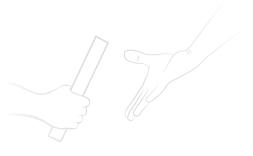


# CORPORATE OFFICE Court de la ACIVITE





## OUR VISIONARY LEADERSHIP



Late Hamidur Rahman Sinha

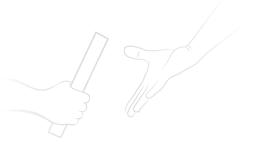


Late Noor Jahan Sinha

377

## CONTENTS

Transmittal Letter	5
Notice of the 38th Annual General Meeting	6
Message from the Chairman	8-9
Message from the Managing Director	10-11
Brief Profile of the Directors	12-20
Corporate Profile	
Vision	21
Mission	21
Goal	22
Purpose	23
Core Values	24
Important Milestones	25-26
Board's Structure and its role	28
Organogram	29
Directors' Report	32-52
Our Performance	
Business Journey	55
Performance-2013-14	56
Corporate Operational result for last 5 years	57
Graphical View of selected growth indicators	58



## CONTENTS

Industry Outlook and Global Pharma Trend Our Role in Bangladesh Pharma Market Expanding The Horizon	59 60 61
Strategy and Outlook Business Development Initiatives Guidance for 2014-15	63 63
Corporate Social Responsibility Value Added Statement	65-68 69
Compliance Certificate	
CEO/CFO's Certification to the Board Certificate On Compliance Status of Compliance	70 71 72-77
Financial Statements of The ACME Laboratories Ltd.	
Auditors' Report Audited Financial Statements Notes toThe Financial Statements	80 81-84 85-121
Going Concern Internal Control Credit Rating Report	122-123 124 125-145
Proxy Form and Attendance Slip	147



## TRANSMITTAL LETTER

Dated: 16 October 2014

The

#### Members

Bangladesh Securities and Exchange Commission Registrar of Joint Stock Companies & Firms

Subject: Annual Report for the year ended 30 June 2014

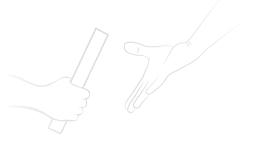
Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements which includes the Statement of Financial Position as at 30 June 2014, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2014 along with notes thereon and all related Statements for your record/necessary measures.

Yours sincerely,

(Mizanur Rahman Sinha)

**Managing Director** 



### NOTICE

#### Dated: 16 October 2014

Notice is here by given that the **38<sup>th</sup> Annual General Meeting** of **"The ACME Laboratories Limited"** will be held on Saturday, 1st day of November 2014 at 11:30 A.M. at Court de la ACME, 1/4, Kallayanpur, Mirpur Road, Dhaka -1207 to transact the following businesses:

- **Agenda -1:** To receive, consider and adopt the Annual Financial Statements for the year ended 30 June 2014, together with the reports of the Directors and Auditors thereon.
- Agenda -2: To declare final dividend for the year ended 30 June 2014.
- **Agenda -3:** To appoint Directors in accordance with relevant provisions of the Articles of Association of the Company.
- Agenda -4: To appoint Auditors and to fix their remuneration. The retiring Auditors, Messrs. Pinaki & Company, Chartered Accountants (An Independent Associate Member of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India) being eligible, offer themselves for re-appointment.
- **Agenda -5:** Appointment of Independent Director by the board and to approve by the shareholders in the Annual General Meeting (AGM).
- Agenda -6: Any other matter with permission of the chair.

By order of the Board

- John March

(Mizanur Rahman Sinha) Managing Director

#### Notes:

- 1. "Record date shall be the 13 October 2014. Shareholders name appearing in the register on the record date will be eligible to attend the meeting and will qualify for the Dividend.
- 2. The Register of Members and the share Transfer Books of the Company will remain closed from 13 October 2014 to 1 November 2014 both days inclusive.
- 3. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and on a poll a vote in his/her behalf. The Proxy Form, duly stamped, must be deposited at the Company's Corporate Office not less than 48 hours before the time fixed for the meeting and in default, Form of Proxy will not be treated as valid.
- **4.** Admission into the venue of the AGM will be allowed on the production of the attendance slip sent with the Directors Report.





### MESSAGE FROM THE CHAIRMAN

I am very much delighted and grateful to you all for giving time to attend this 38th Annual General Meeting of the company. On this occasion, I profoundly remember our founder Chairman Late Hamidur Rahman Sinha for his tremendous contribution towards the company since it's founding in 1954 to till his death in 1994. We have practiced the holistic approach of ethical business philosophy which was initiated by our Founder Chairman and continuing over years creating a total commitment not only to our customers but also to the society. We also recall the outstanding contribution of our former Chairman, Mr. Nasir-Ur-Rahman Sinha who was appointed as Chairman in the company after sad demise of our founder Chairman in 1994. Unfortunately, he voluntarily retired from his position due to his prolonged severe physical illness during the currency of fiscal year 2013-2014 and subsequently I was appointed as Chairman of the company.

I sincerely admire and appreciate the exceptional contribution of our devoted, efficient, and most experienced human resources who have earned this reputation over years by their overall devotion, hard work and their up-to-date knowledge. Upholding with the velocity of the global trends in terms of modernizing products and services, we are the best, if our recent achievements are been measured. I would also express my generous appreciation to the members of the Board of Directors for their superb leadership, invaluable insights, contribution towards the company, transparency and good governance.

I convey my heartfelt appreciation to all our stakeholders, including investors, shareholders, customers, doctors and healthcare professionals for their continued support, we understand your valuable investment, we care and definitely with this sustainable growth your share values will be maximized.

From my previous experience of working with ACME family since long as well as my present responsibility as Chairman of the company, I believe that I will be able to reach the company to a greatest height with newly joined nominee and independent Directors along with existing members in the Board by virtue of their magnanimity, expertise and professionalism.

Thank you very much.

**Afzalur Rahman Sinha** 

Chairman



#### MESSAGE FROM THE MANAGING DIRECTOR

I take the privilege to thank you all on behalf of myself and Members of the Board for attending at the 38th Annual General Meeting of The ACME Laboratories Limited.

ACME has earned a very good track record of goodwill and reputation for its business ethics, uncompromised quality, integrity and commitment to the society during its last sixty years' dynamic journey since 1954. The financial year 2013-2014 was vastly significant to us in respect of not only the huge business diversification initiatives that we implemented but also due to the progress we made towards the business values. Thanks to our devoted workforce and their professional approach to business, their collective efforts made The ACME Laboratories limited a renowned Pharmaceuticals giant in Bangladesh.

To grab immense opportunities we have implement a series of projects in previous fiscal year and introduced several product lines along with our existing product lines. Moreover, a number of projects are also up-coming in current year. As a result, we are very much optimistic about our future business prospects and growth because capacities and strengths of the company will be much stronger than any previous time.

As Managing Director of the company, I would like to assure you all that we will continue to discharge our sacred duties at the optimum level for the highest interest of the company by means of good governance and transparency. We never overlook our social responsibilities with regard to socio-economic development of rural people through poverty alleviation, education, sports, environmental issues, national tragedies and disasters. The operations of the company shall be continued with total commitment and sophistication in order to drive optimum return on your investment. Despite of several obstructive situation, ACME never played on back foot in its 60 years' journey rather always march forward to continuous growth and development. So I would like to assure all stakeholders that their investments in ACME are safe, secure and full of possibilities.

I appreciate the leadership provided by the Board of Directors and Senior Management of the company and also express my gratitude to all our stakeholders, including investors, shareholders, customers, bankers and the medical professionals and other participants for their whole-hearted support. Directors' Report, Auditors' Report, Audited Financial Statements together with Notes to the Accounts have already reached to you for your review. If you carefully go through our financial report, you will find that ACME could made significant improvement during the financial year 2013-2014 in all financial indicators.

Thank you all with best wishes.

general

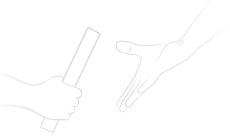
Mizanur Rahman Sinha

Managing Director



Mr. Afzalur Rahman Sinha Chairman

Mr. Afzalur Rahman Sinha, a Freedom Fighter, graduated from the University of Dhaka with a degree in Science in 1973. He then proceeded to the United States for further studies in Business Administration. During his studies he worked as an Analytical Chemist at the University of Missouri in the United States. He then returned to Bangladesh in 1982 to join ACME as its Deputy Managing Director. He is also the Director of Sinha Wool Wears Limited, Sinha knit Industries Limited and Sinha Fabrics Limited. He has become Chairman of the company in 2014. He is a sport loving personality and a key organizer and patron to the cricket and hockey and also other sports events. Presently, he is the director of BCB and the Chairman of finance committee of the Bangladesh Cricket Board. He was a Freedom Fighter and was active in the Southwest front during the Liberation War of Bangladesh.





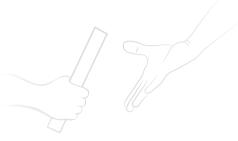
Mr. Mizanur Rahman Sinha Managing Director

Mr. Mizanur Rahman Sinha obtained his graduation degree in Commerce from Dhaka University. After graduation, he joined to Habib Bank Limited in 1964 and worked there in different senior positions. In the year 1975 as per the desire of his father i.e. the founder of The ACME Laboratories Ltd., he joined in The ACME Laboratories Limited. His wholehearted effort and bold leadership made the organization achievement a milestone in the Pharmaceuticals industry of the country. Besides, he is the founder Sinha Wool Wears and Sinha Fabrics Limited both of which have achieved a very good export market. He is popular among his fellow countrymen as a devoted social worker and philanthropist for his magnanimous contribution towards the wellbeing of the common masses through development of infrastructure, construction of schools and building roads. He was elected Member of Parliament and State Minister of health and family welfare ministry of government of People's Republic of Bangladesh.



**Dr. Jabilur Rahman Sinha**Deputy Managing Director

Dr. Jabilur Rahman Sinha has obtained B.Sc. in Chemistry from University of Dhaka, and M.Sc. in Pharmaceuticals Chemistry from North Dakota State University, Fargo, North Dakota and a Ph.D. in Organic Medicinal Chemistry from University of Georgia, Athens, Georgia. Dr. J R Sinha has 28 years of research and teaching experience in several academic institutions in the United States. Dr. Sinha has extensive experience in research and teaching in general, organic and analytical Chemistry at several colleges in the United States and has been very successful as professor as revealed by his peer and student evaluation year after year. He has been an active member of American Chemical Society, Rho Chi Honor Society and Sigma Xi Honor Society.





Mrs. Jahanara Mizan Sinha
Director

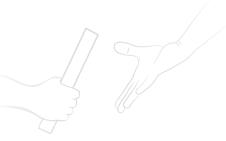
Mrs. Jahanara Mizan Sinha, wife of Mizanur Rahman Sinha is the chairman of J M Sinha Agriculture Food Processing Industries Limited. She is also Director of The ACME Agrovet & Beverages Limited, Kalyar Packaging Limited and Kalyar Replica Limited. Besides her business areas, Mrs. Mizan is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.

37 7



Mrs. Nagina Afzal Sinha
Director

Mrs. Nagina Afzal Sinha is a Director of the ACME Laboratories Limited since 1981. She has a proven capability of contributing values in both family and business areas. She is aware of her own traits, rights and also the work situations. Her skills in facing challenges and opportunities enabled the company to grow rapidly. She is engaged in various social welfare organizations.





Mr. Md. Fayekuzzaman

Nominee Director

Mr. Md. Fayekuzzaman has obtained B. Com (Hons) and M. Com (1st Class) in Management from University of Rajshahi. He also completed Post Graduation studies in Investment Planning, Appraisal and Management of Development Finance from Institution in Bradford University, United Kingdom and he is well travelled and participated in good number of conferences and training program at home and in abroad.

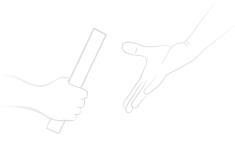
Presently he is serving in Investment Corporation of Bangladesh as Managing Director. Besides, he is discharging his responsibility as Member, Board of Directors of different listed company in Bangladesh including British American Tobacco Bangladesh Company Limited (BATBC), Linde Bangladesh Limited, GlaxoSmithKline Bangladesh Limited, Renata Limited, ACI Limited. Presently he has also been contributing at ACME's Board as Director. He is a seasoned professional and has extensive experience in Development Finance, Capital Market, Macro Economics, organizational effectiveness and strategic planning, development and implementation of business objectives and strategies. He is one of the renowned strategic planners at national level. His leadership quality is very pleasantry.



Mr. Md. Abdur Rouf
Nominee Director

Mr. Md. Abdur Rouf has obtained M. Com in Management. He also completed DAIBB (Diploma Associate Institute of Bankers, Bangladesh). Presently he is serving in Investment Corporation of Bangladesh as General Manager (Operations). Besides, he has been contributing his professional knowledge as Chairman, BD Welding Electrodes Ltd.; Director, Navana CNG Ltd.

He is one of the members of ACME's Board of Directors. Previously he served as General Manager, Karmangsthan Bank; CEO, ICB Capital Management Ltd.; Director, Aramit Ltd. He is truly a seasoned professional and has strong knowledge on Capital market and one of the strategic thinker regarding Capital Market and very expertise in public relationship.





**Syed Shahed Reza** Independent Director

Syed Shahed Reza has obtained BA (Hons) in Political Science, M.A. in Public Administration from Dhaka University. He started his career in Saudi Arabian as Senior Executive (Finance, Accounts and Administration) at the PARSONS Ltd, an USA based multinational company. Later, he joined Bangladesh Ministry of Foreign Affairs as Secretary and Ambassador to the State of Kuwait and the Republic of Yemen. Presently he is contributing to ACME's Board as an Independent Director.

He is renowned sport personalities and sport organizer. He was awarded by Bangladesh Sports Journalist Association as best sports organizer and also got merit award of Olympic Council of Asia. Currently discharging his responsibility in National Chancellor (Bangladesh Chapter) International Association of Educators for World Peace (IAEWP). He is also Member of different socio-cultural national and international organization. He is the sitting Secretary General of Bangladesh Olympic Association.

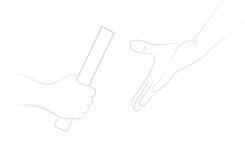
He has Extensive experience in management, leadership, organizational effectiveness and diplomacy arena at National level.



Ms. Fouzia Haque, FCA Independent Director

Ms. Fouzia Haque, FCA is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). She obtained master degree in Management from the University of Dhaka. Currently she is working as a Partner of Zaman Hoque & Co., Chartered Accountants. She joined in ACME's Board as an Independent Director on 9 September 2014 and also serving as Chairman of Audit Committee of the company. Previously she served at BRAC, a renowned NGO; BRAC University; Disability and Development in Bangladesh (ADD); ACNABIN, a Chartered Accountants' firm and World Bank at various capacities. She has Extensive experience in management, leadership. She has Strong background in IAS/IFRS, ISA, internal control system, company law, BSEC rules & laws, corporate governance, management accounting principles, ERP system and development of standard operating procedures.

Ms. Haque is well travelled and participated in good number of conferences and training program at home and in abroad.



## VISION

To ensure Health, Vigour and Happiness for all.



## MISSION STATEMENT

Our holistic approach is to ensure Health, Vigour and Happiness for all by manufacturing ethical drugs and medicines of the highest quality at affordable price and expanding in the domestic and global market.

We view ourselves as partners with the doctors, healthcare professionals, all other customers and our employees and harmonize with environmental issues.

## **PURPOSE**

Business is the heritage of Sinha family and in fact, they were one of the renowned jute shippers in the then subcontinent. But founder of the Company Late Hamidur Rahman Sinha thought to do well being of the poor fellow of the soil. Accordingly, he planned to establish a pharmaceuticals company and his beloved half also contributed on the same. Eventually, in the year 1954 the historic moment for Sinha family, founder established The ACME Laboratories and set its purpose in mission statements as to ensure Health, Vigour and Happiness for all by manufacturing ethical drugs and medicine of the highest quality at affordable price and expanding in the domestic and global market.



## COMPANY GOALS (CG)

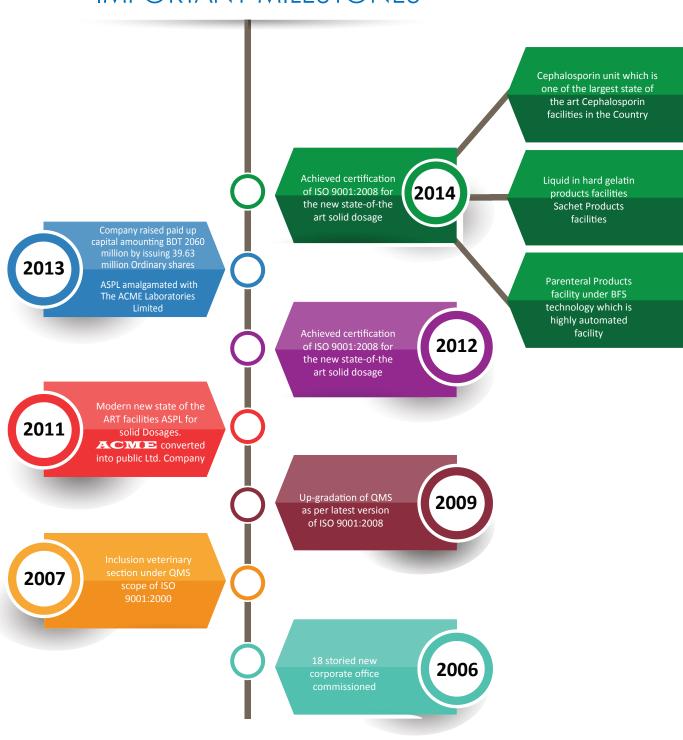


## Cascading of Company Goals into Division / Department

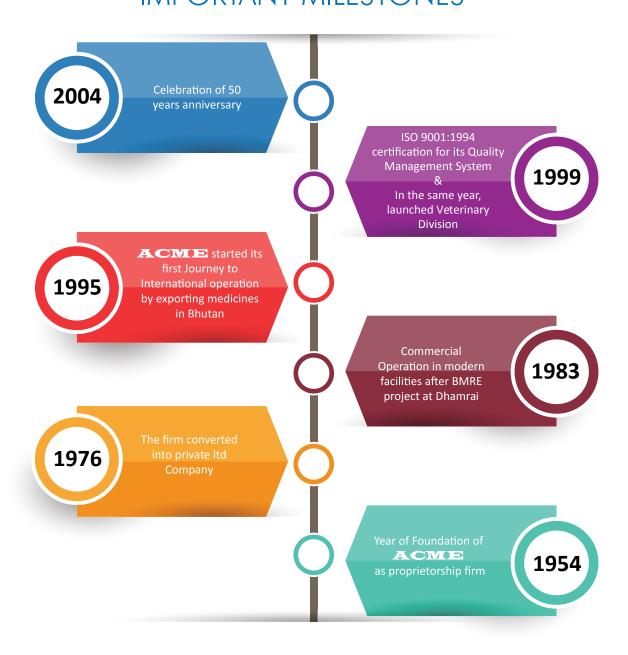




## **IMPORTANT MILESTONES**



## IMPORTANT MILESTONES







#### **Composition of the Board**

The Board in ACME is comprised of nine (9) Directors, including two Nominee and two Independent Directors. Chairman is elected from amongst the members. All the members of the Board of Directors of the company are highly professional, skilled, well-experienced, extremely devoted, responsible, committed, reputed in their respective arena and they have prerequisite technical understanding about the Company's business which, combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

#### **Role of the Board**

The Board of Directors is appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board is responsible for formulating strategy, policy and ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that ACME's Policies, Procedures and Codes of Conduct are implemented and maintained and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

#### **Board Meetings**

The Articles of Association of the Company requires the Board to meet at least four times a year or more. Dates for Board Meetings in a year are decided in earlier and notice of each Board Meeting is communicated in writing well in advance. Such notice contains detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention.

The number of Board Meetings held and the Attendance of Directors during the year 2013-2014 were as Follows:

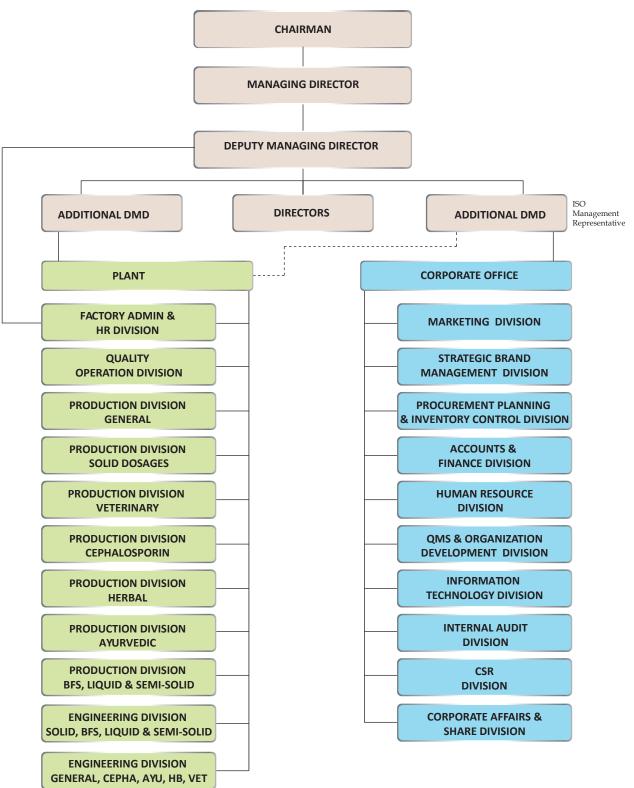
Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mr. Nasir- Ur- Rahman Sinha	Chairman (Upto 25.06.2014)	9	8
Mr. Mizanur Rahman Sinha	Managing Director	9	9
Mr. Fayekuzzaman	Nominated Director	9	4
Dr. Jabilur Rahman Sinha	Deputy Managing Director	9	4
Mr. Afzalur Rahman Sinha	Deputy Managing Director	9	9
Mr. Md. Abdour Rouf	Nominated Director	9	4
Mrs. Parveen Akter Nasir	Director	9	9
Mrs. Jahanara Mizan Sinha	Director	9	9
Mrs. Nagina Afzal Sinha	Director	9	9

#### **Role of Managing Director**

The roles of the Board and Managing Director are distinguished and description of responsibilities is clearly established, set out in writing and agreed by the Board to ensure transparency and better corporate governance. The Managing Director is the authoritative head for day-to-day management in ACME. He acts for the best interest of the company and ensures that ACME operates its business as per the Articles of Association, decisions are made by the Board and Shareholders, as well as according to Company's Policies, Procedures and applicable regulatory legislations.

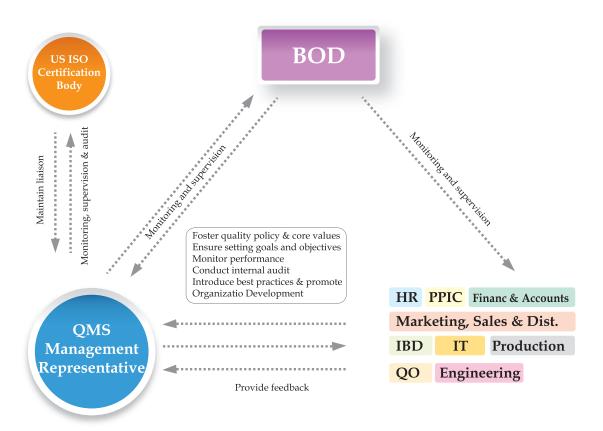


## **ORGANOGRAM**



Our Board of Directors is highly influenced by Quality Management Operations that is monitored and supervised by US ISO certification body.

## QMS OPERATIONS



#### **Approach to Corporate Governance**

ACME's approach to governance, which has been largely consistent over time, is to:

- a) promote long term profitability of the Company while prudently managing risk
- b) drive superior and sustainable shareholder value over long term through alignment of the interests of stakeholders and employee
- c) Meet stakeholder expectations of sound corporate governance as part of ACME's broader responsibility to clients, shareholders, investors and the community in which it operates.

Company has the relentless endeavor to implement and maintain superior standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance.

We are committed to run business in a manner, which will ensure sustainable, capital efficient and long-term growth and in order to achieve this the Company has built up a strong base stone for making Corporate Governance a way of life by having an independent board with experts of eminence and integrity, inducting competent professionals across the organization and putting in place best systems, process and technology.



## DIRECTORS' REPORT

For the year ended 30 June 2014

#### Dear Shareholders,

On behalf of the Board of Directors and Management Team, I would like to welcome you all to the 38th Annual General Meeting of The ACME Laboratories Limited. According to the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987, BSEC Notification dated 7 August 2012 and International Accounting Standards-1 as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), 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 2014.

#### **ANNUAL RESULTS AND ALLOCATION**

Particulars Particulars	(BDT in millions)	
	2013-14	2012-13
Net Profit after Tax	893.89	505.70
Adjustment of depreciation on revaluation surplus	87.30	70.86
Capital reserve transferred to Retained Earnings	40.17	-
Gain due to Amalgamation and disbursement of purchase consideration	337.06	-
Profit brought forward from previous year	1,327,21	849.73
Total Profit Available for appropriation	2,685.63	1,426.29
Appropriation:		
Interim Cash Dividend approved during the year (20%)	(323.20)	(99.08)
Final Cash Dividend for the year 2012-2013	(367.82)	-
Tax Holiday Reserve	(45.18)	-
Closing Retained Earnings at year end (before Final Dividend)	1,949.43	1,327,21
Proposed Final Cash Dividend for the year 2013-2014 (35%- 20%) i.e.15%	(242.40)	(367.82)
Retained earnings after Proposed Dividend	1,707.03	959.39

#### **DIVIDENDS**

During the year ending 30 June 2014, the company has earned net profit of BDT 1,204,844,233 which after provision of income tax is stood at BDT 893,890,898. Considering the performance of the Company, the Board of Directors has proposed 35% cash dividend to the existing shareholders which comes BDT 565,605,950. It may be noted that out of which the Board already has approved interim cash dividend 20% vide resolution dated 25 June 2014, in this regard record date was 25 June 2014 and balance amount of dividend though proposed by the Board of Directors is subject to the approval of the shareholders in the AGM. Record date for the final dividend i.e. 15% (35% - 20%) shall be 13th day of October 2014.

# GENERAL UNIT



Annual Report | 2013-2014

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

After vigorous growth consecutively since the year 2010 Bangladesh Pharmaceutical Industry experienced a sluggish growth in 2012-13. But in the current year market turned around and ACME enjoying the growth over the industry, in consequence ACME managed to achieve desired earnings.

Pharmaceutical sector is technologically the most developed manufacturing industries in Bangladesh and the second largest industry in terms of contribution to government's exchequer. The industry contributes about 1% of the total GDP. Pharmaceutical Industry of Bangladesh has come a long way in the past four decades and has already established itself in domestic as well as international market.

Pharmaceutical sector is now one of the fastest growing sectors in the country with an annual average growth rate of 17.2% over the last five years and 13.1% over the last decade. The market growth in 2011 was 25%, with approximately Tk. 9,000 Crore in revenues. If we recap, in 1970 pharma market was of Tk. 300 Crore, at present it is of Tk.12,000 Crore and by 2015 it would exceed Tk. 15,000 Crore. Historical growth trend of Pharmaceuticals Industry give us an idea about the positive outlook of the industry i.e. growth rate of Pharma industry was significantly higher than GDP growth. Besides, Bangladesh is enjoying good number of factors for competitive advantages like comfortable size of local market, cheap labor, available technological know-how, low power costs; Low costs white Collar human resources.

Population growth rate, growing income level of people and increase in modern health-care facilities, health awareness of the mass people and contract manufacturing service and export of pharmaceutical products are major drivers for future growth in pharma market in Bangladesh which logically attracts the scope for further growth in investment for expansion and development in this industry.

Considering industry outlook and bright prospects, The ACME Laboratories Limited intent to issue 50,000,000 ordinary shares with a face value @ Tk.10 each under book building method. ACME has a succeeding development plan to utilize the proceeds of IPO for the following purposes:

#### **Large & Small Volume Parental project**

In order to meet the growing demand of healthcare, ACME has already established a highly automated and technologically advanced plant which will produce Large Volume Parenteral (LVP) and Small Volume Parenteral (SVP) products. The LVP facility ensures highest quality standard during manufacture. There are two floors of 37000 sft each. Ground floor for production machineries and first floor for utility such as HVAC, Purified water Generation, Water for injection Generation, pure steam generation, compressed air generation etc. This project is consists of Class D, Class C, Class B and Social Class facility and automatic observation of the pressure, temperature and humidity control to maintain the different class in different zone. The whole manufacturing process provides absolute sterile manufacturing condition, no human physical contact with the product and a class 100 clean room. The highly sophisticated fully integrated production process where in one continuous operation the container is blow, formed, filled with the solution and sealed. The entire process takes place in a completely sterile environment within the machine, without human intervention which eliminates any risk of contamination. The Quality Control laboratory at the plant ensures intensive quality control checks at all the stages of production process.

Status

The company has commenced operations in this unit and commercial launching date of products manufactured in October 2014.

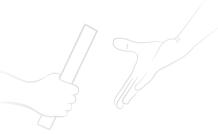
#### Liquid & Semisolid project:

This project has been designed considering all modern instrumentations and facility for the production of Oral Liquid, Ointment, Suppository, MDI, DPI and Dry vial injection. This project is situated at the second and third floor of the BFS, Liquid & Semisolid project's building. Per floor area is 37000 sft. Second floor for production machineries and third floor for utility such as HVAC, Purified water Generation, Water for injection Generation, pure steam generation, compressed air generation etc. This project is consists of Class D, Class C, Class B and Social Class facility and automatic observation of the pressure, temperature and humidity control to maintain the different class in different zone. The whole manufacturing process provides absolute control manufacturing condition, no human physical contact with the product. The highly sophisticated fully integrated production process. The entire process takes place in a completely control environment within the machine, without human intervention which eliminates any risk of contamination. The Quality Control laboratory at the plant ensures intensive quality control checks at all the stage of production process.

Status

Civil construction of this project has been completed. Letter of Credit for most of the machineries have already been opened, some of them already been arrived and installation work is in progress. If everything goes well, commercial launching date of products to be manufactured in this plant will be May 2015.





#### **Steroid & Hormone Project:**

Around the world, family planning techniques vary widely, reflecting cultural factors and medical attitudes as well as more practical issues of formulation, price and access.

Overall, contraceptives are big business. A recent report by GIA, a market research group, estimates the economic downturn has done nothing to flatten sales, as couples defer or avoid having children to reduce costs. It forecasts demand will rise to \$17bn by 2015.

Over the last two decades increasing international attention has been focused on women's sexual and reproductive health as a priority area for health care reform. The UN's commitment to universal access to reproductive health by 2015 through Millennium Development Goal 5 on maternal health, has added to the impetus. In Bangladesh, sexual and reproductive health remains an area of concern in the context of meeting the MDGs in health and women's empowerment. According to IMS (2nd Q, 2014) the total Hormone and Steroid market is 280 Crore in 2014, a CAGR of 15%-18% above from 2010 to 2014. Only 3-4 companies are playing in this market at this moment. In addition Government and NGOs are procuring large quantities of oral and injectable contraceptives and hormones as from overseas companies which estimated more than 120 crore as well which is not reflected in IMS. As such, it is emerging as another import substitute segment of healthcare sector of the country.

In addition to above, researchers of the industry seeing that in future overall treatment procedure will be driven by hormonal medicine and due to technical reasons developed countries is going to outsource the hormonal products through contract manufacturing.

#### **Oncology Project:**

Oncology is a branch of medicine that deals with Tumor/ Cancer. Cancer begins when cells in a part of the body start to grow out of control. Today, millions of people are living with cancer or have had cancer. Screening is when tests and exams are used to find this type of disease in people who are not showing any signs of symptoms. Based on how far the cancer has progressed & its location in the body it responds differently to treatment. A cancer specialist, Oncologist will provide the patient with the best treatment plan based on the form of cancer and how aggressive the cancer may be. This may include Surgery, Chemotherapy or Radiotherapy.

Manufacturing Oncology Medicines (Chemotherapeutic Agents) require dedicated and sophisticated facility and machineries as most of the oncology products are hazardous and/or cytotoxics. Pharmaceutical regulatory bodies like WHO recommend dedicated facility for manufacturing Cytotoxics and Hazardous Products to ensure the non hazardous Product and Patient safety and environment as well.

Presently substantial portion of oncology product's market is import based. The anti-cancer drug market in Bangladesh is growing at 20 percent a year due to an alarming rise in cancer patients. Strength of Oncology Product market are, huge demand in domestic market with a high growth, favorable regulatory authority for domestic manufacturer, increasing health expenditure due to growing health consciousness, promising market for contract manufacturing.

#### Ayurvedic, Modern Herbal and Nutraceuticals Project

Total Bangladesh Market size of Unani, Ayurvedic and Herbal is about Tk 1400 crore with an annual average growth of 13%. Apart from this, a good quantity of herbal products in the name Food Supplements, Energy Boosters, Health care Products, Beauty Products etc is poured down into the country every year legally and illegally. The worth of those products are estimated to be between Tk.200 to 600 crore.

Herbs are staging a comeback and herbal 'renaissance' is happening all over the world. The herbal products today symbolize safety in contrast to the synthetics that are regarded as unsafe to human and environment. Although herbs had been priced for their medicinal, flavoring and aromatic qualities for centuries, the synthetic products of the modern age surpassed their importance, for a while. However, the blind dependence on synthetics is over and people are returning to the naturals with hope of safety and security.

Considering the potential marketability, utilization of indigenous materials, safety, efficacy, local and global acceptability, cost effectiveness and our experience, a wide scope for development and expansion is much talked about. So, more than a good number of manufacturing companies are in operation and many are planning to come up with huge investment, locally and in collaboration of world renowned companies.

The present scenario and future prospects easily attract the new entrepreneurs and corporate organizations. So, it will be a positive and prospective field to be considered for expansion as soon as possible.

In these circumstances, we consider that investment in ACME herbal division will be undoubtly economically prospective and financially viable. As such, ACME is going to take initiative to build up a cGMP compliance Ayurvedic and Herbal facility.



