enabled the Company to fulfil the expectations of the shareowners.

This policy is dynamic and will change over time as the sponsors' perceive the change in the expectations of the general shareowners.

Information of Unpaid and Unclaimed Dividend

A detailed information (year-wise) of unpaid and unclaimed dividend is available in the following link:
<https://www.aci-bd.com/assets/files/ACI-FL/unpaid-unclaimed-dividend-for-aci-fl-year-2008-2020.pdf>



CSR Activities and Employee Welfare Initiatives

CSR activities during the period

Winter Cloth Drive

As a part of Corporate Social Responsibility (CSR) ACI FL drives “Winter Cloth Distribution” program every year. The campaign rolls out this event to share the comfort and warmth during the shivering cold of winter for the underprivileged population of the nation. Members of ACI FL fraternity are very much keen to participate in the event with the slogan of “An effort to be someone’s reason to smile”.

ACI FL believes that employees are valuable resource of the Company and the driving force behind success. The company always strives to ensure that people are engaged and aligned with the mission, vision and values. ACI FL has been working relentlessly for the employee safety, welfare and wellbeing through various well-structured programs and activities.

Employee Welfare Initiatives

Around fifteen hundred people as direct employees, ACI FL has been consistently recognized as one of the most preferred employers in the country. The organization is committed to uphold employee welfare, which has resulted in a culture where every employee passionately contributes to the betterment of the Company, the society, and the country.

Some of ACI FL’s initiatives to ensure robust employee welfare include:

Food and Nutrition

Catering to their proper nourishment and hygiene by providing them with healthy and nutritious food, as well as running free-of-cost campaigns on hygiene.

Medical and Health Benefit

ACI FL provides medical treatment to the employees & their families to ensure smooth and timely health support with the help of renowned hospitals across the country. To ensure the facility ACI FL has a significant number of Hospitals, Clinics, and Diagnosis Centers under the agreements. Along with the treatment facilities, ACI FL organizes different vaccination, health awareness programs and campaigns for the employees round the year.

Work with recreation

ACI FL Arranges Family Day, Cultural Programs, Annual Charters, Visits for its employees for better bonding and outcome.

Educational Assistance

Scholarship

ACI FL being a responsible corporate citizen, always focuses on education, up skilling & knowledge development of the people within the organization and beyond. As a part of it, ACI FL provides scholarships to the offspring of employees every year. The company believes today’s students are the future of the nation and if they are nurtured in the right manner, the future of the nation is secured.

Safety and security

The company promotes occupational health and safety by educating employees about the benefits of maintaining good health, a proper diet and practicing workplace safety.

The Company has modern fire safety alarms, fire extinguishers and emergency exits at all its premises in order to protect employees in case of emergencies.

Online Health and Safety Programs

To ensure physical wellbeing, the Company is continuously arranging online health and safety programs for employees. Collaborating with top hospitals and renowned health practitioners, these health and safety programs are targeted to create awareness among the employees on alarming health hazards. The most notable health and safety programs arranged by the HR are as follows:

Awareness session on heart diseases & prevention

On 27 September 2021, an hour long awareness session was arranged on heart diseases and prevention. The resource person of the session was Dr. A.M. Shafique, a consultant from United Hospital. Dr. Shafique discussed on major heart diseases and provided guidelines on preventing such diseases. He also addressed queries raised by employees on the issues.





Dengue awareness

Amid dengue surge, HR made a graphical awareness communication to raise awareness on the issue. This communication focused on prevention, detection and remedy for dengue fever.

COVID-19 safety guidelines for field force and factory

In the wake of the third wave of COVID-19, health and safety guidelines (in English and Bangla) were circulated to all employees of field force, factory and other establishments. Strict safety measures were taken. Special focus was given on wearing a mask with the 'mask it up' campaign.

COVID 19 awareness & question - answer session for factory

Specially aimed at all the factories of the company, a special session was arranged by HR on COVID-19 awareness in July 2021. The session was conducted by Dr. Shariwatullah Khan, IMO of Dhaka Medical College hospital. Being a Stamford University trained (USA) COVID-19 health care worker, Dr. Shariwatullah conducted a highly informative session for the factory colleagues.

Nutrition during post COVID-19 Infection

To ensure recovery of health after COVID-19 infection. HR has shared a diet guideline with all employees who were infected with COVID-19.

Doctors Consultation

During every wave of COVID-19, HR has arranged a telephonic doctors' consultation for every employee. Two dedicated doctors were made available for employees and they provided guidelines and medication for employees and their family members.

Online awareness session on COVID-19

In April 2021, during the 2nd wave of COVID-19 an awareness session was organized by HR where Dr. S M Sanayet Bin Mustafiz, a specialist of respiratory medicine took an hour long session. The resource person also addressed to the relevant queries from participants.

Online awareness session on kidney health

Kidney is a key organ of our body. To raise awareness on kidney related complications a session was arranged by HR on 14 March of 2021. A Specialist of Nephrology Department from United Hospital conducted the session and provided valuable guidelines.

Basic health checkup campaign

A basic health checkup campaign was arranged by HR on 15 February 2021. The full day session was supported by doctors of United Hospital. In the campaign, random

blood sugar (RBS), blood pressure, body mass index (BMI) and Doctor's advice facilities were provided.

Workplace safety awareness and precaution session

An online COVID-19 awareness session was conducted by Dr. Saifullah Munshi, professor and chairman of virology department of BSMMU on 10 June 2020. The session was attended by members of top and mid management of ACI group.

Glimpse of Training Activities

In 2020-2021, total 37763 man-hour training was conducted through classroom and online. This year due to corona pandemic situation most of the training programs were conducted online and the rest was in classroom. Employees of ACI Formulations Limited participated 11 international webinars in last year.

Moreover, 24 online exams were organized digitally as part of knowledge level identification and training evaluation of Field forces of ACI Crop Care.

Virtual Training with Farmers:

Training is a part & parcel of the agrichemical industry as the products are highly technical and needs proper knowledge to get the best result. ACI Crop Care has always been arranging numerous training and educating the farmers in different ways. As the pandemic restricted its regular training activities like group discussion, seminars etc. the company started to conduct virtual training session with selective farmers and agro-specialists. Over the year they have arranged 100s of training in various crops and shared know how on treating the insect & disease attacks. These initiatives helped thousands of farmers to get their expected yield which helped capturing the mind share of the farmers in long term.

Awareness against trampling of mustard field: ACI Crop Care is the farmers' best friend and always tries to be on their side no matter what! Every year during the mustard or sunflower season while hundreds of visitors rush to enjoy the scenic beauty of flower gardens, they cause damage to the crops heavily by trampling them. ACI Crop Care noticed these incidents in social media and tried to aware people on this cause by portraying the farmers' pain through an Online Video Campaign (OVC). The video got over 2.4 Mn reach, shared 3.3k times and got over 54k engagement from a single platform. It was also uploaded from different pages and got a good amount of views and shares as well. ACI FL believes, through this campaign the Company has been able to change the perception of a large number of audiences which will eventually benefit the farmers by saving their crops. Eventually the OVC created a positive brand image in a subtle manner and again proved that ACI Crop Care is working towards farmers benefit.



Directors' Report to the Shareowners

For the year ended 30 June 2021

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

We are pleased to present herewith the Directors' and Auditors' Report together with the audited Financial Statements of ACI Formulations Limited for the financial year ended 30 June 2021.

With limited land and enormous population to feed, a developing and agriculturally dominant country like Bangladesh heavily relies on the use of Crop Care products to increase yield. Although agriculture contributes 15% of the GDP nonetheless it employs 50% of the population, the Agriculture sector's development is of prime and paramount importance to the country.

To Bangladesh, due to its geographical location, natural calamity has always been the companion. A major strike of Cyclone Yas along with several flash floods made everyone skeptical about the events to follow. Due to the Floods in the middle of the year, southern parts of the country got severely affected in 150,000 Hectare of paddy fields, over 24% the country got inundated and several districts were isolated because of consequential road conditions. Then again, at the end of the year we saw a record breaking heat wave which was also detrimental for the crops.

In spite of the natural calamities, we had to carry on with the enduring Covid-19 pandemic and its destructive second wave. The pandemic did not only restrain the regular field activities, but also impacted the business with many new obstacles such as container shortage, increased exchange rate, delayed shipment, price increase of crucial raw materials and active ingredients. Against all odds, the Crop Care grew by 16% while the industry grew by 5%.

Having the strong emerging product Pyrazin, the powder insecticide portfolio grew extraordinarily by 111%. While the leading portfolio Granular Insecticides grew by 14%, Liquid Insecticides by 10%, due to drought and other severe disasters, the worst hit has been the Herbicides segment as the

portfolio had de-grown by (12%) during last year. This year also Sulphur sales suffered because of lack of infestation.

Flora is a bio-friendly plant energizer, flowering stimulant and yield booster. Flora has been very popular among the farmers and it has a strong brand image in customers' minds. Flora had grown by 54% which was a significant improvement over last year. We have conducted more than a thousand demonstrations throughout the country to exhibit to the farmers the benefits of using Flora in improving the yield of crops.

Crop Care introduced 5 unique solutions which will contribute to the productivity of agriculture. We are collaborating with a number of internationally renowned chemical companies for new molecules.

Our Sales team have been restructured for more efficient supervision of the sales operations. ACI Crop Care's Field Force have been working closely with the Department of Agricultural Extension (DAE) officials to enhance service to the farmers.

This year we observed severe BPH attack throughout the country and our Field Force have taken appropriate actions. Even during the COVID-19 situation, our employees have been continuously visiting the fields with proper COVID-19 precautions and advising the farmers in an apt manner to provide them with right solutions. Hence, our Marketing and Field Forces are worthy to be appreciated for their dedication, hard work and initiatives.

Our Research and Development wing has been further strengthened for conducting filed trials on existing and new molecules.

'ACI Crop Care's Facebook page is providing instantaneous solution to the farmers' problems and thus gaining popularity. Progressive farmers and gardeners are seeking solutions from the page and also ordering products through our online platforms.



Paints Business has suffered from COVID-19 effect. We are facing stiff competition as well as supply chain difficulties resulting in product shortages. We are addressing these issues in consultation with our global partner AkzoNobel.

Home Care Solutions business has been serving the people with a wide range of best-in class products from both Pest and Non-Pest Category. ACI Aerosol-the most effective Insect Killer, continues to dominate the category with 90.44% market share and 33% growth, whilst protecting people from serious vector borne diseases like Dengue, Malaria and Chikungunya. On the contrary, ACI Mosquito Coil is maintaining its presence by serving the conscious and brand loyal consumers.

Angelic Air Freshener being the pioneer in locally manufactured air freshener, remains the market leader. Despite several new entrants (both local and imported), Angelic has maintained its position due to its strong brand loyalty among the consumers.

Vanish has maintained a steady position in the category with a newly launched Citrus variant, which has gained wide acceptance amongst consumers.

ACI Neem original has been successfully maintaining its premium quality of soap and handwash with natural ingredients and ensuring the promise of germ-free nourished skin to its consumers.





ACI Neem original has been increasing its brand value and competing to be the first choice for natural products.

ACI Formulations Factory located in Gazipur on a span of 42 acres of land is fully compliant with the laws governing Safety, Health and Environment. The factory has kept its technological advancement in line with the global developments and has additional space to accommodate many new business tie ups. Our state-of-the-art Effluent Treatment Plant processes all liquid toxic waste materials to make them benign. Efficient Incinerators helps to break down the harmful solid materials at high temperature to make them harmless. The factory continues to get high rating for its technological excellence from the foreign associates.

The Coil production unit which had been mostly idle for more than two years is likely to get busy again. We are hopeful that contract manufacturing of coil agreement will be signed soon.

The Incidents on COVID-19 on our employees have reduced significantly and we have been active in advising them in taking precautions.

We are exploring possibilities of greater utilization of our factory for which a high level study is going on.





Key Operating & Financial Information at a Glance

The key operating and financial information for the year 2020-21 along with the preceding five and half years are presented below:

Figures are in million Taka

| Particulars | July 2020- June 2021 | July 2019- June 2020 | July 2018- June 2019 | July 2017- June 2018 | July 2016- June 2017 | January 2016 -June 2016 (six month) | December 2015 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|------------------|
| Net Turnover | 3,863 | 3,422 | 4,025 | 4,127 | 3,629 | 1,625 | 3,006 |
| Gross profit | 1,126 | 1,065 | 1,211 | 1,027 | 1,108 | 477 | 800 |
| Profit before tax | 291 | 126 | 180 | 163 | 357 | 127 | 313 |
| Profit after tax | 213 | 92 | 128 | 115 | 261 | 90 | 235 |
| Earnings per share (Taka) | 4.74 | 2.05 | 2.83 | 2.56 | 5.81 | 2.01 | 5.23 |
| Issued & paid capital | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| Shareowners' equity | 3,009 | 2,407 | 2,472 | 2,502 | 2,455 | 2,283 | 2,350 |
| Net asset per share (Taka) | 66.88 | 53.48 | 54.93 | 55.59 | 54.55 | 50.74 | 52.23 |
| Number of employees | 1,047 | 1,113 | 1,361 | 1,785 | 1,679 | 1,489 | 1,459 |
| Total contribution to National Exchequer | 344 | 244 | 522 | 669 | 564 | 256 | 387 |

Financial Results

For the year ended 30 June 2021, total revenue of ACI Formulations Limited was Taka 3,863 million which was Taka 3,422 million for comparative year FY 2019-20, an increase of Tk 441 million resulting in 12.88% growth over last year. Cost of sales increased by 16.12% mainly due to higher sales volume coupled with increased material cost. Higher turnover and favorable product mix, partially offset by the increased cost of sales has contributed to the increase in gross profit by 5.66% over last year. However, efficient and effective control over operating expense led to decreased operating expenses by 3% over FY 2019-20. On the other hand, financing cost decreased by Taka 91 million over last year mainly due to reduced interest rate and efficient working capital management. Higher operating profit and lower financing cost over last year led to increase in profit before tax (PBT) for Taka 291 million and profit after tax (PAT) for Taka 213 million from Taka 126 million and Taka 92 million of FY 2019-20 respectively. This resulted in increase of Earnings per Share to Taka 4.74 from Taka 2.05 of last year.

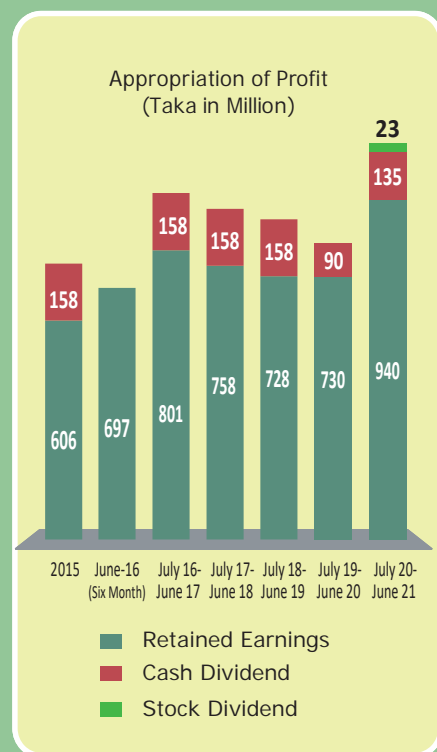
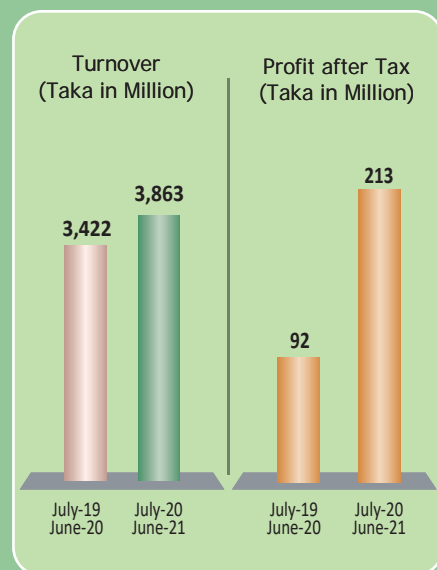
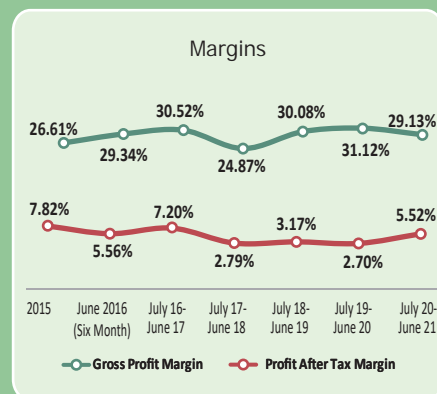
Appropriation of Profit

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:

Figures in Taka

| Particular | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---|------------------------------------|------------------------------------|
| Un-appropriated profit | 730,348,228 | 727,896,037 |
| Add: Net profit after tax | 213,263,914 | 92,452,191 |
| Add: Other comprehensive income | (3,975,750) | - |
| Total profit available for appropriation | 939,636,392 | 820,348,228 |
| Appropriation of profit: | | |
| Final Dividend Proposed: | | |
| Cash Dividend | 135,000,000 | 90,000,000 |
| Stock Dividend | 22,500,000 | - |
| Total Dividend | 157,500,000 | 90,000,000 |
| Balance carried forward | 782,136,392 | 730,348,228 |

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 @ 30% on face value of Tk. 10 per share (i.e. Taka 3 per share) and 5% as stock dividend for the year ended 30 June 2021 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 18 November 2021. No Stock Dividend was declared as interim dividend during the year.

Contribution to the National Exchequer

For the year ended 30 June 2021, the company contributed Taka 344 million to the National Exchequer in the form of corporate tax, custom duty and Value Added Tax (VAT). This is equivalent to 8.61% of the Company's gross sales revenue for the year 2020-21.

Cost of Goods Sold and Profit Margins

For the year ended 30 June 2021, cost of goods sold was Taka 2,738 million (70.87% of net revenue) which was Taka 2,357 million (68.88% of net revenue) during the FY 2019-20, resulting an increase of 1.99% cost due to unfavorable material cost variance over FY 2019-20. This has resulted to decrease gross profit margin of 29.13% (Taka 1,126 million) during the year ended 30 June 2021 as against 31.12% (Taka 1,065 million) of the FY 2019-20. Higher sales along with favorable product mix, coupled with controlled operating cost and lower financing cost led to register PAT 5.52% in FY 2020-21 against 2.70% of FY 2019-20.

Related Party Transactions

All transactions with related parties are made on a commercial basis and the basis was the principle of "Armlength Transaction". Details of related party transaction are disclosed in the Note - 38 of the Financial Statements.

Disclosure for Significant Deviation

For the year ended 30 June 2021, total revenue of ACI Formulations Limited was Taka 3,863 million which was Taka 3,422 million of financial year 2019-20, resulting in 12.88% higher revenue over last year. The main reason was higher revenue in Crop Care & Public Health (CC&PH) business. Due to huge presence of unauthorized and illegal coils, the market share of branded coils shrank significantly for last couple of years. As a result, S.C. Johnson & Son, Inc., the brand owner of coil, placed order for coil production accordingly. Moreover, due to COVID-19 impact, revenue from paint business was also lower from last year. However, higher sales, changes in product mix in CC&PH business, partially offset by unfavorable purchase variance over last year, overall gross profit margin has increased by 5.66% over last year. On the

other hand, operating cost and financing cost for the reporting year decreased by 3.02% and 41.87% respectively compared to last year due to effective and efficient control over operating cost, working capital management and reduced interest rate. Due to these collective outcomes, in the reported financial year, Profit Before Tax (PBT) was Taka 291 million and Profit After Tax (PAT) was Taka 213 million resulting in Earnings per Share for Taka 4.74.

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 - 35 of the Financial Statements.

Extraordinary Gain/Loss

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

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. Mr. Juned Ahmed Choudhry appointed as the Director on 17 August 2021 to fill the casual vacancy due to expiry of Mrs. Najma Dowla, is hereby retired and offer himself for re-election being eligible. The brief resume along with required information of Mr. Juned Ahmed Choudhry is available under the 'Directors Profile' of this report.

Appointment of Director

Mr. Juned Ahmed Choudhury has been appointed as Nominee Director of Advanced Chemical Industries

Limited on 17 August 2021 to fill the casual vacancy due to the expiry of Mrs. Najma Dowla. The Board requested the shareholders to confirm the appointment at their 25th Annual General Meeting. The brief resume of Mr. Choudhury is 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. Abdul-Muyeed Chowdhury and Mr. Golam Mainuddin. 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.

Re-appointment of Independent Director

Mr. Abdul-Muyeed Chowdhury completed his 1st tenure as Independent Directors of the Company on 24 October 2021. The Board of Directors of the Company re-appointed Mr. Abdul-Muyeed Chowdhury as Independent Director of the Company for 2nd tenure of three years with effect from 25 October 2021. The Board requested the shareholders to confirm the appointment at their 25th Annual General Meeting.

Nomination and Remuneration Committee (NRC)

In compliance with the Corporate Governance Code, the Board of Directors of the Company in its meeting held on 28 October 2020 has constituted a Nomination and Remuneration Committee as a sub-committee of the Board. The Committee consists of the following Members:

| | |
|---|-------------|
| Mr. Golam Mainuddin, Independent Director | - Chairman |
| Mr. Abdul-Muyeed Chowdhury, Independent Director | - Member |
| Mr. Juned Ahmed Choudhury, Director | - Member |
| Mr. Mohammad Mostafizur Rahman, Company Secretary | - Secretary |

Mr. Juned Ahmed Choudhury was appointed on 17 August 2021 as Member of the Committee to fill the vacancy due to expiry of Mrs. Najma Dowla. A detailed Terms of Reference (ToR) and Policy of the NRC has also been approved by the Board.

The terms of reference of the Nomination & Remuneration Committee and Policy include, among other items, the determination of the Company's policy on unique remuneration for Executive Directors, the review, recommendation and/or approval of

remuneration to Directors, the review and approval of the Company's remuneration policy, the creation of evaluation criteria for Independent Directors and the Board of Directors, identifying persons who are eligible to become Directors and who may be appointed to senior management in accordance with the criteria laid down and recommending the appointment or removal of such persons to the Board and discharging such other functions and exercising such other powers as the Board of Directors may delegate/direct from time to time.

Board Meeting & Attendance

During the financial year 2020-2021, a total number of 4 (four) 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 17,250/- as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note – 31 of the Financial Statements.

Shareholding Pattern

The pattern of shareholding as on 30 June 2021 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, M/s. A. Wahab & Co., Chartered Accountants, retire at this Annual General Meeting on completion of their audit works for the year ended on 30 June 2021. They are, however, eligible for reappointment as per BSEC notification. M/s. A. Wahab & Co., Chartered Accountants, expressed their interest to be appointed as auditors of the Company for the FY 2021-2022 at a fee of Tk. 693,000/- plus VAT. Accordingly, Board recommends the 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 and 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 2021 in this regard is appended in Annexure – V of the Directors' Report. However, the Corporate Governance Compliance Certificate as provided by M/s. 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.

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 Formulations 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 Formulations, 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 Formulations 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.

