

DIRECTORS' REPORT



For the year ended 30 June 2020

DEAR SHAREHOLDERS,

The Board of Directors of The ACME Laboratories Ltd. takes the pleasure to welcome you to the 44th Annual General Meeting of the Company. On behalf of the Board of Directors and Management, I hereby present the Directors' Report and Audited Financial Statements of the Company for the year ended on 30 June 2020, together with the Auditors' report thereon.

The Directors' report has been prepared in compliance with the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Commission Notification no. BSEC/CMRRCD/2006-158/207/ Admin/80; dated: 03 June 2018, Financial Reporting Act 2015 and International Financial Reporting Standard (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2019-2020	2018-2019
Net Profit after Tax	1,450.498	1,440.379
Adjustment for depreciation on revaluation surplus	80.877	83.442
Profit brought forward from previous year	5,593.734	4,810.519
Total Profit Available for appropriation	7,125.109	6,334.340
Appropriation		
Final Cash Dividend for the year 2018-19 (Comparative year 2017-18)	(740.606)	(740.606)
Closing Retained Earnings at the year-end (before proposed Dividend)	6,384.503	5,593.734
Proposed cash dividend for the year 2019-2020 @ 25%	(529.004)	(740.606)
Retained earnings after Proposed Dividend	6,384.503	4,853.128

DIVIDEND

During the year ended 30 June 2020, the Company has earned net profit before tax amounting to BDT 1,979.43 million which after provision of Income Tax stood at BDT 1,450.50 million. Considering the performance of the Company, the Board of Directors has recommended 25% cash dividend i.e. BDT 2.50 per share which comes to BDT 529.004 Million subject to the approval of the Shareholders in the 44th Annual General Meeting. During the year 2019-2020, the company has not declared any bonus or Stock as interim dividend.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

Pharmaceuticals Industry is one of the success stories of Bangladesh in the last four decades. The sector is one of the most developed, knowledge based and technology driven industry, which is contributing in the country's economy. According to Bangladesh Bureau of Statistics, the industry has contributed 1.83% to the GDP in 2017-18. Currently, local Companies meet almost 98% of domestic demand with the market size of BDT 232,872 million. According to Bangladesh Association of Pharmaceutical Industries (BAPI) and Directorate General of Drug Administration (DGDA), approximately 257 licensed pharmaceutical manufacturers are operating in Bangladesh and about 143 are functional. These manufacturing companies meet around 98% of local demand and export to more than 125 countries.

Before the outbreak of Covid-19, the size of the domestic pharmaceutical industry of Bangladesh stood at equivalent BDT 220 billion as of 2019 with a CAGR of 15.80% over the last five years. The industry is on its way towards maintaining this growth momentum and according to the industry experts, the sector will grow 10 percent year-on-year to reach \$5.58 billion by 2025 and the contribution of Pharmaceutical sector to Bangladesh' economy will be the highest revenue earning sector by 2027.

The growth in the pharmaceutical sector has largely been driven by local players, particularly due to government policies favoring domestic players, Economic Growth of the country, Population Growth rate, Growing Income level of people, Increase in modern healthcare facilities, Lower cost of labor, Health awareness of mass people, Changing Life Style & High Life Expectancy. 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. Major generic hubs- India and China are losing cost advantages. Cost of labor in Bangladesh is 3 to 4 times lower than that of China and India. That is why, we are ensuring the best quality medicine with an affordable price.

The WTO-TRIPS Council, on 6 November 2015 granted the Least Developed Countries (LDCs) exemptions from Pharmaceutical patent until 2033. Due to the benefits of TRIPS agreement applicable for manufacturers in LDC, local players end up producing medicines at much cheaper rates, compared to their international counterparts. As a result, medicine prices have remained within reach of the mass population.

The sector is emerging as a developing export destination as a number of top local Pharmaceutical companies have received American & European regulatory approvals for exporting to developed markets. Alongside, pharmaceutical players are targeting to capture a significant market share in price sensitive African markets.

Bangladesh Pharma Industry is the only sector that has been comparatively less affected by COVID-19 pandemic situation though it was difficult to make available the APIs since we have to import 98% of APIs. International drug prices have increased and if COVID-19 persists, the limited supply of APIs and formulations in the international market will drive up prices of raw materials further.