### Project wise Summary of Utilization of IPO proceeds

SL#	Projects	Cost breakdown	Amount (in BDT Crore)	Project status and completion time	
		Land Development and Civil Construction	33.58		
		Machinery & Equipment:	59.86		
	Steroid &	Utility	33.96	To be completed within 2 years of	
1	Hormone	Warehouse	3.95	receiving the fund	
		Vehicle & Others	0.50		
		Consultancy and Contingencies	3.95		
		Sub-total	135.79		
		Land Development and Civil Construction	33.58		
		Machinery & Equipment:	36.70	To be completed	
		Utility	35.00	within 2 years of	
2	Oncology	Warehouse	5.00	receiving the fund	
	The second secon	Vehicle & Others	0.50		
		Consultancy and Contingencies	3.32		
		Sub-total	114.10		
		Land Development and Civil Construction	41.75		
	Ayurvedic, Modern Herbal 3 & Nutra-	Machinery & Equipment:	85.72		
		Utility	40.4	To be completed within 2 years of	
3		Warehouse	1.10	receiving the fund	
	ceuticals	Vehicle & Others	0.50	The state of the s	
	Project	Consultancy and Contingencies	5.08		
		Sub-total	174.55		
		Total cost of the projects	424.44		



## **OPERATIONS: AN OVERVIEW**

#### (1) Capital Expenditure

In continuation of its regular development with regard to competencies, capabilities and adaptation of sophisticated cutting edge technologies the company has completed and started operations of following projects:

SL#	Name of projects	Current Status
01	Cephalosporin facilities	Commissioned on 04 November 2013 and commercial launching of products manufactured commenced in mid of the year 2014.
02	Liquid in Hard Gelatin facilities	The facility already has been commissioned and commercially launched its products in September 2014.
03	Sachet products facilities	The facility already has been commissioned and commercially launched its products in September 2014.
04	Blow Fill Seal (BFS) - LVP & SVP products	The facility already has been commissioned and commercially launched its products in October 2014.
05	Liquid & Semi-solid products	Civil construction of this project has been completed. Letter of Credit for machineries mostly already has been opened, some of the machineries had already arrived at site and installation work is going on. Expected commercial launching date of products manufactured in this plant will be in May 2015, if everything goes well.

In addition to above, estimated amount of capital expenditure committed by the Company mainly in the form of Letter of Credit opened in favour of suppliers of plant and machineries related to development projects as at 30 June 2014 is Tk. 250,557,321.

To make the distribution system robust, more efficient and cost effective, the Company has been continuously trying to develop its own depots throughout the country. Out of total 20 depots in operation it has already constructed one building at 8 depots and the following depots' construction works are under progress:

- Dinajpur
- Narayangoni
- Brahmanbaria

Further, considering industry outlook and bright prospects, The ACME Laboratories Limited intent to issue 50,000,000 ordinary shares with a face value @ Tk.10 each under book building method. ACME has a succeeding development plan to utilize the proceeds of IPO, as mentioned earlier, for three projects namely:

- Steroid & Hormone
- Oncology
- Ayurvedic, Modern Herbal and Nutraceuticals Project

## **HUMAN & HERBAL PRODUCTS**



## VETERINARY PRODUCTS



### (2) Product development

The following table shows the position of existing products and newly developed products during the year 2013-2014:

SL#	Product Category	No. of products as on 01.07.2013 (A)	Addition during the year	Discarded during the year	Total Net
			(B)	(C)	(A+B-C)
	Human				
1	Capsule	40	4	0	44
2	Cream	13	0	0	13
3	Dry syrup	29	0	0	29
4	Eye/Ear/ND	16	2	0	18
5	Injection	54	3	0	57
6	Liquid	48	0	0	48
7	Ointment	14	0	0	14
8	Tablet	222	15	0	237
9	Powder	2	0	1	1
10	Inhaler(DPI)	8	0	0	8
11	Suppository	13	0	0	13
12	Inhaler(MDI)	10	0	0	10
13	Herbal	33	4	3	34
14	Syringe	2	0	0	2
15	Gel	0	4	0	4
	Total	504	32	4	532
	Veterinary:				
1	Injection	49	6	0	55
2	Liquid	27	2	0	29
3	Ointment	0	1	0	1
4	Bolus	19	2	0	21
5	Premix	17	0	0	17
6	Water Soluble Powder	56	0	0	56
	Total	168	11	0	179
	Grand Total	672	43	4	711

Products development work has been selected by the strategic brand management division developed by product development department. It is expected that after introducing all these products in the market a positive impact will be reflected in the revenue of the Company in near future.

#### (3) Quality Control Mechanisms

The ACME Laboratories Ltd. maintains state-of-the-art manufacturing facilities and strict quality control procedure for ensuring best quality products to the customers at every steps of the pharmaceutical product manufacturing starting from sourcing of materials to dispatching of finished products. The Company's quality slogan is -"Perpetual Quest for Excellence". Current Good Manufacturing Practice (cGMP), Good Laboratory Practices (GLP), Standard Operating Procedures (SOP) and best practices that are proven effective are followed in every step of manufacturing, packaging & laboratory operations. ACME has three (3) most modern Quality Control (QC) laboratories which are well equipped with the most modern & sophisticated equipments like High Performance Liquid Chromatography (HPLC), UV-Visible Spectrophotometer, Gas Chromatography (GC), Total Organic Carbon analyzer (TOC), Fourier Transform Infrared Spectrophotometer (FTIR), Atomic Absorption Spectrophotometer (AAS), Aerodynamic particle size analyzer, Single stage cascade impactor, Kinetic LAL Analyzer, API (analytical profile index) for microbial identification, Dissolution Tester with auto sampler and several other instruments & accessories to meet the world class standards like ISO, WHO, cGMP, UK MHRA, US FDA, PICS etc for ensuring the highest quality of the products. The total quality operational activities are accomplished by three departments - Quality Assurance, Quality Control and Research & Development (R&D), which are comprised of competent,trained and highly qualified professionals like Pharmacists, Chemists, Biochemists, Molecular Biologists & Microbiologists.

#### (4) Technology

Pharmaceutical industry is dynamic in nature and heavily driven by knowledge and cutting edge technology. As one of the leading pharmaceutical firm of the country, ACME established sophisticated cutting edge technologies which comply with WHO cGMP, UK MHRA, US FDA and European Standards. The facilities are unique for Integrated building management system, World-class structural design, Dust –free environment, Well-designed HVAC system, Zero cross-contamination, Total compliance as per GMP, Vacuum transfer close system, Different storage conditions, High-tech chemical & microbiologicallaboratories, Modern R&D facility, Maintenance by NIST, Most up-to-date purified water generation plant and Fire management system.

#### (5) Domestic and Export Revenue

During the period, ACME achieved moderate growth and its total revenue stood at BDT 10,217.93 million. Domestic sales continue to remain as the key driver with 96.86% of the total revenue. The company is continuously pressing hard for expanding its export sales. During the year, the exports amounting BDT 363.27 million as against BDT 337.53 million in previous year, with 7.63% growth.Present export market covers Bhutan, Cambodia, Hong Kong, Iraq, Lao PDR, Myanmar, Nepal, Philippine, Sri Lanka, Thailand, Uzbekistan, Kenya, Vietnam, Belize, Ethiopia, Somalia, Guetmala and Fiji. In addition, due to expiry of patented drugs there will be immense opportunity for contract manufacturing services on which we are also targeting at.

#### (6) Global Accreditation

As a part of continuous improvement policy the company renewed and upgraded its ISO Certification to ISO 9001:2008 in the year 2009. We are relentlessly working for overseas accreditations to put an extra hold in our export potentials as well as local brand image. Currently, we are closely working under the supervision of European consultants eyeing for UK MHRA certification and expect to achieve by the end of 2014.

#### (7) Amalgamation with The ACME Specialized Pharmaceuticals Ltd. (ASPL)

The Supreme Court of Bangladesh, High Court Division, vide its judgment dated 20.11.13 approved the scheme of amalgamation of the "The ACME Specialized Pharmaceuticals Limited" (the Transferor Company) with "The ACME Laboratories Limited" (the Transferee Company) whereby the entire undertaking of the Transferor Company as a going concern together with all the assets and liabilities relating there to be transferred to and vest in the Transferee Company.

*In accordance with the Scheme of Amalgamation:* 

The Transferee Company issued and allotted one new ordinary share of The ACME Laboratories Limited for every five ordinary shares of Taka 10/- each held by the shares holders of the Transferor Company.

No new ordinary shares were issued and allotted to the ACME Laboratories Limited in respect of its holding in the Transferor Company and such ordinary shares stand cancelled.

The Board of Directors of the Transferee Company and the Transferor Company in its respective meetings held on 27.12.2013 resolved that the books of account of the Transferor Company to be closed through transferring all balances to the books of the Transferee Company by /as of 31.01.2014.

The difference in the value of the net assets of the Transferor Company and the paid up value of the shares issued and allotted has been accounted for in the books of the Transferee Company as per the accepted accounting principles as on transfer date i.e. 31.01.2014.

In accordance with the applicable BAS, the accounts of the Transferor Company have been amalgamated in the books of accounts of the amalgamated company as per "Predecessor Value Method" as of the transfer date.

#### **Financial Results**

The operating financial results of the Company for the year 2013-2014 as compared to previous year are summarized hereunder:

Particulars	2013-2014 (BDT in million)	2012-2013 (BDT in million)	% increase
Authorized Capital	5,000.00	5,000.00	
Paid up Capital	1,616.02	1,556.00	3.86%
Total Sales	10,217.93	8,973.32	13.87%
Export Sales	363.27	337.53	7.63%
Gross Profit	3,980.14	3,252.30	22.38%
Profit before tax	1,204.84	810.71	48.62%
Net Profit	893.89	505.70	76.76%
Fixed Asset	15,511.90	8,306.21	86.75%
Shareholders Equity	10,692.16	9,517.45	12.34%
Gross Profit margin (%)	38.95%	36.24%	-
Net Income Ratio (%)	8.74%	5.64%	-
Dividend (35%; 30%)	565,605,950	466,893,300	-
Net Asset Value (NAV) per Share	66.16	61.15	-
EPS/ Restated EPS	5.65	4.19	-
Weighted Average Number of Shares	158,084,771	120,560,291	-
Number of Employees	6,711	7,000	

### **Composition of Shareholding Position**

In the financial year 2013-2014, shareholding pattern of the Company changed. Paid-up capital increased to Tk. 1,616,017,000. Present shareholding pattern of the Company is given below:

Name of the Shareholders	Designation	Address	2013-20	14
			No. of Shares	%
Late Hamidur Rahman Sinha	Founder	43 North Chashara, Narayangonj	7,250	0.00
Mr. Afzalur Rahman Sinha	Chairman	House No. 7, Road No. 6, Sector-3, Uttara Model Town, Dhaka, Bangladesh	1,49,62,886	9.26
Mr. Mizanur Rahman Sinha	Managing Director	House No. 6, Road No. 14, Sector-4, Uttara Model Town, Dhaka, Bangladesh	1,81,75,115	11.25
Dr. Jabilur Rahman Sinha	Deputy Managing Director	Hazel Wood, House No. 4, Road No. 118, Gulshan-2, Dhaka, Bangladesh	1,42,20,630	8.80
Mrs. Jahanara Mizan Sinha	Director	House No. 6, Road No. 14, Sector-4, Uttara Model Town, Dhaka, Bangladesh	1,05,19,744	6.51
Mrs. Nagina Afzal Sinha	Director	House No. 7, Road No. 6, Sector-3, Uttara Model Town, Dhaka, Bangladesh	1,18,88,433	7.36
Mr. Nasir-Ur-Rahman Sinha	Shareholder	House No. 7, Road No. 7, Nabodoy R/A, Mohammadpur, Dhaka, Bangladesh	61,58,955	3.81
Mrs. Parveen Akhter Nasir	Shareholder	House No. 7, Road No. 7, Nabodoy R/A, Mohammadpur, Dhaka, Bangladesh	54,01,517	3.34
Mrs. Hasins Jabil Sinha	Shareholder	Hazel Wood, House No. 4, Road No. 118, Gulshan-2, Dhaka, Bangladesh	1,00,75,593	6.23
Others (who hold less than 5% share)	Shareholder		7,01,91,577	43.43
	TOTAL		16,16,01,700	100



### Securities owned by the top ten salaried officers are given below:

SL#	Name of the Officers	Position	Number of Share Owned	Percentage of Ownership (%)
1	Mr. Afzalur Rahman Sinha	Chairman	14,962,886	9.26
2	Mr. Mizanur Rahman Sinha	Managing Director	18,175,115	11.25
3	Dr. Jabilur Rahman Sinha	Deputy Managing Director	14,220,630	8.80
4	Mr. Hasibur Rahman	Additional DMD	60,000	0.12
5	Mr. Nasir-Ur-Rahamn Sinha**	Shareholder	6,158,955	3.81
6	Ms. Tasneem Sinha*	Shareholder	280,394	0.17
7	Mr. Ansar Uddin Sinha*	Shareholder	4,400,000	2.72
8	Mr. Tanveer Sinha*	Shareholder	280,394	0.17
9	Ms. Sabrina Sinha*	Shareholder	280,394	0.17
10	Mr. Reza Ur Rahman Sinha*	Shareholder	4,400,000	2.72

<sup>\*\*</sup> In the 41st Board Meeting dated 25 June 2014 Mr. Nasir-Ur-Rahman Sinha, former Chairman and Mrs. Parveen Akhter Nasir, Former Director resgined from their position.

### **Shareholding position of Directors and their spouses:**

SL#	Name	Designation	No. of Shares	Share hold- ing (%)	Relationship With family
01	Late Hamidur Rahman Sinha	Founder Chairman, (Late)	7,250	0.004	Founder
02	Mr. Nasir –Ur- Rahman Sinha	Shareholder	6,158,955	3.81	Son of late Hamidur Rahman Sinha
03	Mr. Mizanur Rahman Sinha	Managing Director	18,175,115	11.25	Son of late Hamidur Rahman Sinha
04	Dr. Jabil-Ur- Rahman Sinha	Deputy Managing Director	14,220,630	8.80	Son of late Hamidur Rahman Sinha
05	Mr. Afzalur Rah- man Sinha	Chairman	14,962,886	9.26	Son of late Hamidur Rahman Sinha
06	Mrs. Parvin Akhter Nasir	Shareholder	5,401,517	3.34	Wife of Mr. Nasir-Ur- Rahman Sinha
07	Mrs. Jahanara Mizan Sinha	Director	10,519,744	6.51	Wife of Mr. Mizanur Rahman Sinha
08	Mrs. Nagina Afzal Sinha	Director	11,888,433	7.36	Wife of Mr. Afzalur Rahman Sinha
09	Mrs. Hasina Jabil Sinha	Director	10,075,593	6.24	Wife of Dr. Jabilur Rahman Sinha

<sup>\*</sup> In the 41st Board Meeting dated 25 June 2014, the payee sponsor Directors were voluntarily resigned from their position.











37th AGM

#### **Related Party Transaction**

(Amount in BDT)

			2012-	-2013	201	3-2014
Name of the Company	Relation- ship	Nature of Transaction	Value of trans- action	Balance at 30.06.2013	Value of	Balance at 30.06.2014
Company	5			Receivable/ (Payable)	transaction	Receivable/ (Payable)
The ACME		Investment	65,001,394	1,307,802,898	-	-
Specialized	Subsidiary	Finished Goods Sale	-	-	-	-
Pharmaceuticals Limited	Substatuty	Finished Goods Pur- chase	1,147,490,845	-	1	-
		Advance to ACMUNIO / Current A/C	13,403,149	95,213,031	25,130,552	120,343,583
ACMUNIO Int. Limited		Finished Goods Pur- chase	18,344,814	-	4,334,085	-
		Rent on Investment Properties	6,462,000	25,848,000	6,462,000	32,310,000
Sinha Printers	C	Local Supply	336,654,355	(434,543,465)	391049,968	(388,321,732)
Limited	Common Director	Provide service &others	287,058	36,928,465	329,116	37,257,581
Kalyar Packaging Limited	Common Director	Local Supply	4,010,112	(3,781,826)	45,570,985	-
Kalyar Replica Limited	Common Director	Local Supply	1,076,733	-	7,083,759	-

#### **Remuneration to Directors including Independent Directors**

Aggregate Amount of Remuneration/Salary paid to Directors and Officers during last accounting year:

(Amount in BDT)

SI. #	Particulars	Remuneration & Salary		
		30.06.2014	30.06.2013	
1	Directors	118,494,500	19,72,39,000	
2	Officers & Staff	1,375,590,878	1,20,94,78,806	

#### **HUMAN RESOURCES**

Multi disciplinary human resources comprising 6,711 full time equivalent qualified, trained and skilled professionals, including a good number of white collar employees such as pharmacists, chemists, doctors, microbiologists, scientists, engineers, accountants and business administration graduates and/or post-graduates are currently working at ACME. Its utmost importance on the continuous development of human resources to enhance their competencies through continuous in-house and external training programs and encourages people.

The company maintains defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds. Inspiring fringe benefits like bonus, holiday allowance, laundry allowances, night allowances, driver allowances, technical allowances along with a classical working environment in place as part of our talent retention and motivational program. As we do believe, its success immensely depends upon performance of its 6,711 patrons.

#### **ENVIRONMENTAL ROLE**

The company maintains a high standard of pollution free environment as per GMP Regulations, WHO standards and laws of the land. In the year 2011, the company upgraded its MDI facility to HFA based from CFC based in order to make the project more environments friendly. Centralized effluent treatment plant (ETP) and incinerators also are in place in order to process industrial wastage and meet green environmental requirements.

#### **CONTRIBUTION TO NATIOANAL EXCHEQUER**

During the year, your Company paid Taka 1381.63 million to the National Exchequer in the form of corporate Income Tax, and Value Added Tax (VAT) and Import duties.

#### RETIREMENT OF DIRECTORS

In the 41st Board Meeting dated 25 June 2014 Mr. Nasir-Ur-Rahman Sinha, former Chairman and Mrs. Parveen Akhter Nasir, former Director voluntarily resigned from their position. In the 41<sup>st</sup> Board Meeting dated 25 June 2014, the Payee Directors were also voluntarily resigned from their position effective from 1 January 2014.

#### RETIREMENT AND REAPPOINTMENT BY ROTATION OF DIRECTORS

Mrs. Jahanara Mizan Sinha & Mrs. Nagina Afzal Sinha, Directors of the Company, will be retired by rotation at the forthcoming Annual General Meeting and being eligible they offer themselves for reappointment.

#### **ELECTION OF CHAIRMAN**

After voluntary retirement of former Chairman Mr. Nasir-Ur-RahmanSinha, Board of Directors in its 43<sup>rd</sup> meeting elected Mr. Afzalur Rahman Sinha as the new Chairman of the Company.

#### APPOINTMENT OF INDEPENDENT DIRECTORS

The Board of Directors has appointed twoIndependent Directors named Syed Shahed Reza and Ms. FouziaHaque, FCA in its meeting held on dated 9September 2014.

#### APPOINTMENT OF AUDITORS

The existing auditor M/s. Pinaki & Company, Chartered Accountants, (An Independent Associate Member of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India) has carried out the audit for the year ended 30 June 2014. M/s. Pinaki & Company, 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 2014-2015 at a remuneration of BDT 5,00,000 subject to approval in the AGM.

#### STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

#### Directors are pleased to report that:

- a) The financial statements together with the notes thereon have been drawn up in consistent with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

- d) The 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.
- e) Effective internal control system has been in place during the period under review and has been effectively monitored.
- f) There is no doubt whatsoever about the ability of the Company to continue as a going concern.
  - Directors also affirm that the Managing Director and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the year ended June 30, 2014 and to the best of their knowledge and belief:
  - i) The Financial Statements presented fairly of the affairs of the Company and are in compliance with existing accounting standards and applicable laws and regulations.
  - ii) There is no statement which is materially misstated or misleading and there is no omission of facts thereon.
  - iii) No transaction has been entered into by the Company that are fraudulent, illegal or in violation of the Companies Act.

#### **CORPORATE GOVERNANCE**

ACME has the endeavor to implement and maintain superior standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance. Corporate Governance principles as practiced by the Company rests based on transparency, adequate disclosures, complete compliance with the laws, fairness, professionalism, accountability and ultimately the target of maximizing shareholders value besides catering to the interests of the creditors, employees, the environment and the society in broad.

We are committed to run business in a manner, which will ensure sustainable, capital efficient and long-term growth and in order to achieve these the Company has built up a strong base stone for making Corporate Governance a way of life by having an independent board with experts of eminence and integrity, inducting competent professionals across the organization and putting in place best systems, process and technology.

To comply with the corporate governance code imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969; the Company inducted two Independent Directors and also formed an Audit Committee headed by an Independent Director.

#### **AUDIT COMMITTEE**

To comply with the corporate governance code the Board of Directors formed an Audit Committee in its 42nd meeting, dated: 9 September 2014. Members of the Committee as follows:

Ms. Fouzia Haque FCA Chairman
Mr. Afzalur Rahman Sinha Member
Mr. Md. Abdur Rouf Member

#### **RISK MANAGEMENT**

#### **Operational Risk**

ACME relies on suppliers for ingredients and various third parties for certain manufacturing-related services to produce material that meets appropriate content, quality and stability standards of the company products and, after approval it is being released for commercial distribution. ACME may not be able to produce its drug substance or drug product to appropriate standards without the required supports from its suppliers and vendors. Again if it fails to maintain important manufacturing and service relationships, may not find a replacement supplier or required vendor or develop company's own capabilities which could delay or impair company's ability to obtain regulatory approval for its products and substantially increase company's costs or deplete profit margins, if any.

#### **Management Perception**

ACME has a good number of vendors and for each and every ingredients and services, the company have more than one approved vendors. It uses to conduct vendor audit and its concerned professionals are very conscious regarding the vendor issue. Further, none of the supplier accounts for significant amount of total purchases.

#### **Industry Risks**

The pharmaceutical industry has witnessed challenges such as intellectual property rights, a historic fuel price peak, and material cost increase across the globe. It stands as one of the most challenging and dynamic industries to operate as on date. Fortunately, Bangladesh is only least developed country who demonstrates significant competencies in pharmaceuticals industry and it requires huge medicine for its present 160 million (approx.) populations and requires huge quantity of medicine. As such, local pharmaceutical industry is not in a trouble, rather the said industry has ample opportunities to grow.

#### **Management Perception**

As the per capita income and per person consumption of medicine is increasing over the years, management is optimistic about growth opportunities of pharmaceutical industry in Bangladesh. The company is trying to adopt sophisticated state of art manufacturing facilities and making efforts to catch the opportunity of regulated global market.

#### **Market Risks**

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the pharmaceutical products which would harm the performance of the Company. On the other hand, strong marketing and brand management would help the Company increase their customer base.

#### **Management Perception**

The products of pharmaceuticals industry are of basic nature and have a wide market as they are giving a good market share to The ACME Laboratories Limited at present. Hence, it will hardly be the case that there will be a lack of demand for the products. Moreover, as explained earlier, the pharmaceuticals industry is only increasing year-on-year and ACME is following fool-proof scientific integrated marketing policy. Hence, has marginal probability for shrinkage.

#### **Currency risk**

Exchange rate risk occurs due to changes in foreign currency exchange rates. As the Company has taken foreign currency loan, imports major raw materials and some packing materials from abroad and earns most of the revenue in local currency, unfavorable volatility or fluctuation may affect the profitability of the Company. On the other hand, if exchange rate decreased against local currency opportunity will be created for generating more profit.

#### **Management Perception**

ACME earns some of its revenue in US dollars, thereby creating to built-up hedging scopes. Besides, in case of significant BDT devaluation in order to keep the cost to minimum, appropriate and responsible hedging mechanisms

may be applied. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nationwide phenomenon experienced by the entire industry. In such a scenario, there will be a market adjustment in end product prices, subject to approval of concerned authority.

#### Interest rate risk

Interest rate risk is the risk that Company faces due to unfavourable movement in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect Companies having floating rate loans or Companies investing in debt securities.

#### **Management Perception**

In order to manage this risk and overcome it, the Company shall exercise prudence in its cash flow management, supported by continued strength in sales and marketing. ACME is very careful in forecasting the prices of raw materials and manages its costs in an effective manner. To maintain effective rate of return ACME also follow knowledge and information based products mix, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

#### **Technology Related Risks Potential**

Pharmaceutical industry is dynamic nature and heavily driven by technology. Hence, technology always plays a vital role here. Adaptation of better technology can help to gain remarkable competencies that certainly create competitive advantages like increase productivity; reduce costs, better perception of customers. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the Company which may cause operational inefficiency.

#### **Management Perception**

As one of the leading pharmaceutical firm of the country, there are clear intent regarding adaptation of technology here and the management is aware of technological changes and always trying to adopt new technology according to its needs. Furthermore, routine and proper maintenance of the equipment carried out by the Company ensures longer service life for the existing equipment and facilities. Finally, ACME is committed to hold its leading edge and maintaining quality and brand image.

#### **Potential or Existing Government Regulations**

The Company operates under the Drugs Ordinance 1982, Companies Act 1994, Directorate General of Drug Administration (DGDA) Regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Customs Act 1969, Value Added Tax (VAT) Act 1991, Value Added Tax (VAT) Rules 1991 and other rules and regulations of the country. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

#### **Management Perception**

Since product of pharmaceuticals industry is essential one for lives and it is an import substitute industry and value addition is remarkable, we see the government regulations are mostly investment friendly for this sector particularly. As ACME is one of the top ranking pharmaceutical companies of the country, it is doing business following all the rules and regulations. Change in regulations will bring changed strategies for doing the business by the dynamic management of the Company. Besides this, many of the patented drugs/molecules will be off patented and it will be an opportunity for the manufacturer to freely manufacture and distribute without any restriction.

#### **Potential Changes in Global and National Policies**

Changes of Government policies may affect business. 49 LDCs including Bangladesh are not required to provide patent protection, give exclusive marketing rights to companies with patented products or comply with the "mailbox" program – create a process to receive complaints about pharmaceutical product patent right violations until 2016. While it is possible that the deadline may be extended, its implementation in 2016 will have significant impact on the LDC who have not implemented the TRIPS standards.

#### **Management Perception**

Pharmaceuticals, over the years have been proved as a thrust sector for the country growing at a considerable pace each year. Bangladesh, through its international affiliates and other 48 LDCs shall definitely lobby for extension of this deadline. In addition, ACME is continuously trying to adopt right technology and build infrastructure to meet TRIPS standards.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge on obligation. Credit risk information helps users of financial statements asses the credit quality of the entity's financial assets and level and sources of impairment loss. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. As at 30th June 2014 substantial part of the receivables are subject to insignificant credit risk. Risk exposures from other financial assets i.e. Cash at bank and other external receivables are nominal.

#### **Management Perception**

To mitigate the credit risk the management of the company follows robust credit control and collections policies. The company has dedicated credit collections team.

#### **Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity ( cash and cash equivalents) 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 the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

#### **Management Perception**

Effective liquidity risk management requires both a top-down and a bottom-up approach. Strategy, principles and objectives are set at board and management levels. ACME conducts liquidity management in a manner that maintains stability and flexibility in day-to-day funding activities. Our liquidity risk management starts by managing daily payment of cheques, daily cash inflow and outflow, maturity of deposits and our access to other funding sources as and when required.

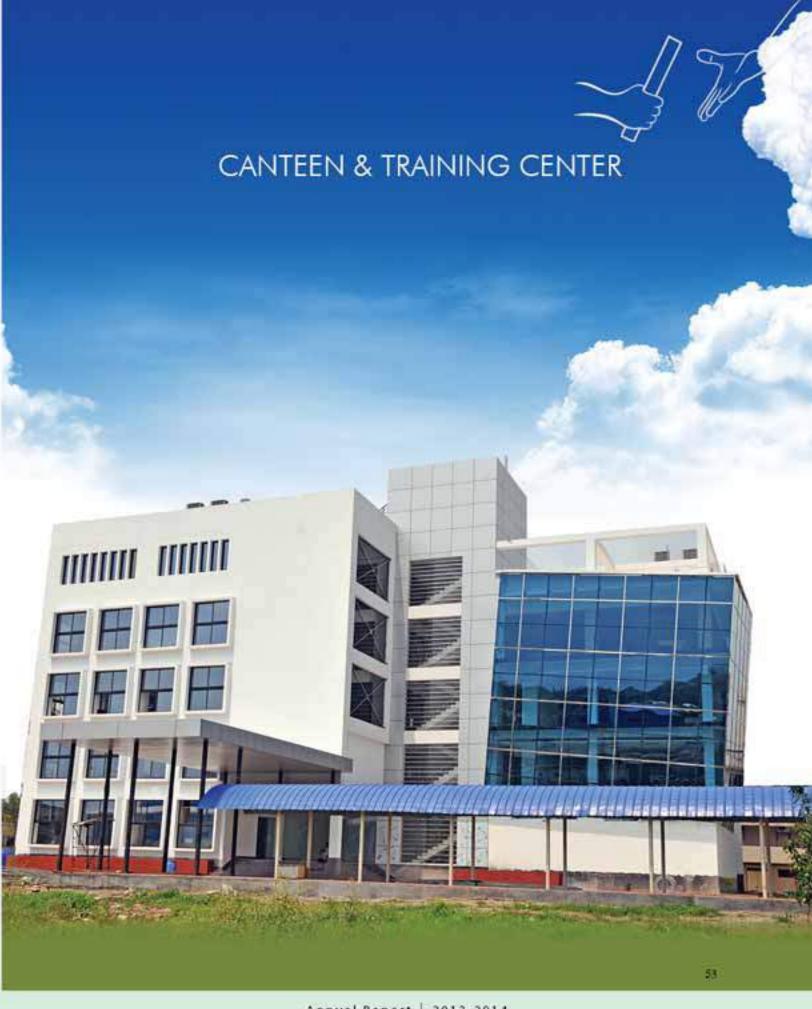
#### **MANAGEMENT APPRECIATION**

The Board of Directors testimony with deep appreciation the contribution made and support & co-operation given by the Officers, Staff, Workers, Customers, Creditors, Banks, Insurance Companies, Utility providers, BSEC and the Government in particular and look forward to the global role of the Company.

On behalf of the Board

(Afzalur Rahman Sinha)

. Chairman









## TRAINING AND SEMINARS





### OUR PERFORMANCE

#### **Business Journey**

The ACME Laboratories Limited, the flagship company of renowned ACME Group, has been engaged in manufacturing, marketing and distribution of pharmaceuticals formulation products. Initially, the company was a proprietorship concern engaged manufacturing in few oral liquid products in 1954. Later on, the enterprise converted into a private limited company on 17 March 1976 vides registration no. C-4745/163 of 1975-76 under the companies Act-1913 and it was converted into a public limited company on 30 November 2011.

The ACME Group is one of the leading conglomerates in Bangladesh. It has an outstanding record of all around excellence and growth in the relevant business activities. ACME is one of the largest manufacturer, distributor and exporter of Human, Herbal and Animal Health Pharmaceutical Products in Bangladesh. Since inception in 1954, it has been working relentlessly with a vision to ensure Health, Vigour and Happiness for all. The quality policy of the Company is: "Perpetual Quest for Excellence". The ACME Laboratories Ltd. is committed to maintain state-of-the-art manufacturing facilities for ensuring best quality products to the customers. ACME is committed to achieve excellence by proper execution of ISO 9001:2008 standard, WHO cGMP standard and best practices that are proven effective.

In the year 1999 the company awarded ISO: 9001 certification. In this year the company launched its veterinary division. The company added Dry Powder Inhaler (DPI) and Suppository to its product line in the year 2003 and Metered Dosage Inhaler (MDI) added its product line in the year 2004. The ACME Laboratories Ltd was awarded 'Enterprise of the Year – 2006' organized by DHL and the Daily Star. In theyear 2006 the company started marketing Baby Zink which was a R&D of ACME and ICDDRB. The company added IV Infusion products in its products line in the year 2007. In this year, the company started functioning of its warehouse complex including central warehouse at Hemayetpur, Savar, Dhaka.

In the year 2008, in the way of success, ACME family built another milestone in its core business activities by establishing The ACME Specialized Pharmaceutical Limited, a subsidiary of The ACME Laboratories Limited, in order to cater upcoming national and global demand of various type of products and also to meet the challenges of 21st century. Naturally as a follow up, the Board of Directors of the Company decided to amalgamate the same through vide EGM dated 27 April 2013. By this time the Honorable High Court Division of the Supreme Court of Bangladesh has given their verdict in favor of Amalgamation Scheme on 20 November 2013. Subsequently as on 31 January 2014 erstwhile The ACME Specialized Pharmaceuticals Ltd. amalgamated with The ACME Laboratories Limited. The Amalgamation pave the way for availing International Accreditation benefit for the products now being produced in the ASPL unit with International GMP compliance as earlier enjoyed by the company.

As a part of continuous improvement policy the company renewed and upgraded its ISO Certification to ISO 9001:2008 in the year 2009. In the year 2010, the company has been started functioning of its own distribution hub at Bogra. Out of total 20 depots in operation it has already constructed its own building at 8 depots and the construction works of three depots name Narayangonj, Bramonbaria and Dinajpur is under progress.

In the year 2011, the company upgraded its MDI facility to HFA based from CFC based in order to make the project more environments friendly. On 4November 2013, the company has successfully completed and commissioned separate Cephalosporin facility. In the year 2014 the Company started its operation in Cephalosporin unit which is one of the largest state of the art Cephalosporin facilities in the Country, Liquid in hard gelatin products facilities, Sachet Products facilities and Parenteral Products facility under BFS technology which is highly automated facility.

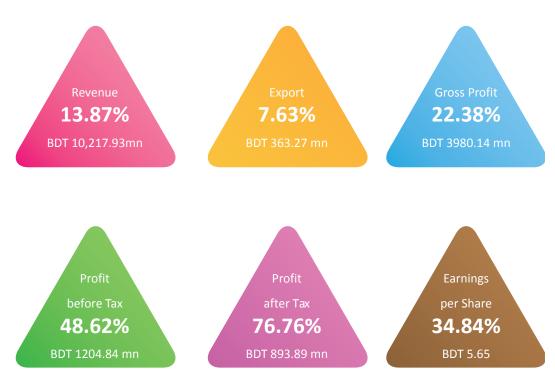
## PERFORMANCE 2013-14

Revenue increased by 13.87% in 2013-14 to BDT 10,217.93 million, compared to BDT 8,973.32 million. Gross profit margin at 38.95% has been sustained with an increase in net income ratio at 8.74% over priorperiod (5.64%). It represents efficientoperational performance of the company. Fixed asset has increased by 86.75% implying higher capacity and introduction of new facilities to generate future economic benefits.

