

# DIRECTORS' REPORT

For the year ended 30 June 2016

## Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 40th Annual General Meeting of The ACME Laboratories Ltd. According to the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules, 1987, SEC Notification no. SEC/CMRRCD/2006-158/134/Admin/44; dated: 07 August 2012 and International Accounting Standards 1 "Presentation of Financial Statements" 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 2016.

## PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2015-16	2014-15
Net Profit after Tax	1,101.268	921.917
Adjustment for depreciation on revaluation surplus	110.353	109.707
Profit brought forward from previous year	2,689.794	1,949.427
<b>Total Profit Available for appropriation</b>	<b>3,901.415</b>	<b>2,981.051</b>
<b>Appropriation</b>		
Final Cash Dividend for the year 2014-15 (Comparative year 2013-14)	(565.606)	(242.403)
Tax Holiday Reserve	(32.385)	(48.854)
<b>Closing Retained Earnings at the year end (before proposed Dividend)</b>	<b>3,303.424</b>	<b>2,689.794</b>
Proposed cash dividend for the year 2015-2016 @35% (Comparative year 2014-15@35%)	(740.606)	(565.606)
<b>Retained earnings after Proposed Dividend</b>	<b>2,562.818</b>	<b>2,124.188</b>

## DIVIDEND

During the year ended 30 June 2016, the Company has earned net profit before tax amounting to BDT 1,402.10 Million which after provision of income tax stood at BDT 1,101.27 Million. Considering the performance of the Company and subject to the approval of the Shareholders in the 40<sup>th</sup> AGM., the Board of Directors has recommended 35% cash dividend i.e. BDT 3.5 per share which comes BDT 740.61 Million.

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

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 in global market. According to IMS (an USA based healthcare market surveyor entity) by 2017 demand of Pharma products will be USD 1,200 billion, which was USD 965 billion in the year 2012.

It may be recalled, in 1970 Pharma market was of BDT 300 Crore only. Insiders of the industry estimated that by the year 2020 Bangladesh Pharma market size will be BDT 20,000 crore. They also expected that Pharma products are going to be added into the Bangladesh export basket in a big way within a couple of years.

Bangladesh Pharmaceutical industries now heading towards self-sufficiency in meeting local demand. There are more than 439 registered small, medium, large scale, local and multinational companies operating in the country producing around 97% of the total internal demand. The remaining 3% basically constitute import of much specialized products like vaccines, anti-cancer products and hormone drugs.

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, competitive labor, available technical know-how, low power costs, low costs white collar labor. 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.

The Government of Bangladesh is going to establish an environmentally suitable Industrial Park to produce Active Pharmaceutical Ingredients (API). The project is being implemented on 200 acres of land at Baushia, Gazaria, Munshigonj. There will be 42 nos. of plots in which 42 nos. of API facilities will be set up about 25,000 people will get employment opportunities in the project.

Considering industry outlook and bright prospects, The ACME Laboratories Ltd. has raised funds of BDT. 409.60 Crore from the Capital Market through issuing of 50,000,000 Ordinary Shares. According to our previous plan that have already been mentioned earlier and disclosed in the prospectus as well, use of IPO proceeds supposed to be used in the following projects:

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

As a part of project implementation schedule as mentioned in the Prospectus, ACME has already started the construction works of Steroid and Hormone Project. Commencement of construction works of other projects will be started later on and to be implemented gradually. To comply with the requirements of local & global regulators and to meet the business demand ACME has no other alternative than to established several new projects on priority basis. As such, partial changes are needed with regard to use of IPO proceeds. A detail report on partial change on IPO Proceeds has been presented in the separate report at the Page # 51 of the Annual Report 2015-2016 and the same will be discussed under the agenda no. A-2016-40-05.

## (1) Capital Expenditure

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

SL #	Name of projects	Current Status
01	Blow Fill Seal (BFS) - LVP & SVP products	The facility has already been commercially launched its products since October 2014 and during the year have started Small Volume Parenteral production on full swing.
02	Liquid & Semi-solid products	Project has been completed. Commercial launching of products manufactured in this plant already been started.
03	Steroid and Hormone	Construction works of Steroid and Hormone projects has already been started and it is going on.