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 at 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.

At the API Park, The ACME Laboratories Ltd. has already started construction works. We are hopeful that the project will be completed within June 2022.

Covid-19 and its Impact in Pharma Industry in Bangladesh

COVID-19, a pandemic caused by the novel Coronavirus, has emerged as an unprecedented challenge globally and to the pharmaceutical companies in particular, who have a

responsibility towards public health. As a participant in this ecosystem, the Company has taken a number of steps to respond to this unique situation. The Company has taken effective steps to ensure supply of essential medicines to its customers.

Temporarily, the COVID-19 outbreak is expected to lead a higher demand of sanitizing chemicals and other medications, as healthcare professionals and patients alike seek prevention and basic treatment measures. The industry has not suffering any potential lockdown, as pharmacy counters are considered a part of essential services.

The Contribution of the Pharma sector even more critical in the times of health emergencies. Pharma is playing an extremely important role by enabling the supply of key medicines across the country and globe as well, this makes it one of the safest and most resilient industries in such periods of uncertainty. The Company's Plant continues to remain operational at almost its usual capacity and the company has successfully supplied its medicine to its customer.

The Company has strictly followed the protocols on social distancing and provided safe working environment at its Corporate Office, Plant and depots as well. The company revised visitor guidelines, regular updates on health and travel advisory to all employees.

The Company has monitored the impact of COVID-19 on all aspects of its business. The Company will continue to ensure supply of essential medicines and take steps to mitigate any risks associated with COVID-19 pandemic. The detail financial disclosures are given in our Audited Financial Statements in note number 5.25.

COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

During the year the company generated better top line revenue growth comparing to the previous year despite of Covid-19 outbreak all over the world. The amount of Cost of Goods Sold for the Financial Year 2019-2020 is BDT 11,728.94 million which is 61.72% of the revenue of the Company. In the previous year the same was BDT 16,308.63 million which was 60.60% of the revenue. On the other hand, Gross Profit margin and Net Profit margin for the financial years 2019-2020 are 38.28% and 7.63%, with compare to the previous year the same was 39.40% and 8.83% respectively. Due to Covid-19 outbreak the scarcity of materials in international markets has been increased. Moreover, moderate domestic inflation and unfavorable fluctuation of BDT against foreign currencies also adversely impact the Material Cost. The Management is trying their best to reduce the cost by using different effective cost cutting tools.

EXTRAORDINARY ACTIVITIES

The company is relentlessly working to establish strong footing in the domestic market which also facilitated to expand its presence in the global market. During the year, the company earned substantial export sales growth rate of 78.78% than the previous year. To boost the export sales and to encourage domestic pharmaceuticals company, the Government has declared 10% cash incentive on Net Free on Board (FOB) value of Pharmaceutical finished products. Any incentive received from Government is reported under the head of Other Income in the Audited Financial Statements for the year ended 30 June 2020.

RELATED PARTY DISCLOSURES

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. Details of the transactions are provided in the note 41 of Financial Statements for the year ended 30 June 2020.

Besides, there is a Supply Chain relationship between ACME and Sinha Printers Limited. The ACME Laboratories Limited procure Materials from Sinha Printers Limited; Balance of which sometimes exceeds 1% of the Revenue. The ACME Laboratories Limited transact with Sinha Printers Limited for the following reasons:

- To comply with the CGMP guidelines of the Regulator and other internal regularities compliances.
- To control facsimile from market like currency note.
- To ensure the better quality, on time supply and cost efficiency most of the Pharmaceutical companies in our country procure packaging materials from in-house entity under common ownership.

PRESENT STATUS OF UTILIZATION OF IPO PROCEEDS AND PROPOSED RE-ARRANGEMENT

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) by issuing 5.00 Crore Ordinary Shares and collected BDT 409.60 Crore for the purpose of 3 (three) projects namely (1) Steroid and Hormone, (2) Oncology and (3) Ayurvedic, Modern Herbal and Nutraceuticals.

