

# DIRECTORS' REPORT

For the year ended 30 June 2018

## Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 42<sup>nd</sup> Annual General Meeting of The ACME Laboratories Ltd. According to the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules, 1987; BSEC Notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 03 June 2018 and International Accounting Standards- 1 "Presentation of Financial Statements" as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), Financial Reporting Act, 2015; we have the pleasure to place herewith the Directors' Report and Auditors' Report in respect of the Financial Statements of the Company for the year ended 30 June 2018.

## PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2017-2018	2016-2017
Net Profit after Tax	1,426.571	1,397.850
Adjustment for depreciation on revaluation surplus	85.266	85.839
Profit brought forward from previous years	4,039.288	3,303.424
<b>Total Profit Available for appropriation</b>	<b>5,551.125</b>	<b>4,787.113</b>
<b>Appropriation</b>		
Final Cash Dividend for the year 2016-2017 (Comparative year 2015-2016)	(740.606)	(740.606)
Tax Holiday Reserve	-	(7.218)
<b>Closing Retained Earnings at the year end (before proposed Dividend)</b>	<b>4,810.519</b>	<b>4,039.288</b>
Proposed cash dividend for the year 2017-2018 @ 35%	(740.606)	(740.606)
<b>Retained earnings after Proposed Dividend</b>	<b>4,069.913</b>	<b>3,298.682</b>

## DIVIDEND

During the year ended 30 June 2018, the Company has earned net profit before tax amounting to BDT 1,954.844 million which after provision of income tax stood at BDT 1,426.571 million. Considering the performance of the Company and subject to the approval of the Shareholders in the forthcoming AGM, the Board of Directors has recommended 35% cash dividend i.e. BDT 3.50 per share which comes to BDT 740.606 Million.

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

Pharmaceuticals Industry is one of the success stories of Bangladesh in the last three decades. Bangladesh had to depend largely for medicines on multinational companies and imports in the 1970s and early 1980s. Now, local Companies meet almost 98 percent of domestic demand worth around USD 2 Billion or BDT 16,000 crore. According to insider of the industry, Bangladesh's Pharmaceuticals Industry is going to be a major player in the global export market in the next couple of years.

The present contribution of Pharmaceutical sector to Bangladesh's economy emerging to be the highest revenue earning sector by 2025. According to new research, Bangladesh's Pharmaceutical sector can grow at 15% for the next 5 years riding on the expanded domestic market as well as new export frontiers. Presently, the Pharmaceuticals Industry of Bangladesh meets 98% of the local demand and export to more than 125 countries. Bangladesh disease profile is expected to change by gradual move from acute to chronic disease.



Besides, drugs purchasing power is like to rise with sustained growth in income as Bangladesh advances into the arena of middle income countries. With continuous double digit growth in the international domain, Bangladesh's Pharmaceutical Industry can emerge as a world leader in producing off-patented generic medicine.

The WTO-TRIPS Council, on 6 November 2015 granted the Least Developed Countries (LDCs) exemptions from Pharmaceutical patent until 2033. This is an extension of the previously granted exemption which was scheduled to expire on 31 December 2015. Bangladesh has already developed a solid Pharmaceutical manufacturing capability, can further capitalize on the opportunities created through the waiver.

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, available technical know-how, reasonable power costs, availability of skill technical person, population growth rate, growing income level of people and improvement in modern health-care facilities, health awareness of the mass people, contract manufacturing service and export of pharmaceutical products are major drivers for future growth in Pharmaceutical market in Bangladesh. All these factors will make the pharma industry more sustainable which logically attracts the scope for further growth in investment for expansion and development in this industry.

More than 90 percent of raw materials are imported every year which causes the outflow of the huge foreign currencies from Bangladesh. In order to address the issue, the government has already handed over 42 plots of environment friendly Active Pharmaceutical Ingredient (API) Industrial park at Gazaria, Munshiganj to 28 Drug Manufacturers. Most of the top ranking pharma companies got plots in the API Park and most of them are going to start the construction works over there at the earliest possible time.

Once the API Park is completed, Bangladeshi companies would be able to produce substantial portion of their raw materials from the units of the said API park which will reduce the reliance of imports and lead time related to import of Raw Materials. Apart from this, we understand that from the said API Park Bangladesh will be able to export substantial quantity of Raw Materials to different countries. API Park will also create job opportunity for about 25,000 unskilled and semi-skilled labourers.

