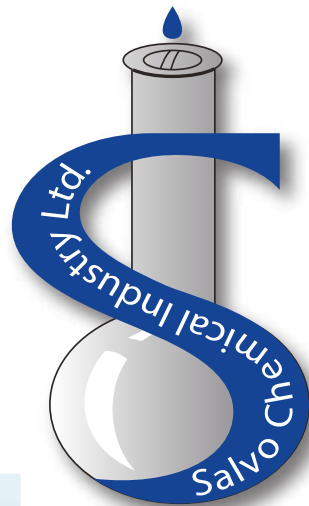


# ANNUAL REPORT 2023-2024



# Salvo Chemical Industry Limited

## Annual Report 2023-2024



**Head Office :** Suite No.-401, (3rd Floor), 210-211, Nawabpur Road, Dhaka-1100, Bangladesh

**Factory :** South Dhonua, Sreepur, Gazipur, Bangladesh.

## **Letter of Transmittal**

**To**  
**All Hon' able Shareholders**  
**The Registrar of Joint Stock Companies & Firms**  
**Bangladesh Securities and Exchange Commission**  
**The Dhaka Stock Exchange Ltd.**  
**The Chittagong Stock Exchange Ltd.**  
**The Central Depository Bangladesh Ltd.**

**Subject: Annual Report for the year ended 30 June 2024.**

Dear Sir(s),

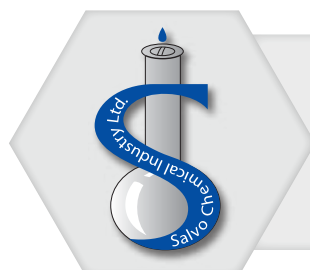
We are delighted to forward this copy of the Annual Report along with the Auditors' Report and Audited Financial Statements for the year ended 30 June 2024 for your necessary information and records. We are also enclosing herewith "Notice of 22nd AGM", "Proxy Form" and "Attendance Slip".

If you require any further query, please do contact us without any hesitation.

Sincerely yours,



**Liton Kumar Roy**  
**Company Secretary**



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## SALVO CHEMICAL INDUSTRY LTD.

Head Office : Suite No. 401, (3rd Floor),  
210-211, Nawabpur Road, Dhaka-1100.

### Notice of 22nd Annual General Meeting (AGM)

Notice is hereby given that 22nd Annual General Meeting of the shareholders of Salvo Chemical Industry Limited will be held on 29 December 2024, Sunday at 3:15 p.m. through Hybrid system in combination of physical presence at Institution of Diploma Engineers Bangladesh, IDEB Bhaban, 160/A, Kakrail VIP Road, Dhaka-1000, Bangladesh and also using digital platform to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2024 and the report of the Directors and Auditor's thereon;
2. To declare dividend for the year ended 30 June 2024;
3. To elect/re-elect Directors of the Company;
4. To appoint/reappoint Statutory Auditor of the Company for the year 2024-2025 and to fix-up their remuneration;
5. To appoint/reappoint Corporate Governance Compliance Auditor for the year 2024-2025 and to fix-up their remuneration;

#### SPECIAL BUSINESS:

1. To approve the proposal to modify the issue price at BDT 16 per share including a premium of BDT 6 per share for issuing 6.4 million new shares to raise 64 million paid-up through private placement to the existing directors and sponsors.

The following special resolution is proposed to be passed with or without modification:

RESOLVED THAT the resolution of the 3rd EGM is allowed to modify with the issue price at BDT 16 per share including a premium of BDT 6 per share for increasing paid-up capital Tk. 64,000,000 (Six Crore Forty Lac Only) through the issuance of 6,400,000 no of ordinary shares to the existing Sponsors and Directors through private placement against cash consideration be and is hereby approved subject to the approval of shareholders and regulatory authorities as well as complying with the compliance of other requirements embodied in relevant laws. Also resolved that the fund through raising of capital shall be utilized to increase working capital and modification of the production through import machinery by L/C for uninterrupted and smooth operation of the company.