Considering the greater interest of the Shareholders, the Board of Directors of the Company in its 93rd Meeting held on 2 October 2018 recommended the re-arrangement of use of IPO proceeds which was approved by the shareholders in its 42nd Annual General Meeting held on 6 December 2018.

Re-arrangement of IPO proceeds approved by the shareholders in its 42nd Annual General Meeting is as follows:

Sl.	Name of the Projects	Estimated Project Costs (In BDT crore)
a)	Steroid and Hormone	166.05
b)	Penicillin	40.00
c)	Repayment of bank borrowing	136.00
d)	Active Pharmaceuticals Ingredients (API) Project	60.61
e)	IPO Expenses	6.83

The decision of the Shareholders has been 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 2020 are mentioned below:

Name of The Projects & Others	Allocated Cost as per resolution of 42 nd AGM (BDT in Crore)	Amount used up to 30 June 2020 (BDT in Crore)	Un-Utilized Balance Amount (BDT in Crore)	Status of Implementation
Steroid and Hormone	166.05	1,66.05	Nil	Commercially Launched
Penicillin	40.00	40.00	Nil	Commercially Launched
Active Pharmaceuticals Ingredients (API)	60.61	35.41	25.20	To be completed within June 2022
Repayment of Bank Borrowing	1,36.00	136.00	Nil	Completed
IPO Expenses	6.83	6.83	Nil	Completed

Proposed Re-arrangement of IPO Proceeds:

As we mentioned above, two projects namely (a) Steroid & Hormone and (b) Penicillin have been completed and commercially launched within stipulated time schedule. The construction work of Active Pharmaceuticals Ingredients (API) project is going on and supposed to be completed within June 2022. Out of total allocated fund of BDT 606,132,545 of API project, the Company has already utilized BDT 354,120,593 i.e. 58.67% of total allocated cost of API project under the head of Civil Construction. Rest of the fund was allocated for the purpose of Machineries & Equipment. Right now, the company stopped taking funds from IPO Proceeds for the purpose of Construction works of API Project since the company has already utilized the allocated fund for Civil Construction. As such, all expenditures incurred for the construction work is being borne from the company's



organic source of funds. Moreover, since construction work is yet to complete and the completion of construction work will take another couple of quarters, the company does not open any L/C for Machineries and Equipment. In this regards, considering all aforesaid factors and greater interest of the shareholders, the Board of Directors propose to re-arrange the fund of Machineries and Equipment to Civil Construction for an amount of BDT 250,495,241 subject to necessary approval from the shareholders in its upcoming 44th AGM and necessary intimation to Bangladesh Securities and Exchange Commission. The recommendation of the Board regarding proposed rearrangement of IPO proceeds is as under:

(Amount in BDT)

S.L	Name of Projects & Others	Timeline as per 42nd AGM	Cost Breakdown	Amount as per resolution of 42nd AGM	Amount as per proposed Re-arrangement
1	Steroid and Hormone Project	Within June 2019	Civil Construction	334,934,878	334,934,878
			Machinery & Equipment	933,900,000	933,900,000
			Utility	353,700,000	353,700,000
			Warehouse	21,986,000	21,986,000
			Vehicle	5,000,000	5,000,000
			Consultancy fee	1,200,000	1,200,000
			Contingencies	9,870,308	9,870,308
			Sub Total	1,660,591,186	1,660,591,186
2	Penicillin Project	Within June 2019	Civil Construction	142,922,303	142,922,303
			Machinery & Equipment	79,768,602	79,768,602
			Utility	146,345,797	146,345,797
			Warehouse	21,641,545	21,641,545
			Vehicle	2,901,503	2,901,503
			Consultancy fee	1,420,250	1,420,250
			Contingencies	5,000,000	5,000,000
			Sub Total	400,000,000	400,000,000
3	Active Pharmaceuticals Ingredients (API)	Within June 2022	Civil Construction	355,637,304	606,132,545
			Machinery & Equipment	250,495,241	-
			Utility	-	-
			Warehouse	-	-
			Vehicle	-	-
			Consultancy fee	-	-
			Contingencies	-	-
			Initial Working Capital	-	-
			Sub Total	606,132,545	606,132,545
4	Repayment of Bank Borrowing at 40th AGM	N/A		1,360,000,000	1,360,000,000
5	IPO Expenses	N/A		68,291,870	68,291,870
Total				4,095,015,601	4,095,015,601

SUBSEQUENT RESULTS AFTER INITIAL PUBLIC OFFERING (IPO)

In the year 2016, the Company listed its securities with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. by issuing 50,000,000 Ordinary Shares of BDT 10.00 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 more fully explained in the Page No. 55 under the head of Financial Highlights for last 5 years.