On behalf of the Board



Shusmita Anis
Managing Director



Abdul-Muyeed Chowdhury
Independent Director

Dhaka, 28 October 2021

শেয়ার মালিকদের নিকট পরিচালনা পর্ষদের প্রতিবেদন

৩০শে জুন ২০২১ তারিখে সমাপ্ত অর্থবছরের জন্য

আমরা অত্যন্ত আনন্দের সঙ্গে এসিআই ফরমুলেশনস্ লিমিটেডের পরিচালনা পর্ষদের পক্ষ থেকে ৩০শে জুন ২০২১ তারিখে সমাপ্ত অর্থবছরের নিরীক্ষিত আর্থিক বিবরণী সমূহ ও নিরীক্ষা প্রতিবেদনসহ পরিচালক মণ্ডলীর প্রতিবেদন আপনাদের বিবেচনার জন্য উপস্থাপন করছি।

বাংলাদেশ একটি উন্নয়নশীল কৃষিপ্রধান দেশ। এদেশে জমি সীমিত কিন্তু জনসংখ্যা অধিক, তাই কৃষকেরা ফলন বৃদ্ধির জন্য ফসলের যত্নে ব্যবহৃত পণ্যের উপর ভীষনভাবে নির্ভরশীল। কৃষি খাতের উন্নয়ন দেশের জন্য প্রধানতম এবং সর্বাত্মে গুরুত্বপূর্ণ বিষয়। কারণ কৃষি জিডিপিতে ১৫% অবদান রাখার পাশাপাশি মোট জনসংখ্যার ৫০% কর্মসংস্থান নিশ্চিত করে।

ভৌগোলিক অবস্থানের কারণে প্রাকৃতিক দুর্যোগ সবসময়ই বাংলাদেশের সঙ্গী। ঘূর্ণিঝড় ইয়াসের বড় আঘাত এবং বেশ কয়েকটি আকস্মিক বন্যার ফলে পরবর্তী ঘটনাপ্রবাহ সম্পর্কে সবার মাঝে সংশয় দেখা দিয়েছিল। বছরের মাঝামাঝিতে বন্যার কারণে দেশের দক্ষিণাঞ্চলের ১৫০,০০০ হেক্টর ধান ক্ষেত মারাত্মকভাবে ক্ষতিগ্রস্ত হয়েছিল। দেশের ২৪% এরও বেশি ভূমি পুণ্ডিত হয়েছিল। ফলে রাস্তার দুরবস্থার কারণে বেশ কয়েকটি জেলা বিচ্ছিন্ন হয়ে পড়েছিল। এছাড়াও, বছরের শেষের দিকে আমরা রেকর্ড ভঙ্গকারী তাপপ্রবাহ দেখেছি যা ফসলের জন্য ক্ষতিকর ছিল।

আমাদেরকে প্রাকৃতিক দুর্যোগের পাশাপাশি কোভিড-১৯ মহামারির ধ্বংসাত্মক দ্বিতীয় ঢেউ মোকাবেলা করতে হয়েছে। এতে আমাদের মাঠ পর্যায়ের কার্যক্রম বাঁধাগ্রস্ত হয়েছে। এছাড়াও, কন্টেইনারের ঘাটতি, বিনিময় হার বৃদ্ধি, বিলম্বিত চালান, গুরুত্বপূর্ণ কাঁচামাল এবং কার্যকর উপাদানের মূল্য বৃদ্ধির মতো অনেক নতুন প্রতিবন্ধকতা ব্যবসাকে প্রভাবিত করেছে। এসমস্ত প্রতিকূলতা সত্ত্বেও, গ্রুপকেয়ার ১৬% প্রবৃদ্ধি অর্জন করতে সক্ষম হয়েছে যেখানে এ শিল্পের প্রবৃদ্ধি ছিল ৫%।

সম্ভাবনাময় পণ্য, পাইরাজিন থাকার কারণে, পাউডার কীটনাশক পোর্টফোলিও উল্লেখযোগ্যভাবে ১১১% প্রবৃদ্ধি অর্জন করেছে। নেতৃত্বদানকারী পোর্টফোলিও দানাদার কীটনাশক ১৪% প্রবৃদ্ধি দেখিয়েছে, তরল কীটনাশক ১০% প্রবৃদ্ধি দেখিয়েছে। খরা এবং অন্যান্য প্রাকৃতিক দুর্যোগের কারণে সবচেয়ে বেশি ক্ষতি হয়েছে হার্বিসাইড সেগমেন্টে। এই পোর্টফোলিওটির প্রবৃদ্ধি এবছর ১২% হ্রাস পেয়েছে। এ বছরও কীটপতঙ্গের উপদ্রব না থাকায় সাধারণ বিক্রির পরিমাণ কম ছিল।

ফ্লোরা হচ্ছে পরিবেশবান্ধব, শক্তি ও বৃদ্ধিবর্ধক ফুলের উদ্দীপক যা কৃষকদের মধ্যে খুবই জনপ্রিয় এবং গ্রাহকদের মনে এর একটি শক্তিশালী ব্র্যান্ড ইমেজ রয়েছে। এবছর ফ্লোরা ৫৪% প্রবৃদ্ধি দেখিয়েছে যা গত বছরের তুলনায় উল্লেখযোগ্য উন্নতি। ফসলের

ফলন বাড়তে ফ্লোরা ব্যবহারের সুবিধা কৃষকদের কাছে তুলে ধরতে আমরা সারা দেশে এক হাজারেরও বেশি প্রদর্শনীর আয়োজন করেছি।

গ্রুপ কেয়ার ৫টি অনন্য সমাধান উদ্ভাবন করেছে যা কৃষি উৎপাদনশীলতায় অবদান রাখবে। আমরা নতুন মলিকিউলের জন্য আন্তর্জাতিকভাবে বিখ্যাত কেমিকেল কোম্পানিগুলির সাথে একাত্ম হয়ে কাজ করছি।

বিক্রয় কার্যক্রমকে আরো কার্যকরভাবে তত্ত্বাবধানের জন্য বিক্রয়কর্মী বাহিনী পুনর্গঠন করা হয়েছে। কৃষকদের সেবা বাড়ানোর লক্ষ্যে এসিআই গ্রুপ কেয়ারের মাঠকর্মীরা কৃষি সম্প্রসারণ অধিদপ্তরের কর্মকর্তাদের সাথে নিবিড়ভাবে কাজ করছে।

এ বছর আমরা সারা দেশের ফসলে মারাত্মক বিপিএইচ এর সংক্রমন লক্ষ্য করেছি এবং আমাদের মাঠকর্মীরা কার্যকর ব্যবস্থা নিয়েছে। এমনকি কোভিড-১৯ পরিস্থিতিতেও আমাদের কর্মীরা যথাযথ সতর্কতা নিয়ে ক্রমাগত মাঠ পরিদর্শন করে চলেছে এবং কৃষকদের সঠিক সমাধানের পথ বাতলে দিচ্ছে। আমাদের বিপণন এবং মাঠ কর্মীরা তাদের এই কঠোর পরিশ্রম এবং উদ্যোগের জন্য প্রশংসার দাবীদার।

বর্তমান এবং নতুন মলিকিউলের উপর নিরীক্ষা পরিচালনার জন্য গবেষণা ও উন্নয়ন শাখাকে আরও শক্তিশালী করা হয়েছে।

পেইন্টস ব্যবসা কোভিড-১৯ এর প্রভাবে ক্ষতিগ্রস্ত হয়েছে। আমরা কঠোর প্রতিযোগিতার পাশাপাশি সাপ্লাই চেইনে সমস্যার সম্মুখীন হচ্ছি যার ফলে পণ্যের ঘাটতি দেখা দিয়েছে। আমরা গ্লোবাল পার্টনার AkzoNobel-এর সাথে আলোচনা করে এই সমস্যা সমাধানের চেষ্টা করছি।

হোম কেয়ার সলিউশন ব্যবসা কীটপতঙ্গ এবং গার্হস্থ্য তত্ত্বাবধান উভয় শ্রেণীতে বিস্তৃত পণ্যসম্ভার থেকে সেরা পণ্যগুলো গ্রাহকদের পরিবেশন করছে। এসিআই এ্যারোসোল সবচেয়ে কার্যকর পোকামাকড় নাশক, ডেস্কু, ম্যালেরিয়া এবং চিকুনগুনিয়ার মতো গুরুতর ভেক্টর বাহিত রোগ থেকে মানুষকে রক্ষা করে যা ৯০.৪৪% মার্কেট শেয়ার এবং ৩৩% প্রবৃদ্ধির সাথে এই বিভাগে আধিপত্য বজায় রেখেছে। অপরদিকে এসিআই মসকুইটো কয়েল সচেতন গ্রাহকদের চাহিদা পূরণের মাধ্যমে মার্কেটে তার উপস্থিতি বজায় রেখে চলেছে।

অ্যাঞ্জেলিক এয়ার ফ্রেশনার স্থানীয়ভাবে তৈরি এয়ার ফ্রেশনারের মধ্যে অগ্রগামী, বাজারের শীর্ষস্থানীয়। বাজারে বেশ কিছু নতুন ব্র্যান্ডের (স্থানীয় এবং আমদানিকৃত উভয়) উপস্থিতি সত্ত্বেও, ভোক্তাদের মধ্যে ব্র্যান্ড ইমেজের কারণে অ্যাঞ্জেলিক শক্তিশালী অবস্থান বজায় রেখেছে।

ভ্যানিশ নতুন বাজারজাত করা সাইট্রাস ভেরিয়েন্টের ক্যাটাগরিতে দৃঢ় অবস্থান বজায় রেখেছে, যা গ্রাহকদের মধ্যে ব্যাপক গ্রহণযোগ্যতা অর্জন করেছে।

এসিআই নিম্ন প্রকৃতিক উপাদানের সমন্বয়ে তৈরি প্রিমিয়াম কোয়ালিটির সাবান ও হ্যান্ডওয়াশের উপাদান সফলভাবে প্রাকৃতিক উপাদানের উপস্থিতি বজায় রেখেছে এবং গ্রাহকদের জীবাণুমুক্ত সতেজ ত্বকের প্রতিশ্রুতি নিশ্চিত করেছে। এসিআই নিম্ন অরিজিনাল তার ব্র্যান্ড ভ্যালু উন্নীত করেছে এবং প্রাকৃতিক উপাদান সমৃদ্ধ পণ্যের ক্ষেত্রে গ্রাহকদের প্রথম পছন্দ হওয়ার লক্ষ্যে কাজ করেছে।

গাজীপুরে ৪২ একর জমির উপর অবস্থিত এসিআই ফরমুলেশনস ফ্যাক্টরি সুরক্ষা, স্বাস্থ্য ও পরিবেশ সংক্রান্ত আইনের পরিপালন করে। এটি আন্তর্জাতিক মানসম্পন্ন বৈশ্বিক প্রযুক্তিতে পরিচালিত

যেখানে আরো নতুন ব্যবসা সম্প্রসারণের মত পর্যাপ্ত জায়গা রয়েছে। আমাদের অত্যাধুনিক টিট্রমেন্ট প্যান্ট সমস্ত তরল বিষাক্ত বর্জ্য পদার্থকে সঠিক উপায়ে প্রক্রিয়াজাত করে। কার্যকর Incinerator গুলো ক্ষতিকারক শক্ত পদার্থকে উচ্চ তাপমাত্রায় প্রক্রিয়াজাত করে নিষ্ক্রিয় করে। ফ্যাক্টরিটি প্রযুক্তিগত উৎকর্ষতার জন্য বিদেশী সহযোগীদের কাছ থেকে উচ্চতর রেটিং অর্জন করে চলেছে।

কয়েল উৎপাদন ইউনিট যা প্রায় দুই বছরের বেশি সময় ধরে নিষ্ক্রিয় ছিল, তা আবার সচল হতে পারে। আমরা আশাবাদী যে কন্সট্রাক্ট ম্যানুফ্যাকচারিং এর মাধ্যমে কয়েল তৈরির চুক্তি শীঘ্রই স্বাক্ষরিত হবে।

আমাদের কর্মীদের উপর কোভিড-১৯ এর প্রকোপ উল্লেখযোগ্যভাবে হ্রাস পাওয়া সত্ত্বেও আমরা তাদের সতর্কতা অবলম্বন করার পরামর্শ দিচ্ছি।

আমরা আমাদের ফ্যাক্টরির সুযোগ-সুবিধাগুলোর সর্বোচ্চ ব্যবহারের লক্ষ্যে বিভিন্ন পন্থা যাচাই-বাছাইয়ের কাজ অব্যাহত রেখেছি।

এক নজরে মূখ্য পরিচালনগত ও আর্থিক তথ্য

২০২০-২১ অর্থবছর সহ কোম্পানীর বিগত সাড়ে পাঁচ বছরের মূখ্য পরিচালনগত ও আর্থিক তথ্যাদি নিম্নে প্রদর্শন করা হলোঃ

মিলিয়ন টাকায়

| বিবরণ | জুলাই ২০২০ - জুন ২০২১ | জুলাই ২০১৯ - জুন ২০২০ | জুলাই ২০১৮ - জুন ২০১৯ | জুলাই ২০১৭ - জুন ২০১৮ | জুলাই ২০১৬ - জুন ২০১৭ | জানুয়ারি ২০১৬ - জুন ২০১৬ (ছয় মাস) | ডিসেম্বর ২০১৫ |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|------------------|
| নীট বিক্রয় | ৩,৮৬৩ | ৩,৪২২ | ৪,০২৫ | ৪,১২৭ | ৩,৬২৯ | ১,৬২৫ | ৩,০০৬ |
| মোট গ্রস মুনাফা | ১,১২৬ | ১,০৬৫ | ১,২১১ | ১,০২৭ | ১,১০৮ | ৪৭৭ | ৮০০ |
| কর পূর্ববর্তী মুনাফা | ২৯১ | ১২৬ | ১৮০ | ১৬৩ | ৩৫৭ | ১২৭ | ৩১৩ |
| কর পরবর্তী মুনাফা | ২১৩ | ৯২ | ১২৮ | ১১৫ | ২৬১ | ৯০ | ২৩৫ |
| শেয়ার প্রতি আয় (টাকা) | ৪.৭৪ | ২.০৫ | ২.৮৩ | ২.৫৬ | ৫.৮১ | ২.০১ | ৫.২৩ |
| ইসুকৃত ও পরিশোধিত মূলধন | ৪৫০ | ৪৫০ | ৪৫০ | ৪৫০ | ৪৫০ | ৪৫০ | ৪৫০ |
| শেয়ার মালিকদের ইকুইটি | ৩,০০৯ | ২,৪০৭ | ২,৪৭২ | ২,৫০২ | ২,৪৫৫ | ২,২৮৩ | ২,৩৫০ |
| শেয়ার প্রতি নীট সম্পদ (টাকা) | ৬৬.৮৮ | ৫৩.৪৮ | ৫৪.৯৩ | ৫৫.৫৯ | ৫৪.৫৫ | ৫০.৭৪ | ৫২.২৩ |
| কর্মচারীদের সংখ্যা | ১,০৪৭ | ১,১১৩ | ১,৩৬১ | ১,৭৮৫ | ১,৬৭৯ | ১,৪৮৯ | ১,৪৫৯ |
| জাতীয় রাজস্ব আয়ে অবদান | ৩৪৪ | ২৪৪ | ৫২২ | ৬৬৯ | ৫৬৪ | ২৫৬ | ৩৮৭ |

আর্থিক ফলাফল

৩০ জুন ২০২১ সমাপ্ত অর্থ বছরে এসিআই ফরমুলেশনস লিমিটেড এর নীট বিক্রয় ছিল ৩,৮৬৩ মিলিয়ন টাকা যা ২০১৯-২০২০ অর্থ বছরে ছিল ৩,৪২২ মিলিয়ন টাকা, ফলে গত বছরের তুলনায় ৪৪১ মিলিয়ন টাকা এবং ১২.৮৮% প্রবৃদ্ধি হয়েছে। বর্ধিত বিক্রয় এবং কাঁচামালের মূল্যবৃদ্ধির কারণে বিক্রিত পণ্যের খরচ ১৬.১২% বৃদ্ধি পেয়েছে। উচ্চ টার্নওভার, অনুকূল প্রোডাক্টমিক্স ও আংশিকভাবে বিক্রিত পণ্যের খরচ বৃদ্ধির ফলে মোট মুনাফা গত বছরের তুলনায় ৫.৬৬% বৃদ্ধি পেয়েছে। যদিও দক্ষ ও যথোপযুক্ত পদক্ষেপ গ্রহণের মাধ্যমে পরিচালন ব্যয় ২০১৯-২০২০ অর্থ বছরের তুলনায় ৩% হ্রাস পেয়েছে। অপরদিকে দক্ষ মূলধন ব্যবস্থাপনা ও হ্রাসকৃত সুদের হারের কারণে অর্থায়ন খরচ গত বছরের তুলনায় ৯১ মিলিয়ন টাকা হ্রাস পেয়েছে। উচ্চ পরিচালন মুনাফা ও হ্রাসকৃত অর্থায়ন খরচের ফলশ্রুতিতে কর পূর্ববর্তী মুনাফা ২৯১ মিলিয়ন টাকা এবং কর পরবর্তী মুনাফা ২১৩ মিলিয়ন টাকা অর্জিত হয়েছে যা ২০১৯-২০২০ অর্থ বছরে ছিল যথাক্রমে ১২৬ মিলিয়ন টাকা এবং ৯২ মিলিয়ন টাকা। যার ফলশ্রুতিতে শেয়ার প্রতি আয় ২.০৫ টাকা থেকে ৪.৭৪ টাকায় উন্নীত হয়েছে।

মুনাফা বন্টন

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

টাকায়

| বিবরণ | ৩০শে জুন ২০২১ তারিখে সমাপ্ত বছরের জন্য | ৩০শে জুন ২০২০ তারিখে সমাপ্ত বছরের জন্য |
|---------------------------------|---|---|
| অবন্টিত মুনাফা | ৭৩০,৩৪৮,২২৮ | ৭২৭,৮৯৬,০৩৭ |
| যোগ: কর-পরবর্তী মুনাফা | ২১৩,২৬৩,৯১৪ | ৯২,৪৫২,১৯১ |
| যোগ: অন্যান্য কম্প্রহেন্সিভ আয় | (৩,৯৭৫,৭৫০) | - |
| সর্বমোট বন্টনযোগ্য মুনাফা | ৯৩৯,৬৩৬,৩৯২ | ৮২০,৩৪৮,২২৮ |
| মুনাফা বন্টনঃ | | |
| চূড়ান্ত প্রস্তাবিত লভ্যাংশঃ | | |
| নগদ লভ্যাংশ | ১৩৫,০০০,০০০ | - |
| স্টক লভ্যাংশ | ২২,৫০০,০০০ | ৯০,০০০,০০০ |
| সর্বমোট লভ্যাংশ | ১৫৭,৫০০,০০০ | ৯০,০০০,০০০ |
| অবন্টিত মুনাফা স্থিতি | ৭৮২,১৩৬,৩৯২ | ৭৩০,৩৪৮,২২৮ |

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

লভ্যাংশ

৩০শে জুন ২০২১ তারিখে সমাপ্ত বছরের জন্য পরিচালনা পর্ষদ আনন্দের সাথে চূড়ান্ত লভ্যাংশ হিসেবে ৩০% নগদ লভ্যাংশ (অর্থাৎ শেয়ার প্রতি ৩ টাকা) এবং ৫% স্টক ডিভিডেন্ড সুপারিশ করেছে। রেকর্ড ডেট, অর্থাৎ ১৮ নভেম্বর ২০২১, যে সকল সম্মানিত শেয়ার মালিকগণের নাম কোম্পানির সদস্যদের শেয়ার রেজিস্টার বা সিডিবিএল এর ডিপোজিটরিতে অন্তর্ভুক্ত ছিল, তারা এই চূড়ান্ত লভ্যাংশ পাওয়ার যোগ্য হিসেবে বিবেচিত। আলোচ্য বছরে কোম্পানি অন্তর্বর্তীকালীন লভ্যাংশ হিসেবে কোন বোনাস শেয়ার বা স্টক ডিভিডেন্ড ঘোষণা করেনি।

জাতীয় রাজস্ব আয়ে অবদান

৩০শে জুন ২০২১ তারিখে সমাপ্ত অর্থবছরে কোম্পানি আয়কর, আবগারি শুল্ক এবং মূল্য সংযোজন কর বাবদ মোট ৩৪৪ মিলিয়ন টাকা জাতীয় কোষাগারে জমা দান করেছে; যা উল্লেখিত সমাপ্ত বছরের মোট বিক্রয়লব্ধ আয়ের ৮.৬১%।

বিক্রিত পণ্যের খরচ এবং মুনাফার হার

৩০শে জুন ২০২১ তারিখে সমাপ্ত অর্থবছরে বিক্রিত পণ্যের ব্যয় হয়েছে ২,৭৩৮ মিলিয়ন টাকা (নীট বিক্রয়ের ৭০.৮৭%) যা ২০১৯-২০২০ অর্থ বছরে ছিল ২,৩৫৭ মিলিয়ন টাকা (নীট বিক্রয়ের ৬৮.৮৮%)। কাঁচামালের মূল্য তুলনামূলকভাবে বেশি থাকায় বিক্রিত পণ্যের খরচ গত অর্থ বছরের তুলনায় ১.৯৯% বৃদ্ধি পেয়েছে। ফলে মোট মুনাফার হার হ্রাস পেয়ে দাঁড়িয়েছে ২৯.১৩% (১,১২৬ মিলিয়ন টাকা), যা ২০১৯-২০২০ অর্থবছরে ছিল ৩১.১২% (১,০৬৫ মিলিয়ন টাকা)। বর্ধিত বিক্রয়, অনুকূল প্রোডাক্ট মিক্সের সাথে নিয়ন্ত্রিত পরিচালনা এবং হ্রাসকৃত অর্থায়ন ব্যায়ের কারণে ২০২০-২০২১ অর্থ বছরে কর পরবর্তী মুনাফার হার ছিল ৫.৫২% যা ২০১৯-২০২০ অর্থ বছরে ছিল ২.৭%।

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-৩৮ এ প্রকাশিত হয়েছে।

বার্ষিক আর্থিক বিবরণীর মধ্যে উল্লেখযোগ্য পার্থক্য

৩০শে জুন ২০২১ সালে সমাপ্ত অর্থবছরে এসিআই ফরমুলেশনস্ লিমিটেড এর নীট বিক্রয় ছিল ৩,৮৬৩ মিলিয়ন টাকা যা ২০১৯-২০২০ অর্থ বছর ছিল ৩,৪২২ মিলিয়ন টাকা যা গত বছরের তুলনায় ১২.৮৮% বেশী। ক্রপ কেয়ার এন্ড পাবলিক হেলথ ব্যবসায় বর্ধিত বিক্রয় ছিল এর অন্যতম কারণ। অবৈধ ও নকল মশার কয়েলের বাজার দখল ব্র্যান্ডেড কয়েলের মার্কেট শেয়ারকে বিগত কয়েক বছর মারাত্মকভাবে নিম্নগামী করেছে। ফলশ্রুতিতে কয়েলের ব্র্যান্ড স্বত্বাধিকারী এস. সি জনসন এন্ড সন্স সেই অনুযায়ী উৎপাদনের ফরমায়েশ প্রদান করেছে। এছাড়া, কোভিড-১৯ এর বিরূপ প্রভাবের কারণে পেইন্ট ব্যবসায় গত অর্থবছরের তুলনায় বিক্রয় কম হয়েছে। তথাপি বর্ধিত বিক্রয়, ক্রপ কেয়ার এন্ড পাবলিক হেলথ ব্যবসায় প্রডাক্টমিক্সে পরিবর্তন আনয়ন ও আংশিকভাবে বিক্রিত পণ্যের খরচ বৃদ্ধির কারণে গত বছরের তুলনায় মোট মুনাফা ৫.৬৬% বৃদ্ধি পেয়েছে। অপরদিকে পরিচালনা ব্যয় এবং চলতি মূলধনের কার্যকর নিয়ন্ত্রণ ও ব্যবস্থাপনার কারণে আলোচ্য বছরে পরিচালনা ও অর্থায়ন ব্যয় গত বছরের তুলনায় যথাক্রমে ৩.০২% ও ৪১.৮৭% হ্রাস পেয়েছে। ফলশ্রুতিতে আলোচ্য বছরের কর পরবর্তী মুনাফা ছিল ২৯১ মিলিয়ন টাকা এবং কর পরবর্তী মুনাফা ছিল ২১৩ মিলিয়ন টাকা। ফলে শেয়ার প্রতি আয় হয়েছে ৪.৭৪ টাকা।

সাবসিডিয়ারী কোম্পানির আর্থিক বিবরণীর কনসলিডেশন

কোম্পানি আইন-১৯৯৪, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন গাইডলাইনস্ ও বাংলাদেশে প্রবর্তিত ইন্টারন্যাশনাল এ্যাকাউন্টিং স্ট্যান্ডার্স বা আইএফআরএস অনুসারে সাবসিডিয়ারী কোম্পানি, নিম্ন ল্যাবরেটরীজ (প্রাঃ) লিমিটেড এর আর্থিক বিবরণীসমূহ এসিআই ফরমুলেশনস লিমিটেড এর আর্থিক বিবরণীর সঙ্গে একত্রিকরণ করা হয়েছে। এছাড়াও সাবসিডিয়ারী কোম্পানির নিরীক্ষিত আর্থিক বিবরণীসমূহ নিরীক্ষা প্রতিবেদন ও পরিচালক মন্ডলীর 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

কোম্পানি 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-৩৫ 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। কোম্পানির আর্থিক ফলাফল ক্রমবর্ধমান যা বার্ষিক আর্থিক বিবরণীতে প্রতিফলিত হয়েছে।

আর্থিক বিবরণী প্রস্তুতকরণ ও যথাযথ প্রদর্শন

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

হিসাবের বই রক্ষণাবেক্ষন

কোম্পানির হিসাবের বই কোম্পানি 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

কোম্পানির 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 গভার্নেন্স 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 কোম্পানির আর্থিক বিবরণী সংশ্লিষ্ট পরিচালনগত বিশদ বিশ্লেষণ, আর্থিক অবস্থা, ফলাফল, ঝুঁকি ও উদ্বেগ, হিসাবনীতি ও অনুমানসহ অন্যান্য বিষয় আলোচিত হয়েছে।

পরিচালনা পর্ষদ

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

পরিচালক নির্বাচন

কোম্পানির আর্টিক্যালস অব এসোসিয়েশন এর ৪৭ অনুচ্ছেদ অনুযায়ী জনাব এম. আনিস উদ-দৌলা ও ডঃ এ. কে. এম ফারাজেজুল হক আনসারী আসন্ন বার্ষিক সাধারণ সভায় পর্যায়ক্রমিকভাবে অবসর গ্রহণ করবেন। পুনঃনির্বাচিত পরিচালকদের তালিকা এবং বিবরণ এই রিপোর্টের 'পরিচালক প্রোফাইল' এ অন্তর্ভুক্ত করা হয়েছে। আসন্ন ২৫তম 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।