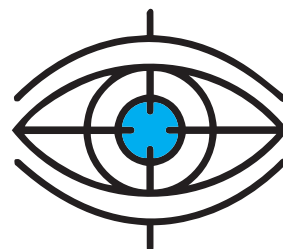
Dated, Dhaka;  
05 December, 2024

By order of the Board  
Liton Kumar Roy  
Company Secretary

#### Notes:

1. The record date was fixed on 21 November 2024, Thursday. The Shareholders, whose names appeared in the record of the Company or in the CDBL Register by BO ID on the record date, will be eligible to attend the meeting and may get dividend.
2. The Board of Directors has recommended 2.5% (two and half percent) Cash Dividend is payable to the shareholders as cash dividend for the year ended 30 June 2024.
3. The Corporate Shareholders of the Company need to send their authorization letter to join the meeting at least 72 hours before the commencement of the AGM.
4. Shareholders will join the Hybrid AGM through the link: <https://salvochemical.bdvirtualagm.com>. The Shareholders will be able to submit their questions/ comments and vote electronically 48 (Forty-eight) hour before commencement of the AGM and also during the AGM. For logging into the system, the Shareholders need to put their 16-digit Beneficial Owner (BO) ID and other credentials as proof by visiting the said link.
5. The Shareholders will be able to submit their questions/comments and vote electronically 48 (Forty-eight) hours before commencement of the AGM and also during the AGM. For log-in into the system, the shareholders need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link – <https://salvochemical.bdvirtualagm.com>.
6. A member eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and revenue stamped must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
7. Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copies of the Annual Report 2024 along with the Proxy Form and Notice of the AGM will be sent to the Members' respective email address available as per CDBL record. The Annual Report will be available in the Company's website at: [www.salvochemical.com](http://www.salvochemical.com).

Uphold and enrich the equity devoting in manufacturing of eminence Organic Chemical & In-organic Chemical and allied products and sustainable development of basic and industrial chemicals.



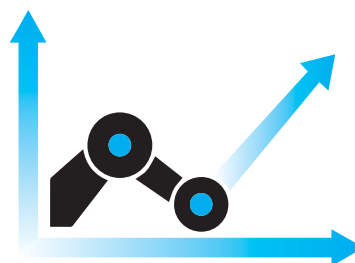
## VISION STATEMENT



## MISSION

Setting up industrial undertaking to produce and supply of basic and industrial chemicals in addition to formulate and lead thereon through a commitment that empowers the organization at every level to strive for the highest levels of quality, needs, customer care and stakeholder value.

- ▶ To establish strong productivity and discourage import-trend;
- ▶ To be the most hunted launch pad in creating wealth;
- ▶ To maximize the value of being our Customer, Shareholder or Employee;
- ▶ To optimize contribution to the society.



## GOALS

## STRATEGIC OBJECTIVES

- ★ To enhance productivity to the extent of market demands;
- ★ To ensure sound supply chain;
- ★ To strengthen building blocks to consolidate the product framework;
- ★ To maintain strict compliance to good governance norms and regulations to ensure long-term sustainability of the company;
- ★ To build synergy among resources and activities to ensure maximum outputs from resource;
- ★ To expand eco-friendly manufacturing breed.

## CORE VALUES

<b>Integrity:</b>	Our commitments are to conduct by such an approach that reflects the highest benchmark of integrity in everything we perform.
<b>Teamwork:</b>	Our paramount loyalty is to the good of the whole organization. We learn from each other and share our skills and resources across organizational boundaries for our stakeholders' benefit and our own as well.
<b>Respect:</b>	Our admiration for every individual. We believe in equal opportunity and gender equality for our consciousness and self-development. We value the entrepreneurial spirit of each individual.
<b>Professionalism:</b>	Our commitment on the highest benchmark of professionalism. We pursue innovation and reserve for quality at each level. We are open to new ideas and act decisively and consistently. We are determined to deliver outstanding quality so that our relationships with our consumer will be long-lasting.
<b>Value Creation:</b>	Our intention to tender what creates and maximizes values to the stakeholders and to the economy of the country.

## SALVO AT A GLANCE

### Overture

Salvo Chemical Industry Limited being a public company limited by share had been listed under the Business Segment of “Pharmaceuticals & Chemicals” with Bangladesh Securities and Exchange Commission and Stock Exchanges in Bangladesh. [Listing Recognition: Company# 18484, Trading Code# SALVOCHEM].