From the API Park, The ACME Laboratories Ltd. has already got the allotment of 3 plots against which we have started paying installments as per their schedule. Besides, we have contributed for the central Effluent Treatment Plant (ETP) which will be constructed jointly by all the plot owners.

#### **A DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN**

Cost of Goods Sold for the Financial Year 2017-2018 is BDT 8,942.40 million which is 60.36% of the turnover of the company. In the previous year, the same was BDT 8,039.83 million which was 59.22% of the turnover. On the other hand, Gross Profit margin and Net Profit margin for the financial years 2017-2018 are 39.64% and 9.63% respectively, with compare to the previous year the same was 40.78% and 10.30% respectively. This has happened due to unfavorable fluctuation of BDT against foreign currencies of Raw Material exporting countries which has resultant an increase in Imported Material cost. The Management is trying their best to reduce the cost by using different effective cost cutting tools.

#### **A DISCUSSION ON CONTINUITY OF ANY EXTRAORDINARY ACTIVITIES AND THEIR IMPLICATIONS (GAIN OR LOSS)**

During the Financial year 2017-2018, no extra ordinary activities occurred in the Company.

### A DETAILED DISCUSSION ON RELATED PARTY TRANSACTIONS ALONG WITH A STATEMENT SHOWING AMOUNT, NATURE OF RELATED PARTY, NATURE OF TRANSECTIONS AND BASIS OF TRANSACTIONS OF ALL RELATED PARTY TRANSECTIONS

The Company carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The Directorship of the company is mostly in common. The nature of the transaction and their relative value is shown below:

Name of the Company	Nature of Transaction	2017-2018		2016-2017	
		Value of transaction during the year	Balance as at 30 June 2018	Value of transaction during the year	Balance as at 30 June 2017
Sinha Printers Ltd.	Local Supply Received	550,481,583	(190,819,988)	445,803,332	(139,196,108)
	Provide Services & Others	294,650	-	299,133	-
ACMUNIO Int. Ltd.	Advance	-	96,479,473	(5,000,000)	96,479,473
	Finished Goods Purchased	-	-	68,379	-
	Rent on Investment Property	6,462,000	12,924,000	6,462,000	6,462,000
The ACME Agrovet & Beverages Ltd.	Local Supply	34,300,890	-	1,259,220	(1,259,220)
Kalyar Packaging Ltd.	Local Supply	85,935,564	(4,300,597)	4,712,459	(3,606,808)
Kalyar Replica Ltd.	Local Supply	10,237,502	(1,440,525)	236,998	(674,158)

### A STATEMENT OF UTILIZATION OF PROCEEDS RAISED THROUGH PUBLIC ISSUES

The ACME Laboratories Ltd. accorded the consent from Bangladesh Securities and Exchange Commission (BSEC) on 15 March 2016 for raising its capital through Initial Public Offering (IPO) for implementation of following 3(three) projects:

Sl. No.	Name of the projects	Estimated Project Costs (In BDT crore)
a.	Steroid and Hormone	135.80
b.	Oncology	114.10
c.	Ayurvedic, Modern Herbal and Nutraceuticals	174.55
d.	IPO Expenses	6.83

Considering the facts and circumstances, the Board in its 64th Meeting recommended to change the use of IPO proceeds and reallocated the use for the following purposes:

Sl #	Name of the Projects and others	Estimated Project Costs (In BDT crore)	Date of implementation
a)	Steroid and Hormone	135.80	Within 2 (two) years after receiving of IPO Funds, i.e. 2018
b)	Penicillin	40.00	Within 31 March, 2018
c)	Active Pharmaceuticals Ingredients (API) Project	89.00	With 2-3 years after getting permission from Ministry of Industries.
d)	Repayment of Bank Borrowing	136.00	Done
e)	IPO Expenses	6.83	Done

Accordingly, the shareholders in its 40<sup>th</sup> AGM held on 7 November 2016 approved the proposal which was duly intimated to Bangladesh Securities and Exchange Commission and other regulators as per condition of the Letter of Consent of the BSEC.