পরিচালক নিয়োগ

মিসেস নাজমা দৌলার মৃত্যুতে সৃষ্ট শূন্য পদে জনাব জুনেদ আহমদ চৌধুরীকে গত ১৭ আগস্ট ২০২১ ইং তারিখে এডভান্সড ক্যামিকেল ইন্ডাস্ট্রিজ লিমিটেড এর মনোনীত পরিচালক হিসেবে নিয়োগ প্রদান করা হয়। পর্ষদ শেয়ারহোল্ডারদের ২৫তম বার্ষিক সাধারণ সভায় তার নিয়োগ অনুমোদনের জন্য অনুরোধ করেন। জনাব চৌধুরীর জীবন বৃত্তান্ত ডিরেক্টরস প্রোফাইলে সংযুক্ত করা হয়েছে।

স্বতন্ত্র পরিচালক

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন (বিএসইসি) প্রবর্তিত কর্পোরেট গভার্নেন্স কোড এর কমপ্লায়েন্স অনুযায়ী বর্তমান পরিচালনা পর্ষদে দুইজন স্বতন্ত্র পরিচালক, জনাব আব্দুল মুয়ীদ চৌধুরী এবং জনাব গোলাম মইন উদ্দীনকে অন্তর্ভুক্ত করা হয়েছে। জনাব আব্দুল 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।

স্বতন্ত্র পরিচালক নিয়োগ

জনাব আব্দুল মুয়ীদ চৌধুরী স্বতন্ত্র পরিচালক হিসেবে ২৪ অক্টোবর ২০২১ ইং তারিখে ১ম মেয়াদ পূর্ণ করেন। পর্ষদ জনাব আব্দুল মুয়ীদ চৌধুরীকে ২য় মেয়াদে স্বতন্ত্র পরিচালক হিসেবে পুনঃনিয়োগ করেন যা ২৫ অক্টোবর ২০২১ থেকে কার্যকর। পর্ষদ তার এ নিয়োগ অনুমোদনের জন্য শেয়ার হোল্ডারদের অনুরোধ করেছেন। তাঁর সংক্ষিপ্ত জীবন বৃত্তান্ত ও অন্যান্য তথ্যাদি এই রিপোর্টের 'পরিচালক প্রোফাইল' এ অন্তর্ভুক্ত করা হয়েছে।

নমিনেশন ও রেমনারেশন কমিটি

কর্পোরেট গভার্নেন্স কোডের আলোকে কোম্পানির পরিচালনা পর্ষদ তাঁদের ২৮ অক্টোবর ২০২০ ইং তারিখে অনুষ্ঠিত সভায় “নমিনেশন ও রেমনারেশন” কমিটি নামে একটি উপ-কমিটি গঠন করে। এই কমিটির বর্তমান সদস্যরা নিম্নরূপ:

- জনাব গোলাম মইন উদ্দীন, স্বতন্ত্র পরিচালক, সভাপতি
- জনাব আব্দুল মুয়ীদ চৌধুরী, স্বতন্ত্র পরিচালক, সদস্য
- জনাব জুনেদ আহমদ চৌধুরী, পরিচালক, সদস্য
- জনাব মোহাম্মদ মোস্তাফিজুর রহমান, কোম্পানি সচিব, সচিব

সদস্য মিসেস নাজমা দৌলার মৃত্যুতে সৃষ্ট শূন্য পদে জনাব জুনেদ আহমদ চৌধুরী কে ১৭ আগস্ট ২০২১ইং এ নিয়োগ দেয়া হয়। কমিটির টার্মস অফ রেফারেন্স (টিওআর) ও পলিসি পরিচালনা পর্ষদ কর্তৃক অনুমোদিত হয়েছে। এসআরসি'র (টিওআর) ও পলিসিতে রয়েছে, নির্বাহী পরিচালকদের সম্মানীভাতা নির্ধারণে নীতি প্রণয়ন, পরিচালকদের সম্মানী প্রদানের ব্যাপারে অনুমোদন/সুপারিশ,

কোম্পানির কর্মকর্তাদের পারিশ্রমিক পর্যালোচনা ও অনুমোদন, স্বতন্ত্র পরিচালক ও পরিচালনা পর্ষদের মূল্যায়নের মানদণ্ড নির্ধারণ, পরিচালক ও সিনিয়র ম্যানেজমেন্টে নিয়োগ পাওয়ার মত ব্যক্তিদের নির্বাচন ও নিয়োগের কিংবা অপসারণের জন্য সুপারিশ করা এবং পরিচালনা পর্ষদ থেকে বিভিন্ন সময়ে যে দায়িত্ব বা ক্ষমতা প্রদান করা হয় তার আলোকে কার্য সম্পাদন করা।

পরিচালনা পর্ষদের সভা

২০২০-২০২১ অর্থবছরে পরিচালনা পর্ষদের মোট ৪টি সভা অনুষ্ঠিত হয়েছে। পরিচালকগণের উপস্থিতি সারাংশ Annexure-I এ দেখানো হয়েছে।

পরিচালকদের সম্মানী ভাতা

২০২০-২০২১ অর্থবছরে কোম্পানির বোর্ড মিটিং এ উপস্থিতি ফি হিসাবে মোট ১৭,২৫০/- টাকা প্রদান করা হয়েছে। পরিচালকমন্ডলীর সম্মানী ভাতা আর্থিক বিবরণীর নোট-৩১ তে উল্লেখ করা হয়েছে।

শেয়ার হোল্ডিং প্যাটার্ন

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক প্রবর্তিত কর্পোরেট গভার্নেন্স কোড অনুযায়ী ৩০শে জুন ২০২১ ইং তারিখে কোম্পানির শেয়ার হোল্ডিং প্যাটার্ন Annexure-II এ দেখানো হয়েছে।

ক্ষুদ্র বিনিয়োগকারীদের স্বার্থরক্ষা

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

অডিটরদের নিয়োগ

কোম্পানির বর্তমান অডিটর এ ওহাব এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস, তাদের ২০২১ 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। এ ওহাব এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস ৬৯৩,০০০/- টাকা (মূল্য সংযোজন কর ব্যতিরেকে) সম্মানীর বিনিময়ে ২০২১-২০২২ অর্থ বছরের নিরীক্ষা কার্যক্রম সম্পন্ন করার লক্ষ্যে নিয়োগ প্রাপ্ত হতে আহ্রহ প্রকাশ করেছে। এ লক্ষ্যে, কোম্পানির পরিচালনা পর্ষদ শেয়ারহোল্ডারদের নিকট তাদের নিয়োগের জন্য সুপারিশ করেন।

কর্পোরেট গভর্নেন্স কমপ্লায়েন্স স্ট্যাটাস

এসিআই ফরমুলেশনস্‌ 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 গভর্নেন্স এর অনুশীলন বিরাজমান। পরিচালনা পর্ষদ ও ব্যবস্থাপকগণ কোম্পানিতে কর্পোরেট গভর্নেন্স অনুশীলনে সর্বোচ্চ নৈতিকতা ও মান বজায় রাখার মাধ্যমে শেয়ারহোল্ডার ও অংশীদারদের স্বার্থ রক্ষায় প্রতিশ্রুতিবদ্ধ। আমরা অত্যন্ত আনন্দের সাথে আপনাদের এই মর্মে নিশ্চিত করছি যে, কোম্পানি বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন এর নোটিফিকেশান অনুযায়ী সমস্ত প্রয়োজনীয় দিকনির্দেশনা পালন করেছে। এই অনুসারে, ৩০শে জুন ২০২১ সালের সমাপ্ত অর্থবছরের জন্য মন্তব্যসহ কমপ্লায়েন্স রিপোর্ট কোম্পানির পরিচালকমন্ডলীর প্রতিবেদনের Annexure-V এ অন্তর্ভুক্ত করা হয়েছে। এ ছাড়াও কর্পোরেট গভর্নেন্স কোড অনুযায়ী আল-মুক্তাদীর এ্যাসোসিয়েটস, চার্টার্ড সেক্রেটারীজ, কর্তৃক প্রত্যায়িত কমপ্লায়েন্স সার্টিফিকেট এই প্রতিবেদনের Annexure-VI এ অন্তর্ভুক্ত করা হয়েছে।

চলমান প্রতিষ্ঠান

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

কর্পোরেট সামাজিক দায়বদ্ধতা (CSR)

সামাজিক দায়বদ্ধতা এসিআই ফরমুলেশনস্‌ 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।

পরিচালকমন্ডলীর পক্ষে,



সুমিতা আনিস
ব্যবস্থাপনা পরিচালক

ঢাকা, ২৮ অক্টোবর ২০২১

এ সি আই এফএল'র মানব সম্পদ

বহুব্যাপী বিভিন্ন ধরনের চাহিদামাফিক 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 ফরমুলেশনস্‌ 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

কোম্পানির পরিচালনা পর্ষদ দৃঢ়ভাবে বিশ্বাস করে যে, এসিআই ফরমুলেশনস্‌ এর রয়েছে পর্যাপ্ত শক্তি, সম্পদ ও প্রতিশ্রুতি যা কোম্পানিকে 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 ফরমুলেশনস্‌ 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 অত্যন্ত 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 ফরমুলেশনস্‌ একটি শক্তিশালী প্রতিষ্ঠান হিসেবে গড়ে উঠেছে যা জনগনের জীবনমান উন্নয়নে নিরন্তর অবদান রেখে চলেছে।



আব্দুল মুয়ীদ চৌধুরী
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 2020-2021 are as follows:

| Name | Position | Meeting Held | Meeting Attended | Remarks |
|-----------------------------------|----------------------|--------------|------------------|---------|
| Mr. M. Anis Ud Dowla | Chairman | 4 | 4 | - |
| Dr. A.K.M. Fareyzul Haque Ansarey | Director | 4 | 4 | - |
| Dr. Arif Dowla | Director | 4 | 4 | - |
| Mrs. Najma Dowla | Director | 4 | 4 | - |
| Mr. Kamran Tanvirur Rahman | Independent Director | 4 | 4 | - |
| Mr. Abdul-Muyeed Chowdhury | Independent Director | 4 | 4 | - |
| Ms. Shusmita Anis | Managing Director | 4 | 4 | - |

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 2021 are as follows:

| Condition no. | Name of Shareholders | Position | No. of Shares held | % of Shares held |
|-------------------------|--|-------------------------|--------------------|------------------|
| 1(5) (xxiii) (a) | Parent/Subsidiary/Associated Companies and other related parties: | | | |
| | Advanced Chemical Industries Limited | Parent Company | 24,066,105 | 53.48% |
| 1(5) (xxiii) (b) | Directors: | | | |
| | 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, | N/A | 24,066,105 | 53.48% |
| | Mrs. Najma Dowla | Director | 4,500 | 0.010% |
| | Dr. Arif Dowla | Director | 1,800 | 0.004% |
| | Ms. Shusmita Anis | Director | 1,800 | 0.004% |
| | Mr. Abdul-Muyeed Chowdhury | Independent Director | - | - |
| | Mr. Golam Mainuddin | Independent Director | - | - |
| | Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and Compliance: | | | |
| | 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 | - | - |
| 1(5) (xxiii) (c) | Executives (Other than Directors, CEO, CS, CFO and Head of Internal Audit and Compliance): | | | |
| | - | - | - | - |
| 1(5) (xxiii) (d) | Shareholders holding 10% or more voting interest in the Company: | | | |
| | Advanced Chemical Industries Limited | Holding 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 immediately preceding five and half years

Major areas of financial performances and financial position as well as cash flows for the financial year 2020-21 with immediate preceding five and half years are as follows:

Figures in million except ratios and percentage (BDT)

| Particulars | 2015 | June 2016 (Six Month) | July 16- June 17 | July 17- June 18 | July 18- June 19 | July 19- June 20 | July 20- June 21 |
|---|--------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Turnover | 3,006 | 1,625 | 3,629 | 4,127 | 4,025 | 3,422 | 3,863 |
| Gross profit | 800 | 477 | 1,108 | 1,027 | 1,211 | 1,065 | 1,126 |
| Profit before tax | 313 | 127 | 357 | 163 | 180 | 126 | 291 |
| Profit after tax | 235 | 90 | 261 | 115 | 128 | 92 | 213 |
| Earnings per share (Taka) | 5.23 | 2.01 | 5.81 | 2.56 | 2.83 | 2.05 | 4.74 |
| EBITDA | 435 | 188 | 551 | 406 | 485 | 416 | 479 |
| Issued & paid capital | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| Shareowners' equity | 2,350 | 2,283 | 2,455 | 2,502 | 2,472 | 2,407 | 3,009 |
| Net asset per share (Taka) | 52.23 | 50.74 | 54.55 | 55.59 | 54.93 | 53.48 | 66.88 |
| Net operating cash flows per share (Taka) | (5.16) | 1.05 | (6.54) | (2.74) | (6.00) | 14.85 | 13.42 |

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

With timely implementation of stimulus package and continued fiscal and extraordinary monetary policy supports, Bangladesh economy started rebounding from the COVID-19 fallout. Real GDP grew by 5.47% in FY2020-21 compared to 3.51% growth in FY2019-20. The recovery of the growth momentum was largely evident in the industry sector (6.12%) and service sector (5.61%), while the agriculture sector maintained a robust growth of 3.45% in FY2020-21. Hefty remittance inflow and low-cost finance propelled the consumption expenditure which helped revitalize the growth momentum, outweighing the supply side disruptions following the nationwide lockdown and restrictions in the last quarter of FY2020-21 to limit the spread of delta variant of COVID-19.

Headline CPI inflation (point-to-point) increased to 5.64% in Q4 of FY2020-21 from 5.47% in Q3 of FY2020-21, driven mainly by non-food inflation. A rise in transport cost for securing social distancing in public transports and higher costs of clothing and footwear, and household furniture, operations and repairing contributed to move up the non-food inflation to 5.94% in Q4 of FY2020-21 from 5.39% in Q3 of FY2020-21, while food inflation declined marginally to

5.45% from 5.51% with some volatility during this period. However, twelve-month average CPI inflation declined from 5.65% in FY2019-20 to 5.56% in FY2020-21, remaining close to the yearly target of 5.40%.

Current account (CAB) deficit narrowed to USD 3.81 billion in FY2020-21 from USD 4.72 billion in Q3 of FY2020-21, mainly because of a strong growth (39.9 percent, y/y) in remittance inflows. The surplus in overall balance (BOP) widened three-fold to USD 9.27 billion in FY2020-21 from USD 3.17 billion in FY2019-20, contributed mostly by a healthy surplus in financial account on the back of a large inflow of medium and long-term foreign borrowings. A net purchase of USD 7.7 billion in the foreign exchange market by the Bangladesh Bank (BB) kept the nominal exchange rate of BDT against USD stable throughout the FY2020-21, while BB's official reserve of foreign exchange piled up to USD 46.39 billion – equivalent to 6.5 months of prospective import at the end of FY2020-21.

The M2 grew by 13.62% (y/y) at the end of Q4 of FY2020-21, remaining close to the FY2020-21 target, contributed by both net foreign assets (NFA) and net domestic assets (NDA). However, private credit growth remained subdued in the face of weak investment demand amidst the COVID-19 situation. A rise in deposit growth in tandem with low credit growth inflated the liquidity further in the banking system, and both the deposit and lending rates maintained broadly a downward trend during FY2020-21.

The banking sector performed well in FY2020-21 amid the COVID-19 pandemic compared to FY2019-20 supported by prudential banking resilience policies by Bangladesh Bank. Asset quality, capital adequacy, and profitability were much better than expected in FY2020-21.

With the support of prevailing low interest rate and ample liquidity in the banking system, capital market was vibrant in FY2020-21 and witnessed a strong bullish trend in Q4 of FY2020-21, as indicated by in a noteworthy rise in share price indices, turnover, and market capitalization.

Global commodity prices continued their recoveries in Q4 of FY2020-21. Energy prices rebounded from its historic low in April 2020, backed by crude oil price rise resulted from sharp supply cut by OPEC+ and modest rise in oil consumption, while economic activities recovering slowly. Crude oil price overweighed its pre-pandemic level price and reached \$70.96 a barrel in June 2021. On the other hand, non-energy and food prices had reached their recent highs in May 2021 before marginally decreased in June 2021. Among food prices, rice price moderated in this quarter while soybean oil price reached the highest (1554 USD/mt) in May 2021 and then slightly fell (1420 USD/mt) in June 2021. The soybean oil price had lifted primarily by slow production growth in Southeast Asia and robust global demand emerging from the biodiesel sector. Inflation in major South Asian Countries followed an upward trend during April-June 2021. Among all the selected South Asian countries Pakistan experienced the highest inflation rate at around 9.7% while Vietnam witnessed low inflation at 2.4% in June 2021.

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 the financial statements. The detail explanation of risk and concerns along with the Risk Management Framework are explained in the Note - 35 to the financial statements published in this annual report.

The Company has taken sufficient steps and controls effectively consistently round the year to mitigate the risk and concerns.

Future plan for company's operation, performances and financial position

The Company has taken all sorts 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

28 October 2021

The Board of Directors

ACI Formulations Limited
ACI Centre, 245, Tejgaon I/A,
Dhaka 1208.

Subject: **Declaration on Financial Statements for the year ended on 30 June 2021.**

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 Ltd. for the year ended on 30 June 2021 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 on 30 June 2021 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,

Shusmita Anis
Managing Director

Pradip Kar Chowdhury
Chief Financial Officer (CFO)

Annexure-V

Status of Compliance 2020-21 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 | | There are 7 Directors |
| 1(2)(a) | At least one-fifth (1/5) of the total number of directors shall be Independent Directors (ID); | Complied | | Two IDs in the Board |
| 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 | | As declared by the IDs |
| 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 | | - do - |
| 1(2)(b)(iii) | ID has not been an executive of the company in immediately preceding two financial years; | Complied | | - do - |
| 1(2)(b)(iv) | ID does not have any pecuniary or otherwise relationship with the company or its subsidiary/associated companies; | Complied | | - do - |
| 1(2)(b)(v) | ID is not a member or TREC holder, director or officer of any stock exchange; | Complied | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 1(2)(b)(viii) | ID shall not be independent director in more than five listed companies; | Complied | | - do - |
| 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 NBFIs; | Complied | | - do - |
| 1(2)(b)(x) | ID has not been convicted for a criminal offence involving moral turpitude; | Complied | | - do - |
| 1(2)(c) | Appointment of ID shall be done by Board and approved by shareholders in the AGM; | Complied | | Appointed at AGM |
| 1(2)(d) | The position of IDs cannot remain vacant for more than ninety days. | - | | No such case |
| 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 | | As declared by the IDs |
| 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 | | - do - |
| 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 | | - do - |
| 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; | - | | N/A |
| 1(3)(b)(iv) | ID is/was University Teacher who has educational background in Economics or Commerce or Business Studies or Law; | - | | - do - |
| 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; | - | | - do - |
| 1(3)(c) | The ID shall have at least Ten years of experiences in any field mentioned in clause (b); | Complied | | As declared by the IDs |
| 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 | | They are different individuals |
| 1(4)(b) | This MD and CEO of a listed Company shall not hold the same position in another listed Company. | Complied | | |
| 1(4)(c) | Chairperson elected from among the non-executive directors of the company; | Complied | | He is a non-executive director |
| 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; | - | | No such case in the year |
| 1(5)(i) | An industry outlook and possible future developments; | Complied | | Given in the Directors' Report |
| 1(5)(ii) | Segment-wise or product-wise performance. | Complied | | - do - |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | Complied | | - do - |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | Complied | | - do - |
| 1(5)(v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | Complied | | - do - |
| 1(5)(vi) | A detailed discussion and statement on related party transactions; | Complied | | - do - |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | Complied | | - do - |
| 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 | | - do - |
| 1(5)(ix) | An explanation on any significant variance between Quarterly Financial performances and Annual Financial Statements; | Complied | | - do - |
| 1(5)(x) | A statement of Directors remuneration; | Complied | | - do - |
| 1(5)(xi) | A statement on fair preparation of the financial statements by the management of the issuer company; | Complied | | - do - |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained; | Complied | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | Complied | | - do - |
| 1(5)(xvi) | A statement with regard to the protection of minority shareholders from abusive actions of controlling shareholders. | Complied | | - do - |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern; | Complied | | - do - |
| 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 | | - do - |
| 1(5)(xix) | Key operating and financial data of at least preceding 5 (five) years shall be summarized; | Complied | | - do - |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | - | | Dividend declared |
| 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 | | Given in the Directors Report |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director; | Complied | | - do - |
| 1(5)(xxiii)(a) | Parent / Subsidiary / Associated Companies and other related parties (name wise details); (i.e. Patterns of Shareholdings) | Complied | | - do - |
| 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 | | - do - |
| 1(5)(xxiii)(c) | Executives; | Complied | | - do - |

| Condition No | Title | Status | | Remarks |
|----------------|---|----------|--------------|---|
| | | Complied | Not-Complied | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | Complied | | - do - |
| 1(5)(xxiv)(a) | A brief resume of the director; | Complied | | - do - |
| 1(5)(xxiv)(b) | Nature of expertise in specific functional areas; | Complied | | - do - |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and membership of board committees; | Complied | | - do - |
| | A Management's Discussion and Analysis signed by CEO or MD | Complied | | - do - |
| 1(5)(xxv)(a) | Presenting detailed analysis of accounting policies and estimation for preparation of financial statements; | Complied | | - do - |
| 1(5)(xxv)(b) | Presenting detailed analysis of changes in accounting policies and estimation, if any; | Complied | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 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 | | - do - |
| 1(5)(xxvii) | The report and compliance certificate disclosed as per Annexure-B and Annexure-C; | Complied | | - do - |
| 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; | Complied | | |
| 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) | The minutes of respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company | 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 | | They are different individuals |
| 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; | | Not Complied | Taken up with authorities for exemption |
| 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 BSE and stock exchange(s); | - | | No such case in the reporting year |
| 3(2) | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board; | Complied | | In practice |
| 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 | | Given in the Directors Report |
| 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 | | - do - |

Contd.



| Condition No | Title | Status | | Remarks |
|----------------|---|----------|--------------|---------------------------------|
| | | Complied | Not-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 | | - do - |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report | Complied | | - do - |
| 4(i) | Board Audit Committee (BAC) | Complied | | |
| 4(ii) | Nomination and Remuneration Committee | Complied | | |
| 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 | | There are 3 members |
| 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 | | In practice |
| 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. | - | | No such case in the year |
| 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 | | 4 meetings held |
| 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 | | Performed as per BSEC Guideline |
| 5(5)(b) | Monitor choice of accounting policies and principles. | Complied | | - do - |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced; | Complied | | - do - |
| 5(5)(d) | Oversee hiring and performance of external auditors; | Complied | | - do - |
| 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 | | - do - |
| 5(5)(f) | Review with the management, the annual financial statements before submission to the Board for approval; | Complied | | - do - |
| 5(5)(g) | Review with the management, the quarterly and half yearly financial statements before submission to the Board for approval | Complied | | - do - |
| 5(5)(h) | Review the adequacy of internal audit function; | Complied | | - do - |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | Complied | | - do - |
| 5(5)(j) | Review statement of all related party transactions submitted by the management; | Complied | | - do - |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | Complied | | - do - |
| 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 | | - do - |
| 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; | - | | N/A |
| 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 | - | | No such case in the year |
| 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; | - | | - do - |

| Condition No | Title | Status | | Remarks |
|----------------|--|----------|--------------|------------------------------------|
| | | Complied | Not-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 | - | | - do - |
| 5(6)(a)(ii)(d) | The BAC shall immediately report to the Board if any other matter which the Audit Committee deems necessary. | - | | - do - |
| 5(6)(b) | If any material impact on the financial condition and results of operation, unreasonably ignored by the management | - | | - do - |
| 5(7) | Reporting to the Shareholders and General Investors | Complied | | Report of AC given in the AR |
| 6(1)(a) | Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | Complied | | |
| 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; | | | Performed as per BSEC Guideline |
| 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). | Complied | | - do - |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | Complied | | - do - |
| 6(2)(b) | All members of the Committee shall be non-executive directors. | Complied | | - do - |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board | Complied | | - do - |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee | Complied | | |
| 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; | - | | No such case in the reporting year |
| 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; | - | | - do - |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee. | Complied | | In practice |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director | Complied | | |
| 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 | Complied | | |
| 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 | Complied | | |
| 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 | - | | No such case in the reporting year |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders | Complied | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year. | Complied | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC | - | | No such case in the year |
| 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); | Complied | | |
| 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; | Complied | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | Complied | | NRC performs as per BSEC Guideline |
| 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; | Complied | | - do - |
| 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; | Complied | | - do - |
| 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; | Complied | | - do - |

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; | Complied | | - do - |
| 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; | Complied | | - do - |
| 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; | Complied | | - do - |
| 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; | Complied | | - do - |
| 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; | Complied | | - do - |
| 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; The issuer Company shall not engage its external or statutory auditors | Complied | | Given in the Annual Report |
| 7(1)(i) | - to perform the appraisal or valuation services or fairness opinions of the company. | Complied | | As declared by Auditors |
| 7(1)(ii) | - to perform the financial information systems design and implementation of the company. | Complied | | - do - |
| 7(1)(iii) | - to perform book-keeping or other services related to the accounting records or financial statements of the company. | Complied | | - do - |
| 7(1)(iv) | - to perform broker-dealer services of the company. | Complied | | - do - |
| 7(1)(v) | - to perform actuarial services of the company. | Complied | | - do - |
| 7(1)(vi) | - to perform internal audit services or special audit services of the company. | Complied | | - do - |
| 7(1)(vii) | - to perform any service that the Audit Committee determines of the company. | Complied | | - do - |
| 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 | | - do - |
| 7(1)(ix) | - to perform any other service that creates conflict of interest of the company. | Complied | | - do - |
| 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 | | - do - |
| 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 | | Given in AR |
| 9(2) | Compliance certification professional shall be appointed by the shareholders in the AGM; | Complied | | Appointed at AGM |
| 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 | | Given in the Annual Report |

Annexure-VI

Al-Muqtadir Associates
Chartered Secretaries & Consultants

efforts umpteenth : প্রয়াস অসংখ্য

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BIN No : 000179575-0202

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

[As required under code 1(5) (xxvii) of the BSEC Code 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 2021. 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, with the exception of code: 3(1)(c) which has not been complied. The Company's appeal for exemption in this respect was still to be decided by the Regulator.
- (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 somewhat satisfactory.

