



ACI Formulations Limited

**ANNUAL REPORT
2013**





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Corporate Management Board of Directors



Mr. M Anis Ud Dowla
Chairman



Ms. Shusmita Anis
Managing Director



Dr. F H Ansarey
Director



Mrs. Najma Dowla
Director



Dr. Arif Dowla
Director



Mr. Juned Ahmed Choudhury
Director



Mr. Kamran T. Rahman
Director

Chief Financial Officer

Mr. Pradip Kar Chowdhury

Company Secretary

Ms. Sheema Abed Rahman

Head of Risk Management & Internal Audit

Mr. Amitava Saha

Auditors

Hoda Vasi Chowdhury & Co,
Chartered Accountants

Financial Consultant

Mr. M. Sekander Ali

Legal Advisor

Barrister Rafique-ul Huq
Huq and Company

Principal Bankers

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Limited

Commercial Bank of Ceylon Plc

The City Bank Limited

BRAC Bank Limited

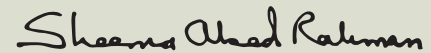
Notice of the 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of ACI Formulations Limited will be held on Tuesday, 10 June 2014 at 9:00 a.m. at Officers Club, 26 Baily Road, Dhaka, to transact the following business:

AGENDA

- 1) To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2013 together with Reports of the Auditors and the Directors.
- 2) To declare dividend for the year ended 31 December 2013.
- 3) To elect Directors of the Company.
- 4) To confirm the appointment of Independent Director.
- 5) To appoint Auditors for the year 2014 and to fix their remuneration.

By Order of the Board



Sheema Abed Rahman
Company Secretary

Dhaka
29 April 2014

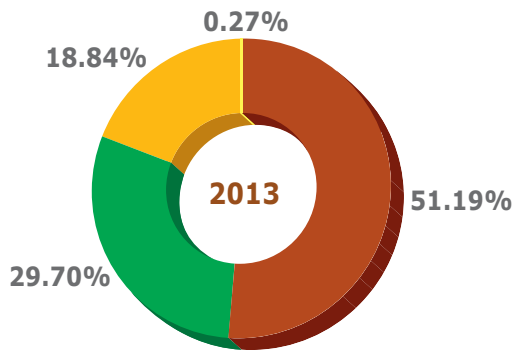
Notes

- a. The Record Date shall be on Monday, 12 May 2014.
- b. The Shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- c. The Directors have recommended dividend as follows:
Cash dividend: @25% or Taka 2.5 per share of Taka 10 each for the year ended 31 December 2013.
- d. A member entitled to attend and vote at the 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 Commercial Area, Dhaka-1000 not later than 48 hours before the time fixed for the Meeting.
- e. Members are requested to notify the changes of address, if any, well in time. For BO A/C holders, the same to be notified through their respective Depository Participants.
- f. Admittance to the Meeting venue will be on production of the Attendance Slip that will be sent with the Notice.

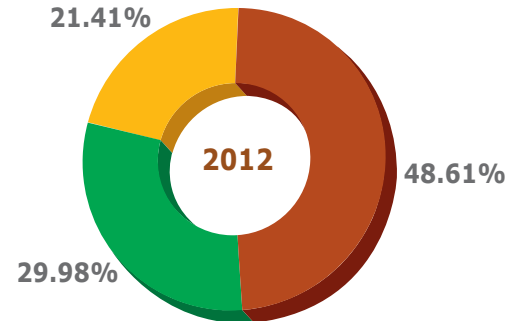
বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

Year 2013 - At a Glance

Sales Contribution by Business Unit 2013-2012

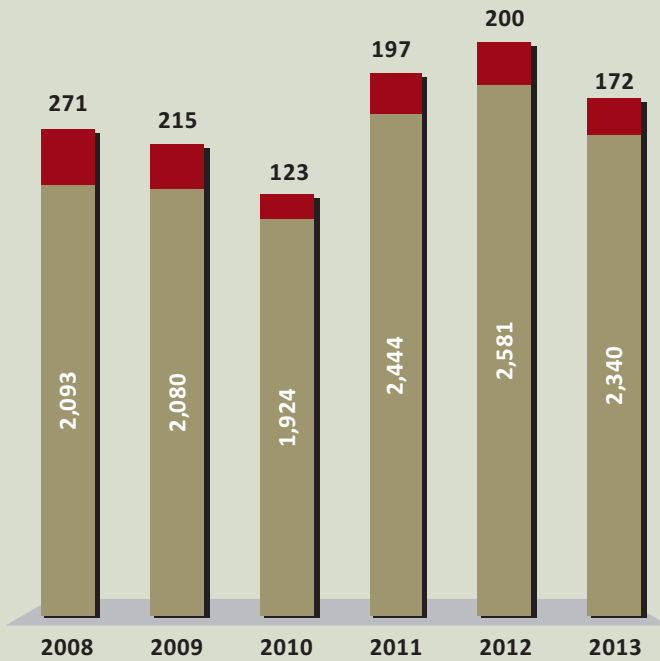


Crop Care & Public Health	51.19%
Mosquito Coil	29.70%
Aerosol & Air Freshener	18.84%
Others	0.27%



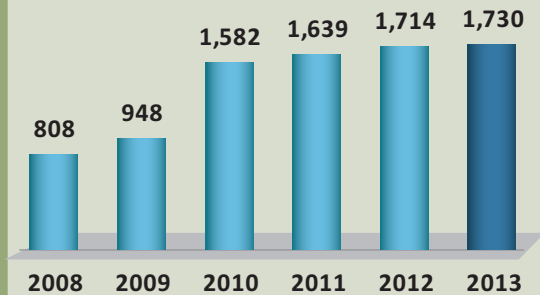
Crop Care & Public Health	48.61%
Mosquito Coil	29.98%
Aerosol & Air Freshener	21.41%

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



■ Net Sales Income ■ Profit Before Tax

Shareowners' Equity (Taka in Million)



Earnings Per Share (Taka)

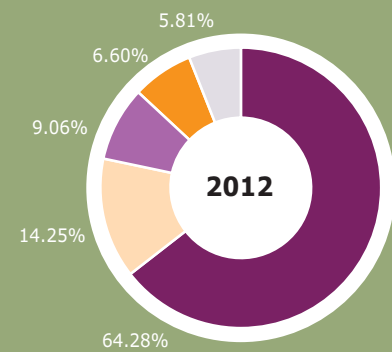
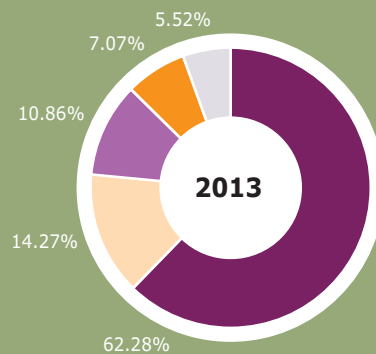


Six Years' Comparative Statistics, from 2008-2013

Particulars	2008	2009	2010	2011	2012	2013
Taka in million						
Authorized Capital	500.00	500.00	500.00	500.00	500.00	500.00
Issued & Paid-up Capital	250.00	300.00	300.00	300.00	450.00	450.00
Current Assets	1,494.80	1,570.93	1,506.60	1,646.05	1,590.00	1,652.00
Tangible Fixed Assets (Gross)	555.63	685.91	1,137.70	1,262.89	1,353.74	1,389.43
Shareowners' Equity	808.04	948.28	1,581.93	1,638.78	1,713.74	1,730.47
Turnover (Net)	2,093.47	2,079.94	1,924.40	2,443.66	2,581.04	2,340.43
Gross Profit	405.46	488.47	458.14	571.86	609.86	584.56
Profit Before Tax	271.36	214.83	122.73	197.49	200.21	172.29
Profit After Tax	203.29	160.33	91.61	146.85	149.96	129.23
Dividend	75.00	75.00	90.00	225.00	112.50	112.50
Current Ratio (Times)	1.51	1.54	1.61	1.46	1.50	1.49
Quick Ratio (Times)	0.78	0.95	0.86	0.84	0.87	0.98
Return on Equity (%)	25.00	17.00	6.00	9.00	9.00	7.00
Inventory Turnover (Times)	3.02	2.41	2.25	2.67	2.95	3.06
Debtors Turnover (Times)	2.91	2.82	2.82	4.23	4.26	4.93
Fixed Assets Turnover (Times)	5.01	4.05	1.70	2.02	2.05	1.88
Net Asset Per Share (Taka)	26.93	31.61	52.73	36.42	38.08	38.45
Market Price Per Share (Taka)	194.60	171.40	139.80	89.00	73.90	78.90
Earnings Per Share (Taka)	6.78	5.34	3.05	3.26	3.33	2.87
Dividend Per Share (Taka)	3.00	2.50	3.00	7.50	2.50	2.50
Dividend Rate (%)	30.00	25.00	30.00	75.00	25.00	25.00
Dividend Payout Ratio (%)	44.25	46.82	98.36	230.06	75.08	87.11
Price Earnings Ratio (Times)	28.70	32.10	45.84	27.30	22.19	27.49
Dividend Yield (%)	1.54	1.46	2.15	8.43	3.38	3.17
Number of Employees	271	533	674	798	921	922

Analysis of Turnover (%)

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



Comparison of Turnover & Costs over Last Year

	2013	%	2012	%
Turnover (Gross)	<u>2,341.38</u>	<u>100</u>	<u>2,581.04</u>	<u>100</u>
Cost of Materials	1,458.10	62.28	1,659.22	64.28
Expenses	334.00	14.27	367.76	14.25
Salaries, Wages & Benefits Paid to Employees	254.47	10.86	233.80	9.06
Duties & Taxes Paid to Government Exchequer	165.58	7.07	170.30	6.60
Profit	129.23	5.52	149.96	5.81
Total	<u>2,341.38</u>	<u>100.00</u>	<u>2,581.04</u>	<u>100.00</u>

Message from the Chairman



M Anis Ud Dowla
Chairman

"I want to assure you that your investment is in safe hands and all opportunities will be availed in increasing the value of your investment"

*Dear Shareowners
and Friends of AEDFL,*

Assalamu Alaikum,

It had been a challenging year. We operated within the limitations that external conditions imposed on us. We tried to be productive and operationally efficient. Our employees did an excellent job of keeping the supply line of both inputs and outputs open. Our customers did not suffer any shortage of products.

While the results have been good, there is plenty of scope for improvement which the new Managing Director is undertaking. She has reorganised the business and introduced changes in the policies to make the business model more robust and sustainable. We wish her success.

During the year we suffered the loss of our Independent Director Mr. C. M. Murshed who died of a heart attack on 16 September 2013. He was an active member of the Board and held the position of Chairman of the Audit Committee. His wise counseling was very helpful. We will remember him with gratitude and pray to Allah for his eternal peace.

Dear Shareowners, there are many opportunities for new investment and expansion of our range of products. We are in dialogue with more than one multinational, exploring prospects of doing something together. This search is an ongoing process and I want you to know that we often find ourselves a preferred partner because of our values and conscious pursuit of excellence. I want to assure you that your investment is in safe hands and all opportunities will be availed in increasing the value of your investment.

Allah Hafez.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Anis Ud Dowla', written in a cursive style.

M Anis Ud Dowla
Chairman

Audit Committee Report

The Board of Directors of ACI Formulations Limited has constituted an Audit Committee as per Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended at the Compliance Report enclosed with the Directors' Report. The Committee consists of Mr. Juned Ahmed Choudhury, Dr. F H Ansarey and Mrs. Najma Dowla. Mr. Juned Ahmed Choudhury is an Independent Director and also the Chairman of the Committee. Ms. Sheema Abed Rahman, Company Secretary, is also the Secretary of the Audit Committee. The Audit Committee is appointed by the main Board. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

Purpose of Audit Committee

The role of the Audit Committee is to scrutinise and monitor the authenticity of the financial statements of the Company and review and, where appropriate, make recommendations to the main Board as per Terms of Reference given by the Board. The Audit Committee review on business risks, internal controls and compliances. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the Company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, Standard Operating Procedure (SOP) and principles defined by the Company.
- Exercise its oversight of Internal Audit. Review the effectiveness of Internal Audit function including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and material weaknesses and monitor implementation of Audit action plans.
- Oversee hiring and performance of external auditors.
- Monitor and review the effectiveness of internal audit function.
- Other matters as per Terms of Reference of the Audit Committee.

Authority

The Audit Committee is authorised by the main Board to review any activity within the business as per its Terms of Reference. It is authorised to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any request made by the Committee.

The Committee is also authorised to refer any matter to the Board.

Meeting Attendance

The Audit Committee met four times during the year 2013. The details of attendance of each member at the Audit Committee meetings during 2013 are given on the next page:

Contd.

Composition of Audit Committee	No. of Meeting Attended
Mr. C. M. Murshed Chairman (Independent Non-Executive Director)	2 (Expired on 16 September 2013)
Mr. Juned Ahmed Choudhury Chairman (Independent Non-Executive Director)	2 (Joined on 24 September 2013)
Mrs. Najma Dowla (Non-Executive Director)	4
Dr. F H Ansarey	3
Ms. Sheema Abed Rahman Secretary, Audit Committee Company Secretary	3

The Audit Committee Meeting is attended by Chief Financial Officer, Head of Risk Management & Internal Audit as permanent invitees and all the above Members of the Audit Committee appointed by the Board. From time to time, the Managing Director also joins the Meeting.

Summary of Activities 2013

In 2013, the Audit Committee reviewed its Terms of Reference in line with requirements of BSEC notification on Corporate Governance. The Committee carried out its duties in accordance with the Terms of Reference of the Audit Committee.

During the year 2013, the Audit Committee carried out the following activities:

1. Internal Control and Business Risk Management

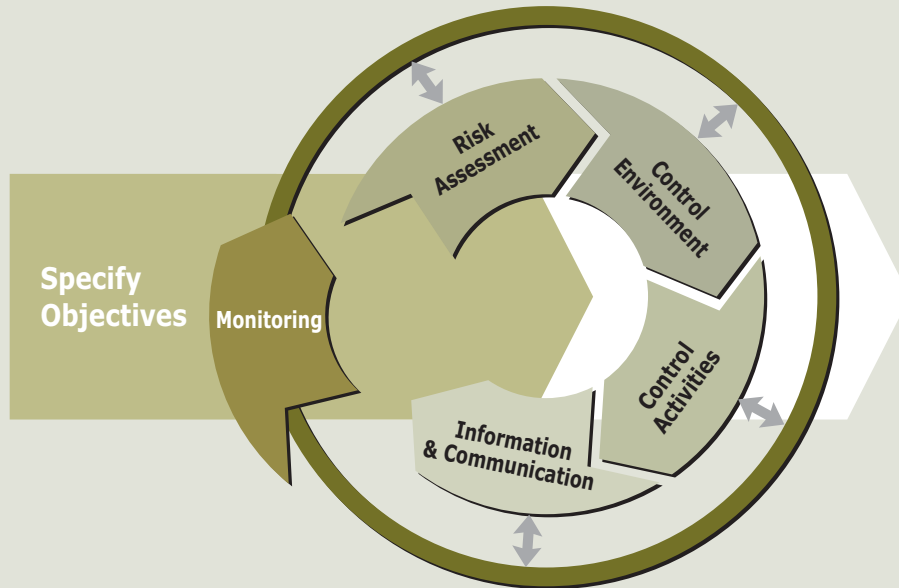
The Board has established a process designed to provide reasonable assurance by the Management regarding the achievement of objectives relating to effectiveness and efficiency of operations, reliability of the information and reporting, compliance with applicable laws, regulation and policy, procedures and safeguarding company assets. The internal control system of the Company has been working through five components.

To further strengthen the controls, the Company has introduced and consistently complying the following international standards and guidelines:

ISO 9001: 2008 Quality Management System

ISO 14001: 2004 Environmental Management System

Business Risk Management is an ongoing process in ACI Formulations Ltd. where strategic business units identify the risk, recognize risk factors, review and evaluate risks to the achievement of business



objectives. The Managing Director has to satisfy the Board adequacy on assigned Business Risk Management and Internal Control Process. Internal Audit is dedicated in a pivotal role into Risk Management Process. As such, Risk Management and Internal Audit department conducts yearly review focusing on to the risk indicators, where a detailed risk map is prepared.

Audit Committee and Managing Director review this risk map periodically.

