

DIRECTORS' REPORT

For the year ended 30 June 2017

Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 41st 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 2017.

PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2016-17	2015-16
Net Profit after Tax	1,397.850	1,101.268
Adjustment for depreciation on revaluation surplus	85.839	110.353
Profit brought forward from previous year	3,303.424	2,689.794
Total Profit Available for appropriation	4,787.113	3,901.415
Appropriation		
Final Cash Dividend for the year 2015-16 (Comparative year 2014-15)	(740.606)	(565.606)
Tax Holiday Reserve	(7.218)	(32.385)
Closing Retained Earnings at the year-end (before proposed Dividend)	4,039.289	3,303.424
Proposed cash dividend for the year 2016-2017 @ 35%	(740.606)	(740.606)
Retained earnings after Proposed Dividend	3,298.683	2,562.818

DIVIDEND

During the year ended 30 June 2017, the Company has earned net profit before tax amounting to BDT 2,035.550 million which after provision of income tax stood at BDT 1,397.850 million. Considering the performance of the Company and subject to the approval of the Shareholders in the forthcoming AGM, the Board of Directors has recommended 35% cash dividend i.e. BDT 3.50 per share which comes BDT 740.606 Million.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

The Pharmaceutical industry is one of the most dynamic and technologically advanced industries in Bangladesh. Over the past decades, it has seen phenomenal growth both in domestic and global market, currently contributing to almost one percent of GDP and is expected to grow significantly in the coming years. Bangladesh is experiencing a consistent increase in healthcare expenditure, mostly out of pocket, which currently stands at almost three percent of GDP. Estimates suggest the domestic market will grow further in the coming years.

Demand of Pharma products are increasing globally. According to IMS (an USA based healthcare market surveyor entity) by 2020 global demand of Pharma products will be USD 1.4 trillion, which was USD 965 billion in the year 2012.

Right at this moment Bangladesh Pharma market is on the crossroad of development. New avenues are going to be opened in the domestic market as well as in the global market. In the financial year 2015-16, the annual sales of Pharmaceutical products stood about BDT 15,000 crore. It is a huge jump for the sector as the industry size was only BDT 170 crore in 1982. Insiders of the industry expect that by the year 2020 Bangladesh Pharma market size may exceed BDT 33,000 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 industry is now heading towards almost self-sufficiency in meeting local demand. There are about 568 (Allopathic: 268, Ayurvedic: 201, Unani: 25, Herbal: 32 & Homeopat: 42) licensed Pharmaceuticals manufacturers in the country, producing around 98% of the total internal demand. The remaining 2% basically constitute import of much specialized products like vaccines, anti-cancer products and hormone drugs.

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

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, available technical know-how, 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 Pharmaceutical market in Bangladesh and will make the pharma industry more sustainable which logically attracts the scope for further growth in investment for expansion and development in this sector.

To meet the requirement, more than 90 percent of raw materials are imported every year by the Pharmaceutical Companies. To address the issue, the government has started the process of constructing an environment friendly Active Pharmaceutical Ingredient Industrial (API) park at Gazaria, Munshiganj. Most of the top ranking pharma companies got plots in the API Park is expected to go into establishment of API units.

Once the API Park is completed, Bangladeshi companies would be able to source the major of their raw materials from the units of the said API park, reducing reliance on imports, as per the insiders of the industry. There are ample possibilities to open up the international API market in Bangladesh. Besides, API facilities will be set up about 25,000 people will get employment opportunities in the project.