Net Assets Value per share has reached at BDT 66.16 and the Earnings per share (EPS) at BDT 5.65 with an increase by 34.84% over prior year.

In summary, during 2013-14, the company has met the target revenue and earning goals which was driven by an increasingly diversified portfolio of generic pharmaceuticals formulation products which include human, veterinary, premix and herbal drugs dosages.

#### 2013-14 PERFORMANCE AT A GLANCE



- Introduced 43 new products including different human and veterinary products.
- Started full-fledged operation of Mymensingh, Rangpur and Barishal depots.
- Commissioned and commercial operation started at Cephalosporin products projects.
- Estimated amount of capital expenditure committed by the Company mainly in the form of Letter of Credit opened in favor of suppliers of plant and machineries related to development projects as at 30 June 2014 is Tk. 250,557,321.

# CORPORATE OPERATIONAL RESULT FOR LAST 5 YEARS

MANAGEMENT AND	2010 2014	(2010 2010	0044 0040	2010 2011	BDT in millio
Particulars	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Summary Balance Sheet					
Shareholders' Equity :					
Share Capital	1,616.02	1,556.31	1,160.00	1,160.00	100.00
Share Premium	1,605.07	1,605.07			1000000
Revaluation Surplus	5,429.80	4,488.70	4,559.56	4,321.83	
Capital Reserve		40.17	40.17	40.17	40.17
Share Money Deposit	2	500.00	20	23	
Gain/ (Loss) on Markeable	2000				
Securities (Unrealized)	0.84	(F)			
Tax Holiday Reserve	91.01	-			
Retained Earnings	1,949.43	1,327.21	849.73	301.84	1,069.39
Shareholders' Equity	10,692.17	9,517.46	6,609.46	5,823.84	1,209.56
Non Current Liabilities	3,057.68	1,128.41	631.73	491.43	160.19
	154600.000	5,000,00		3,740,416.	2-02/21/21
Total	13,749.85	10,645.87	7,241.19	6,315.27	1,369.7
Application of fund :					
Property, Plant and Equiment	15,511.90	8,306.21	6,615.63	5,762.75	1,197.14
Intangible Assets	0.29	0.34	0.41	0.53	0.02
Investment in Shares	6.14	351.47	351.47	351.47	351.47
Preliminary Expenses		270	51	0.01	0.03
Investment Property	26.19	26.19	26.19	25.96	3
Current Assets	6,635.06	7,889.44	5,738.67	3,669.10	2,688.89
Current Liabilities	(8,429.73)	(5,927.78)	(5,491.18)	(3,494.55)	(2,867.77
Total	13,749.85	10,645.87	7,241.19	6,315.27	1,369.75
Financial Result :					
Revenue	10,217.93	8,973.32	8,838.09	6,996.75	5,557.24
Cost of Goods Sold	6,237.80	5,721.02	5,697.48	4,540.80	3,649.63
Gross Profit	3,980.14	3,252.30	3,140.61	2,455.96	1,907.6
Profit Before Taxation	1,204.84	810.71	802.30	584.14	364.49
Profit After Taxation	893.89	505.70	476.13	344.15	227.83
Change in Turnover (%)	13.87%	1.53%	26.32%	25.90%	16.359
Change in Cost of Goods Sold (%)	9.03%	0.41%	25.47%	24.42%	16.169
Change in Profit After Tax (%)	76.76%	6.21%	38.35%	51.07%	39.849
Financial Performance		T	Ī		
Number of Shares	161,601,700	155,631,100	116,000,000	116,000,000	10,000,000
Earnings per Share (Taka)	5.65	4.19	4.10	2.97	1.96
Current Ratio (Times)	0.79	1.33	1.05	1.05	0.94
Net Operating Cash Flow Per	02	2.00	2.03		0.5
Share(Taka)	2.85	4.69	0.90	3.08	(1.53
NAV Per Share (Taka)	66.16	61.15	56.98	50.21	1,209.50

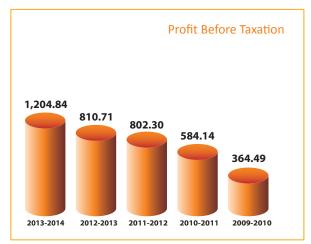
# GRAPHICAL VIEW OF SELECTED GROWTH INDICATORS

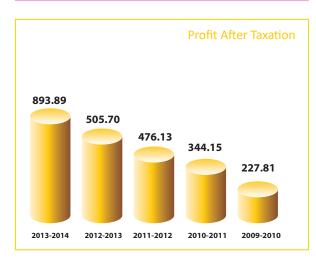
(BDT in million)

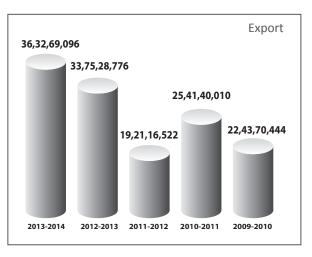












## INDUSTRY OUTLOOK AND GLOBAL PHARMA TREND

After vigorous growth consecutively since the year 2010 Bangladesh Pharmaceutical Industry experienced a sluggish growth in 2012-13.But in the current year market turned around and ACME enjoying the growth over the industry, in consequence ACME managed to achieve desired earnings. However, historical growth trend of Pharmaceuticals Industry give us an idea about the positive outlook of the industry i.e. growth rate of Pharma industry was significantly higher than GDP growth which logically attracts scope for further

#### Salient features of the industry

- Total Market Size today: BDT 120 billion
- One of the fastest growing business sectors
- More than 300 licensed pharmaceutical manufactures in the country, contributes around 1% of GDP
- Now, producing near about 8000 brands of medicines in different forms.
- There are 7,500 wholesale and around 175,000 retail drug license holders in Bangladesh.
- Second highest contributor to national exchequer
- Largest white-collar labor intensive employment sector

growthin investment for expansion in this industry.

If we look at last hundred year's evolution of disease pattern:

#### Up to First World War (1914-1918)

- Infections and parasitic disease were common illness and killers
- Life expectancy was around 44 years of age.

#### From 1920s -1960s

- -infectious diseases were still prevalent but effective Vaccines and more powerful antibiotics were introduced.
- -emergence of heart disease and cancer
- -life expectancy increased to around 68 years

#### From 1970s -1980s

- -there were still increases in schemic heart disease, cancers and DM
- -cerebral vascular diseases were found throughout the world.
- -emergence of HIV and AIDs
- -life expectancy increased to approximately 73 years

#### From 1980s till to date

- -in addition to other diseases, aging disease like Alzheimer's and Stroke were common illnesses.
- -diseases associated with pollution, such as bronchitis or asthma emerging.
- -life expectancy has now been increased to 76 years.

It is apparent that, disease progression has changed quite remarkably over the last 100 years, and the pharmaceutical industry has had to change its approach to disease accordingly.

(Source: Pharma Times -Vol. 43 - No 5 May 2011)

- In the past, success in pharma business came from short-term game plans and there was no need to develop long-term vision and/or strategies.
- Now-a-days, the challenges in the pharmaceutical industry are multilayered. The customer landscape is changing. Physicians' prescription decisions are coming under the influence of different pressure groups. Competition in the market has been tremendously increasing day by day.

- In this new boxing ring of the competitive environment, quality of marketing strategy will finally determine success or failure.
- Pharmaceutical industry is a knowledge driven industry and failure and the success of Pharma Company is very much related with the marketing strategy it adopts and also effective implementation of the same.
- A significant barrier to entry is selling power and share of voice. Increased competition has seen an emergence of 'mega sales forces', to try to increase the share of voice for each product launch.
- In the UK, now there is one medical representative for every three GPs. In USA there is one medical representative for every seven doctors. Sales forces have increased in size ten-fold in the last 10-15 years. The marketing and selling now the single most expensive part in any global pharmaceutical organization.

#### Our role in Bangladesh

From 2010 phase-wise, ACME has been introducing "Integrated Pharmaceutical Marketing - Ideas for New Vision" as its main business philosophy. Integrated Marketing serves the whole business. The operating policies, values, decision-making and practices of promotion, medical education, public relations, the sales force, personnel of other divisions of the company and CRM technology should be aligned around a service based ideal marketing."

#### **ACME's Marketing & Distribution Strengths**

- Novel Mission, Vision and commitments
- 60 years company brand image
- Consistent Quality Policies
- Fool-proof scientific integrated marketing strategy
- Time-tested high quality products
- Excellent relationship with doctors, chemists and other concerned persons.
- Mega sales force comprising of more than three thousand experienced, skilled and devoted persons.
- Diverse range of products (Both existing & upcoming)
- World class manufacturing facilities (Both existing & upcoming)
- Comprehensive marketing and distribution network (Both in domestic and international markets)

In order to best use of the aforesaid strengths, we are establishing our strong distribution network by commissioning own sales centers all over the country. This will ensure smooth operations of distribution channel thereby reaching at the doorstep our customers.

## EXPANDING THE HORIZON



The success in the domestic market prompted ACME to explore the global market. In 1995 the first export went to Bhutan. Following this, Now ACME exports around 20 countries across continents. And many other countries in Asia, Europe, Africa, and Latin America are under exploration. As a top ranking pharmaceuticals company ACME relentlessly trying to strengthen its competencies and enhancing its capacity horizontally as well vertically. As part of that A number of projects are Upcoming; those will not only strengthen the ACME but also advance the pharma industry of the country as whole. These projects are:

- Hormone & Steroid
- Oncology
- Ayurvedic, Modern Herbal & Neutraceuticals

With the implementation of these projects, ACME will not only fulfill the domestic demands but also serve global markets.











Annual Report | 2013-2014



## STRATEGY AND OUTLOOK

#### **Business development initiatives**

We are dedicated to capitalizing on growth opportunities by progressing our own pipeline and maximizing the value of our in-line products. A phenomenal edge of our business development is acquisition and merger with ASPL, which will make ACME bigger in terms of capacity and ensure operational efficiency and effectiveness. This merger will contribute in GMP compliance and thereby boost our export potentials and scope for contract manufacturing services. We view our business development activity as an enabler of our strategies, and we seek to generate profitable revenue growth and enhance shareholder value by pursuing a disciplined, strategic and financial approach to evaluating business development opportunities. We have medium term high-priority therapeutic areas—oncology, hormone, steroid and liquid & semi-solid products. We assess our businesses and assets as part of our regular, ongoing portfolio review process and also continue to consider business development activities for our businesses.

#### The most significant transactions and events during the year are described below:

- Cephalosporin products project has been commissioned during the period on November 2013, which
  has ensured higher compliance and higher capacity thereby opening scope for contract manufacturing
  and export.
- The company has commenced operations in Large & Small Volume Parental project.
- Civil construction of Liquid and Semi Solid project has been completed. Letter of Credit for machineries
  mostly already been opened, some of them already been arrived and installation work is going on. If
  everything goes well, commercial launching date of products manufactured in this plant will be in May
  2015.
- In respect to the amalgamation proceedings, Honorable High Court Division of The Supreme Court of Bangladesh has given their verdict in favor of amalgamation scheme on 20 November 2013 and subsequently the whole amalgamation procedure has been completed by 31 January 2014.

#### Guidance for 2014-15

- Provide utmost efforts, by all available means, for stabilization and development of our position in local pharma market.
- Ensure best utilization of newly developed facilities like Cephalosporin, LVP, Liquid in Hard Gelatin, Schacht and strengthen footing in pharma market with due share in new arenas.
- Keep focus on increasing shareholders return
- Continue to grow the net asset value of the Company and increase earnings per share by:
  - maximizing free cash flow from existing operations
  - Accomplish pending works for sales centers under construction in progress in order to facilitate efficient distribution network.
  - enhanceexport by penetrating new markets and exploiting contract manufacturing opportunities.
  - advancing our pipeline of compliance and capacity building projects.
- Continue trend of strong earnings and cash flow generation
- Strengthening our existing market share, cope with the changing scenario in the pharma industry to ensure higher prescription rates, transparency and improved products and services for our existing and potential customers

ACME, as a responsible enterprise is committed to the conservation of nature and the growth of society. The company is involved in a series of CSR activities including plantation of medicinal and herbal plants, Training, poverty elevation and education.





FAIRS & EXHIBITIONS







#### **Poverty eradication**

Since 2006, The ACME Laboratories ltd. has been working with herbal and medicinal plants. The mission behind this was many folds:

- To help country's rural poor and ultra poor.
- To improve the economic status to make them self reliant by selling their organically growned herbal produced and also meet their household requirements by means of herbal remedies for their primary healthcare purposes.

In the year 2006 ACME initially started its operation in a modest way in the northern region by uniting poor and ultra poor people, imparting formal training and continuous capacity building activities. At present the activities has been expanded widely throughout the country.

We are engaged in herbal farming like, Basok, Ashagandha, Shotomuli, Tulsi and Kalomegh. In 2006, ACME tied up with Helvetas Swiss Intercooperation, a famed Switzerland based company. Since then the number of herbal plant farmers increased from 3 hundreds to more than 50 thousands.

As a part of fair trade practice, now we are providing them informal education, sanitation and healthcare training and also we are extending in those areas our activities for conserving bio-diversity.

#### **Promoting Education**

- Late HamidurRahmanSinhaBhabon at Loahjong Collage build on ACME donation
- Late Noor JahanSinhaBhabon at Malkhana School & Collage builds on ACME donation.
- Ichahpur K.B College bhabon build on ACME donation.
- Sirajdi Khan High School bhabon build on ACME donation.
- Nowapara High School bhabon build on ACME donation.
- Ichahpur High School Bhabonbuild on ACME donation.
- Kolma high school Sinhabhabon build on ACME donation.
- Taltola Jame-e Mosque builds on ACME donation.

#### **Promoting healthcare awareness**

For the greater benefit of Society and other public and non-profit organizations, ACME has dedicated medical services department that regularly holds various awareness programs on asthma, diabetes, heart diseases, AIDS etc in association with relevant experts. It alsoprovides academic support to the medical community in the form of scientific seminars, symposiaand round-table discussions. Additionally it provides free medicines and support in arranginghealth camps run by the doctors' community and other non-profit organizations.

#### Patronizing sports and other events

ACME actively petronizes many social events especially in sports likeFootball, Cricket and Hokey at national as well as divisional levels.ACME regularly contributes to Salvation for the deserving (SFD) — a not for profit organization with a view to help autistic people by trainingand empowering them. ACME has the fame for standing beside humanity in the case of natural disasters, i.e.it contributed by providing financial assistance to Srilankan deligates soon after Srilanka became victim of Tsunami.

ACME believes the world will be a better place if people get what they really want. That's why; since inception ACME untiringly working for the goodness of people and country. As our CSR slogan-

'Goodness for the People, Goodness for the Country'



## CSR Activities -

Poverty reduction, Self Employment Generation, Women's empowerment through Medicinal and Herbal plant cultivation.















CSR Activities - Employees and workers' family welfare



CSR Activities -Donation for Infrastructure development of educational and religious institions









CSR Activities - Patronization of games and sports





37

## VALUE ADDED STATEMENT

#### Value Added Statement (VAS) for the year ended 30 June 2014

The Value Added Statement for the Company shows the Value is created and distributed among different stakeholders of the Company.

Gross turnover & Other income Less: Brought in material & Services Total value added

#### Application:

Duties and Taxes to Govt. Exchequer Salaries and Benefits Dividend Workers Profit Participation Fund Retained earnings

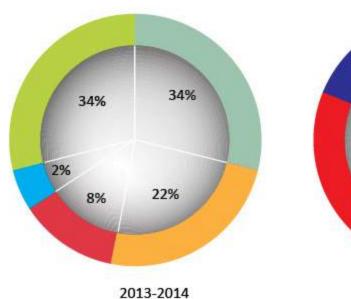
2013-2014		
Amount	%	
1,16,73,680	60.3	
76,85,326	39.7	
39,88,354	100 %	

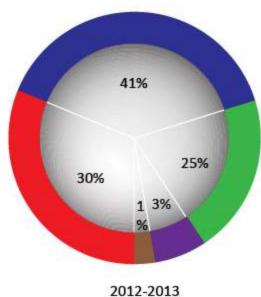
	39,88,354	100 %
L	8,47,689	22 %
	60,242	2 %
	3,23,203	8 %
	13,75,629	34 %
	13,81,629	34 %

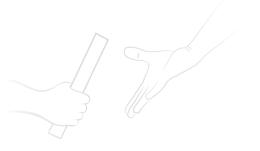
	BDT	in	Thousand
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2012-201	2012-2013				
Amount	%				
98,93,336	58.8				
69,32,744	41.2				
29,60,592	100 %				

29,60,592	100 %
7,11,630	25 %
40,535	1%
99,078	3 %
12,09,479	41 %
8,99,870	30 %







Dated: 09 October 2014

#### **Board of Directors**

The ACME Laboratories Limited. 1/4, Kallayanpur, Mirpur Road, Dhaka-1207

Subject: CEO/CFO's Certification to the Board.

We have reviewed the Financial Statements of **The ACME Laboratories Limited** for the year ended 30 June 2014 and to the best of our knowledge and belief:

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b) These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable Laws

There are to the best of our Knowledge and belief, no transactions entered into by the Company during the year which are fradulent, Illegal or violating the Company's code of Conduct.

Sd/-**Mizanur Rahman Sinha** Managing Director Sd/Md. Zahangir Alam, FCMA
Chief Financial Officer

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES. To the Members of The ACME Laboratories Limited

This is to certify that The ACME Laboratories Limited has complied with the conditions of Corporate Governance Guidelines imposed by the Bangladesh Securities and Exchange Commission (BSEC) vide their Notification No.SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012.

Dated: 14 September, 2014

Dhaka

Sd/-RAHMAN MUSTAFIZ HAQ & CO. Chartered Accountants Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012.

(Report under Condition No. 7.00)

Condition	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
No.		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1.1	The number of the board members shall not be less than 5 (five) and more than 20 (twenty)			
1.2	Independent Directors			
1.2(i)	One fifth (1/5) of the total number of Directors			
1.2(ii)(a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.			
1.2(ii)(b)	Not connected with any sponsor /director/share- holder who holds 1% or more shares of the total paid-up shares on the basis of family relationship	$\sqrt{}$		
1.2(ii)(c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies			
1.2(ii)(d)	Not a member, director or officer of any stock exchange	$\sqrt{}$		
1.2(ii)(e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market			
1.2(ii)(f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the Company's statutory audit firm	$\sqrt{}$		
1.2(ii)(g)	Not be an independent director in more than 3 (three) listed companies			
1.2(ii)(h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI	$\sqrt{}$		
1.2(ii)(i)	Not been convicted for a criminal offence involving moral turpitude			
1.2(iii)	Appointed by the Board of Directors and approved by the shareholders in the AGM	$\sqrt{}$		Appointed by Board of Directors subject to ap- proval in the 38th AGM

Condition	Title	Compliance "V" in the a colu	Remarks (if any)	
NO.		Complied	Not Complied	
1.2(iv)	Not remain vacant for more than 90 (ninety) days			
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	$\sqrt{}$		
1.2(vi)	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			
1.3	Qualification of Independent Director (ID):			
1.3(i)	Knowledge of Independent Directors			
1.3(ii)	Background of Independent Directors			
1.3(iii)	Special cases for qualifications	-	-	N/A
1.4	Individual Chairman of the Board and CEO			
1.5	The Directors Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry	$\sqrt{}$		
1.5(ii)	Segment-wise or product-wise performance	$\sqrt{}$		The company consider the operation on aggregate basis and manage the operations as a single operating segment
1.5(iii)	Risks and concerns			
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	$\sqrt{}$		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	Basis for related party transactions			
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	$\sqrt{}$		
1.5(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing			N/A
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements			N/A
1.5(x)	Remuneration to directors including independent directors	$\sqrt{}$		

Condition	Title	Compliance "V" in the a colu	ppropriate	Remarks (if any)
No.		Complied	Not Complied	
1.5(xi)	Fairness of Financial Statement			
1.5(xii)	Proper books of accounts of the issuer Company have been maintained	$\sqrt{}$		
1.5(xiii)	Adoption of appropriate accounting policies and estimates	$\sqrt{}$		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	$\sqrt{}$		
1.5(xv)	Soundness of internal control system			
1.5(xvi)	Ability to continue as a going concern			
1.5(xvii)	Significant deviations from the last year's operating results	$\sqrt{}$		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years	$\sqrt{}$		
1.5(xix)	Reasons for not declared dividend			N/A
1.5(xx)	Number of board meetings held during the year and attendance	$\sqrt{}$		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties	-		N/A
1.5(xxi)(b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children	$\sqrt{}$		
1.5(xxi)(c)	Executives			
1.5(xxi)(d)	10% or more voting interest			
1.5(xxii)	Appointment/re-appointment of director:			
1.5(xxii)(a)	Resume of the director			
1.5(xxii)(b)	Expertise in specific functional areas			
1.5(xxii)(c)	Holding of directorship and membership of committees of the board other then this company.	$\sqrt{}$		
2	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL	AUDIT AND	COMPANY SE	CRETARY (CS):
2.1	Appointment of Chief Financial Officer, Head of Internal Audit & Company Secretary and defining their roles, responsibilities and duties			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors			
3	AUDIT COMMITTEE:			
3(i)	Constitution of Audit Committee			

Condition No.	Title	Compliance "V" in the a colu		Remarks (if any)	
1101		Complied	Not Complied		
3(ii)	Assistance of the Audit Committee to Board of Directors	$\sqrt{}$			
3(iii)	Responsibility of the Audit Committee				
3.1	Constitution of the Audit Committee:				
3.1(i)	At least 3 (three) members				
3.1(ii)	Appointment of members of the Audit Committee at least one ID				
3.1(iii)	Qualification of Audit Committee members				
3.1(iv)	Term of Service of Audit Committee members				
3.1(v)	Secretary of the Audit Committee				
3.1(vi)	Quorum of the Audit Committee shall not constitute without at least one Independent Director	$\sqrt{}$			
3.2	Chairman of the Audit Committee:				
3.2(i)	Board of Directors shall select the Chairman: who shall be an Independent Director	$\sqrt{}$			
3.2(ii)	Chairman of the audit committee: shall remain present in the-AGM	$\sqrt{}$			
3.3	Role of Audit Committee:				
3.3(i)	Oversee the financial reporting process				
3.3(ii)	Monitor choice of accounting policies and principles				
3.3(iii)	Monitor-Internal Control Risk management process				
3.3(iv)	Oversee hiring and performance of external auditors	$\sqrt{}$			
3.3(v)	Review the annual financial statements before submission to the board for approval	$\sqrt{}$			
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	$\sqrt{}$			
3.3(vii)	Review the adequacy of internal audit function				
3.3(viii)	Review statements of significant related party transactions				
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	$\sqrt{}$			
3.3(x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue			N/A	
3.4	Reporting of the Audit Committee:				
3.4.1	Reporting to the Board of Directors:				

Condition No.	Title	Compliance "V" in the a colu	ppropriate	Remarks (if any)
INO.		Complied	Not Complied	
3.4.1(i)	Activities of Audit Committee			
3.4.1(ii)(a)	Conflicts of interests			
3.4.1(ii)(b)	Material defect in the internal control system			
3.4.1(ii)(c)	Infringement of laws, rules and regulations			
3.4.1(ii)(d)	Any other matter			
3.4.2	Reporting to the Authorities			
3.5	Reporting to the Shareholders and General Investors	$\sqrt{}$		
4	NON-ENGAGEMENT OF EXTERNAL/STATUTORY AUD	ITORS:		
4(i)	Appraisal or valuation services or Fairness opinions			
4(ii)	Financial information systems design and implementation	$\sqrt{}$		
4(iii)	Book-keeping			
4(iv)	Broker-dealer services			
4(v)	Actuarial services			
4(vi)	Internal audit services			
4(vii)	Services that the Audit Committee determines			
4(viii)	Audit firms shall not hold any share of the company they audit.			
4(ix)	Audit/certification services on compliance of corporate governance.			
5	SUBSIADIARY COMPANY:			
5(i)	Composition of the Board of Directors			N/A
5(ii)	At least 1 (one) Independent director to the subsidiary company			N/A
5(iii)	Submission of Minutes to the holding company.			N/A
5(iv)	Review of Minutes by the holding company			N/A
5(v)	Review of Financial Statement by the holding company			N/A
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CH	EF FINANCIAL	OFFICER (CF	0):
6(i)(a)	Reviewed the materially untrue of the financial statement	$\sqrt{}$		

Condition	Title	Compliance "√" in the a colu	Remarks (if any)	
No.		Complied	Not Complied	
6(i)(b)	Reviewed about compliance of the accounting standard			
6(ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct			
7	REPORTING AND COMPLIANCE OF CORPORATE GOV	ERNANCE:		
7(i)	Obtain certificate -about compliance of conditions of Corporate Governance Guidelines	√		
7(ii)	Annexure attached in the directors report			















# EFFLUENT TREATMENT PLANT



# FINANCIAL REPORT

THE ACME LABORATORIES LIMITED





#### TO THE SHAREHOLDERS OF THE ACME LABORATORIES LTD.

We have audited the accompanying financial statements of **The ACME Laboratories Ltd.** which comprises the Statement of Financial Position as at June 30, 2014 and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the companies Act 1994 and other applicable laws and regulations, This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the results of its operations and its cash flows for the year then ended and comply with the companies Act 1994 and other applicable laws and regulations.

#### We also report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received;
- (iii) The Company's Statement of Financial Position and Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business;

Dhaka

Dated: September 17, 2014

Sd/Pinaki & Company
Chartered Accountant

## The ACME Laboratories Ltd.

Continuation Sheet....

Statement of Financial Position
As at June 30, 2014

	NOTES	TAK	(A
ASSETS		As at 30.06.2014	As at 30.06.2013
Non-Current Assets :		15,544,508,282	8,684,201,210
Property, Plant and Equipment	6	15,511,897,086	8,306,210,678
Intangible Assets	7	286,875	338,132
Investment in Shares	8	6,139,321	351,467,400
Investment Property	9	26,185,000	26,185,000
Current Assets:		6,635,062,802	7,889,442,833
Inventories	10	2,223,003,434	1,886,267,051
Trade Receivable	11	644,867,067	471,021,187
Other Receivable	12	74,526,105	76,067,715
Advance, Deposits & Pre-Payments	13	1,097,408,239	2,347,694,271
Advance Income Tax	14	1,334,147,374	1,273,276,904
Material In Transit	15	294,476,484	162,465,596
Term Deposit	16	553,201,740	1,220,000,000
Cash and Cash Equivalents	17	413,432,359	452,650,109
TOTAL		22,179,571,084	16,573,644,043
EQUITY AND LIABILITIES			
Shareholders Equity:		10,692,163,182	9,517,448,502
Share Capital	18	1,616,017,000	1,556,311,000
Share Premium	19	1,605,066,569	1,605,066,569
Revaluation Surplus	6.a	5,429,804,848	4,488,695,133
Capital Reserve	20	859	40,166,723
Share Money Deposit		876	500,000,000
Gain/(Loss) on Marketable Securities (Unrealized)	8.1	841,041	-
Tax Holiday Reserve		91,006,996	2
Retained Earnings	21	1,949,426,728	1,327,209,077
Non Current Liabilities		3,057,678,428	1,128,412,130
Long Term Loans- Net off Current Maturity	22	3,018,088,196	1,003,604,234
Provision For Gratuity	23	30,465,330	
Deferred Tax Liability	24	9,124,902	124,807,896
Current Liabilities :		8,429,729,474	5,927,783,411
Loans & Overdrafts	25	4,874,126,240	3,614,173,307
Current Maturity of Long Term Loans	26	1,014,864,198	384,236,310
UNDP Grant	27	4.7	
Trade Payable	28	528,302,125	506,963,399
Provision for Income Tax	29	1,245,658,922	1,168,807,914
Liability for Expenses and Others	30	160,054,589	154,524,731
Dividend Payable	31	606,723,400	99,077,750
TOTAL		22,179,571,084	16,573,644,043

The annexed notes 1 to 54 form an integral part of the financial statements.

As per our annexed report of even date.

Sd/-

Sd/- Sd/Managing Director Director

PINAKI & COMPANY Chartered Accountants

## The ACME Laboratories Ltd.

Continuation Sheet....

Statement of Comprehensive Income For the Year Ended 30 June 2014

	NOTES	TAKA	TAKA	TAKA	TAKA
		July '13 to June '14	Feb.'14 to June'14	July '13 to June '14	July '12 to June '13
		Non-Tax Holiday Unit	Tax Holiday Unit (50% Tax exemption)	Total	Non-Tax Holiday Unit
Revenue	32	9,168,072,945	1,049,858,520	10,217,931,465	8,973,319,332
Less: Cost of Goods Sold	33	5,709,287,076	528,505,478	6,237,792,554	5,721,020,810
Gross Profit/(Loss)		3,458,785,869	521,353,042	3,980,138,911	3,252,298,522
Add: Other Income	34	108,071,977	75	108,071,977	20,146,796
		3,566,857,846	521,353,042	4,088,210,888	3,272,445,318
Less: Selling, Marketing and Distribution Expense	35	1,348,054,041	151,774,876	1,499,828,917	1,330,346,506
		2,218,803,805	369,578,166	2,588,381,971	1,942,098,812
Less: Administrative Expenses	36	493,812,572	52,571,765	546,384,337	552,068,993
		1,724,991,233	317,006,401	2,041,997,634	1,390,029,819
Less: Financial Expenses	37	697,086,146	79,825,044	776,911,190	538,786,487
Profit before Contribution to WPPF		1,027,905,087	237,181,357	1,265,086,444	851,243,332
Less: Contribution to WPPF	38	48,947,861	11,294,350	60,242,211	40,535,397
Net Profit before Tax		978,957,226	225,887,007	1,204,844,233	810,707,935
Less: Current Tax expense	39	388,509,276	38,127,052	426,636,328	304,015,476
Less: Deferred Tax (Income)/Expense	39	(115,682,993)		(115,682,993)	996,665
Net Profit after Tax		706,130,943	187,759,955	893,890,898	505,695,794
Other Comprehensive Income					
Gain/(loss) on Marketable Securities (Unrealized)	8.1	841,041		841,041	2
Total Comprehensive Income for the year		706,971,984	187,759,955	894,731,939	505,695,794
Earning Per Share (on the Equity Share of Taka 10 each)	40			5.65	4.19

The annexed notes 1 to 54 form an integral part of the financial statements.

As per our annexed report of even date.

Sd/Sd/Sd/Managing Director
Sd/PINAKI & COMPANY
Chartered Accountants

## The ACME Laboratories Ltd.

Continuation Sheet....

Statement of Changes in Equity For the Year Ended 30 June 2014

(Amount in Taka)

									Amount in Taka
Particulars	Share capital	Share Premium	Capital Reserve**	Share money Deposit *	Tax Holiday Reserve	Gain/(Loss) on Marketable securities (Unrealized)	Revaluation Surplus	Retained earnings	Total
Balance as at July 01, 2012	1,160,000,000		40,166,723	98	(4)	95	4,559,559,835	849,726,331	6,609,452,889
New share issued on Premium Less: Transaction cost (Detailed in Note #	395,311,000	1,664,506,200	823	10	(8)	*	8	5	2,060,817,200
19)	-	[59,439,631]	(*)	28	(2)	29	93	59	(59,439,631)
Profit for the year 2012-2013		tenent of	818	- 86	(8)	- 25	92	505,695,794	505,695,794
Share Money deposit Adjustment for Depreciation on Revalued	81	58	823	500,000,000	- 22	53	or annual files		500,000,000
Assets	4	20	1.0	*:	(4)	\$2	(70,864,702)	70,864,702	20
Adjustment for Accumulated Depreciation		90	1000	+27		3.0	- 20	54	900
Less: Interim Cash Dividend				70			-	(85,350,950)	(85,350,950)
TDS on Interim Dividend		- 1		- 1			- 9	(13,726,800)	(13,726,800)
Balance as at June 30, 2013	1,556,311,000	1,605,066,569	40,166,723	500,000,000	<b>E</b>	85	4,488,695,133	1,327,209,077	9,517,448,502
Balance as at July 01, 2013	1,556,311,000	1,605,066,569	40,166,723	500,000,000		127	4,488,695,133	1,327,209,077	9,517,448,502
Addition due to Amaigamation Share money deposit transferred to Long	50000000000	*	100		24,790,876	*	556,246,703	53,079,610	634,117,189
Term Loan		4.5	17.00	(500,000,000)		4.5		2.0	(500,000,000)
Adjustment due to disbursement of purchase consideration and resultant gain	59,706,000	55	3(*)	50	21,038,719	- 8	472,506,215	283,977,778	837,228,712
Profit for the year 2013-2014		**	590	**	- 0	4.5		893,890,898	893,890,898
Tax Holiday Reserve				23	45,177,401	- 3	2	(45,177,401)	
Dividend payable for the year 2012-13	5.0			83		.53		(367,815,550)	(367,815,550)
nterim Cash Dividend for the year 2013-14				- 1				(323,203,400)	(323,203,400)
Sain/(loss) on Marketable Securities		20		20	100	841,041	23		841,041
Unrealized) Adjustment of Depreciation on Revaluation		22		\$8	~		(87,077,493)	87,077,493	-
Adjustment due to disposal Capital reserve tranferred to retained	3	*		58		72	(565,710)	221,500	(344,210)
earnings			(40,166,723)	T 2	v v		*	40,166,723	
Balance as at June 30, 2014	1,615,017,000	1,605,066,569		*:	91,006,996	841,041	5,429,804,848	1,949,426,728	10,692,163,182

<sup>\*</sup> Represents Taka 500,000,000 sanctioned and disbursed by Investment Corporation of Bangladesh (ICB) which was initially recognized as advance against share money deposit as per the agreed terms, i.e. the Company was supposed to issue equity shares against the advances at the time of public issue initiated by the company within one year from the date of disbursement. If the Company is not able to fulfill the condition as stated above, the said advance will be derecognized as Share Money Deposit and recognized as Term Ioan."

Since the company has not able to comply the agreed condition as stated above, the Company during the year derecognized the amount of Share Money Deposit and recognized it as a Term loan with agreed rate of interest repayable in ten half yearly equated installments.

The annexed notes 1 to 54 form an integral part of the financial statements.

Sd/-

**Managing Director** 

As per our annexed report of even date.