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2020-21.



Dhaka, November 10, 2021

Al-Muqtadir Associates
Chartered Secretaries & Consultants



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



ACI Formulations Limited

Auditor's Report & Financial Statements for the year ended 30 June 2021



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 2021, 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 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the 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:

Property, plant and equipment (PPE):

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. Land and buildings were revalued by a professional valuer in 2021. Other assets such as plant and machineries, electrical and other office appliances, furniture and fixture, office equipment and motor vehicles were not revalued on justified grounds as mentioned in the revaluation report.

The carrying value of PPE represents significant portion of total assets, which is amounting to Tk. 2,373 million for the Company and Tk. 2,374 million for the Group at the reporting date. In other words, for both the Company and the Group, approximately 42% of total assets are represented by PPE. It is a matter of consideration that the carrying value of PPE may be higher than the recoverable amount and impairment charges might not have been recognized due to not performing the impairment test.

Audit procedure performed to address the key audit matter

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.

Followings are our audit procedures on the carrying value and impairment risk of PPE:

- Reviewing basis of recognition, measurement and valuation of assets;
- Review of procedures of assets acquisition, depreciation and disposal;
- Checking ownership of the major assets;
- Checking the Capital-Work-in-Progress (CWIP) and its transfer to PPE;
- Performing due physical asset verification on sample basis;
- Evaluating the Group's assumptions to identify if there is any requirement of recognition of impairment;
- We have checked fixed asset register of the company, performed test check of depreciation calculation, checked fixed assets schedule and books of accounts maintained by the company; and
- Finally, assessing the appropriateness and presentation of disclosures in line with relevant accounting standards.

Our testing did not identify any other issues with regard to PPE and related depreciation.

Inventory valuation

At year end the Company and the Group as a whole reported inventory of Tk. 1,278 million – approximately 23% of total assets – of goods held in depots, central warehouse and factories. Inventories are carried at lower of cost and net realizable value. 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.

Audit procedure performed to address the key audit matter

We obtained a detailed understanding and evaluated the design and implementation of controls that the Group has established in relation to inventory valuation. We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory provisions.

Our audit procedures in relation to the inventory comprise the followings:

- Evaluating the design and implementation of key inventory controls operating across the Group on test basis ;
- Conducting review of trade price and compared with cost price to ensure that the inventories are reported at lower of cost or net realizable value and comparing to the associated provision to assess whether inventory provisions are complete;
- We however could not attend inventory counts at the year-end due to strict lockdown imposed by government. We have obtained inventory list that was counted by management and checked on sample basis between the quantities reported in the inventory counting sheet with that of quantities reported against the closing inventory.

Our procedures above did not identify any issues with regard to inventory.

Inter-company receivables

The carrying amount of the inter-company receivables and payables of the Company was Tk. 8.7 million and Tk. 340 million as at 30 June 2021 representing 0.15 % of total assets and 12.90% of total liabilities of the Company, respectively. Management has conducted impairment assessment and calculated recoverable value of these inter-company receivables, and reimbursement capability of the inter-company payables in accordance with IFRS 9: Financial Instruments. Therefore, it is a matter to consider whether those receivables and payables have been misstated due to non-recognition of impairment or inability to repay.

Audit procedure performed to address the key audit matter

We assessed the processes and controls put in place by the Company over inter-company transactions. Our procedures in relation to the inter-company balances comprise the followings:

- At the time of conducting our audit of the separate financial statements of the Company, we have identified the recoverable value of the Company's inter-company receivable.

- We have also assessed the Company's ability to repay inter-company payables, through detailed analysis of the Company's income and cash generating abilities.
- Obtained confirmations from the group entities at the reporting date on the closing balances of inter-company transaction and its reconciliation whenever necessary;
- Assessed the appropriateness and presentation of disclosures against relevant accounting standards.

Our test did not identify any major issues with regard to inter-company balances and any indicators that would trigger impairment or adjustment at the reporting date.

Bank Overdraft and Loan and borrowings

At reporting date, the position of Bank Overdraft and Loan outstanding was Tk. 1659 million for both the Company and the Group. In other words, approximately 63% of total liabilities are represented by loans and overdraft for both the Company and Group. Evidently, the Company is using loan to operate the business and also, to acquire non-current assets. Therefore, these two items have been considered as key audit areas.

Audit procedure performed to address the key audit matter

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans.

Our audit procedures included, among others, the followings:

- Obtained loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans.
- Obtained external confirmation of the bank to ensure accuracy of the figures reported.
- Checked interest calculation on test basis.
- Checked the adjustments or repayments of loans through bank statements as per repayment schedule.

Our procedures above did not identify any other issues except as mentioned above with regard to loans.

Revenue Recognition

At year end the Company and the Group both reported revenue of Tk. 3,863 and Tk. 3,865 million respectively. Revenue is measured at net of trade discounts, markdown adjustment, returns and allowances. It is a matter of concern that revenue may be misstated due to recognition of sales transaction before performance obligation being satisfied.

Audit procedure performed to address the key audit matter

Our audit procedures in relation to the revenue recognition comprises the followings:

- Observing and evaluating whether proper segregation of duties put in place;
- Examining samples of sales invoices for evidence of proper credit approval by the appropriate personnel and application controls for credit limits;
- Comparing prices and terms on samples of sales invoices to the price list.
- Checking invoice raised at the year end and delivery of goods with acknowledgement of customer to ensure that cut off principle has been properly applied.
- Assessing revenue recognition accounting policies by comparison with IFRS 15.
- Testing the effectiveness of the controls over the calculation of discounts.
- Assessing manual journals made to revenue to identify unusual or irregular items; and
- Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.

Our testing did not identify any issues with regard to revenue.

Other Matters

The Group comprises the parent, ACI Formulations Limited, and its subsidiary namely Neem Laboratories (Pvt.) Ltd. The financial statements of subsidiary have been audited and the component auditor has expressed an unmodified opinion on the financial statements on 30 June 2021.

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 the 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.

- 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 40 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.

FOR A. WAHAB & CO.
CHARTERED ACCOUNTANTS



Kazi Md. Mahboob Kasem, FCA
Partner
Enrolment No : 845
DVC: 2111040845AS548401

Dated: Dhaka, October 28, 2021



ACI Formulations Limited

Statement of financial position

| In Taka | Note | 30 June 2021 | 30 June 2020 |
|--|-----------|----------------------|----------------------|
| Assets | | | |
| Property, plant and equipment | 8 | 2,372,942,307 | 1,902,607,959 |
| Right of use assets | 9 | 12,026,671 | 12,117,850 |
| Investments | 10 | 41,716,700 | 39,765,927 |
| Non-current assets | | 2,426,685,678 | 1,954,491,736 |
| Inventories | 12 | 1,278,151,010 | 1,270,805,156 |
| Trade receivables | 13 | 1,284,540,445 | 1,574,240,361 |
| Other receivables | 14 | 48,146,105 | 40,677,696 |
| Inter-company receivables | 15 | 8,728,765 | 25,404,390 |
| Advances, deposits and prepayments | 16 | 48,881,746 | 79,424,510 |
| Current tax assets | 27 | 360,027,334 | 323,894,080 |
| Cash and cash equivalents | 17 | 191,034,248 | 248,676,354 |
| Current assets | | 3,219,509,653 | 3,563,122,547 |
| Total assets | | 5,646,195,331 | 5,517,614,283 |
| Equity | | | |
| Share Capital | 18 | 450,000,000 | 450,000,000 |
| Revaluation reserve | | 1,619,739,070 | 1,136,392,931 |
| Retained earnings | | 939,636,392 | 820,348,228 |
| Total equity | | 3,009,375,462 | 2,406,741,159 |
| Liabilities | | | |
| Employee benefits | 19 | 56,169,911 | 48,492,100 |
| Lease liability | 9 | 7,339,971 | 4,385,837 |
| Deferred tax liabilities | 20 | 36,696,214 | 24,686,212 |
| Non-current liabilities | | 100,206,096 | 77,564,149 |
| Bank overdrafts | 21 | 107,334,356 | 76,793,453 |
| Loans and borrowings | 22 | 1,551,197,579 | 1,626,971,532 |
| Lease liability- current portion | 9 | 5,253,617 | 6,613,294 |
| Trade payables | 23 | 120,975,718 | 118,584,013 |
| Other payables | 24 | 398,395,665 | 327,661,518 |
| Unclaimed dividend account | 25 | 12,968,914 | 12,580,680 |
| Inter-company payables | 26 | 340,487,924 | 864,104,485 |
| Current liabilities | | 2,536,613,773 | 3,033,308,975 |
| Total liabilities | | 2,636,819,869 | 3,110,873,124 |
| Total equity and liabilities | | 5,646,195,331 | 5,517,614,283 |
| Net asset value (NAV) per share | 34 | 66.88 | 53.48 |


The annexed notes 1 to 40 form an integral part of these financial statements.


Shusmita Anis
Managing Director


Golam Mainuddin
Director


Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.


(A. Wahab & Co.)
Chartered Accountants
Kazi Md. Mahboob Kasem, FCA
Partner
Enrolment No : 845
DVC: 2111040845AS548401

Dated: Dhaka, 28 October 2021

ACI Formulations Limited

Statement of profit or loss and other comprehensive income

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---|------|------------------------------------|------------------------------------|
| Revenue | 28 | 3,863,349,640 | 3,422,446,474 |
| Cost of sales | 29 | (2,737,852,542) | (2,357,284,560) |
| Gross profit | | 1,125,497,098 | 1,065,161,914 |
| Other income | 30 | 4,981,496 | 4,668,779 |
| Administrative, selling and distribution expenses | 31 | (698,180,656) | (719,940,721) |
| Operating profit | | 432,297,938 | 349,889,972 |
| Finance costs, net | 32 | (126,556,900) | (217,715,145) |
| Profit before contribution to WPPF | | 305,741,038 | 132,174,827 |
| Contribution to WPPF | | (15,287,052) | (6,608,741) |
| Profit before tax | | 290,453,986 | 125,566,086 |
| Income tax expense | 33 | | |
| Current tax | | (86,574,760) | (57,345,975) |
| Deferred tax income/(expense) | | 9,384,688 | 24,232,080 |
| | | (77,190,072) | (33,113,895) |
| Profit after tax | | 213,263,914 | 92,452,191 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement of defined benefit plan | | (5,130,000) | - |
| Related tax | | 1,154,250 | - |
| | | (3,975,750) | - |
| Revaluation surplus on property, plant and equipment | | 505,895,079 | - |
| Related tax | | (22,548,940) | - |
| | | 483,346,139 | - |
| Other comprehensive income, net of tax | | 479,370,389 | |
| Total comprehensive income | | 692,634,303 | 92,452,191 |
| Earnings per share | 34 | | |
| Basic earnings per share | | 4.74 | 2.05 |

The annexed notes 1 to 40 form an integral part of these financial statements.



Shusmita Anis
Managing Director

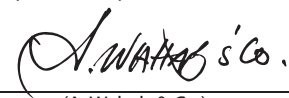


Golam Mainuddin
Director



Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.



(A. Wahab & Co.)
Chartered Accountants
Kazi Md. Mahboob Kasem, FCA
Partner

Enrolment No : 845
DVC: 2111040845A5548401

Dated: Dhaka, 28 October 2021



ACI Formulations Limited

Statement of changes in equity

| <i>In Taka</i> | For the year ended 30 June 2021 | | | |
|---|---------------------------------|---------------------|-------------------|---------------|
| | Share capital | Revaluation reserve | Retained earnings | Total |
| Balance at 1 July 2020 | 450,000,000 | 1,136,392,931 | 820,348,228 | 2,406,741,159 |
| Total comprehensive income | | | | |
| Profit after tax | - | - | 213,263,914 | 213,263,914 |
| Other comprehensive income net of tax | - | 483,346,139 | (3,975,750) | 479,370,389 |
| Total comprehensive income | - | 483,346,139 | 209,288,164 | 692,634,303 |
| Transactions with owners of the company | | | | |
| Contributions and distributions | | | | |
| Final dividend paid for the year 2019-20 | - | - | (90,000,000) | (90,000,000) |
| Total transactions with owners of the company | - | - | (90,000,000) | (90,000,000) |
| Transactions recognised directly in equity | | | | |
| Realisation of revaluation surplus | - | - | - | - |
| Total transactions recognised directly in equity | - | - | - | - |
| Balance at 30 June 2021 | 450,000,000 | 1,619,739,070 | 939,636,392 | 3,009,375,462 |

| <i>In Taka</i> | For the year ended 30 June 2020 | | | |
|---|---------------------------------|---------------------|-------------------|---------------|
| | Share capital | Revaluation reserve | Retained earnings | Total |
| Balance at 1 July 2019 | 450,000,000 | 1,136,392,931 | 885,396,037 | 2,471,788,968 |
| Total comprehensive income | | | | |
| Profit after tax | - | - | 92,452,191 | 92,452,191 |
| Other comprehensive income net of tax | - | - | - | - |
| Total comprehensive income | - | - | 92,452,191 | 92,452,191 |
| Transactions with owners of the company | | | | |
| Contributions and distributions | | | | |
| Final dividend paid for the year 2018-19 | - | - | (157,500,000) | (157,500,000) |
| Total transactions with owners of the company | - | - | (157,500,000) | (157,500,000) |
| Transactions recognised directly in equity | | | | |
| Realisation of revaluation surplus | - | - | - | - |
| Total transactions recognised directly in equity | - | - | - | - |
| Balance at 30 June 2020 | 450,000,000 | 1,136,392,931 | 820,348,228 | 2,406,741,159 |

The annexed notes 1 to 40 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 2021 | For the year ended 30 June 2020 |
|---|------|------------------------------------|------------------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers and others | | 4,149,686,706 | 3,530,247,009 |
| Cash paid to suppliers and employees | | (3,290,031,208) | (2,486,366,330) |
| Cash (used in)/generated from operating activities | | 859,655,498 | 1,043,880,679 |
| Paid to WPPF | | (6,608,741) | (9,553,187) |
| Interest paid | | (126,521,019) | (213,472,156) |
| Income tax paid | | (122,708,014) | (152,471,284) |
| | | (255,837,774) | (375,496,627) |
| Net cash (used in)/from operating activities* | 17.3 | 603,817,724 | 668,384,052 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (11,070,176) | (23,622,434) |
| Investment | | (1,950,773) | (23,155) |
| Net cash (used in)/from investing activities | | (13,020,949) | (23,645,589) |
| Cash flows from financing activities | | | |
| Inter-company debts received/(paid) | | (506,940,936) | (283,636,486) |
| Proceeds from loans and borrowings | | (75,773,953) | (195,189,810) |
| Payment for lease obligation | | (6,653,130) | (6,355,203) |
| Dividends paid | | (89,611,766) | (156,729,487) |
| Net cash (used in)/from financing activities | | (678,979,785) | (641,910,986) |
| Net increase/(decrease) in cash and cash equivalents | | (88,183,009) | 2,827,477 |
| Opening cash and cash equivalents | | 171,882,901 | 168,949,368 |
| Effect of foreign exchange rate changes | | - | 106,056 |
| Cash and cash equivalents at reporting date | | 83,699,892 | 171,882,901 |
| Closing balance represents | | | |
| Cash and cash equivalents | 17 | 191,034,248 | 248,676,354 |
| Bank overdraft | 21 | (107,334,356) | (76,793,453) |
| | | 83,699,892 | 171,882,901 |
| Net operating cash flows per share (NOCFPS) | 34 | 13.42 | 14.85 |

* See Note 17.3 for reconciliation of net operating cash flow.

The annexed notes 1 to 40 form an integral part of these financial statements.



ACI Formulations Limited

Consolidated statement of financial position

| In Taka | Note | 30 June 2021 | 30 June 2020 |
|---|-------|----------------------|----------------------|
| Assets | | | |
| Property, plant and equipment | 8(a) | 2,373,949,870 | 1,903,985,541 |
| Right of use assets | 9(a) | 12,026,671 | 12,117,850 |
| Investments | 10(a) | 37,768,366 | 35,817,593 |
| Intangible assets | 11 | 5,147,792 | 5,147,792 |
| Non-current assets | | 2,428,892,699 | 1,957,068,776 |
| Inventories | 12(a) | 1,278,151,010 | 1,270,805,156 |
| Trade receivables | 13(a) | 1,285,524,206 | 1,575,245,535 |
| Other receivables | 14 | 48,146,112 | 40,619,138 |
| Inter-company receivables | 15(a) | 741,163 | 17,862,732 |
| Advances, deposits and prepayments | 16(a) | 49,567,359 | 80,121,123 |
| Current tax assets | 27(a) | 359,975,260 | 323,757,710 |
| Cash and cash equivalents | 17(a) | 191,829,387 | 249,368,841 |
| Current assets | | 3,213,934,497 | 3,557,780,235 |
| Total assets | | 5,642,827,196 | 5,514,849,011 |
| Equity | | | |
| Share Capital | 18 | 450,000,000 | 450,000,000 |
| Revaluation reserve | | 1,619,739,070 | 1,136,392,931 |
| Retained earnings | | 935,070,632 | 815,586,163 |
| Equity attributable to the owners of the Company | | 3,004,809,702 | 2,401,979,094 |
| Non controlling interest | | (117,666) | (121,672) |
| Total equity | | 3,004,692,036 | 2,401,857,422 |
| Liabilities | | | |
| Employee benefits | 19 | 56,169,911 | 48,492,100 |
| Lease liability | 9(a) | 7,339,971 | 4,385,837 |
| Deferred tax liabilities | 20(a) | 36,642,620 | 24,594,529 |
| Non-current liabilities | | 100,152,502 | 77,472,466 |
| Bank overdrafts | 21 | 107,334,356 | 76,793,453 |
| Loans and borrowings | 22(a) | 1,551,197,579 | 1,626,971,532 |
| Lease liability- current portion | 9(a) | 5,253,617 | 6,613,294 |
| Trade payables | 23(a) | 121,742,263 | 119,962,073 |
| Other payables | 24(a) | 398,998,005 | 328,493,606 |
| Unclaimed dividend account | 25 | 12,968,914 | 12,580,680 |
| Inter-company payables | 26 | 340,487,924 | 864,104,485 |
| Current liabilities | | 2,537,982,658 | 3,035,519,123 |
| Total liabilities | | 2,638,135,160 | 3,112,991,589 |
| Total equity and liabilities | | 5,642,827,196 | 5,514,849,011 |
| Net Asset Value (NAV) per share | 34(a) | 66.77 | 53.38 |

The annexed notes 1 to 40 form an integral part of these financial statements.


Shusmita Anis
Managing Director


Golam Mainuddin
Director


Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.


(A. Wahab & Co.)
Chartered Accountants
Kazi Md. Mahboob Kasem, FCA
Partner
Enrolment No : 845
DVC: 2111040845A548401

Dated: Dhaka, 28 October 2021

ACI Formulations Limited

Consolidated statement of profit or loss and other comprehensive income

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---|-------|------------------------------------|------------------------------------|
| Revenue | 28(a) | 3,864,530,432 | 3,424,043,566 |
| Cost of sales | 29(a) | (2,737,852,543) | (2,357,284,558) |
| Gross profit | | 1,126,677,889 | 1,066,759,008 |
| Other income | 30 | 4,981,496 | 4,668,779 |
| Administrative, selling and distribution expenses | 31(a) | (698,602,394) | (720,517,624) |
| Operating profit | | 433,056,992 | 350,910,163 |
| Finance costs, net | 32(a) | (126,890,319) | (218,083,120) |
| Profit before contribution to WPPF | | 306,166,673 | 132,827,043 |
| Contribution to WPPF | | (15,287,052) | (6,608,741) |
| Profit before tax | | 290,879,621 | 126,218,302 |
| Income tax expense: | 33(a) | | |
| Current tax | | (86,761,995) | (57,505,684) |
| Deferred tax income/(expense) | | 9,346,599 | 24,026,714 |
| | | (77,415,396) | (33,478,970) |
| Profit after tax | | 213,464,225 | 92,739,332 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement of defined benefit plan | | (5,130,000) | - |
| Related tax | | 1,154,250 | - |
| | | (3,975,750) | - |
| Revaluation of property, plant and equipment | | 505,895,079 | - |
| Related tax | | (22,548,940) | - |
| | | 483,346,139 | - |
| Other comprehensive income, net of tax | | 479,370,389 | - |
| Total comprehensive income | | 692,834,614 | 92,739,332 |
| Profit attributable to: | | | |
| Owners of the Company | | 213,460,219 | 92,733,589 |
| Non-controlling interest | | 4,006 | 5,743 |
| | | 213,464,225 | 92,739,332 |
| Earnings per share | 34(a) | | |
| Basic earnings per share | | 4.74 | 2.06 |

The annexed notes 1 to 40 form an integral part of these financial statements.



Shusmita Anis
Managing Director

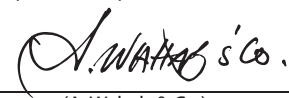


Golam Mainuddin
Director



Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.



(A. Wahab & Co.)
Chartered Accountants
Kazi Md. Mahboob Kasem, FCA
Partner

Enrolment No : 845
DVC: 2111040845A5548401

Dated: Dhaka, 28 October 2021

ACI Formulations Limited

Consolidated statement of changes in equity

For the year ended 30 June 2021

| In Taka | Attributable to owner of the Company | | | | Non-controlling interests | Total equity |
|---|--------------------------------------|---------------------|-------------------|---------------|---------------------------|---------------|
| | Share capital | Revaluation reserve | Retained earnings | Total | | |
| Balance as at 1 July 2020 | 450,000,000 | 1,136,392,931 | 815,586,163 | 2,401,979,094 | (121,672) | 2,401,857,422 |
| Total comprehensive income | | | | | | |
| Profit after tax | - | - | 213,460,219 | 213,460,219 | 4,006 | 213,464,225 |
| Other comprehensive income net of tax | - | 483,346,139 | (3,975,750) | 479,370,389 | - | 479,370,389 |
| Total comprehensive income | - | 483,346,139 | 209,484,469 | 692,830,608 | 4,006 | 692,834,614 |
| Transactions with owners of the company | | | | | | |
| Contributions and distributions | | | | | | |
| Final dividend paid for the year 2019-20 | - | - | (90,000,000) | (90,000,000) | - | (90,000,000) |
| Total transactions with owners of the company | - | - | (90,000,000) | (90,000,000) | - | (90,000,000) |
| Transactions recognised directly in equity | | | | | | |
| Realisation of revaluation surplus | - | - | - | - | - | - |
| Total transactions recognised directly in equity | - | - | - | - | - | - |
| Balance as at 30 June 2021 | 450,000,000 | 1,619,739,070 | 935,070,632 | 3,004,809,702 | (117,666) | 3,004,692,036 |

For the year ended 30 June 2020

| In Taka | Attributable to owner of the Company | | | | Non-controlling interests | Total equity |
|---|--------------------------------------|---------------------|-------------------|---------------|---------------------------|---------------|
| | Share capital | Revaluation reserve | Retained earnings | Total | | |
| Balance at 1 July 2019 | 450,000,000 | 1,136,392,931 | 880,352,574 | 2,466,745,505 | (127,415) | 2,466,618,090 |
| Total comprehensive income | | | | | | |
| Profit after tax | - | - | 92,733,589 | 92,733,589 | 5,743 | 92,739,332 |
| Other comprehensive income net of tax | - | - | - | - | - | - |
| Total comprehensive income | - | - | 92,733,589 | 92,733,589 | 5,743 | 92,739,332 |
| Transactions with owners of the company | | | | | | |
| Contributions and distributions | | | | | | |
| Final dividend paid for the year 2018-19 | - | - | (157,500,000) | (157,500,000) | - | (157,500,000) |
| Total transactions with owners of the company | - | - | (157,500,000) | (157,500,000) | - | (157,500,000) |
| Transactions recognised directly in equity | | | | | | |
| Realisation of revaluation surplus | - | - | - | - | - | - |
| Total transactions recognised directly in equity | - | - | - | - | - | - |
| Balance at 30 June 2020 | 450,000,000 | 1,136,392,931 | 815,586,163 | 2,401,979,094 | (121,672) | 2,401,857,422 |

The annexed notes 1 to 40 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 2021 | For the year ended 30 June 2020 |
|--|---------|------------------------------------|------------------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 4,150,888,910 | 3,535,713,609 |
| Cash paid to suppliers and employees | | (3,290,301,674) | (2,506,277,549) |
| Cash (used in)/generated from operating activities | | 860,587,236 | 1,029,436,060 |
| Payment for WPPF | | (6,608,741) | (9,553,187) |
| Interest paid | | (126,854,438) | (213,840,131) |
| Income tax paid | | (122,979,544) | (152,538,168) |
| | | (256,442,723) | (375,931,486) |
| Net cash (used in)/from operating activities* | 17.3(a) | 604,144,513 | 653,504,574 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (11,070,176) | (23,622,435) |
| Investment | | (1,950,773) | (23,155) |
| Net cash (used in)/from investing activities | | (13,020,949) | (23,645,590) |
| Cash flows from financing activities | | | |
| Inter-company debts received/(paid) | | (507,165,071) | (266,150,555) |
| Proceeds from loans and borrowings | | (75,773,953) | (198,049,968) |
| Payment for lease obligation | | (6,653,130) | (6,355,203) |
| Dividends paid | | (89,611,766) | (156,729,487) |
| Net cash (used in)/from financing activities | | (679,203,919) | (627,285,213) |
| Net increase/(decrease) in cash and cash equivalents | | (88,080,356) | 2,573,771 |
| Opening Cash and cash equivalents | | 172,575,387 | 169,895,561 |
| Effect of foreign exchange rate changes | | - | 106,056 |
| Closing cash and cash equivalents at reporting date | | 84,495,031 | 172,575,388 |
| Closing balance represents | | | |
| Cash and cash equivalents | 17(a) | 191,829,387 | 249,368,841 |
| Bank overdraft | 21 | (107,334,356) | (76,793,453) |
| | | 84,495,031 | 172,575,388 |
| Net Operating Cash Flows Per Share (NOCFPS) | 34(a) | 13.43 | 14.52 |

* See Note 17.3(a) for reconciliation of net operating cash flow.