The status of IPO proceeds as on 30 June 2018 are given below:

Name of The Projects & Others	Estimated cost for Projects Implementation as per resolution of 40 <sup>th</sup> AGM (BDT in Million)	Amount used up to 31 May 2018 (BDT in Million)	Expenditure incurred during the Month of June 2018 (BDT in Million)	Amount used up to 30 June 2018 (BDT in Million)	Un-Utilized Balance Amount (BDT in Million)
Steroid and Hormone	1,358.00	1,140.32	114.00	1,254.32	103.68
Penicillin	400.00	246.71	Nil	246.71	153.29
Active Pharmaceuticals Ingredients (API)	1,355.23	102.82	Nil	102.82	1,252.41
Repayment of Bank Borrowing	1,360.00	1,360.00	Nil	1,360.00	Nil
IPO Expenses	68.29	68.29	Nil	68.29	Nil

The Board of Directors of the Company in its 93<sup>rd</sup> meeting re-arranged the use of IPO proceeds plan subject to the approval of the shareholders in its 42<sup>nd</sup> Annual General Meeting. A detail report on rearrangement of IPO Proceeds has been presented in the separate report in the Page # 47.

#### **AN EXPLANATION IF THE FINANCIAL RESULTS DETERIORATE AFTER THE COMPANY GOES FOR INITIAL PUBLIC OFFERING (IPO)**

In the year 2016, the Company listed its share with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. by issuing 50,000,000 Ordinary Shares of BDT 10 each. The Company commenced its trade with both the Exchanges from 07 June 2016 under the trade name of ACMELAB. After completion of Initial Public Offering (IPO) successfully, the financial results of the Company have been increased consistently which has been morefully explained in the Page No. 33 under the head of Financial Highlights for last 5 years.

#### **AN EXPLANATION ON ANY SIGNIFICANT VARIANCE THAT OCCURS BETWEEN QUARTERLY FINANCIAL PERFORMANCES AND ANNUAL FINANCIAL STATEMENTS**

During the financial year 2017-2018, Annual Financial Statements is almost in consonance with the Quarterly Financial Performance of the Company. As such, no significant variance has been observed between Quarterly Financial performances and Annual Financial Statements.

#### **A STATEMENT OF REMUNERATION PAID TO THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS**

During the financial year 2017-2018, a remuneration of BDT 28,800,000 has been paid to the whole time Directors of the Company which was same as the remuneration paid to them during the previous financial year 2016-2017. The Company did not pay any remuneration to its Independent Directors except sitting fees for attending the meetings of the Board of Directors and respective committees to whom they are members. A Statement regarding payment of remuneration to its Directors is as under:

Amount in BDT

Particulars	2017-2018	2016-2017
Directors	28,800,000	28,800,000
Independent Directors	-	-

**A STATEMENT THAT 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**

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

**A STATEMENT THAT PROPER BOOKS OF ACCOUNT OF THE ISSUER COMPANY HAVE BEEN MAINTAINED**

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

**STATEMENT THAT 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**

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

**A STATEMENT THAT INTERNATIONAL ACCOUNTING STANDARDS (IAS) OR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), AS APPLICABLE IN BANGLADESH, HAVE BEEN FOLLOWED IN PREPARATION OF THE FINANCIAL STATEMENTS AND ANY DEPARTURE THERE FROM HAS BEEN ADEQUATELY DISCLOSED**

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

**A STATEMENT THAT THE SYSTEM OF INTERNAL CONTROL IS SOUND IN DESIGN AND HAS BEEN EFFECTIVELY IMPLEMENTED AND MONITORED**

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

**A STATEMENT THAT MINORITY SHAREHOLDERS HAVE BEEN PROTECTED FROM ABUSIVE ACTIONS BY, OR IN THE INTEREST OF, CONTROLLING SHAREHOLDERS ACTING EITHER DIRECTLY OR INDIRECTLY AND HAVE EFFECTIVE MEANS OF REDRESS**

As a constant policy of the Company, Interest of Minority shareholders have been protected meticulously by the management. The management protects interest of Minority shareholders from abusive actions by or in the interest of, controlling shareholders acting either directly or indirectly and has system of effective means of redress in place.

**A STATEMENT THAT THERE IS NO SIGNIFICANT DOUBT UPON THE ISSUER COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN**

There is no doubt upon the Company's ability to continue as a going concern: Accordingly the financial statements of the Company have been prepared on going concern basis. A detail statement regarding the ability to continue as a going concern has been discussed in the Page No. 153.

**AN EXPLANATION THAT SIGNIFICANT DEVIATIONS FROM THE LAST YEAR'S OPERATING RESULTS OF THE ISSUER COMPANY SHALL BE HIGHLIGHTED AND THE REASONS THEREOF SHALL BE EXPLAINED**

There is no deviation during the current financial year from the last year's operating results of the Company.