Sd/-

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Sd/-Director

PINAKI & COMPANY Chartered Accountants

<sup>\*\*</sup> Capital Reserve amounting Tk. 40,166,723 was recognized in the year 2008-09, after completion of final settlement of tax under section 82(C). In fact, it was a free reserve in nature & as such, during the year the management of the company has decided to transfer the said amount to retained earnings.

## The ACME Laboratories Ltd.

Statement of Cash Flows For the Year Ended 30 June 2014 Continuation Sheet ....

PARTICULARS	TAI	(A
	July '13-June '14	July '12-June '13
Cash Flows From Operating Activities:		
Collection from Sales and others	10,151,510,988	8,896,167,780
Payment to Suppliers & Others	(8,499,238,362)	(7,390,616,063
Workers Profit Participation Fund	(41,808,175)	(33,689,072
Cash generated from operating activities	1,610,464,450	1,471,862,645
Financial Expenses	(776,911,191)	(538,786,487
Income Tax	(382,397,340)	(367,371,864
Net cash generated through operating activities	451,155,920	565,704,294
Cash Flows From Investing Activities:		
Fixed Assets acqusition	(2,410,288,500)	(1,993,238,801)
Sale of Fixed Assets	721,500	
Term Deposit	666,798,260	(1,220,000,000)
Advance to Suppliers for Construction	(40,000,000)	(134,527,355)
Investment in Shares	(5,298,280)	1800 000 001 6 100 000 000 000 000 000 000
Advance to ASPL against Shares		(65,001,394)
Settlement of obligations of Amalgamating co. (ASPL)	(1,896,892,255)	- 20
Loan to ACMUNIO Int. Ltd.	(25,130,552)	(13,403,149)
Net cash used in investing activities	(3,710,089,827)	(3,426,170,699)
Cash Flows From Financing Activities:		
UNDP Grant	2,373,878	-
Share Capital	1000	396,311,000
Share Money Deposit	0.50	500,000,000
Dividend Paid	(183,373,300)	=
Cash & Cash equivalents received from ASPL	844,137	20
Share Premium		1,605,066,569
Settlement of Provident Fund Liabilities	(5,193,340)	W 01 01
Net Increase / (Decrease) in Loans and Overdrafts	1,259,952,933	35,607,605
Net Increase / (Decrease) in Long Term Borrowings	2,145,111,849	610,649,098
Net cash flow from financing activities	3,219,716,157	3,147,634,272
Increase/(Decrease) in Cash and Cash Equivalents	(39,217,750)	287,167,867
Cash and Cash Equivalents at the Opening	452,650,109	165,482,242
Cash and Cash Equivalents at the Closing	413,432,359	452,650,109
Net Operating Cash Flow Per Equity Share	2.85	4.69

Sd/-

Managing Director Director

The annexed notes 1 to 54 form an integral part of the financial statements.

Sd/-

PINAKI & COMPANY Chartered Accountants

Sd/-

As per our annexed report of even date.

## About the company



## 1 About the company

The ACME Laboratories was founded in the year 1954 as a Proprietorship Firm and it was converted into a Private Limited Company on 17th March, 1976 vide registration no. C-4745/163 of 1975-76 under the Companies Act-1913. Further, it was converted into a public limited company on 30th November 2011.

# Amalgamation of "The ACME Specialized Pharmaceuticals Limited with The ACME Laboratories Limited:"

The Supreme Court of Bangladesh, High Court Division, vide its judgment dated 20.11.13 approved the scheme of amalgamation of the "The ACME Specialized Pharmaceuticals Limited" (the Transferor Company) with "The ACME Laboratories Limited" (the Transferee Company) whereby the entire undertaking of the Transferor Company as a going concern together with all the assets and liabilities relating there to be transferred to and vest in the Transferee Company.

In accordance with the Scheme of Amalgamation

- The Transferee Company issued and allotted one new ordinary share of The ACME Laboratories Limited for every five ordinary shares of Taka 10/- each held by the shares holders of the Transferor Company.
- No new ordinary shares were issued and allotted to the ACME Laboratories Limited in respect of its holding in the Transferor Company and such ordinary shares stand cancelled.
- The Board of Directors of the Transferee Company and the Transferor Company in its respective meetings held on 27.12.2013 resolved that the books of account of the Transferor Company to be closed through transferring all balances to the books of the Transferee Company by /as of 31.01.2014.
- The difference in the value of the net assets of the Transferor Company and the paid up value of the shares issued and allotted has been accounted for in the books of the Transferee Company as per the accepted accounting principles as on transfer date i.e. 31.01.2014.

In accordance with the applicable BAS, the accounts of the Transferor Company have been amalgamated in the books of accounts of the amalgamated company as per "Predecessor Value Method" as of the transfer date.

## Address of registered office and factories

The Registered office of the company is situated at 1/4, Kallayanpur, Mirpur Road, Dhaka-1207, Bangladesh and the industrial units are established at Dhulivita, Dhamrai, Dhaka, Bangladesh.

## O Nature of business of the company and Tax Holiday Period

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products which includes human drugs dosages form like tablet, capsule, dry syrup, cream, ointment, powder, injection, dry powder inhaler, metered dosage inhaler, suppository, eye and nasal drop, liquid, liquid in hard gelatine, sachet products; veterinary drugs dosages form like bolus, liquid, injection, water soluble powder, premix and herbal drugs dosages form like liquid, capsule, tablet, cream & ointment. The products of the company are sold in domestic and international markets.

The erstwhile 'The ACME Specialized Pharmaceuticals Limited' (Present Solid Dosages Unit) was engaged in manufacturing of non-penicillin & non-cephalosporin solid dosages generic pharmaceuticals formulation products including dosages form like tablet, capsule and dry syrup, liquid in hard gelatine, , sachet products and was enjoying Tax Holiday period from September 29, 2011 to September 28, 2016.

As a Consequence of the amalgamation, business of the Solid Dosages Unit has been transferred as a going concern to The ACME Laboratories Limited, however the said unit of The company would continue to enjoy the tax holiday for the remaining period i.e. from February 01, 2014 till September 28, 2016.

## Share Capital

Particulars  Authorized Capital	30th June, 2014	30th June, 2013
500,000,000 Ordinary Shares @ Tk. 10/- each	5,000,000,000	5,000,000,000
Total	5,000,000,000	5,000,000,000
Issued, Subscribed and fully paid up:		
155,631,100 Ordinary Shares @ Tk.10/- each. (As on 1st July 2012, 116,000,000 Ordinary shares @ Tk. 10 each)	1,556,311,000	1,160,000,000
Add: Issued during the year 2012-1013, 39,631,100 Ordinary Shares @Tk. 10 each.	-	396,311,000
Add: Issued during the year as purchase consideration. (5,970,600 Ordinary Shares @ Tk. 10 each.)	59,706,000	-
Total 161,601,700 (As on 30th June 2013- 155,631,100) Ordinary Shares @ Tk. 10 each	1,616,017,000	1,556,311,000

## ∠ ∩ Basis of Preparation of Financial Statements

## ∠ ↑ Basis of measurement

a. The financial statements have been prepared on the historical cost basis except Land, Building and Plant, Vehicle & Machinery which was revalued by an independent valuer Mashi Muhit & Co. Chartered Accountants, Dhaka, Bangladesh as on 30th June 2011 after considering the fair value of the entire class of property, plant and equipment and other fixed assets to which that assets belong to on the basis of fair market value/current cost accounting /index adjusted replacement cost methods, as applicable. Further on 31st December 2011 the company revalued newly registered land based on the valuation report of the same valuer and disclosed in note: 6.a. The financial statements however, do not take into consideration the effects of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

The revaluation surplus, as per prudency, is not available for distribution as dividend to the shareholders.

## 4. > Statement of compliance

These financial statements have been prepared in accordance with Framework, applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), Companies Act 1994 and other relevant laws and regulations applicable in Bangladesh.

## **A.S.** Presentation of financial statements

The Financial Statements are presented in accordance with guidelines provided by BAS 1: Presentation of Financial Statements.

The Financial Statements comprise of:

- i) A Statement of Financial Position as at 30th June 2014.
- ii) A Statement of Comprehensive Income for the year ended 30th June 2014
- iii) A Statement of Change in Equity for the year ended 30th June 2014.
- iv) A Statement of Cash Flows for the year ended 30th June 2014
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

## ∠ ∠ Reporting Period

The Financial Statements cover the accounting year commencing from 1st July 2013 to 30th June 2014.

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The financial Statements have been authorised for issue by the board of directors in their meeting held on September 09, 2014.

## 4 6 Functional and presentation currency

The financial statement are prepared and presented in Bangladeshi Currency (Taka), which is the functional currency of the company. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

## $\angle 1$ 7 Comparative information

Comparative information has been disclosed is the standalone figures of the financial year 2012-2013 for all numerical information in the financial statements and also the narrative and descriptive information where ever it is relevant for understanding of the current year's financial statement.

Figures for the comparative year have been regrouped/rearranged where ever considered necessary to ensure better comparability with the current year.

## ∠ S Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an on-going basis and the revision is recognized in the year in which the estimates are revised. No such revision however was carried out during the year under report except in the useful life of two classes of noncurrent assets. There is no material impact of change of estimates on the financial results of the company.

## **△ ○ Going concern**

The Company has adequate resources to continue in operation for foreseeable future. For this reason, the board of directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

# 4 1 Application of Bangladesh Financial Reporting Standards (BFRS)

Name of the Accounting Standards	Ref. No.	Status of Application
First-time Adoption of BFRSs	BFRS-1	Not applicable
Share-based payment	BFRS-2	Not applicable
Business Combination	BFRS-3	Applied
Insurance Contracts	BFRS-4	Not applicable
Non-current assets Held for Sales and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments : Disclosure	BFRS-7	Applied
Operating Segments	BFRS-8	Not applicable
Financial Instruments	BFRS-9	Applied
Consolidated Financial Statements	BFRS-10	Not applicable
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in Other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Applied.
Regulatory Deferral Accounts	BFRS-14	Not applicable
Revenue from Contracts with Customers	BFRS-15	Not applicable
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contacts	BAS-11	Not applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue Recognition	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Govt. Grants and Disclosure of Government Assistants	BAS-20	Applied
The effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Consolidated Financial Statements and Accounting for Investment in Subsidiary	BAS-27	Applied
Accounting for Investment in Associates	BAS-28	Not applicable
Interests in Joint Venture	BAS-31	Not applicable
Earnings Per Share	BAS-33	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition & Measurement	BAS-39	Applied
Investment Property	BAS-40	Applied
Agriculture	BAS-41	Not applicable

## Significant Accounting Policies

## **Revenue recognition**

- (a) Sales of Goods: In compliance with the requirements of BAS-18 'Revenue Recognition', revenue is recognized for local sales of Pharmaceuticals Drugs and Medicines at the time of delivery to chemists/ Institutions and Exports of Pharmaceuticals Drugs and Medicines at the time of delivery to Custom Port. i.e. when the significant risk and rewards of ownership is transferred to the buyer, whereby there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.
- (b) Rental income is recognized when accrued on a time proportion basis.
- (c) Interest income is recognized when accrued on a time proportion basis.

## 5 Sales

Turnover comprises the invoice value of goods supplied by the Company, representing domestic and Export sales. Revenue from sales is exclusive of VAT.

## **万 ?** Property, Plant and Equipment

#### i) Recognition and measurement

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirement of BAS 16: Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its present locations and working conditions for its intended use inclusive of inward freight, duties and non-refundable taxes.

#### ii) Maintenance activities

The company incurs maintenance costs for all its major items of Property, Plant and Equipment. Repair and maintenance costs are charged as expenses as and when incurred.

#### iii) Depreciation

Land is held on a freehold basis and is not depreciated considering its unlimited useful life. In respect of all other fixed assets depreciation is provided on a straight line method to amortize the cost of the asset after commissioning over their expected useful life. In respect of addition to property, plant and equipment, depreciation is charged from the date of capitalisation up to the date immediately preceding the date of disposal.

The rate at which assets are depreciated per annum depending on the nature and estimated useful life of assets are given below:

Category of Assets	Rate
Building	5%
Machinery and Equipments	7.5%
Furniture and Fixtures	10%
Motor Vehicles	10%
Utilities, Engineering and Electrical Installations	7.5%
Office Equipments	20%
Books and Periodicals	10%

#### iv) Retirement and Disposal

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is recognized in the Statement of Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds.

## **□** Intangible assets

Intangible assets are stated at cost less provision for amortization and impairments. The cost of acquiring and developing computer software for internal use and internet sites for external use are capitalized as intangible fixed assets where the software or site support a significant business system and the expenditure lead to the creation of a durable asset.

Amortization is recognized in Statement of Comprehensive Income under the head of Administrative Expenses on a straight line basis @ 7.5% over the estimated useful lives of intangible assets, from the date that they are available for use.

## 5.5 Leased assets

In compliance with BAS 17: "Leases", Lease in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and all other leases are classified as operating lease.

Upon initial recognition, the lease assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition, the assets is accounted for in accordance with accounting policy applicable to the assets.

Though there are financing in the name of lease financing however, as per the substance of the agreement, these financing are not in the nature of lease financing, hence has been grouped as 'Long Term Loan' and its current maturity as 'Current Maturity of Long Term Loans'.

## **5.6** Financial instruments

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

### i) Financial assets

Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flow from the assets expire or it transfer the right to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

#### **Trade Receivable**

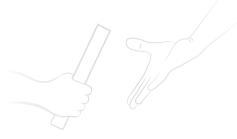
Trade receivable are created at original invoice amount less any provisions for doubtful debts. Provision is made where there is evidence of a risk of non-payments, taking into consideration aging, previous experience and general economic conditions. When a trade receivable is determined to be uncollected, it is written off firstly against any provision available and then to the Statement of Comprehensive Income. Subsequent recoveries of amounts previously provided for and/or written off are credited to the Statement of Comprehensive Income. During the year under audit, the company has no uncollectable trade receivable to be written off and for which it created any provision.

#### Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand and cash at bank that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

#### ii) Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognises the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.



## 5.7 Impairment

#### i) Financial assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indicates that a debtor or issuer will enter bankruptcy etc.

#### ii) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exits, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss if, and only if, the recoverable amount of the assets is lesser than its carrying amount. Impaired loss is recognized immediately in Statement of Comprehensive Income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease.

## **5 Investment in shares**

Though there is no exempted taxable income of the Tax Holiday unit, however, the company used to invest on estimated basis for purchasing shares of listed companies through stock exchange. The investments are recognized at cost including transaction cost. Further, the entity has presented the subsequent changes in other comprehensive income.

## 5.9 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by BAS 2: 'Inventories'. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Cost of material consumption is determined on first in first out basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales.

Type of Stock	Basis of Valuation
Raw Materials	At cost on First in First Out basis
Packing Materials	At cost on First in First Out basis
Work-in-Process	At cost
Finished Goods	At lower of cost or net realizable value
Printing Stationary	At cost on First in First Out basis
Spare & Accessories	At cost on First in First Out basis

## 5.10 Provisions

Provisions and accrued expenses are recognized in the financial statements in line with the Bangladesh Accounting Standard (BAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when:

- The company has a legal or constructive obligation as a result of past events.
- It is probable that an outflow of economic benefit will be required to settle the obligations.
- A reliable estimate can be made of the amount of the obligations.

## 

Income tax expense comprised of current and deferred tax. Income tax expense is recognized in the statement of Comprehensive Income and accounted for in accordance with requirement of BAS 12: Income Taxes.

#### **Current tax**

Current tax is the expected tax payable on the taxable income for the period/year and any adjustment to tax payable in respect of previous years.

#### **Deferred tax**

The company has recognized deferred tax using balance sheet method in compliance with the provision of BAS 12: Income Taxes. The policy of recognition of deferred tax assets/liabilities is based on temporary differences (taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income or expense has been considered to determine net profit after tax and Earnings per Share (EPS).

# 5.12 Loans – Long Term and Short Term from Banks, Financial Institutions and Others.

## i) Borrowing cost

Interest and other cost incurred by the company in connection with the Borrowings of fund are recognized as expenses in the year in which they are incurred unless such borrowing cost related to acquisition/construction of assets in progress that are capitalized as per BAS 23: 'Borrowing costs'.

#### ii) Charges on the Assets of the Company

There are Fixed and Floating charges over:

- All the Plant, Machinery and Equipments (both present and future);
- Floating assets (both present and future) including but not limited to book debts, bills receivable, goodwill and other floating assets both tangible and intangible and all documents title, undertakings, contracts, engagements securities and other documents whatsoever related to such assets of the Company in favour of various bankers securing the various kinds of loans taken by the company from them through a pari-passu agreement dated 23.04.2014 amongst the bankers for sharing the security. The names of the participating bankers in the charges through pari-passu agreement are stated here under:
  - Agrani Bank Limited.
  - The Hongkong and Shanghai Banking Corporation Limited.
  - Standard Chartered Bank.
  - Dutch Bangla Bank Limited.
  - Dhaka Bank Limited.
  - Trust Bank Limited.

# 5.13 UNDP Grant

UNDP Grant has been credited out of the grant received from UNDP to finance acquisition of HPF based Metered Dose Inhaler Production Machinery for the ACME Laboratories Ltd. As per decision of the Board of Directors, grant is subject to set off against the book value of Production Machinery by deducting the grant from the asset's carrying amount following the principle of BAS 20: Accounting for Government Grants and Disclosure of Government Assistance.

## 5 14 Employee benefits

The company maintains defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The company has accounted for and disclosed employee benefits in compliance with the provision of BAS19: 'Employee Benefits'.

The cost of employee benefit is charged off as revenue expenditure in the year to which the contributions relate.

The company's employee benefits include the following:

#### i) Defined Contribution Plan (Provident Fund)

The company got recognition from Commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no.: bw\_ bs wc,Gd Abţgv`b/32/K:A:-3/2010-2011, ZwiL: 23/03/2011 Bs for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

#### ii) Defined Benefit Plan (Gratuity)

The Company has formulated a policy related to "Payment of Gratuity "payable to its eligible Permanent Employees who are serving the company for a considerable duration, at the time of severance of their relationship from the Company. Eligibility for getting the said Benefit mainly depends upon the length of service with the organization subject to compliance of the eligibility criteria as prescribed by the management in the policy and accordingly the company has made necessary provision (non funded) in the books of accounts.

#### iii) Short-term employee Benefits

Short-term employee benefits include salaries, bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

#### iv) Contribution to Worker's Profit Participation Fund (WPPF)

This represents 5% of net profit before tax and before charging the contribution to WPPF by the company as per provisions of the Bangladesh Labor Law, 2006 and is payable to beneficiary as defined in the said law.

## v) Insurance Schemes

Employees of the company are covered under group hospitalization and group term life insurance including accidental benefits. Summary of the plans are stated here under:

#### A. Group Hospitalization Insurance Plan

In this scheme, the company covers its employees under hospitalization and other medical expenses related with hospitalization of the employees from salary Grade K and above. The hospitalization benefits are provided to employees as per three tier system and each tier of benefits covering from different group of employees based on salary grade in the company. The company pay annual premium to the insurance company for this cover of their employees.

## **B. Group Term Life Insurance Including Accidental Death Benefit:**

In this policy, all the permanent and salaried employees of the company are covered. If an insured employee dies irrespective of the cause of death, insurance company upon receipt of written proof pays to the employer the sum insured in respect of that employee as per the terms of the contract between the insurance company and the employer.

In respect of Fourth class (i.e. Driver, Peon, Cleaner, Guard, Electrician, Loader, Packing Man, Worker and Helper etc.) married employees, if he leaves behind not more than two children then additional sum equivalent to 15% of sum insured is being paid to them.

### **Employee Position**

During the year there were 6,711 employees employed in the company with remuneration above Tk. 3,000 per month, among them 4,306 employees employed for the full year and remaining 2,405 employees employed less than full year.

## 5.15 Investment Property

For Investment Property, the company follows fair value model as subsequent measurement. A gain or loss arising from a change in the fair value of investment property is recognized in Statement of Comprehensive Income for the year in which it arises.

## 5.16 Share Premium

As per BAS-32, Para-37, an entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

The company shows share premium account balance after netting off relevant transaction costs. The balance in share premium account shall be utilized in accordance with provisions of Section 57(2) the Companies Act 1994 and as directed by the Bangladesh Securities and Exchange Commission in this respect.

## 5.17 Research Development and Experimental Cost:

In compliance with the requirements of BAS-38 "Intangible Assets", research, development and experimental costs are usually absorbed as revenue charges to the Statement of Comprehensive Income as and when incurred, as being not that much material in the company's and /local context.

## 5.18 Earnings per Share (EPS)

This has been calculated in compliance with the requirement of BAS 33: Earnings per Share, by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

#### **Basic Earnings per Share (Numerator/Denominator)**

Earnings (Numerator)

This represents earning for the year attributable to ordinary shareholders.

No. of Ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year.

#### **Diluted Earnings per Share**

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, the Diluted EPS of the company is same as Basic EPS.

## **5.19** Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rate of exchange ruling at the transaction date. The monetary assets and liabilities, if any denominated in foreign currencies at the financial position date are translated at the applicable rate of exchanges ruling at that date. Exchange differences are accounted as expenditure/income in compliance with the provision of BSA 21: The Effects of Changes in Foreign Exchange Rates.

#### **Directors' Responsibility Statement** 5.20

The Board of Directors takes the responsibility for the preparation and presentation of these financial Statements.

## Corporate Social Responsibility (CSR)

In continuation of benevolent activities like helping poor meritorious students of their studies and assisting needy poorer section of people in availing livelihood since inception of the company and also donating lump sum amount of money to the Salvation For the Deserving (SFD), an NGO registered under the Societies Act since 2003. The company has this year decided to extend these activities in a form of Corporate Social Responsibility in collaboration with project SDC (A Samriddhi Project implement by HELVETAS Swiss Intercooperation) and would allocate funds for the purpose under the head Corporate Social Responsibility (CSR).

## **Segmental Reporting**

As required by BFRS - 8 'Operating Segments', if an entity operates and engages in different economic environments and activities then the entity has to disclose information, to enable users of its financial statements to evaluate the nature and financial effects of the business so carried out.

The company consider the operation on aggregate basis and manage the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

## **Contingent Liabilities and Contingents Assets**

Contingent liabilities and assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with BAS-37, they are disclosed in the note # 48 hereunder.

## **Statement of Cash Flows**

Statement of Cash Flows has been prepared in accordance with BAS-7 'Statement of Cash Flows' by using direct method.

## **Risk Management**

#### **Operational Risk**

ACME relies on suppliers for ingredients and various third parties for certain manufacturing-related services to produce material that meets appropriate content, quality and stability standards of the company products and, after approval it is being released for commercial distribution. ACME may not be able to produce its drug substance or drug product to appropriate standards without the required supports from its suppliers and vendors. Again if it fails to maintain important manufacturing and service relationships, may not find a replacement supplier or required vendor or develop company's own capabilities which could delay or impair company's ability to obtain regulatory approval for its products and substantially increase company's costs or deplete profit margins, if any.

#### **Management Perception**

ACME has a good number of vendors and for each and every ingredients and services, the company have more than one approved vendors. It uses to conduct vendor audit and its concerned professionals are very conscious regarding the vendor issue. Further, none of the supplier accounts for significant amount of total purchases.

## **Industry Risks**

The pharmaceutical industry has witnessed challenges such as intellectual property rights, a historic fuel price peak, and material cost increase across the globe. It stands as one of the most challenging and dynamic industries to operate as on date. Fortunately, Bangladesh is only least developed country who demonstrates significant competencies in pharmaceuticals industry and it requires huge medicine for its present 160 million (approx.) population and requires huge quantity of medicine. As such, local pharmaceutical industry is not in a trouble, rather the said industry has ample opportunities to grow.



As the per capita income and per person consumption of medicine is increasing over the years, management is optimistic about growth opportunities of pharmaceutical industry in Bangladesh. The company is trying to adopt sophisticated state of art manufacturing facilities and making efforts to catch the opportunity of regulated global market.

#### Market Risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the pharmaceutical products which would harm the performance of the Company. On the other hand, strong marketing and brand management would help the Company increase their customer base.

#### Management Perception

The products of pharmaceuticals industry are of basic nature and have a wide market as they are giving a good market share to The ACME Laboratories Limited at present. Hence, it will hardly be the case that there will be a lack of demand for the products. Moreover, as explained earlier, the pharmaceuticals industry is only increasing year-on-year and ACME is following fool-proof scientific integrated marketing policy. Hence, has marginal probability for shrinkage.

#### Currency risk

Exchange rate risk occurs due to changes in foreign currency exchange rates. As the Company has taken foreign currency loan, imports major raw materials and some packing materials from abroad and earns most of the revenue in local currency, unfavourable volatility or fluctuation may affect the profitability of the Company. On the other hand, if exchange rate decreased against local currency opportunity will be created for generating more profit.

#### Management Perception

ACME earns some of its revenue in US dollars, thereby creating to built-up hedging scopes. Besides, in case of significant BDT devaluation in order to keep the cost to minimum, appropriate and responsible hedging mechanisms may be applied. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nationwide phenomenon experienced by the entire industry. In such a scenario, there will be a market adjustment in end product prices, subject to approval of concerned authority.

#### Interest rate risk

Interest rate risk is the risk that Company faces due to unfavourable movement in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase

the interest rates. Such rises in interest rates mostly affect Companies having floating rate loans or Companies investing in debt securities.

#### **Management Perception**

In order to manage this risk and overcome it, the Company shall exercise prudence in its cash flow management, supported by continued strength in sales and marketing. ACME is very careful in forecasting the prices of raw materials and manages its costs in an effective manner. To maintain effective rate of return ACME also follow knowledge and information based products mix, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

#### **Technology Related Risks Potential**

Pharmaceutical industry is dynamic nature and heavily driven by technology. Hence, technology always plays a vital role here. Adaptation of better technology can help to gain remarkable competencies that certainly create competitive advantages like increase productivity; reduce costs, better perception of customers. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the Company which may cause operational inefficiency.

## **Management Perception**

As one of the leading pharmaceutical firm of the country, there are clear intent regarding adaptation of technology here and the management is aware of technological changes and always trying to adopt new technology according to its needs. Furthermore, routine and proper maintenance of the equipment carried out by the Company ensures longer service life for the existing equipment and facilities. Finally, ACME is committed to hold its leading edge and maintaining quality and brand image.

#### **Potential or Existing Government Regulations**

The Company operates under the Drugs Ordinance 1982, Companies Act 1994, Directorate General of Drug Administration (DGDA) Regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Customs Act 1969, Value Added Tax (VAT) Act 1991, Value Added Tax (VAT) Rules 1991 and other rules and regulations of the country. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

#### **Management Perception**

Since product of pharmaceuticals industry is essential one for lives and it is an import substitute industry and value addition is remarkable, we see the government regulations are mostly investment friendly for this sector particularly. As ACME is one of the top ranking pharmaceutical companies of the country, it is doing business following all the rules and regulations. Change in regulations will bring changed strategies for doing the business by the dynamic management of the Company. Besides this, many of the patented drugs/molecules will be off patented and it will be an opportunity for the manufacturer to freely manufacture and distribute without any restriction.

#### **Potential Changes in Global and National Policies**

Changes of Government policies may affect business. 49 LDCs including Bangladesh are not required to provide patent protection, give exclusive marketing rights to companies with patented products or comply with the "mailbox" program – create a process to receive complaints about pharmaceutical product patent right violations until 2016. While it is possible that the deadline may be extended, its implementation in 2016 will have significant impact on the LDC who have not implemented the TRIPS standards.



Pharmaceuticals, over the years have been proved as a thrust sector for the country growing at a considerable pace each year. Bangladesh, through its international affiliates and other 48 LDCs shall definitely lobby for extension of this deadline. In addition, ACME is continuously trying to adopt right technology and build infrastructure to meet TRIPS standards.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge on obligation. Credit risk information helps users of financial statements asses the credit quality of the entity's financial assets and level and sources of impairment loss. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. As at 30th June 2014 substantial part of the receivables are subject to insignificant credit risk. Risk exposures from other financial assets i.e. Cash at bank and other external receivables are nominal.

#### **Management Perception**

To mitigate the credit risk the management of the company follows robust credit control and collections policies. The company has dedicated credit collections team.

#### **Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity ( cash and cash equivalents) 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 the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

#### **Management Perception**

Effective liquidity risk management requires both a top-down and a bottom-up approach. Strategy, principles and objectives are set at board and management levels. ACME conducts liquidity management in a manner that maintains stability and flexibility in day-to-day funding activities. Our liquidity risk management starts by managing daily payment of cheques, daily cash inflow and outflow, maturity of deposits and our access to other funding sources as and when required.

## 5.26 General Comments & Observations

- a) Previous year's figures have been regrouped/reclassified wherever considered necessary to confirm to current year's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this financial statement.
- b) All shares have been fully called and paid up.
- c) The company has not incurred any expenditure in foreign currency against royalties and technical fees
- d) No foreign exchange remitted to the relevant shareholders during the year under audit.
- e) No amount of money was expended by the company for compensating any members of the Board for special service rendered.
- f) No brokerage was paid against sales during the year under audit.
- g) There was no bank guarantee issued by the company on behalf of directors.

# The ACME Laboratories Ltd.

Pinaki & Company পিনাকী এন্ড কোম্পানী

Notes to the Financial Statement As at June 30, 2014

Property, Plant and Equipment \* - Schedule A

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	(Orodeal Cost as		Bookerine	Additor dus to	Adeltion	Disperse	2	Machinavia				000	$\overline{}$	-			Dispessio	7		
Particulars of Assets		Addition due to headgemention (Carl)	Surples as on 61.07.13	Analysmetos Sectionics	Daring the period (Coet)	ä	Steaturice	Magazzani Majazzani	NO.16	M	Ammediated Day, As on BLEV.13 on Gost	Actibon facts Actibon facts Aralgemether on Cart	Dep. to or 01,07,38 en. A. Savakation	Addition due to Amaignmention on Recolumnica	Deprication on Beveloation during the year	Deprication on Historical Cost during the year	Accumulated Day, on Cort	Accountained day, Or Sevaluation	State of	Written Down value as on \$1.06.3014
Land and land development	246,147,536	127,182,496	3,285,582,985	354,117,562	32,534,690	///	ät	lit	4,023,735,361		14				14	11.	AX	(4	- 2	4,029,795,181
	200,000,000	383,040,582	1,381,602,564	200,017,000	1,182,377,836	70	āł	li†	4,506,584,576	8	100,000,000	SEALTHAN	128,381,084	53,552,662	78,140,421	54,541,124	117	((6	961,336,338	1,924,985,578
Machiney & Equipment	\$76,087,575	485,516,206	8,404,581	38,197,788	1,343,525,162	102			2,628,531,292	2.5%	258,414,876	110,747,547	1,350,582	5,572,983	1,730,270	53,634,337	Y	ũ	885,940,685	1,594,178,587
untime & Paties	144,781,055	46,080,130	9	2	24,671,938	1/2		88	235,434,642	1000	78,354,872	15,307,368			9	26,855,670	9.0	0	113,000,111	100,726,792
Worker Vehicle	887,115,888	14,798,862	15,964,337	1,584,829	34,565,425	11,593,3380	(726,000)		445,855,613	10%	135,093,360	6,113,800	7,182,630	500,863	3,659,689	33,03,435	(1,247,694)	(19090)	225,562,706	126,358,867
Uthler, Ferrical estallation & Frg.	STLESTAND	784,170,975	12,085,001	51234577	271,390,629	10	(0)	(8)	1,490,622,829	7.5%	178,645,234	180,304,653	4,812,552	4,545,475	3/382,454	\$2,008,316	Ŷ	•	427,108,984	1,060,915,835
Office Equipment	61,259,111	8,885,971	246,089	1,029,304	6,413,513	(3)	it.	185	38,538,638	20%	25,453,772	3,539,999	82,002	325,546	155,249	8,290,355	ST	90	37,899,323	40,279,355
Books and Perceitods	Norr year	603/889	120	8	588357	Ÿ	0		5,253,657	30%	2,489,438	884,5667	ï	(7)		495,003	0	90	3,262,084	3,080,579
	2,548,024,462	2,049,973,067	4,636,636,537	1,098,123,666	2,862,856,855	D.983,2380	(126,000)	300	13,182,642,379		554,683,499	255,080,000	141,728,484	64,58,719	87,477,483	224,551,009	(1,247,594)	(114,190)	1,819,488,641	11,361,156,730
Waching in Transf.	354,065,336	1,913,808,024	-	+	248,244,862	7	101	(1,565,230,280)	1,440,380,565		+-	5.	V	511	+	to	¥	ĵ.		1,440,380,365
Construction work in progress	1,685,355,335	320,386,928	\$2	400	1,706,655,127	27	36	(1,125,531,688)	2,730,357,783		10	20	W	28	\$	100	V	16		2,710,367,783
	2,183,374,552	2,275,795,562		5	2,455,395,186	(a)	*	(2,381,829,574)	4,350,738,348						75		(a)	9	-6	4,130,736,346
	4.712.199.046	4,525,768,649	4690,434,517	3,099,123,666	6,316,396,349	11,598,596	(735,000)	(2,361,828,876)	57,881,885,727		124,683,098	575,065,666	141,729,484	64,364,749	81,377,488	224,551,039	(1,247,694)	DATAGE	1,819,489,661	15,513,897,086

Refer note #5.12 regarding creation of charges in favour of bankers as per syndication agreement.

DEPRECIATION:		
DEPRECIATION	<b>3</b> 1	
	DEPRECIATION	

Selling & Distribution Expenses Administrative Expenses Factory Overhead

On Revaluation 41,797,197 24,381,698 20,898,598 62,874,283 53,892,242 107,784,484 224,551,009 On Cost

48% 28% 24%

74,790,840 87,255,981 311,628,502 87,077,493

149,581,681

Total

6,306,210,078

1,026,412,904

157,415,461

70,894,702

71,064,072

758,634,925

3,362,623,582

(83,365,872)

2,008,387,315 (14,358,638)

2,613,012,541

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014 Continuation Sheet ....