In addition to above, 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 2016 is BDT 162,198,212.



# CEPHALOSPORIN UNIT



## HUMAN & HERBAL PRODUCTS



## (2) Product development

The following table shows the position of existing products and newly developed products during the year 2015-2016:

SL #	Product Category	No. of products as on 01.07.2015 (A)	Addition during the year	Discarded during the year	Total Net as on 30.06.2016
			(B)	(C)	(A+B-C)
	Human:				
1	Capsule	46	0	0	46
2	Cream	13	0	0	13
3	Dry syrup	31	1	0	32
4	Eye/Ear/ND	20	0	0	20
5	Injection	56	0	1	56
6	Liquid	49	2	0	51
7	Ointment	15	0	0	15
8	Tablet	256	9	0	265
9	Powder	1	0	0	1
10	Inhaler(DPI)	8	4	0	12
11	Suppository	14	0	0	14
12	Inhaler(MDI)	12	0	0	12
13	Herbal	41	1	0	42
14	Syringe	2	0	0	2
15	Gel	4	0	0	4
16	Infusion	12	3	0	15
	Total	580	20	0	600
	Veterinary:				
1	Injection	57	1	0	58
2	Liquid	34	5	0	39
3	Ointment	1	0	0	1
4	Bolus	22	1	0	23
5	Premix	17	0	0	17
6	Water Soluble Powder	57	3	0	60
	Total	188	10	0	198
	Grand Total	768	30	0	798

Products development work has been selected by the Marketing Division developed by Strategic Brand Management 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 the coming years.



### **(3) Quality Operation 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 impact or, 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 WHO, cGMP, UK MHRA, US FDA, PICS, ANVISA, Brazil 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 Companies 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 & microbiological laboratories, 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 year, ACME achieved satisfactory growth and its total revenue stood at BDT 12,644.91 million. Domestic sales continue to remain as the key driver with 97.06% of the total revenue. The Company is continuously pressing hard for expanding its export sales. Present export market covers Bhutan, Cambodia, Hong Kong, Lao PDR, Myanmar, Nepal, Philippine, Sri Lanka, Thailand, Kenya, Vietnam, Iraq, Ujbekistan, Kenya, Ethiopia, Botswana, Somalia, Guatemala, Afghanistan, Ghana, Mongolia, Nigeria, Belize 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.



## FINANCIAL RESULTS

The operating financial results of the Company for the year 2015-2016 as compared to previous year are summarized hereunder:

Particulars	2015-2016	2014-2015	% Increased
Authorized Capital (BDT in mn)	5,000.00	5,000.00	-
Paid up Capital (BDT in mn)	2,116.02	1,616.02	-
Total Sales (BDT in mn)	12,644.91	11,496.41	9.99%
Gross Profit (BDT in mn)	4,874.30	4,301.42	13.32%
Profit before tax (BDT in mn)	1,402.10	1,349.43	3.90%
Net Profit after tax (BDT in mn)	1,101.27	921.92	19.45%
Property, Plant and Equipment (BDT in mn)	17,240.11	16,027.23	7.57%
Shareholders' Equity (BDT in mn)	16,364.47	11,372.63	43.89%
Gross Profit Margin Ratio (%)	38.55%	37.42%	-
Net Profit Margin Ratio (%)	8.71%	8.02%	-
Dividend (Recommended) (%)	35%	35%	-
Net Asset Value (NAV) per Share (BDT)	77.34	70.37	9.90%
EPS/ Restated EPS (BDT)	6.55	5.70	14.91%
Weighted Average Number of Ordinary Shares	168,040,056	161,601,700	-
Number of Employees	7,674	7,603	-



## COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2016 of the Company is given below:

Name of the Shareholders	Designation	Address	No. of Shares	% of holding
Mr. Afzalur Rahman Sinha	Chairman	House No. 7, Road No. 6, Sector-3, Uttara	17,214,336	8.135%
Mr. Mizanur Rahman Sinha	Managing Director	House No. 6, Road No. 14, Sector-4, Uttara	20,426,565	9.653%
Dr. Jabilur Rahman Sinha	Dy. Managing Director	Hazel Wood, House No. 4, Road No. 118,	4,860,696	2.297%
Mrs. Jahanara Mizan Sinha	Sponsor Director	House No. 6, Road No. 14, Sector-4, Uttara	10,519,744	4.971%
Mrs. Nagina Afzal Sinha	Director	House No. 7, Road No. 6, Sector-3, Uttara	11,888,433	5.618%
Mr. Nasir-Ur-Rahman Sinha	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A,	6,160,405	2.911%
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A,	5,401,517	2.553%
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	Hazel Wood, House No. 4, Road No. 118, Gulshan-2, Dhaka, Bangladesh	725	0.000%
Investment Corporation of Bangladesh (ICB)	Shareholder	8, DIT Avenue, Level 14-17, Dhaka.	5,800,000	2.741%
Institute	Shareholders	Bangladesh	50,755,786	23.986%
Foreign	Shareholder	-	1,009,397	0.477%
General Public	Shareholders	Bangladesh	77,564,096	36.656%
<b>Total Holdings</b>			<b>211,601,700</b>	<b>100.00%</b>



## Related Party Transactions

(Amount in BDT)

Name of the Company	Relation ship	Nature of Transaction	2015-2016		2014-2015	
			Value of transaction	Balance at 30.06.2016 Receivable/ (Payable)	Value of transaction	Balance at 30.06.2015 Receivable/ (Payable)
Sinha Printers Ltd.	Common Director	Local Supply Received	445,037,684	(283,448,685)	381,793,998	(391,042,580)
		Provide services & others	460,444	-	348,296	-
ACMUNIO Int. Ltd.	Common Director	Advance	(42,562,425)	101,479,473	23,698,315	144,041,898
		Finished Goods Purchase	9,052,416	-	16,193,227	-
		Rent on Investment Property	6,462,000	-	6,462,000	37,156,500
		Car Sale	500,000	-	-	-
Kalyar Packaging Ltd.	Common Director	Local Supply	68,765,194	(1,840,076)	62,486,680	-
Kalyar Replica Ltd.	Common Director	Local Supply	7,040,742	(1,191,652)	3,755,407	-

## Directors' interests in other organizations

Sl.	Name	Name of Company	Position
01.	Mr. Afzalur Rahman Sinha	The ACME Agrovet & Beverages Ltd.	Managing Director
		Sinha Printers Ltd.	Managing Director
		ACME IT Ltd.	Managing Director
		The ACME Overseas Trading Ltd.	Managing Director
		ACMUNIO International Ltd.	Director
		Sinha Fabrics Ltd.	Director
		Sinha Wool Wears Ltd.	Director
		Sinha Knit Industries Ltd.	Director
02.	Mr. Mizanur Rahman Sinha	ACME IT Ltd.	Chairman
		Kalyar Packaging Ltd.	Chairman
		Kalyar Replica Ltd.	Chairman
		Sinha Fabrics Ltd.	Chairman
		Sinha Wool Wears Ltd.	Chairman
		ACME Overseas Trading Ltd.	Chairman
		Sinha Knit Industries Ltd.	Chairman
		Sinha Knit and Denims Ltd.	Chairman
		ACMUNIO International Ltd.	Director
		Sinha Printers Ltd.	Director
		The ACME Agrovet & Beverages Ltd.	Director

03.	Dr. Jabilur Rahman Sinha	ACMUNIO International Ltd.	Chairman
		Sinha Printers Ltd.	Chairman
04.	Mrs. Jahanara Mizan Sinha	J M Sinha Agriculture Food Processing Industries Ltd.	Chairman
		Sanjar Aviation Ltd.	Chairman
		The ACME Agrovet & Beverages Ltd.	Director
		Kalyar Packaging Ltd.	Director
		Kalyar Replica Ltd.	Director
05.	Mrs. Nagina Afzal Sinha	Not Applicable	Not Applicable
06.	Mr. Md. Iftikhar-Uz-Zaman	Investment Corporation of Bangladesh (ICB)	Managing Director
		ICB Capital Management Ltd.	Chairman
		Aramit Ltd.	Director
		Wata Chemicals Ltd.	Director
		Navana Engineers Ltd.	Director
		Unique Hotel and Resort Ltd.	Director
		Bashundhara Dredging Company Ltd.	Director
		Energypac Power Generation Ltd.	Director
		Standard Bank Securities Ltd.	Director
		Line Bangladesh Ltd.	Director
		GlaxcoSmithkline Bangladesh Ltd. (GSK)	Director
		Reneta Ltd.	Director
		Bangladesh Krishi Gobeshona Endowment Trust (BKGET)	Director
		Credit Rating Agency of Bangladesh Ltd. (CRAB)	Director
		Credit Rating Information and Services Ltd. (CRISL)	Director
		Standard Bank Ltd.	Director
		National Tea Company Ltd.	Director
		Apex Tanary Ltd.	Director
		Central Depository Bangladesh Ltd. (CDBL)	Director
		CAPM Venture Capital & Finance Ltd. (CVCFL)	Director
07.	Syed Shahed Reza	Not applicable	Not applicable
08.	Ms. Fouzia Haque, FCA	Not applicable	Not applicable