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

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





## Financial Highlights

For Last 5 Years

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
<b>Shareholders' Equity :</b>					
Share Capital	2,116.02	2,116.02	2,116.02	1,616.02	1,616.02
Share premium	5,127.60	5,127.60	5,127.60	1,605.07	1,605.07
Revaluation Surplus	5,402.71	5,487.67	5,642.93	5,320.07	5,429.80
Gain/(Loss) on Marketable Securities (Unrealized)	8.72	6.23	2.25	1.82	0.84
Tax Holiday Reserve	179.46	179.46	172.25	139.86	91.01
Retained Earnings	4,810.52	4,039.29	3,303.42	2,689.79	1,949.43
<b>Total Shareholders' Equity :</b>	<b>17,645.03</b>	<b>16,956.28</b>	<b>16,364.47</b>	<b>11,372.63</b>	<b>10,692.17</b>
Non Current Liabilities	4,615.51	3,675.91	3,958.45	4,904.88	3,057.68
<b>Total</b>	<b>22,260.54</b>	<b>20,632.19</b>	<b>20,322.92</b>	<b>16,277.51</b>	<b>13,749.85</b>
<b>Application of Fund</b>					
Property, Plant and Equipment	21,105.68	18,220.23	17,240.11	16,027.23	15,511.90
Intangible Assets	0.12	0.16	0.20	0.25	0.29
Investment in Shares	34.89	32.41	19.86	7.12	6.14
Investment Property	21.34	23.10	26.19	26.19	26.19
Current Assets	11,462.21	11,671.33	11,603.36	7,198.98	6,635.06
Current Liabilities	(10,363.70)	(9,315.04)	(8,566.79)	(6,982.26)	(8,429.73)
<b>Total</b>	<b>22,260.54</b>	<b>20,632.19</b>	<b>20,322.92</b>	<b>16,277.51</b>	<b>13,749.85</b>
<b>Financial Result</b>					
Revenue	14,813.91	13,576.32	12,644.91	11,496.41	10,217.93
Cost of Goods Sold	8,942.40	8,039.83	7,770.61	7,195.00	6,237.80
Gross Profit	5,871.52	5,536.49	4,874.30	4,301.42	3,980.14
Profit before Taxation	1,954.84	2,035.55	1,402.10	1,349.43	1,204.84
Profit after Taxation	1,426.57	1,397.85	1,101.27	921.92	893.89
Change in Turnover (%)	9.12%	7.37%	9.99%	12.51%	13.87%
Change in Cost of goods sold (%)	11.23%	3.46%	8.00%	15.35%	9.03%
Change in Profit After Tax (%)	2.05%	26.93%	19.45%	3.14%	76.76%
<b>Financial Performance</b>					
Number of shares	211.60	211.60	211.60	161.60	161.60
Earning per share (EPS) in BDT	6.74	6.61	6.55	5.70	5.65
Current Ratio - (Times)	1.11	1.25	1.35	1.03	0.79
Net operating cash flow per share (NOCFPS) in BDT	7.46	6.70	6.25	6.50	2.85
Net Asset Value Per Share (NAVPS) in BDT	83.39	80.13	77.34	70.37	66.16

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

The Company always maintains Consistent Dividend Policy and has been paying Dividend constantly. During the year, the Board of Directors of the Company recommended 35% Cash Dividend to its Shareholders.

### **BOARD'S STATEMENT TO THE EFFECT THAT NO BONUS SHARE OR STOCK DIVIDEND HAS BEEN OR SHALL BE DECLARED AS INTERIM DIVIDEND**

During the Financial Year 2017-2018 no Bonus Share or Stock Dividend has been declared by the Board as interim dividend.