(1) UTILIZATION OF IPO PROCEEDS

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. Status of IPO proceeds as on 30 June 2017 are given below:

S.L	Name of the Projects	Time line	Total Estimated Amount	Status of Utilization as at 30 June 2017			
				Total Utilized Amount	Utilized %	Total un- utilized amount	Un- utilized %
01.	Steroid and Hormone Project	Within 2 years of receiving IPO fund, i.e, 2018	1,358,000,000	317,793,490	23.40%	1,040,206,510	76.60%
02.	Penicillin Project	Within the month of March 2018	400,000,000	53,819,852	13.45%	346,180,148	86.55%
03.	Active Pharmaceuticals Ingredients (API)	Within 2-3 years after getting permission from the Ministry of Industries	1,355,228,292	-	0.00%	1,355,228,292	100.00%
04.	Repayment of Bank Borrowings	N/A	1,360,000,000	1,360,000,000	100.00%	-	0.00%
05.	IPO Expenses	N/A	68,291,870	68,291,870	100.00%	-	0.00%
	Total		4,541,520,162	1,799,905,212	39.63%	2,741,614,950	60.37%

We are hopeful that the projects will be completed within the stipulated timeframe.



CEPHALOSPORIN UNIT



HUMAN & HERBAL PRODUCTS



(2) NEW PRODUCTS INTRODUCED

The following table shows the position of existing products and newly launched products during the year 2016-2017:

SL #	Product Category	No. of products as on 01.07.2016	Addition during the year	Discarded during the year	Total Net as on 30.06.2017
		(A)	(B)	(C)	(A+B-C)
	Human:				
1	Capsule	46	1	0	47
2	Cream	13	1	0	14
3	Dry syrup	32	1	0	33
4	Eye/Ear/ND	20	5	0	25
5	Injection	56	1	2	55
6	Liquid	51	3	2	52
7	Ointment	15	0	1	14
8	Tablet	265	12	0	277
9	Powder	1	0	0	1
10	Inhaler(DPI)	12	0	0	12
11	Suppository	14	0	0	14
12	Inhaler(MDI)	12	0	0	12
13	Herbal	42	5	0	47
14	Syringe	2	0	0	2
15	Gel	4	0	1	3
16	Infusion	15	0	0	15
	Total	600	29	6	623
	Veterinary:				
1	Injection	58	2	0	60
2	Liquid	39	14	0	53
3	Ointment	1	0	0	1
4	Bolus	23	2	0	25
5	Premix	17	0	0	17
6	Water Soluble Powder	60	2	0	62
	Total	198	20	0	218
	Grand Total	798	49	6	841

New products launching program has been planned by the Marketing Division and developed by Product Development department. It is expected that within a short period of time all the products introduced in the market will be reflected in the revenue of the Company.

VETERINARY PRODUCTS



(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 3 (three) 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 ISO, 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, the Company achieved moderate growth and its total revenue stood BDT 13,576.32 million. Domestic sales continue to remain as the key driver with 96.68% of the total revenue. The Company is continuously pressing hard for expanding its export sales. During the year the export amounting BDT 450.42 million as against BDT 371.78 million in previous year, with 21.15 % growth. Present export market covers Bhutan, Cambodia, Hong Kong, Lao PDR, Myanmar, Nepal, Philippine, Sri Lanka, Vietnam, Iraq, Kenya, Ethiopia, Botswana, Somalia, Guatemala, Afghanistan, Ghana, Peru, 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 2016-2017 as compared to previous year are summarized hereunder:

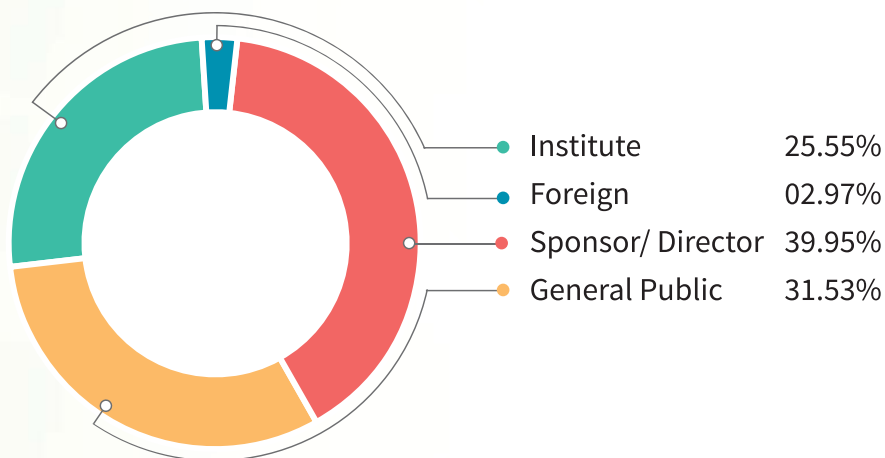
Particulars	2016-2017	2015-2016	% increase
Authorized Capital (BDT in mn)	5,000.00	5,000.00	-
Paid up Capital (BDT in mn)	2,116.02	2,116.02	-
Turnover (BDT in mn)	13,576.32	12,644.91	7.37%
Export Sales (BDT in mn)	450.42	371.78	21.15%
Gross Profit (BDT in mn)	5,536.49	4,874.30	13.59%
Profit before tax (BDT in mn)	2,035.55	1,402.10	45.18%
Net Profit after Tax (BDT in mn)	1,397.85	1,101.27	26.93%
Property, Plant and Equipment (BDT in mn)	18,220.23	17,240.11	5.69%
Shareholders Equity (BDT in mn)	16,956.28	16,364.47	3.62%
Gross Profit margin Ratio (%)	40.78%	38.55%	-
Net Profit Margin Ratio (%)	10.30%	8.71%	-
Dividend (Recommended) (%)	35%	35%	-
Net Asset Value (NAV) per Share (BDT)	80.13	77.34	3.62%
EPS/ Restated EPS (BDT)	6.61	6.55	0.92%
Weighted Average Number of Ordinary Shares	211,601,700	168,040,056	-
Number of Employees	7,576	7,674	-

Due to fire incident at Factory of the Company situated at Dhamrai, Dhaka as on 15 November 2016 insurance claims of BDT 316,187,461 have been lodged for various categories of assets against which claims amounting BDT 127,647,328 have already been settled and remaining part of the claims are in process of settlement.

COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2017 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, Dhaka.	17,214,336	8.14
Mr. Mizanur Rahman Sinha	Managing Director	House No. 6, Road No. 14, Sector-4, Uttara, Dhaka.	20,426,565	9.65
Dr. Jabilur Rahman Sinha	Dy. Managing Director	Hazel Wood, House No. 4, Road No. 118, Gulshan, Dhaka.	4,860,696	2.30
Mrs. Jahanara Mizan Sinha	Sponsor Director	House No. 6, Road No. 14, Sector-4, Uttara, Dhaka.	10,519,744	4.97
Mrs. Nagina Afzal Sinha	Director	House No. 7, Road No. 6, Sector-3, Uttara, Dhaka.	11,888,433	5.62
Mr. Nasir-Ur-Rahman Sinha	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A, Mohammad pur, Dhaka.	6,160,405	2.91
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A, Mohammad pur, Dhaka.	5,401,517	2.55
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	Vill: Dhohori, Post: Gowrogonj, Thana: Louhajang, Munshigonj.	725	0.00
Investment Corporation of Bangladesh	Shareholder	8, DIT Avenue, Level 14-17, Dhaka-1000.	8,060,597	3.81
Institute	Shareholders	-	54,066,097	25.55
Foreign	Shareholders	-	6,289,387	2.97
General Public	Shareholders	-	66,713,198	31.53
Total Holdings			211,601,700	100.00



BOARD MEETINGS

According to the Articles of Association of the Company, the Board is required 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 statements 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 2016-2017 are as follows:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mr. Afzalur Rahman Sinha	Chairman	15	13
Mr. Mizanur Rahman Sinha	Managing Director	15	15
Dr. Jabilur Rahman Sinha	Deputy Managing Director	15	12
Mrs. Jahanara Mizan Sinha	Director	15	11
Mrs. Nagina Afzal Sinha	Director	15	13
Syed Shahed Reza	Independent Director	15	12
Ms. Fouzia Haque, FCA	Independent Director	15	15
Mr. Md. Iftikhar-Uz-Zaman	Nominee Director	15	15