## Remuneration & Sitting Fees of Directors and Salary & Allowances of Employees

Aggregate Amount of Remuneration & Sitting fees of Directors and Salary & Allowances of Employees for the year ended 30 June 2016 were as follows:

(Amount in BDT)

SL. #	Particulars	Remuneration and Salary	
		2015-2016	2014-2015
1	Directors Remuneration and Sitting Fees	30,295,003	30,582,500
2	Officers and Staffs Salary & Allowance	1,629,692,070	1,467,031,161

## HUMAN RESOURCES

Multidisciplinary human resources comprising 7,674 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 Company policy. Inspiring fringe benefits like bonus, holiday allowance, laundry allowances, night allowances, driver allowances, technical allowances along with a sound and healthy working environment in place as part of our talent retention and motivational program. As we do believe, our success immensely depends upon performance of our 7,674 patrons.

## TRIPLE BOTTOM LINE (TBL) REPORTING

In ACME, we believe that there is more to business than just making profit. Long term business success and sustainability relies on economic value, environmental health, and social progress. Our values are rooted in the concept of the 'Triple Bottom Line' (TBL) and we assume ourselves accountable in relationship to Profit, Planet and People. We strongly believe that earning profit can't be the only goal of any organization, well-being of the people and environment are also equally important. Moreover, it is our constitutional obligation as well to protect and improve the environment, bio-diversity etc. for the present and future citizen of Bangladesh. Hence, ACME has adopted Triple Bottom Line concept as its business philosophy.

The TBL dimensions synergistically include three Ps;

- PEOPLE - in the context of Society
- PLANET - in the context of Environment and /or Ecology
- PROFIT - in the context of Finance

### PEOPLE:

- Ensured zero discrimination in performance appraisal, career development process and hiring process to establish Equal Opportunity Employment (EOE) culture in workplace.
- Initiated Periodic Health Monitoring and Diagnosis Programs to ensure healthy workplace.
- Ensured appropriate PPE in Risky & Hazardous operational areas where almost zero non-compliance has been found by HSE monitoring team.

- Involve with the multipurpose activities for the wellness of Community/ Society:
  - During the year 2015-16, BDT 663,592 has been spent for building primary herbs processing centers in the rural areas; in the year 2016-17, the Company will diversify the activities of the aforesaid herbs processing center by adding two new components, i.e. need based adult education center education on health and sanitation and training center for the medicinal plant farmers.
  - During the year 2015-16, approximately BDT 173,340 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- Introduced following employees' well-being programs:
  - BDT 60,724,353 was disbursed under the scheme of WPPF.
  - BDT 68,017,856 contributed by the company to Recognized Provident Fund.
  - As at 30 June 2016, Provision for Gratuity stands to BDT 206,370,155 and BDT 59,488,494 paid to retired officials during the year as Gratuity benefit.
- In addition to company's contribution, BDT 7,347,321 was spent, contributed by both Officers' and Directors' of the Company, to support deceased employee's family.
  - BDT 5,949,025 has been spent for the purpose of employee's group insurance.
- In addition to above, the company have Introduced the following programs/activities in broader way:
  - The scope of Best Employee Award and innovative Idea Man Award.
  - Support Employment for the special and/or incapacitate people