2. Internal Audit

Audit activities play an essential and useful role in the conduct of successful operations. These activities serve to examine and evaluate financial, administrative and operational activities of the company, supplying management personnel at all levels with information to assist in their control of the assets and operations and their attainment of objectives for which they are responsible.

Internal audit performs ongoing evaluations of internal controls, advises the audit committee, management and the statutory auditors of the result of their evaluations and makes recommendation to improve risk management, control and governance process. A comprehensive internal audit plan is prepared on yearly basis and Internal Audit activity is always conducted with the highest standards of business ethics, integrity and honest dealings in all areas and functions within the Company and with all outside stakeholders. Internal Audit mainly concentrates on risk-based audit approach, and that allows Internal Audit to provide assurance to the Board that risk management processes are managing risk effectively, in relation to the risk appetite.

Sheema Abed Rahman

Sheema Abed Rahman
Secretary, Audit Committee
Company Secretary

Juned Ahmed Choudhury

Juned Ahmed Choudhury
Chairman
(Independent Director)

Report of the Directors' to the Shareowners

Agriculture plays an important role in our economic development, contributing to our GDP by about 20% and providing employment and occupation to a large number of people. Crop protection is a major business of ACI Formulations Ltd. (ACI FL) and we take our responsibility seriously in providing support to the farmers in enhancing output and protecting their crops through expert advice and supply of effective chemicals. In doing so, we advise the farmers on safety, timely application and care for the consumers.



Sales

This year there has been some reluctance and general financial distress on the part of farmers in use of Agro Chemicals on their crops, because the price they got from the previous crop was often below their cost of production. Also, there was less infestation in crops, the overall demand was less. During the last quarter, we faced many difficulties as a result of countrywide political turmoil; timely product delivery was challenging, the cost of delivery was higher and security became a major issue. Despite all the adverse conditions, our dedicated team had put tremendous effort at all levels and we managed to improve our market share.

In 2013, we have focused on improvement on our policies and procedures. We have taken a number of new initiatives which will result in better financial management, better inventory management and

more restrictive credit facility. We have improved yield in production and increase production output. Both production and marketing have undergone major restructuring for better performance.

Export

For the first time, we have exported several formulations of significant value and the products are moving satisfactorily. We expect export to increase substantially in the coming years.

Public Health

ACI FL successfully developed and supplied products for controlling Vector-Borne Diseases like Malaria, Kala-azar, etc. by means of Indoor Residual Spray. Our principals are developing new applications of their researched products for the purpose of Public



Health and we are assisting them in field trials and getting regulators approval. We also work closely with Universities and research organizations in developing product profiles required for regulatory purposes.

Manufacturing

Apart from Crop Care products, products like Aerosol, Vanish, Mosquito Coil, Air Freshener of ACI Ltd. (Consumer Brands business) are also manufactured in ACI FL Factory. We have improved the overall efficiency of the factory, introduced modern maintenance system, evaluated and regrouped manpower, and reorganised warehouse management with better accountability. We have also reviewed the wage rate in line with local practice. We are also looking for new areas of engagement to expand our range of activities.

New Product

Several new products have been introduced in Crop Care business. This has strengthened our product range and we can provide efficient solutions to farmers which are cost effective and environment friendly.

People

We have strengthened our field force and engaged them in more intensive coverage of their respective

territories. The new sales force is a well-motivated group with a mission to support the farmers with sound advices in protecting their crops from pests.

Corporate Social Responsibility (CSR)

We are working with our CSR initiative "Adopt-A-Village". We are giving extensive training to farmers in good agronomic practices in ten villages which are under the "Adopt-A-Village" program and we will monitor the improvement in yield of the crops as a result of this training initiative.

Waste Management

We process the entire effluent from our factory, through our ETP to make them benign and ensure full compliance with the environmental regulations.

Prospect

We have included eco-friendly pesticides in our product portfolio. The use of bio-pesticide is slowly growing as consciousness is increasing about environment amongst the public. We are working with a renowned bio-pesticides Company and we strongly believe that these products would not only open up a new business opportunities, but also make a substantial mark in the bio-pesticide market in the year to come.





Financial Results

In 2013, total revenue of the Company was Taka 2,340 million, a decrease of Taka 241 million from 2012, resulting into 9.3% lower revenue over last year. The cost of sales to revenue has reduced by 10.9% mainly due to lower sales volume together with positive material price variance over last year. As a result, Gross profit has reduced by only 4.15% compared to 2012. The operating cost has increased by 10.6% due to normal pay rise and inflationary adjustment; on the other side financing cost has reduced by 33.33% over last year because of efficient working capital management coupled with enjoying lower borrowing cost during the year under review. In 2013, the profit before tax and profit after tax of the Company were Taka 172 million and Taka 129 million respectively. The earnings per share was Taka 2.87 in 2013 which is 13.8% lower than last year.

Appropriation of Profit

Considering the financial results of the Company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

	2013 Taka	2012 Taka
Un-appropriated profit from previous year	458,281,132	420,401,577
Add: Net profit after tax for the year	129,230,532	149,963,811
Add: Transferred from revaluation surplus	-	415,744
Total available for appropriation	<u>587,511,664</u>	<u>570,781,132</u>
Appropriation proposed:		
Proposed dividend:		
Cash dividend	<u>112,500,000</u>	<u>112,500,000</u>
Balance carried forward	<u>475,011,664</u>	<u>458,281,132</u>

With the balance carried forward in this year and with ploughing back of the profit, Directors are confident that Company will be able to maintain prudent dividend policy in years to come.

Dividend

The Board of Directors is pleased to recommend cash dividend @25% per share of Taka 10 i.e. Taka 2.5 per share for the year 2013 to those shareowners whose names will appear in the Share Register of Members of the Company or in the Depository list of CDBL on the Record Date which was Monday, 12 May 2014.

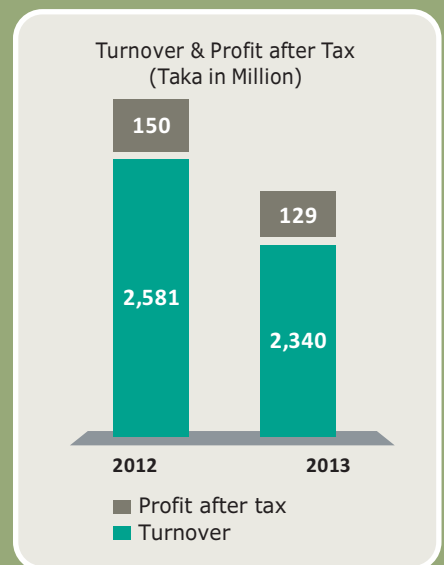
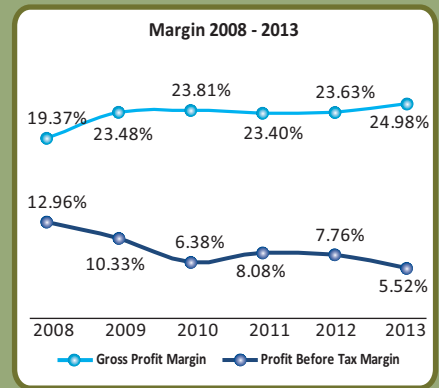
Contribution to the National Exchequer

During 2013, the Company contributed Tk. 165.58 million to the National Exchequer in the form of corporate tax, custom duty, VAT, etc. This is equivalent to 7.07% of our gross sales revenue for the year 2013.

Cost of Goods Sold and Profit Margin

In 2013, the key factors in COGS were the favourable exchange rate and positive material price variance over last year. This has led to a positive impact on COGS resulting into an increase of overall gross profit margin to 24.98% in 2013 from 23.63% in 2012.

In 2013 and 2012 the operating profit margins were 10.16% and 11.48% respectively. This has decreased due mainly to lower revenue (9.3% from 2012). The operating cost has increased by 10.6% due to normal pay rise and inflationary adjustment, on the other side financing cost has reduced by 33.33% over last year because of efficient working capital management coupled with enjoying lower borrowing cost during the year under review. In 2013, the profit before tax and profit after tax of the Company were Taka 172 million and Taka 129 million respectively.



Directors Declaration as to Statutory Information

In connection with preparation and presentation of the financial statements, the Directors also report that:

- Segment-wise performance has been shown in Note-33 of the Financial Statements.
- The Company is aware of the different risks associated with doing business and is prepared to counter those risks through systematic approach. Financial risks management has been disclosed in the Note-29 of the Financial Statements.
- No extra ordinary gain or loss exists during the year as recommended by the BAS.
- All transactions with related parties are made on a commercial basis and the basis was the principle of "Arms Length Transaction". Details of related party transaction are disclosed in the Note-28(a) of the Financial Statement.
- There was no IPO or Right issue during the year.
- No significant variance occurs between Quarterly Financial Performance and Annual Financial Statement.
- During the year, Company has paid a total of Taka 9,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note-23 & Note-28(b) of the Financial Statements.
- The Financial Statement prepared by the management of the Company presents a true and fair view of Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently followed in formulating the Financial Statements and Accounting estimates are reasonable and accurate.
- Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) have been followed in preparation of the Financial Statements.
- All significant variations in operating results from the previous year have been highlighted and reasons thereof have been explained.
- The key financial and operating data for last six years are disclosed.
- The Company has recommended dividend for the year 2013.
- During 2013 a total of four Board meetings were held and attendance of each Director are shown in Annexure-I, which conform the regulatory requirements.
- Shareholding pattern of the Company as on 31 December 2013 are shown in Annexure-II.
- The profiles of Directors who have sought for appointment/re-appointment are shown in Annexure-IV.
- The CEO and CFO have certified to the Board that they have reviewed the Financial Statements and believe that these statements do not contain any material untrue statements or omit any material fact or certain statements that might be misleading.
- The CEO and CFO further confirm that the Financial Statements together present a true and fair view of the Company's affairs and are in compliance with applicable laws.
- The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.



Composition of the Board

The Board presently consists of 7 members drawn from amongst the major shareowners, business professionals. Mr. M. Anis Ud Dowla currently occupies the position of Chairman of the Board of Directors. The sudden death of Mr. C. M. Murshed, an Independent Director left a vacancy of an Independent Director which was filled up by inviting Mr. Juned Ahmed Choudhury to join the Board.

Role of the Board

The Board is the highest level of authority of the Company to oversee its operation through appropriate delegation, reporting and control.

Responsibility of the Board

The Directors hold the ultimate responsibility of conducting the activities of the Company in accordance with the law and in the interest of its shareowners and other stakeholders, keeping in view the long-term interest of the Company.

Functioning of the Board

The Board is required under the law to meet at least once in three months. The number of Board Meetings held in 2013 was Four. The Directors are kept informed of the results and the major activities through distribution of monthly statements and quarterly reporting by the Managing Director. The Board agenda includes financial results, consideration of major investments, new business initiatives, borrowings, liquidity, etc. in addition to statutory approvals.

Management through People

The Board has approved the organogram of the Company. The Board is kept informed of the goals and targets of the Company and takes account of the financial performance on a quarterly basis.

Empowerment of People

The Board has given clear guidelines to the Managing Director to ensure that there is clear statement of accountability and appropriate delegation of authority 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 achievement.



Reporting and Communication

The Managing Director keeps herself informed of the performance of various units through the reports, returns and statements that she receives every month. At the end of every quarter the entire sales, marketing and factory operations are analyzed and new action plans are prepared to achieve the targets and fulfill the objectives. Annually the performance of each individual is reviewed on the basis of their achievement of Key Performance Indicators (KPI).

Communication with Shareowners

The company holds the Annual General Meeting (AGM) regularly in time. The Directors attending the AGM note the views and suggestions of the shareowners and institutional stakeholders offered at the AGM and consider them with utmost seriousness. The Managing Director is to bring to the notice of the Board any written communication received by her from the shareowners.

Election of Director

By operation of Article 47 of the Company's Articles of Association Dr. Arif Dowla and Mrs. Najma Dowla retire by rotation and being eligible, offer themselves for re-election.

Independent Director

The Board appointed Mr. Kamran T. Rahman as an Independent Director.

Audit Committee

Mr. Juned Ahmed Choudhury was appointed as a member of the Audit Committee and elected as Chairman of the Audit Committee which fell vacant due to the demise of Mr. C. M. Murshed.

The Audit Committee met four times during the year 2013. The Company Secretary functioned as Secretary of the Committee. The main performances of the Audit Committee during the year were as follows:

1. Reviewed and appraised the performance of internal control system.
2. Reviewed the risks associated with the Company's operation including mitigation and awareness plan.
3. Overseeing hiring and performance of external auditors.
4. Ensuring Company's financial reporting process.
5. Reviewed the matter as required under the BSEC Guidelines.



Going Concern

The Board, through appropriate enquiries and analyses, ensures that the resources are adequate to support the operation and that sufficient business opportunities exist to qualify the organization as a going concern and the Directors analyze the financial statements to ensure that. Accordingly, Financial Statements have been prepared on a going concern basis.

The System of Internal Control

The Board of Directors assure that Company has an effective risk management process to confirm that system of internal control is working and all known and impending risks are identified and appropriate process and policies are in place to counter those risks. The internal control system assures in achieving business objectives, provide independent consulting service by instituting a systematic and disciplined approach to risk management.

Corporate Social Responsibility (CSR)

CSR activities are conducted by the Group on behalf of all its subsidiaries and associated companies. Last year it was our plan to take out a separate brochure describing and illustrating all the CSR activities of the ACI Group but the project was not undertaken because the environment was not conducive to such a publication and it was decided not to deploy resources for such a project until next year.

Corporate Governance Compliance Statement

ACI Formulations' Board of Directors is committed to meeting the highest standard of corporate governance and disclosure. The Directors are conscious of their responsibilities in supervision and direction of the 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 function and in setting up clear guidelines for the executive management.

We have the pleasure to confirm herewith that the Company has meanwhile complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012. The compliance report along with the necessary remarks/disclosure is appended in the Directors' Report of the Company for the year 2013 in continuation pages of Annexure - III. Further a Certificate of Compliance required under the said Guidelines, as provided by K. M. Hasan & Co., Chartered Accountants, is also annexed to this report in Annexure - III.

Auditors

The present auditors, Messrs. Hoda Vasi Chowdhury & Co., Chartered Accountants, will retire and not eligible for further re-appointment as per Bangladesh Securities and Exchange Commission Order No. SEC/CMRRCD/2009-193/104/Admin, dated 27 July 2011. The Board recommended Messrs. Rahman Rahman Huq, Chartered Accountants, the previous auditors of the Company and a member firm of KPMG as the auditors of the Company for the year 2014 for approval in the Annual General Meeting.

On behalf of the Board

Shusmita Anis
Managing Director

Juned Ahmed Choudhury
Independent Director



In Remembrance of Mr. C. M. Murshed

1928 - 2013

Mr. C. M. Murshed was an Independent Director of ACI Formulations Limited from 3 February 2009 to 15 September 2013. During his tenure with the Company, Mr. C. M. Murshed performed his responsibilities with dedication and commitment. Mr. Murshed went into details on every issue to satisfy himself and the Board.

He was very friendly and had a personal equation with each Member of the Board. Members of the Audit team worked with him closely and felt his personal warmth and affection towards them. His Audit team was particularly inspired by his leadership qualities and his team-building capacity.

Today he is no longer with us, but we in ACI will recall his contribution with gratitude and admiration.

Mr. C. M. Murshed obtained his Masters Degree from the Indiana University, in The Indiana Executive Program at Bloomington, USA in Business and Economics in the year 1968. He worked for British Oxygen Company for 19 years in leadership positions. From BOC he was chosen by the Government of Bangladesh and was deputed as Chairman of Bangladesh Textile Mills Corporation where he worked for 3 years. He was then inducted in the Foreign Service and he served as Ambassador of different countries for 12 years.

Mr. Murshed was appointed as the Chairman of Audit Committee of ACI Formulations Limited. He was associated with several others organisations. He was Founder Trustee of Independent University of Bangladesh.

Today, in this Annual General Meeting, we recall his contribution and pay homage to him. We pray that the Almighty grants him eternal peace.