### **THE TOTAL NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE BY EACH DIRECTOR**

The number of Board Meetings held and the attendance thereof by the Directors during the financial year 2017-2018 are mentioned below:

<b>Name of Directors</b>	<b>Position</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mrs. Nagina Afzal Sinha	Chairman	14	10
Mr. Afzalur Rahman Sinha	Former Chairman	14	09
Mr. Mizanur Rahman Sinha	Managing Director	14	14
Dr. Jabilur Rahman Sinha	Deputy Managing Director	14	13
Mrs. Jahanara Mizan Sinha	Director	14	12
Syed Shahed Reza	Independent Director	14	9
Ms. Fouzia Haque, FCA	Independent Director	14	14
Mr. Kazi Sanaul Hoq	Nominee Director	14	10
*Mr. Md. Iftikhar-Uz- Zaman	Nominee Director	14	01

\*Investment Corporation of Bangladesh (ICB) withdrawn the nomination of Mr. Md. Iftikhar-Uz- Zaman on 20 August 2017 and nominated Mr. Kazi Sanaul Hoq as a Nominee Director of Investment Corporation of Bangladesh (ICB) in the Board of The ACME Laboratories Ltd. in place of Mr. Md. Iftikhar-Uz- Zaman at the same date.

### **A REPORT ON THE PATTERN OF SHAREHOLDING AS ON 30 JUNE 2018 DISCLOSING THE AGGREGATE NUMBER OF SHARES (ALONG WITH NAME-WISE DETAILS WHERE STATED BELOW) HELD BY**

A report on the pattern of shareholding as on 30 June 2018 disclosing the aggregate numbers of shares (along with name-wise details) are stated below:

#### **a. Parent or Subsidiary or Associated Companies and other related parties:**

The ACME Laboratories Ltd. does not have any Parent or Subsidiary or Associated Companies as on 30 June 2018. However, other related parties do not hold any shares of the Company.



**b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:**

Sl. No.	Name and Particulars	Designation	Number of holding
01.	Mrs. Nagina Afzal Sinha	Chairman	11,888,433
02	Mr. Afzalur Rahman Sinha	Former Chairman	17,214,336
03.	Mr. Fahim Sinha, S/O Late Mr. Afzalur Rahman Sinha	Shareholder	430,026
04.	Mrs. Sabrina Juned, D/O Late Mr. Afzalur Rahman Sinha	Shareholder	430,500
05.	Mr. Mizanur Rahman Sinha	Managing Director	20,426,565
06	Mrs. Jahanara Mizan Sinha	Director	10,519,744
07.	Mr. Tanveer Sinha, S/O Mr. Mizanur Rahman Sinha	Shareholder	429,144
08.	Ms. Tasneem Sinha, D/O Mr. Mizanur Rahman Sinha	Shareholder	429,694
09.	Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696
10.	Ms. Sylvana Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	7,288,866
11.	Ms. Tanya Quader Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	7,288,866
12.	Mr. Kazi Sanaul Hoq	Nominee Director of ICB	8,414,940
13.	Syed Shahed Reza	Independent Director	N/A
14.	Ms. Fouzia Haque, FCA	Independent Director	N/A
15.	Mr. Md. Rafiqul Islam, FCS and his spouse including minor children.	Company Secretary	N/A
16.	Mr. Md. Arshadul Kabir, FCA and his spouse including minor child.	Head of Finance & Accounts	N/A
17.	Mr. A.K.M. Moshir Rahman Khan, FCMA and his spouse including minor child.	Head of Internal Audit	N/A

**Executives:**

Sl. No.	Name and Particulars	Designation	Number of holding
01.	Mr. Md. Hasibur Rahman	Additional Deputy Managing Director	60,180
02.	Mr. Md. Ferdous Khan	Director- Sales & Distribution	N/A
03.	Mr. A.B.M. Imtiaz Ahmed Khilji	Technical Director-Plant	N/A
04.	Dr. Sheikh Maksudur Rahman	Director –API	N/A
05.	Mr. Mohammad Shariful Islam	General Manager – Marketing	N/A

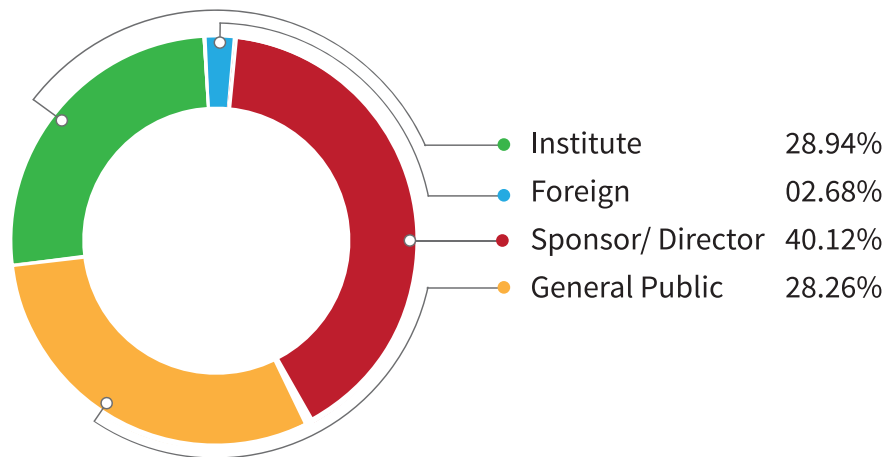
**Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)**

There is no shareholder who holds 10% or more shares of The ACME Laboratories Ltd.

## COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2018 of the Company is given below:

Name of the Shareholders	Designation	No. of Shares	% of holding
Mrs. Nagina Afzal Sinha	Chairman	11,888,433	5.62%
Mr. Afzalur Rahman Sinha	Former Chairman	17,214,336	8.14%
Mr. Mizanur Rahman Sinha	Managing Director	20,426,565	9.65%
Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696	2.30%
Mrs. Jahanara Mizan Sinha	Sponsor Director	10,519,744	4.97%
Mr. Nasir-Ur-Rahman Sinha	Sponsor Shareholder	6,160,405	2.91%
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	5,401,517	2.55%
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	725	0.00%
Investment Corporation of Bangladesh (ICB)	Shareholder	8,414,940	3.98%
Institute	Shareholder	61,236,070	28.94%
Foreign	Shareholder	5,670,204	2.68%
General Public	Shareholder	59,808,065	28.26%
<b>Total</b>		<b>211,601,700</b>	<b>100.00%</b>



## IN CASE OF THE APPOINTMENT OR RE-APPOINTMENT OF A DIRECTOR, A DISCLOSURE ON THE FOLLOWING INFORMATION TO THE SHAREHOLDERS

- A brief resume of the Directors;
- Nature of his/her expertise in specific functional areas;
- Name of Companies in which the person also holds the Directorship and the Membership of Committees of the Board;

Mr. Kazi Sanaul Hoq, Director and Mrs. Jahanara Mizan Sinha, Director of the Company will be retired by rotation at the 42<sup>nd</sup> Annual General Meeting and being eligible they offer themselves for reappointment.

**Mrs. Jahanara Mizan Sinha, Director**

Mrs. Jahanara Mizan Sinha, wife of Mr. Mizanur Rahman Sinha is the Chairman of J M Sinha Agriculture Food Processing Industries Ltd. and Sanjar Aviation Ltd. She is also Director of The ACME Agrovet & Beverages Ltd., Kalyar Packaging Ltd. and Kalyar Replica Ltd., Birgonj Fish Hatchery and Aquaculture Ltd. Besides, Mrs. Mizan is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.

Mrs. Jahanara Mizan Sinha is also the member of Nomination and Remuneration Committee (NRC) of the Company.

**Mr. Kazi Sanaul Hoq, Nominee Director**

Mr. Kazi Sanaul Hoq has completed his B. Com (Hon's) and M. Com in Accounting from The University of Dhaka. He has joined in the Investment Corporation of Bangladesh (ICB) as Managing Director on 10 August, 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining, he acted as Managing Director in Rajshahi Krishi Unnayan Bank (RAKUB), during his service life, he served different Banks and Financial Institutions. Earlier, he served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that, Kazi Sanaul Hoq was serving as General Manager in Bangladesh Development Bank Ltd. (BDBL) and Rajshahi Krishi Unnayan Bank (RAKUB). He also served as CEO in ICB Securities Trading Company Ltd.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that, he is also serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), United Power Generation and Distribution Company Ltd., Aramit Ltd., Aramit Thai Aluminum Ltd., ACI Ltd., Industrial and Infrastructure Development Finance Company Ltd.(IIDFC), Linde Bangladesh Ltd., GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Ltd., Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd., The Peninsula Chittagong Ltd., Standard Bank Securities Ltd., Apex Foot Wear Ltd., Apex Tannery Ltd., Bangladesh Institute of Capital Market (BICM), The Institute of Bankers Bangladesh (IBB), SBL Capital Management Ltd., RSRM Ltd., Central Depository Bangladesh Ltd. (CDBL) including some other Organization as Director.

Being a Managing Director of the Investment Corporation of Bangladesh (ICB), he joined as nominee Director of The ACME Laboratories Ltd. on 11 September 2017.

He is also the member of Audit Committee and Nomination and Remuneration Committee (NRC) of the Company.