REMUNERATION PAID TO THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

During the year 2019-2020, a remuneration of BDT 19,200,000 has been paid to the whole time Directors of the Company. The Company did not pay any remuneration to its Independent Directors except sitting fees for attending at the meetings of the Board of Directors and respective committees to whom they are members. A Statements regarding payment of remuneration to its Directors is as under:

Particulars	Amount in BDT	
	2019-2020	2018-2019
Director	19,200,000	20,025,806
Independent Director	-	-

FAIRNESS OF THE FINANCIAL STATEMENTS

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities & Exchange Rules, 1987. These statements fairly present the company's state of affairs, the results of its operations, cash flow and changes in equity.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code; dated: June 3, 2018, Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements which is shown on page 102 & 103 of the report.

BOOKS OF ACCOUNTS

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

CONSISTENCY OF APPROPRIATE ACCOUNTING POLICIES

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

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

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

INTERNAL CONTROL

The system of internal control is sound in design and has been effectively implemented and monitored by the Company and 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.

INTEREST OF MINORITY SHAREHOLDERS

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

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.

SIGNIFICANT DEVIATIONS FROM THE LAST YEAR'S OPERATING RESULTS OF THE COMPANY

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



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

Amount in BDT (in million)

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Shareholders' Equity					
Share Capital	2,116.02	2,116.02	2,116.02	2,116.02	2116.02
Share Premium	5,127.60	5,127.60	5,127.60	5,127.60	5127.60
Revaluation Surplus	5,238.75	5,319.64	5,402.71	5,487.67	5642.93
Gain/(Loss) on Marketable Securities (Unrealized)	(2.16)	6.94	8.72	6.23	2.25
Tax Holiday Reserve	179.46	179.46	179.46	179.46	172.25
Retained Earnings	6,384.51	5,593.73	4,810.52	4,039.29	3303.42
Total Shareholders' Equity :	19,044.18	18,343.39	17,645.03	16,956.28	16,364.47
Non Current Liabilities	6,392.29	4,578.02	4,615.51	3,675.91	3958.45
Total	25,436.47	22,921.41	22,260.55	20,632.19	20,322.92
Application of Fund					
Property, Plant and Equipment	24,602.56	23,751.66	21,105.68	18,220.23	17,240.11
Right of Use Assets	86.37	-			
Intangible Assets	0.04	0.08	0.12	0.16	0.20
Investment in Shares	23.77	33.88	34.89	32.41	19.86
Investment Property	-	-	21.34	23.10	26.19
Current Assets	14,705.52	12,135.98	11,462.21	11,671.33	11,603.36
Current Liabilities	(13,981.79)	(13,000.19)	(10,363.70)	(9,315.04)	(8,566.79)
Total	25,436.47	22,921.41	22,260.55	20,632.19	20,322.92
Financial Result					
Revenue	19,003.66	16,308.63	14,813.91	13,576.32	12,644.91
Cost of Goods Sold	11,728.94	9,882.88	8,942.40	8,039.83	7,770.61
Gross Profit	7,274.72	6,425.75	5,871.52	5,536.49	4,874.30
Profit before Taxation	1,979.43	1,953.34	1,954.84	2,035.55	1,402.10
Profit after Taxation	1,450.50	1,440.38	1,426.57	1,397.85	1,101.27
Change in Turnover (%)	16.53%	10.09%	9.12%	7.37%	9.99%
Change in Cost of goods sold (%)	18.68%	10.52%	11.23%	3.46%	8.00%
Change in Profit After Tax (%)	0.70%	0.97%	2.05%	26.93%	19.45%
Financial Performance					
Number of shares	211.60	211.60	211.60	211.60	211.60
Earning per share (Taka)	6.85	6.81	6.74	6.61	6.55
Current Ratio - (Times)	1.05	0.93	1.11	1.25	1.35
Net operating cash flow per share (Taka)	5.42	7.81	7.46	6.70	6.25
Net Asset Value Per Share (Taka)	90.00	86.69	83.38	80.13	77.34

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 Company proposed 25% 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

No Bonus share or stock dividend has been declared by the Board as interim dividend during the financial year 2019-2020.