Annexure-I

Number of Board Meetings held and Attendance by the Directors

During the year four Board meetings were held and the attendance by each Director was as follow:

<u>Name</u>	<u>No. of Meeting Attended</u>	<u>Remarks</u>
Mr. M Anis Ud Dowla	4	
Ms. Shusmita Anis	4	
Mrs. Najma Dowla	4	
Dr. Arif Dowla	4	
Dr. F H Ansarey	3	
Mr. C.M. Murshed	3	Expired on 16 September 2013
Mr. Juned Ahmed Choudhury	4	

Annexure-II

Pattern of Shareholding

As per SEC guideline condition no-1.5(xxi), the pattern of shareholding status as on 31 December 2013 is given below:

1.5 (xxi) (a) Held by Parent/ Subsidiary/ Associates and other related parties:

<u>Name</u>	<u>Position</u>	<u>No. of shares</u>
ACI Limited	Parent	24,066,105

1.5 (xxi) (b) Held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children etc.:

<u>Name</u>	<u>Position</u>	<u>No. of shares</u>
Mr. M Anis Ud Dowla	Chairman	4,504,500
Ms. Shusmita Anis	Managing Director	1,800
Mrs. Najma Dowla	Director	4,500
Dr. Arif Dowla	Director	1,800
Dr. F H Ansarey	Director	1,129,500
Mr. C.M. Murshed	Independent Director	Nil
Mr. Juned Ahmed Choudhury	Independent Director	Nil
Mr. Pradip Kar Chowdhury	Chief Financial Officer	Nil
Mr. Amitava Saha	Head of Risk Management and Internal Audit	Nil
Ms. Sheema Abed Rahman	Company Secretary	1,800

1.5 (xxi) (c) Held by Executives:

<u>Name</u>	<u>Position</u>	<u>No. of shares</u>
Ms. Sheema Abed Rahman	Company Secretary	1,800

1.5 (xxi) (d) Held by Shareholders holding ten percent or more voting interest:

<u>Name</u>	<u>Position</u>	<u>% of shares</u>
Mr. M Anis Ud Dowla	Chairman	10.01



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

Hometown Apartment (8th, 9th & 13th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 9351457, 9351564, 8358817
Fax : 880-2-9345792
E-mail : kmh_co@yahoo.com
Website : www.kmhasan.com

Certificate on compliance of conditions of The Corporate Governance
Guidelines to the shareholders' of ACI Formulations Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by ACI Formulations Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's Management. Our review for the purpose of issuing this certification was limited to the verification of procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the Company.

To the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification dated 07 August, 2012 of Bangladesh Securities and Exchange Commission.

Place : Dhaka
Date : 4 May 2014

Md. Amirul Islam FCA, FCS
Senior Partner

Status of Compliance with the Corporate Governance Guidelines (CGG)

Status of the compliance with the conditions imposed by the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) issued under section 2CC of the Securities and Exchange Ordinance 1969:

(Report under Condition No. 7.00)

Condition No	Title	Compliance Status as on 31 December 2013	Remarks
1.0	BOARD OF DIRECTORS':		
1.1	Board's Size: The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	Complied	
1.2	Independent Directors:		
1.2(i)	At least one fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors.	Complied	
1.2 (ii)	For the purpose of this clause "Independent Director" means a director:		
1.2(ii)(a)	Who either does not hold share in the Company or holds less than 1% shares of the total paid up shares of the Company;	Complied	
1.2(ii)(b)	Who is not sponsor of the Company and is not connected with any sponsor or director or shareholder who holds one percent or more shares of the Company;	Complied	
1.2(ii)(c)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/associated companies;	Complied	
1.2(ii)(d)	Who is not a member, director or officer of any stock exchange;	Complied	
1.2(ii)(e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied	
1.2(ii)(f)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm;	Complied	
1.2(ii)(g)	Who shall not be an independent director in more than 3 (three) listed companies;	Complied	
1.2(ii)(h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	Complied	
1.2(ii)(i)	Who has not been convicted for a criminal offence involving moral turpitude;	Complied	
1.2(iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM).	Complied	
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	Complied	
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied	
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied	
1.3	Qualification of Independent Director (ID):		
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied	
1.3(ii)	The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experiences.	Complied	
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not applicable	

Contd.

Condition No	Title	Compliance Status as on 31 December 2013	Remarks
1.4	Chairman of the Board and Chief Executive Officer: The position of the Chairman of the Board and the Chief Executive Officer shall be filled by different individuals. The Chairman of the Company shall be elected from among the directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied	
1.5	Directors Report to Shareholders shall include following additional statements on:		
1.5(i)	Industry outlook and possible future developments in the industry.	Complied	The Directors' report complies with the guideline.
1.5(ii)	Segment-wise or product-wise performance.	Complied	Do
1.5(iii)	Risks and concerns.	Complied	Do
1.5(iv)	Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	Complied	Do
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Not Applicable	
1.5(vi)	Statement of all related party transactions.	Complied	The Directors' report complies with the guideline.
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not Applicable	
1.5(viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable	
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.		There was no significant variance
1.5(x)	Remuneration to directors including independent directors.	Complied	
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied	Discussed in "Directors' declaration as to Statutory Information"
1.5(xii)	Proper books of account of the issuer Company have been maintained.	Complied	Do
1.5(xiii)	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.	Complied	Do
1.5(xiv)	International Accounting Standards (IASs) / Bangladesh Accounting Standards (BASs) / International Financial Reporting Standards (IFRSs) / Bangladesh Financial Reporting Standards (BFRSs), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	Complied	Do
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied	Stated under section "The System of Internal Control" in the Directors' Report.
1.5(xvi)	There are no significant doubts upon the issuer Company's ability to continue as a going concern. If the issuer Company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Complied	Stated under section "Going Concern" in the Directors' Report.
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied	The Directors' report complies with the guideline.
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied	Six years' key operating and financial data has been disclosed at the "Year-2013 at a Glance" of Annual Report.

Condition No	Title	Compliance Status as on 31 December 2013	Remarks
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	Complied	
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied	Stated in Annexure-I of the Directors' report which comply with the guideline.
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-		
1.5(xxi)(a)	Parent / Subsidiary / Associated Companies and other related parties (name wise details);	Complied	Stated in Annexure-II of the Directors' report which comply with the guideline.
1.5(xxi)(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(xxi)(c)	Executives;	Complied	Do
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details).	Complied	Do
1.5(xxii)	In case of the appointment / reappointment of a director the company shall disclose the following information to the shareholders:-		
1.5(xxii)(a)	A brief resume of the director;	Complied	The Directors' report complies with the guideline.
1.5(xxii)(b)	Nature of his / her expertise in specific functional areas;	Complied	Do
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	Complied	Do
2.0	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):		
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied	
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied	
3.0	AUDIT COMMITTEE		
3.0 (i)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied	
3.0(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.	Complied	
3.0(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied	
3.1	Constitution of the Audit Committee:		
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied	
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the Company and shall include at least 1 (one) Independent Director.	Complied	
3.1(iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	Complied	

Contd.

Condition No	Title	Compliance Status as on 31 December 2013	Remarks
3.1(iv)	Filling of casual vacancy in the Audit Committee.	Complied	
3.1(v)	The company secretary shall act as the secretary of the Audit Committee.	Complied	
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without Independent Director.	Complied	
3.2	Chairman of the Audit Committee:		
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied	
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied	
3.3	Role of Audit Committee:		
3.3(i)	Oversee the financial reporting process.	Complied	
3.3(ii)	Monitor choice of accounting policies and principles.	Complied	
3.3(iii)	Monitor Internal Control Risk management process.	Complied	
3.3(iv)	Oversee hiring and performance of external auditors.	Complied	
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied	
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	Complied	
3.3(vii)	Review the adequacy of internal audit function.	Complied	
3.3(viii)	Review statement of significant related party transactions submitted by the management.	Complied	
3.3(ix)	Review Management Letters / Letter of Internal Control weakness issued by statutory auditors.	Complied	
3.3(x)	Declaration to Audit Committee by the Company regarding utilization of IPO / RPO, Right issue money.		There was no IPO/RPO/Right Issue in 2013
3.4	Reporting of the Audit Committee:		
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied	Audit committee informs Board Periodically through its minutes.
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-		
3.4.1(ii)(a)	Report on conflicts of interests;		There was no reportable case of conflict of interest in 2013.
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;		There was no such case in the year.
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;		Do
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.		Do
3.4.2	Reporting to the Authorities Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation.	Complied	
3.5	Reporting to the Shareholders and General Investors: Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii).	Complied	The Audit Committee (AC) report is disclosed in the Annual Report and signed by the Chairman of the AC.
4.0	EXTERNAL / STATUTORY AUDITORS:		
	The issuer company should not engage its external / statutory auditors to perform the following services of the Company; namely:-		
4.0(i)	Appraisal or valuation services or fairness opinions.	Complied	
4.0(ii)	Financial information systems design and implementation.	Complied	

Condition No	Title	Compliance Status as on 31 December 2013	Remarks
4.0(iii)	Book-keeping or other services related to the accounting records or financial statements.	Complied	
4.0(iv)	Broker-dealer services.	Complied	
4.0(v)	Actuarial services.	Complied	
4.0(vi)	Internal Audit service.	Complied	
4.0(vii)	Any other services that the Audit Committee determines.	Complied	
4.0(viii)	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.	Complied	
5.0	SUBSIDIARY COMPANY:		
5.0(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Not Applicable	ACI Formulations Limited does not have any subsidiary company.
5.0(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Not Applicable	Do
5.0(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Not Applicable	Do
5.0(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Not Applicable	Do
5.0(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	Do
6.0	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO): The CEO and CFO shall certify to the Board that:-		
6.0(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:		
6.0(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	Stated at "Directors' declaration as to Statutory Information".
6.0(i)(b)	These statements together present a true and fair view of the Company's affairs and are in compliance with affairs and are in compliance with applicable laws.	Complied	Do
6.0(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 violation of the Company's code of conduct.	Complied	Do
7.0	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:		
7.0(i)	The Company shall obtain a certificate from a practicing Professional Accountant / Secretary (Chartered Accountant / Cost and Management Accountant / Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied	Required certificate obtained from K. M. Hasan & Co, Chartered Accountants' for the year 2013 which is published at Annexure - III of the Directors' Report.
7.0(ii)	The directors of the Company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	Complied	Status of Compliance is published with the Directors' Report as required.



ACI Formulations Ltd.

Brief resumé of the Directors who seek appointment/re-appointment

Directors re-election
Dr. Arif Dowla, Director

Dr. Arif Dowla obtained Ph.D in Mathematics from the University of California, USA. Dr. Arif Dowla took over the charge of Managing Director of ACI Limited in June 2005. Prior to this he served the Company as a Deputy Managing Director. He is also the Director of Mutual Trust Bank and Chairman of Tetley ACI (Bangladesh) Limited. He is also a member of the American Mathematical Society. Dr. Dowla has been included in the list of Young Global Leader Honorees 2009 by the World Economic Forum which is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agenda. He has also been elected as a CIP (Commercially Important Person) by the Government of Bangladesh for two consecutive terms (2009-2010).

Mrs. Najma Dowla, Director

Mrs. Najma Dowla joined ACI Limited as Director on 6 January 1996. She is a Bachelor of Arts. She is also Director of Consolidated Chemical Limited, ACI Salt Limited, Stochastic Logic Limited, Premiaflex Plastics Limited, ACI Foods Limited, ACI Motors Limited, ACI HealthCare Limited, ACI Foundation and ACI Chemicals Limited.

Independent Directors
Mr. Kamran T. Rahman, Independent Director

Mr. Kamran T. Rahman obtained his Bachelor of Science Degree in Mechanical Engineering from the Northeastern University, Boston, Massachusetts, USA in the year 1981. He is the Chairman & Managing Director of Pubali Jute Mills Ltd. and the Kapna Tea Co. Ltd. (Kapnapahar Tea Estate).

He is also the Vice-President, Asia-Pacific, International Organization of Employers (IOE), Geneva, Switzerland as well as member of the Governing Body, International Labour Organisation, Geneva, Switzerland.

He was Vice-President of Metropolitan Chamber of Commerce and Industry, Dhaka from January 2013-December 2013 and also is a Member of Executive Committee. He was Director of the Federation of Bangladesh Chambers of Commerce and Industry and was President of Bangladesh Employer's Federation from July 2007-August 2009. He was the Chairman of Bangladesh Jute Mills Association from 2005-2007.

চেয়ারম্যানের বাণী



এম আনিস উদ্ দৌলা
চেয়ারম্যান

"আমি আপনাদের নিশ্চিত করে বলতে চাই যে আপনারা যে বিনিয়োগ করেছেন তা সম্পূর্ণরূপে নিরাপদ, এবং আপনাদের বিনিয়োগের উত্তরোত্তর মূল্য বৃদ্ধির জন্য আমরা বদ্ধপরিকর "

প্রিয় শেয়ারমালিক ও এসিআই এফএল এর শুভাকাজক্ষীবন্দ,

আসসালামু-আলাইকুম

আমরা একটি সংকটময় বছর অতিবাহিত করলাম। বহিস্থ পরিবেশ থেকে সৃষ্ট সীমাবদ্ধতার মাঝেই আমরা আমাদের ব্যবসায়িক কার্যক্রম পরিচালনা করেছি। এ জন্য আমরা উৎপাদনশীলতা এবং ব্যবসা পরিচালনায় দক্ষতার উপর গুরুত্ব আরোপ করেছি। আমাদের জনবল কাঁচামাল এবং উৎপাদিত পণ্য সরবরাহে দক্ষতার পরিচয় দিয়েছে। এর ফলে পণ্য পেতে আমাদের ক্রেতা সাধারণের কোন রকম অসুবিধার সম্মুখীন হতে হয়নি।

একদিকে আমরা যেমন ব্যবসায়িক সফলতা লাভ করেছি, অন্যদিকে প্রতিষ্ঠান হিসেবে আমাদের আরও উন্নতি করার পর্যাপ্ত সুযোগ রয়েছে, যা নিয়ে আমাদের নতুন ব্যবস্থাপনা পরিচালক কাজ করে যাচ্ছেন। আরও শক্তিশালী এবং টেকসই ব্যবসা মডেল দাঁড় করাতে তিনি ইতিমধ্যেই ব্যবসাকে পুনর্বিদ্যায়িত করা সহ ব্যবসায়িক নীতিমালায় প্রয়োজনীয় পরিবর্তন এনেছেন। আমরা তাঁর উত্তরোত্তর সাফল্য কামনা করি।

বছরটি আমাদের জন্য বিয়োগান্তক ঘটনার জন্মও দিয়েছে। কেননা এ বছরই আমরা আমাদের সম্মানিত পরিচালক জনাব সি.এম. মোর্শেদকে হারিয়েছি যিনি গত ১৬ই সেপ্টেম্বর ২০১৩ ইং তারিখে হৃদযন্ত্রের ক্রিয়া বন্ধ হয়ে ইন্তেকাল করেন। তিনি ছিলেন আমাদের পরিচালনা পর্ষদের একজন সক্রিয় সদস্য ও নিরীক্ষা কমিটির চেয়ারম্যান। তাঁর সু-পরামর্শ আমাদের সবসময় অগ্রবর্তী হতে সাহায্য করেছে। আমরা তাকে কৃতজ্ঞচিত্তে স্মরণ করি এবং মহান আল্লাহর কাছে তাঁর আত্মার শান্তির জন্য প্রার্থনা করি।

প্রিয় শেয়ারমালিকবৃন্দ, আমাদের পণ্যসমূহের ব্যবসা বিস্তার এবং বিনিয়োগের নতুন অনেক সম্ভাবনা বিদ্যমান। সম্ভাব্য ব্যবসা উদ্যোগের নতুন ক্ষেত্র সৃষ্টির জন্য বহুজাতিক কোম্পানীর সাথে আলোচনা চলছে। এটি একটি চলমান প্রক্রিয়া। আপনারা জেনে আনন্দিত হবেন যে আমাদের মূল্যবোধসমূহ এবং উৎকর্ষতার প্রতি দায়বদ্ধতার জন্য আমরা প্রথম সারির প্রতিষ্ঠানসমূহের কাছে কাঙ্ক্ষিত ব্যবসায়িক সহযোগী হিসেবে বিবেচিত হয়ে থাকি।

আমি আপনাদের নিশ্চিত করে বলতে চাই যে আপনারা যে বিনিয়োগ করেছেন তা সম্পূর্ণরূপে নিরাপদ, এবং আপনাদের বিনিয়োগের উত্তরোত্তর মূল্য বৃদ্ধির জন্য আমরা বদ্ধপরিকর।