The annexed notes 1 to 40 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 2021

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 2021 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 generate its revenue through royalty fees based on the agreement with ACI Limited effective from 1 July 2019 for a tenure of 5 years; the later currently being engaged in the manufacturing of products under the Neem brand name. Since the Subsidiary showed profitability during the year, its ability to operate as a going concern is not at risk.

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), 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 2021 were authorised by the Board of Directors on 28 October 2021 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 2021 is included in the following notes:

| | |
|-------------------|----------------------------------|
| Note - 8 & 8(a) | Property, plant and equipment |
| Note - 9 & 9(a) | Leases |
| Note - 12 & 12(a) | Inventories |
| Note - 13 & 13(a) | Trade receivables |
| Note - 14 | Other receivables |
| Note - 15 & 15(a) | Inter-company receivables |
| Note - 19 | Employee benefits |
| Note - 20 & 20(a) | Deferred tax liabilities |
| Note - 27 & 27(a) | Current tax liabilities/(assets) |
| Note - 36 | 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 2020 to 30 June 2021 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) Leases
- (n) Financial instruments
- (o) Share capital
- (p) Impairment
- (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

(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 |
|----------------------------|---|
| 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> |

(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.

(iii) Defined benefit plans (gratuity)

The Company operates a 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. The scheme has become a recognised gratuity fund during the year ended 30 June 2021.

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 2021 by independent actuarial valuer to assess the adequacy of the liabilities provided for the schemes, which concluded that provision accounted for in the Statement of financial position is sufficient.

(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 22.5%.

(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.

The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019.

(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.

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, 2015 and 2021 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 2021 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 when the asset becomes available for use. 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> | 30 June 2021 | 30 June 2020 |
|--|---------------------|---------------------|
| 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 2021.

(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. During the year no external or internal indication was found which may trigger impairment.



(m) Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the inception of a contract and measured in accordance with IFRS 16. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

Payments associated with all short-term leases (with a lease term of 12 months or less) and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(n) Financial instruments

Non-derivative financial instruments comprise of investments in shares and term deposits, trade receivables, inter-company receivables, 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 receivables, intercompany receivables, 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.

(o) 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.

(p) 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.

(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 2021.

(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.

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 2021

| In Taka | Reportable segments | | | | | Total reportable segments | Unallocated | Total |
|---|----------------------|---------------------|--------------------|---------------------|---------------------|---------------------------|----------------------|----------------------|
| | CC & PH | M Coil | Aerosol | Paint | Paint | | | |
| External revenue | 3,042,701,283 | 22,316,718 | 441,424,854 | 260,744,102 | 260,744,102 | 3,767,186,957 | 28,814,473 | 3,796,001,430 |
| Intra-segment revenue | - | - | 67,348,210 | - | - | 67,348,210 | 1,180,791 | 68,529,001 |
| Segment revenue | 3,042,701,283 | 22,316,718 | 508,773,064 | 260,744,102 | 260,744,102 | 3,834,535,167 | 29,995,264 | 3,864,530,432 |
| Cost of sales excluding depreciation | (1,945,525,049) | (51,711,572) | (467,875,994) | (209,611,734) | (2,674,724,349) | (2,674,724,349) | (29,083,680) | (2,703,808,029) |
| Depreciation | (19,185,362) | (17,302,370) | (4,922,261) | (4,896,351) | (4,896,351) | (46,306,344) | (1,167,958) | (47,474,302) |
| Other income | 3,828,506 | - | 58,380 | 1,094,610 | 1,094,610 | 4,981,496 | - | 4,981,496 |
| Operating expenses excluding depreciation | (561,427,283) | (8,197,477) | (8,282,000) | (107,164,571) | (107,164,571) | (685,071,331) | (101,274) | (685,172,605) |
| Finance costs | (109,276,318) | - | - | (16,905,425) | (16,905,425) | (126,181,742) | (708,577) | (126,890,319) |
| Segment profit/(loss) before tax | 390,559,988 | (52,149,966) | 26,363,629 | (72,902,400) | (72,902,400) | 291,871,252 | (991,631) | 290,879,621 |
| Segment assets | 2,546,824,908 | 669,249,695 | 630,937,264 | 441,967,268 | 441,967,268 | 4,288,979,135 | 1,353,848,061 | 5,642,827,196 |
| Segment liabilities | 1,672,647,584 | 8,885,363 | 131,878,580 | 98,844,503 | 98,844,503 | 1,912,256,030 | 725,879,130 | 2,638,135,160 |

30 June 2020

| In Taka | Reportable segments | | | | | Total reportable segments | Unallocated | Total |
|---|----------------------|---------------------|--------------------|---------------------|---------------------|---------------------------|--------------------|----------------------|
| | CC & PH | M Coil | Aerosol | Paint | Paint | | | |
| External revenue | 2,615,685,217 | 11,200,300 | 396,117,145 | 382,553,546 | 382,553,546 | 3,405,556,208 | 16,890,266 | 3,422,446,474 |
| Intra-segment revenue | - | - | - | - | - | - | 1,597,092 | 1,597,092 |
| Segment revenue | 2,615,685,217 | 11,200,300 | 396,117,145 | 382,553,546 | 382,553,546 | 3,405,556,208 | 18,487,358 | 3,424,043,566 |
| Cost of sales excluding depreciation | (1,672,371,907) | 1,844,952 | (328,564,459) | (298,785,325) | (2,297,876,739) | (2,297,876,739) | (11,932,115) | (2,309,808,854) |
| Depreciation | (33,685,752) | (20,105,640) | (5,888,459) | (5,118,164) | (64,798,015) | (64,798,015) | (1,243,007) | (66,041,022) |
| Other income | 3,438,573 | - | 166,535 | 957,615 | 957,615 | 4,562,723 | 106,056 | 4,668,779 |
| Operating expenses excluding depreciation | (554,327,573) | (8,708,081) | (9,866,670) | (130,414,559) | (130,414,559) | (703,316,883) | 1,364,576 | (701,952,307) |
| Finance costs | (180,424,960) | - | - | (35,542,358) | (35,542,358) | (215,967,318) | (2,115,802) | (218,083,120) |
| Segment profit/(loss) before tax | 169,397,918 | (14,980,046) | 49,365,887 | (82,031,783) | (82,031,783) | 121,751,978 | 4,466,324 | 126,218,302 |
| Segment assets | 2,802,759,463 | 708,443,070 | 685,820,890 | 441,225,174 | 441,225,174 | 4,638,248,597 | 876,600,414 | 5,514,849,011 |
| Segment liabilities | 1,966,168,576 | 6,885,261 | 124,742,383 | 99,360,204 | 99,360,204 | 2,197,156,424 | 915,835,165 | 3,112,991,589 |

8 Property, plant and equipment

| In Taka | Land | Building | Plant and machinery | Equipment and machinery | Electrical and other office appliances | Furniture and fixture | Motor vehicle | Under construction | Total |
|--------------------------------|-------------|-------------|---------------------|-------------------------|--|-----------------------|---------------|--------------------|---------------|
| Cost | | | | | | | | | |
| Balance at 1 July 2019 | 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 |
| Additions | - | - | - | 1,181,315 | 276,438 | 57,894 | - | 21,583,030 | 23,098,677 |
| Transfer | 19,690,062 | - | - | - | - | - | - | (19,690,062) | - |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | (1) | - | (1) |
| Balance at 30 June 2020 | 448,831,902 | 191,521,002 | 263,065,299 | 24,423,296 | 9,347,409 | 31,596,126 | 77,942,155 | 2,305,088 | 1,049,032,277 |
| Balance at 1 July 2020 | 448,831,902 | 191,521,002 | 263,065,299 | 24,423,296 | 9,347,409 | 31,596,126 | 77,942,155 | 2,305,088 | 1,049,032,277 |
| Additions | 4,778,664 | - | 325,500 | 579,302 | - | 158,867 | 1,900,401 | 3,327,441 | 11,070,176 |
| Transfer | - | 1,362,812 | 2,872,939 | - | - | 195,036 | - | (4,430,787) | - |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | 453,610,566 | 192,883,814 | 266,263,738 | 25,002,598 | 9,347,409 | 31,950,029 | 79,842,556 | 1,201,743 | 1,060,102,453 |

| In Taka | Land | Building | Plant and machinery | Equipment and machinery | Electrical and other office appliances | Furniture and fixture | Motor vehicle | Under construction | Total |
|--------------------------------|---------------|------------|---------------------|-------------------------|--|-----------------------|---------------|--------------------|---------------|
| Revaluation | | | | | | | | | |
| Balance at 1 July 2019 | 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 | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | 1,087,030,581 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 8 | - | 1,130,087,582 |
| Balance at 1 July 2020 | 1,087,030,581 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 8 | - | 1,130,087,582 |
| Addition | 505,895,079 | - | - | - | - | - | - | - | 505,895,079 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | 1,592,925,660 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 8 | - | 1,635,982,661 |

| In Taka | Land | Building | Plant and machinery | Equipment and machinery | Electrical and other office appliances | Furniture and fixture | Motor vehicle | Under construction | Total |
|---|---------------|-------------|---------------------|-------------------------|--|-----------------------|---------------|--------------------|---------------|
| Accumulated depreciation - Cost | | | | | | | | | |
| Balance at 1 July 2019 | - | 21,375,181 | 113,375,186 | 10,445,940 | 3,942,780 | 10,478,026 | 43,900,888 | - | 203,518,001 |
| Depreciation | - | 6,189,245 | 33,108,522 | 4,196,677 | 1,211,719 | 3,812,417 | 14,425,043 | - | 62,943,623 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 27,564,426 | 146,483,708 | 14,642,617 | 5,154,499 | 14,290,443 | 58,325,931 | - | 266,461,624 |
| Balance at 1 July 2020 | - | 27,564,426 | 146,483,708 | 14,642,617 | 5,154,499 | 14,290,443 | 58,325,931 | - | 266,461,624 |
| Depreciation | - | 6,158,271 | 21,421,701 | 3,840,958 | 1,163,299 | 2,846,445 | 9,337,257 | - | 44,767,931 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | - | 33,722,697 | 167,905,409 | 18,483,575 | 6,317,798 | 17,136,888 | 67,663,188 | - | 311,229,555 |
| Accumulated depreciation - Revaluation | | | | | | | | | |
| Balance at 1 July 2019 | - | 4,117,121 | 2,843,929 | 353,369 | 484,890 | 47,347 | (2) | - | 7,846,654 |
| Depreciation | - | 1,171,367 | 823,630 | 55,692 | 138,541 | 14,392 | - | - | 2,203,622 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 5,288,488 | 3,667,559 | 409,061 | 623,431 | 61,739 | (2) | - | 10,050,276 |
| Balance at 1 July 2020 | - | 5,288,488 | 3,667,559 | 409,061 | 623,431 | 61,739 | (2) | - | 10,050,276 |
| Depreciation | - | 1,164,354 | 539,399 | 15,743 | 129,150 | 14,330 | - | - | 1,862,976 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | - | 6,452,842 | 4,206,958 | 424,804 | 752,581 | 76,069 | (2) | - | 11,913,252 |
| Carrying amounts | | | | | | | | | |
| As at 1 July 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 |
| At 30 June 2020 | 1,535,862,483 | 194,975,912 | 117,809,262 | 9,820,465 | 4,861,100 | 17,357,415 | 19,616,234 | 2,305,088 | 1,902,607,959 |
| As at 30 June 2021 | 2,046,536,226 | 189,016,099 | 99,046,601 | 6,543,066 | 3,568,651 | 14,850,543 | 12,179,378 | 1,201,743 | 2,372,942,307 |

Notes:

In 2021, the property, plant and equipment of the Company were revalued by the independent professional valuer Hoda Vasi Chowdhury & Co., Chartered Accountants. As per requirements of BSEC Notification No. SEC/CMRRCD/2009-193/150/Admin, dated 18 August 2013, the revaluation report is presented in **Annexure-A**. Such revaluation was made with sufficient regularity to ensure that carrying amount does not differ materially from their fair value. The items of property, plant and equipment were also revalued last in 2015, 2010 and 2004 accordingly.

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 |
|--------------------------------|---------------|-------------|---------------------|-------------------------|--|-----------------------|----------------|--------------------|---------------|
| Cost | | | | | | | | | |
| Balance at 1 July 2019 | 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 |
| Additions | - | - | - | 1,181,315 | 276,438 | 57,894 | - | 21,583,030 | 23,098,677 |
| Transfer | 19,690,062 | - | - | - | - | - | - | (19,690,062) | - |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | (1) | - | (1) |
| Balance at 30 June 2020 | 448,831,903 | 191,521,002 | 265,368,897 | 25,035,464 | 9,780,872 | 31,947,089 | 79,202,155 | 2,305,088 | 1,053,992,470 |
| Balance at 1 July 2020 | 448,831,903 | 191,521,002 | 265,368,897 | 25,035,464 | 9,780,872 | 31,947,089 | 79,202,155 | 2,305,088 | 1,053,992,470 |
| Additions | 4,778,664 | - | 325,500 | 579,302 | - | 158,867 | 1,900,401 | 3,327,441 | 11,070,176 |
| Transfer | - | 1,362,812 | 2,872,939 | - | - | 195,036 | - | (4,430,787) | - |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | 453,610,567 | 192,883,814 | 268,567,336 | 25,614,766 | 9,780,872 | 32,300,992 | 81,102,556 | 1,201,743 | 1,065,062,646 |
| Revaluation | | | | | | | | | |
| Balance at 1 July 2019 | 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 | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | 1,087,030,581 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 7 | - | 1,130,087,581 |
| Balance at 1 July 2020 | 1,087,030,581 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 7 | - | 1,130,087,581 |
| Addition | 505,895,079 | - | - | - | - | - | - | - | 505,895,079 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | 1,592,925,660 | 36,307,824 | 4,895,230 | 448,847 | 1,291,621 | 113,471 | 7 | - | 1,635,982,660 |

| In Taka | Land | Building | Plant and machinery | Equipment and machinery | Electrical and other office appliances | Furniture and fixture | Motor vehicles | Under construction | Total |
|---|---------------|-------------|---------------------|-------------------------|--|-----------------------|----------------|--------------------|---------------|
| Accumulated depreciation-Cost | | | | | | | | | |
| Balance at 1 July 2019 | - | 21,375,181 | 114,642,165 | 10,769,105 | 4,112,565 | 10,670,683 | 45,160,893 | - | 206,730,592 |
| Depreciation | - | 6,189,245 | 33,338,882 | 4,270,370 | 1,242,589 | 3,847,513 | 14,425,043 | - | 63,313,642 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 27,564,426 | 147,981,047 | 15,039,475 | 5,355,154 | 14,518,196 | 59,585,936 | - | 270,044,234 |
| Balance at 1 July 2020 | - | 27,564,426 | 147,981,047 | 15,039,475 | 5,355,154 | 14,518,196 | 59,585,936 | - | 270,044,234 |
| Depreciation | - | 6,158,271 | 21,652,061 | 3,914,651 | 1,194,169 | 2,881,541 | 9,337,257 | - | 45,137,950 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | - | 33,722,697 | 169,633,108 | 18,954,126 | 6,549,323 | 17,399,737 | 68,923,193 | - | 315,182,184 |
| Accumulated depreciation-Revaluation | | | | | | | | | |
| Balance at 1 July 2019 | - | 4,117,121 | 2,843,929 | 353,369 | 484,890 | 47,347 | (2) | - | 7,846,654 |
| Depreciation | - | 1,171,367 | 823,630 | 55,692 | 138,541 | 14,392 | - | - | 2,203,622 |
| Adjustment | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 5,288,488 | 3,667,559 | 409,061 | 623,431 | 61,739 | (2) | - | 10,050,276 |
| Balance at 1 July 2020 | - | 5,288,488 | 3,667,559 | 409,061 | 623,431 | 61,739 | (2) | - | 10,050,276 |
| Depreciation | - | 1,164,354 | 539,399 | 15,743 | 129,150 | 14,330 | - | - | 1,862,976 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | - | 6,452,842 | 4,206,958 | 424,804 | 752,581 | 76,069 | (2) | - | 11,913,252 |
| Carrying amounts | | | | | | | | | |
| As at 1 July 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 |
| At 30 June 2020 | 1,535,862,484 | 194,975,912 | 118,615,521 | 10,035,775 | 5,093,908 | 17,480,625 | 19,616,228 | 2,305,088 | 1,903,985,541 |
| As at 30 June 2021 | 2,046,536,227 | 189,016,099 | 99,622,500 | 6,684,684 | 3,770,589 | 14,938,657 | 12,179,372 | 1,201,743 | 2,373,949,870 |

9 Leases

The Group has rent agreements for depots, warehouses, outlets, and other uses for the business. Rent agreements having non-cancellable (either by agreement or in substance) tenor of 12 months or more have been charged through right of use assets. Short term rent agreements have been charged directly as expense. Information about such leases for which the Group is a lessee is presented below:

i. Right-of-use assets

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---------------------------|--------------|--------------|
| Right-of-use assets | 12,026,671 | 12,117,850 |
| Additions during the year | 8,444,446 | - |

ii. Lease liability

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------|--------------|
| Non-current portion of lease liability | 7,339,971 | 4,385,837 |
| Current portion of lease liability | 5,253,617 | 6,613,294 |
| | 12,593,588 | 10,999,131 |

iii. Reconciliation of rent expense

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|-------------------|-------------------|
| Amount recognised in profit or loss | | | |
| Charge on right-of-use rent agreements | 31 | 8,535,625 | 9,253,412 |
| Interest on lease liabilities | 32 | 1,100,489 | 1,747,827 |
| Expense for short term rents | 31 | 16,995,973 | 24,636,146 |
| Amount recognised in profit or loss under IFRS 16 | | 26,632,087 | 35,637,385 |
| Rent paid (excluding IFRS 16 adjustment) | | 27,341,250 | 35,493,174 |

9(a) Consolidated leases

i. Right-of-use assets

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---------------------|--------------|--------------|
| Right-of-use assets | 12,026,671 | 12,117,850 |

ii. Lease liability

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------|--------------|
| Non-current portion of lease liability | 7,339,971 | 4,385,837 |
| Current portion of lease liability | 5,253,617 | 6,613,294 |
| | 12,593,588 | 10,999,131 |

10 Investments

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|--------------|--------------|
| Investment in subsidiary | 10.1 | 3,948,334 | 3,948,334 |
| Investment in FDR | 10.2 | 37,693,366 | 35,742,593 |
| Investment in shares of ACI Motors Limited | | 75,000 | 75,000 |
| | | 41,716,700 | 39,765,927 |

ACI Motors Limited is a subsidiary of ACI Limited and consolidated by ACI Limited.



10.1 Investment in subsidiary

| Name of subsidiary | Number of shares | 30 June 2021 | | | 30 June 2020 | |
|---------------------------------------|------------------|----------------------|--------------------------------------|---------------|------------------|------------------|
| | | Face value per share | Called and paid up capital per share | Share-holding | Value | Value |
| | | Taka | Taka | % | Taka | Taka |
| Neem Laboratories (Pvt.) Ltd | 4900 | 100 | 100 | 98 | 3,948,334 | 3,948,334 |
| Total investment in subsidiary | | | | | 3,948,334 | 3,948,334 |

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

10(a) Consolidated investments

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|-------------------|-------------------|
| Investment in FDR | 10.2 | 37,693,366 | 35,742,593 |
| Investment in shares of ACI Motors Limited | | 75,000 | 75,000 |
| | | 37,768,366 | 35,817,593 |

11 Intangible assets

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|------------------------------|------------------|------------------|
| Goodwill on acquisition: | | |
| Neem Laboratories (Pvt.) Ltd | 5,147,792 | 5,147,792 |
| | 5,147,792 | 5,147,792 |

12 Inventories

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---|----------------------|----------------------|
| Raw and packing materials | 608,708,444 | 535,478,905 |
| Work in process | - | 3,802,464 |
| Finished goods | 619,749,307 | 588,585,221 |
| Goods in transit | 54,800,954 | 143,045,346 |
| Other inventories (engineering stores and diesel) | 25,307,482 | 25,565,814 |
| Allowance for slow-moving inventory | (30,415,176) | (25,672,594) |
| | 1,278,151,010 | 1,270,805,156 |

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

12(a) Consolidated inventories

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---|----------------------|----------------------|
| Raw and packing materials | 608,708,444 | 535,478,905 |
| Work in process | - | 3,802,464 |
| Finished goods | 620,025,598 | 588,861,512 |
| Goods in transit | 54,800,954 | 143,045,346 |
| Other inventories (engineering stores and diesel) | 25,307,482 | 25,565,814 |
| Allowance for slow-moving inventory | (30,691,467) | (25,948,885) |
| | 1,278,151,010 | 1,270,805,156 |

13 Trade receivables

| <i>In Taka</i> | 30 June 2021 | | | 30 June 2020 |
|-------------------------------------|--------------------|---------------------|---------------|---------------|
| | Dues over 6 months | Dues below 6 months | Total | Total |
| Related party | - | - | - | - |
| Other than related parties | 458,669,242 | 1,031,873,686 | 1,490,542,928 | 1,751,274,668 |
| | | | 1,490,542,928 | 1,751,274,668 |
| Less: Allowance for impairment loss | | | (206,002,483) | (177,034,307) |
| | | | 1,284,540,445 | 1,574,240,361 |

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

13(a) Consolidated trade receivables

| <i>In Taka</i> | 30 June 2021 | | | 30 June 2020 |
|-------------------------------------|--------------------|---------------------|---------------|---------------|
| | Dues over 6 months | Dues below 6 months | Total | Total |
| Related parties | - | - | - | - |
| Other than related parties | 458,669,242 | 1,032,857,447 | 1,491,526,689 | 1,752,279,842 |
| | | | 1,491,526,689 | 1,752,279,842 |
| Less: Allowance for impairment loss | | | (206,002,483) | (177,034,307) |
| | | | 1,285,524,206 | 1,575,245,535 |

14 Other receivables

Other receivables represent receivable on accounts of promotional expense to be reimbursed by Akzo Nobel and interest income from FDR.

15 Inter-company receivables

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|------------------------------|--------------|--------------|
| Neem Laboratories (Pvt.) Ltd | 8,728,765 | 25,404,390 |
| | 8,728,765 | 25,404,390 |

Inter-company receivable is operated under normal course of business maintaining a common policy of charging interest to ensure efficient fund management and optimize effective borrowing cost at group level.