**A MANAGEMENT'S DISCUSSION AND ANALYSIS SIGNED BY MANAGING DIRECTOR PRESENTING DETAILED ANALYSIS OF THE COMPANY'S POSITION AND OPERATIONS ALONG WITH A BRIEF DISCUSSION OF CHANGES IN THE FINANCIAL STATEMENTS, AMONG OTHERS.**

A management's discussion and analysis signed by Managing Director presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements has been presented in the page No. 41.

**DECLARATION OR CERTIFICATION BY THE CEO AND THE CFO TO THE BOARD AS REQUIRED UNDER CONDITION NO. 3(3) SHALL BE DISCLOSED AS PER ANNEXURE-A**

Declaration or certification by the CEO and the CFO to the Board is appended in this Annual Report under Annexure A, Page No. 74.



## **THE REPORT AS WELL AS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF THIS CODE AS REQUIRED UNDER CONDITION NO. 9.**

The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 has been presented under Annexure -B and Annexure -C in the page No. 76 and 77 respectively.

### **ELECTION OF CHAIRMAN**

Late Afzalur Rahman Sinha was elected as Director of the Company on 16 May 1976. Afterwards, the Board appointed him as Chairman of the Company in the year 2014. Unfortunately, our beloved Chairman, demised on 8 August 2018. In this regard, we would like to inform you all that Mrs. Nagina Afzal Sinha has been elected as Chairman of The ACME Laboratories Ltd. by the Board in its 92nd Meeting held on 5 September 2018.

### **APPOINTMENT OF AUDITORS**

Under the Companies Act, 1994 and the Articles of Association, the statutory auditor of the Company, Pinaki & Co, Chartered Accountants shall retire at this AGM. The Auditors have completed their tenure of consecutive three years in office. Accordingly, they are not eligible for reappointment as per BSEC notification. As proposed by the Chairman of Audit Committee, the Board of Directors recommended M/s. Shiraz Khan Bashak & Co., Chartered Accountants for appointment as Statutory Auditors of the Company for the year 2018-2019 will continue till the next Annual General Meeting (AGM) at a remuneration of BDT 5,50,000.00 (Five Lac Fifty Thousand) only which is placed before the shareholders at the 42<sup>nd</sup> Annual General Meeting (AGM) for approval.

### **APPOINTMENT OF COMPLIANCE AUDITOR AS PER CORPORATE GOVERNANCE CODE**

As per notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), M. Z. Islam & Co., Chartered Accountants, compliance auditors of the Company audited the compliance status of the Company for the year 2017-2018. M. Z. Islam & Co., Chartered Accountants, retire at this AGM. Being eligible, offered themselves for re-appointment as Compliance Auditors for the Financial Year 2018-2019.

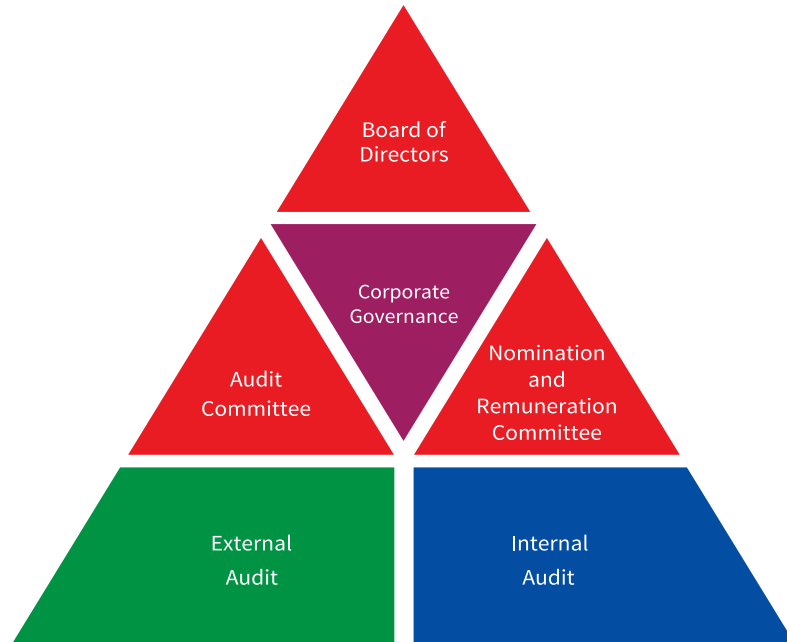
The profile of the existing Audit Firm and the service performed by them was reviewed by the Board of Directors of the Audit Committee and suggested to re-appoint M. Z. Islam & Co., Chartered Accountants, as Compliance Auditors of the Company for the next financial year 2018-2019 with a remuneration of BDT 40,000 (Forty Thousand) only subject to the approval of the Shareholders in the 42<sup>nd</sup> AGM of the Company to be held on 6 December 2018.