এম আনিস উদ্ দৌলা
চেয়ারম্যান

শেয়ার মালিকদের প্রতি পরিচালকমণ্ডলীর প্রতিবেদন

কৃষিখাত একদিকে যেমন জিডিপিতে ২০% অবদান রাখছে, অন্যদিকে বৃহত্তর জনগোষ্ঠীর কর্মসংস্থানের মাধ্যমে আমাদের অর্থনৈতিক উন্নয়নে গুরুত্বপূর্ণ ভূমিকা পালন করছে। শস্য নিরাপত্তা রক্ষা পদ্ধতি (Crop Protection) এসিআই ফরমুলেশনস্ এর একটি প্রধান ব্যবসায়িক উদ্যোগ এবং এর মাধ্যমে কোম্পানী কৃষকদের জন্য দরকারি পরামর্শ এবং কার্যকর রাসায়নিক পণ্য সরবরাহ নিশ্চিত করছে, যাতে করে কৃষকেরা তাদের ফসল সম্ভাব্য ক্ষয় ক্ষতির হাত থেকে রক্ষা করার মাধ্যমে শস্যের উৎপাদন বৃদ্ধি করতে পারে। সেইসাথে আমরা কৃষকদের নিরাপত্তা নিশ্চিতকরণ, সময়মত পণ্য ব্যবহার এবং ভোক্তাদের স্বার্থের প্রতি যত্নবান হওয়ার মত বিষয়গুলোতে পরামর্শ প্রদান করে থাকি।

বিক্রয়

এই বছর কৃষকদের মাঝে ফসলে কৃষিজ রাসায়নিক পণ্য ব্যবহারের প্রতি কিছুটা অনীহা লক্ষ্য করা গেছে। এর কারণ গত বছর অনেকক্ষেত্রেই কৃষকেরা তাদের উৎপাদন খরচ তুলে আনতেও সক্ষম হয়নি। ফলে তাদের আর্থিক ক্ষতির সম্মুখীন হতে হয়েছে। তাছাড়া ক্ষেতে পোকা মাকড়ের উপদ্রব তুলনামূলকভাবে কম থাকায় পণ্যের চাহিদাও ছিল কম। এ ছাড়া বছরের শেষ ৩ মাস দেশব্যাপী রাজনৈতিক অস্থিরতার দরুন আমরা অনেক সমস্যার সম্মুখীন হয়েছি। এতে সময়মত পণ্য সরবরাহ ব্যাহত হয়েছে, পণ্যের পরিবহন খরচ বৃদ্ধি পেয়েছে এবং সর্বোপরি নিরাপদে পণ্য পরিবহন একটি বড় চ্যালেঞ্জ হয়ে দাড়িয়েছিল কিন্তু সকল প্রতিকূলতা সত্ত্বেও আমাদের নিবেদিত কর্মীদের অক্লান্ত প্রচেষ্টায় আমরা আমাদের মার্কেট শেয়ার এ উন্নতি ঘটাতে সক্ষম হয়েছি।

২০১৩ সালে আমরা আমাদের নীতিমালা এবং কার্যপ্রণালী সমূহের উপর গুরুত্ব আরোপ করা হয়েছে যাতে সেগুলো ব্যবসার লক্ষ্য পূরণে অধিকতর সহায়ক ভূমিকা পালন করতে পারে। এ জন্যে আমরা বেশ কিছু উদ্যোগ গ্রহণ করেছি যা অধিকতর ভালো অর্থনৈতিক ব্যবস্থাপনা, ইনভেন্টরি ব্যবস্থাপনা এবং আরও নিয়ন্ত্রিত ঋন সুবিধা নিশ্চিত করবে। ইতিমধ্যেই আমাদের পণ্য ফসলের অধিক উৎপাদনশীলতা নিশ্চিত করেছে। অধিকতর ভালো ফলাফলের জন্য আমাদের উৎপাদন এবং বিপণন বিভাগকে পুনর্গঠিত করা হয়েছে।

রপ্তানী

এই প্রথমবার আমরা ফরমুলেশনস্ এর পণ্য বৃহৎ পরিমাণে বিদেশে রপ্তানী করেছি এবং পণ্যের বিক্রয়ের ক্ষেত্রে সন্তোষজনক সাড়া পাওয়া গেছে। আগামী বছরগুলোতে এই পণ্য রপ্তানী উল্লেখযোগ্য হারে বৃদ্ধি পাবে বলে আমরা আশা করছি।

গণস্বাস্থ্য

এসিআই ফরমুলেশনস্ জীবাণু বাহিত রোগ যেমন: ম্যালেরিয়া, কালাজ্বর ইত্যাদির কার্যকর নিয়ন্ত্রণের জন্য পণ্যের সফল উদ্ভাবন এবং সরবরাহ নিশ্চিত করছে। আমাদের প্রিন্সিপালরা গণস্বাস্থ্যের কল্যাণে গবেষণালব্ধ পণ্যের নতুন ও কার্যকর প্রয়োগ উদ্ভাবন করে আর আমরা পণ্যগুলির পরীক্ষামূলক প্রয়োগে এবং বাজারজাতকরণের জন্য প্রয়োজনীয় অনুমোদন প্রাপ্তি নিশ্চিত করতে তাদের সার্বিক সহায়তা করে থাকি। আমরা একই সাথে নিয়ন্ত্রণ অধিদপ্তরের প্রয়োজন অনুযায়ী পণ্যের প্রোফাইল (product profiles) প্রস্তুত করতে বিভিন্ন বিশ্ববিদ্যালয় এবং গবেষণা প্রতিষ্ঠানের সাথে একযোগে কাজ করি।

উৎপাদন

ক্রপকেয়ারের পণ্য সমূহ ছাড়াও, এসিআই ফরমুলেশনস্ ফ্যাক্টরীতে কনজুমার ব্র্যান্ডের পণ্য সমূহ উৎপাদিত হচ্ছে যার মধ্যে অন্যতম হল এরোসল, ভ্যানিশ, মশার কয়েল, এয়ার ফ্রেশনার ইত্যাদি। ফ্যাক্টরী ব্যবস্থাপনার জন্য সেখানে আধুনিক রক্ষণাবেক্ষন ব্যবস্থা চালু করা হয়েছে। কাজের ও যোগ্যতার মূল্যায়ণ সাপেক্ষে জনবল পুনর্বিন্যস্ত করা হয়েছে এবং অধিকতর জবাবদিহিতা নিশ্চিত করতে ওয়ারহাউস ব্যবস্থাপনা পুনর্গঠিত করা হয়েছে এবং এই সকল উদ্যোগ ফ্যাক্টরীর সার্বিক কর্ম দক্ষতা বৃদ্ধি করেছে। স্থানীয় ফ্যাক্টরীগুলোর সাথে সংগতি রেখে শ্রমিকদের মজুরী পুনর্নির্ধারণ করা হয়েছে। আমাদের বর্তমান কর্ম পরিধিকে আরও কিভাবে প্রসারিত করা যায়, বর্তমানে সে লক্ষ্যই কাজ করা হচ্ছে।

নতুন পণ্য

ক্রপ কেয়ারের পণ্যসম্ভারে অনেক নতুন পণ্য যুক্ত করা হয়েছে। এই সংযোজন একদিকে যেমন আমাদের পণ্যসম্ভারকে আরও শক্তিশালী করেছে তেমনিভাবে কৃষককে শাস্রয়ী মূল্যে পরিবেশবান্ধব পণ্য সরবরাহ করতে আমাদের সক্ষমতা বৃদ্ধি করেছে।

মানব সম্পদ

আমাদের মার্চ পর্যায়ের কর্মী সংখ্যা বৃদ্ধি করা হয়েছে যার ফলে তারা স্ব-স্ব অঞ্চলে ব্যাপকভাবে ব্যবসা প্রসারে সক্ষম হয়। নতুন বিক্রয় কর্মীদের দলটি কৃষকদের ফসল পোকা মাকড়ের হাত থেকে রক্ষা করার কৌশল সম্পর্কিত পরামর্শ প্রদানের মাধ্যমে কৃষকদের সার্বিক সহযোগিতা করার ব্রত নিয়ে নিরলস কাজ করে যাচ্ছে।

কর্পোরেট সামাজিক দায়িত্ব

এসিআই ফরমুলেশনস্ এর সামাজিক কর্মকাণ্ডসমূহ এর কর্পোরেট সামাজিক দায়িত্ববোধ থেকে উৎসারিত। এর অংশ হিসেবেই আমরা বর্তমানে আমাদের কর্পোরেট উদ্যোগ “এডপ্ট এ ভিলেজ” নিয়ে কাজ করছি। ইতিমধ্যে দশটি গ্রামকে এই উদ্যোগের আওতায় আনা হয়েছে যেখানে কৃষকদের কৃষি ব্যবস্থাপনার উপর ব্যাপক তিভিক প্রশিক্ষণ দেয়া হচ্ছে।

বর্জ্য ব্যবস্থাপনা

আমরা কারখানায় ইটিপি প্রযুক্তি ব্যবহার করি। যার মাধ্যমে কারখানা থেকে নির্গত দূষিত পানি পরিবেশের জন্য ঝুঁকিমুক্ত করা হয় এবং বর্জ্য ব্যবস্থাপনায় পরিবেশবান্ধব সকল বিধি বিধান মেনে চলা হয়।

সম্ভাবনা

আমাদের পণ্যসম্ভারে পরিবেশবান্ধব কীটনাশক অন্তর্ভুক্ত করা হয়েছে। মানুষের মাঝে পরিবেশসংক্রান্ত সচেতনতা বৃদ্ধি পাওয়ার ফলে জৈব কীটনাশক এর ব্যবহার ক্রমাগত বৃদ্ধি পাচ্ছে। এই নতুন প্রত্যাশার সাথে সঙ্গতি রেখে আমরা একটি প্রখ্যাত জৈব কীটনাশক কোম্পানীর সাথে কাজ করছি। আমাদের বিশ্বাস এই পণ্যসমূহ শুধুমাত্র ব্যবসার নতুন দিগন্তই উন্মোচিত করবে না, সেই সাথে আগামী বছরগুলোতে জৈব কীটনাশক এর বাজারে এক উল্লেখযোগ্য মাত্রা যোগ করবে।

আর্থিক ফলাফল

২০১৩ সালে কোম্পানীর মোট বিক্রয়লব্ধ অর্থ দাঁড়িয়েছে ২৩৪০ মিলিয়ন টাকা যা ২০১২ সালের তুলনায় ২৪১ মিলিয়ন টাকা কম, ফলশ্রুতিতে বিক্রয়লব্ধ অর্থ হ্রাস পেয়েছে ৯.৩%। বিক্রয় কম হওয়ায় এবং কাঁচামালের মূল্য পূর্ববর্তী বছরের তুলনায় কম হওয়াতে গত বছরের তুলনায় বিক্রয়জনিত ব্যয় ১০.৯% কম হয়েছে। ফলশ্রুতিতে মোট মুনাফা গত বছরের তুলনায় ৪.১৫% হ্রাস পেয়েছে। বেতন বৃদ্ধি এবং মুদ্রাস্ফীতি সমন্বয়ের কারণে পরিচালন ব্যয় বৃদ্ধি পেয়েছে ১০.৬%। অপরপক্ষে, কার্যকরী মূলধনের দক্ষ ব্যবস্থাপনা, সেই সাথে হ্রাসকৃত সুদহারে অর্থ সংগ্রহের কারণে আর্থিক ব্যয় হ্রাস পেয়েছে ৩৩.৩৩%। ২০১৩ সালে কর-পূর্ব এবং কর-পরবর্তী মুনাফা ছিল যথাক্রমে ১৭২ মিলিয়ন টাকা এবং ১২৯ মিলিয়ন টাকা। ২০১৩ সালে শেয়ার প্রতি আয় হয়েছে ২.৮৭ টাকা যা গত বছরের তুলনায় ১৩.৮% কম।

মুনাফা বন্টন

বিগত বছরের অর্থনৈতিক ফলাফল এবং ফ্রি রিজার্ভের আলোকে পরিচালকমন্ডলী নীট মুনাফার বন্টনে নিম্নলিখিত সুপারিশ করেছেন:

	২০১৩ টাকা	২০১২ টাকা
বিগত বছরের অবন্টিত মুনাফা	৪৫৮,২৮১,১৩২	৪২০,৪০১,৫৭৭
যোগ: কর-পরবর্তী মুনাফা	১২৯,২৩০,৫৩২	১৪৯,৯৬৩,৮১১
যোগ: আদায়কৃত পুনঃমূল্যায়ন সঞ্চিতি	-	৪১৫,৭৪৪
সর্বমোট বন্টনযোগ্য তহবিল	৫৮৭,৫১১,৬৬৪	৫৭০,৭৮১,১৩২

প্রস্তাবিত লভ্যাংশ

নগদ লভ্যাংশ	১১২,৫০০,০০০	১১২,৫০০,০০০
অবন্টিত স্থিতি	৪৭৫,০১১,৬৬৪	৪৫৮,২৮১,১৩২

এ বছরের স্থিতি এবং আগামীতে মুনাফার অংশবিশেষ বিনিয়োগের মাধ্যমে কোম্পানী তার ধারাবাহিক লভ্যাংশ নীতি বজায় রাখতে পারবে বলে পরিচালকমন্ডলী আশ্বাসীল।

লভ্যাংশ

পরিচালকমন্ডলী আনন্দের সাথে ২০১৩ সালের জন্য ২৫% লভ্যাংশ প্রদানের সুপারিশ করেছেন অর্থাৎ প্রতি ১০ টাকার শেয়ারে ২.৫ টাকা হিসাবে পাবে। ২০১৪ সালের ১২ই মে (সোমবার) বুক ক্লোজারের সময় যে সকল শেয়ার মালিকগণের নাম কোম্পানীর সদস্যদের শেয়ার রেজিস্ট্রারে বা সিডিবিএল এর ডিপোজিটরিতে অন্তর্ভুক্ত থাকবে, তারা এই লভ্যাংশ পাবেন।

জাতীয় রাজস্ব আয়ে অবদান

কোম্পানী ২০১৩ সালে কর্পোরেট কর, কাস্টমস্ শুল্ক ও মূল্য সংযোজন কর বাবদ ১৬৫.৫৮ মিলিয়ন টাকা জাতীয় রাজস্ব খাতে প্রদান করেছে। এটি বছরের মোট বিক্রয়লব্ধ আয়ের ৭.০৭%।

বিক্রিত পণ্যের খরচ এবং মুনাফার হার

২০১৩ সালে, গত বছরের তুলনায় বিক্রিত পণ্যের ব্যয়ে অন্যতম অনুকূল উপকরণ ছিল বিনিময় হার এবং কাঁচামালের মূল্য হ্রাস, যা বিক্রিত পণ্যের ব্যয়ের উপর ইতিবাচক প্রভাব ফেলে। ফলশ্রুতিতে মোট মুনাফা হার ২০১২ সালের ২৩.৬৩% থেকে বৃদ্ধি পেয়ে ২০১৩ সালে ২৪.৯৮% হয়।

২০১৩ এবং ২০১২ সালে পরিচালন মুনাফার হার ছিল যথাক্রমে ১০.১৬% এবং ১১.৪৮%। মুনাফা হ্রাস পাওয়ার প্রধান কারণ ছিল কম বিক্রয়। বেতন বৃদ্ধি এবং মুদ্রাস্ফীতি সমন্বয়ের ফলে পরিচালন খরচ বৃদ্ধি পেয়েছে ১০.৬%, অপর পক্ষে কার্যকরী মূলধনের দক্ষ ব্যবস্থাপনা সেই সাথে হ্রাসকৃত সুদহারে অর্থ-সংগ্রহের কারণে আর্থিক ব্যয় হ্রাস পেয়েছে ৩৩.৩৩%। ২০১৩ সালে কর-পূর্ব মুনাফা এবং কর-পরবর্তী মুনাফা ছিল যথাক্রমে ১৭২ মিলিয়ন টাকা এবং ১২৯ মিলিয়ন টাকা।