15(a) Consolidated inter-company receivables

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|----------------|--------------|--------------|
| ACI Limited | 741,163 | 17,862,732 |
| | 741,163 | 17,862,732 |



16 Advances, deposits and prepayments

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|-----------------------|--------------|--------------|
| Advances: | | |
| Staffs | 260,803 | 218,717 |
| Supplier and others | 30,686,421 | 38,489,010 |
| VAT current account | (442,199) | 18,776,372 |
| | 30,505,025 | 57,484,099 |
| Deposits: | | |
| Security deposits | 9,639,623 | 12,712,373 |
| Bank guarantee margin | 4,784,073 | 4,784,073 |
| | 14,423,696 | 17,496,446 |
| Prepayments: | | |
| Prepaid expenses | 3,953,024 | 4,443,965 |
| | 3,953,024 | 4,443,965 |
| | 48,881,746 | 79,424,510 |

16(a) Consolidated advances, deposits and prepayments

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|-----------------------|--------------|--------------|
| Advances: | | |
| Staffs | 260,803 | 218,717 |
| Suppliers & others | 31,372,034 | 39,185,623 |
| VAT current account | (442,199) | 18,776,372 |
| | 31,190,638 | 58,180,712 |
| Deposits: | | |
| Security deposits | 9,639,623 | 12,712,373 |
| Bank guarantee margin | 4,784,073 | 4,784,073 |
| | 14,423,696 | 17,496,446 |
| Prepayments: | | |
| Prepaid expenses | 3,953,024 | 4,443,965 |
| | 3,953,024 | 4,443,965 |
| | 49,567,359 | 80,121,123 |

17 Cash and cash equivalents

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--------------------|------|--------------|--------------|
| Cash in hand | | 4,191,260 | 5,351,521 |
| Collection in hand | 17.1 | 64,548,041 | 85,798,144 |
| Cash at bank | 17.2 | 122,294,947 | 157,526,689 |
| | | 191,034,248 | 248,676,354 |

17.1 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.

17.2 Cash at Bank

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------------|--------------------|
| Standard Chartered Bank | 13,978,085 | 30,305,880 |
| The Hongkong and Shanghai Banking Corporation Limited (HSBC) | 13,684,250 | 11,857,488 |
| AB Bank Limited | 15,922,967 | 42,292,674 |
| Agrani Bank Limited | 1,430,714 | 3,026,114 |
| Janata Bank Limited | 17,791,925 | 17,300,030 |
| Sonali Bank Limited | 2,901,800 | 968,697 |
| Bank Asia Limited | 260 | 950 |
| BRAC Bank Limited | 7,294,090 | 14,712,411 |
| ONE Bank Limited | 3,084,711 | 10,535,672 |
| Commercial Bank of Ceylon PLC | 5,392,047 | 731,306 |
| The City Bank Limited | - | 164,645 |
| Prime Bank Limited | 27,846,845 | 22,937,996 |
| Pubali Bank Limited | 4,473,078 | 828,261 |
| Dutch Bangla Bank Limited | 1,860,054 | 1,794,495 |
| Mercantile Bank Limited | 1,879,824 | 70,070 |
| Bengal Commercial Bank Ltd | 4,402,550 | - |
| Al Arafa Islami Bank Limited | 7,655 | - |
| The Trust Bank Limited | 344,090 | - |
| | 122,294,947 | 157,526,689 |

17.3 Reconciliation of net operating cash flow

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------------|----------------------|
| Profit after tax | 213,263,914 | 92,452,191 |
| <i>Adjustment for:</i> | | |
| - Depreciation and amortization | 47,104,282 | 65,671,003 |
| - Bad debts and inventory loss/(recovery) | 27,079,471 | 46,060,951 |
| - Net finance cost | 126,556,900 | 217,715,145 |
| - Tax expense | 77,190,072 | 33,113,895 |
| - Contribution to WPPF | 15,287,052 | 6,608,742 |
| <i>Changes in:</i> | | |
| - Inventories | (12,088,437) | 343,742,683 |
| - Trade and other receivables | 253,263,335 | 104,288,679 |
| - Advances, deposit and prepayments | 32,937,564 | 3,143,607 |
| - Trade and other payables, employment benefits' | 79,061,344 | 131,083,783 |
| Cash generating from operating activities | 859,655,498 | 1,043,880,679 |
| Paid to WPPF | (6,608,741) | (9,553,187) |
| Interest paid | (126,521,019) | (213,472,156) |
| Income tax paid | (122,708,014) | (152,471,284) |
| Net cash from operating activities | 603,817,724 | 668,384,052 |

17(a) Consolidated cash and cash equivalents

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--------------------|---------|--------------------|--------------------|
| Cash in hand | | 4,277,165 | 5,437,426 |
| Collection in hand | 17.1 | 64,548,041 | 85,798,144 |
| Cash at bank | 17.2(a) | 123,004,181 | 158,133,271 |
| | | 191,829,387 | 249,368,841 |



17.2(a) Consolidated cash at bank

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------------|--------------------|
| Standard Chartered Bank | 13,978,085 | 30,305,880 |
| The Hongkong and Shanghai Banking Corporation Limited (HSBC) | 13,684,250 | 11,857,488 |
| AB Bank Limited | 15,922,967 | 42,292,674 |
| Agrani Bank Limited | 1,430,714 | 3,026,114 |
| Janata Bank Limited | 17,791,925 | 17,300,030 |
| Sonali Bank Limited | 2,901,800 | 968,697 |
| Bank Asia Limited | 260 | 950 |
| BRAC Bank Limited | 7,294,090 | 14,712,411 |
| ONE Bank Limited | 3,084,711 | 10,535,672 |
| Commercial Bank of Ceylon PLC | 5,392,047 | 731,306 |
| The City Bank Limited | - | 164,645 |
| Prime Bank Limited | 27,846,845 | 22,937,996 |
| Pubali Bank Limited | 4,473,078 | 828,261 |
| Dutch Bangla Bank Limited | 2,569,288 | 2,401,077 |
| Mercantile Bank Limited | 1,879,824 | 70,070 |
| Bengal Commercial Bank Ltd | 4,402,550 | - |
| Al Arafa Islami Bank Limited | 7,655 | - |
| The Trust Bank Limited | 344,090 | - |
| | 123,004,181 | 158,133,271 |

17.3(a) Reconciliation of consolidated net operating cash flow

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------------|----------------------|
| Profit after tax | 213,464,225 | 92,739,332 |
| <i>Adjustment for:</i> | | |
| - Depreciation and amortization | 47,474,301 | 66,041,022 |
| - Bad debts and inventory loss/(recovery) | 27,079,471 | 45,114,534 |
| - Net finance cost | 126,890,319 | 218,083,120 |
| - Tax expense | 77,415,396 | 33,478,970 |
| - Contribution to WPPF | 15,287,052 | 6,608,742 |
| <i>Changes in:</i> | | |
| - Inventories | (12,088,437) | 330,772,774 |
| - Trade and other receivables | 253,226,185 | 108,161,698 |
| - Advances, deposits and prepayments | 32,948,564 | 4,220,947 |
| - Trade and other payables, employment benefits' | 78,890,159 | 124,214,921 |
| Cash generating from operating activities | 860,587,236 | 1,029,436,060 |
| Paid to WPPF | (6,608,741) | (9,553,187) |
| Interest paid | (126,854,438) | (213,840,131) |
| Income tax paid | (122,979,544) | (152,538,168) |
| Net cash from operating activities | 604,144,513 | 653,504,574 |

18 Share capital

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|--------------------|--------------------|
| 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 |
| In issue at reporting date - fully paid | 450,000,000 | 450,000,000 |
| Authorised - par value Tk. 10 | 500,000,000 | 500,000,000 |

18.1 Shareholding position

| | Number of shares | | Percentage of holding | | Value (Taka) | |
|------------------------|------------------|--------------|-----------------------|--------------|--------------|--------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 |
| Directors and sponsors | 29,708,205 | 29,708,205 | 66.02% | 66.02% | 297,082,050 | 297,082,050 |
| Institutions | 12,893,128 | 12,284,196 | 28.65% | 27.30% | 128,931,280 | 122,841,960 |
| General shareholders | 2,398,667 | 3,007,599 | 5.33% | 6.68% | 23,986,670 | 30,075,990 |
| | 45,000,000 | 45,000,000 | 100.00% | 100.00% | 450,000,000 | 450,000,000 |

18.2 Share owning schedule

| Shareholder's range | Number of shareholders | | Number of shares | | Percentage of holding | |
|-----------------------------|------------------------|--------------|------------------|--------------|-----------------------|--------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 |
| Less than 500 | 2,046 | 2,597 | 314,509 | 425,181 | 0.70% | 0.94% |
| 501 to 5000 shares | 717 | 1,026 | 1,079,586 | 1,557,404 | 2.40% | 3.46% |
| 5001 to 10,000 shares | 58 | 75 | 417,957 | 533,923 | 0.93% | 1.19% |
| 10,001 to 20,000 shares | 25 | 29 | 373,762 | 440,874 | 0.83% | 0.98% |
| 20,001 to 30,000 shares | 14 | 16 | 364,170 | 411,853 | 0.81% | 0.92% |
| 30,001 to 40,000 shares | 6 | 10 | 209,547 | 352,482 | 0.47% | 0.78% |
| 40,001 to 50,000 shares | 8 | 7 | 350,764 | 326,668 | 0.78% | 0.73% |
| 50,001 to 100,000 shares | 7 | 8 | 560,423 | 599,196 | 1.25% | 1.33% |
| 100,001 to 1,000,000 shares | 15 | 14 | 4,079,266 | 4,123,155 | 9.07% | 9.16% |
| Over 1,000,000 shares | 5 | 4 | 37,250,016 | 36,229,264 | 82.78% | 80.51% |
| | 2,901 | 3,786 | 45,000,000 | 45,000,000 | 100.00% | 100.00% |

19 Employee benefits

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|----------------------------|------|--------------|--------------|
| Defined benefit obligation | 19.1 | 42,490,000 | 36,432,189 |
| Other employee benefits | | 13,679,911 | 12,059,911 |
| | | 56,169,911 | 48,492,100 |

19.1 Defined benefit obligation

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---------------------------|-------------------|-------------------|
| Opening balance | 36,432,189 | 32,394,865 |
| Provision during the year | 17,065,841 | 4,565,105 |
| Paid during the year | (11,008,030) | (527,781) |
| Closing balance | 42,490,000 | 36,432,189 |



19.1.1 Actuarial gain/loss on remeasurement of defined benefit obligations and plan assets:

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|--|-------------------|--------------|
| Amount recognised in Statement of Financial Position: | | |
| Defined benefit obligation at the reporting date | 52,036,112 | - |
| Fair value of plan assets at the reporting date | 9,546,112 | - |
| Net defined benefit obligation at the reporting date | 42,490,000 | - |
| Movement in defined benefit obligation: | | |
| Defined benefit obligation at the end of prior year | 36,432,189 | - |
| Service cost | 8,935,841 | - |
| Interest cost on obligation | 3,000,000 | - |
| Benefits paid out | (1,461,918) | - |
| (Gain)/losses on remeasurement | 5,130,000 | - |
| Defined benefit obligation at the reporting date | 52,036,112 | - |
| Movement in fair value of plan assets: | | |
| Fair value of plan assets at the end of prior year | - | - |
| Interest income on plan assets | - | - |
| Contributions received from employer | 9,546,112 | - |
| Benefits paid out from plan assets | - | - |
| (Gain) /losses on remeasurement | - | - |
| Fair value of plan assets at the reporting date | 9,546,112 | - |
| Amount recognised in profit or loss: | | |
| Service cost | 8,935,841 | - |
| Interest cost on obligation | 3,000,000 | - |
| Interest income on plan assets | - | - |
| Amount recognised in profit or loss: | 11,935,841 | - |
| (Gain)/losses on remeasurement recognised in OCI: | 5,130,000 | - |

The Company operates a gratuity scheme which became a funded and recognized gratuity fund during the year ended in 30 June 2021. Hence, remeasurement information is provided only for the year.

20 Deferred tax liabilities

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|-------------------|-------------------|
| Opening balance | | 24,686,212 | 48,918,292 |
| Deferred tax (income)/expense through profit or loss | 33 | (9,384,688) | (24,232,080) |
| Deferred tax (income)/expense through OCI | | 21,394,690 | - |
| Closing balance | | 36,696,214 | 24,686,212 |

| <i>In Taka</i> | Carrying amount on reporting date | Tax base | Taxable/ (deductible) temporary difference | Deferred tax liabilities/ (assets) |
|---|-----------------------------------|--------------------|--|------------------------------------|
| At 30 June 2021 | | | | |
| Land | 2,046,536,227 | - | 2,046,536,227 | 61,396,087 |
| Property, plant and equipment (other than land) | 325,204,338 | 154,641,924 | 170,562,415 | 38,376,543 |
| Allowance for slow-moving inventory | 30,415,176 | - | (30,415,176) | (6,843,415) |
| Allowance for doubtful debts | 206,002,483 | - | (206,002,483) | (46,350,559) |
| Defined benefit obligation | 42,490,000 | - | (42,490,000) | (9,560,250) |
| Temporary difference for IFRS 16 : Lease | 1,431,968 | - | (1,431,968) | (322,193) |
| Taxable/(Deductible) temporary differences | 2,652,080,192 | 154,641,924 | 1,936,759,015 | 36,696,214 |
| Applicable tax rate for land | | | | 3.00% |
| Applicable tax rate for other than land | | | | 22.50% |
| Deferred tax liabilities | | | | 36,696,214 |
| At 30 June 2020 | | | | |
| Land | 1,535,862,484 | - | 1,535,862,484 | 38,847,147 |
| Property, plant and equipment (other than land) | 364,440,388 | 179,803,906 | 184,636,482 | 46,159,121 |
| Allowance for slow-moving inventory | 25,672,594 | - | (25,672,594) | (6,418,149) |
| Allowance for doubtful debts | 177,034,307 | - | (177,034,307) | (44,258,577) |
| Defined benefit obligation | 36,432,189 | - | (36,432,189) | (9,108,047) |
| Temporary difference for IFRS 16 : Lease | 2,141,131 | - | (2,141,131) | (535,283) |
| Taxable/(Deductible) temporary differences | 2,141,583,093 | 179,803,906 | 1,479,218,745 | 24,686,212 |
| Applicable tax rate for land | | | | 3.00% |
| Applicable tax rate for other than land | | | | 25.00% |
| Deferred tax liabilities | | | | 24,686,212 |

20(a) Consolidated deferred tax liabilities

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|-------|-------------------|-------------------|
| Opening balance | | 24,594,529 | 48,621,243 |
| Deferred tax (income)/expense for the year | 33(a) | (9,346,599) | (24,026,714) |
| Deferred tax (income)/expense through OCI | | 21,394,690 | - |
| Deferred tax before revaluation at reporting date | | 36,642,620 | 24,594,529 |

21 Bank overdrafts

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|--------------------|-------------------|
| Standard Chartered Bank | 21.1 | - | (3,558,066) |
| The Hongkong and Shanghai Banking Corporation Limited (HSBC) | 21.1 | (13,574,848) | (1,218,466) |
| Prime Bank Limited | 21.1 | (3,558,951) | 53,501,787 |
| BRAC Bank Limited | 21.1 | 10,181,063 | 7,716,090 |
| Bengal Commercial Bank Ltd | 21.1 | 99,787,500 | - |
| Commercial Bank of Ceylon PLC | 21.1 | 14,499,592 | 20,352,108 |
| | | 107,334,356 | 76,793,453 |



21.1 Terms and repayment schedule

The terms and conditions of outstanding overdraft are as follows:

| <i>In Taka</i> | Currency | Year of maturity | 30 June 2021 | | 30 June 2020 | |
|-------------------------------|----------|------------------|--------------|------------------|--------------|------------------|
| | | | Loan limit | Loan outstanding | Loan limit | Loan outstanding |
| Standard Chartered Bank | BDT | 2021 | 10,000,000 | - | 10,000,000 | (3,558,066) |
| HSBC | BDT | 2021 | 10,000,000 | (13,574,848) | 10,000,000 | (1,218,466) |
| Prime Bank Limited | BDT | 2022 | 100,000,000 | (3,558,951) | 100,000,000 | 53,501,787 |
| BRAC Bank Limited | BDT | 2022 | 10,000,000 | 10,181,063 | 10,000,000 | 7,716,090 |
| Commercial Bank of Ceylon PLC | BDT | 2021 | 20,000,000 | 14,499,592 | 20,000,000 | 20,352,108 |
| Bengal Commercial Bank Ltd | BDT | 2022 | 100,000,000 | 99,787,500 | - | - |
| | | | 250,000,000 | 107,334,356 | 150,000,000 | 76,793,453 |

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.

22 Loans and borrowings

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|-------------------------------|------|---------------|---------------|
| BRAC Bank Limited | 22.1 | 356,609,261 | 39,965,341 |
| The City Bank Limited | 22.1 | 148,678,049 | 104,699,897 |
| Prime Bank Limited | 22.1 | 688,095 | 350,000,000 |
| Bengal Commercial Bank Ltd | 22.1 | 200,000,000 | - |
| Commercial Bank of Ceylon PLC | 22.1 | 845,222,174 | 824,393,594 |
| Mercantile Bank Limited | 22.1 | - | 307,912,700 |
| | | 1,551,197,579 | 1,626,971,532 |

22(a) Consolidated Loans and borrowings

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|-------------------------------|------|---------------|---------------|
| BRAC Bank Limited | 22.1 | 356,609,261 | 39,965,341 |
| The City Bank Limited | 22.1 | 148,678,049 | 104,699,897 |
| Prime Bank Limited | 22.1 | 688,095 | 350,000,000 |
| Commercial Bank of Ceylon PLC | 22.1 | 845,222,174 | 824,393,594 |
| Mercantile Bank Limited | 22.1 | - | 307,912,700 |
| Bengal Commercial Bank Ltd | 22.1 | 200,000,000 | - |
| | | 1,551,197,579 | 1,626,971,532 |

22.1 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 2021 | | 30 June 2020 | |
|-------------------------------|--------|----------|------------------|---------------|------------------|---------------|------------------|
| | | | | Loan limit | Loan outstanding | Loan limit | Loan outstanding |
| BRAC Bank Limited | 22.1.1 | BDT | 2021 | 750,000,000 | 356,609,261 | 750,000,000 | 39,965,341 |
| The City Bank Limited | 22.1.2 | BDT | 2021 | 800,000,000 | 148,678,049 | 800,000,000 | 104,699,897 |
| Prime Bank Limited | 22.1.3 | BDT | 2021 | 800,000,000 | 688,095 | 800,000,000 | 350,000,000 |
| Commercial Bank of Ceylon PLC | 22.1.4 | BDT | 2021 | 100,000,000 | 845,222,174 | 100,000,000 | 824,393,594 |
| Mercantile Bank Limited | 22.1.5 | BDT | 2020 | - | - | 307,912,700 | 307,912,700 |
| Bengal Commercial Bank Ltd | 22.1.6 | BDT | 2022 | 200,000,000 | 200,000,000 | - | - |
| | | | | 2,650,000,000 | 1,551,197,579 | 2,757,912,700 | 1,626,971,532 |

22.1.1 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 08 March 2020:

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

Amount : Tk 300,000,000
 Purpose : To retire import documents for raw materials.
 Tenure : 120 - 180 days
 Payment : On maturity of such loan.

22.1.1.2 Bank guarantee

Amount : Tk 50,000,000 (Inner limit of 21.1.3.1)
 Purpose : To meet various contractual obligation
 Tenure : 1-5 Years

22.1.1.3 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.

22.1.1.4 Securities against the facilities

Securities against the facilities mentioned under notes 21.1 and 22.1.1 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.

22.1.2 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 21 June 2020.

22.1.2.1 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

22.1.2.2 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

22.1.2.3 Securities against the facilities

Securities against the facilities mentioned under notes 21.1 and 22.1.2 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.

22.1.3 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 06 March 2019.

22.1.3.1 Letters of credit (LC) / Loan against trust receipt (LTR):

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.



22.1.3.2 Time loan / Short term loan

Amount : Tk 500,000,000 (Inner limit of 22.1.3.1)

Purpose : To procure raw materials / chemicals / accessories and others from local sources.

Tenure : 180 days

Payment : On maturity of such loan.

22.1.3.3 Bank guarantee

Amount : Tk 40,000,000 (Inner limit of 22.1.3.1)

Purpose : To provide guarantee in favour of different authority as required by the Company.

Tenure : Open ended

22.1.3.4 Securities against the facilities

Securities against the facilities mentioned under notes 21.1 and 22.1.3 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.

22.1.4 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 4 December 2019 and subsequent updates:

22.1.4.1 Letters of Credit / Loan Against Trust Receipt (LATR)

Amount : Tk 800,000,000

Purpose : To retire import documents for raw materials, packing materials, finished goods and spare parts.

Tenor : 180 days

Payment : On maturity of such loan.

22.1.4.2 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 : 1 year

Payment : On maturity of such loan.

22.1.4.3 Securities against the facilities

Securities for the facilities mentioned under notes 21.1 and 22.1.4 are as follows:

- Registered first hypothecation charge over stocks and book debts on pari-pasu basis with other lenders, CBC's share being Tk 920,000,000.

22.1.5 Mercantile Bank Limited

The Company is enjoying following facilities from Mercantile Bank Limited under the following terms and conditions against the facility offer letter dated 19 September 2019 and subsequent updates:

22.1.5.1 Short term loan

Amount : Tk 307,912,700

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.

22.1.5.2 Securities against the facilities

Securities for the facilities mentioned under notes 22.1.5 are as follows:

- Corporate guarantee from ACI Limited;
- Usual charge documents;

22.1.6 Bengal Commercial Bank Limited

The Company is enjoying following facilities from Bengal Commercial Bank Limited under the following terms and conditions against the facility offer letter dated 16 June 2021.

22.1.6.1 Short term loan

Amount : Tk 200,000,000
 Purpose : To meet working capital requirement
 Tenure : 1 year
 Payment : On maturity of such loan.

22.1.6.2 Securities against the facilities

Securities for the facilities mentioned under notes 21.1 and 22.1.6 are as follows:

- Corporate guarantee from ACI Limited;
- Usual charge documents;

23 Trade Payables

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---|--------------|--------------|
| Related party-Premiaflex Plastics Limited | 3,224,511 | 10,558,933 |
| Other than related parties | 117,751,207 | 108,025,080 |
| | 120,975,718 | 118,584,013 |

23(a) Consolidated trade payables

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|---|--------------|--------------|
| Related party-Premiaflex Plastics Limited | 3,224,511 | 10,558,933 |
| Other than related parties | 118,517,752 | 109,403,140 |
| | 121,742,263 | 119,962,073 |

24 Other payables

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|------------------------------------|------|--------------|--------------|
| Creditors for expenses | 24.1 | 333,415,521 | 273,198,932 |
| Advance from customer | | 1,467,262 | 4,198,952 |
| Interest payable | | 20,567,783 | 20,531,902 |
| Security money payable | | 21,465,968 | 16,245,968 |
| Withholding tax and VAT | | 6,192,078 | 6,877,023 |
| Workers' profit participation fund | 24.2 | 15,287,052 | 6,608,741 |
| | | 398,395,665 | 327,661,518 |

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

24.2 Workers' profit participation fund

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|----------------------------------|--------------|--------------|
| Opening balance | 6,608,741 | 9,553,187 |
| Addition during the year | 15,287,052 | 6,608,741 |
| Interest accrued during the year | 177,335 | 363,659 |
| Paid during the year | (6,786,076) | (9,916,846) |
| | 15,287,052 | 6,608,741 |

24(a) Consolidated other payables

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--|------|--------------|--------------|
| Creditors for expenses | 24.1 | 333,844,326 | 273,858,984 |
| Advance from customer | | 1,467,262 | 4,198,952 |
| Interest payable | | 20,567,783 | 20,531,902 |
| Security money payable | | 21,465,968 | 16,245,968 |
| Withholding tax and VAT | | 6,365,615 | 7,049,059 |
| Provision for workers' profit participation fund | 24.2 | 15,287,052 | 6,608,741 |
| | | 398,998,005 | 328,493,606 |



25 Unclaimed dividend account

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|----------------------------|--------------|--------------|
| Unclaimed/ unpaid dividend | 12,968,914 | 12,580,680 |
| | 12,968,914 | 12,580,680 |

26 Inter-company payables

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|----------------|--------------|--------------|
| ACI Limited | 340,487,924 | 864,104,485 |
| | 340,487,924 | 864,104,485 |

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

27 Current tax liabilities/(assets)

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--------------------------------|------|---------------|---------------|
| Opening balance | | 389,438,774 | 332,092,799 |
| Provision made during the year | | 86,574,760 | 57,345,975 |
| | | 476,013,534 | 389,438,774 |
| Advance income tax paid | 27.1 | (836,040,868) | (713,332,854) |
| | | (360,027,334) | (323,894,080) |

27.1 Advance income tax

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|-----------------|--------------|--------------|
| Opening balance | 713,332,854 | 560,861,570 |
| Additions | 122,708,014 | 152,471,284 |
| | 836,040,868 | 713,332,854 |

27(a) Consolidated current tax liabilities/(assets)

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|--------------------------------|---------|---------------|---------------|
| Opening balance | | 391,157,997 | 333,652,313 |
| Provision made during the year | | 86,761,995 | 57,505,684 |
| Closing balance | | 477,919,992 | 391,157,997 |
| Advance income tax paid | 27.1(a) | (837,895,252) | (714,915,707) |
| | | (359,975,260) | (323,757,710) |

27.1(a) Consolidated advance income tax

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|-----------------|--------------|--------------|
| Opening balance | 714,915,707 | 562,377,539 |
| Additions | 122,979,545 | 152,538,168 |
| | 837,895,252 | 714,915,707 |

28 Revenue

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-----------------------|------|------------------------------------|------------------------------------|
| Agrochemical products | 28.1 | 3,042,701,283 | 2,615,685,217 |
| Consumer products | 28.2 | 820,648,357 | 806,761,257 |
| | | 3,863,349,640 | 3,422,446,474 |

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

28.1 Agrochemical products

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|----------------|------------------------------------|------------------------------------|
| Local | 3,015,029,673 | 2,614,531,306 |
| Export | 27,671,610 | 1,153,911 |
| | 3,042,701,283 | 2,615,685,217 |

28.2 Consumer products

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|----------------|--------|------------------------------------|------------------------------------|
| Coil | 28.2.1 | 22,316,718 | 11,200,300 |
| Aerosol | 28.2.1 | 508,773,064 | 396,117,145 |
| Vanish | 28.2.1 | 28,814,473 | 16,890,266 |
| Paint | | 260,744,102 | 382,553,546 |
| | | 820,648,357 | 806,761,257 |

28.2.1 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. The agreement was renewed on 1st May 2019 and will be in effect up to 30 June 2021.