### Background

The Company started its voyage in 2002 as a private limited company in the name & style of Salvo Chemical Industry Limited. The company was incorporated in Bangladesh under the Companies Act, 1994, vide Reg. No. “C-44978(1446) 2002” dated 29 January, 2002 with the Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka. Subsequently the Company was converted to a Public Limited Company with registration on 04 August 2008 from the Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka. The Company applied for public issue in 2011 and its shares are listed with both the Dhaka Stock Exchange and Chittagong Stock Exchange on 18.04.2011 and 20.04.2011 respectively.

### Initial Intent

Salvo Chemical Industry Limited was established with a view to establish and operate a modern chemical industry for manufacturing of all sorts of sulphuric acid, ferrous sulphate, battery grade water, alum, labasa, detergent powder, hydrochloric acid, acetic acid, ammonium hydroxide, sodium meta bi-sulphate, soda ash, custic soda, textile acralic binder, textile emulsion, softener, textile auxiliaries and other related items.

### Tricks

Commercial operation of the Company was commenced since 25 April 2003 by producing Basic Industrial Chemical. Mainly the company is engaged to manufacture Sulphuric Acid and Liquid Glucose as 'Main Product' & Battery Grade Water as 'By-Product'. The commercial production of new product "Liquid Glucose" starts from 09 August 2018. The commercial production of product “Starch” starts from 24 May 2021. We also get Gluten, Fiber, Germ & Dust from Starch unit as by product. Meanwhile, the company has captured the bulk chemical market of our country. Salvo is now one of the leading Sulphuric Acid, Starch & Liquid Glucose manufacturers in Bangladesh.

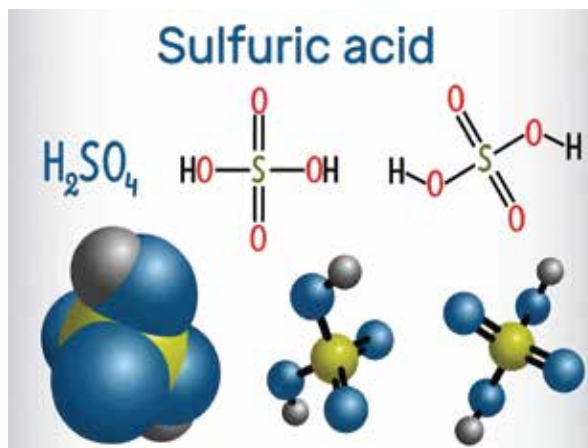
### Role of Basic Industrial Chemical

The role of Industrial Chemical Products and Chemistry in every branch of Science and Technology is expanding greatly. Now a day's various products of chemical industries are playing important role in the field of engineering with increasing number of such products each successive years. The strength of materials, the chemical composition of substances, their behavior when subjected to different treatment and environment and the laws of heat and dynamic energy have entered in almost every activity of modern life.

### Sulphuric Acid

Production of Sulphuric Acid has come to be accepted throughout the world as a reliable barometer of industrial activity. It is used in the process industries from very dilute concentrations for pH control of saline solutions to strong fuming acids used in the dye, bleaching, explosives, and pharmaceutical industries.

Sulphuric acid is not a one-grade product. It is produced and supplied in grades of exacting purity for the storage battery, rayon, dye, tannery, water purification and in grades of less exacting specifications for use



in the steel, heavy chemical and super phosphate & zinc sulphate industries. Sulphuric acid is used to produce ferrous sulphate, alum etc which are consumable in ETP plants. Lead acid batteries are used to run automobiles, ships, airplanes, UPS, IPS in addition to store DC Current where a large amount of sulphuric acid is consumed. Additionally, the world is in crisis of power generation. Solar source is pointed out to cover the crisis. In remote area, solar source is now come to popular. A large amount of Lead Acid Batteries made of sulphuric acid are used in preserving such solar energy. Indeed it is so practical to say that the future of world will be on solar power. Bangladesh is also towards this for its rural/remote areas.

**In addition to the above, the other areas of usage are:**

- ▶ The largest use of sulphuric acid is in the production of phosphate fertilizers. It is also used as an acidic dehydrating agent in petrochemical processes and oil refining, and to make hydrochloric and hydrofluoric acids, aluminium and copper sulphate and chromium compounds;
- ▶ Other uses of sulphuric acid include the manufacture of plasticisers, dyestuffs, explosives, silicate for toothpaste, adhesives, rubbers, edible oils, lubricants, the production of food acids such as citric or lactic acid and to directly control pH during the processing of some foods and beverages. A minor use in agriculture is its application to growing potato plants to desiccate the shoots effectively stopping any further growth.