বিধিবদ্ধ তথ্য সম্বন্ধে পরিচালকমন্ডলীর ঘোষণা

আর্থিক বিবরণী প্রস্তুত ও উপস্থাপন সম্বন্ধে পরিচালকমন্ডলী আরো জানাচ্ছে যেঃ

- আর্থিক বিবরণীর নোট -৩৩ এ সেগমেন্ট রিপোর্টিং ফলাফল পর্যালোচনা করা হয়েছে।
- কোম্পানী ব্যবসার সাথে যুক্ত বিভিন্ন ঝুঁকি সম্বন্ধে সচেতন এবং সেগুলোকে নিয়মানুগ পদ্ধতির মাধ্যমে মোকাবেলায় প্রস্তুত। আর্থিক বিবরণীর নোট-২৯ এ আর্থিক ঝুঁকি ব্যবস্থাপনা বর্ণিত হয়েছে।
- Bangladesh Accounting Standards (BASs) অনুসারে কোন অস্বাভাবিক লাভ বা ক্ষতি এ বছরে বিদ্যমান নেই।
- সংশ্লিষ্ট পক্ষগুলোর সকল লেনদেন বানিজ্যিক ভিত্তিতে করা হয়েছে যার মূলনীতি “Arms Length Transaction” সংশ্লিষ্ট পক্ষের লেনদেনের বিবরণ আর্থিক বিবরণীর নোট-২৮ (a) তে প্রকাশিত হয়েছে।
- কোন IPO বা রাইট শেয়ার ইস্যু এ বছরে নেই।
- ত্রৈমাসিক আর্থিক ফলাফল এবং বার্ষিক আর্থিক বিবরণীর মধ্যে উল্লেখযোগ্য পার্থক্য নেই।
- এ বছরে কোম্পানীর বোর্ড মিটিং এ উপস্থিতি ফি হিসাবে মোট ৯,০০০ টাকা প্রদান করা হয়েছে। পরিচালক মন্ডলীর সম্মানীভাতা আর্থিক বিবরণীর নোট-২৩ এবং নোট-২৮(b) তে উল্লেখ করা হয়েছে।
- কোম্পানীর ব্যবস্থাপনা পর্ষদ কর্তৃক প্রস্তুতকৃত আর্থিক বিবরণীতে কোম্পানীর স্থিতি, পরিচালন ফলাফল, অর্থ প্রবাহ এবং ইকুইটিতে পরিবর্তনের একটি বাস্তব ও পরিষ্কার চিত্র তুলে ধরা হয়েছে।
- কোম্পানীর হিসাবের বই সঠিকভাবে রক্ষণাবেক্ষণ করা হয়েছে।
- আর্থিক বিবরণী প্রণয়নে যথাযথ হিসাব নীতি ধারাবাহিকভাবে অনুসরণ করা হয়েছে এবং হিসাবের ভিত্তি যুক্তিসঙ্গত ও সঠিক।
- আর্থিক বিবরণী প্রস্তুতিতে Bangladesh Accounting Standards (BASs) & Bangladesh Financial Reporting Standards (BFRSs) অনুসরণ করা হয়েছে।
- বিগত বছরের তুলনায় পরিচালন ফলাফলে সকল উল্লেখযোগ্য পার্থক্য দৃষ্টিগোচর করা হয়েছে এবং তার ব্যাখ্যা প্রদান করা হয়েছে।
- বিগত ছয় বছরের গুরুত্বপূর্ণ আর্থিক ও পরিচালনাগত তথ্য ২০১৩ সালে বার্ষিক প্রতিবেদনে প্রকাশ করা হয়েছে।
- কোম্পানী ২০১৩ সালে লভ্যাংশ সুপারিশ করেছে।
- ২০১৩ সালে বিধিবদ্ধ নিয়মনুযায়ী ৪টি বোর্ড মিটিং অনুষ্ঠিত হয়েছে যা Annexure-I এ দেখানো হয়েছে।
- ৩১ শে ডিসেম্বর ২০১৩ সালে কোম্পানীর শেয়ার হোল্ডিং প্যাটার্ন Annexure-II এ দেখানো হয়েছে।
- ২০১৩ সালে আর্থিক প্রতিবেদনের Annexure-IV এ যে সমস্ত পরিচালকগণ নির্বাচন বা পুনঃনিয়োগপ্রাপ্ত হয়েছেন তাদের সংক্ষিপ্ত জীবন বৃত্তান্ত অন্তর্ভুক্ত করা হয়েছে।
- CEO এবং CFO বোর্ডকে এই মর্মে সত্যায়িত করেছে যে তারা আর্থিক বিবরণী মূল্যায়ন করেছে এবং তারা বিশ্বাস করে যে, এই প্রতিবেদনে অসত্য কিছু নেই অথবা কোন উপাদান বাদ দেওয়া হয়নি অথবা এমন কিছু নেই যা ভুল ব্যাখ্যা দিতে পারে।
- CEO এবং CFO আরো নিশ্চয়তা প্রদান করেছে যে, স্বচ্ছ এবং সঠিক উপস্থাপনা এবং প্রযোজ্য আইন মেনে আর্থিক বিবরণী প্রস্তুত করা হয়েছে।
- CEO এবং CFO বোর্ডকে এ ব্যাপারে আরো সত্যায়িত করেছে যে, তাদের জ্ঞান ও বিশ্বাস মতে এমন কোন লেনদেন হয়নি যা প্রতারণামূলক, অনৈতিক অথবা কোম্পানীর স্বীকৃত অভ্যন্তরীণ আচরণ নীতির লঙ্ঘন করে।

পরিচালনা পর্ষদের গঠন

পরিচালনা পর্ষদ বর্তমানে প্রধান শেয়ার মালিকগণ ও ব্যবসায়ীদের সমন্বয়ে সাত সদস্য নিয়ে গঠিত। জনাব এম আনিস উদ্ দৌলা বর্তমানে পরিচালনা পর্ষদের চেয়ারম্যান পদে অধিষ্ঠিত আছেন। কোম্পানীর একজন স্বতন্ত্র পরিচালক জনাব সি.এম. মুর্শেদ এর আকস্মিক মৃত্যুতে স্বতন্ত্র পরিচালকের ১টি পদে শূন্যতা তৈরী হয়। জনাব জুনায়েদ আহমেদ চৌধুরীকে আমন্ত্রণ জানিয়ে পদটি পূরণ করা হয়।

পরিচালনা পর্ষদের ভূমিকা

যথাযথ প্রতিনিধি নিয়োগ ও কর্তৃত্ব বন্টন, প্রতিবেদন ও নিয়ন্ত্রণের মাধ্যমে কোম্পানীর কার্যপদ্ধতি তত্ত্বাবধান করার জন্য বোর্ড সর্বোচ্চ ক্ষমতার অধিকারী।

পরিচালনা পর্ষদের দায়িত্ব

কোম্পানীর দীর্ঘমেয়াদী স্বার্থের কথা বিবেচনা করে শেয়ার মালিক ও অন্যান্য স্টেক হোল্ডারদের স্বার্থে ও কোম্পানীর আইন অনুসারে পরিচালকমণ্ডলী কোম্পানীর কার্যক্রম পরিচালনা করার চূড়ান্ত ক্ষমতা রাখে।

পরিচালনা পর্ষদের কার্যক্রম

আইন অনুযায়ী পরিচালনা পর্ষদকে প্রতি তিন মাসে অন্তত একবার মিলিত হতে হয়। ২০১৩ সালে পরিচালনা পর্ষদে ৪টি সভা অনুষ্ঠিত হয়। মাসিক প্রতিবেদনের মাধ্যমে নির্বাহী পরিচালকমণ্ডলীকে অধিকতর গুরুত্বপূর্ণ কার্যক্রম ও ফলাফল সম্পর্কে অবহিত করা হয় এবং কোম্পানীর ব্যবস্থাপনা পরিচালক ত্রৈমাসিক প্রতিবেদনের মাধ্যমে সকল পরিচালককে অবহিত করেন। পরিচালনা পর্ষদের আলোচ্যসূচীর মধ্যে সংবিধিবদ্ধ অনুমোদন ছাড়াও আর্থিক ফলাফল, প্রধান বিনিয়োগ বিবেচনা, নতুন ব্যবসার পদক্ষেপ, ঋণ গ্রহণ, অর্থের তারল্য ইত্যাদি অন্তর্ভুক্ত রয়েছে।

ব্যবস্থাপনা পদ্ধতি

পরিচালনা পর্ষদ কোম্পানীর অর্গানোগ্রাম এ সম্মতি প্রদান করেছে। পর্ষদকে ত্রৈমাসিক ভিত্তিতে লক্ষ্য ও উদ্দেশ্য সম্পর্কে অবহিত করা হয় এবং পর্ষদ আর্থিক ফলাফল বিবেচনা করে।

ক্ষমতায়ন

পরিচালনা পর্ষদ ব্যবস্থাপনা পরিচালককে কোম্পানীতে যথাযথভাবে কর্তৃত্ব বন্টনের এবং সুপারভাইজারদের লেভেল পর্যন্ত কর্মীদের সকল স্তরে জবাবদিহিতা নিশ্চিতকরণ এবং সুনির্দিষ্ট পরিমাপযোগ্য লক্ষ্য এবং সেটি অর্জনের নিমিত্তে উদ্দেশ্য নির্ধারণের মাধ্যমে মূল্যায়ণের জন্য নির্দেশনা প্রদান করেছে।

প্রতিবেদন ও তথ্য বিনিময়

ব্যবস্থাপনা পরিচালক প্রতিমাসে প্রাপ্ত প্রতিবেদন ও বিবৃতির মাধ্যমে কোম্পানীর বিভিন্ন ইউনিটের ফলাফল সম্পর্কে অবহিত থাকেন। প্রতি তিন মাস অন্তর বিক্রয়, বিপণন এবং ফ্যাক্টরী অপারেশন বিশ্লেষণ করে কোম্পানীর লক্ষ্য বা উদ্দেশ্য অর্জনের নিমিত্তে নতুন কর্ম পরিকল্পনা তৈরী করা হয়। প্রতি বছর নির্দেশিত মৌলিক দক্ষতা সূচকের তুলনায় প্রত্যেকের অর্জিত দক্ষতা বিশ্লেষণ করা হয়।

শেয়ার মালিকদের সাথে যোগাযোগ

কোম্পানী নিয়মিতভাবে নির্ধারিত সময়ে বার্ষিক সাধারণ সভা করে। বার্ষিক সাধারণ সভায় উপস্থিত পরিচালকবৃন্দ, শেয়ার মালিকগণ ও আমন্ত্রিত প্রাতিষ্ঠানিক স্টেকহোল্ডারদের মতামত ও পরামর্শ গ্রহণ করেন এবং চূড়ান্ত গুরুত্বের সাথে বিবেচনা করেন। ব্যবস্থাপনা পরিচালক শেয়ার মালিকগণের কাছে থেকে কোন লিখিত কিছু গ্রহণ করে থাকলে পরিচালনা পর্ষদের সামনে তা উপস্থাপন করেন।

পরিচালকমণ্ডলী নির্বাচন

আর্টিকেলস অব এসোসিয়েশন এর ৪৭ অনুচ্ছেদ অনুসারে ডক্টর আরিফ দৌলা এবং মিসেস নাজমা দৌলা পর্যায়ক্রমে অবসর গ্রহণ করেছেন এবং যোগ্যতার ভিত্তিতে তাঁদের পূর্ণনির্বাচনে প্রস্তাব রাখছেন।

স্বতন্ত্র পরিচালক

বোর্ড জনাব কামরান টি. রহমানকে স্বতন্ত্র পরিচালক হিসেবে নিয়োগ দিয়েছে।

অডিট কমিটি

জনাব সি. এম. মুর্শেদ এর আকস্মিক মৃত্যুতে অডিট চেয়ারম্যান এর পদ শূন্য হওয়ায় জনাব জুনেদ আহমদ চৌধুরীকে অডিট কমিটির একজন সদস্য হিসেবে নিয়োগ প্রদান করা হয় এবং কমিটির চেয়ারম্যান হিসেবে নির্বাচিত করা হয়।

অডিট কমিটি ২০১৩ সালে ৪ বার সভা করেছে। কোম্পানী সচিব অডিট কমিটির সচিব হিসেবে কাজ করেছেন। অডিট কমিটি ২০১৩ সালে নিম্নবর্ণিত কাজসমূহ করেছেন:

- অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতির পর্যালোচনা ও মূল্যায়ন।
- কোম্পানীর পরিচালনাগত ঝুঁকি পর্যালোচনা এবং সচেতনতা বৃদ্ধির মাধ্যমে মোকাবেলা করা।
- বিধিবদ্ধ অডিটের নিয়োগ ও তাদের কাজের মূল্যায়ন।

- কোম্পানীর আর্থিক প্রতিবেদন প্রক্রিয়ার সুনিশ্চিতকরণ।
- বাংলাদেশ সিকিউরিটিজ্ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশাবলীর আলোকে বিভিন্ন বিষয় পর্যালোচনা করা।

চলমান প্রতিষ্ঠান

পরিচালনা পর্ষদ পর্যাপ্ত অনুসন্ধান এবং বিশ্লেষণের মাধ্যমে নিশ্চিত করেছে যে সম্পদ এবং পর্যাপ্ত ব্যবসায়িক সুযোগের মাধ্যমে কোম্পানীকে চলমান প্রতিষ্ঠান হিসেবে বিবেচনা করা যায়, যা নিশ্চিতকরণের জন্য পরিচালকগণ আর্থিক বিবরণী বিশ্লেষণ করেছেন এবং চলমান প্রতিষ্ঠানের আলোকে আর্থিক বিবরণী প্রস্তুত করা হয়েছে।

অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি

পরিচালনা পর্ষদ এই মর্মে নিশ্চয়তা প্রদান করেছে যে অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি ঠিকমত কাজ করছে, বিগত এবং আসন্ন সকল ঝুঁকি সনাক্ত হয়েছে। ঐ সমস্ত ঝুঁকিকে প্রতিহত করার জন্য সঠিক পদ্ধতি এবং কর্মপন্থা গৃহীত হয়েছে- এই বিষয়ে কোম্পানীর একটি কার্যকরী ঝুঁকি ব্যবস্থাপনা আছে। ব্যবসার লক্ষ্য অর্জনে একটি নিয়মতান্ত্রিক এবং সুশৃঙ্খল ঝুঁকি ব্যবস্থাপনা প্রণয়নের মাধ্যমে স্বাধীনভাবে পরামর্শ দানকরন নিশ্চিত করে অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি।

কর্পোরেট সামাজিক দায়বদ্ধতা

এসিআই গ্রুপ সকল সাবসিডিয়ারী এবং সহযোগী প্রতিষ্ঠানের পক্ষে CSR কর্মকান্ড সম্পাদন করে থাকে। গত বছর আমাদের পরিকল্পনা ছিল এসিআই গ্রুপের অধীনে সকল CSR কর্মকান্ডসমূহ আলাদা Brochure এ প্রকাশ করা কিন্তু পরিবেশ অনুকূলে না থাকায় এই প্রকল্প বাস্তবায়ন করা সম্ভব হয়নি এবং সিদ্ধান্ত নেওয়া হয়েছে যে আগামী বছর পর্যন্ত এই প্রকল্পে কোন সম্পদ খরচ করা যাবেনা।

কর্পোরেট গভর্নেন্স কমপ্লায়ন্স প্রতিবেদন

কোম্পানীর পরিচালনা পর্ষদ কর্পোরেট গভর্নেন্সের সর্বোচ্চ মান নিয়ন্ত্রণ এবং তা প্রকাশে প্রতিশ্রুতিবদ্ধ। কোম্পানীর পরিচালনা পর্ষদ দক্ষ কর্পোরেট গভর্নেন্সের আলোকে কার্যাবলী দেখাশুনা ও দিক নির্দেশনার ব্যাপারে এই সমস্ত দায়িত্ব পালনের জন্য পরিচালকগণ সুনির্দিষ্ট নীতি প্রণয়ন করেছেন যা তাদের ভুল ত্রুটি সংশোধনের জন্য এবং কার্যকরী ব্যবস্থাপনার সঠিক দিক নির্দেশনা প্রণয়নে অনুসরণ করা হবে।

আমরা অত্যন্ত আনন্দের সাথে আপনাদের এই মর্মে নিশ্চিত করছি যে, কোম্পানী বাংলাদেশ সিকিউরিটিজ্ এন্ড এক্সচেঞ্জ কমিশন এর নোটিশ নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/১৩৪/প্রশাসন/৪৪, ৭ই আগস্ট ২০১২ অনুযায়ী সমস্ত প্রয়োজনীয় দিকনির্দেশনা পালন করছে। কোম্পানীর পরিচালক প্রতিবেদন ২০১৩ এর Annexure-III তে প্রয়োজনীয় মন্তব্য সহকারে কমপ্লায়ন্স প্রতিবেদন সংযুক্ত করা হয়েছে। এ ছাড়াও কে. এম হাসান এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস কর্তৃক প্রত্যায়িত কমপ্লায়ন্স সার্টিফিকেট এই প্রতিবেদনের Annexure-III তে অন্তর্ভুক্ত করা হয়েছে।