The Mosquito Coil industry was dominated by branded coils with more than 70% of market share since long. Due to huge presence of unauthorized and illegal coils, the market share of the branded coils shrank significantly for last couple of years and majority of total market share is currently dominated by these unauthorized and illegal coils. Considering the market condition, S. C. Johnson & Son, Inc., the brand owner of coil, place order for coil production accordingly. However, S. C. Johnson has developed three high efficacy molecules of Mosquito Coil to regain its market shares. The Company strongly believes that the new molecules will help to enhance the demand in the market in coming days.

28(a) Consolidated revenue

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-----------------------|---------|------------------------------------|------------------------------------|
| Agrochemical products | 28.1(a) | 3,042,701,283 | 2,615,685,217 |
| Consumer products | 28.2(a) | 821,829,149 | 808,358,349 |
| | | 3,864,530,432 | 3,424,043,566 |

28.1(a) Agrochemical products

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|----------------|------------------------------------|------------------------------------|
| Local | 3,015,029,673 | 2,614,531,306 |
| Export | 27,671,610 | 1,153,911 |
| | 3,042,701,283 | 2,615,685,217 |

28.2(a) Consumer products

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|------------------|------------------------------------|------------------------------------|
| Coil | 22,316,718 | 11,200,300 |
| Aerosol | 508,773,064 | 396,117,145 |
| Vanish | 28,814,473 | 16,890,266 |
| Paint | 260,744,102 | 382,553,546 |
| Herbal cosmetics | 1,180,791 | 1,597,092 |
| | 821,829,149 | 808,358,349 |

29 Cost of sales

| In Taka | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---|--------|---------------------------------|---------------------------------|
| Opening stock of finished goods | | 588,585,221 | 724,125,316 |
| Cost of goods manufactured | 29.1.1 | 2,556,483,829 | 2,036,717,516 |
| Finished goods purchased | | 247,771,327 | 211,010,403 |
| Reimbursement for cost variance | | (32,473,888) | (37,018,346) |
| Stock write off | | (2,764,641) | 11,034,892 |
| Cost of finished goods available for sale | | 3,357,601,848 | 2,945,869,781 |
| Closing stock of finished goods | | (619,749,307) | (588,585,221) |
| | | 2,737,852,542 | 2,357,284,560 |

29.1 Cost of Sales for the year

| In Taka | Note | For the year ended 30 June 2021 | | | | | For the year ended 30 June 2020 |
|---|--------|---------------------------------|---------------|--------------|-------------|--------------|---------------------------------|
| | | Crop Care & Public Health | Mosquito Coil | Aerosol | Vanish | Paint | Total |
| Stock of finished goods at 1 July | | 347,488,405 | 97,132,183 | 66,015,442 | 3,650,744 | 74,298,447 | 588,585,221 |
| Cost of goods manufactured | 29.1.1 | 1,858,013,638 | 71,735,231 | 435,829,906 | 30,902,664 | 160,002,390 | 2,556,483,829 |
| Finished goods purchased | | 176,596,727 | 1,049,789 | 5,890,639 | 2,283,980 | 61,950,192 | 247,771,327 |
| Reimbursement for cost variance | | - | (28,973,768) | (819,632) | (2,680,488) | - | (32,473,888) |
| Stock write off | | (7,656,317) | - | - | - | 4,891,676 | (2,764,641) |
| Cost of finished goods available for sale | | 2,374,442,453 | 140,943,436 | 506,916,354 | 34,156,900 | 301,142,705 | 3,357,601,848 |
| Stock of finished goods at 30 June | | (420,105,818) | (72,340,987) | (34,529,593) | (4,275,282) | (88,497,627) | (619,749,307) |
| | | 1,954,336,635 | 68,602,449 | 472,386,761 | 29,881,618 | 212,645,079 | 2,737,852,542 |

29.1.1 Cost of goods manufactured

| In Taka | Note | For the year ended 30 June 2021 | | | | | For the year ended 30 June 2020 |
|-------------------------------|----------|---------------------------------|---------------|-------------|------------|-------------|---------------------------------|
| | | Crop Care & Public Health | Mosquito Coil | Aerosol | Vanish | Paint | Total |
| Cost of materials consumed | 29.1.1.1 | 1,782,746,935 | 12,870,942 | 405,606,014 | 23,247,078 | 141,831,750 | 2,366,302,719 |
| Manufacturing overhead | 31 | 75,266,703 | 58,864,290 | 26,421,428 | 7,655,586 | 18,170,640 | 186,378,646 |
| Cost of production | | 1,858,013,638 | 71,735,231 | 432,027,442 | 30,902,664 | 160,002,390 | 2,552,681,365 |
| Difference in work in process | | - | - | - | - | - | - |
| Work in process at 1 July | | - | - | 3,802,464 | - | - | 3,802,464 |
| Work in process at 30 June | | - | - | - | - | - | - |
| | | 1,858,013,638 | 71,735,231 | 435,829,906 | 30,902,664 | 160,002,390 | 2,556,483,829 |
| | | | | | | | (3,802,464) |
| | | | | | | | (3,802,464) |
| | | | | | | | 2,036,717,516 |

29.1.1.1 Cost of materials consumed

| In Taka | For the year ended 30 June 2021 | | | | | | For the year ended 30 June 2020 |
|----------------------------------|---------------------------------|---------------|---------------|--------------|--------------|---------------|------------------------------------|
| | Crop Care & Public Health | Mosquito Coil | Aerosol | Vanish | Paint | Total | |
| Raw and packing materials | | | | | | | |
| Opening stock | 302,746,235 | 110,706,152 | 75,594,966 | 19,947,647 | 26,483,904 | 535,478,904 | 823,197,299 |
| Purchase | 1,800,763,859 | 4,921,929 | 455,492,452 | 32,337,019 | 146,017,000 | 2,439,532,258 | 1,565,981,782 |
| Closing Stock | (320,763,159) | (102,757,139) | (125,481,403) | (29,037,588) | (30,669,154) | (608,708,444) | (535,478,904) |
| | 1,782,746,935 | 12,870,942 | 405,606,014 | 23,247,078 | 141,831,750 | 2,366,302,719 | 1,853,700,177 |

29(a) Consolidated cost of sales

| In Taka | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Opening stock | 1,128,142,881 | 1,563,767,743 |
| Purchase | 2,684,538,945 | 1,771,858,239 |
| Reimbursement for cost variance | (32,473,888) | (37,018,346) |
| Manufacturing overhead | 186,378,646 | 186,819,803 |
| Closing stock | (1,228,734,042) | (1,128,142,881) |
| | 2,737,852,543 | 2,357,284,558 |

30 Other income

| In Taka | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-----------------------------|---------------------------------------|---------------------------------------|
| Crop Care & Public Health | 3,828,506 | 3,438,573 |
| Aerosol | 58,380 | 166,535 |
| Paint | 1,094,610 | 957,615 |
| Foreign currency gain /loss | - | 106,056 |
| | 4,981,496 | 4,668,779 |



31 Manufacturing, administrative, selling and distribution expenses

| <i>In Taka</i> | For the year ended 30 June 2021 | | | | | For the year ended 30 June 2020 |
|--|---------------------------------|-------------------------|-----------------------|------------------|--------------|---------------------------------|
| | Manufacturing expenses | Administrative expenses | Distribution expenses | Selling expenses | Total | Total |
| Salary and wages | 119,743,252 | 127,763,808 | 43,903,664 | 245,432,151 | 536,842,874 | 523,660,969 |
| Traveling and conveyance | 88,667 | 538,815 | 29,284,627 | 51,313,931 | 81,226,040 | 101,304,529 |
| Rent and rates | 532,979 | 3,776,091 | 10,209,406 | 7,866,416 | 22,384,892 | 28,815,978 |
| Charge on right-of-use rent agreements | - | - | 4,097,100 | 4,438,525 | 8,535,625 | 9,253,412 |
| Repair and maintenance | 17,198,879 | 7,177,553 | 1,706,265 | 375,530 | 26,458,227 | 18,753,934 |
| Fuel and power | 12,812,754 | 3,789,601 | 2,585,685 | 5,351,309 | 24,539,349 | 22,120,519 |
| Postage, telephone and fax | 851,626 | 246,541 | 1,775,951 | 4,693,641 | 7,567,759 | 7,325,061 |
| Printing and stationery | 751,273 | 783,913 | 5,810,090 | 857,423 | 8,202,699 | 9,087,678 |
| Promotional expenses | 122,964 | - | - | 22,331,881 | 22,454,845 | 18,613,541 |
| Customer & field demonstration | - | - | - | 20,469,633 | 20,469,633 | 22,597,356 |
| Sample expenses | - | - | - | 1,546,136 | 1,546,136 | 2,299,430 |
| Annual conference | - | - | - | 4,800,000 | 4,800,000 | 433,816 |
| Publicity & advertisement | - | - | - | 2,565,574 | 2,565,574 | 1,052,807 |
| Entertainment | 1,897,493 | 5,429,367 | 1,783,339 | 3,185,204 | 12,295,403 | 7,071,832 |
| Vehicle maintenance | 677,615 | 1,563,376 | 3,614,679 | 4,648,789 | 10,504,459 | 10,008,063 |
| Doubtful debts | - | - | - | 29,844,112 | 29,844,112 | 35,026,106 |
| Truck and handling | 2,085,980 | - | 7,067,218 | - | 9,153,198 | 7,431,973 |
| Legal and professional charge | - | 62,667 | - | 2,533,880 | 2,596,547 | 9,613,647 |
| Audit fees | - | 693,000 | - | - | 693,000 | 693,000 |
| Insurance | 5,911,935 | - | - | 916,838 | 6,828,773 | 7,460,207 |
| Directors' fees | - | 17,250 | - | - | 17,250 | 15,000 |
| Bank charges | - | 2,242,180 | - | 792,727 | 3,034,907 | 2,361,472 |
| Sundry expenses | 96,896 | - | - | - | 96,896 | 96,605 |
| Product development expenses | - | - | - | 1,187,942 | 1,187,942 | 1,320,980 |
| Training expenses | 48,105 | - | - | 1,165,418 | 1,213,523 | 1,947,450 |
| Depreciation | 34,044,513 | 1,810,144 | 41,250 | 11,208,375 | 47,104,282 | 65,671,003 |
| Lab chemical and apparatus | 489,395 | - | - | - | 489,395 | 344,494 |
| Meeting expenses | - | 520,000 | - | 2,361,643 | 2,881,643 | 3,189,442 |
| | 197,354,326 | 156,414,305 | 111,879,274 | 429,887,077 | 895,534,982 | 917,570,304 |
| Recovery of expenses for toll manufacturing service charges: | (10,975,680) | - | - | - | (10,975,680) | (10,809,780) |
| | 186,378,646 | 156,414,305 | 111,879,274 | 429,887,077 | 884,559,302 | 906,760,524 |
| (A) Manufacturing expenses | | | | | 186,378,646 | 186,819,803 |
| (B) Administrative, selling and distribution expenses | | | | | 698,180,656 | 719,940,721 |
| | | | | | 884,559,302 | 906,760,524 |

31(a) Consolidated administrative, selling and distribution expenses

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-------------------------|---------------------------------|---------------------------------|
| Administrative expenses | 146,937,426 | 154,567,898 |
| Distribution expenses | 117,778,400 | 110,325,460 |
| Selling expenses | 433,886,568 | 455,624,266 |
| | 698,602,394 | 720,517,624 |

32 Finance costs, net

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Interest expenses | | |
| Bank loan | 76,703,610 | 120,098,592 |
| Financing cost lease liabilities | 1,100,489 | 1,747,827 |
| Inter-company | 52,441,351 | 100,985,011 |
| | 130,245,450 | 222,831,430 |
| Interest income | | |
| Bank | 2,443,174 | 2,803,732 |
| Inter-company | 1,245,376 | 2,312,553 |
| | 3,688,550 | 5,116,285 |
| | 126,556,900 | 217,715,145 |

32(a) Consolidated finance costs, net

| <i>In Taka</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Interest expenses | | |
| Bank loan | 76,703,610 | 119,722,410 |
| Financing cost lease liabilities | 1,100,489 | 1,747,827 |
| Inter-company | 51,529,394 | 100,985,011 |
| | 129,333,493 | 222,455,248 |
| Interest income | | |
| Bank | 2,443,174 | 2,803,732 |
| Inter-company | - | 1,568,396 |
| | 2,443,174 | 4,372,128 |
| | 126,890,319 | 218,083,120 |

33 Income tax expense

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|--------------------------------------|------|---------------------------------------|---------------------------------------|
| Current tax expense | | | |
| Charged during the year | 27 | 86,574,760 | 57,345,975 |
| | | 86,574,760 | 57,345,975 |
| Deferred tax expense/(income) | | | |
| Change in deferred tax liabilities | 20 | (9,384,688) | (24,232,080) |
| | | (9,384,688) | (24,232,080) |
| Tax expense/(income) | | 77,190,072 | 33,113,895 |

33.1 Reconciliation of effective tax rate:

| <i>In %</i> | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Regular tax rate of the Company | 22.50% | 25.00% |
| Effect of exemption | -0.10% | -0.01% |
| Effect of disallowance & other | 4.17% | 1.38% |
| | 26.57% | 26.37% |



33(a) Consolidated income tax expense

| <i>In Taka</i> | Note | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|--------------------------------------|-------|---------------------------------|---------------------------------|
| Current tax expense | | | |
| Charged during the year | 27(a) | 86,761,995 | 57,505,684 |
| | | 86,761,995 | 57,505,684 |
| Deferred tax expense/(income) | | | |
| Change in deferred tax assets | 20(a) | (9,346,599) | (24,026,714) |
| | | (9,346,599) | (24,026,714) |
| Tax expense/(income) | | 77,415,396 | 33,478,970 |

34 EPS, NAV per Share and NOCFPS:

34.1 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 2021 | For the year ended 30 June 2020 |
|--|---------------------------------|---------------------------------|
| Weighted average number of ordinary shares (number) | 45,000,000 | 45,000,000 |
| Profit/(loss) attributable to the owners of the Company (Taka) | 213,263,914 | 92,452,191 |
| Earning per share (Taka) | 4.74 | 2.05 |

34.2 Net asset value (NAV) per share

| | | |
|--|---------------|---------------|
| Net assets attributable to equity holders of the Company | 3,009,375,462 | 2,406,741,159 |
| Net asset value (NAV) per share (Taka) | 66.88 | 53.48 |

34.3 Net operating cash flow per share (NOCFPS)

| | | |
|--|--------------|--------------|
| Net cash (used in)/from operating activities | 603,817,724 | 668,384,052 |
| Net operating cash flows per share (NOCFPS) | 13.42 | 14.85 |

34(a) Consolidated EPS, NAV per Share and NOCFPS:

34.1(a) 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 2021 | For the year ended 30 June 2020 |
|--|---------------------------------|---------------------------------|
| Weighted average number of ordinary shares (number) | 45,000,000 | 45,000,000 |
| Profit/(loss) attributable to the owners of the Group (Taka) | 213,460,219 | 92,733,589 |
| Earning per share (Taka) | 4.74 | 2.06 |

34.2(a) Net asset value (NAV) per share

| | | |
|--|---------------|---------------|
| Net assets attributable to equity holders of the Group | 3,004,809,702 | 2,401,979,094 |
| Net asset value (NAV) per share (Taka) | 66.77 | 53.38 |

34.3(a) Net operating cash flow per share (NOCFPS)

| | | |
|--|--------------|--------------|
| Net cash (used in)/from operating activities | 604,144,513 | 653,504,574 |
| Net operating cash flows per share (NOCFPS) | 13.43 | 14.52 |

34.4 Diluted earnings per share

No diluted EPS was required to be calculated for the year ended 30 June 2021 since there was no scope for dilution of shares.

35 Financial risk management

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

- Credit risk (see 35 (ii));
- Liquidity risk (see 35(iii)); and
- Market risk (see 35(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 2021 | 30 June 2020 |
| Trade receivables | 13(a) | 1,491,526,689 | 1,752,279,842 |
| Other receivables | 14 | 48,146,112 | 40,619,138 |
| Inter-company receivables | 15(a) | 741,163 | 17,862,732 |
| Deposits | 16(a) | 14,423,696 | 17,496,446 |
| Bank balances | 17(a) | 123,004,181 | 158,133,271 |
| | | 1,677,841,841 | 1,986,391,429 |

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 2021 | 30 June 2020 |
| Bangladesh | 1,501,902,250 | 1,755,128,429 |
| India | 37,770,551 | 37,770,551 |
| | 1,539,672,801 | 1,792,898,980 |

(b) Ageing of trade receivables

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

| <i>In Taka</i> | Carrying amount | |
|---------------------|-----------------|---------------|
| | 30 June 2021 | 30 June 2020 |
| Dues below 6 months | 1,032,857,447 | 1,372,680,587 |
| Dues over 6 months | 458,669,242 | 379,599,255 |
| | 1,491,526,689 | 1,752,279,842 |

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

| <i>In Taka</i> | Note | 30 June 2021 | 30 June 2020 |
|-------------------------------|-------|--------------|--------------|
| Opening balance | 13(a) | 177,034,307 | 142,916,944 |
| Impairment loss recognised | | 29,844,112 | 35,026,106 |
| Amounts written off/ write in | | (875,936) | (908,743) |
| Closing balance | | 206,002,483 | 177,034,307 |

(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 2021 | | Contractual cash flows | | | | | | |
|---|-------|------------------------|---------------|-------------------|-------------|-------------|-------------------|--|
| | | Carrying amount | Total | 12 months or less | 1 - 2 years | 2 - 5 years | More than 5 years | |
| In Taka | Note | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Lease liability | 9(a) | 12,593,588 | 12,593,588 | 5,253,617 | 4,168,242 | 3,171,729 | - | |
| Bank overdrafts | 21 | 107,334,356 | 107,334,356 | 107,334,356 | - | - | - | |
| Loans and borrowings | 22(a) | 1,551,197,579 | 1,551,197,579 | 1,551,197,579 | - | - | - | |
| Trade payables | 23(a) | 121,742,263 | 121,742,263 | 121,742,263 | - | - | - | |
| Other payables | 24(a) | 398,998,005 | 398,998,005 | 398,998,005 | - | - | - | |
| Unclaimed dividend account | 25 | 12,968,914 | 12,968,914 | 12,968,914 | - | - | - | |
| Inter-company payables | 26 | 340,487,924 | 340,487,924 | 340,487,924 | - | - | - | |
| | | 2,545,322,629 | 2,545,322,629 | 2,537,982,658 | 4,168,242 | 3,171,729 | - | |
| Derivative financial liabilities | | - | - | - | - | - | - | |
| | | 2,545,322,629 | 2,545,322,629 | 2,537,982,658 | 4,168,242 | 3,171,729 | - | |
| 30 June 2020 | | | | | | | | |
| | | Contractual cash flows | | | | | | |
| In Taka | Note | Carrying amount | Total | 12 months or less | 1 - 2 years | 2 - 5 years | More than 5 years | |
| Non-derivative financial liabilities | | | | | | | | |
| Lease liability | 9(a) | 10,999,131 | 10,999,131 | 6,613,294 | 2,881,325 | 1,504,512 | - | |
| Bank overdrafts | 21 | 76,793,453 | 76,793,453 | 76,793,453 | - | - | - | |
| Loans and borrowings | 22(a) | 1,626,971,532 | 1,626,971,532 | 1,626,971,532 | - | - | - | |
| Trade payables | 23(a) | 119,962,073 | 119,962,073 | 119,962,073 | - | - | - | |
| Other payables | 24(a) | 328,493,606 | 328,493,606 | 328,493,606 | - | - | - | |
| Unclaimed dividend account | 25 | 12,580,680 | 12,580,680 | 12,580,680 | - | - | - | |
| Inter-company payables | 26 | 864,104,485 | 864,104,485 | 864,104,485 | - | - | - | |
| | | 3,039,904,960 | 3,039,904,960 | 3,035,519,123 | 2,881,325 | 1,504,512 | - | |
| Derivative financial liabilities | | - | - | - | - | - | - | |
| | | 3,039,904,960 | 3,039,904,960 | 3,035,519,123 | 2,881,325 | 1,504,512 | - | |



(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 2021 | 30 June 2020 |
|----------------------|--------------|--------------|
| Cash at bank | 64,365 | 9,618 |
| Loans and borrowings | (11,826,626) | (9,155,665) |
| | (11,762,261) | (9,146,047) |

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

| <i>In Taka</i> | 30 June 2021 | | 30 June 2020 | |
|----------------|--------------|--------------------|--------------|--------------------|
| | Average rate | Year-end spot rate | Average rate | Year-end spot rate |
| USD | 84.95 | 84.95 | 84.73 | 84.95 |

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 2021 | | | | |
| USD (5% movement) | 49,960,202 | (49,960,202) | 49,960,202 | (49,960,202) |
| 30 June 2020 | | | | |
| USD (5% movement) | 38,744,943 | (38,744,943) | 38,744,943 | (38,744,943) |

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 2021 | 30 June 2020 |
| Fixed rate instruments | | | |
| <i>Financial assets</i> | | | |
| Investment in FDR | 10(a) | 37,693,366 | 35,742,593 |
| <i>Financial liabilities</i> | | | |
| Lease liability | 9(a) | (12,593,588) | (10,999,131) |
| Bank overdrafts | 21 | (107,334,356) | (76,793,453) |
| Loans and borrowings | 22(a) | (546,525,700) | (849,197,778) |
| | | (628,760,279) | (901,247,769) |
| Variable rate instruments | | | |
| <i>Financial assets</i> | | | |
| Loans to Advance Chemical Industries Limited | 15(a) | 741,163 | 17,862,732 |
| <i>Financial liabilities</i> | | | |
| Offshore loan | 22(a) | (1,004,671,879) | (777,773,754) |
| Loans from Advance Chemical Industries Limited | 26 | (340,487,924) | (864,104,485) |
| | | (1,344,418,639) | (1,624,015,507) |