## PLANET

- Recycled approximately 5 Lac liters water in a day through Effluent Treatment Plant.
- Reused approximately 16,000 liters RO (Reverse Osmosis) reject water, cooling water and steam condensed water for gardening in a day.
- Recycled all residues of herbs extraction and kitchen garbage and reduced the same by composting for re-using in the garden.
- As a consequence of conversion of inhaler facility from CFC based to HFA based, during the year 2015-16 the company could reduce the use of CFC equivalent to 3,200 kg CO<sub>2</sub> which are vital devils for global warming and ozone layer depletion.
- Saved energy consumption significantly through using energy saving electronic equipments (i.e. light, fan, computers, etc.)
- Reduced Printing and Stationery consumption through using electronic documentation which is equivalent to BDT 9,288,796
- Minimized the risk of air pollution by using/installing HVAC systems in each and every manufacturing facility.
- The company is upgrading its Effluent Treatment Plant (ETP) facility to make it more environment friendly. For this purpose, in the coming year we are going to implement zero discharge ETP water from our plants.
- In order to ensure better Bio-diversity and reduce global warming the company will make plantation in new areas of the country particularly the medicinal plants which are in extinction crisis.

## PROFIT

- Achieved 9.99% Sales growth during the year 2015-2016.
- During the year 2015-16, Percentage of Net Profit to Net Sales ratio is 8.71
- During the year 2015-16, Earnings Per Share is BDT 6.55 on one Equity Share of BDT 10.00 each
- Net Assets Value per share is BDT 77.34 as at 30 June 2016
- Followed consistent dividend policy over the last three years. i.e. 35% cash dividend (proposed) during the year 2015-16; 35% cash dividend for the year 2014-15 and 2013-14.

## CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, your Company paid BDT 2,149.68 million to the National Exchequer in the form of Corporate Income Tax and Value Added Tax (VAT) and Import Duties.

## RETIREMENT AND REAPPOINTMENT BY ROTATION OF DIRECTORS

Mrs. Jahanara Mizan Sinha and Mr. Md. Iftikhar-Uz-Zaman, Directors of the Company, will be retired by rotation at the 40<sup>th</sup> Annual General Meeting and being eligible they offer themselves for reappointment