RELATED PARTY TRANSACTION

(Amount in BDT)

Name of the company	Relationship	Nature of Transaction	2016- 2017		2015-2016	
			Value of transaction during the year	Balance as at 30 June 2017	Value of transaction during the year	Balance as at 30 June 2016
Sinha Printers Ltd.	Common Director	Local Supply Received	445,803,332	(139,196,108)	445,037,684	(283,448,685)
		Provide Services & Others	299,133	-	460,444	-
ACMUNIO Int. Ltd.	Common Director	Advance	(5,000,000)	96,479,473	(42,562,425)	101,479,473
		Finished Goods Purchase	68,379	-	9,052,416	-
		Rent on Investment Property	6,462,000	6,462,000	6,462,000	-
		Car Sale	-	-	500,000	-
The ACME Agrovet & Beverages Ltd.	Common Director	Material Purchase	1,259,220	(1,259,220)	-	-
Kalyar Packaging Ltd.	Common Director	Local Supply	4,712,459	(3,606,808)	68,765,194	(1,840,076)
Kalyar Replica Ltd.	Common Director	Local Supply	236,998	(674,158)	7,040,742	(1,191,652)

DIRECTORS' INTERESTS IN OTHER ORGANIZATIONS

Sl. No.	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 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
		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. Kazi Sanaul Hoq	Investment Corporation of Bangladesh (ICB)	Managing Director
		ICB Capital Management Ltd.	Chairman
		Linde Bangladesh Ltd.	Director
		GlaxoSmithKline 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
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 2017 were as follows:

(Amount in BDT)

SL. #	Particulars	Remuneration and Salary	
		2016-2017	2015-2016
1	Directors Remuneration and Sitting Fees	31,119,167	30,295,003
2	Officers and Staffs Salary and Allowance	1,787,896,623	1,629,692,070

HUMAN RESOURCES

Multidisciplinary human resources comprising 7,576 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 allowances, 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 programs. As we do believe, our success immensely depends upon performance of our 7,576 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 cannot be the only goal of any organization, well-being of the people and environments 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.
- Involved with the multipurpose activities for the wellness of Community/ Society:

- In order to develop human resources and uphold the knowledge and skills of the medicinal plant Local Service Providers, the Company produced a comprehensive training manual titled, “প্রশিক্ষণ নির্দেশিকা - নির্বাচিত ঔষধি উদ্ভিদের পরিচিতি ও চাষাবাদ” in line with relevant WHO guideline. Another training manual has been developed namely, “ঔষধি উদ্ভিদ চাষিদের জন্য ব্যবহারিক শিক্ষা” targeting the illiterate and semi-illiterate farmers. The manual focused on Bengali alphabet learning, identification & cultivation technique of medicinal plants and other topics useful for the farmers (e.g. basic mathematics, weight & measures, primary health care, sanitation etc.). The Company spent BDT 85,000 for above purpose.
- BDT 319, 432 has been spent for providing series of trainings to the medicinal plant Local Service Providers & growers on identification, cultivation & collection technique of selected medicinal plants and other practical topics useful for the farmers.
- In order to meet the consistent practice of maintaining the quality standard of herbal raw materials the Company contributed for establishing Primary Collection & Multipurpose Centers and Sub Centers in the new areas of medicinal plant cultivation.
- Due to well understanding, good coordination and unique relationship between ACME and the medicinal plant growers despite of several constraints and natural disasters thousands of small and marginal farmers predominantly women have been producing huge quantity of selective herbs. They are regularly supplying medicinal plant materials to ACME and other medicine manufacturing companies of the country which provides additional income and also helping them to become self-reliant.
- The Company continued cash incentive scheme for medicinal plant growers and collectors with a view to accelerate medicinal plant cultivation more fully, poverty alleviation, self-employment and women empowerment. BDT 1,115,376 has been spent for this purpose.
- Recently the Company has taken initiative on trial basis for collecting honey from selective medicinal plants growing areas in order to diversify the product range of medicinal plant farmers so that additional income can be generated and superior quality of honey can be procured.
- Approximately BDT 168,000 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- Introduced following employees’ well-being programs:
 - BDT 63,094,548 was disbursed under the scheme of WPPF and WWF.
 - In addition to Company’s contribution, BDT 17,132,452 was spent, contributed by both Officers’ and Directors’ of the Company, to support deceased employees’ family.
 - BDT 5,218,712 has been spent for the purpose of employees’ group insurance.
- In addition to above, the company 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 2016-17 the Company could reduce the use of CFC equivalent to 3,200 kg CO₂ which are vital devils for global warming and Ozone Layer Depletion.
- Saved energy consumption significantly through using energy saving electronic equipment (i.e. light, fan, computers, etc.)
- 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.
- The Company signed agreement with two International NGOs namely, United Purpose and HEVETAS Swiss Inter-cooperation in order to ignite cultivation of different medicinal plants including those are facing extinction crisis throughout the country for improving health of human, animal, environment and biodiversity.