**Liquid Glucose**

Liquid Glucose is widely used as thickener and sweetener in food and beverage industries. Liquid Glucose is a important form of glucose widely used as sweetener in food and beverage. As a sweetener, Liquid Glucose can be used in a wide variety of industries including: food production, beverage, pharmaceutical, agriculture/animal feed, and various other industries.

Liquid Glucose, a highly viscous material, is at present extensively used as sweetening agent in confectionery, bakery and other food preparations. The product first came into existence in the field of carbohydrate sweetening soon after the Second World War The uniqueness of this product is its high viscosity, sticky nature and ability to control sweetening, which makes liquid glucose a good doctoring agent for confectionery purpose.

Liquid Glucose is the purified concentrated aqueous solution of Nutritive Saccharides obtained from the partial hydrolysis of edible starch. The degree of hydrolysis or the cleavage of starch molecule is measured by Dextrose Equivalent. It consist chiefly of Dextrose, Dextrins, Maltose and Water.

Liquid Glucose is universally used for the production of confectionery products (soft and hard boiled sweets), Fondants and Creams, Jams, Jellies preserves, Bakery products. Caramel and Toffee, yeast, Ice Milk, Meat Industry, Processing Leather ( it gives pliability and weight ) in the chrome process because of its reducing action helping precipitation into the body of the leather. Liquid Glucose of low SO<sub>2</sub> content has application in pharmaceutical industry for the production of Liquid formulations. In addition to this it can be used in many industrial products like adhesives, chemicals, dyes and ink, paper, textile and tobacco.

**Maize (Corn) Starch**

Starch is one of nature's major renewable resources and a mainstay of our food and industrial economy. Maize or Corn Starch is a typical cereal starch with distinctly low protein and ash contents. The grain is quite nutritious, with a high percentage of easily digested carbohydrates, fats and proteins and hardly any deleterious substances.



**Liquid Glucose**

Maize starch is a native starch obtained from the wet milling of the whole corn grains. The product is very consistent in quality. Maize Starch powder exhibits all the properties of native starch with some special features such as non-foaming & non-thinning characteristics of boiling solution. Due to its great swelling properties when absorbing liquids, it is used as a thickener agent in many food products. Where high viscosity starch is used, it imparts higher tensile strength to the fiber and thus improves the sizing

### **Applications of Maize (Corn) Starch**

#### **Textile industry:**

Maize starch is used in the textile industry for sizing of yarns (warp sizing) preparatory to the weaving operations.

#### **Paper industry:**

Maize starch can be added to the wet – end of the paper manufacturing process. It increases the paper strength, stiffness, rattle of the paper. It is also used in for size press application.

#### **Adhesive industry:**

Maize starch pastes are capable of forming film and of binding particles together. It is also uses as a settling agent in ore – refining of iron and bauxite.

### **Applications of Maize Starch Powder – Food Grade**

Maize Starch Powder Food Grade for Food industry is a good source of carbohydrate in the diet and chosen for four reasons

1. As a binder.
2. As a thickener
3. As a filter
4. As a stabilizer

Maize Starch Powder is used in canned and powder soups, instant desserts, custard powder, ice – cream, sauces and graves, bakery products, baby foods and baking powder.

#### **By-Product-**

- **Gluten (CGM),**
- **Fiber,**
- **Germ etc.**

#### **Gluten (CGM), Fiber, Germ Used For-**

- Poultry & cattle feed : Corn Gluten feed and steep water is widely used for cattle and other ruminants. Because of complex digestive system cattle can thrive on feeds relatively rich in fiber content and are less demanding of the quality of protein feed.
- Aqua culture industry: feed for fish.
- Fiber is used in the Cattle breeding & Oil cakes manufacturing industry.

### **Wrap Up**

In support of precise instructions of the resourceful management the company has emerged as one of the leading manufacturer of Basic Industrial Chemical and Food Grade Chemical in the country. We will continue our mission which will help us in achieving our vision of manufacturing of Basic Industrial Chemicals and Food Grade Chemical. We are dedicated to follow the trust production in every warship of the business.