No. Particulars Taka
As at 30-06-2014 As at 30-06-2013

### Property Plant and Equipment: Tk. 15,511,897,086

Details of Property, Plant and Equipment and Depreciation as at June 30, 2014 are shown in the annexed Schedule - A. This is arrived at as follows:

	14,372,322,836	4,829,920,756
Opening Balance (At Cost)	4,732,199,044	2,813,812,841
Add:	XX-579-379078C-03	
Addition of cost due to Amalgamation	4,323,768,649	
Addition of cost during the year	5,316,355,143	2,016,107,915
	5,723,546,203	4,630,424,537
Opening Balance (Revaluation)	4,630,424,537	4,630,424,537
Add: Addition due to amalgamation	1,093,121,666	
Less: Adjustment of CIP and Machinery in transit	(2,761,829,974)	12
Less: Disposal/Adjustment	(2,653,338)	(97,721,711)
	(2,764,483,312)	(97,721,711)
Closing balance	17,331,385,727	9,362,623,582
Less: Accumulated Depreciation	1,819,488,641	1,056,412,904
Opening balance	1,056,412,902	829,498,997
Addition due to amalgamation	452,849,221	53
Depreciation charged during the year	311,628,502	228,280,163
Adjustment due to Disposal	(1,401,984)	(1,366,256)
Carrying Value	15,511,897,086	8,306,210,678
Allocation of depreciation charge for the year has been made in the accounts as follows:		
Factory Overhead	149,581,681	108,743,848
Selling and Distribution Expenses	87,255,981	64,076,563
Administrative Expenses	74,790,840	55,459,752
Total	311,628,502	228,280,163

# 6.a Revaluation Surplus: Tk. 5,429,804,848

Mashi Muhit Haque & Co. Chartered Accountants, Dhaka, Bangladesh the valuer revalued the Land, Building, Machinary & Equipment and Motor Vehicle of the Company as at 30 June 2011 at "Current Cost Method". Further on 31st December 2011 the company revalued newly registered land based on the valuation report of the same valuer. Due to these revaluation, a revaluation surplus aggregating Tk.4,630,818,104 has arisen. Current balance is shown below:

-Addition due to amalgamation - Charged during the year	64,368,749 87,077,492	70,864,702
- Opening Balance	141,729,404	70,864,702
Less: Accumulated depreciation on revaluation	293,021,355	141,729,404
Adjustment of revaluation due to disposal	(720,000)	
Addition of revulation due to amalgamation	1,093,121,666	
Add:		
- Opening Balance	4,630,424,537	4,630,424,537
Revaluation surplus	5,722,826,203	4,630,424,537

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

Continuation Sheet.

No. Parti	culars		Tal	ta
			As at 30-06-2014	As at 30-06-2013
7 Intar	ngible Assets :Tk. 286,875			
/ This a	mount consists of as follows:			
Appli	cation Software	(Details in note # 7.1)	940,285	940,285
Less:	Amortization		653,410	602,153
	Accumulated balance		602,153	531,632
	During the year		51,257	70,521
			286,875	338,132

# 7 . 1 Application Software: Tk. 286,875 Details have been given below :

			Total	al Write off	
Year of Acquisition	Amount ( Tk.)	Rate of write Off	Opening balance	During the year	Closing Balance
2000-01	385,285	7.50%	375,653	9,632	50.00
2007-08	400,000	7.50%	180,000	30,000	190,000
2009-10	155,000	7.50%	46,500	11,625	96,875
Total	940,285	***************************************	602,153	51,257	286,875

## Investment in Shares: Tk. 6,139,321

This represents investment in share capital of erstwhile The ACME Specialized Pharmaceuticals Ltd. (ASPL) and other public limited companies.

Investment in ASPL shares *			351,467,400
Other Public Limited Co.'s securities	(note # 8.1)	6,139,321	-
		6,139,321	351,467,400
		the Control of the Co	THE RESERVE AND ADDRESS OF THE PARTY OF THE

<sup>\*</sup> As per scheme of amalgamation of ASPL with the company, the holding of the transferee company in ASPL stands cancelled.

# 8.1 Other Public Limited Co's Securities

Particulars	No. of shares hold	FV	Average cost per unit	Total cost	Market Price as on 30.06.2014	Unrealized gain/(loss) as on 30.06.2014
AB Bank	20000	10	26.12	522,446	508,000	(14,446)
Eastern Bank Limited	20000	10	29.17	583,480	576,000	(7,480)
Pioneer Insurance	21000	10	50.00	1,050,013	1,047,900	(2,113)
Southeast Bank	25000	10	20.18	504,509	487,500	(17,009)
EXIM Bank	25000	10	10.26	256,530	252,500	(4,030)
BRAC Bank	28000	10	27.00	755,908	736,400	(19,508)
Trust Bank	25000	10	14.60	365,027	370,000	4,973
Delta Brac Housing	20000	10	63.02	1,260,367	1,240,000	(20,367)
Square Pharma	3203	10	0.00	-1	903,887	903,887
Square Textile	199	10	0.00	2.5	17,134	17,134
				5,298,280	6,139,321	841,041

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

Continuation Sheet ....

No. Particulars	Tal	ka
	As at 30-06-2014	As at 30-06-2013

#### 9 Investment Property: Tk. 2,61,85,000

The comapany has an Investment Property (Building) which have been rented to ACMUNIO International Ltd. As per BAS-40: Investment Property, the company is following fair value model as subsequent measurement and any gain or loss arising from a change in fair value of Investment Property is recognized in Statement of Comprehensive Income for the year in which it arises.

The details are hereunder:

This consists of as follows:

Opening balance Add/Less: Changes in fair value Closing Balance Inventories: Tk. 2,223,003,434

Raw Materials **Packing Materials** Work-in-Process Finished Goods Printing Stationary Spare & Accessories Total

Refer note # 5.12 regarding creation of charges in favour of bankers as per syndication agreement.

26,185,000	26,185,000
26,185,000	26,185,000
694,987,665	824,926,270
404,785,640	545,143,710
356,784,193	375,336,272
332,745,359	375,693,869
21,700,383	18,866,704
75,263,811	83,036,609
1,886,267,051	2,223,003,434

#### Trade Receivable: Tk. 644,867,067

The accounts receivable both domestic and exports occurred in the ordinary course of business are unsecured but considred good by the management. The above accounts receivable is as follows:

Domestic 574,255,442 396,956,360 74,307,328 **Exports** 70,338,597 471,263,688 644,594,038 Foreign exchange Unrealised Gain/(Loss) 273,029 (242,501) 644,867,067 471,021,187

There was no amounts due from the directors (Including Managing Director, Managing Agent, Manager and other Officers of the Company) and any of them severally or jointly with any other person (s).

Refer note # 5.12 regarding creation of charges in favour of bankers as per syndication agreement.

#### Trade Receivable: Tk. 644,867,067

Ageing of the above receivables are given below:

	Upto 6 Months	Above 6 Months	Total	
Domestic	574,255,442	20	574,255,442	396,956,360
Exports	70,338,597		70,338,597	74,307,328
			644,594,038	471,263,688
Foreign exchange Unrea	alised Gain/(Loss)		273,029	(242,501)
			644,867,067	471,021,187

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## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

No.	Particulars	Taka	
		As at 30-06-2014	As at 30-06-2013
10	Other Receivable: Tk. 74,526,105		
1	(Unsecured but considered good)		
	This consists of as follows:		
	Rent on Investment Property	32,310,000	25,848,000
	Sinha Printers Ltd. against Goods and Services	37,257,581	36,928,465
	Interest Receivable on FDRs	4,958,524	13,291,250
		74,526,105	76,067,715
13	Advances, Deposits and Prepayment : Tk 1,097,408,239		
	The followings items are unsecured but considered as good and this consists of as follows :		
	Advances:		
	Advances against salary	57,757,291	42,806,736
	Motor Cycle advance to employees	238,546,633	245,970,768
	Employee advances (Others)	48,503,038	-
	Advance to ASPL against Shares		1,307,802,898
	ACMUNIO Int. Ltd.	120,343,583	95,213,031
	Advance to Suppliers	116,607,407	55,225,110
	Advance to Suppliers for Construction	324,584,985	284,584,985
	Advance against Land	95,250,000	217,084,401
	Others	7,733,061	-
	Deposit :		
	Security deposit and earnest money	11,673,501	12,573,531
	Lease Deposit	4,780,055	21,497,806
	Presumptive Tax on Share Premium	13,064,814	13,064,814
	Bank Guarantee/LC Margin	11,604,600	
	Advance VAT	30,733,050	31,392,912
	Others	4,710,353	13,176,010
	Prepayments:		
	Office Rent	5,429,450	5,149,433
	Insurance	5,086,418	2,151,836
		1,097,408,239	2,347,694,271

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

No.	Particulars	Tak	ca
		As at 30-06-2014	As at 30-06-2013
14	Advance Income Tax: Tk 1,334,147,374		
i de la	The breakup of the above amount is as under		
	Opening Balance as per last A/C	1,273,276,904	905,905,040
	Less: Adjsutment of Current Tax Provision against Advance Income Tax		
	- For the assessment year 2011-2012	(218,905,630)	74
	- For the assessment year 2010-2011	(136,683,926)	14
	Payment during the year:		
	AIT collected by customs Authority	95,433,002	58,514,240
	AIT collected by Bank from export bills	1,948,536	1,844,291
	AIT deducted against supply of medicine	9,809,089	9,582,469
	AIT collected by BRTA Authority	2,676,500	2,559,500
	AIT deducted on bank Interest on FDRs	10,543,922	195,231
	Paid by pay order:		
	for the assessment year 2012-13	14	154,422,433
	for the assessment year 2013-14	91,066,045	140,253,700
	for the assessment year 2014-15	170,920,246	A 0.00
	Addition of advance Income Tax due to amalgamation	34,062,686	14
		1,334,147,374	1,273,276,904
15	Material in Transit: Tk. 294,476,484		
10	Raw Materials	254,312,276	123,320,205
	Packing Materials	20,008,993	34,616,319
	Spare Parts	20,155,215	4,529,073
		294,476,484	162,465,596
16	Term Deposit: Tk. 553,201,740		
10	As a part of efficient treasury management, the comapany have made some short term of	eposits with various Commerci	al Banks which are
	stated below:		
	Trust Bank Limited	387,365,775	350,000,000
	Dhaka Bank Limited	165,835,965	150,000,000
	Delta Brac Housing		200,000,000
	Investment Corporation of Bangladesh (ICB)	30	500,000,000
	Bank Asia Limited		20,000,000
		553,201,740	1,220,000,000

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

No. Particulars	Ta	ka
	As at 30-06-2014	As at 30-06-2013

Cash and Cash Equivalents: Tk. 413,432,359		
This is made up as follows :		
Cash in Hand	296,664,128	224,784,484
Cash at Bank :		22 17 0 17 10 1
Agrani Bank, Ramna Branch, STD A/C	15,403,313	9,742,391
Agrani Bank, Dhamrai Branch, C/D A/C	1,469,840	128,685
Dhaka Bank Ltd, Dhanmondi Br. A/C No 2051001807	209,529	
National Bank Ltd, Dhanmondi Br. CD A/C		456,652
Uttara Bank Ltd, Satmosjid Road Br. CD A/C	349,591	1,677,701
	22,012,108	15,816,212
Marcantile Bank Ltd, Hemaetpur Br. CD A/C	32,130,061	43,948,898
Agrani Bank ,Ramna Br. F/C A/C	(4,069,819)	(1,525,723)
SCB F/C A/C, HO	2,457,628	1,726,081
Commercial Bank of Ceylon	12121322	18,786
Sonali Bank, Local office	246,197	1,761,332
slami Bank,Shymoli Br.	-	48,481
NCCBL, Shymoli Br.	1,349,336	(449,391)
EBL C/D A/C, Gulshan Branch	9,958,746	6,525,192
Dutch Bangla Bank, Barisal Br.	280,043	6,223
Sonali Bank, Kallayanpur Br.	111,565	83,065
Dutch Bangla Bank, Rajshahi Br.	187,009	203,837
Dutch Bangla Bank, Jessore Br.	245,793	506,837
Dutch Bangla Bank, Khulna Br.	541,232	265,614
Dutch Bangla Bank, Mymensingh Br.	2,426,666	46,273
Dutch Bangla Bank, Dinajpur Br.	284,980	237,404
Agrani Bank, Ramna Br.		41,612
Dutch Bangla Bank, Ring Road Br.	181,284	182,984
Dutch Bangla Bank, Narayangong Br.	484,387	7,414
Dutch Bangla Bank, B.Baria, Branch	736,350	235,115
Prime Bank-CD A/C, Satmasjid Road	-	837,161
Dutch Bangia Bank	1,030	1,030
Dutch Bangla Bank, Patherhat Branch	14,300	
HSBC F/C A/C, Main Branch	33,628	21
HSBC F/C (USD) A/C, Main Branch	11,202,335	2
United Commercial Bank Limited UCBL-CD AC, Guishan Branch	90,839	285,803
DBBL Chakoria Branch	203,510	130,000
The City Bank Ltd., Dhanmondi Branch	78,175	3,210
Trust Bank Ltd., Dhanmondi Branch	761,363	1,611,722
Dutch Bangla Bank, Faridpur Br.	167,529	361,399
Dutch Bangla, Bogra Br.	365,680	680,370
SCB SNd A/C, HO	3,165,666	142,151,090
SCB DSRA A/C, HO	13,683,268	112.100
Dutch Bangla, Rangpur Br.	3,350	112,165
Cash at BO account	1,720	450 650 450
	413,432,359	452,650,109

## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014 Continuation Sheet....

No.	Particulars	Taka	
		As at 30-06-2014	As at 30-06-2013
0	Share Capital : Tk. 161,601,700		
0	This is arrived at as follows :		
a)	Authorized Capital: Tk 5,000,000,000		
	500,000,000 Ordinary Shares @ Tk. 10/-each	5,000,000,000	5,000,000,000
b)	Issued, Subscribed and Paid - up Capital:		
	155,631,100 Ordinary Shares @ Tk. 10/- each (last year 116,000,000 Ordinary Shares)	1,556,311,000	1,160,000,000
	Add: Issued 39,631,100 Ordinary Shares @ Tk. 10/- each in the year 2012-'13		396,311,000
	Add: Issued during the year 5,970,600 Ordinary Shares @ Tk. 10/- each	59,706,000	
		1,616,017,000	1,556,311,000
c)	The movement of Ordinary Shares during the year is as under		
		No. of Share	No. of Share
	Opening Balance	155,631,100	116,000,000
	Share issued during the year	5,970,600	39,631,100
	Closing Balance.	161,601,700	155,631,100

### d) Composition of Share holding of Ordinary Shares:

and the second second	2013-2014		2012-2013	
Name of the Shareholders	No. of Shares	%	No. of Shares	*
Mr. Nasir-Ur-Rahman Sinha	13,620,136	8.43%	13,419,150	8.62%
Mr. Mizanur Rahman Sinha	18,175,115	11.25%	15,839,000	10.18%
Dr. Jabilur Rahman Sinha	14,220,630	8.80%	13,919,150	8.94%
Mr. Afzalur Rahman Sinha	14,962,886	9.26%	13,519,150	8.69%
Mrs. Parveen Akhter Nasir	10,539,843	6.52%	10,439,350	5.71%
Mrs. Jahanara Mizan Sinha	10,519,744	6.51%	10,439,350	6.71%
Mrs. Nagina Afzal Sinha	11,888,433	7.36%	10,903,600	7.01%
Mrs. Hasina Jabil Sinha	10,075,593	6.23%	9,975,100	6.41%
Others (who holds less than 5% share)	57,599,320	35.64%	57,177,250	36.74%
Total	161,601,700	100%	155,631,100	100%

## O Share Premium: Tk. 1,605,066,569

In the year 2012-2013, the company issued 39,631,100 Ordinary Shares of Tk. 10 each at issue price of Tk. 52 with a premium of Tk. 42 each.

Closing balance	1,605,066,569	1,605,066,569
BSEC Fees		560,000
Tax on Share Premium	(e	49,935,186
VAT on fees to the issue Manager		1,166,667
Fees to the issue Manager	9 11	7,777,778
Less: Transaction cost	v <u>. 52</u>	59,439,631
Add : Amount received during the year	32	1,664,506,200
Opening balance	1,605,066,569	100

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## The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

No.	Particulars	Taka	
		As at 30-06-2014	As at 30-06-2013
20	Capital Reserve: Tk. 0		
-U	The amount realized on sale of land in the year 2008-2009, has been derived as under:		
	Sales proceeds of the land	80,150,000	80,150,00
	Less: Cost of the land	9,259,110	9,259,11
	Gain on sale of land befor netting of tax	70,890,890	70,890,89
	Less: Tax on sales proceeds	4,007,500	4,007,50
	Net gain on sale of land	66,883,390	66,883,39
	Disposition of Gain:		
	Net gain from sale of land	66,883,390	66,883,39
	Less: Gain shown in Statement of Comprehensive Income during the year 2008-09	26,716,667	26,716,66
	Amount shown as Capital Reserve	40,166,723	40,166,72
	Less: Amount transferred to Retained Earnings	40,166,723	-
			40,166,72
	Capital Reserve amounting Tk. 40,166,723 was recognized in the year 2008-09, after completin fact, it was a free reserve in nature. As such, during the year the management of the contour retained earnings.		
1	Retained Earnings: Tk. 1,949,426,728		
	Opening balance	1,327,209,077	849,726,33
		1,358,414,002	576,560,49
	Add: Net profit after tax for the year	893,890,898	505,695,79
	Adjustment for Depreciation on Revalued Assets	87,077,493	70,864,70
	Adjustment of Revaluation surplus due to disposal	221,500	
	Adjustment due to disbursement of purchase consideration and resultant gain thereon	283,977,778	
	Capital reserve	40,166,723	
	Addition due to amalgamation	53,079,610	~
		736,196,351	99,077,75
	Less: Tax Holiday Reserve	45,177,401	-
	Interim Cash Dividend declared during the year	323,203,400	99,077,75
	Final dividend declared for the year 2012-2013	367,815,550	
	Closing balance	1,949,426,728	1,327,209,07
2	Long Term Loans - Net off Current Maturity: Tk. 3,018,088,196		
	This represents long term borrowings from financial institutions which are as follows:		
	Name of Financial Institution		
	Standered Chartered Bank	18,225,115	11,944,69
	Trust Bank (MTL)	226,030,241	327,666,08
	Dhaka Bank MTL	73,907,803	100,516,66
	Dutch Bangla Bank (MTL)	249,445,361	100000000000000000000000000000000000000
	IDLC	183,708,976	305,858,40
	SCB-Foreign Loan (Net of foreign currency gain/loss)	865,193,168	
	ICB*	350,000,000	-
	IIDFC	67,500,000	107,500,00
	IPDC	52,994,901	85,386,62
	NFL	44,172,675	64,731,75
	HSBC-Foreign Loan (Net of foreign currency gain/loss)	886,909,956 3,018,088,196	1,003,604,23

#### The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014 Continuation Sheet ....

No. Particulars Taka
As at 30-06-2014 As at 30-06-2013

Since the company has not able to comply the agreed condition as stated above, the Company during the year derecognized the amount of

Share Money Deposit and recognized it as a Term loan with agreed rate of interest repayable in ten half yearly equated installments.

## Provision for Gratuity: Tk. 30,465,330

 The ACME Laboratories Limited
 27,059,047

 Addition due to amalgamation
 3,406,283

 30,465,330

## Deferred Tax Liability/(Assets): Tk. 9,124,902

This represents provision made/assets created related to deferred income tax for taxable/deductable temporary differences which is arrived at as follows:

Opening Balance	124,807,896	123,811,231
Add : Deferred Tax Liability/(Assets) created during the year		
Increase in Deferred tax liability	70,853,117	996,665
On account of taxable temporary difference of taxable unit	61,193,400	996,665
On account of taxable temporary difference of Tax holiday unit	9,659,717	2.70
Creation of Deferred Tax Assets	(186,536,110)	970
on account of Unabsobed Depreciaiton of Tax holiday unit *	(177,065,444)	
on account of Provision for Gratuity	(9,470,666)	
	9,124,902	124,807,896

#### Deferred Tax Asset- Carry forward of unabsorbed depreciation of Tax Holiday Unit:

Para 9 of the Third Schedule of the Income Tax Ordinance, 1984 specifies that:

- the aggregate of the allowances for depreciation allowed under this ordinance or the income Tax Act, 1922(XI of 1922), in respect
  of any asset, shall not exceed the original cost of the asset.
  - where full effect cannot be given to depreciation allowances under this Schedule in the year it is admissible, there being no income chargeable for that year or such income being less than the allowance admissible, then, subject first to carrying forward of
- loss, if any, under section 38, the allowances or part thereof to which effect has not been given shall added to the amount of allowance for the following year or if no allowance is admissible for such following year, shall be deemed to be allowance admissible for such year and so on for succeeding years till such time as the entire allowance on this account is adjusted against the profits.

In view of the aforesaid provision, the company has carried forward the unabsorbed depreciation amounting to Taka 505,901,269 (Taka 367,065,444 related to Assessment year 2012-13, Taka 100,018,337 related to Assessment year 2013-14 and Taka 38,832,067 related to Assessment year 2014-15) related to its tax holiday unit (bw\_ bs -11(62) Ki glKzd I cÖZ"vc@Y/2011/ ZvwiL : 12/01/2012 Bs) which was a separate company till 31.01.2014 to adjust it against taxable profits for future assessment years till it gets fully absorbed. The company has accordingly created a deferred tax asset amounting to Taka 177,065,444 applying the substantively enacted rate based on the provisions of BAS-12 "income Taxes".

<sup>\*</sup> Represents Taka 500,000,000 sanctioned and disbursed by Investment Corporation of Bangladesh (ICB) which was initially recognized as advance against share money deposit as per the agreed terms, i.e. the Company was supposed to issue equity shares against the advances at the time of public issue brought by the company within one year from the date of disbursement. If the Company is not able to fulfill the condition as stated above, the said advance will be derecognized as Share Money Deposit and recognized as Term Ioan.

47

পিনাকী এড কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014 Continuation Sheet ....

No. Particulars	Та	Taka		
	As at 30-06-2014	As at 30-06-2013		

### 25 Loans & Overdrafts : Tk. 4,874,126,240

This represents various facilities availed from bank which are as follows:

Name of the Bank
Agrani Bank
Dutch Bangla Bank
Standard Chartered Bank
Dhaka Bank Ltd. LTR A/C
Dhaka Bank Ltd. C/C Hypo A/C
Dhaka Bank Ltd. STL A/C
Citi Bank. Overdraft
HSBC O/D, LTR, RL
EBL, Overdraft, LTR, RL
Trust Bank Ltd., OD,LTR,STL
The City Bank Ltd., O/D A/C, LTR, STL A/C
AB Bank Ltd., O/D, LTR, RL A/C

4,874,126,240	3,614,173,307
252,358,281	97,205,844
967,476,092	537,977,397
391,554,969	356,466,943
595,291,896	210,150,563
1,095,190,245	538,224,956
-	(44,584)
30,093,333	34,059,510
335,304,815	294,537,414
72,918,444	56,328,097
777,091,756	695,425,798
375,390,984	510,424,329
(18,544,575)	283,417,041

### Current Maturity of Long Term Loans: Tk. 1,014,864,198

This represents current portion of long term loans from financial Institution which are repayable within next 12 months from the balance Sheet date:

Standered Chartered Bank ( MTL)
Trust Bank
EBL
IDLC
IIDFC
IPDC
NFL
Foreign Loan SCB
HSBC Foreign Loan
ICB
Dhaka Bank
Dutch Bangla Bangla Bank

1,014,864,198	384,236,310
70,000,000	183
17,985,836	(+)
100,000,000	1 6 1
245,191,570	1.60
247,040,000	7.5
20,559,079	17,026,844
37,655,116	31,875,464
40,000,000	62,500,000
149,895,380	152,587,970
*	2,674,100
61,033,927	87,288,001
25,503,290	30,283,931

পিনাকী এন্ত কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014 Continuation Sheet....

No. Particulars	Taka	
	As at 30-06-2014	As at 30-06-2013
7 UNDP Grant: Tk. 0		
This consists of:		
Opening balance	4	
Add: Addition during the year	2,373,878	14,513,64
	2,373,878	14,513,64
Less: Utilization	-	13,962,58
	2,373,878	551,06
Less: Transfer to Other Income	2,373,878	551,06
	-	
Trade Payables: Tk. 528,302,125	-	
This consists of :		
This consists of t		
Trade Creditors	528,302,125	506,963,39
	528,302,125	506,963,39
Provision for Income Tax: Tk. 1,245,658,922		
Opening Balance	1,168,807,914	864,792,43
Add: Addition due to amalgamation	5,804,236	
Add: Provision for the year	416,636,328	304,015,47
Add: Provision related to prior years	10,000,000	-
Less: Adjustment of Current Tax Provision against Advance Income Tax		
- For the assessment year 2011-2012	(218,905,630)	·-
- For the assessment year 2010-2011	(136,683,926)	
Closing Balance	1,245,658,922	1,168,807,91
Liability for Expenses and Others: Tk. 160,054,589		
This comprise of :		
Salary & Allowances	28,603,514	74,647,12
Power & Electricity	3,681,082	2,171,78
Postage & Telephone	1,392,185	1,458,78
Gas Bill	7,799,019	1,865,99
Office rent	224,599	224,59
Audit Fee	500,000	200,00

WASA BIII

Other Expenses

Interest payable

VAT payable

- Others

Employees deduction

Tax Deducted at Source
- On directors' remuneration

- On employees' salary

Workers profit participation fund

30.a

1,076,850

1,820,953

22,402,271

84,214,886

4,016,023

546,292 604,458

3,172,457

160,054,589

1,121,558

5,830,711

65,059,739

1,166,667

777,778

154,524,731

পিনাকী এন্ড কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement As at June 30, 2014

Continuation Sheet...

No. Particulars

As at 30-06-2014 As at 30-06-2013

### Workers Profit Participation Fund: Tk. 84,214,886

30.a Workers Profit Participation Fund: Tx. 84,214,000
The company makes a regular allocation of 5% on net profit before tax to this funds and payment is made to the workers as per provisions of Labour Law 2006, Chapter-15.

Opening balance Add: Addition due to amalgamation Add: Addition during the year Less: Payment during the year Closing balance

84,214,886	65,059,73
41,808,175	33,689,07
60,242,211	40,535,39
721,111	•
65,059,739	58,213,414

31

### Dividend Payable: Tk. 606,723,400

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Interim cash dividend a the rate of 20% for the year 2013-2014. This will involve an amount of Tk. 323,203,400 has been paid to the Shareholders.

Opening balance (Interim dividend for 2012-2013) Add: Final dividend declared for the year 2012-2013 (Gross) Add: Interim dividend decalred for the year 2013-2014 Less: Dividend paid to Promoter shareholders Less: Dividend paid to other than promoter shareholders **Net Dividend Payable** 

606,723,400	99,077,750
118,893,300	U.S. 11
64,480,000	-
323,203,400	270
367,815,550	99,077,750
99,077,750	

পিনাকী এন্ত কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Continuation Sheet ....

Notes to the Financial Statement For the year ended 30 June 2014

No.	Particulars	Taka				
		July '13 to June '14	Feb.'14 to June'14	July '13 to June '14	July '12 to June '13	
		Taxable Unit	Tax Holiday Unit	Total	Taxable Unit	
2	Revenue : Tk. 10,217,931,465					
1	This is made up as follows:					
	Gross Turnover					
	Domestic					
	Own Products (with VAT)	8,489,442,448	1,228,334,468	9,717,776,916	7,524,111,266	
	ASPL Products (Erstwhile Subsidiary Co. now amalagamated)	1,460,306,873		1,460,306,873	1,975,362,063	
		9,949,749,321	1,228,334,468	11,178,083,789	9,499,473,329	
	Manufactured by Others :					
	Syrange	4,702,633		4,702,633	18,196,102	
	Fish Feed	19,552,125		19,552,125	17,990,625	
		9,974,004,079	1,228,334,468	11,202,338,547	9,535,660,056	
	Exports	NUMBER OF STREET		communication of	3076-30500000000000000000000000000000000000	
	Own Products	363,269,096		363,269,096	337,528,776	
	Total Gross Turnover	10,337,273,175	1,228,334,468	11,565,607,643	9,873,188,832	
	Less: VAT	1,169,200,230	178,475,948	1,347,676,178	899,869,500	
	Net Turnover	9,168,072,945	1,049,858,520	10,217,931,465	8,973,319,332	

The summarized quantities are as follows

Name of Category	Unit	Opening	Production/ Purchase	Sales	Closing
Capsule	Pcs	14,782,615	327,784,997	326,918,398	15,649,214
Cream	Tube	209,436	4,238,375	4,222,253	225,558
Dry Syrup	Bottles	295,894	6,711,595	6,731,469	276,020
Eye/Ear/Nosal Drop	Phials	358,026	7,606,854	7,615,877	349,003
Injection	Pcs	4,475,719	38,618,239	38,764,901	4,329,057
Liquid	Bottles	2,879,123	51,760,497	51,612,110	3,027,510
Ointment	Tube	69,125	1,639,817	1,651,498	57,444
Tablet	Pcs	61,462,258	1,965,994,209	1,963,782,748	63,673,719
Powder	Pcs	43,254	576,662	575,426	44,490
Inhaler (DPI)	Cans	1,389,321	24,530,350	24,320,272	1,599,399
Suppository	Pcs	498,754	15,296,715	15,197,135	598,334
Inhaler(MDI)	Cans	21,451	409,920	410,041	21,330
Injection (vet)	Pcs	2,471,369	8,995,662	10,258,740	1,208,291
Liquid (Vet.)	Bottles	158,741	3,025,308	3,015,699	168,350
Bolus	Pcs	7,358,456	98,757,805	98,712,162	7,404,099
Primix	Pcs	2,539,159	13,255,094	11,811,432	3,982,821
Water Soluble Pow	Pcs	234,357	3,228,048	3,251,067	211,338
Syringe	Pcs	354,845	1,008,300	1,289,936	73,209
Fish Feed	Kg	26,489	606,200	621,390	11,299

### Cost of Goods Sold: Tk. 6,237,792,554

	200					
This is	arrived	at	35	fol	lows	:

Raw Materials Consumed	33.a	2,663,042,738	321,035,398	2,984,078,136	2,378,519,086
Packing Materials Consumed	33.b	1,390,252,656	173,433,642	1,563,686,298	1,322,164,974
Work in Process (Opening)		356,784,193	·	356,784,193	255,296,856
Work in Process (Closing)		(324,256,819)	(51,079,453)	(375,336,272)	(356,784,193)
Consumption during the year		4,085,822,768	443,389,587	4,529,212,355	3,599,196,723
Factory Overheads	33.c	752,593,592	103,400,266	855,993,858	569,760,951
Cost of Production		4,838,416,360	546,789,853	5,385,206,213	4,168,957,674
Purchase of Finished Goods		872,031,409		872,031,409	1,176,929,755
Purchase of Finished Goods through ama	algamation		23,503,442	23,503,442	
Opening Stock of Finished Goods		332,745,359	sananni Tana.	332,745,359	707,878,740
Finished Goods Available		6,043,193,128	570,293,295	6,613,486,423	6,053,766,169
Closing Stock of Finished Goods		(333,906,052)	(41,787,817)	(375,693,869)	(332,745,359)
Cost of Goods Sold		5,709,287,076	528,505,478	6,237,792,554	5,721,020,810

পিনাকী এড কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014

Continuation Sheet ....

No.	Particulars

	Tal	(a	
July '13 to	Feb. 14 to	July '13 to	July '12 to
June '14	June'14	June '14	June '13
Taxable Unit	<b>Tax Holiday Unit</b>	Total	<b>Taxable Unit</b>

### 33.a Raw Materials Consumed: Tk. 2,984,078,136

This is arrived at as follows:

Opening Stock of Raw Materials 694,987,665 694,987,665 504,743,728 3,114,016,741 Purchase during the year 2,721,311,552 392,705,189 2,568,763,023 - Through amalagamation 89,230,829 - From outside 303,474,360 Closing Stock of Raw Materials (753, 256, 479) (71,669,791) (824,926,270) (694,987,665) 2,663,042,738 2,984,078,136 2,378,519,086 Raw Material Consumed 321,035,398

Item wise summaried quantity and total number of ingredients are as follows

Particulars	Pcs Quantity (		ty (kg)	(kg) Quantity (Liter)		Quantity (Pcs)	
Particulars	Cap Shell	Active	Excepients	Active	Excepients	Active	Excepients
Opening Balance	339,575,770	2,648,814	892,470	250	7,800		9
Purchase	515,634,660	4,721,345	4,042,738	135	40,931	24,000	299,359,000
Available for use	855,210,430	7,370,159	4,935,208	385	48,731	24,000	299,359,000
Closing Balance	398,429,439	2,854,892	915,676	197	13,186	18	12
Consumtion	456,780,991	4,515,267	4,019,532	188	35,545	24,000	299,359,000

### Packing Materials Consumed: Tk. 1,563,686,298

This is arrived at as follows:

Opening Stock of Packing Materials	404,785,640	12	404,785,640	234,585,478
Purchase during the year	1,496,521,392	207,522,976	1,704,044,368	1,492,365,136
- Through amalagamation	*	9,879,052	-	4
- From outside	* 1	197,643,924		
Closing Stock of Packing Materials	(511,054,376)	(34,089,334)	(545,143,710)	(404,785,640)
	1,390,252,656	173,433,642	1,563,686,298	1,322,164,974

The Total quantity of Packing Materials are stated as under:

Name of Category	Unit	Opening	Purchase Yearly	Consumption yearly	Closing balance Yearly
Ampoule	Pcs	19,372,652	32,920,365	25,967,470	26,325,547
Bottle	Pcs	24,739,557	64,107,599	61,976,220	26,870,936
Carton	Pcs	17,954,213	100,871,014	94,882,187	23,943,040
Plastic Item	Pcs	11,287,777	89,311,230	95,034,714	5,564,293
Cap	Pcs	27,094,291	69,900,801	72,864,671	24,130,421
Catch Cover	Pcs	13,093,222	24,428,191	17,840,787	19,680,626
Inner Leaflet	Pcs	4,384,703	81,455,160	73,966,132	11,873,731
Label	Pcs	1,299,096	63,517,601	63,211,247	1,605,450
Shipping Box Label	Pcs	1,202,224	5,798,652	5,365,434	1,635,442
PVC/PVDC	Pcs	259,652	574,442	496,988	337,106
Shipping Box	Pcs	573,316	7,021,777	7,559,335	35,758
Tube	Pcs	1,628,002	6,884,374	5,878,802	2,633,574
Al. Foil- Blister	Pcs	6,822	76,438	76,100	7,160
Al, Foil- Strip	Pcs	52,751	650,926	631,697	71,980
Inner Board	Pcs	6,775	1,420,550	1,367,678	59,647
Vial	Pcs	7,952,793	21,432,988	23,370,327	6,015,454
Sticker Label	Pcs	6,109,362	20,142,929	18,322,536	7,929,755

পিনাকী এন্ড কোস্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet....