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

Eleven Board Meetings were held during the year under review. The attendance records of the Directors are mentioned below:





Name of Directors	Position	No. of Meetings attended
Mrs. Nagina Afzal Sinha	Chairman	09
Mr. Mizanur Rahman Sinha	Managing Director	09
Dr. Jabilur Rahman Sinha	Deputy Managing Director	04
Mrs. Jahanara Mizan Sinha	Deputy Managing Director	09
Syed Shahed Reza	Independent Director	10
Ms. Fouzia Haque, FCA	Independent Director	09
Mr. Md. Abul Hossain	Nominee Director	09
Mr. Kazi Sanaul Hoq	Nominee Director	02*

*Investment Corporation of Bangladesh (ICB) withdrawn the nomination of Mr. Kazi Sanaul Hoq on 9 September 2019 and nominated Mr. Md. Abul Hossain as a nominee Director in the Board of The ACME Laboratories Ltd. in place of Mr. Kazi Sanaul Hoq at the same date. Accordingly, the Board of Directors in its 107th Meeting held on 09 September 2019 inducted Mr. Md. Abul Hossain as a Director of the Company.



A REPORT ON THE PATTERN OF SHAREHOLDING AS ON 30 JUNE 2020

A report on the pattern of shareholding as on 30 June 2020 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 2020. 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

SI	Name and Particulars	Designation	Number of holding
01.	Mrs. Nagina Afzal Sinha	Chairman	11,888,433
02.	Mrs. Sabrina Juned, D/O Late Mr. Afzalur Rahman Sinha	Shareholder	9,102,613
03.	Mr. Fahim Sinha, S/O Late Mr. Afzalur Rahman Sinha	Shareholder	9,375,961
04.	Mr. Mizanur Rahman Sinha	Managing Director	20,761,565
05.	Mrs. Jahanara Mizan Sinha	Dy. Managing Director	10,519,744
06.	Ms. Tasneem Sinha, D/O Mr. Mizanur Rahman Sinha	Shareholder	715,788
07.	Mr. Tanveer Sinha, S/O Mr. Mizanur Rahman Sinha	Shareholder	715,562
08.	Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696
09.	Mrs. Hasina Jabil Sinha, W/O. Dr. Jabilur Rahman Sinha	Shareholder	4,859,245
10.	Ms. Sylvana Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	6,886,366
11.	Ms. Tanya Quader Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	68,88,866
12.	Mr. Md. Abul Hossain	Nominee Director of ICB	8,419,940
13.	Syed Shahed Reza	Independent Director	-
14.	Ms. Fouzia Haque, FCA	Independent Director	-
15.	Mr. Md. Rafiqul Islam, FCS and his spouse including minor child	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

Executive

SI.	Name and Particulars	Designation	Number of holding
01.	Mr. Md. Hasibur Rahman	Additional Deputy Managing Director	60,180
02.	Dr. Syed A.M. Mustafij Billah	Executive Director-Factory Admin & HR	N/A
03.	Mr. Md. Ferdous Khan	Director- Sales & Distribution	N/A
04.	Mr. Asad Quader Shamsuddin	Director-Engineering Division	N/A
05.	Dr. Sheikh Maksudur Rahman	Director –API	N/A