## APPOINTMENT OF AUDITORS

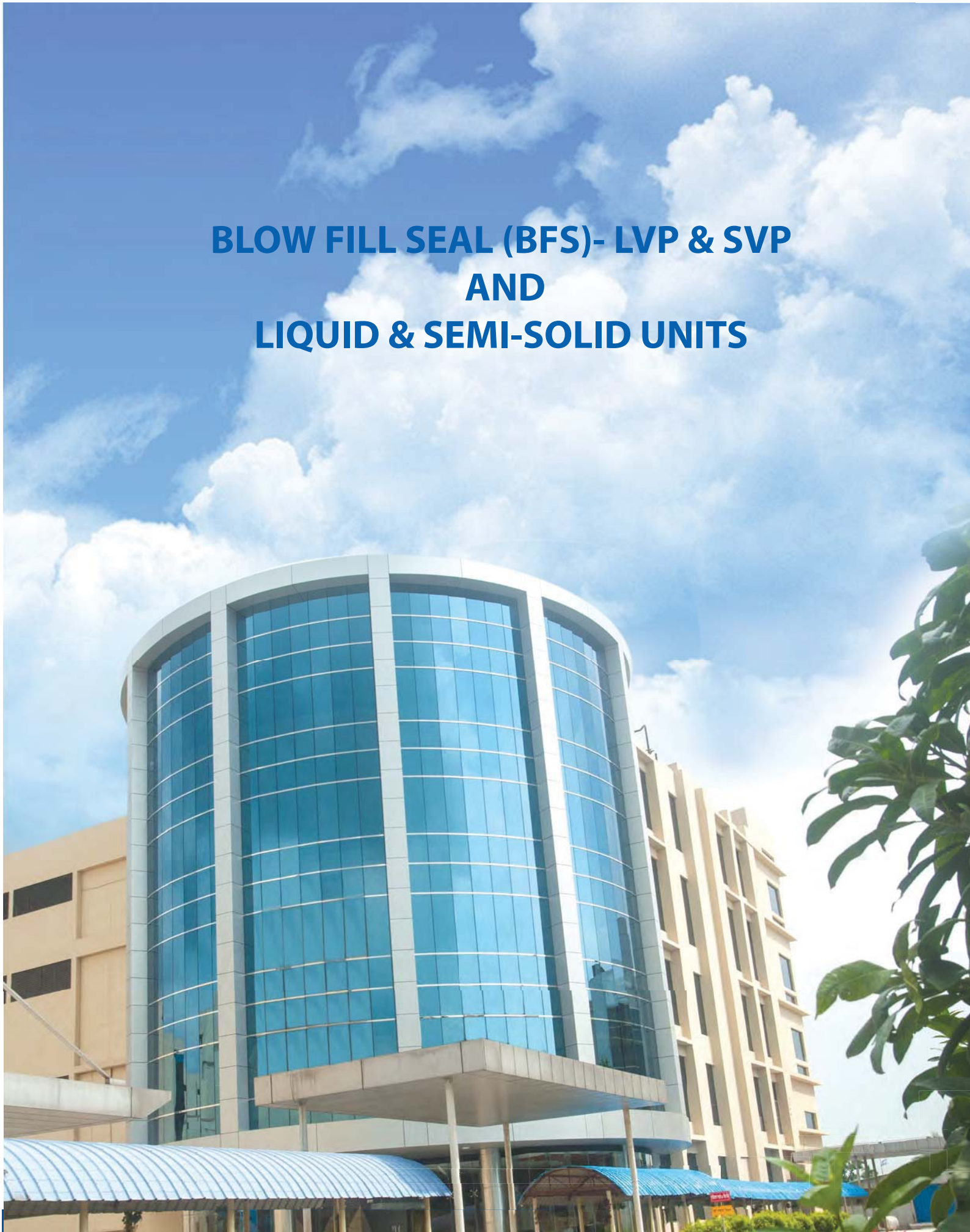
The existing auditor M/s. Pinaki & Company, Chartered Accountants, (An Independent Associate Member of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India) has carried out the audit for the year ended 30 June 2016. M/s. Pinaki & Company, Chartered Accountants, the auditors of the Company retires at this Annual General Meeting and being eligible offered themselves for re-appointment as auditors of the Company for the year 2016-2017 at a remuneration BDT 5,00,000 subject to approval in the AGM.

## STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

### Directors are pleased to report that

- 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 owners' equity.
- Proper books of accounts of the Company have been maintained.
- 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.
- The International Accounting Standards (IASs)/ Bangladesh Accounting Standards (BASs) / International Financial Reporting Standards (IFRSs)/Bangladesh Financial Reporting Standards (BFRSs), Securities and Exchange Rules, 1987, follow the Listing Regulations, 2015 and as applicable any other law in Bangladesh, have been followed in preparation of the financial statements.
- Effective internal control system has been in place during the period under review and has been effectively monitored.
- There is no doubt whatsoever about the ability of the Company to continue as a going concern.