July '13 to   June '14   June '14   June '14   June '14   June '15   June '14   June '15   June '16   June '16   June '17   June '17   June '18   June '	No.	Particulars	Taka			
Salary & Allowances   240,364,514   34,867,543   275,232,057   185,494,965   Daily Wages   59,879,833   15,500,309   76,380,142   82,896,814   13,005,229   23,720   13,028,949   2,756,055   Group Insurance Premium   500,413   10,567   600,980   527,369   Postage & Telephone   1,512,130   203,542   1,815,672   1,147,654   Fuel, Power & Electricity   133,89,070   133,890,701   83,800,701   83						
Salary & Allowances			Taxable Unit	Tax Holiday Unit	Total	Taxable Unit
Salary & Allowances	330	Factory Overheads: Tk. 855,993,858				
Dally Wages   59,879,833   15,500,309   76,380,142   82,896,614   Gratuly   13,005,229   23,720   13,025,949   2,576,055   Group Insurance Premium   590,413   10,567   600,980   527,369   Postage & Felephone   1,612,130   20,542   1,815,672   1,347,654   Conveyance   1,549,713   387,345   1,389,701   85,800,524   1,815,672   1,347,654   Conveyance   1,549,713   387,345   1,337,058   387,275   Company's Contribution to RPF   12,462,230   1,282,230   8,123,395   Gas Bill   19,477,837   5,670,969   25,098,806   12,713,374   Factory Staff Uniform   1,559,341   743,569   2,293,301   1,244,242   Carriage Inward   2,368,855   232,767   2,501,622   2,183,670   Repairs & Maintenance   76,855,647   8,800,929   85,565,576   25,331,086   Medical Expenses   29,682   3,765   33,447   14,271   Insurance   8,055,810   - 8,055,810   4,271,565   Local Tax   2,001,000   425,000   2,476,000   375,000   Printing & Stationery   15,873,149   1,550,987   17,424,136   10,784,779   Design, Blocks & Layout   1,479,45   15,675   1,530,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,016   Entertainment   3,692,158   10,789   3,702,947   3,568,092   Canteen Expenses   5,887,352   1,476,854   9,461,073   5,887,005   Entertainment   230,437   240,004,111   20,304,973   Contribution to CSR Activities   937,899   105,690   1,045,229   - 2,004,973   Contribution to CSR Activities   937,899   105,690   1,045,229   - 2,004,973   Contribution to CSR Activities   937,899   103,400,266   855,993,858   569,760,951   Traveiling and Conveyance   228,000   - 288,000   228,000   Income/(loss) from sale of Motor vehicle   115,758,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   Traveiling and Conveyance   228,000   - 288,000   228,000   10,000	00,0	This is made up as follows :				
Gratulty		Salary & Allowances	240,364,514	34,867,543	275,232,057	185,494,965
Group Insurance Premium   590,413   10,567   600,980   527,369   Postage & Telephone   1,612,130   203,542   1,815,672   1,347,654   Fuel, Power & Electricity   133,89,701   133,89,701   133,890,701   85,802,604   Conveyance   1,549,713   387,345   1,937,058   387,275   Gas Bill   12,462,730   12,462,230   8,123,953   Gas Bill   19,427,837   5,670,969   25,998,806   12,713,374   Factory Staff Uniform   1,559,341   734,569   2,293,910   1,241,422   Carriage Inward   2,368,855   232,767   2,601,622   2,183,670   Repairs & Maintenance   76,855,647   8,800,929   85,656,576   25,310,965   Medical Expenses   29,682   3,765   33,447   14,271   Insurance   8,055,810   4,571,565   Local Tax   2,001,000   425,000   2,476,000   375,000   Printing & Stationery   1,873,149   1,550,987   17,424,136   10,784,779   Design, Blocks & Layout		Daily Wages	59,879,833	16,500,309	76,380,142	82,896,614
Postage & Telephone		Gratuity	13,005,229	23,720	13,028,949	2,576,055
Fuel, Power & Electricity Conveyance 1,549,713 38,80,701 1,549,713 387,345 1,937,058 387,275 Company's Contribution to RPF 12,462,230 - 12,462,230 - 12,462,230 1,245,230 1,245,230 1,245,230 1,245,230 1,245,230 1,245,230 1,241,242 Carriage Inward 2,368,855 232,767 Repairs & Maintenance 76,855,647 8,800,329 Repairs & Maintenance 8,055,810 Redical Expenses 2,9682 3,765 33,447 14,271 Insurance 8,055,810 2,030,000 425,000 4		Group Insurance Premium	590,413	10,567	600,980	527,369
Conveyance		Postage & Telephone	1,612,130	203,542	1,815,672	1,347,654
Company's Contribution to RPF		Fuel, Power & Electricity	133,890,701		133,890,701	85,802,604
Gas Bill		Conveyance	1,549,713	387,345	1,937,058	387,275
Factory Staff Uniform 1,559,341 734,569 2,293,910 1,241,422 Carriage Inward 2,368,855 232,767 2,601,622 2,183,670 Repairs & Maintenance 76,855,647 8,800,929 8,566,576 25,331,670 Medical Expenses 25,682 3,765 33,447 14,271 Insurance 8,055,810 - 8,055,810 4,571,565 Local Tax 2,001,000 425,000 2,46,000 375,000 Printing & Stationery 15,873,149 1,550,987 17,424,136 10,784,779 Design, Blocks & Layout 303,970 Research & Analysis 1,479,945 150,675 1,630,620 1,246,706 Welfare & Recreation 7,662,529 1,798,544 9,461,073 5,887,031 Entertainment 3,692,158 10,789 3,702,947 3,568,092 Canteen Expenses 5,887,352 1,476,854 7,364,206 4,804,702 Spare Parts 23,917,954 102,457 24,020,411 20,304,973 Contribution to CSR Activities 937,839 105,690 1,043,529 - 17avelling and Conveyance 230,843 20,453 251,296 529,974 Depreciation 10 CSR Activities 937,839 105,690 1,043,529 17avelling and Conveyance 230,843 20,453 251,296 529,974 Depreciation 10 CSR Activities 119,758,889 30,225,79 149,581,681 108,743,848 752,593,592 103,400,266 855,993,858 569,760,951 10 10,000 10 10,00		Company's Contribution to RPF	12,462,230	300	12,462,230	8,123,953
Carriage Inward   2,368,855   232,767   2,601,622   2,183,670   Repairs & Maintenance   76,855,647   8,800,929   85,656,576   25,31,086   Medical Expenses   29,682   3,765   33,447   14,271   Insurance   8,055,810   - 8,055,810   4,571,565   Local Tax   2,001,000   425,000   2,426,000   375,000   Printing & Stationery   15,873,149   1,550,987   17,424,136   10,784,779   Design, Blocks & Layout   - 303,970   Research & Analysis   1,479,945   150,675   1,630,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,031   Entertainment   3,692,158   10,789   3,702,947   3,568,092   Canteen Expenses   5,887,352   1,476,854   7,364,206   4,804,702   5,9are Parts   23,917,954   102,457   24,002,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,519   17avelling and Conveyance   230,843   20,453   251,296   529,974   Depreciation   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   34,450,450   10,4		Gas Bill	19,427,837	5,670,969	25,098,806	12,713,374
Repairs & Maintenance   76,855,647   8,800,929   85,656,576   25,331,086   Medical Expenses   29,682   3,765   33,447   14,271   Insurance   8,055,810   - 8,055,810   4,571,565   Local Tax   2,001,000   425,000   2,426,000   375,000   Printing & Stationery   15,873,149   1,550,987   17,424,136   10,784,779   Design, Blocks & Layout   - 303,970   Research & Analysis   1,479,945   150,675   1,630,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,031   Entertainment   3,692,158   10,789   3,702,947   3,568,092   4,804,702   5,987   Parts   23,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   17avelling and Conveyance   230,843   20,453   251,295   529,974   Depreciation   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   34,542,643   3,442,644   3,442,64		Factory Staff Uniform	1,559,341	734,569	2,293,910	1,241,422
Medical Expenses   29,682   3,765   33,447   14,271   Insurance   8,055,810   - 8,055,810   4,571,565   Local Tax   2,001,000   425,000   2,426,000   375,000   Printing & Stationery   15,873,149   1,550,987   17,424,136   10,784,779   Design Blocks & Layout   - 303,970   Research & Analysis   1,479,945   150,675   1,630,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,031   Entertainment   3,692,158   10,789   3,702,947   3,568,092   Canteen Expenses   5,887,352   1,476,854   7,364,206   4,804,702   Spare Parts   23,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   Travelling and Conveyance   230,843   20,453   251,296   529,974   Depreciation   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   30,400,266   3,400,2		Carriage Inward	2,368,855	232,767	2,601,622	2,183,670
Insurance   8,055,810   4,571,565   4,571,565   1,000   425,000   2,426,000   375,000   2,700,000   475,000   375,		Repairs & Maintenance	76,855,647	8,800,929	85,656,576	25,331,086
Local Tax		Medical Expenses	29,682	3,765	33,447	14,271
Printing & Stationery         15,873,149         1,550,987         17,424,136         10,784,779           Design, Blocks & Layout         -         -         303,970           Research & Analysis         1,479,945         150,675         1,630,620         1,246,706           Welfare & Recreation         7,662,529         1,798,544         9,461,073         5,887,031           Entertainment         3,692,158         10,789         3,702,947         3,568,092           Canteen Expenses         5,887,352         1,476,854         7,364,206         4,804,702           Spare Parts         23,917,954         102,457         24,020,411         20,304,973           Contribution to CSR Activities         937,839         105,690         1,043,529         -           Travelling and Conveyance         230,843         20,453         251,296         529,974           Depreciation         119,258,889         30,322,792         149,581,681         108,743,848           752,593,592         103,400,266         855,993,858         569,760,951           34         Other Income: Tk. 108,071,977         This is arrived at as follows:         -         6,462,000         -         6,462,000         -         6,462,000         -         6,462,000         -		Insurance	8,055,810	2.70 (Sec.)	8,055,810	4,571,565
Design, Blocks & Layout   1,479,945   150,675   1,630,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,031   Entertainment   3,692,158   10,789   3,702,947   3,568,092   Canteen Expenses   5,887,332   1,476,854   7,364,206   4,804,702   Spare Parts   223,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   Travelling and Conveyance   230,843   20,453   251,296   529,974   Depreciation   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   30,000   3,000,000   3,		Local Tax	2,001,000	425,000	2,426,000	375,000
Research & Analysis   1,479,945   150,675   1,630,620   1,246,706   Welfare & Recreation   7,662,529   1,798,544   9,461,073   5,887,031   Entertainment   3,592,158   10,789   3,702,947   3,568,092   Canteen Expenses   5,887,352   1,476,854   7,364,206   4,804,702   5pare Parts   23,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   Travelling and Conveyance   230,843   20,453   251,296   529,974   Depreciation   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   3,660,000   3,662,000   3,66		Printing & Stationery	15,873,149	1,550,987	17,424,136	10,784,779
Welfare & Recreation		Design, Blocks & Layout	(7)	970	6.5	303,970
Entertainment 3,692,158 10,789 3,702,947 3,568,092 Canteen Expenses 5,887,352 1,476,854 7,364,206 4,804,702 Spare Parts 23,917,954 102,457 24,020,411 20,304,973 Contribution to CSR Activities 937,839 105,690 1,043,529 Travelling and Conveyance 230,843 20,453 251,296 529,974 Depreciation 119,258,889 30,322,792 149,581,681 108,743,848 752,593,592 103,400,266 855,993,858 569,760,951 752,593,592 103,400,266 855,993,858 569,760,951 752,593,592 103,400,266 855,993,858 569,760,951 752,593,592 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,202,792 103,400,266 855,993,858 103,203,203,203,203,203,203,203,203,203,2		Research & Analysis	1,479,945	150,675	1,630,620	1,246,706
Canteen Expenses   5,887,352   1,476,854   7,364,206   4,804,702   Spare Parts   23,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   Travelling and Conveyance   230,843   20,453   251,296   529,974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6974   252,6975   252,6974   252,6974   252,6974   252,6974   252,6974   252,6975   252,6974   252,6974   252,6975   252,6974   252,6975		Welfare & Recreation	7,662,529	1,798,544	9,461,073	5,887,031
Spare Parts   23,917,954   102,457   24,020,411   20,304,973   Contribution to CSR Activities   937,839   105,690   1,043,529   - 2,000,000   1,043,529   - 2,000,000   1,043,529   - 2,000,000   1,043,529   - 2,000,000   1,043,529   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   10,000		Entertainment	3,692,158	10,789	3,702,947	3,568,092
Contribution to CSR Activities   937,839   105,690   1,043,529   529,974   230,843   20,453   251,296   529,974   119,258,889   30,322,792   149,581,681   108,743,848   752,593,592   103,400,266   855,993,858   569,760,951   752,593,592   103,400,266   855,993,858   569,760,951   752,593,592   752,593,593,593   752,593,592   752,593,5		Canteen Expenses	5,887,352	1,476,854	7,364,206	4,804,702
Travelling and Conveyance   230,843   20,453   251,295   529,974		Spare Parts	23,917,954	102,457	24,020,411	20,304,973
Depreciation		Contribution to CSR Activities	937,839	105,690	1,043,529	-
The content of the		Travelling and Conveyance	230,843	20,453	251,296	529,974
Other Income: Tk. 108,071,977   This is arrived at as follows:		Depreciation	119,258,889	30,322,792	149,581,681	108,743,848
This is arrived at as follows:  Rent on Investment Property 6,462,000 - 6,462,000 6,462,000 Other Lease Rent 228,000 - 228,000 228,000 Income/(loss) from sale of Motor vehicle (185,645) - (185,645) (1,452,746) Interest Bank's STD and SND A/C 842,831 - 842,831 1,796,691 Foreign Exch. fluctuation Gain/(Loss) against Receivable (2,031,861 - 2,031,861 242,501) Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill Commission 55,448 - 55,448 (2,115,360) Interest on FDR 96,263,653 - 96,263,653 13,291,250 Unutilized amount of UNDP Grant 2,373,829 - 2,373,829 551,062			752,593,592	103,400,266	855,993,858	569,760,951
Other Lease Rent         228,000         - 228,000         228,000           Income/(loss) from sale of Motor vehicle         (185,645)         (185,645)         (1,452,746)           Interest Bank's STD and SND A/C         842,831         - 842,831         1,796,691           Foreign Exch. fluctuation Gain/(Loss) against Receivable (Unrealized)         2,031,861         - 2,031,861         (242,501)           Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill         55,448         - 55,448         (2,115,360)           Commission         - 1,628,400         - 1,628,400         - 1,628,400         - 1,628,400           Interest on FDR         96,263,653         - 96,263,653         13,291,250           Unutilized amount of UNDP Grant         2,373,829         - 2,373,829         551,062	34					
Other Lease Rent         228,000         - 228,000         228,000           Income/(loss) from sale of Motor vehicle         (185,645)         (185,645)         (1,452,746)           Interest Bank's STD and SND A/C         842,831         - 842,831         1,796,691           Foreign Exch. fluctuation Gain/(Loss) against Receivable (Unrealized)         2,031,861         - 2,031,861         (242,501)           Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill         55,448         - 55,448         (2,115,360)           Commission         - 1,628,400         - 1,628,400         - 1,628,400         - 1,628,400           Interest on FDR         96,263,653         - 96,263,653         13,291,250           Unutilized amount of UNDP Grant         2,373,829         - 2,373,829         551,062		Roman Discourse Boundary	6.462.000		6.462.000	6.462.000
Income/(loss) from sale of Motor vehicle   (185,645)   - (185,645)   (1,452,746)     Interest Bank's STD and SND A/C   842,831   - 842,831   1,796,691     Foreign Exch. fluctuation Gain/(Loss) against Receivable ( Unrealized)   - (2,031,861   - (2,031,861   242,501)     Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill   - (55,448   - (55,448   (2,115,360)     Commission   - (1,628,400   1,628,400     Interest on FDR   96,263,653   - (96,263,653   13,291,250     Unutilized amount of UNDP Grant   2,373,829   - (2,373,829   551,062     Commission   - (2,373,829		Carried and the control of the contr		10		~~~
Interest Bank's STD and SND A/C		CONTROL OF STREET STREET		e		
Foreign Exch. fluctuation Gain/(Loss) against Receivable ( 2,031,861 - 2,031,861 (242,501)  Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill  Commission 1,628,400  Interest on FDR 96,263,653 - 96,263,653 13,291,250  Unutilized amount of UNDP Grant 2,373,829 - 2,373,829 551,062		Income/(loss) from sale of Motor vehicle	(185,645)	15	(185,645)	(1,452,746)
Unrealized) Foreign Exch. fluctuation Gain/(Loss) against Collection on Export Bill  Commission Interest on FDR Unutilized amount of UNDP Grant  2,031,861 2		[10] [10] [10] [10] [10] [10] [10] [10]	842,831		842,831	1,796,691
Export Bill 55,448 55,448 (2,115,360)  Commission 1,628,400  Interest on FDR 96,263,653 - 96,263,653 13,291,250  Unutilized amount of UNDP Grant 2,373,829 - 2,373,829 551,062		Unrealized)	2,031,861	2	2,031,861	(242,501)
Interest on FDR 96,263,653 - 96,263,653 13,291,250 Unutilized amount of UNDP Grant 2,373,829 - 2,373,829 551,062		그리 경기(()) () [기타 기타 기	55,448		55,448	(2,115,360)
Unutilized amount of UNDP Grant 2,373,829 - 2,373,829 551,062		Commission	85	13		1,628,400
		Interest on FDR	96,263,653		96,263,653	13,291,250
108,071,977 - 108,071,977 20,146,796		Unutilized amount of UNDP Grant	2,373,829	19	2,373,829	551,062
			108,071,977	8	108,071,977	20,146,796

47

পিনাকী এন্ত কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet ....

No.	Particulars	Taka			
		July '13 to June '14	Feb.'14 to June'14	July '13 to June '14	July '12 to June '13
		Taxable Unit	Tax Holiday Unit	Total	Taxable Unit
35	Selling, Marketing and Distribution Exper	nses: Tk. 1,499,828,917			
	This is arrived at as follows :				
	Salary & Allowances	810,496,942	92,811,993	903,308,935	856,676,877
	Daily Basis Salary	6,407,803	731,778	7,139,581	3,570,537
	Gratuity	31,619,507		31,619,507	9,389,900
	Company's Contribution to RPF	38,829,938	4,434,419	43,264,358	30,852,221
	Office Rent	7,661,521	874,954	8,536,475	6,613,009
	Electricity & WASA, Gas	8,641,223	986,837	9,628,060	9,517,678
	Postage & Telephone	15,610,672	1,787,616	17,398,288	13,780,305
	Fuel for Generator	2,226,779	254,300	2,481,079	2,651,394
	Vehicle Expenses	21,397,043	3,585,575	24,982,618	13,897,785
	Printing & Stationery	36,561,108	4,175,317	40,736,424	39,035,576
	TA/DA	60,827,770	6,965,537	67,793,307	65,121,118
	Travelling Kits	10,098,133	1,153,217	11,251,350	223,383
	Carriage Outward	39,869,281	4,553,113	44,422,394	54,612,944
	Seminar & Conference	11,583,733	1,322,874	12,906,607	4,796,957
	Medical Expenses	1,047,234	119,595	1,166,829	593,839
	Sales Promotion Expenses	70,443,860	8,066,699	78,510,559	70,130,647
	New Products Induction expense	633,684	72,367	706,052	80,830
	Group & Health Insurance Premium	1,058,478	120,879	1,179,357	3,762,461
	Export Expenses	14,245,411	1,626,841	15,872,252	9,576,943
	Welfare & Recreation	2,025,369	231,299	2,256,669	1,082,244
	Free Sample	46,489,719	5,307,917	51,797,636	46,276,644
	Insurance	5,281,248	603,124	5,884,372	6,617,733
	Fees & Renewals	11,107,843	1,268,527	12,376,370	6,834,260
	Repair & Maintenance	3,172,191	362,267	3,534,458	3,657,488
	Entertainment	11,098,832	1,270,954	12,369,786	5,862,824
	Repacking Materials	882,058	100,732	982,790	1,054,345
	Countibution to CSR Activities	418,977	47,848	466,825	
	Depreciation	78,317,686	8,938,295	87,255,981	64,076,563
		1,348,054,041	151,774,876	1,499,828,917	1,330,346,506

পিনাকী এন্ত কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet....

No.	Particulars	Taka			
		July '13 to June '14	Feb.'14 to June'14	July '13 to June '14	July '12 to June '13
		Taxable Unit	Tax Holiday Unit	Total	Taxable Unit
36	Administrative Expenses: Tk. 546,384,337				
00	This is made up as follows :				
	Directors Remuneration	106,339,050	12,155,450	118,494,500	197,239,000
	Salary & Allowances	178,250,530	18,799,356	197,049,886	167,306,964
	Directors sitting fee	390,000		390,000	- 1
	Group & Health Insurance Premium	416,758	47,594	464,352	1,393,224
	Postage & Telephone	4,984,969	569,289	5,554,258	5,508,859
	Electricity ,Gas & WASA	11,416,791	1,303,810	12,720,601	11,771,219
	Fuel for Genaretor & Vehicle	9,381,362	1,071,361	10,452,723	6,337,658
	Conveyance	3,276,807	374,215	3,651,022	5,000,053
	Refreshment Expenses	4,808,151	357,779	5,165,930	3,053,933
	Office General Expenses	15,241,392	1,740,583	16,981,975	18,615,425
	Vehicle Expenses	12,063,321	1,377,644	13,440,965	6,687,349
	Advertisement for Recuritment & Others	3,040,070	347,179	3,387,249	5,649,622
	Printing & Stationary	17,074,451	807,910	17,882,361	15,248,794
	Intangible Assets Write off	51,257		51,257	70,521
	Newspaper & Periodicals	295,174	33,709	328,883	137,480
	AGM Expenses	1,111,995	126,991	1,238,986	-
	Expenses for Legal Procedure	1,844,615	210,657	2,055,272	643,330
	Gratuity	10,835,572		10,835,572	3,565,258
	Company's Contribution to RPF	7,318,690	835,802	8,154,492	7,250,450
	Professional Fee	5,442,100	621,493	6,063,593	12,613,698
	Audit Fee	500,000		500,000	200,000
	Medical Expenses	1,308,764	149,462	1,458,226	194,142
	Uniform and liveries	721,755	82,425	804,180	702,010
	Travelling Eepenses	2,651,991	645,463	3,297,454	1,823,315
	Foreign Business travelling	163,827	18,709	182,536	-
	Repair and maintenance	11,421,028	1,304,293	12,725,321	8,345,065
	Insurance	1,247,398	142,454	1,389,852	1,159,200
	Municipal Tax	1,548,262	176,813	1,725,075	6,210,270
	Fees and Renewals	4,852,048	435,340	5,287,388	3,184,676
	Merger Expenses	560,940	64,060	625,000	-
	Welfare and recreation	1,556,667	177,773	1,734,440	1,203,881
	Daily basis salary	5,500,033	819,426	6,319,459	5,493,846
	Countibution to CSR Activities	1,067,362	113,329	1,180,691	-
	Depreciation	67,129,444	7,661,396	74,790,840	55,459,752
	SCHOOL STATE OF STATE	493,812,572	52,571,765	546,384,337	552,068,993

37

পিনাকী এন্ত কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet ....

No.	Particulars	Taka				
		July '13 to June '14	Feb.'14 to June'14	July '13 to June '14	July '12 to June '13	
		Taxable Unit	Tax Holiday Unit	Total	Taxable Unit	
37	Financial Expenses: Tk. 776,911,190					
O1	This is arrived at as follows:					
	Interest on Cash Credit	119,541,815	13,689,027	133,230,842	144,862,724	
	Interest on Overdraft	99,731,654	11,420,516	111,152,170	98,651,913	
	Interest on MTL & LTR	56,645,445	6,486,609	63,132,054	86,893,212	
	Interest on Revolving & STL	314,178,433	35,977,343	350,155,776	130,699,455	
	Interest on Lease Finance	67,309,932	7,707,825	75,017,757	51,034,309	
	Interest on Term Loan	15,323,171	1,754,694	17,077,865	8,226,175	
	Interest on Accepted Import Loan	5,535,270	633,857	6,169,127		
	Bank Charge	18,820,427	2,155,173	20,975,600	18,418,699	
		697,086,146	79,825,044	776,911,190	538,786,487	

### QQ Contribution to workers profit participation fund: Tk. 60,242,211

This repesent 5% of net profit before tax after charging contribution as per provision of the section 15 of Bangladesh Labour Law 2006

### O Income Tax Expenses: Tk. 310,953,335

This is arrived at as follows:

### **Current Tax Expenses**

	272,826,283	38,127,052	310,953,335	305,012,141
	(115,682,993)	020	(115,682,993)	996,665
Deferred Tax Expenses/(Income) Deferred Tax Expenses/(Income)	(115,682,993)		(115,682,993)	996,665
	388,509,276	38,127,052	426,636,328	304,015,476
Tax expense related to prior years	10,000,000		10,000,000	*
Current Tax for the year under review	378,509,276	38,127,052	416,636,328	304,015,476

### Brief computation of Income Tax Expense and Effective Tax Rate

### Income Year 2013-'14 (Assessment Year 2014-'15)

	Non-Tax Holiday Unit	Tax Holiday Unit	Total (In Taka)
Net Profit before tax as per Comprehensive Income Statement (a)	978,957,226	225,887,007	1,204,844,233
Taxable profit as per computation (b)	1,103,313,520	217,868,868	1,321,182,388
Corporate Tax Rate			35%
ax Liability thereon	379,374,583	38,127,052	417,501,635
djustment recognized for current tax of prior years	10,000,000	55.32	10,000,000
otal tax Liability ( c)		100	427,501,635
djustment for deferred tax assets			(115,682,993)
ncome tax expense recognized in Finanacial Statements (d)		_	311,818,642
Effective Tax Rate [( c) /(a)]		5.7	35.48%

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### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014

Continuation Sheet....

No.	Particulars	Taka	1
		July '13 to June '14	July '12 to June '13
40	Basic/Diluted Earnings Per Share (EPS) Tk 5.65		
10	The computation is given below:		
	Net Profit After Tax	893,890,898	505,695,795
	Weighted average number of shares outstanding during the year (40.2)	158,084,771	120,560,291
	Basic Earnings Per Share	5.65	4.19
	Diluted Earnings Per Share	5.65	4.19
	Refer Policy notes 5.18		-
40.1	Number of Ordinary Share outstanding: 161,601,700		
	This is arrived at as follows:		
	Opening number of ordinary shares outstanding	155,631,100	116,000,000
	Add : Ordinary shares issued during the year	5,970,600	39,631,100
		161,601,700	155,631,100
40 2	Weighted average number of Shares Outstanding		
0.4	This is arrived at as follows :		
	Opening number of shares outstanding	155,631,100	116,000,000
	Add: Weighted average number of ordinary share issued (59,70,600 * 150/365)	2,453,671	4,560,291
	(Previous year: 3,96,31,100 * 42/365)	158,084,771	120,560,291

#### 41 Related Party Disclosures:

The company carried out a number of transactions with related parties in the normal course of business and on arms lenth basis. The nature of the transactions and their relative value is shown below:

Name of the Related Parties	Relation	Nature of Transaction	Value of Transactions	Balance at 30.06.2014 Receivable/(Payable
	Common	Advance to ACMUNIO Int. Ltd.	25,130,552	120,343,583
ACMUNIO Int. Ltd.		Finished Goods Purchase	4,334,085	-
		Rent as Investment Property	6,462,000	32,310,000
Clabs Delegan lad	Do	Local Supply received	391,049,968	(388,321,732)
Sinha Printers Itd.		Provide Service & others	329,116	37,257,581
Kalyar Packaging Ltd.	Do	Local Supply	45,570,985	
Kalyar Replica Ltd.	Do	Local Supply	7,083,759	2

#### 42 Particulars of Disposal of Plant and Equipment

This is arrived at as follows:

Value of Vehicle (Cost + Revaluation	4
Less: Acc. Depreciation	
Less: Cash proceeds	
Less: Adjustment of Revaluation Sur	plu
Loss/(Gain) from Sale of Vehicle	

Dhk-M	IET MA 50-0167	Dhk-Metro GA 27-8384	
-	1,200,000	1,453,338	1,952,746
	720,000	681,984	*************
	221,500	500,000	500,000
	480,000	85,710	16
	(221,500)	185,644	1,452,746

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### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet....

No.	Particulars	Taka	1
		July '13 to June '14	July '12 to June '13
43	Payments/Receipts in Foreign Currency	Amounts in BDT	Amounts in BDT
.0	Payments		
	Import of Machinery, Spares and Equipments	784,166,032	97,947,521
	Import of Raw & Packing Materials	2,120,940,942	1,339,962,127
	Foreign Currency Loans	291,574,222	
	95) 3	3,196,681,196	1,437,909,648
	Receipts		
	UNDP grant	2,373,829	14,513,643
	Exports	363,269,096	337,528,776
	Foreign Currency Loans	2,447,608,561	<u> </u>
		2,813,251,486	352,042,419
11	Directors Remuneration and Sitting Allowance		
44	Directors Remuneration (Including MD's Remuneration Tk. 21,000,000)	118,494,500	197,239,000
	Directors Sitting Allowance (Including MD's Sitting Allowance Tk. 45,000)	390,000	***************************************
	8 \$ 1 (16 \$ 40 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10	118,884,500	197,239,000
			100

### A 5 Board Meetings and Attendance

The number of Board Meeting and attendance of Directors during the year 2013-2014 were as follows

Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mr. Nasir- Ur- Rahman Sinha	Chairman (Upto 25.06.2014)	9	8
Mr. Mizanur Rahman Sinha	Managing Director	9	9
Mr. Fayekuzzaman	Nominated Director	9	4
Dr. Jabilur Rahman Sinha	Deputy Managing Director	9	4
Mr. Afzalur Rahman Sinha	Deputy Managing Director	9	9
Mr. Md. Abdour Rouf	Nominated Director	9	4
Mrs. Parveen Akter Nasir	Director	9	9
Mrs. Jahanara Mizan Sinha	Director	9	9
Mrs. Nagina Afzal Sinha	Director	9	9
udit Fees	171	500,000	200,00

### 46

### **Events After the Reporting Period:**

The company has commenced operations in the following units and commercial launching date of products manufactured by the units are here under-

SL# Name of the units		Commercial Launching date/month
1	Liquid in hard geltin product	September, 2014
2	Sachet Products	September, 2014
3	Blow Fill Seal (BFS)	October, 2014

The prospective financial impact of the above said events occuring after reporting period canot be quantified hence no disclosure of quantative impact has been made.

পিনাকী এড কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014 Continuation Sheet ....

#### No. Particulars

### / Q Contingent Liability

The Company has contingent liability of Tk. 18,401,674 to Large Tax Payer Unit (LTU), North Commissionerate and Directorate, Inspection, Intelligence & Investigation under National Board of Revenue (NBR) against 4 (four) claims of VAT to be imposed or not on the company. The ACME Laboratories Ltd. has filed 5 (five) writ petitions in The Honorable High Court Division of the Supreme Court of Bangladesh separately vide no.- 8650/2008, 785/2009, 3948/2004, 4477/2002 and 4478/2002 respectively against the said claims. The company is hopeful that the writ petitions would be decided in its favour.

### On Expired Bank Guarantees

Details of unexpired Bank Guarantees of Tk. 171,268,699 given in the normal course of business on behalf of the company to various parties as on 30 June 2014 are as here under:

SL#	Name of the Bank	Date of Expiry	Amount in Taka
1	<b>Dutch Bangla Bank Limited</b>	17.10.2016	430,700
2	<b>Dutch Bangla Bank Limited</b>	24.05.2017	931,030
3	<b>Dutch Bangla Bank Limited</b>	30.10.2014	1,018,000
4	Agrani Bank Limited	15.10.2016	1,093,820
5	Agrani Bank Limited	11.09.2018	1,547,350
6	Estern Bank Limited	05.10.2014	1,264,068
7	Trust Bank Limited	25.06.2015	14,364,430
8	Trust Bank Limited	29.09.2014	143,644,301
9	Trust Bank Limited	21.02.2015	6,975,000
			171,268,699

### Claim not Acknowledged as Debts

There is no claim against the company which have not been acknowledged as debt as at 30 June 2014

### 

The estimated amount of capital expenditure commitment of the company mainly in the form of Letter of Credit opened in favour of suppliers as at 30 June 2014 is Tk. 250,557,321.

### Production Capacity and Actual Production (Quantity in Thousand)

Name of Category	Unit	Production Capacity		Actual Production		Actual Production	
Name or Category	Unit	2013-14	2012-13	2013-14	*	2012-13	*
Human							
Tablet	Pcs	3,086,237	1,411,000	1,953,640	63.30	1,695,264	120.15
Capsule	Pcs	630,486	224,100	319,640	50.70	271,001	120.93
Liquid	Bottle	62,250	62,250	46,571	74.81	39,622	63.65
Dry Syrup	Bottle	18,409	7,470	6,712	36.46	5,562	74.46
Ointment	Tube	3,984	3,984	1,640	41.16	1,356	34.04
Cream	Tube	17,928	17,928	4,238	23.64	3,225	17.99
Suppository	Pcs	14,940	14,940	15,297	102.39	12,973	86.83
Inhaler (DPI)	Cans	22,410	22,410	24,530	109.46	19,445	86.77
Inhaler (MDI)	Canister	498	498	410	82.31	341	68.47
Eye/Ear/Nasal Drop	Phials	6,640	6,640	7,607	114.56	6,265	94.35
Injection (Amps)	Pcs	24,900	24,900	24,244	97.37	18,176	73.00
Injection (Vial)	Pcs	18,424	13,280	14,374	78.02	10,676	80.39
Veterinary							
Bolus	Pcs	174,300	174,300	98,758	56.66	86,434	49.59
Liquid	Pcs	4,980	4,980	3,025	60.75	2,681	53.84
Premix	Pcs	14,940	14,940	13,255	88.72	12,045	80.62
WSP	Pcs	5,976	5,976	3,228	54.02	2,722	45.55
Injection	Vial	12,700	12,700	8,996	70.83	6,438	50.69
Herbal & Ayurbedic		565				VI Master V	
Capsule	Pcs	32,370	32,370	8,145	25.16	4,629	14.30
Liquid	Pcs	7,470	7,470	5,189	69.46	4,410	59.04
Tablet	Pcs	29,880	29,880	12,354	41.35	8,343	27.92

Note: Capacity is calculated considering 240 days per year; 2 shifts per day and 8 hours per shifts.