অডিটরস্

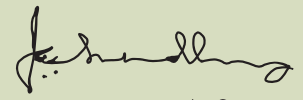
আমাদের অডিটর মেসার্স হুদা ভাসী চৌধুরী এন্ড কোং চার্টার্ড একাউন্ট্যান্টস এর সাথে চুক্তি শেষ হওয়ায় এবং বাংলাদেশ সিকিউরিটিজ্ এন্ড এক্সচেঞ্জ কমিশনের ২৭শে জুলাই ২০১১ তারিখের অর্ডার নং এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩৮/১০৪/প্রশাসন, অনুযায়ী পুনঃনিয়োগের অযোগ্য বিধায় তা করা সম্ভব হচ্ছেনা। পরিচালক মন্ডলী ২০১৪ সালের জন্য আমাদের প্রাক্তন অডিটর এবং KPMG এর সদস্য মেসার্স রহমান রহমান হক, চার্টার্ড একাউন্ট্যান্টসকে অডিটর হিসাবে নিয়োগের জন্য প্রস্তাব রাখছেন।

বোর্ডের পক্ষে,



সুমিতা আনিস

ব্যবস্থাপনা পরিচালক



জুনেদ আহমদ চৌধুরী

স্বতন্ত্র পরিচালক

ACI Formulations Limited

**Financial Statements as at and for the year ended
31 December 2013**



Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditors' Report to the Shareholders of ACI Formulations Limited

We have audited the accompanying financial statements of ACI Formulations Limited (the Company) which comprise the statement of financial position as at 31 December 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of ACI Formulations Limited as at 31 December 2013 and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 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 income statement along with the annexed notes 1 to 34 dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 29 April 2014



ACI Formulations Limited

Statement of Financial Position

as at 31 December 2013

	Notes	2013 Taka	2012 Taka
Assets			
Non-current assets			
Property, plant and equipment	4		
At cost/revaluation		1,363,150,050	1,327,776,045
Less: Accumulated depreciation		144,624,291	97,075,474
		1,218,525,759	1,230,700,571
Capital work-in-progress	5	26,282,530	25,977,950
Investment	6	2,808,233	2,600,184
Total non-current assets		1,247,616,522	1,259,278,705
Current assets			
Inventories	7	573,655,124	669,134,103
Trade receivables	8	454,260,458	593,570,865
Other receivables		7,129,187	-
Advances, deposits and prepayments	9	40,103,083	37,848,062
Advance income tax	10	94,366,386	47,849,264
Inter-company receivables	11	363,815,990	161,977,411
Cash and cash equivalents	12	118,780,242	79,626,787
Total current assets		1,652,110,470	1,590,006,492
Total assets		2,899,726,992	2,849,285,197
Equity and liabilities			
Shareholders' equity			
Share capital	13	450,000,000	450,000,000
Revaluation surplus		692,960,311	692,960,311
Retained earnings		587,511,664	570,781,132
Total equity		1,730,471,975	1,713,741,443
Non-current liabilities			
Long term liabilities	14	10,987,355	13,633,614
Deferred tax liabilities	15	53,149,289	60,388,523
Total non-current liabilities		64,136,644	74,022,137
Current liabilities			
Bank overdrafts	16	52,490,536	72,830,194
Short term loan from banks	17	757,296,347	746,553,165
Long term loan from bank- current portion		-	24,455,231
Trade payables		76,339,936	46,943,524
Other payables	18	99,534,559	95,667,820
Inter-company payable	19	3,336,616	9,246,666
Current tax liability	20	116,120,379	65,825,017
Total current liabilities		1,105,118,373	1,061,521,617
Total equity and liabilities		2,899,726,992	2,849,285,197

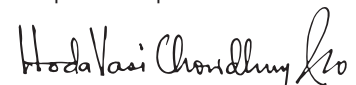
The annexed notes 1 to 34 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

As per our report of same date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 29 April 2014

ACI Formulations Limited

Statement of Comprehensive Income

for the year ended 31 December 2013



	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
Revenue	21	2,340,431,716	2,581,043,485
Cost of sales	22	(1,755,875,325)	(1,971,183,482)
Gross profit		584,556,391	609,860,003
Administrative, selling and distribution expenses	23	(346,726,896)	(313,474,009)
Results from operating activities		237,829,495	296,385,994
Other income	24	6,449,304	8,690,939
Finance costs		(62,924,420)	(94,319,665)
		181,354,379	210,757,268
Provision for contribution to WPPF		(9,067,719)	(10,537,863)
<i>Profit before taxation</i>		172,286,660	200,219,405
Income tax:			
Current tax expense	20	(50,295,362)	(49,101,540)
Deferred tax income/(expense)	25	7,239,234	(1,154,054)
		(43,056,128)	(50,255,594)
<i>Profit for the year</i>		129,230,532	149,963,811
Other comprehensive income		-	-
Total comprehensive income		129,230,532	149,963,811
Earnings per share (EPS)			
Basic earnings per share (par value Tk. 10)	26	2.87	3.33

The annexed notes 1 to 34 form an integral part of these financial statements.

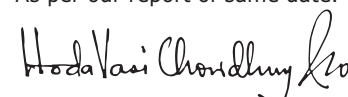

Managing Director


Director


Company Secretary

Dhaka, 29 April 2014

As per our report of same date.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

ACI Formulations Limited Statement of Changes in Equity

for the year ended 31 December 2013

<u>Particulars</u>	Paid-up capital		Revaluation reserve		Retained earnings		Total	
	Taka		Taka		Taka		Taka	
Balance as at 31 December 2011	300,000,000		693,376,055		645,401,577		1,638,777,632	
Comprehensive income for the year 2012								
Profit for the year	-		-		149,963,811		149,963,811	
Total Comprehensive income for the year	-		-		149,963,811		149,963,811	
Contributions by and distributions to owners of the Company								
Issue of bonus shares	150,000,000		-		(150,000,000)		-	
Dividends paid during the year	-		-		(75,000,000)		(75,000,000)	
Transaction recognized directly in equity								
Realization of revaluation surplus	-		(415,744)		415,744		-	
Transactions with owners of the Company, recognized directly in equity	150,000,000		(415,744)		(224,584,256)		(75,000,000)	
Balance as at 31 December 2012	450,000,000		692,960,311		570,781,132		1,713,741,443	
Comprehensive income for the year 2013								
Profit for the year	-		-		129,230,532		129,230,532	
Total Comprehensive income for the year	-		-		129,230,532		129,230,532	
Contributions by and distributions to owners of the Company								
Dividends paid during the year	-		-		(112,500,000)		(112,500,000)	
Total contributions by and distributions to owners of the Company	-		-		(112,500,000)		(112,500,000)	
Balance as at 31 December 2013	450,000,000		692,960,311		587,511,664		1,730,471,975	

ACI Formulations Limited

Statement of Cash Flows

for the year ended 31 December 2013



	2013 Taka	2012 Taka
A) Cash flows from operating activities		
Cash received from customers	2,452,150,300	2,558,081,714
Cash received from other income	6,449,304	8,690,939
	2,458,599,604	2,566,772,653
Cash received/(paid) from/(for):		
Purchase of inventory	(1,586,609,442)	(1,943,792,760)
Operating expenses	(325,433,907)	(329,229,000)
Other payables	(585,070)	(1,880,195)
Payment for WPPF	(4,972,224)	(5,509,036)
Advances, deposits and prepayments	(2,255,021)	(13,102,227)
Other receivables	(7,129,187)	-
	(1,926,984,851)	(2,293,513,218)
Cash generated from operating activities	531,614,753	273,259,435
Finance costs	(62,924,420)	(94,319,665)
Income tax	(46,517,122)	(60,673,188)
	(109,441,542)	(154,992,853)
<i>Net cash inflows from operating activities</i>	422,173,211	118,266,582
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(11,378,125)	(38,708,417)
Sale proceeds from property, plant and equipment	-	494,440
Investment	(208,049)	(203,367)
Payments for capital work-in-progress	(24,300,460)	(53,363,589)
<i>Net cash used in investing activities</i>	(35,886,634)	(91,780,933)
C) Cash flows from financing activities		
Inter-company debts received/(paid)	(201,288,549)	66,461,549
Dividend paid	(111,792,866)	(74,124,058)
Short term loan received/(paid) from/(to) banks	10,743,182	(15,724,185)
Long term loan paid to banks	(24,455,231)	(21,369,960)
<i>Net cash used in financing activities</i>	(326,793,464)	(44,756,654)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	59,493,113	(18,271,005)
E) Cash and cash equivalents at 1 January	6,796,593	25,067,598
F) Cash and cash equivalents at 31 December (D+E)	66,289,706	6,796,593
Closing balance represents		
Cash and cash equivalents	118,780,242	79,626,787
Bank overdrafts	(52,490,536)	(72,830,194)
	66,289,706	6,796,593



ACI Formulations Limited

Notes to the Financial Statements

for the year ended 31 December 2013

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 was converted from private limited to public limited company on 4 May 2005 and 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 situated at 245, Tejgoan Industrial area, Dhaka. 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.

1.2 Nature of business

The principal activities of the Company are manufacturing and marketing of a number of agrochemical, consumer products and paint 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 ACI Limited Consumer Brand Division are manufactured for them under contract.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Date of authorisation

The Board of Directors has authorised the financial statements on 29 April 2014 for publication.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated at revalued amount.

2.4 Functional and presentation currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk), which is the Company's functional currency.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) require management to make judgments, estimates and assumptions that affects the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year reported. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.6 Reporting period

The financial period of the Company encompasses the period from 1 January to 31 December each year. These financial statements cover one year from 1 January to 31 December 2013.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The items of property, plant and equipment were revalued in the year 2004 and 2010 by the firm of professional valuers on the basis of fair market value. 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 2013 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. When revalued assets are disposed off, the amounts included in the revaluation surplus are transferred to retained earnings.

Subsequent to initial recognition cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expense are charged to the statement of comprehensive income as it is incurred.

3.1.2 Depreciation

All items of property, plant and equipment (except land) have been depreciated on straight line basis. Depreciation on additions is charged at 50% of normal rates in the year of acquisition and no depreciation is charged in the year of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work-in-progress.



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 for the current and comparative years are as follows:

	<u>2013</u>	<u>2012</u>
Building	40 years	40 years
Plant and machinery	10 years	10 years
Furniture and fixture	10 years	10 years
Electrical and other office appliances	5-10 years	5-10 years
Equipment and machinery	5-10 years	5-10 years
Vehicles	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No revision in respect of items of property, plant and equipment was done in 2013.

3.1.3 Capitalisation of borrowing costs

Borrowing cost relating to acquisition of fixed assets is capitalised as per Bangladesh Accounting Standard-23: "Borrowing costs" at the weighted average cost of borrowings. However, capitalisation of borrowing costs is ceased when acquisition of relevant asset is completed.

3.2 Provision

A provision is recognised if, as a result of past event, the Company 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.

3.3 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income.

3.3.1 Current tax

Current tax expenses has been made on the basis of the Finance Act 2013 and the Income Tax Ordinance 1984.

3.3.2 Deferred tax

Deferred tax is recognised using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognised in the statement of comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period(s) recognised in the current period. The deferred tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority. Deferred tax also arises due to revaluation of property, plant and equipment. The resulting impact of deferred tax assets/liabilities on revaluation surplus is included in the statement of comprehensive income.

3.4 Foreign currency transactions

Foreign currency transactions are accounted at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated at rates ruling at the statement of financial position date. All exchange differences are charged/credited to the statement of comprehensive income.

3.5 Financial instruments

Non-derivative financial instruments comprise of investments in shares and term deposit, trade receivables, cash and cash equivalents, trade payables and interest-bearing borrowings.

3.5.1 Trade receivables

Trade receivables are recognised and carried at original invoiced amount. Receivables are stated at net off provision for doubtful debts. Provision is made in these accompanying financial statements complying the Company's policy and receivables are written off when the debts become finally irrecoverable.

3.5.2 Investment in term deposit

If the Company has the positive intent and ability to hold term deposit to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transactions cost.

3.5.3 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 Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

3.5.4 Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method.

3.6 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has provided in separate notes the information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing



risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk (note-29.1)
- Liquidity risk (note-29.2)
- Market risk (note-29.3)

3.7 Revenue recognition

Revenue is recognized upon invoicing the customers for goods sold and delivered. Revenue represents net off Value Added Tax, goods returns and allowances. Revenue from agency services under respective agreements is recognized to the extent of service rendered.

3.8 Allocation of common service costs

Expenses for common service costs and facilities are allocated to entities based on common cost sharing agreement and followed consistently.

3.9 Inventories

Inventories are measured at the lower of cost and net realizable 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.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stock-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 recognized as expenses.

3.10 Statement of cash flows

Statement of cash flows has been prepared under direct method.

3.11 Employee benefits

a) Defined contribution plans (provident fund)

The Company operates a recognized provident fund scheme where employees contribute 10% 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.

b) Defined benefit plans (gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme was last made in 2006 to assess the adequacy of the liabilities provided for the schemes as per Bangladesh Accounting Standard-19: Employee Benefits.

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Employees' Gratuity Fund of the Company is being considered as defined benefit plan.

c) Workers' Profit Participation Fund

The Company has a 'Workers' Profit Participation Fund' and 5% of profit before charging such expense is transferred to this fund.

3.12 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company 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. This has been shown on the face of the statement of comprehensive income and computation of EPS is stated in note 26.

3.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. However, a segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment is based on business segments.

All operating segments' operating results are reviewed regularly by the Company's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



4. Property, plant and equipment-2013 At cost

Name of assets	Cost						Depreciation						Written down value as at 31 Dec 2013
	Balance as at 1 January 2013	Addition during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2013	Balance as at 1 January 2013	Charged during the year	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2013	Taka	
Land	160,174,586	9,472,833	-	-	-	169,647,419	-	-	-	-	-	-	169,647,419
Building	179,650,262	195,287	9,984,304	-	-	189,829,853	8,714,313	4,619,075	-	-	13,333,388	-	176,496,466
Plant and machinery	226,017,547	49,000	14,011,576	-	-	240,078,123	55,193,361	27,823,132	-	-	83,016,493	-	157,061,630
Equipment and machinery	15,528,332	470,400	-	-	-	15,998,732	4,043,350	2,240,482	-	-	6,283,832	-	9,714,900
Electrical and other office appliances	7,527,397	648,698	-	-	-	8,176,095	2,248,177	924,490	-	-	3,172,667	-	5,003,428
Furniture and fixture	21,641,930	321,027	-	-	-	21,962,957	3,443,725	2,545,698	-	-	5,989,423	-	15,973,534
Vehicles	12,121,545	220,880	-	-	-	12,342,425	5,602,920	2,446,396	-	-	8,049,316	-	4,293,109
	622,661,599	11,378,125	23,995,880	-	-	658,035,604	79,245,845	40,599,273	-	-	119,845,118	-	538,190,486
Revaluation													
Name of assets	Cost						Depreciation						Written down value as at 31 Dec 2013
	Balance as at 1 January 2013	Addition during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2013	Balance as at 1 January 2013	Charged during the year	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2013	Taka	
Land	631,685,128	-	-	-	-	631,685,128	-	-	-	-	-	-	631,685,128
Building	36,864,035	-	-	-	-	36,864,035	1,843,202	921,601	-	-	2,764,803	-	34,099,232
Plant and machinery	26,744,726	-	-	-	-	26,744,725	12,450,562	4,644,123	-	-	17,094,685	-	9,650,040
Equipment and machinery	2,297,093	-	-	-	-	2,297,093	1,209,764	255,584	-	-	1,465,348	-	831,745
Electrical and other office appliance	3,586,781	-	-	-	-	3,586,781	745,152	372,578	-	-	1,117,730	-	2,469,051
Furniture and fixture	788,957	-	-	-	-	788,957	321,859	126,113	-	-	447,972	-	340,985
Vehicles	3,147,727	-	-	-	-	3,147,727	1,259,090	629,545	-	-	1,888,635	-	1,259,092
	705,114,446	-	-	-	-	705,114,446	17,829,629	6,949,544	-	-	24,779,173	-	680,335,273
Total	1,327,776,045	11,378,125	23,995,880	-	-	1,363,150,050	97,075,474	47,548,817	-	-	144,624,291	-	1,218,525,759

* The Company has capitalised the borrowing costs to the extent of Tk.2,663,931 on acquisition of qualifying assets during the year 2013.