**BLOW FILL SEAL (BFS)- LVP & SVP  
AND  
LIQUID & SEMI-SOLID UNITS**



# A world class facility to manufacture lifesaving Intravenous Fluids

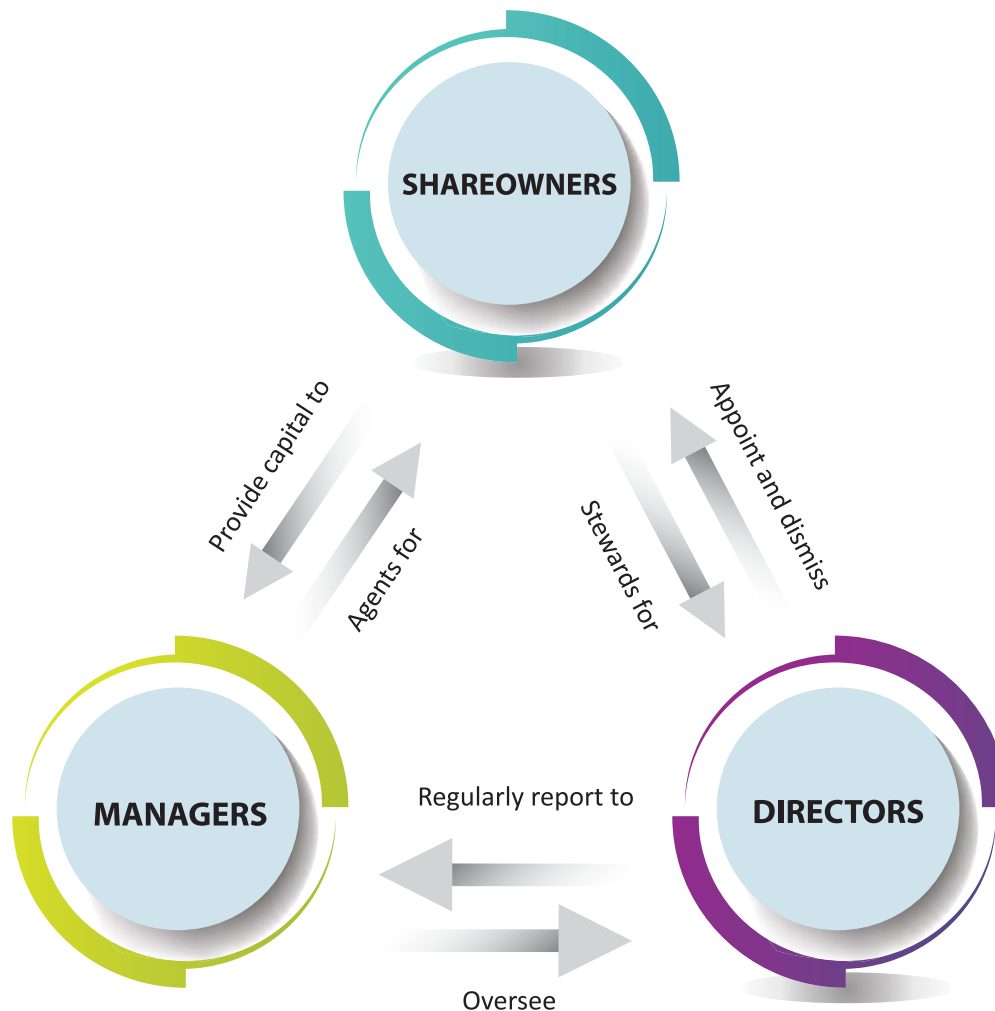


Directors also affirm that the Managing Director and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the year ended 30 June 2016 and to the best of their knowledge and belief:

- a) The Financial Statements presented fairly of the affairs of the Company and are in compliance with existing accounting standards and applicable laws and regulations.
- b) There is no statement which is materially misstated or misleading and there is no omission of facts thereon.
- c) No transaction has been entered into by the Company that are fraudulent, illegal or in violation of the Company's Act.

### **CORPORATE GOVERNANCE**

Corporate Governance is a mechanism through which board is able to direct, monitor and supervise the conduct and operation of the company and its management in a manner that ensures appropriate levels of authority, accountability, stewardship, leadership, direction and control.



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 based on transparency, adequate disclosures, complete compliance with the laws, fairness, professionalism, accountability and ultimately the target of maximizing shareholders value and also duly catering the interests of the broader stakeholders including customers, suppliers, employees, community, 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 proven practices, systems, process and sophisticated cutting edge 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 requirement of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, the Board of Directors of The ACME Laboratories Ltd. formed an Audit Committee in its 42nd meeting, dated: 9 September 2014. Presently the Committee is comprises with the following members:

Name	Status in Audit Committee	Status in Board
Ms. Fouzia Haque, FCA	Chairman	Independent Director
Syed Shahed Reza	Member	Independent Director
Mr. Md. Iftikhar-Uz-Zaman	Member	Nominee Director of Investment Corporation of Bangladesh (ICB)

The Board of Directors thankfully take this opportunity to appreciate shareholders, Doctors, Healthcare Professional, Customers, Bankers, Regulatory Bodies including Bangladesh Securities and Exchange Commission, National Board of Revenue (NBR), Directorate General of Drug Administration (DGDA) & Licensing Authority (Drugs), Registrar of Joint Stock Companies and Firms, Insurance Companies, Employees and other Stakeholders of the company for their continued support and co-operation extended to us and sincerely look forward the same in future as well.

On behalf of the Board,



**Afzalur Rahman Sinha**  
Chairman