### **CONTRIBUTION TO NATIONAL EXCHEQUER**

During the financial year 2017-2018, the Company paid BDT 2,267.86 million to the National Exchequer in the form of Corporate Income Tax, Value Added Tax (VAT) and Custom Duties.

### **CORPORATE GOVERNANCE**

Corporate Governance is the system by which Companies are directed and controlled. Board of Directors are responsible for the governance of their Companies. The shareholders' role in governance is to appoint the Directors and the Auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.



In order to enhance Corporate Governance Practice for the interest of investors and the Capital Market, Bangladesh Securities and Exchange Commission (BSEC) has imposed some further conditions and issued a revised notification vide No. BSEC/CMRRCD/2006-158/207/Admin/80; Dated: 3 June 2018. In the mentioned notification, BSEC directed all the listed Companies to comply with the new codes of BSEC within 31 December 2018. Compliance status of the above mentioned Code by The ACME Laboratories Ltd. has been depicted in the Page No. 77 of the Annual Report as Annexure: C

## BOARD OF DIRECTORS

The Board of Directors is the highest governance body of the Company and represents the interests of all shareholders and stakeholders, irrespective of who elected its Directors. The Board of the Company comprises with 7 (seven) Directors, of whom 4 (four) Directors are Shareholder Directors, 1 (one) nominee Director and 2 (two) Independent Directors. Independent Directors are appointed as per provision of the Corporate Governance Codes of Bangladesh Securities and Exchange Commission (BSEC). The Board's essential role is to approve the Company's strategy and oversee compliance.

## AUDIT COMMITTEE

In compliance with the condition # 5 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) vide reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018, the audit committee of the Company is functioning. The main aim of the Audit Committee is to assist the Board with regard to the strategies adopted to manage the business-related risks and continuously oversee the internal control environment of operations. Presently, the Committee is comprises with the following members:

Sl. No.	Name	Position in Audit Committee	Position in Board
01.	Ms. Fouzia Haque, FCA	Chairman	Independent Director
02.	Syed Shahed Reza	Member	Independent Director
03.	Mr. Kazi Sanaul Hoq	Member	Nominee Director of Investment Corporation of Bangladesh (ICB)

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

This Committee was established in 02 October 2018 under condition # 6 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) vide reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018. The Nomination and Remuneration Committee is a sub-Committee of the Board, NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executives. Presently, the Committee is comprises with the following members:

Sl. No.	Name	Position in Nomination and Remuneration Committee	Position in Board
01.	Syed Shahed Reza	Chairman	Independent Director
02.	Mr. Kazi Sanaul Hoq	Member	Nominee Director of Investment Corporation of Bangladesh (ICB)
03.	Mrs. Jahanara Mizan Sinha	Member	Director

### DISCLAIMER

The newly promulgated Corporate Governance Code (Notification no BSEC/CMRRCD/2016-158/207/Admin/80; dated: 3 June 2018) issued by the Bangladesh Securities & Exchange Commission where by they directed to implement the codes before 31 December 2018. Accordingly, as per the decision of the Board, during the year ended on 30 June 2018, The ACME Laboratories Ltd. has complied with most of the points of said Code and full compliance of the code to be reflected in the next Annual Report.

### APPRECIATION

The Board of Directors take this opportunity to appreciate Shareholders, Doctors, Customers, Bankers, Suppliers, Vendors, Insurance Companies, Employees, Regulatory Bodies including Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd.(DSE), Chittagong Stock Exchange Ltd.(CSE), Central Depository of Bangladesh Ltd. (CDBL), National Board of Revenue(NBR), Directorate General of Drug Administration & Licensing Authority (DGDA), Registrar of Joint Stock Companies and Firms (RJSC), Insurance Development and Regulatory Authority (IDRA) for their continued support and co-operation extended to us and sincerely look forward the same in future as well.

On behalf of the Board,



**Mrs. Nagina Afzal Sinha**  
Chairman