4.1 Property, plant and equipment-2012 At cost

Name of assets	Cost						Depreciation						Written down value as at 31 Dec 2012
	Balance as at 1 January 2012	Addition during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2012	Charged during the year	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2012	Balance as at 31 Dec 2012		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		
Land	107,890,224	32,221,215	20,063,147	-	-	160,174,586	-	-	-	-	-	-	160,174,586
Building	164,519,229	107,336	15,023,698	-	-	179,650,262	4,412,205	4,302,108	-	-	8,714,313	-	170,935,950
Plant and machinery	208,965,312	3,902,555	13,527,851	(441,447)	63,276	226,017,547	29,363,395	26,036,664	(225,682)	18,984	55,193,361	170,824,186	170,824,186
Equipment and machinery	13,910,113	1,624,027	150,000	(177,328)	21,520	15,528,332	2,009,117	2,083,780	(52,775)	3,228	4,043,350	11,484,982	11,484,982
Electrical and other office appliance	7,307,993	233,264	-	(13,860)	-	7,527,397	1,215,758	1,033,805	(1,386)	-	2,248,177	5,279,220	5,279,220
Furniture and fixture	9,317,686	620,021	11,734,481	(8,738)	(21,520)	21,641,930	1,712,132	1,735,739	(918)	(3,228)	3,443,725	18,198,205	18,198,205
Vehicles	12,121,545	-	-	-	-	12,121,545	3,178,612	2,424,308	-	-	5,602,920	6,518,625	6,518,625
Deep tube well	63,276	-	-	-	(63,276)	-	18,984	-	-	(18,984)	-	-	-
	524,095,377	38,708,417	60,499,177	(641,373)	-	622,661,599	41,910,202	37,616,404	(280,761)	-	79,245,845	543,415,754	543,415,754

Revaluation

Name of assets	Cost						Depreciation						Written down value as at 31 Dec 2012
	Balance as at 1 January 2012	Addition during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2012	Charged during the year	Disposal during the year	Adjustment during the year	Balance as at 31 Dec 2012	Balance as at 31 Dec 2012		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		
Land	631,685,128	-	-	-	-	631,685,128	-	-	-	-	-	-	631,685,128
Building	36,864,035	-	-	-	-	36,864,035	921,601	921,601	-	-	1,843,202	-	35,020,833
Plant and machinery	27,232,370	-	-	(487,645)	1	26,744,726	7,805,988	5,057,384	(412,810)	-	12,450,562	14,294,163	14,294,163
Equipment and machinery	2,368,614	-	-	(71,521)	-	2,297,093	672,027	562,836	(25,099)	-	1,209,764	1,087,329	1,087,329
Electrical and other office appliance	3,600,641	-	-	(13,860)	-	3,586,781	373,563	372,975	(1,386)	-	745,152	2,841,629	2,841,629
Furniture and fixture	789,371	-	-	(414)	-	788,957	177,263	144,913	(317)	-	321,859	467,098	467,098
Vehicles	3,147,727	-	-	-	-	3,147,727	629,545	629,545	-	-	1,259,090	1,888,637	1,888,637
Deep tube well	1	-	-	-	(1)	-	-	-	-	-	-	-	-
	705,687,887	-	-	(573,440)	-	705,114,446	10,579,987	7,689,254	(439,612)	-	17,829,629	687,284,817	687,284,817
Total	1,229,783,264	38,708,417	60,499,177	(1,214,813)	-	1,327,776,045	52,490,189	45,305,658	(720,373)	-	97,075,474	1,230,700,571	1,230,700,571

* The Company has capitalised the borrowing costs to the extent of Tk. 4,687,951 on acquisition of qualifying assets during the year 2012.



5. Capital work-in-progress 2013

	Balance as at 1st January Taka	Addition during the year Taka	Transferred to fixed assets Taka	Balance as at 31st December Taka
Building	362,340	11,043,087	(9,984,304)	1,421,123
Plant and machinery	25,615,610	13,257,373	(14,011,576)	24,861,407
	<u>25,977,950</u>	<u>24,300,460</u>	<u>(23,995,880)</u>	<u>26,282,530</u>

Capital work-in-progress 2012

	Balance as at 1st January Taka	Addition during the year Taka	Transferred to fixed assets Taka	Balance as at 31st December Taka
Land and land development	-	20,063,147	(20,063,147)	-
Building	7,200,887	8,185,151	(15,023,698)	362,340
Plant and machinery	21,119,771	18,173,690	(13,677,851)	25,615,610
Furniture and fixture	4,792,880	6,941,601	(11,734,481)	-
	<u>33,113,538</u>	<u>53,363,589</u>	<u>(60,499,177)</u>	<u>25,977,950</u>

6. Investment

	2013 Taka	2012 Taka
Investment in term deposit	2,733,233	2,525,184
Investment in shares of ACI Motors Limited	75,000	75,000
	<u>2,808,233</u>	<u>2,600,184</u>

Investment in term deposit amounting to Taka 2,733,233 which is kept as lien against service received from Titas Gas Transmission and Distribution Limited. Therefore, the Company has no intention to encash the said amount and recorded as long term investment.

ACI Formulations Limited has signed a Memorandum of Understanding (MOU) on 26 November 2013 to purchase 75% shares of Neem Laboratories (Pvt.) Limited, Aloe Organics (Pvt.) Limited and Green Business & Marketing Company (BD) Limited, all these entities are incorporated in Bangladesh, at a consolidated cost of Tk 11,500,000. Currently these companies are engaged in manufacturing and marketing of herbal and natural products in very small scale. The share transfer process has been completed by February 2014 and these entities are being managed by ACI Group.

7. Inventories

Raw materials	210,583,945	216,354,001
Packing materials	59,777,725	47,740,249
Finished goods	231,715,739	334,212,931
Stock in transit	58,089,188	54,295,397
Work-in-process	2,421,569	3,663,640
Other inventories (engineering stores and diesel)	22,700,919	22,502,281
	<u>585,289,085</u>	<u>678,768,499</u>
Provision for slow moving inventory	(11,633,961)	(9,634,396)
	<u>573,655,124</u>	<u>669,134,103</u>

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

8. Trade receivables

	2013			2012
	Dues over 6 months Taka	Dues below 6 months Taka	Total Taka	Total Taka
Crop Care & Public Health	165,051,738	365,514,153	530,565,891	654,274,699
Paint	-	5,357,041	5,357,041	-
	<u>165,051,738</u>	<u>370,871,194</u>	<u>535,922,932</u>	<u>654,274,699</u>
Provision for doubtful debts			(81,662,474)	(60,703,834)
			<u>454,260,458</u>	<u>593,570,865</u>

9. Advances, deposits and prepayments

	2013 <u>Taka</u>	2012 <u>Taka</u>
Advances to suppliers and others	23,365,670	22,678,193
Staff advances	5,304,852	4,187,532
Bank guarantee margin	1,064,475	-
VAT current account	1,556,350	-
Security money and tender deposits	5,972,310	5,028,910
Prepayments	2,839,426	5,953,427
	<u>40,103,083</u>	<u>37,848,062</u>

10 Advance income tax

Balance as at 1 January	47,849,264	43,607,832
Paid during the year	46,517,122	60,673,188
	<u>94,366,386</u>	<u>104,281,020</u>
Adjustment during the year	-	(56,431,756)
Balance as at 31 December	<u>94,366,386</u>	<u>47,849,264</u>

11 Inter-company receivables

Advanced Chemical Industries Limited	363,815,990	143,567,476
Premiaflex Plastics Limited	-	18,409,935
	<u>363,815,990</u>	<u>161,977,411</u>

12 Cash and cash equivalents

Cash in hand	150,000	150,000
Cash at banks with current accounts	58,897,240	52,729,467
Collection in hand	59,733,002	26,747,320
Total cash and cash equivalents	<u>118,780,242</u>	<u>79,626,787</u>

12.1 Cash and cash equivalents used for cash flow statement purpose

Total cash and cash equivalents	118,780,242	79,626,787
Bank overdrafts used for cash management purpose	(52,490,536)	(72,830,194)
	<u>66,289,706</u>	<u>6,796,593</u>

Details of bank overdrafts along with terms and conditions are shown under note 16.

13. Share capital

Authorised

<u>50,000,000</u> Ordinary shares of Tk. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
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Issued and paid-up

6,600,000 Ordinary shares of Tk. 10 each	66,000,000	66,000,000
32,500,000 Bonus shares of Tk. 10 each	325,000,000	325,000,000
5,900,000 Right shares of Tk. 10 each	59,000,000	59,000,000
<u>45,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>

The aforesaid share capital is subscribed as under:

	Number of <u>shares</u>	Percentage
Directors/sponsors	29,708,205	66.02%
Institutions	11,384,370	25.30%
General shareholders	3,907,425	8.68%
	<u>45,000,000</u>	<u>100.00%</u>



A distribution schedule of the above shares is given below as required by the Listing Rules:

Number of shareholders	Shareholdings	Number of shares	Percentage of total shareholdings
4,829	Less than 500	803,996	1.79%
1,605	501 - 5,000	2,259,664	5.02%
61	5,001 - 10,000	398,360	0.89%
30	10,001 - 20,000	416,525	0.93%
12	20,001 - 30,000	289,500	0.64%
10	30,001 - 40,000	337,475	0.75%
2	40,001 - 50,000	85,650	0.19%
10	50,001 - 100,000	748,820	1.66%
13	1,00,001 - 1,000,000	3,620,760	8.05%
6	Over - 1,000,000	36,039,250	80.09%
<u>6,578</u>		<u>45,000,000</u>	<u>100.00%</u>

	Notes	2013 Taka	2012 Taka
14. Long term liabilities			
Staff gratuity provision		7,177,444	7,770,548
Other long term liability		3,809,911	5,863,066
		<u>10,987,355</u>	<u>13,633,614</u>
15. Deferred tax liabilities			
Deferred tax on temporary differences			
i) Taxable temporary differences:			
Property, plant and equipment		1,036,797,838	1,031,973,323
ii) Deductible temporary difference:			
Inventories		(11,633,961)	(9,634,396)
Trade receivables		(81,662,474)	(60,703,834)
Gratuity		(7,177,444)	(7,770,548)
Net taxable temporary differences as at 31 December		<u>936,323,959</u>	<u>953,864,545</u>
Deferred tax liability as of 31 December		<u>53,149,289</u>	<u>60,388,523</u>
16. Bank overdrafts			
Standard Chartered Bank	16.1	33,070,633	31,900,545
The Hongkong and Shanghai Banking Corporation Limited	16.2	-	11,186,280
Citibank, N. A.		-	350
BRAC Bank Limited	16.3	-	9,542,659
Commercial Bank of Ceylon PLC	16.4	19,419,903	20,200,360
		<u>52,490,536</u>	<u>72,830,194</u>

16.1 Standard Chartered Bank

The Company is enjoying overdraft facility under general banking facilities from Standard Chartered Bank (SCB) under the following terms and conditions:

Limit : Tk 10,000,000.
 Purpose : Working capital.
 Tenure : On demand.

16.2 The Hongkong and Shanghai Banking Corporation Limited

The Company is enjoying overdraft facility from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions:

Limit : Tk 10,000,000.
Purpose : Working capital.
Tenure : On demand.

16.3 BRAC Bank Limited

The Company is enjoying overdraft facility from BRAC Bank Limited under the following terms and conditions:

Limit : Tk 10,000,000.
Purpose : Working capital.
Tenure : On demand.

16.4 Commercial Bank of Ceylon PLC

The Company is enjoying overdraft facility from Commercial Bank of Ceylon PLC under the following terms and conditions:

Limit : Tk 20,000,000.
Purpose : Working capital.
Tenure : On demand.

17. Short term loan from banks

	Notes	2013 Taka	2012 Taka
Standard Chartered Bank	17.1	128,246,273	148,345,699
The Hongkong and Shanghai Banking Corporation Limited	17.2	246,373,596	252,802,759
BRAC Bank Limited	17.3	15,423,478	202,558,707
Commercial Bank of Ceylon PLC	17.4	367,253,000	142,846,000
		<u>757,296,347</u>	<u>746,553,165</u>

17.1 Standard Chartered Bank

The Company is enjoying trade finance facility under general banking facilities from Standard Chartered Bank (SCB) under the following terms and conditions:

17.1.1 Letter of Credit (L/C secured)/Loan Against Trust Receipt (LATR)/short term loan

Amount : Tk 510,000,000.
Purpose : To retire the documents under letters of credit issued by the Standard Chartered Bank.
Tenure : 120 - 270 days.
Payment : On maturity each trust receipt outstanding will be adjusted by debiting Company's bank account and quarterly interest will be charged into the same account.

17.1.2 Acceptance

Amount : Tk 510,000,000 (Inner limit of limit 17.1.1 above).
Purpose : To provide acceptance against usance or deferred L/C.
Tenure : 180 - 270 days.

17.1.3 Import invoice financing

Amount : Tk 150,000,000 (Inner limit of limit 17.1.1 above).
Purpose : To finance 100% local procurement of raw materials.
Tenure : 120 days.



17.1.4 Import loan

Amount : Tk 50,000,000 (Inner limit of limit 17.1.1 above).
Purpose : For granting import loan to meet drawing under machinery and spare parts.
Tenure : 360 days.
Payment : 12 equal monthly installments.

Securities for the facilities mentioned under notes 16.1 and 17.1 are as follows:

- i) Demand promissory note and letter of continuation for Tk 540,000,000 each.
- ii) Registered first charge over stock and book debts of the Company for Tk 540,000,000.
- iii) First charge by way of registered mortgage over the tangible fixed assets of the Company both existing and future where Standard Chartered Bank's share being at least Tk 15,000,000.
- iv) Corporate guarantee from Advanced Chemical Industries Limited supported by board resolution.

17.2 The Hongkong and Shanghai Banking Corporation Limited

The Company is enjoying following facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions:

17.2.1 Letters of Credit / Loan Against Trust Receipt (LATR) / Short term loan

Amount : Tk 392,549,000.
Purpose : To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To finance imported raw materials/spares/small machinery on sight and deferred basis.
Tenure : 180 days for imports (loan) and deferred payment bills and 30 days for shipping guarantee.

Securities for the facilities mentioned under notes 16.2 and 17.2 are as follows:

- i) Demand promissory note of Tk 597,549,000 with letter of revival and continuity.
- ii) Letter of set off between different accounts maintained with the bank.
- iii) Corporate guarantee to be executed by Advanced Chemical Industries Limited for Tk 430,000,000 supported by Board Resolution for credit facilities granted to ACI Formulations Limited.
- iv) First pari-passu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk.430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC&F).
- v) First pari-passu charge with other lenders over the borrower's book debts/receivables for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC&F) on pari-passu basis with SCB where HSBC's share is 430,000,000.

17.3 BRAC Bank Limited

The Company is enjoying following facilities from BRAC Bank Limited under the following terms and conditions:

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

Amount : Tk 150,000,000.
Purpose : To retire import documents for raw materials and chemicals.
Tenure : 120 - 180 days.

17.3.2 Revolving loan

Amount : Tk 40,000,000.
Purpose : Working capital.
Tenure : 120 days.

Securities for the facilities mentioned under notes 16.3 and 17.3 are as follows:

- i) Registered first charge over stock and book debts of the Company for Tk. 200,000,000.
- ii) Corporate guarantee from Advanced Chemical Industries Limited.

17.4 Commercial Bank of Ceylon PLC

The Company is enjoying following facilities from Commercial Bank of Ceylon PLC under the following terms and conditions:

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

Amount : Tk 200,000,000.
 Purpose : To retire import documents for raw materials and chemicals.
 Tenure : 180 days.

17.4.2 Short term loan

Amount : Tk 100,000,000.
 Purpose : Working capital finance.
 Tenure : 180 days.

Securities for the facilities mentioned under notes 16.4 and 17.4 are as follows:

Registered first hypothecation charge over stocks and book debts on pari-passu basis with SCB and HSBC, CBC's share being Tk 320,000,000.