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 2021 | In Taka | Note | Carrying amount | | | | | Fair value | | | | | |
|---|----------------------------|---------|---------------------------|---------------------|----------------------|--------------------------|----------------------------|-----------------------------|-------|---------------|---------|---------|-------|
| | | | Investment valued at cost | Hedging instruments | Mandatorily at FVTPL | Assets at amortized cost | FVOCI - Equity instruments | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | | | | | |
| | Investments | 10(a) | - | - | - | 37,768,366 | - | - | - | - | - | - | - |
| | Trade receivables | 13(a) | - | - | - | 1,491,526,689 | - | - | - | 1,491,526,689 | - | - | - |
| | Other receivables | 14 | - | - | - | 48,146,112 | - | - | - | 48,146,112 | - | - | - |
| | Inter-company receivables | 15(a) | - | - | - | 741,163 | - | - | - | 741,163 | - | - | - |
| | Security deposits | 16(a) | - | - | - | 14,423,696 | - | - | - | 14,423,696 | - | - | - |
| | Cash at bank | 17.2(a) | - | - | - | 123,004,181 | - | - | - | 123,004,181 | - | - | - |
| | | | - | - | - | 1,715,610,207 | - | - | - | 1,715,610,207 | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | | |
| | Lease liability | 9(a) | - | - | - | - | - | - | - | 12,593,588 | - | - | - |
| | | | - | - | - | - | - | - | - | 12,593,588 | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | | | | | |
| | Bank overdrafts | 21 | - | - | - | - | - | - | - | 107,334,356 | - | - | - |
| | Loans and borrowings | 22(a) | - | - | - | - | - | - | - | 1,551,197,579 | - | - | - |
| | Trade payables | 23(a) | - | - | - | - | - | - | - | 121,742,263 | - | - | - |
| | Other payables | 24(a) | - | - | - | - | - | - | - | 398,998,005 | - | - | - |
| | Unclaimed dividend account | 25 | - | - | - | - | - | - | - | 12,968,914 | - | - | - |
| | Inter-company payables | 26 | - | - | - | - | - | - | - | 340,487,924 | - | - | - |
| | | | - | - | - | - | - | - | - | 2,532,729,041 | - | - | - |

| 30 June 2020 | Carrying amount | | | | | | Fair value | | | | | |
|---|-----------------|------|---------------------------|---------------------|----------------------|--------------------------|----------------------------|-----------------------------|---------|---------|---------|---------------|
| | In Taka | Note | Investment valued at cost | Hedging instruments | Mandatorily at FVTPL | Assets at amortized cost | FVOCI - Equity instruments | Other financial liabilities | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | | | | |
| Investments | 10(a) | - | - | - | - | 35,817,593 | - | - | - | - | - | - |
| Trade receivables | 13(a) | - | - | - | - | 1,752,279,842 | - | - | - | - | - | 1,752,279,842 |
| Other receivables | 14 | - | - | - | - | 40,619,138 | - | - | - | - | - | 40,619,138 |
| Inter-company receivables | 15(a) | - | - | - | - | 17,862,732 | - | - | - | - | - | 17,862,732 |
| Security deposits | 16(a) | - | - | - | - | 17,496,446 | - | - | - | - | - | 17,496,446 |
| Cash at bank | 17.2(a) | - | - | - | - | 158,133,271 | - | - | - | - | - | 158,133,271 |
| | | - | - | - | - | 2,022,209,022 | - | - | - | - | - | 2,022,209,022 |
| Financial liabilities measured at fair value | | | | | | | | | | | | |
| Lease liability | 9(a) | - | - | - | - | - | - | 10,999,131 | - | - | - | 10,999,131 |
| | | - | - | - | - | - | - | 10,999,131 | - | - | - | 10,999,131 |
| Financial liabilities not measured at fair value | | | | | | | | | | | | |
| Bank overdrafts | 21 | - | - | - | - | - | - | 76,793,453 | - | - | - | 76,793,453 |
| Loans and borrowings | 22(a) | - | - | - | - | - | - | 1,626,971,532 | - | - | - | 1,626,971,532 |
| Trade payables | 23(a) | - | - | - | - | - | - | 119,962,073 | - | - | - | 119,962,073 |
| Other payables | 24(a) | - | - | - | - | - | - | 328,493,606 | - | - | - | 328,493,606 |
| Unclaimed dividend account | 25 | - | - | - | - | - | - | 12,580,680 | - | - | - | 12,580,680 |
| Inter-company payables | 26 | - | - | - | - | - | - | 864,104,485 | - | - | - | 864,104,485 |
| | | - | - | - | - | - | - | 3,028,905,829 | - | - | - | 3,028,905,829 |



36 Commitments and contingencies

36.1 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 2021 | 30 June 2020 |
|---|--------------|--------------|
| a) Revenue expenditure (Letters of credit) | | |
| Commercial Bank of Ceylon PLC | 171,895,906 | 72,951,972 |
| The City Bank Limited | 54,079,756 | 101,168,875 |
| BRAC Bank Limited | 74,600,229 | - |
| Prime Bank Limited | 304,887,613 | 32,153,660 |
| | 605,463,505 | 206,274,507 |
| b) Capital expenditure | | |
| Approved and contracted for | 862,031 | 1,133,781 |
| | 862,031 | 1,133,781 |

36.2 Contingent liabilities

| <i>In Taka</i> | 30 June 2021 | 30 June 2020 |
|------------------------------|--------------|--------------|
| Bank guarantee | | |
| The City Bank Limited | 2,085,034 | 2,085,034 |
| Pubali Bank Limited | - | 29,602,380 |
| BRAC Bank Limited | 20,866,015 | 3,340,767 |
| | 22,951,049 | 35,028,181 |
| Performance guarantee | | |
| Standard Chartered Bank | 147,600 | 191,544 |
| | 147,600 | 191,544 |
| | 23,098,649 | 35,219,725 |

37 Production capacity

The production status (business wise) for the year ended 30 June 2021 are as follows:

| Business Segment | Capacity | Unit | Actual | % of utilisation |
|-----------------------------|------------|--------|-----------|------------------|
| Crop Care and Public Health | 27,300 | M Ton | 12,345 | 45.22 |
| Mosquito Coil | 1,098,000 | Carton | 14,336 | 1.31 |
| Aerosol | 11,400,000 | Can | 4,766,104 | 41.81 |
| Vanish | 12,000,000 | Can | 529,109 | 4.41 |
| Paint | 3,000 | M Ton | 1,347 | 44.90 |

The production status (business wise) for the year ended 30 June 2020 were as follows:

| Business Segment | Capacity | Unit | Actual | % of utilisation |
|-----------------------------|------------|--------|-----------|------------------|
| Crop Care and Public Health | 25,800 | M Ton | 10,373 | 40.21 |
| Mosquito Coil | 1,098,000 | Carton | - | - |
| Aerosol | 11,400,000 | Can | 4,059,066 | 35.61 |
| Vanish | 12,000,000 | Can | 154,633 | 1.29 |
| Paint | 3,000 | M Ton | 1,035 | 34.50 |

38 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 2021 | For the year ended 30 June 2020 |
|----------|---------------------------------|---------------------------------|
| Salary | 9,419,872 | 8,722,112 |
| Benefits | 5,967,696 | 5,937,026 |
| | 15,387,568 | 14,659,138 |

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 2020 |
|-----------------------------|--------------------|---------------------------|--------------------------|---------------|-------------------------------------|
| | | | 30 June 2021 | 30 June 2020 | |
| ACI Limited | Holding company | Working capital financing | (523,616,561) | (282,182,920) | (340,487,924) |
| Neem Laboratories (Pvt) Ltd | Subsidiary company | Working capital financing | 16,675,625 | (2,421,316) | 8,728,765 |
| Premiaflex Plastics Limited | Sister concern | Purchase of products | 57,099,778 | 47,140,145 | - |
| | | Payment against purchase | (64,434,260) | (40,716,275) | (3,224,511) |
| | | | | | (10,558,993) |



39 Other disclosures

39.1 Number of employees

At 30 June 2021, number of regular employees receiving remuneration of Tk. 36,000 or above per annum was 1,047 (30 June 2020: 1,113).

39.2 Subsequent events

The Board of Directors in their meeting held on 28 October 2021 have recommended cash dividend @ 30% i.e Taka 3 per share of Taka 10 each aggregating to Taka 135,000,000 and stock dividend @5% aggregating to Taka 22,500,000 for the year ended 30 June 2021 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on 26 December 2021.

The financial statements for the year ended 30 June 2021 do not include the effect of these dividends 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.

39.3 Impact of COVID-19

During the financial year, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID 19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all businesses and economic activities of the country are adversely affected which have also impacted the Group's business as well. However, Business operation of the Group is not materially impacted except for Paint which suffered a de-growth around 32% compared to FY 2019-20. Management of the Group has assessed the going concern issue along with possibility of impairment of assets and found no uncertainty regarding these for the upcoming 12 months due to COVID 19.

40 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. |

Annexure - A

**Revaluation Report on
Property, Plant and Equipment of
*ACI Formulations Limited***





EXECUTIVE SUMMARY

ACI Formulations Limited (here in after referred to as "the Company", "ACIFL") 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 purpose of this assignment is to carry out the valuation of Property, plant and equipment of ACIFL. The concept of "Fair Value" has been kept in mind while valuing the Property, plant and equipment.

Hoda Vasi Chowdhury & Co was appointed to carry out the valuation exercise with specific Terms of Reference. We have obtained both quantitative and qualitative information about the Company and its Property, plant and equipment. Our valuation team visited the premises and physically inspected Property, plant and equipment whilst making appropriate adjustments to records of Property, plant and equipment wherever necessary.

Summary of valuation is as under:

Lands:

Total Land Area:

ACI Formulations Limited has total **4,189.64** decimals of land at Gojariya and Dholadia Mouza in Sreepur, Gazipur with Book Value of **BDT 1,540,641,147** as on 30 June 2021.

Approach and Methodology:

The lands have been revalued at market value. However, Out of total land **145.50** decimals of land at Gojariya, Sreepur, Gazipur. Mouza were acquired between 1st July 2019 to 30th June 2021, therefore do not fall under the scope of upward revaluation as per BSEC notification. Therefore, the Fair Value of these lands restricted to the book value **BDT 24,468,726**.

Valuation of Gojariya Razabari, Sreepur, Gazipur Land:

The Company has total **4,101.64** decimals of land at Gojariya, Razabari, Sreepur, Gazipur with Book Value of **BDT 1,507,649,377** as on 30 June 2021. Out of total land **3,956.14** decimals of land located at Gojariya Mouza with book value of **BDT 1,483,180,651** which has been revalued to **BDT 1,978,067,500** with revaluation surplus of **BDT 494,886,849** as on 30 June 2021. However, as per BSEC Notification **145.50** decimals of land, the Fair Value restricted to the Book Value of **BDT 24,468,726**.

Valuation of Dholadia, Rajabari, Sreepur, Gazipur Land:

Additionally, the Company has **88.00** decimals of land located at Dholadia, Rajabari, Sreepur Gazipur with book value of **BDT 32,991,770** which has been revalued to **BDT 44,000,000** with revaluation surplus of **BDT 11,008,230** as on 30 June 2021.

Mutation:

Our valuation team physically verified the Land and its surroundings and have obtained the deed, parcha, and mutation copies for **4,092.50** decimals of the land. However, mutation copies for **97.14** decimals of land are yet to be received by the Company.

Summary of valuation of Lands:

Figures in BDT

| Location | Land Area in decimal | Book Value per decimal | Total Book Value as on 30 June 2021 | Fair Value Per decimal | Total Fair Value as on 30 June 2021 | Fair Value Adjustments |
|--|----------------------|------------------------|-------------------------------------|------------------------|-------------------------------------|------------------------|
| Land 01: Mouza- Gojariya, P.S- Sreepur, Gazipur | 3,956.14 | 374,906 | 1,483,180,651 | 500,000 | 1,978,067,500 | 494,886,849 |
| Land 02: Mouza- Gojariya, P.S- Sreepur, Gazipur* | 145.50 | 168,170 | 24,468,726 | Not Revalued | 24,468,726 | N/A |
| Land 03 : Mouza- Dholadia, Razabari, P.S- Sreepur, Gazipur | 88.00 | 374,906 | 32,991,770 | 500,000 | 44,000,000 | 11,008,230 |
| Total | 4,189.64 | - | 1,540,641,147 | - | 2,046,536,226 | 505,895,079 |

The Details of the lands are provided in the "Annexure -1"

*The 145.50 decimals of land have not been revalued. Therefore, book value is considered as Fair Value.

Buildings

ACI Formulations Limited has the construction of Brick foundation & frame structure, the construction of R.C.C foundation & frame structure and Pre-Fabricated building comprising total **351,113** sft. floor area. The construction year of these buildings are in different time period between 1998 and 2014 with different expected life between 25 to 50 years depending upon the condition of buildings.

Approach and Methodology:

Buildings are revalued on the basis of Depreciated Replacement Cost and was conducted with the assistance of an external expert surveyor. However, we estimate that the written down value of buildings **BDT 189,016,099** as on 30 June 2021 approximates the Fair Value. No upward valuation is done for the buildings.

Summary of valuation of buildings:

Figures in BDT

| Description | Location | Total Floor Area (Sft.) | Total Book value as on 30 June 2021 | Accumulated Depreciation as on 30 June 2021 | Written Down Value (WDV) as on 30 June 2021 | Adjustment | Depreciated Replacement Cost (Fair Value) as on 30 June 2021 |
|--------------|---|-------------------------|-------------------------------------|---|---|------------|--|
| Buildings | Gojariya, Bhawal, Rajabari, Sreepur, Gazipur. | 351,113 | 229,191,638 | (40,175,539) | 189,016,099 | - | 189,016,099 |
| Total | | 351,113 | 229,191,638 | (40,175,539) | 189,016,099 | - | 189,016,099 |

The details of Fair Value of Buildings are provided in the "Annexure-2"

For Other Assets:

ACI Formulations has other assets such as Plant and Machineries, Electrical and Other office appliances, Furniture & Fixture, Office Equipment and Motor Vehicles have not been revalued considering the followings:

- Written down value of plant and machinery having remaining useful lives of less than 50% of original useful life cannot be revalued as per BSEC Notification on Valuation dated August 18, 2013;
- Written down value of building, plant and machinery, having remaining useful lives of more than 50% of original useful life have not been revalued, as their written down values approximates as per our best professional judgment to be Fair Values;
- Written down values of assets like office equipment, furniture and fixtures, loose tools, vehicles, etc. have not been revalued, since they are not eligible for revaluation as per BSEC Notification on Valuation dated August 18, 2013; and



- There were no market driven, operational or internal factors, noted or observed for major fixed assets of the Company which would trigger impairment at valuation date.

USE OF EXPERTS

In order to ensure quality of the assignment an experienced engineering and survey firm namely Mridha & Associates Ltd, has been hired to carry out the valuation of Property, plant and equipment independently. We have checked and confirmed that Mridha & Associates Limited is independent with respect to the assignment. The assumptions, judgments, methods of valuation, relevance and reasonableness of their findings and conclusion have been reviewed by us.

INDEPENDENCE

We confirm that Hoda Vasi Chowdhury & Co, Chartered Accountant, its partners and staff are independent, with respect to ACIFL, in accordance with the independence requirements of the IESBA Code of Ethics for Professional Accountants adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and International Valuation Standard Council (IVSC). No part of our fee is contingent upon the conclusions reached in the valuation or any action or event contemplated in or resulting from the use of the Valuation. The principal valuator and other staff involved in the preparation of the Valuation acted independently and objectively in completing this engagement.

COMPOSITION OF TEAM AND KEY PERSONNEL

Realizing the needs of the assignment and areas to be covered, efforts have been made to ensure the quality of the work and reporting thereon. Accordingly, we deployed our resources and deputed a team comprising of technical personnel for carrying out the assignment. The Engagement Manager constantly monitored the assignment under the guidance of the Engagement Partner in order to ensure timely and quality reporting.

The composition of the valuation team is as follows:

| | |
|----------------------|--|
| Engagement Partner | : Sk Md Tarikul Islam, FCA |
| Engagement Manager | : M.A. Bashar, ACCA |
| Valuation Supervisor | : Md. Shah Alam, MBA (Partly qualified CA) |
| Valuation Expert | : Mridha & Associates Limited |

The overall team has been referred to as “we” in this report.

VALUATION DATE

30 June 2021 has been considered as “valuation date” and accordingly all information are based on the information provided by the management as on that date and certain explanations and clarifications made available to us for the purpose of the current exercise on valuation.

VALUATION RESULT

Based on our assumptions, restrictions and qualifications, and analysis presented above, we conclude the Fair Value of Land and Buildings of ACIFL as on 30 June 2021 are **BDT 2,046,536,226** and **BDT 189,016,099** respectively.

| List of Annexures: | |
|--------------------|------------------------|
| Annexure-1 : | Valuation of Lands |
| Annexure-2 : | Valuation of Buildings |

Date: 10 October 2021

Valuer's Report and Fairness Opinion

We confirm the following in relation the valuation of Property, Plant and Equipment of ACI Formulations Limited:

1. The valuation has been undertaken in accordance with the International Valuation Standards (IVS) and we have verified that the ownership, possession and use of the assets are with the company.
2. We have maintained the Fundamental Principles of Ethical Conduct namely Integrity, Objectivity, Professional Competence, Confidentiality and Professional Behavior regarding the valuation and have taken all possible steps to avoid or mitigate possible threats to compliance of these principles.



Sk Md Tarikul Islam, FCA
Partner





ACI Formulations Limited

Report of the Directors and Audited Financial Statements of the Subsidiary Company for the year ended 30 June 2021



Neem Laboratories (Pvt.) Limited

Directors' Report to the Shareholders

For the year ended on 30 June 2021

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.

The Company engaged in manufacturing and marketing of herbal products to make available the benefits of Neem and other herbs to the consumers. Neem Laboratories (Pvt.) Ltd. was not in manufacturing operations during the reporting period. However, the Subsidiary continues to generate revenue through royalty fees based on the agreement with ACI Limited effective from 01 July 2019 for a tenure of 5 years; the latter currently being engaged in the manufacturing of products under the Neem Original brand name. The brand of the Company, Neem Original is growing with the rapid growth of the herbal market. ACI Neem Original consists of herbal soap, hand wash and face wash. Neem Original has been successfully maintaining its premium quality of soap and hand-wash with natural ingredients and ensuring the promise of germ-free nourished skin to its consumers. Currently, the brand is actively present in Digital Platforms and has successfully done several engaging campaigns. Among them Red Beauty salon influencer campaign, Go Green and Mother's Day Campaign were the significant ones with a reach of 8 million viewers. With these activities, Neem original has been increasing its brand value and competing to be the first choice for natural products.

The operating results of the Company for the year ended on 30 June 2021 are as follow:

| Key Financial Results | Value (BDT) |
|------------------------------|-------------|
| Revenue | 1,180,791 |
| Operating profit | 759,053 |
| Profit before tax | 425,634 |
| Profit after tax | 200,310 |

On behalf of the Board


Shusmita Anis
 Director


Mr. Abdul-Muyeed Chowdhury
 Independent Director

Dhaka, 24 October 2021



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 : 01552-575775, 01711-520770
01922-117370, 01757-941837
E-mail : shirazkhanbasak@yahoo.com
Website : www.shirazkhanbasak.bd.com

Independent Auditor's Report to the Shareholders of **Neem Laboratories (Pvt) Ltd.** Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neem Laboratories (Pvt) Ltd. ("the Company"), which comprise statement of financial position as at 30th June, 2021, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30th June, 2021, 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.



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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 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;
- c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns;
- d) The expenditure incurred was for the purpose of the Company's business.

Chaity Basak, FCA (Enrol # 1772)
Partner
Shiraz Khan Basak & Co.
Chartered Accountants
DVC: 2110241772AS565853

Place : Dhaka

Dated: October 24, 2021



NEEM LABORATORIES (Pvt.) LIMITED

Statement of Financial Position

As at 30 June 2021


| Particulars | 30 June 2021 Taka | 30 June 2020 Taka |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Property, plant and equipment: | | |
| At cost | 4,960,191 | 4,960,191 |
| Accumulated depreciation | (3,952,629) | (3,582,610) |
| Total non-current assets | 1,007,562 | 1,377,581 |
| Deferred tax asset | 53,595 | 91,684 |
| Inventories | - | - |
| Trade receivables | 983,761 | 1,005,174 |
| Inter-company receivables | 741,163 | 17,862,732 |
| Advances, deposits and prepayments | 2,539,998 | 2,279,467 |
| Cash and cash equivalents | 795,139 | 692,487 |
| Total current assets | 5,060,061 | 21,839,859 |
| Total assets | 6,121,218 | 23,309,124 |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 500,000 | 500,000 |
| Retained earnings | (6,382,890) | (6,583,200) |
| Total equity | (5,882,890) | (6,083,200) |
| Liability | | |
| Trade payables | 766,547 | 1,378,062 |
| Other payables | 602,340 | 832,088 |
| Inter-company liabilities | 8,728,765 | 25,462,953 |
| Current tax liability | 1,906,455 | 1,719,221 |
| Total current liabilities | 12,004,107 | 29,392,324 |
| Total liabilities | 12,004,107 | 29,392,324 |
| Total equity and liabilities | 6,121,218 | 23,309,124 |


Shusmita Anis
Director


Abdul - Muyeed Chowdhury
Director


Mohammad Mostafizur Rahman
Company Secretary

As per our separate report of even date annexed.


Chaity Basak, FCA (Enrol # 1772)
Partner
Shiraz Khan Basak & Co.
Chartered Accountants
DVC: 2110241772AS565853
An associate firm of D.N. Gupta Associates

Place : Dhaka
Dated : October 24, 2021

NEEM LABORATORIES (PVT.) LIMITED

Statement of Comprehensive Income

For the year ended 30 June 2021

| Particulars | 30 June 2021 Taka | 30 June 2020 Taka |
|---|----------------------|----------------------|
| Revenue | 1,180,791 | 1,597,091 |
| Cost of sales | - | - |
| Gross profit | 1,180,791 | 1,597,091 |
| Administration, selling and distribution expenses | (421,739) | (576,904) |
| | 759,053 | 1,020,187 |
| Other income | - | - |
| Result from operating activities | 759,053 | 1,020,187 |
| Finance cost | (333,419) | (367,975) |
| Profit / (loss) before income tax | 425,634 | 652,212 |
| Income tax expenses : | | |
| Current tax expenses | (187,234) | (159,709) |
| Deferred tax income | (38,089) | (205,366) |
| | (225,323) | (365,075) |
| Net profit / (loss) after tax | 200,310 | 287,137 |



Shusmita Anis
Director



Abdul - Mueyed Chowdhury
Director



Mohammad Mostafizur Rahman
Company Secretary

As per our separate report of even date annexed.

Place : Dhaka
Dated : October 24, 2021



Chaity Basak, FCA (Enrol # 1772)
Partner
Shiraz Khan Basak & Co.
Chartered Accountants
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An associate firm of D.N. Gupta Associates



NEEM LABORATORIES (PVT.) LIMITED

Statement of Changes In Equity

For the year ended 30 June 2021

| Particulars | Share capital Taka | Retained earnings Taka | Total Taka |
|--|-----------------------|------------------------------|---------------|
| Balance at 30 June 2019 | 500,000 | (6,870,337) | (6,370,337) |
| Net profit for the period | - | 287,137 | 287,137 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 287,137 | 287,137 |
| Balance at 30 June 2020 | 500,000 | (6,583,200) | (6,083,200) |
| Balance at 30 June 2020 | 500,000 | (6,583,200) | (6,083,200) |
| Net profit for the year | - | 200,310 | 200,310 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 200,310 | 200,310 |
| Balance at 30 June 2021 | 500,000 | (6,382,890) | (5,882,890) |

Shusmita Anis
Director

Abdul - Muyeed Chowdhury
Director

Mohammad Mostafizur Rahman
Company Secretary

Chaity Basak, FCA (Enrol # 1772)
Partner
Shiraz Khan Basak & Co.
Chartered Accountants
DVC: 2110241772AS565853

Place : Dhaka
Dated : October 24, 2021

An associate firm of D.N. Gupta Associates

NEEM LABORATORIES (PVT.) LIMITED

Statement of Cash Flows

For the year ended 30 June 2021

| Particulars | 30 June 2021 Taka | 30 June 2020 Taka |
|--|----------------------|----------------------|
| A) Cash flows from operating activities | | |
| Cash receipts/(paid) from /(to) customers | 1,202,205 | 5,466,603 |
| Cash receipts from other income | - | - |
| | 1,202,205 | 5,466,603 |
| Cash paid for: | | |
| Purchase of inventory | - | (4,885,687) |
| Operating expenses | (281,467) | (1,005,691) |
| Advances, deposits and prepayments | 11,000 | 1,077,339 |
| | (270,467) | (4,814,039) |
| Cash generated from operations | 931,738 | 652,564 |
| Financing cost | (333,419) | (367,975) |
| Income tax | (271,531) | (66,885) |
| | (604,950) | (434,860) |
| Net cash used in operating activities | 326,787 | 217,704 |
| B) Cash flows from investing activities | | |
| Purchase of property, plant and equipment | - | - |
| Net cash from (used in) investing activities | - | - |
| C) Cash flows from financing activities | | |
| Inter-company debts (paid)/received | (224,135) | 2,388,747 |
| Short term loan received | - | (2,860,158) |
| Net cash flows from financing activities | (224,135) | (471,411) |
| D) Net cash flow from all activities (A+B+C) | 102,653 | (253,707) |
| E) Cash and cash equivalent at 01 July 2020 | 692,487 | 946,193 |
| F) Cash and cash equivalent at 30 June 2021 (D+E) | 795,139 | 692,486 |
| Closing balance represents: | | |
| Cash in hand and at bank | 795,139 | 692,486 |
| | 795,139 | 692,486 |



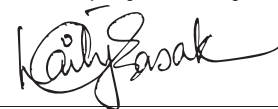
Shusmita Anis
Director



Abdul - Muyeed Chowdhury
Director



Mohammad Mostafizur Rahman
Company Secretary



Chaity Basak, FCA (Enrol # 1772)
Partner

Shiraz Khan Basak & Co.
Chartered Accountants

DVC: 2110241772AS565853

An associate firm of D.N. Gupta Associates

Place : Dhaka

Dated : October 24, 2021





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 25th Annual General Meeting of the Company to be held on Sunday, 26 December 2021 at 10:00 am and/or at any adjournment thereof.

As witness my hands this _____ day of _____ 2021.

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 25th Annual General Meeting being held on Sunday, 26 December 2021 at 10:00 am through digital platform.

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