## CORPORATE INFORMATION

<b>Registered Name of the Company</b>	Salvo Chemical Industry Limited.
<b>Legal Form</b>	Public Limited Company, listed with the Dhaka Stock Exchange and the Chittagong Stock Exchange having incorporated in Bangladesh under Companies Act, 1994.
<b>Company Registration Number</b>	No. “C-44978(1446) 2002” dated 29 January 2002.
<b>Listing Recognition</b>	Company No: 18484 Trading Code: SALVOCHEM.
<b>Corporate Head Office</b>	Suite No.-401, (3 <sup>rd</sup> floor), 210-211, Nawabpur Road, Dhaka-1100, Bangladesh.
<b>Factory</b>	South Dhonua, Sripur, Gazipur.
<b>Phone</b>	0088-02- 41053068, 41053069
<b>Company Email</b>	info@salvochemical.com
<b>Company Website</b>	www.salvochemical.com
<b>Statutory Auditors 2023-2024</b>	M/S Basu Banerjee Nath & Co. Chartered Accountants Dhaka Trade Center (11th Floor), Kazi Nazrul Islam Avenue, Kawranbazar, Dhaka-1215.
<b>Compliance Auditors 2023-2024</b>	Jasmin & Associates - Chartered Secretaries 55/B Noakhali Tower (10th Floor), Suit: 11-F, Purana Paltan, Dhaka-1000, www.jasminandassociates.
<b>Bankers</b>	Social Islami Bank Limited



## OUR PRODUCT





# MAIZE (CORN) STARCH

## SALVO



Net Weight: 25 KG  
Batch No:  
MFG. Date:  
EXP. Date : 2 Years from the date of Mfg.

**Export Quality  
Food Grade**





### Salvo Chemical Industry Ltd.

Corporate Office: Suite # 401 (3rd Floor), 210-211,  
Nawabpur Road, Dhaka-1100, Bangladesh.  
Telephone : 88-02-9590359, 57163548  
E-mail : info@salvochemical.com  
Website : www.salvochemical.com  
Factory : South Dhonua, Sreepur, Gazipur, Bangladesh.

USE NO HOOK
KEEP DRY



## By- Products



# CERTIFICATE OF REGISTRATION

This is to certify that the Food Safety Management System of:

## Salvo Chemical Industry Limited

South Danowa, Sreepur, Gazipur, Bangladesh

has been assessed and registered by Intertek as conforming to the requirements of:

## ISO 22000:2018

The Food Safety Management System is applicable to:

Manufacturing of liquid glucose packed in plastic drums for food industries.

Food Chain (Sub) Category: CIV

Certificate Number:

41192208001

Initial Certification Date:

09 August 2022

Date of Certification Decision:

09 August 2022

Issuing Date:

09 August 2022

Valid Until:

08 August 2025



intertek



014

Calin Moldovean

President, Business Assurance

Intertek Certification Limited, 10A Victory  
Park, Victory Road, Derby DE24 8ZF, United  
Kingdom

Intertek Certification Limited is a  
UKAS accredited body under  
schedule of accreditation no. 014.



In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at [certificate.validation@intertek.com](mailto:certificate.validation@intertek.com) or by scanning the code to the right with a smartphone. The certificate remains the property of Intertek, to whom it must be returned upon request.

CT-ISO 22000 2018-UKAS-EN-44-19 Jul 21





**Bangladesh Standards and Testing Institution**  
Ministry of Industries  
Government of the People's Republic of Bangladesh  
BSTI Head Office, Dhaka



Tracking No: HCI-20231001-0001  
Certificate No: DHK-HC-0000000000077



**HALAL CERTIFICATE**

This is to certify that

সেলভো কেমিক্যাল ইন্ডাস্ট্রি লিমিটেড

Head Office: South Donua, Mawna, Sreepur, Gazipur

Factory/ Business Location: South Donua, Mawna, Sreepur, Gazipur

has been assessed by BSTI in compliance with  
BDS OIC/SMIIC 1:2021

Scope of Certification :

**Manufacturing and Packaging of Liquid Glucose**

SL. No.	Name of Brand	Type/ Size/ Grade/ Flavour/ Variant
1	SALVO	Liquid Glucose (Drum)

Date of Issue: 17-08-2023

Date of Expiry: 16-08-2026

মোঃ নূরুল আমিন  
পরিচালক (সিএম)

Certificate Marks Wing, BSTI

Md. Abdus Sattar  
Director General (Grade-1), BSTI

This Certificate must be returned if cancelled or withdrawn

NB: Conditions of the certificate are mentioned on the backpage of this certificate.