Continuation Sheet....

পিনাকী এন্ড কোম্পানী Pinaki & Company

### The ACME Laboratories Ltd.

Notes to the Financial Statement For the year ended 30 June 2014

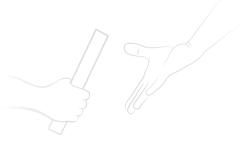
No. Particulars

### ☐ ☐ ☐ Income Tax Assessments

Income tax assessments for some of the previous financial years of the company are in progress at various stages with the assessing tax authorities. The initial tax demands raised by income tax authorities have been contested by filling appeals, petitions as per section 173 for correction of the appeal orders, giving effect to advance income tax payments made and other tax credits claimed by the company and tax demands barred by time limitation etc. In the opinion of the management, there will not be any significant tax liability which would ultimately be devolved on the company after giving effect to the aforesaid adjustments/credits. However, to guard against any possible future liabilities, the management has made an additional provision of Tk. 10,000,000 in the books of account to take care of.

### VAT Return and Auditing status as at 30.06.2014

The Company is depositing VAT & filing VAT returns on monthly basis with the concerned department. The department has conducted and completed their audit upto the financial year 2012-13 in May 2014 and there is no adverse findings of the department during the course of audit.



### **GOING CONCERN**

Going concern is one the fundamental assumptions in accounting on the basis of which financial statements are prepared. Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future and therefore it accounts for its assets and liabilities on the basis that it will be able to realize and discharge them in the normal course of business.

The Directors of ACME haveassessed three potential conclusions regarding the circumstances of the company, i.e. whether any material uncertainty that may cast significant doubt about the company's ability to continue as a going concern, whether any material uncertainties related to events or conditions that may cast significant doubt about the company's ability, and the use of the going concern is not appropriate. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future:

#### **FINANCIAL INDICATIONS**

### Uninterrupted financial support by lenders

The company has established long term business relationship with its lenders. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth.

### Positive operating cash flows

During the year 2013-2014, the Statement of Cash Flowsof the Company shows very positive operating cash flows of BDT 451.16 million. It revealed that the company can internally generate excellent cash flows to meet its fixed financial obligation and other liabilities.

### Positive key financial ratios

The Company has a very positive financial ratio as evident from financial summary given on this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

### Payment of healthy dividends

During the year ending June 30, 2014, the company has accrued a net profit before tax of BDT 1,204,844,233 which after provision of income tax is stood at BDT 893,890,898. The Board of Directors has proposed 20% interim dividend to the existing shareholders which comes to BDT 323,203,400.

### **Credibility in payment of obligations**

The Company has strong credibility in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement.

### Performance growth

ACME has excellent growth in its operating performance. Total operating revenue is BDT 10,217.93 million and total profit after tax is BDT 893.89 million. All those indicators support Company's continuance in foreseeable periods.

### **OPERATING INDICATIONS**

### Expansion of business

The company has expanded its business line in locally and globally by introducing new projects, new products line and strengthening its distribution channel. During the year 2014 the Company started its operation in following facilities:

- · Cephalosporin unit which is one of the largest state of the art Cephalosporin facilities in the Country
- Liquid in hard gelatin products facilities
- Sachet Products facilities
- Parenteral Products facility under BFS technology which is highly automated facility.

Besides, considering industry outlook and bright prospects, The ACME Laboratories Limited intent to issue 50,000,000 ordinary shares with a face value @ Tk.10 each under Book Building Method. ACME has a succeeding development plan to utilize the proceeds of IPO for the following purposes:

- Steroid & Hormone Project:
- Oncology Project:
- Ayurvedic, Modern Herbal and Nutraceuticals Project

The Strategic Brand Management Division also expanded its products/services line by introducing 43 new products during the year. It is expected that after introducing all these products in the market a positive impact will be reflected in the revenue of the Company in near future.

In addition to above, to make co's distribution channel more efficient and cost effective, company have been trying to develop its own depots in all over the country which discussed detailed in directors' report. These represent Company's intention for perpetuity.

### Corporate environment and employee satisfaction

The company has sound human resource policy to ensure the congenial working environment and better career path. Multidisciplinary human resources comprising approximately seven thousands full time equivalent qualified, trained and skilled professionals, including a good number of white collar employees such as pharmacists, chemists, doctors, microbiologists, scientists, engineers, accountants and business administration graduates and/or post-graduates are currently working at ACME. Our utmost importance on the continuous development of human resources to enhance their competencies through continuous in-house and external training programs and encourages our people.

The company maintains defined contribution plan for its eligible permanent employees that is determined according to the terms and conditions set forth in the respective deeds. Inspiring fringe benefits like incentive bonus, holiday allowance, laundry allowances, night allowances, driver allowances, technical allowances along with a classical working environment in place as part of our talent retention and motivational program. As we do believe, its success immensely depends upon performance of its 6,711 patrons.

### **OTHER INDICATIONS**

### Strong equity base

As on 30June 2014 total equity of the Company stands at BDT 10,692.16 million (30 June 2013: BDT 9,517.45 million) representing an increase of 10.99% over last year that reflects company's long-term viability.

### **Changes in Government policy**

Since product of pharmaceuticals industry is essential one for lives and it is import substitute industry and value addition is remarkable, Co see the government regulations are mostly investment friend ly for this sector particularly. Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

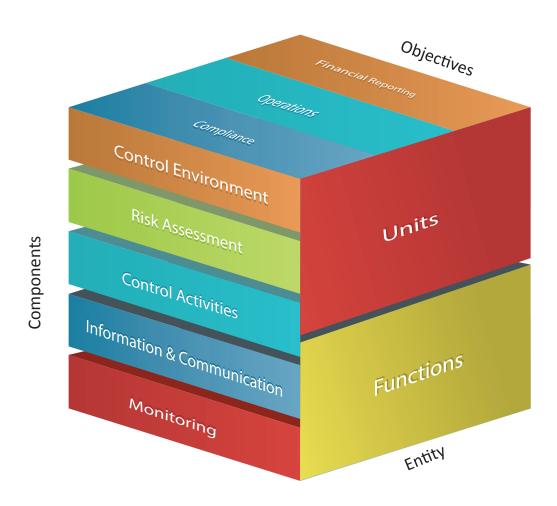
Based on the above indications, directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

### INTERNAL CONTROL

The company has an internal audit team of 16 members responsible for implementing, directing and overseeing the auditing and compliance programs. They also conduct and direct audits and ongoing reviews of organization controls, operating procedures, appraise the soundness, effectiveness, and proper application of accounting & financial controls and compliance with policies and regulations. Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes.

The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the company's policies. There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations.

In recent time the Board has formed an Audit Committee headed by an Independent director.





**REPORT: RR/4741/14** 

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL's Bank loan rating (blr) is valid one year for long term facilities and up-to 365 days (according to tenure of short term facilities) for short term facilities. After the above periods, these ratings will not carry any validity unless the entity goes for surveillance.

CRISL followed Corporate Rating Methodology published in CRISL website www.crislbd.com

Date of Rating: September 18, 2014	Valid up to: September 17, 2015		
	Long Term		Short Term
Entity Rating	A+		ST-3
Outlook		Positive	

#### 1.0 RATIONALE

CRISL has reaffirmed the Long term rating to 'A+' (pronounced as single A plus) and Short term rating to 'ST-3' of The ACME Laboratories Limited (ALL) based on its financials and other relevant quantitative and qualitative information up to the date of rating.

These ratings reflect that the company has been operating with average business and financial performance, improving cost efficiency, sound production facilities, good number of products, regular debt repayment history, etc. These rating strengths are partially offset by moderately debt based capital structure, moderate liquidity, long cash conversion cycle, exposure to foreign exchange risk, exposure to market risk, etc.

ALL, the flagship company of renowned ACME Group, is a front footed pharmaceutical company, which has been involved in the manufacturing and marketing of Pharmaceutical finished products since 1954. The company mainly engaged in manufacturing human, herbal & ayurvedic products and veterinary products. Over its period of operation, the company has launched more than 600 products in the market. Moreover, after meeting local demand, it entered into the foreign market in the year 1999. During 2013-14, the average capacity and capacity utilization of ALL increased to some extent. The company distributes the products through its own distribution channel throughout the country. The reported turnover of the company stood at Tk. 10,217.93 mil. and Tk. 9,809.27 mil. in FY 2013-14 and FY 2012-13 respectively with a growth of 4.17%. The profit after tax of ALL stood at Tk. 893.89 mil. and Tk. 533.52 mil. in FY 2013-14 and FY 2012-13 respectively.

Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The Short Term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital and financial markets is good.

CRISL also placed the company with "Positive Outlook" with an expectation of no extreme changes in economic or company situation within the rating validity period.

### 2.0 CORPORATE PROFILE

The Genesis

2.1

### The ACME Laboratories Limited (ALL), the flagship company of renowned ACME Group, has been engaged in manufacturing, marketing and distribution of pharmaceuticals products. Initially in 1954, the company was a proprietorship concern engaged in manufacturing few oral liquid products. Later on, the enterprise converted into a

private limited company in the year 1976 and started substantial Balancing, Modernization, Replacement and Expansion (BMRE) in its production unit. At that time, the company was engaged in manufacturing human products only. In 1999, ALL started launching animal health products and herbal & ayurvedic products in the year 2004. Over the period of operations the company has launched more than 600 products

in the market. As on June 30, 2014, it has 450 human products, 30 herbal & ayurvedic products and160 veterinary products. After meeting local demand, it

#### Address

CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9530991-4
Fax: 88-02-953-0995
Email:
crisldhk@crislbd.com

#### Analysts:

Md. Shohel Khan shohel@crislbd.com

Dil Khadija Banu beli@crislbd.com

### Entity Rating Lona Term: A+

Long Term: A+ Short Term: ST-3

Outlook: Positive

Rating based on financials up to June 30, 2014

#### THE ACME LABORATORIES LIMITED

### **ACTIVITY**Manufacturer of

Pharmaceutical products

DATE OF INCORPORATION 1954

**MANAGING DIRECTOR** Mizanur Rahman Sinha

#### EQUITY Tk.10,692.16 million

TOTAL ASSETS
Tk.22,179.57 million

125

entered into the foreign market in the year 1999. The company had obtained ISO 9001:1994 certification in the year of 1999 and gradually upgraded to ISO 9001:2008 certificates in the year of 2011 for maintaining the quality of the product. Initially, ALL had a one subsidiary namely the ACME Specialized Pharmaceutical Ltd. but on 31st January 2014, this subsidiary amalgamated with the ACME Laboratories Ltd. On the other hand, the management of the company has decided to go for business expansion and this expansion will be funded through Initial Public Offering (IPO). The company was sponsored by a prominent entrepreneur late Mr. Hamidur Rahman Sinha. At present ALL is a public limited company and is operating with a paid up capital of Tk. 1,616.02 mil. as on June 30, 2014 against authorized capital of Tk. 5000.00 mill. The corporate office of the company is located at 1/4, Kallayanpur, Mirpur Road, Dhaka-1207 and the plant is located at Dhamrai, Dhaka.

### 2.2 Ownership Pattern

During the year under surveillance, the ownership structure of ACME has changed to some extent. The ownership structure of the company is fully concentrated within the family members of late Mr. Hamidur Rahman Sinha. A summary of the present ownership structure and owners details are delineated below

Name of Shareholders	Designation	Educational Qualification	No of Shares	% of Shares
Sponsor Shareholders:				
Late Hamidur Rahman Sinha	Founder	Under Graduate	7,250	0.0045
Mr. Afzalur Rahman Sinha	Chairman	MBA (USA)	14,962,886	9.26
Mr. Mizanur Rahman Sinha	Managing Director	B. Com	18,175,115	11.25
Dr. Jabilur Rahman Sinha	Deputy Managing Director	M. Sc. Phd, Organic Chemistry (USA)	14,220,630	8.80
Mrs. Jahanara Mizan Sinha	Director	Under Graduate	10,519,744	6.51
Mrs. Nagina Afzal Sinha	Director	B. A	11,888,433	7.36
Mr. Nasir-Ur-Rahman Sinha	Shareholder	M. A. (D.U)	7,158,955	4.43
Mrs. Parveen Akhter Nasir	Shareholder	B. A	7,142,799	4.42
Mrs. Hasina Jabil Sinha	Shareholder	B. Sc	10,075,593	6.23
Sub-Total			94,151,405	58.26
Other Shareholders:				
Shareholders (who holds less			67.450.205	41.74
than 5% Share)			67,450,295	41.74
Sub-Total			67,450,295	41.74
Grand Total			161,601,700	100.00

### 2.3 Products & Market Position

During the year under surveillance, ALL has added 40 new products in its product line. As earlier mentioned that, the company has been operating with a diversified product line in human, veterinary and herbal segment. Presently, the company has total 450 human products in the form of tablets, capsules, dry syrup, eye/ear/nasal drop, creams, injectables, liquid, ointments, inhalers, suppository, liquid in hard gelatin, oral saline, IV infusions etc. The products have been designed and produced to act on various areas of human health including physical and mental disorder. The company also has total 160 veterinary products in the form of liquid, injection, WSP, Premix, Bolus etc and 30 herbal & ayurvedic products in the form of capsule, liquid & tablet. There are around 50 new products in the pipeline, which will be launched within 2014 under the existing and newly established facility.

The company has good market position with its products mainly; including Tenoloc (Atenolol), Ecosprin (Aspirin), Monas (Montelucast), Fulspec (Meropenem), Nystat (Nystatin) (Generic Name) as market leader of its types. As per IMS report as on 31st May, 2014, the company is holding 9th position among the 437 market players with a market share of 3.98%.

The company currently exports more than 170 pharmaceutical products to different countries in Southeast Asia, Africa and Central America. At present, the company is successfully exporting its quality products to Sri Lanka, Nepal, Bhutan, Myanmar, Thailand, Vietnam,

Concentrated ownership

Diversified product line

Philippines, Cambodia, Hong Kong, Lao PDR, Iraq, Ethiopia, Kenya, Uzbekistan, Somalia, Guatemala, Belize, Fiji etc. In addition to human pharmaceuticals, the company is exporting its animal-health products to Myanmar, Sri Lanka etc and exploring the opportunities of Herbal & Ayurvedic products in South Asia and Africa. The company has further market exploration plan to Europe and Latin America.

#### 2.4 BUSINESS EXPANSION PLAN

For growing business opportunity as well as success in Pharmaceutical business, the company is also interested to explore business with the expansion of existing facilities as well as launching three new projects namely Steroid & Hormone project, Oncology project and Modern Herbal project. The company has also planned to finance the above projects through IPO and internal fund raising. According to the business plan, the projects will be implemented within the following two years after receiving the IPO proceeds and the cost has been estimated to Tk. 4,244.59 mil. A brief summary of the cost & funding plan are presented below:

Particulars	Amount in BDT (mil.)
IPO Proceeds:	
Number of Shares to be offered (50 mil. shares)	(Face value only)Tk. 500.00 mil.
Face value per share	Tk. 10.00
Share Premium per share	Due to following Book Building Method, It is
·	not possible to disclose right now
Total IPO Proceeds	-
Usage of Proceeds:	
Business expansion:	
Steroid and Hormone projects	TK. 1,357.97 mil.
Oncology project	Tk. 1,141.04 mil.
Modern Herbal project	Tk. 1,745.57 mil.
Total estimated costs of Projects	Tk.4,244.59 mil.

### 3.0 PHARMACEUTICALS INDUSTRY PREVIEW

### Prospective industry

The pharmaceutical sector in Bangladesh, one of the fastest growing sectors of the economy, is poised to transform the country into a global hub of quality medicines. The \$ 1450 million sector with 437 manufacturers is continuously expanding with new products. Beginning in the 1950s, a few multinationals and local entrepreneurs set up manufacturing facilities in the then East Pakistan. Now there are 437 small, medium and large local and multinational pharmaceutical companies operating in Bangladesh. Of the companies, the leading market players (Square, Beximco, Eskayef, Incepta, ACME, Opsonin, Renata, ACI, Aristopharma Ltd. and Drug International) take up nearly 75 percent of the total market. Out of 437 companies, 300 have their own manufacturing facilities of which five are multinationals.

Almost all companies are equipped with World Health Organization's (WHO) Good Manufacturing Practice (GMP) standards. The industries are now producing quality medicines at an affordable price for 160 millions of people in Bangladesh and have made Bangladesh almost self-reliant in pharmaceutical products. Now, approximately 97 percent of local demand for medicines is met by the sector. Bangladesh's strict quality compliance gives pharmaceuticals an advantage to compete with producers in India, China, Brazil and Turkey in the overseas export markets. At this moment, Bangladesh imports 80 percent of its pharmaceutical raw materials from aboard.

Although the pharmaceutical industry of Bangladesh has advanced much, but backward linkage of this industry is not very strong and sufficient. The industry has succeeded in securing its place in the world market in a very short span of time, but all of its necessary raw materials need to be imported from abroad. The sector is gradually getting involved in producing of APIs (active pharmaceutical ingredients). Twenty-one different companies now locally manufacture 41 API's. However, compared to huge local demand, more API industries need to be set up. The API Park will inject fresh momentum into the pharmaceutical industry. Bangladesh exports some high-tech specialized products like inhalers, suppositories, hormones, steroids, oncology, immunosuppressant products, nasal sprays, injectables and IV infusions. The sector stands on a sound footing due to the growing demand of medicines for

the country's 160 million people. The export value of pharmaceuticals is small although growing at an accelerated pace over the years. Exports increased from \$8.2 mil. in 2004 to \$65.27 mil. in 2013, while export destinations climbed from 37 countries to 72 during the period.

The Pharmaceutical Industry in Bangladesh is paying the second largest revenue to the Government's exchequer. Currently, the market size of the local pharmaceutical industry is around Tk.12,000 crore. Bangladesh has ample scope for its pharmaceutical companies to become one of the most competitive players in global market in the days to come due to the availability of cheap manpower and utility services.

#### 4.0 BUSINESS ANALYSIS

### 4.1 Production Facilities and Environment Compliance

During the year under surveillance, the production facility of the company has been changed remarkably. ALL has established its production facilities with well equipped production units in its Factories. The company has established its manufacturing plant in such a way that it has been designed, built and validated by active support experts with compliance to the cGMP concept and local Drugs Administration regulation. The production plant is divided in five areas- i) Solid Dosages unit; ii) LVP, Liquid & Semisolid unit, iii) Cephalosporin unit iv) General unit and v) Herbal, Nutraceuticals & Ayurvedic unit. The company has divided and dedicated manufacturing facilities for human, herbal & ayurvedic and veterinary products. ALL has established production unit for Human products in the form of Tablet, Capsule, Liquids, Dry Syrup, Ointment, Cream, Suppository, Inhaler, Eye/Ear/Nasal Drop, Injection, liquid in hard gelatin, oral saline, IV infusion etc and for Veterinary products in the form of Bolus, Liquid, Premix, WSP and Injection and for Herbal & Ayurvedic products in the form of Capsule, Liquid and Tablet. The yearly production capacity of human product in the form of tablet is 3086.23 million Pcs; capsule 630.49 million Pcs; dry syrup 18.41 million phials; liquid 62.25 million phials; cream 17.93 million tube; suppository 14.94 million Pcs; eye/ear/nasal drop 6.64 million Phials; injection (Amps) 24.9 million Pcs; injection (Vial) 18.42 million Pcs; ointment 3.99 million Tube; inhaler (DPI) 22.41 million cans and inhaler (MDI) 0.498 million canister. On the other hand, yearly production capacity of veterinary products in the form of bolus 174.3 million Pcs; liquid 4.98 million phials; premix 14.94 Pcs; WSP 5.98million Pcs & injection 12.7 million vial and herbal & ayurbedic products in the form of capsule 32.37 million Pcs; liquid 7.47million phials Pcs and tablet 29.88 million Pcs. Besides, after reporting date i.e. 30th June 2014, the company has commenced operations in its newly built liquid in hard gelatin, sachet, and BFS facilities.

Most of the machineries have been sourced from Germany, Switzerland, UK, USA, Taiwan, China and India. The production processes are mostly highly automatic along with some being manual. The expert team of ACME, which consists of more than 77 Pharmacist and 26 Engineers and a good number of professionals from various disciplines, are seasoned and experienced enough to use the facilities for production to fulfill the demand of target customers. Moreover, the company has its own transportation facilities for the smooth delivery of goods around the country. All the units enjoy required physical infrastructural facilities including power, water, gas and good road communications facilities. The company maintains a high degree of quality control from the stage of raw material procurement, production process, storage of final product and marketing the final product. Factory compound is occupied with separate building for administration, core production and storage, quality control and other ancillary facilities. The production, QA and QC buildings are accommodated with cGMP (current Good Manufacturing Practices) compliant machineries and systems. ALL has a central warehouse located at Hemayetpur, Savar, Dhaka where all the finished products are kept for dispatch. Highly sophisticated HVAC systems are used to condition, monitor and supply clean air to the working zone according to the manufacturing zone concept, capture and control any dust, vapor, gas or fume generated, as well as treat recirculated and/or exhausted air. Temperature and moisture level are maintained at the desired level through this system. To comply with the instructions of Directorate of Environment (DoE) as well as with GMP guidelines, the plant has been facilitated with effluent treatment plant (ETP), emission control, etc. Factory of ACME is located at Dhamrai, Dhaka; about 40 Km north-west to Dhaka on 10.08 acres land. Unit wise production facilities are

Sound production facilities

delineated below:

### 4.1.1 Solid Dosages Facility

Solid Dosages Unit (SDU) is State Of The Art and professionally managed facility for manufacturing oral solid dosages forms. Total facility area is 2,19162 sft and ISO Class 8 area is 43,726 sft. It is a dedicated building for non penicillin, noncephalosporin and non-steroid products. The finest and largest solid dosage forms manufacturing facility is constructed by active guidance of European Consultant. Facilities and processes are of the highest quality which has been designed to achieve quality products with vision to export in global market. Manufacturing Capabilities includes Tablet, Capsule, Pellets/ Powder for Suspension, Sachets, Liquid in Hard Gelatin Capsule. On the other hand Packaging Capabilities Includes Blister with HAPA Foil Printing, Strip, Blister, Sachet and Glass Bottle Filling.

### 4.1.2 LVP, Liquid & Semisolid Facility

In order to meet the growing demand of healthcare, ACME has already established a technologically advanced plant which will produce Large Volume Parenteral (LVP), Liquid, Cream and Ointment. The LVP facility ensures highest quality standard during manufacture. The whole manufacturing process provides absolute sterile manufacturing condition, no human physical contact with the product and a class 100 clean room. This is a highly sophisticated fully integrated production process where in one continuous operation the container is blown, formed, filled with the solution and sealed. The entire process takes place in a completely sterile environment within the machine, without human intervention which eliminates any risk of contamination. The Quality Control laboratory at the plant ensures intensive quality control checks at all the stages of production process.

#### 4.1.3 Cephalosporin Facility

To prevent cross-contamination between products as well as to safeguard the workers' health, environmental safety is the prime responsibility of the pharmaceutical manufacturer. Therefore, it is mandatory to manufacture cephalosporin products in separate and dedicated self-contained areas with separate air handling facilities. True to its quality slogan Perpetual Quest for Excellence, ACME has set up a new dedicated State-Of-The-Art cephalosporin plant to offer world-class healthcare products. The Cephalosporin plant is built on a plinth area of 17,000 square feet. The building height is 76 feet and it comprises of six floors. Manufacturing Capabilities includes Tablet, Capsule, Pellets/ Powder for Suspension. On the other hand Packaging Capabilities includes blister with HAPA Foil Printing, Strip, Blister, Glass Bottle Filling.

### 4.1.4 General Facility

General Unit (GU) is State Of The Art facility and professionally managed manufacturing facility. Manufacturing Capabilities for human products includes Tablet, Capsule, Injections, Liquid, Powder for Suspension, Cream & Ointment, Inhaler, Eye, Ear & Nasal drops and Suppository. General Units also produces a good number of dosage forms for animal health which includes Injection, Liquid, Bolus, Premix, Water soluble powder, Cream and Ointment.

Packing capabilities of this unit includes Strip, Blister, Sachet, Vial Filling, Bottle & Tube Filling.

### 4.1.5 Herbal, Nutraceuticals & Ayurvedic Facilities

Herbal, Nutraceuticals & Ayurvedic manufacturing facilities emerged the year 2004 and after meeting all regulatory requirements production and marketing of Ayurvedic items started in the same year. In this facility State-of-the-art extraction system that runs from starting of herbal raw materials feeding to finished product packaging without human contact Manufacturing capabilities of this unit includes Liquid, Tablet, Capsule, Powder, Semisolid, Cream and Ointment.

In order to generate electricity the company has 7 gas generators with a capacity 8.91MW (1.6 MW 3 nos. 1.03 MW 3 nos, 1.02 MW 1no.) and 7 diesel generators with capacity 7.736 MW (1.6MW 3nos. 1.056 MW 1 no., 0.4 MW 1 no. 0.36 MW 1 no.). In addition the company has REB connection that is mainly used for off time lighting purpose. Water is drawn by own deep Tube well and stored in central storage tank (300,000 liter capacity) for distribution throughout the site. The gas required for both official and manufacturing purpose is supplied from Titas Gas Transmission & Distribution Company Limited.

### 4.2 Quality Control Mechanisms

The ACME Laboratories Ltd. (ALL) maintains strict quality control procedure at every steps of the pharmaceutical product manufacturing starting from sourcing of starting materials to dispatching of finished products. Current Good Manufacturing Practice (cGMP), Good Laboratory Practices (GLP) & Standard Operating Procedures (SOP) are followed in every step of manufacturing, packaging & laboratory operations. ALL has three (3) most modern Quality Control (QC) laboratories which are well equipped with the most modern & sophisticated equipments like High Performance Liquid Chromatography (HPLC), UV-Visible Spectrophotometer, Gas Chromatography (GC), Total Organic Carbon analyzer (TOC), Fourier Transform Infrared Spectrophotometer (FTIR), Atomic Absorption Spectrophotometer (AAS), Aerodynamic particle size analyzer, Single stage cascade impactor, Kinetic LAL Analyzer, API (analytical profile index) for microbial identification, Dissolution Tester with auto sampler and several other instruments & accessories to ensure the highest quality of the products. The total quality operational activities are accomplished by three departments – Quality Assurance, Quality Control and Research & Development (R&D), which are comprised of competent Pharmacists, Chemists, Biochemists, Molecular Biologists & Microbiologists.

### 4.3 Supply Chain Management

#### 4.3.1 Procurement

The company is maintaining a fully automated purchasing system for supply chain management. It starts from planning process which is supported by some basic components like sales target from sales department, materials reports from Warehouse, finished product and in-process stock from production division. The process also certainly ensures that the inventory will be maintained in a proper level with minimum chances of overstock or under stock. As an ISO certified organization the company has the written Standard Operating Procedures (SOP) for all its operation which certainly ensures process capability for its operations.

The Company is engaged in formulating pharmaceutical products which requires numerous raw materials like active pharmaceutical ingredients (API), excipients, primary & secondary packing & packaging components. For quality control and laboratory management process various chemicals and reagents are also required to purchase from different sources. Most of the raw materials are imported from foreign sources with a few from local market due to certain country regulations. On the other hand, maximum primary packing components are imported from world market including a few from local sources. Besides the above, all sort of secondary packaging materials and ancillary items are procured from local markets.

Raw materials ( Active & Excipients ) are mainly imported from world market like Roquette France/Italy, Molkerei Meggle, Germany, DMV Fonterra Excipients, Germany/USA, BASF Germany / USA, Dr. Paul Lohamann GmbH, Germany, AIE Pharmaceuticals, USA, Daewong Korea, GATT fosse France, IPOCHEM Poland, NCPC Pharmaceutical Co Ltd. China, Zhejiang Guobang Ph Co Ltd. China, Zhejiang xinxing Pharmaceutical co Ltd., China, CSPC China, Zhejiang Huayi Ph Co Ltd., China, Nectar Life Sciences Ltd. India, Aurobindo Pharma Ltd. India, Morepen laboratories Ltd. India, Aarti Drugs Ltd. India, IPCA Laboratories Ltd. India, Dr. Reddy's Laboratories etc. These are some reference name only although the company deals with almost 300 (three hundred) manufacturers and suppliers across the world. Due to the country regulations the company has to purchase some ingredients like Paracetamol, Flucloxacillin, Amoxycillin, Sucrose etc from local sources like Beximco Pharmaceuticals Ltd., Gonoshasthaya Pharmaceuticals Ltd., NIP Chemicals, Globe Pharmaceuticals Ltd., Abdul Monem Sugar refinery Ltd. etc and major primary components like Alu / Alu bottom foil, Glass bottles, Capsule shells, DPI Device, Aluminium Canister, Metered Valve, Actuators, PVC Film, PVC/PVDC films are imported from Korea Aluminium Ltd Korea, SGD Asia Pacific , Shangdong Pharnaceuticals Glass Co. Ltd., Viscose Closure, UK, Sam-A Aluminium, Korea, Hindustan Glass, ACG Associated Capsules Pvt Ltd., Dinesh remedies, Caprihans Ltd. India, Yanzhou Kaier Co Ltd. China, Dong Won Systems Co Ltd. Korea, Coaster Italy, Scanchem International Ltd. India etc. Rest other primary components like Plastic container, Ampoule, vials Glass bottles, Printed Aluminium Foils etc are purchased from available local sources like Padma Group, Bengal Glass, Liza plastic, Bismillah Plastic, Luna Plastic, Leos Plastic, Packstone Ltd., Fairbiz, Metro Foils, Pinacle Foils etc of Bangladesh.

Strict quality control mechanism



### 4.3.2 Distribution and Marketing System

The company has a well-trained sales team and also has well established distribution channel all over the country. The company has one central warehouse in Dhaka where all finished products are kept for distribution. To make its quality products available at every corner of the country, ALL has a strong distribution network consisting of 20 depots throughout the country with its own 100 delivery vans to supply its products.

Since 1954, being constantly focused on the diverse requirements of the customers, ACME has expanded its business into different therapeutic areas through ensuring different flexible options in terms of both acute and chronic care treatment needs. To keep pace with the trend of globalization and exploit the benefits of modern IT infrastructure ACME has adopted versatile approach that will help maximize customer satisfaction. ACME wants to gain competitive edge through increasing its understanding of customers' needs and offering services that will be unmatched in this industry. Its endeavor is to become a truly value focused and market oriented company with vestiges of genuine customer care and corporate citizenship. Its real intent is to establish new and innovative tracts of therapeutic care that are always consistent and commensurate with the rising needs of therapeutic areas from theperspectives of domestic market.

### 5.0 CORPORATE GOVERNANCE

### 5.1 Board of Directors

The Board of ALL comprises of 9 Directors including 2 nominee Directors from Investment Corporation of Bangladesh and 2 Independent Directors. Mr. Mizanur Rahman Sinha is the Managing Director, Dr. Jabilur Rahman Sinha and Mr. Afzalur Rahman Sinha are Deputy Managing Directors and others Directors are Mrs. Jahanara Mizan Sinha, Mrs. Nagina Afzal Sinha, Md. Fayekuzzaman (nominated by ICB), Md. Abdur Rouf (nominated by ICB) and two Independent Directors are Syed Shahed Reza & Ms. Fouzia Haque, FCA. Besides, the Directorship role, Mr. Mizanur Rahman Sinha acts as the Managing Director and looks after overall operations including Sales and Marketing, Production and Supply Chain Management. The Board is involved in both operational level as well as policy matters of the company. The Board formulates strategic objectives and policies for the company, provides leadership and supervises management actions in implementing objectives of the company.

### 5.2 Corporate Management

The operation of ALL is being looked after by an experienced management team having wide exposures in this sector. Mr. Mizanur Rahman Sinha, the Managing Director of the company leads the team with the assistance of a host of senior seasoned professionals. The management team consists of qualified professionals with wide experience in pharmaceuticals industry. Summary status of corporate management team is stated in the following:

Experienced management

9- Board

members

	Designation	Educational	Experience	Total
Name		Qualification	in Company	experience
Mr. Md. Hasibur Rahman	ADMD (Finance & Accounts), ISO & Internal Audit	B.Com, CA (Final Group-I)	36	40
Mr. Mohammad Dabir Uddin	ADMD,(Factory HR, Admin & Project Implementation)	ВА	23	48
Mr. Abdul Mannan	Company Secretary	Diploma in Business	3	37
Mr. Animesh Pal	Consultant, Marketing Division	M. Pharm, Diploma in Business Administration	1 month	10
Mr. Golam Rabbani Bhuiyan	Director, Sales	Below graduation	35	35
Mr. A.K.M. Mushiur Rahman Khan	Director, HR & PPIC	M.Com- DU, FCMA	18	22
Mr. Md. Minar Hossain Khan	GM, Marketing	M.Sc-DU	28	28

Mr. Md. Zahangir Alam	Chief Financial Officer	M Com- DU, FCMA	14	16
Mr. Md. Humayun Kabir	Head of Strategic Brand, Management Division	M. Pharm-DU, MBA-UK	8	22
Mr. S.A.B.M Shahadat Ali	Head of Quality Operation	M. Pharm	3	16
Mr. Swapan Kumar Gain	DGM, Production Division-Solid Dosages	M. Pharm	7	21
Mr. S. M Shafiquzzaman	Head of Production (Human)	M.Pharma	3	23
Mr. A.K. Md. Mahbubur Rahman	Head of Production (Veterinary)	M.Sc- RU	6	40
Mr. Nur Ahammead Bhuiyan	Sr. AGM (Engineering)	B.Sc, Eng. MBA	3	16
Mr. Syed Nazmul Huda	Head of IT	Masters in Management, Professional Diploma in CSE (India)	21	21
Mr. S. M. Rezaul Ahsan	Head of QMS& Organization Development	M.Sc, JU	13	13
Mr. Md. Rubel Miah	Head of Internal Audit	M.Com, CA (PE-II)	3	5

Mr. Rahman has successfully been operating the company since inception. With a dedicated and experienced corporate team, he has successfully built up a sound corporate structure and good brand image through wide range of healthcare products in the market. The overall operation of ALL are being carried out through a number of divisions including H.R, PPIC, Marketing, IT, Finance & Accounts, Strategic Brand Management, QMS & OD, Internal Audit, Integrated Farming Project. Most of the divisions at Head Office and at Factory level are headed by senior and experienced Executives.