	2013 Taka	2012 Taka
18. Other payables		
Creditors for expenses	67,229,193	63,961,916
Interest payable	3,638,749	7,256,846
Security money payable	1,175,438	682,567
Unpaid dividend	6,845,824	6,138,690
Withholding tax and VAT	1,126,625	2,204,566
Provision for workers' profit participation fund	19,518,730	15,423,235
	99,534,559	95,667,820
19. Inter-company payable		
Premiaflex Plastics Limited	3,336,616	-
ACI Salt Limited	-	9,246,666
	3,336,616	9,246,666
20. Current tax liability		
Opening balance	65,825,017	73,155,233
Provision made during the year	50,295,362	49,101,540
Adjustment against advance tax	-	(56,431,756)
Closing balance	116,120,379	65,825,017
21. Revenue		
Agrochemical products	1,197,965,916	1,254,685,403
Consumer products	1,142,465,800	1,326,358,082
	2,340,431,716	2,581,043,485

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

22. Cost of sales

Particulars	2013				2012	
	Crop Care & Public Health	Mosquito Coil	Aerosol	Paint	Total	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Raw and packing materials						
Opening stock	159,730,903	66,052,229	38,311,119	-	264,094,251	409,334,833
Purchase	498,991,913	518,018,986	393,125,634	-	1,410,136,533	1,700,992,918
Closing stock	658,722,816	584,071,215	431,436,753	-	1,674,230,784	2,110,327,751
	(161,865,884)	(62,911,477)	(45,584,309)	-	(270,361,670)	(264,094,251)
	496,856,932	521,159,738	385,852,444	-	1,403,869,114	1,846,233,500
Manufacturing expenses (Ref: Note-23)	53,956,862	107,292,655	14,949,420	-	176,198,937	191,922,008
Stock write off	1,999,565	-	-	-	1,999,565	482,077
Opening work-in -process	-	-	3,663,640	-	3,663,640	-
Closing work-in-process	-	-	(2,421,569)	-	(2,421,569)	(3,663,640)
Cost of goods manufactured	552,813,359	628,452,393	402,043,935	-	1,583,309,687	2,034,973,945
Finished goods						
Opening stock	334,212,931	-	-	-	334,212,931	233,716,603
Purchase	57,944,954	-	-	12,123,492	70,068,446	36,705,865
Closing stock	(223,939,378)	-	-	(7,776,361)	(231,715,739)	(334,212,931)
	168,218,507	-	-	4,347,131	172,565,638	(63,790,463)
Cost of sales	721,031,866	628,452,393	402,043,935	4,347,131	1,755,875,325	1,971,183,482

As per Part II of Schedule XI of the Companies Act 1994, the quantities of raw materials, purchases and stocks should be expressed in quantitative denomination. However, this could not be provided as the Company deals with large number of products both locally made and imported.

Raw and packing materials have been procured from local sources and also imported from the following countries:

India
Malaysia
Italy
Japan
China

Raw and packing materials consumed are 66% (approximately) imported.

23. Allocation of expenses

Particulars	2013					2012
	Administrative expenses	Distribution expenses	Manufacturing expenses	Selling expenses	Total	Total
	Taka (A)	Taka (A)	Taka (B)	Taka (A)	Taka	Taka
Salary and wages	83,090,520	9,166,297	88,897,967	73,317,516	254,472,300	233,800,326
Traveling and conveyance	2,065,921	7,724,912	214,539	44,953,328	54,958,700	50,644,306
Rent, rates and fees	5,236,553	3,960,399	476,027	545,789	10,218,768	9,911,661
Repair and maintenance	3,543,336	406,039	20,841,519	146,992	24,937,886	33,923,365
Fuel and power	2,305,248	399,379	19,458,576	-	22,163,203	26,677,520
Postage, telephone, fax etc.	120,670	-	468,583	1,752,984	2,342,237	2,188,612
Printing and stationery	2,099,390	1,360,363	586,124	305,906	4,351,783	5,991,908
Promotional expenses	-	-	47,105	46,702,450	46,749,555	55,304,578
Entertainment	952,389	472,365	392,683	886,447	2,703,884	3,353,747
Vehicle maintenance	2,788,021	5,341,514	1,623,937	5,803,390	15,556,862	17,135,107
Doubtful debts	-	-	-	21,131,743	21,131,743	9,734,312
Truck and handling	-	6,342,632	2,308,615	-	8,651,247	6,081,241
Legal and professional charge	-	-	-	1,091,660	1,091,660	1,871,839
Audit fees	350,000	-	-	-	350,000	350,000
Insurance	-	-	3,141,529	223,543	3,365,072	3,414,704
Directors' fees	9,000	-	-	-	9,000	9,750
Bank charges	431,169	-	-	903,261	1,334,430	1,065,308
Sundry expenses	-	-	281,393	-	281,393	218,386
Product development expenses	-	-	9,637	4,880,000	4,889,637	1,333,512
Training expenses	-	-	54,098	866,263	920,361	1,653,715
Depreciation	556,483	-	44,390,492	2,601,842	47,548,817	45,305,658
Lab chemical and apparatus	-	-	279,025	-	279,025	471,494
Donation and subscription	-	-	219,930	-	219,930	429,139
Meeting expenses	221,972	-	-	1,669,210	1,891,182	3,007,442
	103,770,672	35,173,900	183,691,779	207,782,324	530,418,675	513,877,630
Recovery of expenses for toll manufacturing service charges:						
Advanced Chemical Industries Limited	-	-	(7,492,842)	-	(7,492,842)	(8,481,613)
	103,770,672	35,173,900	176,198,937	207,782,324	522,925,833	505,396,017

(A) Administrative, selling and distribution expenses

(B) Manufacturing expenses

2013	2012
Taka	Taka
346,726,896	313,474,009
176,198,937	191,922,008
522,925,833	505,396,017



24. Other income

Crop Care & Public Health
Mosquito Coil
Aerosol

2013
Taka

3,511,676
510
2,937,118
6,449,304

2012
Taka

5,898,095
14,935
2,777,909
8,690,939

25. Deferred tax income/(expenses)

Net taxable temporary differences (Note-15)
Deferred tax liability as of 31 December
Less: Opening balance as of 1 January

936,323,959
53,149,289
60,388,523
7,239,234

953,864,545
60,388,523
59,234,469
(1,154,054)

26. Earnings per share

26.1. Basic earnings per share

The calculation of basic earnings per share at 31 December was based on the profit attributable to ordinary shareholders as follows:

Profit for the year
Weighted average number of shares outstanding during the year
Basic earnings per share

129,230,532
45,000,000
2.87

149,963,811
45,000,000
3.33

26.2 Diluted earnings per share

No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares for the year 2013.

27. Off balance sheet items

27.1 Commitments

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

a) Letters of credit

Standard Chartered Bank
Commercial Bank of Ceylon PLC
BRAC Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

40,438,427
30,966,142
5,839,511
71,905,659
149,149,739

61,283,851
19,652,070
-
-
80,935,921

b) Capital expenditure commitment

i) Contracted but not accounted for
ii) Approved but not contracted for

7,137,045
82,584,695

8,901,695
8,778,780

27.2 Contingent liabilities

Bank guarantee

The Hongkong and Shanghai Banking Corporation limited
Standard Chartered Bank

7,498,179
43,944
7,542,123

1,581,679
43,944
1,625,623

Performance guarantee:

Standard Chartered Bank

2,754,320
2,754,320

5,918,608
5,918,608

28. Related party transaction

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of Bangladesh Accounting Standard-24: Related Party Disclosures:

a)	Name of the party	Relationship	Nature of transactions	Transaction value Year ended 31 December		Outstanding balance as at 31 December	
				2013	2012	2013	2012
				Taka	Taka	Taka	Taka
	Advanced Chemical Industries Limited	Holding company	Sale of products	1,136,140,719	1,326,358,082	363,815,990	143,567,476
	Premiaflex Plastics Limited	Subsidiary of holding company	Working capital financing	24,418,758	18,409,935	(3,336,616)	18,409,935
	ACI Salt Limited	Subsidiary of holding company	Working capital financing	10,306,355	9,246,666	-	(9,246,666)

b) Directors' emoluments

	2013 Taka	2012 Taka
Salary	3,125,000	2,010,000
Benefits	3,298,360	-
Provident fund	120,000	-
	<u>6,543,360</u>	<u>2,010,000</u>

29. Financial risk management

29.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations, and arises principally from the Company's receivables from customers and investment securities.

	Note	2013 Taka	2012 Taka
Exposure to credit risk			
Trade receivables	8	454,260,458	593,570,865
Inter-company receivables	11	363,815,990	161,977,411
Cash at bank and collection in hand	12	118,630,242	79,476,787
		<u>936,706,690</u>	<u>835,025,063</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Bangladesh	<u>454,260,458</u>	<u>593,570,865</u>
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The aging of trade receivables at the reporting date was:

Dues below 6 months (Gross amount)	8	370,871,194	491,108,500
Dues over 6 months (Gross amount)	8	165,051,738	163,166,199
		<u>535,922,932</u>	<u>654,274,699</u>
Provision for doubtful debts		<u>(81,662,474)</u>	<u>(60,703,834)</u>
		<u>454,260,458</u>	<u>593,570,865</u>



The movement in the provision for doubtful trade receivables during the year was as follows:

	2013 Taka	2012 Taka
Balance at 1 January	60,703,834	63,365,778
Provision made during the year	21,073,640	9,734,312
	<u>81,777,474</u>	<u>73,100,090</u>
Adjustment made during the year	(115,000)	(12,396,256)
Balance at 31 December	<u>81,662,474</u>	<u>60,703,834</u>

29.2 Liquidity risk

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at 31 December 2013

Non derivative financial liabilities

Particulars	Note	Carrying amount	Contractual cash flow	Less than 1 year	01-05 years
		Taka	Taka	Taka	Taka
Trade payables		76,339,936	(76,339,936)	(76,339,936)	-
Other payables	18	99,534,559	(99,534,559)	(98,359,121)	(1,175,438)
Inter-company payable	19	3,336,616	(3,336,616)	(3,336,616)	-
Bank overdraft	16	52,490,536	(52,490,536)	(52,490,536)	-
Short term loan from banks	17	757,296,347	(757,296,347)	(757,296,347)	-
At 31 December 2013		<u>988,997,994</u>	<u>(988,997,994)</u>	<u>(987,822,556)</u>	<u>(1,175,438)</u>

As at 31 December 2012

Non derivative financial liabilities

Particulars	Note	Carrying amount	Contractual cash flow	Less than 1 year	01-05 years
		Taka	Taka	Taka	Taka
Trade payables		46,943,524	(46,943,524)	(46,943,524)	-
Other payables	18	95,667,820	(95,667,820)	(94,985,253)	(682,567)
Inter-company payable	19	9,246,666	(9,246,666)	(9,246,666)	-
Bank overdraft	16	72,830,194	(72,830,194)	(72,830,194)	-
Short term loan from banks	17	746,553,165	(746,553,165)	(746,553,165)	-
Long term loan from bank	14	24,455,231	(24,455,231)	(24,455,231)	-
At 31 December 2012		<u>995,696,600</u>	<u>(995,696,600)</u>	<u>(995,014,033)</u>	<u>(682,567)</u>

29.3 Market risk

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

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on the notional amount:

<u>Description</u>	as at 31 December	
	2013	2012
	USD	USD
Short term interest bearing loan	(622,000)	(478,279)
	<u>(622,000)</u>	<u>(478,279)</u>

The following exchange rate was applied during the year:

	Reporting date spot rate	
	2013	2012
USD	78.25	79.83

Exposure to interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments.

	Carrying amount	
	2013	2012
	Taka	Taka
Fixed rate instrument		
Financial assets	2,733,233	2,525,184
Financial liabilities	(761,115,375)	(805,657,576)
Total	<u>(758,382,142)</u>	<u>(803,132,392)</u>
Variable rate instrument		
Financial liabilities	(48,671,508)	(38,181,013)
Total	<u>(48,671,508)</u>	<u>(38,181,013)</u>

30. Production capacity

The production status (business wise) for the year ended 31 December 2013 are as follows:

<u>Business segment</u>	Capacity	Unit	Actual	% of utilization
Crop Care and Public Health	21,570	M. ton	5,503	26%
Mosquito Coil	1,098,000	Carton	739,966	67%
Aerosol	7,965,000	Can	3,984,620	50%



31. Foreign currency transaction

During the year under review following payments were made in foreign currencies:

Raw and packing materials
Capital machineries

<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
784,221,273	1,011,269,086
8,274,192	20,145,316
<u>792,495,465</u>	<u>1,031,414,402</u>

32. Subsequent events

The Board of Directors in their meeting held on 29 April 2014 have recommended cash dividend @ 25% i.e Taka 2.5 per share of Taka 10 each aggregating to Taka 112,500,000 for the year ended 31 December 2013 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on 10 June 2014. The financial statements for the year ended 31 December 2013 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

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



33. Segment reporting

The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

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.

Particulars	Reportable business segment						Unallocated			Total	
	CC & PH		M Coil		Aerosol						
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Segment revenue:	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
External revenues	1,197,965,916	1,254,685,403	-	-	-	-	-	6,325,081	-	1,204,290,997	1,254,685,403
Inter-segment revenues	-	-	695,007,431	773,764,913	441,133,288	552,593,169	-	-	-	1,136,140,719	1,326,358,082
Total revenue	1,197,965,916	1,254,685,403	695,007,431	773,764,913	441,133,288	552,593,169	6,325,081	-	2,340,431,716	2,581,043,485	
Interest expense	(54,165,440)	(80,336,909)	(3,882,001)	(7,188,557)	(4,652,266)	(6,794,199)	(224,713)	-	(62,924,420)	(94,319,665)	
Depreciation	(22,454,949)	(21,915,975)	(20,152,225)	(19,343,387)	(4,764,461)	(4,046,296)	(177,182)	-	(47,548,817)	(45,305,658)	
Cost of sales excluding depreciation	(701,735,240)	(748,574,236)	(608,300,168)	(680,603,483)	(397,279,474)	(499,199,245)	(4,169,948)	-	(1,711,484,830)	(1,928,376,964)	
Selling expenses	(201,544,536)	(194,194,647)	(71,683)	(134,168)	-	-	(3,564,264)	-	(205,180,483)	(194,328,815)	
Distribution expenses	(35,173,900)	(27,855,933)	-	-	-	-	-	-	(35,173,900)	(27,855,933)	
Administrative expenses	(47,516,862)	(36,063,333)	(31,580,289)	(32,678,435)	(24,117,039)	(20,048,353)	-	-	(103,214,190)	(88,790,121)	
Other income	3,511,676	5,898,095	510	14,935	2,937,118	2,777,909	-	-	6,449,304	8,690,939	
Segment result	131,942,332	144,060,342	29,470,496	32,140,227	12,594,307	24,018,836	(1,720,475)	-	172,286,660	200,219,405	
Reportable segment assets	1,695,216,109	1,908,787,011	744,918,209	644,999,432	397,002,215	257,863,435	62,590,459	37,635,319	2,899,726,992	2,849,285,197	
Reportable segment liabilities	450,769,018	395,006,751	129,470,313	89,371,894	94,677,474	78,521,832	494,338,212	572,643,277	1,169,255,017	1,135,543,754	

34. General

- 34.1** Previous year's figures have been rearranged where necessary to conform to current year's presentation.
- 34.2** The number of employees drawing Tk 3,000 or more per month was 922 in 2013 (as against 921 in 2012).
- 34.3** All financial information is presented in Bangladesh Taka have been rounded off to the nearest Taka.


Managing Director


Director


Company Secretary





Corporate Directory

Registered Office

ACI Centre
245 Tejgaon Industrial Area
Dhaka 1208
Phone # (8802) 8878603
Fax # (8802) 8878626 & 8878619

Share Office

9 Motijheel C/A
Dhaka 1000
Phone # (8802) 9556254
Fax # (8802) 9565257

Manufacturing Facilities

ACI Formulations Plant
Rajabari, Sreepur, Gazipur
Phone # (8802) 0682555135
Fax # (8802) 9201070



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 18th Annual General Meeting of the Company to be held on Tuesday, 10 June 2014 at 9:00 a.m.
and/or at any adjournment thereof.

As witness my hands this _____ day of _____ 2014.

Signature on
Tk. 20
Revenue Stamp

(Signature of the Proxy)

(Signature of the Shareowner)

Registered Folio / BO ID No. _____

No. of Shares held _____

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.





ACI Formulations Limited
ACI Centre 245 Tejgaon Industrial Area Dhaka 1208

Design & Production :
Creative Communication Limited