**Bangladesh Standards and Testing Institution**  
**Ministry of Industries**  
**Government of the People's Republic of Bangladesh**  
BSTI Head Office, Dhaka



Tracking No: HCI-20231001-0002  
Certificate No: DHK-HC-0000000000078



**HALAL CERTIFICATE**

This is to certify that

সেলভো কেমিক্যাল ইন্ডাস্ট্রি লিমিটেড

Head Office: Souh Donua, Mawna, Sreepur, Gazipur

Factory/ Business Location: Souh Donua, Mawna, Sreepur, Gazipur

**has been assessed by BSTI in compliance with**  
**BDS OIC/SMIIC 1:2021**

Scope of Certification :

**Manufacturing and Packaging of Starch**

SL. No.	Name of Brand	Type/ Size/ Grade/ Flavour/ Variant
1	SALVO	Starch (Bulk)

Date of Issue: 17-08-2023

Date of Expiry: 16-08-2026

মোঃ নূরুল আমিন  
পরিচালক (সিএম)

Certificate Marks Wing, BSTI

Md. Abdus Sattar  
Director General (Grade-1), BSTI

This Certificate must be returned if cancelled or withdrawn

**NB:** Conditions of the certificate are mentioned on the backpage of this certificate.

# CREDIT RATING

**CRISL**  
Credit Rating Information and Services Limited

Nakshi Homes (1st, 4th & 5th Floor), 6/1/A, Segun Bagicha, Dhaka-1000, Bangladesh  
Tel : 88-02-953 0991-3, Fax : 88-02-953 0995, E-mail : info@crislbd.com, Web : www.crislbd.com

First ISO 9001 : 2015 Certified Credit Rating Company in Bangladesh Operating Since 1995

*Setting global standard at national level*

March 21, 2024

CRISL/Rating/Decl/ 1244/24

Managing Director  
**Salvo Chemical Industry Limited**  
Suite: 401, (3rd Floor), 210-211, Nawabpur Road  
Dhaka 1100

**Sub: Announcement of Final Credit Rating.**

Dear Sir,

In terms of your letter of appointment to rate your esteemed organization, we are pleased to announce the rating of **Salvo Chemical Industry Limited** as follows

Name of Organization	Rating			Rating date	Valid Up to
	LT	ST	Outlook		
Salvo Chemical Industry Limited	BBB+	ST-3	Stable	21.03.2024	20.03.2025

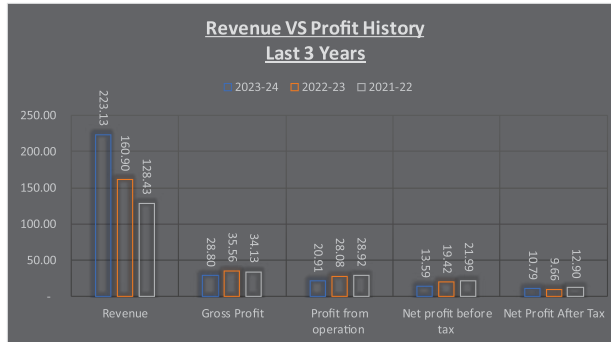
We offer our sincere thanks to you and the members of your organization for the heartiest cooperation extended to us while carrying out our responsibilities.