PROFIT

- Achieved 7.37% Sales growth during the year 2016-2017.
- During the year 2016-17, Percentage of Net Profit to Net Sales ratio is 10.30%
- During the year 2016-17, Earnings Per Share is BDT 6.61 on one Equity Share of BDT 10.00 each.
- Net Assets Value per share is BDT 80.13 as at 30 June 2017.
- Followed consistent dividend policy over the last three years i.e. 35% cash dividend (proposed) during the year 2016-17; 35% cash dividend for the year 2015-16 and 2014-15.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year 2016-17, your Company paid BDT 2,092.20 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. Nagina Afzal Sinha and Mr. Kazi Sanaul Hoq, Directors of the Company, will be retired by rotation at the forthcoming Annual General Meeting and being eligible they offer themselves for reappointment.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

To meet the requirement of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC), the Company appointed two Independent Directors namely- Syed Shahed Reza and Ms. Fouzia Haque, FCA on 9 September 2014 for 3 (three) years. Both of them completed their 1st term of 3 (three) years successfully. As per above mentioned guideline of BSEC, the Board in its 78th Meeting held on 11 September 2017 re-appointed Syed Shahed Reza and Ms. Fouzia Haque, FCA as Independent Directors of the Company for further 3 (three) years effective from 11 September 2017 subject to the approval of the shareholders in the 41st Annual General Meeting (AGM).

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 2017. 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 2017-2018 at a remuneration BDT 5,00,000 (Taka Five Lac) only subject to the approval of the shareholders in the AGM.

STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

Directors are pleased to report that:

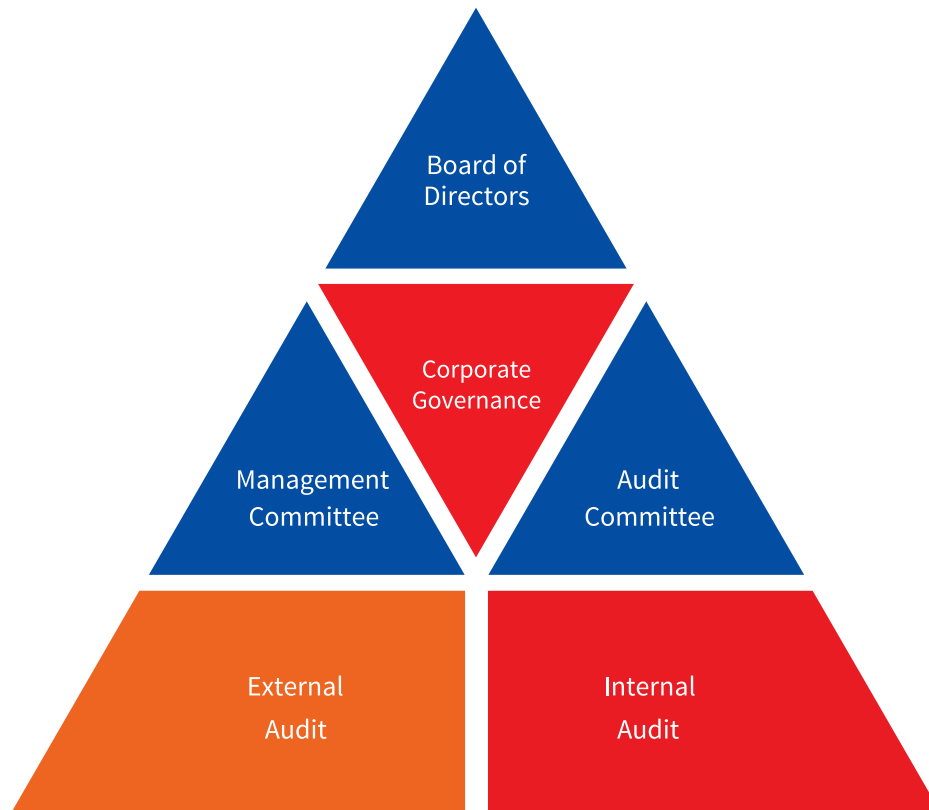
- a) The Financial Statements together with the notes thereon have been drawn up in consistent with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's state of affairs, the result of its operations, statement of cash flows and changes in owners' 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), Securities and Exchange Rules, 1987, follow Stock Exchanges (Listing) Regulations, 2015 and as applicable any other law in Bangladesh, have been followed in preparation of the Financial Statements.
- e) Effective internal control system has been in place during the year 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 30 June 2017 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 Companies Act, 1994.

CORPORATE GOVERNANCE

Corporate Governance is a mechanism through which boards and directors are 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.



BOARD OF DIRECTORS

The current Board of Directors, elected on 7 November 2016 is the highest governance body of the Company and represents the interests of all shareholders and stakeholders, irrespective of who elected its Directors. The Board of Directors is a decision-making body, comprising eight Directors elected by the Ordinary Shareholders' Meeting, of whom 5 (five) Directors are Shareholder Directors, 1 (one) nominee Director and 2 (two) Independent Directors. Independent Directors are appointed as per provision of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). The Board's essential role is to approve the Company's strategy and oversee compliance.

AUDIT COMMITTEE

This Committee was established in September 2014 required under condition # 3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides and insight on the functions of the Audit Committee. The main aim of the Audit Committee is to assist the Board with the strategies adopted to manage the business-related risks and continuously oversee the internal control environment of operations. Presently the Committee is comprises with the following members:

Name	Status in Audit Committee	Status in Board
Ms. Fouzia Haque, FCA	Chairman	Independent Director
Syed Shahed Reza	Member	Independent Director
Mr. Kazi Sanaul Hoq	Member	Nominee Director of Investment Corporation of Bangladesh

MANAGEMENT COMMITTEE

The Management Committee shall deal with the day to day activities of the Company's business, develop and implement business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitor the operating and financial performance of the Company, prioritise and allocate investment and resources, manage and develop talent and manage the risk profile of the Company.

The Management Committee shall implement the policy and strategy adopted by the Board and deal with all operational matters affecting the Company. It shall, of its own motion or at the request of the Board, promptly give or make available to the Board such information, reports and other documents to enable the Board to carry out its duties.

The ACME Laboratories Ltd. 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.

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary guidelines under BSEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44; Dated: 07 August 2012. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2016-2017 (Annexure -A).

The Board of Directors take this opportunity to pay their thanks and gratitude to the Shareholders, Healthcare professionals, Customers, Bankers, Suppliers, Vendors, Insurance Companies, Employees, Regulatory Bodies including Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Central Depository of Bangladesh Ltd., National Board of Revenue, Directorate General of Drug Administration & Licensing Authority, Registrar of Joint Stock Companies and Firms, Insurance Development and Regulatory Authority 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