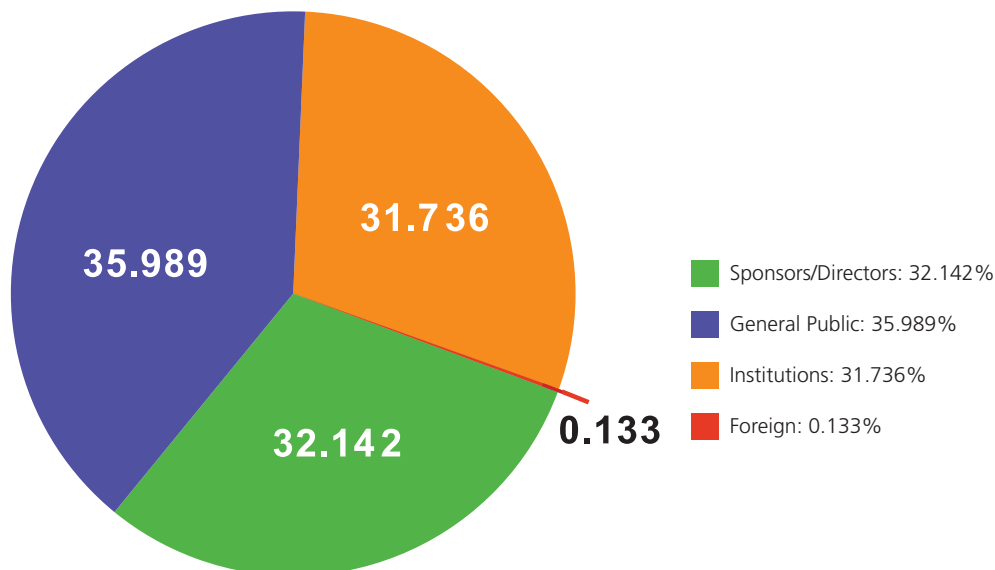
Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)

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 2020 of the Company is given below:

Name of the Shareholders	Designation	No. of Shares	% of holding
Mrs. Nagina Afzal Sinha	Chairman	11,888,433	5.618%
Mr. Mizanur Rahman Sinha	Managing Director	20,761,565	9.812%
Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696	2.297%
Mrs. Jahanara Mizan Sinha	Dy. Managing Director	10,519,744	4.971%
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	11,561,922	5.464%
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	725	0.000%
Investment Corporation of Bangladesh	Shareholder	8,419,940	3.98%
Institute	Shareholder	67,153,760	31.736%
Foreign	Shareholder	281,800	0.133%
General Public	Shareholder	76,153,115	35.989%
Total		211,601,700	100.00%



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

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

RE-APPOINTMENT OF MANAGING DIRECTOR

As per provision of the Companies Act, 1994 Managing Directors are appointed for a period of five years. The tenure of Mr. Mizanur Rahman Sinha, Managing Director of the Company expired on 20 September 2020. The Board after due evaluation of his performance, has re-appointed him as Managing Director of the Company for another period of 5 years with effect from 12 August 2020 subject to the confirmation of the Shareholders in the 44th Annual General Meeting. The credential of Mr. Mizanur Rahman Sinha is given in the Directors' Profile section of this Annual Report at Page No.35.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Mrs. Jahanara Mizan Sinha, Deputy Managing Director of the Company will retire by rotation as per Articles 148 the Articles of Association of the Company and being eligible, offered herself for re-election. The credential of Mrs. Jahanara Mizan Sinha is given in the Directors' Profile section of this Annual Report at Page No.36.

Besides, the Board of Directors in its 114th Meeting held on 11 March 2020 appointed Ms. Tasneem Sinha, Mr. Tanveer Sinha, Mrs. Sabrina Juned and Mr. Fahim Sinha as members of the Board which was confirmed on 118th Meeting held on 10 September 2020 after completing necessary regulatory formalities. All the above mentioned Directors of the Company will be retire at the 44th Annual General Meeting (AGM) and being eligible they offer themselves for reappointment. Brief Resume of the Directors including their expertise and Directorship /Membership with other Companies/Committees are provided in the Directors' Profile section of this Annual Report at page no. 39-42.

APPOINTMENT OF INDEPENDENT DIRECTORS

Subject to the approval of the Shareholders in the forthcoming Annual General Meeting, the Board will appoint 3 (three) Independent Directors for a period of 3 (three) years.

STATEMENT SIGNED BY CEO OR MD FOCUSING ON COMPANY'S POSITION AND OPERATIONS

A management's discussion and analysis signed by the CEO or MD 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. 64-66.

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. 102-103.

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. 104-118.