**This is a system generated declaration, does not required any signature.**

## REVENUE [Last 5 Years]

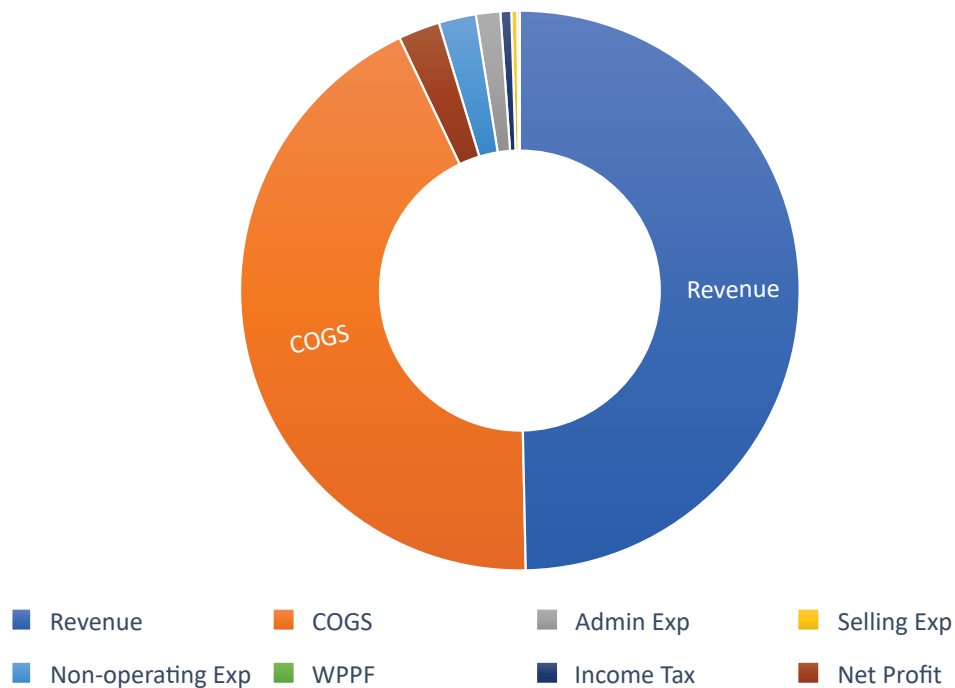


## ANALYSIS OF INCOME STATEMENTS



## COMPARATIVE ANALYSIS

### Analysis of Income Statement 2023-24



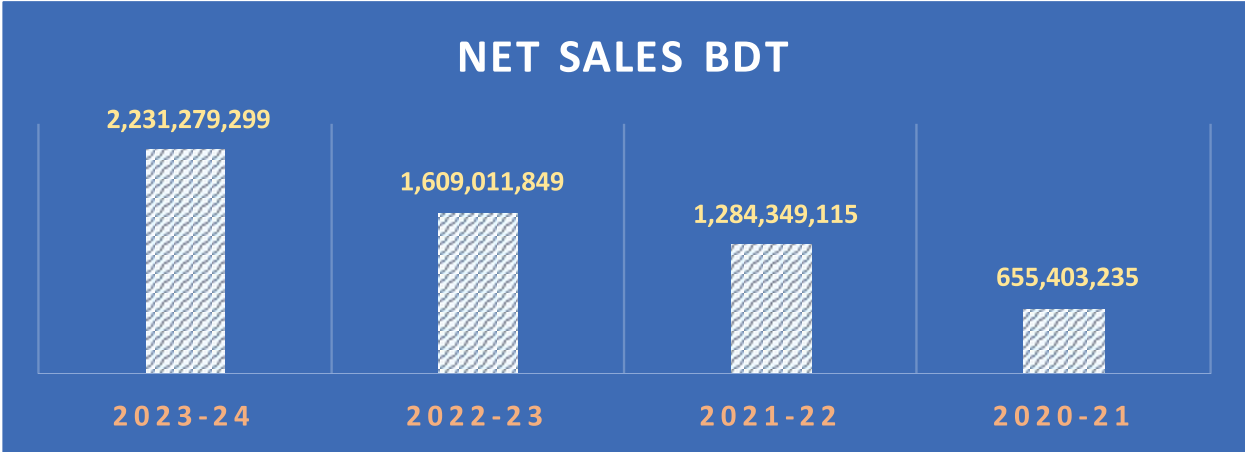
# HISTORICAL GROWTH OF BUSINESS PERFORMANCE



**Revenue growth:** Despite the challenging environment, the company recorded revenue growth, driven by a combined of strategic business plan, effective production efficiency, targeted corporate & local marketing efforts and better internal operational efficiency. Building strong relationships with corporate customers remained a priority for the company. The company is to capitalize on the growing demand for our product Starch, Liquid Glucose uses in food, textile and packaging industry in Bangladesh by expanding its market reach across the country. By targeting emerging pockets of opportunity and strengthening its market channels, the company seeks to increase its market share and revenue growth.