The company has formed a 3 member Audit Committee Chaired by Ms. Fouzia Haque, FCA and other two members are Mr. Afzalur Rahman Sinha & Mr. Abdur Rouf.

### 5.3 Human Resources Management

The company has sound human resource policy to ensure the congenial working environment and better career path. The compensation structure has been framed with the objective to attract and retain high quality personnel. ALL has service rules covering various policies on employment conditions, performance appraisal, training and development, salary and other perquisites, leave etc. The company provides some long-term benefits to their employees like provident fund contribution, gratuity, bonuses etc. Total human resource strength of the company stood 6,711 as on 30th June, 2014.

### 5.4 Management Information System

ALL has separate IT division headed by Mr. Nazmul Huda consisting of IT System Support dept. & Business IT dept. IT System Support dept. has 17 personnel headed by Mr. Amalesh Sen Gupta and Business IT dept. has 10 personnel headed by Mr. Bishnu Pada Sen. The company has developed MIS system for sales & marketing, inventory management, supply chain, finance & accounts and management information system.

### 6.0 BUSINESS PERFORMANCE

The analytical framework has mainly been based on consolidated financials of the company in FY2011-12 & FY2012-13 and stand alone financials in FY2013-14 because up to FY2013 the ACME Specialized Pharmaceuticals Ltd. was the subsidiary of the ACME Laboratories Ltd. But on January 31st, 2014 this subsidiary merged with ACME Laboratories Ltd. The ALL reported



consolidated financial statements in FY2011-12 & 2012-13 as well as stand- alone financial statements in FY2013-14 as shown below:

Average business performance

Tudiostore	Stand Alone	Con	solidated
Indicators	June-14	June-13	June-2012
Turnover (Tk. in mil.)	10,217.93	9,809.27	9,483.85
Export Sale (Tk. in mil.)	363.27	337.53	195.58
Local Sale (Tk. in mil.)	9,854.66	9,462.87	9,298.71
Cost of Goods Sold (Tk. mil.)	6,237.79	6,402.12	6,181.49
Gross Profit (Tk. in million)	3,980.14	3,407.15	3,302.35
Operating Profit (Tk. in mil.)	1,933.93	1,521.63	1,484.85
Profit After Tax (Tk. in mil.)	893.89	533.52	476.20
Change in Turnover (%)	4.17	3.43	35.55
Change in Export Sales (%)	7.63	72.58	-23.04
Change in Local Sales (%)	4.14	1.77	37.91
Change in Cost of goods sold (%)	-2.57	3.57	36.13
Change in Profit After Tax (%)	67.55	12.03	38.51

Overall business performance of ALL has been found to be average over the years. The reported turnover of the company stood at Tk. 10,217.93 mil. in FY 2013-14 against TK. 9,809.27 mil. in FY 2012-13 indicating a growth of 4.17%. The above revenue growth was due to increase in selling price as well as volume. The revenue pie is largely shared by its local sale which is about 96.44% of total sale and the rest 3.85% has been from export in FY2013- 14. Moreover, the revenue of the ALL is constituted of The ACME Laboratories own products of Tk. 8,370.10 mil., ASPL (ACME Specialized Pharmaceutical Ltd.) Products of Tk. 1460.31 mil., other products (syrange & fish feed) of Tk.24.25 mil. and exports product of Tk.363.27 mil. The cost of goods sold (COGS) stood at Tk. 6,237.79 mil. in FY 2013-14 against Tk. 6,402.12 mil. in FY 2012-13. The net profit after tax of the company reached to Tk. 893.89 mil. in FY 2013-14 compared to Tk. 533.52 mil. in FY 2012-13. The net profit after tax has significantly increased by 67.55% in FY 2013-14 compared to FY2012-13 due to increase in turnover, other income as well as decrease in cost of goods sold.

### 7.0 FINANCIAL PERFORMANCE

Indicators	Stand Alone	Conso	lidated
	June-14	June-13	June-2012
Return on Average Asset After Tax (ROAA %)	4.24	3.04	3.83
Return on Average Equity After Tax (ROAE %)	8.59	6.10	7.22
Return on Average Capital Employed (ROACE %)	6.65	4.79	6.18
Gross Profit Margin%	38.95	34.73	34.82
Operating Profit Margin%	18.93	15.51	15.66
Net Profit Margin%	8.74	5.44	5.02
Cost to Revenue Ratio (%)	61.05	65.27	65.18
Administrative Exp to Revenue Ratio %	5.35	5.66	5.82
Selling & Distribution Cost to Revenue Ratio %	14.68	13.56	13.34
Finance Cost to Revenue Ratio %	7.60	6.60	6.98

Average financial performance

The financial performance of ALL has been found to be average. While analyzing the performance of ALL, it has been revealed that the company fetched a gross profit of Tk. 3,980.14 mil. in FY 2013-14 against Tk. 3,407.15 million in FY 2012-13; therefore, its gross profit margin stood at 38.95% in FY2013-14 and 34.73% in FY2012-13 respectively. After deducting all expenditure, the net profit margin in FY 2013-14 stood at 8.74% against 5.44% in FY 2012-13. The profitability of a company can also be measured in terms of Return on Average Assets (ROAA), Return on Average Equity (ROAE) and Return on Average Capital Employed (ROACE). The above indicators of the company were also found to be moderate.

The cost efficiency of the company highly depends on the raw materials price. The overall cost efficiency of the company improved in FY2013-14. The efficiency ratio (cost in comparison to revenue) stood at 61.05% in FY 2013-14 against 65.27% in FY2012-13. The total material cost has been about 72.61% of the total cost of goods sold and manufacturing overhead cost has been 13.72% of the total cost of goods sold. However, the finance cost to revenue ratio also increased in FY 2013-14 due to increase in finance expense. The finance cost to revenue ratio stood at 7.60% in FY 2013-14 compared to 6.60% in FY 2012-13.

### 8.0 CAPITAL STRUCTURE AND SOLVENCY

Moderate debt based capital structure

Indicators	Stand Alone	Cons	solidated
	June-14	June-13	June-2012
Leverage Ratio (X) with revaluation	1.07	0.90	0.98
Leverage Ratio (X) without revaluation	2.18	1.79	3.53
Bank Borrowing to Equity (X)	0.83	0.69	0.77
Equity Multiplier(X)	2.07	1.98	2.04
Long Term Leverage Ratio(X)	0.29	0.22	0.17
Short Term Leverage Ratio(X)	0.79	0.68	0.81
Internal Capital Generation (%)	8.59	6.10	7.22
Net Asset Value Per Share(Tk.10) with revaluation	66.16	65.09	63.58
Net Asset Value Per Share(Tk.10) without revaluation	32.56	32.59	17.65

ALL is a moderately debt based company operating with a leverage ratio of 1.07 times as on June 2014 and 0.90 times as on June 2013 when considering revaluation surplus. But without revaluation surplus, the company has been operating with levered capital structure and leverage ratio stood at 2.18 times in FY2013-14 and 1.79 times in FY2012-13 respectively. The total capital employed in FY 2013-14 stood at Tk. 13,749.84 mill. consisting of noncurrent assets of Tk. 15,544.51 mill. and net current asset of Tk. (1,794.67) mil. The above capital employed has been financed by shareholders' equity of Tk. 10,692.16 mil., non-current liabilities of Tk. 3,057.68 mill. The equity pie composed of 15.11% paid up capital, share premium 15.01%, revaluation surplus 50.78%, retained earnings 18.23% and other reserves 0.87%. However, considering all outside liabilities, total debt to equity ratio of the company reached to 52:48 in FY 2013-14. In the leverage of ALL (i.e. outside liability to equity), the contribution of short term loan had significant influence over the long term loan because of high dependency on short term loan. At FY 2013-14, the short term leverage stood at 0.79 times against long term leverage of 0.29 times. In considering the regular income of ALL the internal capital generation stood at 8.59% in FY2013-14 against 6.10% in FY2012-13.

(Tk. in mil.)

	Stand Alone	Conso	lidated
Indicators	June-14	June-13	June-2012
	June-14	June-13	June-2012
Particulars			
Current assets	6,635.06	6,975.08	5,023.05
Less Current liabilities	8,429.73	6,883.52	5,977.44
Net Current Asset	-1,794.67	91.56	<b>-</b> 954.39
Add Non-current assets	15,544.51	13,061.51	10,056.37
CAPITAL EMPLOYED	13,749.84	13,153.07	9,101.98
FINANCED BY			
Equity:			
Paid up capital	1,616.02	1,556.31	1,160.00
Share Premium	1,605.07	1,605.07	-
Revaluation surplus	5,429.80	5,057.76	5,327.92
Capital Reserve	-	40.17	40.17
Share Money Deposit	-	500.00	-
Retained Earnings	1,949.43	1,363.53	846.67
Other Reserve	91.85	6.85	-
Non Controlling Interest	-	819.98	476.42
Total Equity	10,692.16	10,129.68	7,374.75
Long Term Liabilities	3,057.68	2,203.40	1,250.80
Total Equity & Non-Current Liabilities	13,749.84	13,153.07	9,101.98

While analyzing the leverage of the company, against the equity of Tk. 10,692.16 mil., total outside liabilities reached to Tk. 11,465.01 mil. Its Bank borrowing to equity stood at 0.83 times in FY2013-14 against 0.69 times in FY 2012-13. The Net Asset Value (NAV) per share of Tk. 10 with revaluation stood at Tk. 66.16 in FY 2013-14 against Tk. 65.09 in FY 2012-13. The Net Asset Value (NAV) per share of Tk. 10 without revaluation stood at Tk. 32.56 in FY 2013-14 against Tk. 32.59 in FY 2012-13.

### 9.0 LIQUIDITY AND FUND FLOW ANALYSIS

Indicators	Stand Alone	Consolidated	
	June-14	June-2013	June-2012
Current Ratio (X)	0.79	1.01	0.84
Quick Ratio (X)	0.49	0.67	0.43

Moderate liquidity The company has been operating with moderate liquidity. As the company depends on import based raw materials, it requires significant inventory with long cash conversion cycle. Generally, ALL maintains raw materials inventory for four to five months and it takes 20 to 25 days to collect its receivables against which it can stagger its payable payment up to 30 to 35 days. The current ratio of the company stood at 0.79 times in FY 2013-14 against 1.01 times in FY 2012-13. The quick ratio of the company stood at 0.49 times in FY2013-14 against 0.67 times in FY2012-13. The company is currently enjoying working capital facilities in different modes from various banks, through which it is managing liquidity and meeting its import payments for procuring raw materials to carry out the production. While analyzing the cash flow of the company, it has been revealed that the company can generate moderate fund internally to service its debt burden and other liabilities also. The company generated operating cash flow of Tk. 451.16 mil. for the year ended June 30, 2014. However, after meeting capital expenditure of Tk.2,410.29 mil., its free operating cash flow stood at negative.

### 10.0 BANKING RELATIONSHIP AND CREDIBILITY

### 10.1 Liability Position

The total outstanding bank loan of ALL was Tk.10,366.44 million (Tk. 4,063.66 million long term loans and Tk. 6,367.52 million short term revolving credit line). A summarized loan position of the company stands as follows:

Bank			Details of E	xposures			Repayment
Name							Status
	Mode	Sanction/	Disbursed/ Availed as		Outstanding		
		Limit	funded	Long Term	Short Term	Outstanding as on dated	
DBBL	CC(Hypo)/ OD/LTR	TK.780.00	-	-	TK.310.73	20.06.14	Regular
	LC/LG	TK.430.00	-	-	TK.80.84	20.00.14	Regular
	Term loan	Tk.350.00	Tk.350.00	Tk.315.66			
Trust	L/C/BG	TK.900.00	-	-	TK.604.18		Regular
Bank Ltd.	LTR/OD/ Time loan	TK.1,438.00	-		TK.980.56	31.07.14	Regular
	Term loan	Tk.480.00	Tk.350.00	Tk.287.06			Regular
SCB	Term loan	TK.1,285.20	TK.1,278.40	TK.1,154.90	-		Regular
	LC/ Acceptance	TK.1,800.00	-	-	TK.203.14	20.06.14	Regular
	OD/LATR/ STL	TK.1,530.00	-	-	TK.621.13		Regular

EBL	OD/DL/IL	TK.700.00	20	21	Tk.550.37		Regular
	Cash LC/ Acceptance/ LG-Security Bond/	Tk.950.00	-9		TK.73.70	30.06.14	Regular
IPDC	Lease finance	TK.50.00	TK.6.83	TK.2.63	-	30.06.14	Regular
	Term loan	TK.150.00	TK.150.00	TK.88.31			Regular
HSBC	Term loan	Tk.1,137.36	Tk.1,137.36	Tk.1,137.36			Regular
	OD/DL/IL	Tk.1,390.00	T.0	.53	Tk.887.61	30.06.14	Regular
	LC/ Acceptance	TK.2,168.98	**		Tk.311.08	30.00.14	Regular
Dhaka	Term loan	TK.130.00	TK.130.00	TK.123.16			Regular
Bank Ltd.	CC(Hypo)/ LTR	TK.500.00	=	-	TK.338.84	15.07.14	Regular
	LC	TK. 170.00		+	TK. 21.21		Regular
IDLC	Term Loan	TK.473.91	TK.473.91	TK.332.34	-	30.06.14	Regular
HDFC	Term loan	TK.200.00	TK.200 .00	TK.107.50	-	30.06.14	Regular
NFL	Lease finance	TK.100.00	TK.100.00	TK.64.74	120	30.06.14	Regular
Agrani Bank Ltd.	CC (Hypo)/LTR	TK.450.00	- 13	2	TK.28.6	20.06.14	Regular
	L/C	TK.200.00	- 8	*			Regular
The City Bank	OD/STL/ Import loan	TK.1,380	==	8	TK.1,032.79	20.06.14	Regular
	L/C	TK.400.00	£1	-	TK.69.93	20.00.14	Regular
AB Bank	L/C	TK.350.00	- 2			31.07.14	Regular
	OD/LTR/ Time loan	TK.550.00	=		Tk.250.24		Regular
UCBL	SLC/ULC	Tk.500.00			Tk.2.60	31.07.14	Regular
ICB	Advance against equity	Tk.500.00		Tk.450.00		20.06.14	Regular
-	Tetal	24 AA2 AE	1	A 069 66	6 267 52		

### 10.2 Security Arrangements against the Loan Facilities

Securities against loan under each bank given as below:

5.I. No.	Name of the Bank/Fls	Security Package
1.	DBBL	Security:  i. Registered hypothecation by way of 1st ranking pari passu charge with RJSC among other lenders on entire stocks  ii. Registered hypothecation by way of 1st ranking pari passu charge with RJSC among other lenders on trade/ market receivable of the company  iii. Registered hypothecation by way of 1st ranking pari passu charge with RJSC among other lenders on fixed assets comprising of plant, machinery & equipment (Installed / to be installed in the factory premises) of the company  iv. personal guarantee of the Directors  v. Corporate guarantee of ACME Overseas Trading Ltd.  vi. One undated cheque of covering entire term loan amount of BDT350 million with interest  vii. 20 post dated cheque for term loan installments

# CREDIT RATING REPORT

S.I. No.	Name of the Bank/Fls	Security Package
2.	Trust Bank Limited	Security:  i. Hypothecation of machinery, equipment and stocks  ii. Charge with RJSC on machinery & equipments (imported & to be imported), stocks, raw materials and book debts on Pari-Passu security sharing basis covering the total facilities with other lenders of The ACME Laboratories Ltd.  iii. Trust receipt in case of LTR  iv. Personal guarantee of all the Directors of the company.
3.	SCB	Security:  i. Demand promissory note and letter of continuation for BDT 1280 million  ii. Registered first charge over stocks and book debts on par passu basis with other lenders where SCB's shares would not be less than BDT 2630 million  iii. Registered first charge over plant and machinery on pari passu basis with other lenders where SCB's shares would not be less than BDT 2630 million  iv. Registered mortgage over land & building of the central warehouse at savar for BDT 100 million covering the entire credit facilities  v. Personal guarantee of Directors  vi. Registered mortgage over land and building of cephalosporin project of the company on pari passu with other term lenders for BDT 1,350 million  vii. Registered mortgage over land and building of Mizanur Rahman Sinha and The ACME Laboratories limited on pari passu with other term lenders where SCB's shares would not be less than BDT BDT 1,350 million
4.	EBL	Collateral: i. Margin @10% on LG & @100% on LG in the form of cash Security: ii. Registered hypothecation of existing & future plant & machinery iii. Registered hypothecation over inventory & book debts iv. Personal guarantee of all Directors v. Corporate guarantee of ACME Specialized Pharmaceutical Ltd.
5.	IPDC	Security:  i. Registered mortgage of land measuring 48 decimal, situated within Bogra & Narayangonj ii. Registered Irrevocable General Power of Attorney iii. Hypothecation of the floating assets iv. Personal guarantee of all the Directors v. Security cheque for the entire facility amount and post dated cheque for loan installments vi. Demand promissory note along with letter of continuation vii. Ownership of the vehicles registered in the name of IPDC
6.	HSBC	Security:  i. Demand of Promissory note for BDT 2720.00 million with Letter of Continuity & Revival ii. First charge over the borrower's stock and book debts/ receivable with the RJSC and firms on Pari Passu basis with other lenders. HSBC's share is BDT 2720 million.  iii. First charge over the borrower's Plant and Machinery with the RJSC and firms on Pari Passu basis with other lenders. HSBC's share is BDT 2720 million.  iv. Registered Mortgage over 90 decimal and 238 decimal land and structures thereon at Dhamrai, Dhaka on Pari Passu basis with other lenders. HSBC's share is BDT 1350 million v. Personal guarantee of all directors vi. Corporate guarantee executed by The ACME Agrovet and Beverage Ltd. vii. Trading Financial General Agreement for trading facility

THE ACME LABORATORIES LIMITED

S.I. No.	Name of the Bank/Fls	Security Package
7.	Dhaka Bank Ltd.	Security:  i. Hypothecation of machinery, equipment and stocks ii. First Ranking Pari Passu Charge on machinery & equipment (impoted & to be imported), stocks, raw materials and book debts of the ACME Laboratories Ltd. with RJSC with other lenders iii. Personal guarantee of all the Directors of the company iv. Trust receipt in case of LTR v. Post-dated cheque covering the entire facilities of the company
8.	IIDFC	Security:  i. Two undated security cheque for the full finance amount of BDT 150.00 & BDT 50.00 mil. respectively  ii. Insurance of the machinery in favour of IIDFC Ltd. amount BDT 20.91 mil.  iii. Personal guarantee of all Directors  iv. Corporate guarantee of The ACME Agrovet and Beverages Ltd.  v. Post dated Cheque  vi. Security Deposit of BDT 2.00 million  vii. Demand promissory note  viii. Undertaking as per IIDFC format
9.	Agrani Bank Ltd	Security:  i. First Ranking Pari Passu Charge on machinery & equipment, stocks, raw materials and book debts of the ACME Laboratories Ltd. with RJSC with other lenders  ii. Registered mortgage of land measuring 105.50 decimals  iii. Mortgage against CC (Hypo)  iv. Personal guarantee of all Directors  v. Personal guarantee of owner of the company
10.	IDLC	Security:  i. Personal Guarantee from directors  ii. Vehicles registration in favor of IDLC  iii. Undated cheque  iv. Post dated cheque against installment  v. Corporate Guarantee  vi. Hypothecation of Floating Charge on Stock and Receivable
11.	Investment Corporation of Bangladesh	Security: i. Personal Guarantee of all Directors ii. Corporate guarantee iii. Post dated cheques
12.	National Finance Ltd.	Security:  i. Charge will be created of RJSC on lease assets valuing Tk.139.98 million  ii. 59 (fifty nine) post dated cheques each for Tk.25,94,055  iii. Undated cheque for Tk.10.00 crore only covering the total leaseamount  iv. One post dated cheque for Tk.5,000.00being transfer fee  v. Personal guarantee of all Directors
13.	The City Bank Ltd.	Security:  i. Registered mortgage of 133.50 decimal land along with construction thereon, situated at Hemayetpur, Savar, Dhaka with MV of Tk.22.66 crore  ii. Registered hypothecation on fixed and floating assets of the company  iii. Personal Guarantee of all the Directors of the company  iv. Undated Security Cheques
14.	AB Bank Ltd.	Security:  i. Registered charge by way of hypothecation with RJSC over all floating assets covering the bank's full exposure  ii. Personal Guarantee of all directors  iii. Margin against L/C



### 10.3 Payment

Regular loan repayment history

			Efficiency
Indicators	Stand Alone	Consolidated	
	June-14	June-13	June-2012
Debt Service Coverage Ratio (X)	1.37	1.46	1.85
Interest Service Coverage Ratio (X)	2.55	2.30	2.21

The loan payment history of the company has been found to be good. The creditworthiness of the company is also supported by its debt servicing capacity as well as interest coverage capability. Both debt service coverage ratio and interest service coverage ratio of ALL were found to be good. The Debt service coverage ratio stood at 1.37 times in FY2013-2014 against 1.46 times in FY2012-13 and interest coverage ratio stood at 2.55 times in FY2013-14 against 2.30 times in FY2012-13.

#### 11.0 RISK ANALYSIS

#### 11.1 Operational & Maintenance Risk

The company has reduced operational and maintenance risk through establishment of inhouse expertise or experienced workforce for its factory operation and head office management (including departmental management). The management set up is matured and is running under the direct leadership of the Managing Director. The factory plants and machineries are automated and are run by educated and skilled work forces. The company has arranged adequate safety measures to minimize/avoid accidents.

### 11.2 Quality Control Risk

Pharmaceutical products are usually exposed to high quality control risk. Each product is required to be marketed through a stringent compliance procedure. Each product is required to have the flexibility to cope with the new regulations and also continuous quality improvement capacity to face the global demand. Especially local market is highly competitive due to presence of both quality local producers and many global giants. Any deviation from the standard may result in serious market image crisis and might also create regulatory barrier. By considering this, CRISL views that, ALL, like other players in the industry, is exposed to quality control risk.

### 11.3 Raw Material Supply Risk

Pharmaceuticals industry in Bangladesh is fully dependent on imported raw materials as backward linkage is yet to be developed. To mitigate the supplies risk due to single supplier dependency, ALL imports raw material from various countries and also from local vendors. It has its own quality assurance policy in line with the international standard. However, import based supplies are likely to be affected by any uncontrollable event or country risk.

### 11.4 Power Supply Risk

ALL has good power supply arrangement to ensure un-interrupted production. Power supply is facilitated by internally installed diesel and gas burn generator to produce electricity. ALL seems to be at a favorable position in this regard.

### 11.5 Market Risk

Pharmaceutical products are usually exposed to high market risk. Local market is highly competitive due to presence of both quality local producers and many global giants. ALL is in continuous process to diverse market both locally and internationally. The company's present thrust towards foreign buyers may assist it to minimize product liability/ over production risk; rather it will induce the company to do more expansion of existing production capacity including diversification of product line.

### 11.6 Foreign Exchange Risk

The company is also at foreign exchange risk as it pays to foreign suppliers in foreign currency for raw materials. When value of foreign currency rises, it has to spend more Bangladeshi currency to procure raw material, affecting cost of production, growth of sales/revenue and overall profitability. In the recent years, the exchange rates of \$US and Euro are volatile and thus the company is exposed to foreign currency risk.

Exposed to quality control risk

Exposed to raw material supply risk

### 12.0 OBSERVATION SUMMARY

Rating Comforts:	Rating Concerns:	
* Average business and financial performance ! Improved in cost efficiency * Wide distribution network  * Experienced corporate management * Sound production facilities * Good number of products in the market * Adequate ETP facility * Regular debt repayment history	* Moderate debt based capital structure  * Moderate liquidity  * Long cash conversion cycle  * Exposed to foreign currency risk  * Exposed to market risk  * Exposed to price volatility risk	
* Cheap skilled human resource base * Launching of new products * Establishment of backward supply linkage * Exploring more export market * Immense opportunity of penetration in foreign market	Business Challenges:  * Limited scope of local raw material sources  * Severe competition in local market  * Maintaining international standard  * Limited control over product pricing  * Continuously changing quality standard	

### **END OF THE REPORT**

(Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement)

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

### 13.0 CORPORATE INFORMATION

Date of Incorporation : 1976

Commencement of Business : 1976 (but the company commence business at 1954)

Board of Directors	Mr. Afzalur Rahman Sinha	Chairman
	Mr. Mizanur Rahman Sinha	Managing Director
	Dr. Jabilur Rahman Sinha	Deputy Managing Director
	Mrs. Jahanara Mizan Sinha	Director
	Mrs. Nagina Afzal Sinha	Director
	Md. Fayekuzzaman	Director (Nominated by ICB)
	Md. Abdur Rouf	Director (Nominated by ICB)
	Mr. Syed Shahed Reza	Independent Director
	Ms. Fouzia Haque, FCA	Independent Director
Auditor	Pinaki& Company Chartered Accountants	(An Independent Associates Member of Thakur,Vaidyanath Aiyar & Co, Chartered Accountants, New Delhi, India)
Key Management	Mr.Md. HasiburRahman	ADMD (Finance & Accounts), ISO & Internal Audit
	Mr. Mohammad DabirUddin	ADMD,(Factory HR, Admin & Project Implementation)
	Mr. Abdul Mannan	Company Secretary
	Mr. Animesh Pal	Consultant, Marketing Division
	Mr. Golam Rabbani Bhuiyan	Director, Sales
	Mr. A.K.M.Mushiur Rahman Khan	Director, HR & PPIC
	Mr. Md. Minar Hossain Khan	GM, Marketing
	Mr. Md. Zahangir Alam	Chief Financial Officer
	Mr. Md. Humayun Kabir	Head of Strategic Brand, Management Division
	Mr. S.A.B.M Shahadat Ali	Head of Quality Operation
	Mr. Swapan Kumar Gain	DGM, Production Division-Solid Dosages
	Mr. S. M Shafiquzzaman	Head of Production (Human)
	MrA.K. Md.Mahbubur Rahman	Head of Production (Veterinary)
	Mr. NurAhammead Bhuiyan	Sr. AGM (Engineering)
	Mr. Syed Nazmul Huda	Head of IT
	Mr. S. M. Rezaul Ahsan	Head of QMS& Organization Development
	Mr. Md. Rubel Miah	Head of Internal Audit

### **Capital History:**

Year	Authorized Capital(M.Tk)	Subscribed and Paid-up Capital (M. Tk.)	Rate of Increase	Increase Source of Paid-up Capital
2008-09	1,000.00	100.00	-	Share holders equity
2009-10	1,000.00	100.00	-	Share holders equity
2010-11	5,000.00	1,160.00	060%	Share holders equity
2011-12	5,000.00	1,160.00	-	Share holders equity
2012-13	5,000.00	1,556.00	34.14%	Share holders equity
2013-14	5,000.00	1,616.02	3.86%	Share holders equity

### 14.0 FINANCIAL INFORMATION

Balance Sheet As on June 30

(Figure in million BDT.)

Indicators	FY2013-14	FY2012-13	FY2011-12
Property Plant & Equipment	15,511.90	13,034.99	10,029.77
Capital work in progress	-	-	-
Intangible Assets(net)	0.29	0.34	0.41
Investment	32.32	26.19	26.19
Other Non-Current Assets	-	-	-
Total Non-Current Assets	15,544.51	13,061.51	10,056.37
Current Assets			
Inventories	2,517.48	2,351.65	2,479.80
Trade Debtors	719.39	547.09	452
Adv. Deposits & Prepayments	2,431.56	2,362.07	1,925.03
Short Term Investment	553.2	1,220.00	-
Other Current Assets			-
Cash & Bank Balances	413.43	494.26	166.23
Total Current Assets	6,635.06	6,975.08	5,023.05
Current Liabilities			
Short Term Loan	4,874.13	4,096.85	4,035.04
Long Term Loan-CP	1,014.86	834.99	486.03
Trade Creditors	528.3	506.96	415.12
Liabilities for Expenses	160.05	190.56	176.46
Proposed Dividend	606.72	85.35	-
Other ST Liabilities	1,245.66	1,168.81	864.79
Total Current Liabilities	8,429.73	6,883.52	5,977.44
Net Current Assets	-1,794.67	91.56	-954.39
Capital Employed	13,749.84	13,153.07	9,101.98
Non-Current Liabilities			
Long Term Loan `	3,018.09	2,072.94	1,124.67
Deferred Liabilities	9.12	124.81	123.81
Other Non-Current Liability	30.47	5.66	2.32
Total Non-Current Liability	3,057.68	2,203.40	1,250.80
Minority Interest	1	819.98	476.42
Shareholder's Equity			
Share Capital	1,616.02	1,556.31	1,160.00
Share Premium	1,605.07	1,605.07	-
Capital Reserve	-	40.17	40.17
Other Reserve	5,521.65	5,564.61	5,327.92
Retained Earnings	1,949.43	1,363.53	846.67
Total Shareholders' Equity	10,692.16	10,129.68	7,374.75
Total Equity and LT Liabilities	13,749.84	13,153.06	9,101.97
Total Assets	22,179.57	20,036.58	15,079.42

### **Income Statement**

For the year ended June 30

(Figure in million BDT.)

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Indicators	FY2013-14	FY2012-13	FY2011-12
Sales Revenue	10,217.93	9,809.27	9,483.85
COGS Excluding Dep.	-	-	-
Depreciation-Mfg	149.58	108.74	103.54
Cost of Goods Sold	6,237.79	6,402.12	6,181.49
Gross Profit	3,980.14	3,407.15	3,302.36
Other Income	108.07	23.45	19.34
Salary & Allowances	315.54	365.18	324.30
Depreciation-Admin	74.79	55.46	52.80
Other Admin. Expenses	156.05	134.53	174.83
Total Admin. Expenses	546.38	555.17	551.93
Selling & Distribution Exp.	1,499.83	1,330.35	1,265.57
Other Operation Exp.	-	-	-
Profit from Operation	1,933.93	1,521.63	1,484.85
Financial Cost	776.91	653.35	661.70
Income from Associates	-	-	-
Other Non-Operating Income/(Expense)	(60.24)	(40.54)	(40.12)
Profit Before Tax	1,204.84	851.20	802.37
Income Tax	310.95	317.68	326.18
Profit After Tax	893.89	533.52	476.20
Minority Interest	-	-	-
Net Profit from Ordinary Activities	893.89	533.52	476.20
Extra Ordinary Items	0.84	-	-
Net Profit for the Period	894.73	533.52	476.20

### CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF CORPORATE

RATING	DEFINITION
AAA Triple A (Highest Safety)	Investment Grade Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA Double A (Higher Safety)	Entities rated in this category are adjudged to be of higher quality, offer higher safety and have higher credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A Single A (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB,BBB Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the abovementioned limitations
BB+, BB, BB Double B (Inadequate Safety)	Speculative Grade Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deems likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B Single B (Risky)	Entities rated in this category are adjudged to be with risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
CCC+,CCC, CCC Triple C (Vulnerable)	Non-Investment Grade  Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
CC+,CC, CC Double C (Highly Vulnerable)	Entities rated in this category are adjudged to be highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
C+,C,C Single C (Extremely Vulnerable)	Entities rated in this category are adjudged to be extremely Vulnerable in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<b>D</b> (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

### SHORT-TERM RATINGS OF CORPORATE

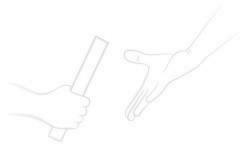
ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Moderate Grade Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment/Speculative Grade Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

### CRISL RATING SCALES AND DEFINITIONS BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM

RATING	DEFINITION
blr AAA (blr Triple A) (Highest Safety)	Investment Grade Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carry almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities.
blr AA+, blr AA, blr AA- (Double A) (High Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions.
blr A+, blr A, blr A Single A (Adequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity have adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
blr BBB+, blr BBB, blr BBB Triple B (Moderate Safety)	Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment /fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
blr BB+, blr BB, blr BB Duble B (Inadequate Safety)	Speculative/ Non investment Grade Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client are below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loans / facilities need strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category.
blr B+, blr B, blr B Single B (Somewhat Risk)	Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the installments.
blr CCC+, blr CCC, blr CCC Triple C (Risky ) Risky Grade	Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loans / facilities need strong monitoring from bankers side for recovery.
blr CC+, blr CC, blr CC Double C (High Risky)	Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery.
blr C+, blr C, blr C- (Extremely Speculative)	Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loan/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
blr <b>D</b> (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

### **SHORT-TERM RATINGS**

blr ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
blr ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
blr ST-3	Good Grade  Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
blr ST-4	Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
blr ST-5	Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
blr ST-6	Default Institution failed to meet financial obligations



1/4, Kallayanpur, Mirpur Road, Dhaka - 1207

### **FORM OF PROXY** I/We(name) \_\_\_\_\_\_ of (address) being a member of The ACME Laboratories Limited hereby appoint Mr. /Mrs. \_\_\_\_\_\_ as my / our proxy to attend vote for me/our behalf at the 38th Annual General Meeting of the company to be held on the 1st day of November, 2014 at 11:30 AM at Court de la ACME, 1/4, Kallayanpur, Mirpur Road, Dhaka - 1207 and at any adjournment thereof. (Signature of Proxy) Revenue Signature of Shareholder(s) Dated: \_\_\_\_\_ Stamp Register Folio No.\_\_\_\_ Tk.10.00 Dated:----(Signature of the Witness) Note: A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not letter than 48 hours before the time fixed for the meeting. Signature Verified Authority Signatory The ACME Laboratories Ltd. (SHAREHOLDERS ATTENDANCE SLIP) I/We hereby record my /our attendance at the 38th Annual General Meeting being held on 1st day of November, 2014 at 11:30 AM at Court de la ACME, 1/4 Kallayanpur, Mirpur Road, Dhaka - 1207 Name of Member(s): holding of \_\_\_\_ Register Folio No.: ordinary Shares of The ACME Laboratories Limited.

Note: 1. Please note that the AGM can only be attended by the honourable shareholder or properly constituted Proxy.

Thereof any

2. Please present this slip at the reception desk.

Signature of Shareholder(s)