APPOINTMENT OF AUDITORS

The existing auditor of the Company, M/s. Shiraz Khan Bashak & Co., Chartered Accountants (An associate firm of D.N. Gupta & Associates, Chartered Accountants, India) has carried out the Audit for the year ended 30 June 2020. M/s. Shiraz Khan Bashak & Co. Chartered Accountants, the Auditors of the Company retires at this Annual General Meeting and being eligible offered themselves for re-appointment as Auditors of the Company for the year 2020-2021 at a remuneration of BDT 5,50,000.00 (Five Lac Fifty Thousand) only.

The Board after due consideration of the proposal made by the Audit Committee recommends for reappointment of M/s. Shiraz Khan Bashak & Co., Chartered Accountants as auditors for the year 2020-2021.

APPOINTMENT OF COMPLIANCE AUDITOR

The existing Auditors of the Company M/s. M. Z. Islam & Co., Chartered Accountants, retires at this Annual General Meeting and being eligible have offered themselves for re-appointment as Compliance Auditors of the Company for the year 2020-2021 with a remuneration of BDT 40,000



(Taka Forty Thousand) only subject to the approval of the Shareholders in its forthcoming 44th Annual General Meeting.

BUY BACK OF COMPANY'S SECURITIES

During the Financial year 2019-2020, the Capital Market of the Country was moving toward the bearish trend, the General Investors of the Company including Affected Small Investors incurred huge loss on their investment. To protect the interest of the investors including Non-Resident Bangladeshi (NRB), Affected Small Investors of the Capital Market, the Managing Director requested the Sponsors/Director/Promoters and their family members to invest 25% of their Dividend income 2018-2019 in the Capital Market for procuring of the securities of The ACME Laboratories Ltd.

In response, following Sponsors/Director/Promoters and their family members bought the securities of the Company from Secondary Market during July 2019 to June 2020, detail of which are as follows:

Sl.	Name	Quantity
01.	Mr. Mizanur Rahman Sinha	3,35,000
02.	Ms. Tasneem Sinha	1,87,260
03.	Mr. Tanveer Sinha	1,87,413
04.	Mr. Fahim Sinha	2,73,682
05.	Mr. Motiur Rahman Sinha	39,000
06.	Mr. Md. Zillur Rahman	1,300
Total		10,23,655

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year 2019-20, your Company paid BDT 2,408.35 million to the National Exchequer in the form of Corporate Income Tax and Value Added Tax (VAT) and Import Duties.

CORPORATE GOVERNANCE

Corporate Governance is a system of rules, policies and practices that dictate how a company's Board of Directors manages and oversees the operations of a Company. Corporate governance includes principles of transparency, accountability and security. A company's corporate governance is important to investors since it shows a Company's direction and business integrity. Good Corporate Governance helps Companies build trust with shareholders and other stakeholders. As a result, Corporate Governance helps promote financial viability by creating a long-term investment opportunity for market participants. Shareholders, Board and Board Committees, External Auditors, Internal Auditors, Management & Staff and other Stakeholders are the key contributors of Good Corporate Governance Practice.

We recognise good corporate governance promotes and safeguards the interests of our shareholders and other stakeholders. 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. Compliance status of the above-mentioned Code by The ACME Laboratories Ltd. has been depicted in the Page No. 105-118 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 11 (Eleven) Directors, of whom 8 (Eight) 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 as a Sub-Committee of the Board. The main aim of the Audit Committee is to assist the Board in ensuring that the Financial Statements reflect true and fair view of the states of the affairs of the Company. The committee also assists 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 comprising with the following members:

Sl.	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. Md. Abul Hossain	Member	Nominee Director of ICB
04.	Mr. Md. Rafiqul Islam, FCS	Member Secretary	Company Secretary

NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with the 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 (NRC) of the Company is functioning. 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 comprising with the following members:

Sl.	Name	Position in Nomination and Remuneration committee	Position in Board
01.	Syed Shahed Reza	Chairman	Independent Director
02.	Mr. Md. Abul Hossain	Member	Nominee Director of ICB
03.	Mrs. Jahanara Mizan Sinha	Member	Director
04.	Mr. Md. Rafiqul Islam, FCS	Member Secretary	Company Secretary

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,



Nagina Afzal Sinha
Chairman