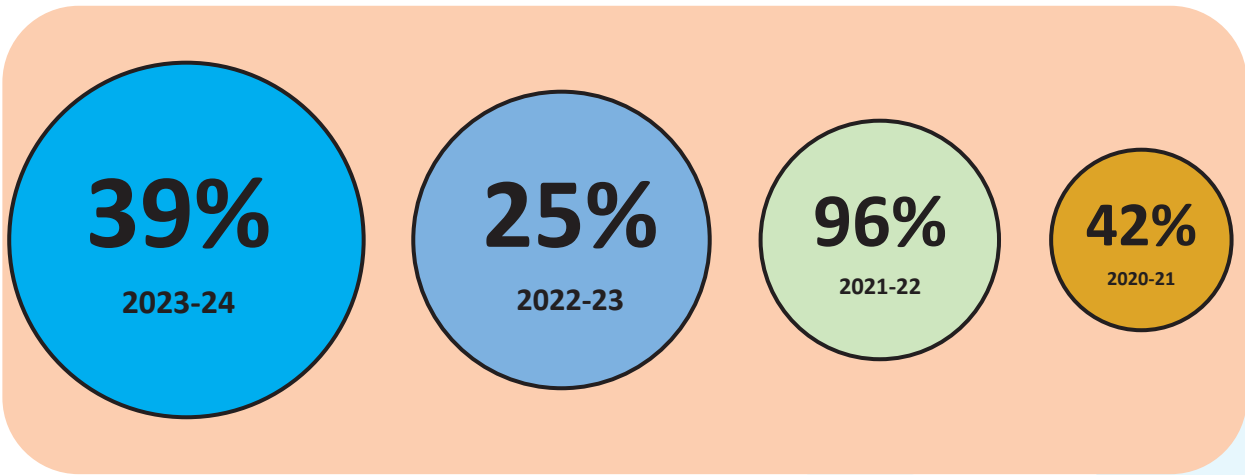
Year	Net Sales BDT
2023 - 24	2,231,279,299
2022 - 23	1,609,011,849
2021 - 22	1,284,349,115
2020 - 21	655,403,235

Revenue



Year	Net Sales BDT	Yearly Increase
2023 - 24	2,231,279,299	39%
2022 - 23	1,609,011,849	25%
2021 - 22	1,284,349,115	96%
2020 - 21	655,403,235	42%

Yearly Growth



## KEY GROWTH STRATEGIS

### Market Expansion

The company is to capitalize on the growing demand for our product Starch, Liquid Glucose uses in food, textile and packaging industry in Bangladesh by expanding its market reach across the country. By targeting emerging pockets of opportunity and strengthening its market channels, the company seeks to increase its market share and revenue growth. Which not only indicates the potential demand uptake but also the acceptance of our product in local and corporate market & users.

### Market Leadership

Salvo holds a prominent position in Bangladesh's Starch & Liquid Glucose users like Food, Beverage & Bakery industry, Textile industry, Packaging Industry & Pharmaceutical Industry. The company established presence in the domestic market provides a solid foundation for sustained growth with strong reputation, best quality, goodwill and diversified product portfolio.



## **Product Diversification**

Diversifying its product portfolio to include premium offerings and value-added products is a strategic priority for the company. After diversification of its product from Sulphuric Acid to Liquid Glucose manufacturing initiated in 2018 which elevated revenue by 50.54% in that particular year. After that, it began starch manufacturing back in 2021; which fueled revenue by 95.96% continue till during the year at 39%. By continuously investing in product diversification, the company is poised to enhance its competitive position and market edge which represents a significant opportunity for growth.

## **Operational Efficiency**

Operational excellence is a key driver of the company's success. Through streamlined processes, efficient production facilities and ongoing cost optimization initiatives, the company maintains competitive pricing while maximizing profitability.

## **Profitability Efficiency:**

Majority of the raw materials which are used in the productions are about 40% import based and due to this the manufacturer is heavily exposed to the exchange rate risk and fluctuations in the raw material prices worldwide. Besides, the company is still yet to reach optimum level of efficiency and because of that utilization capacity gap, gross profit margin from the covid period took the shock. However, driven by the higher sales volume from the inauguration of newly launched product with higher margin which led to achieving economies of scales Salvo Chemical improved its gross profit margin from that level. Apart from that, the company has considerably decreased its operating expenditure despite introducing new product lines on the strong distribution network. Driven by the higher bottom line margin, other profitability metrics like ROA, ROE risen sharply in the recent years.

## **Efficiency in the asset management:**

Even though in recent times, the company has invested a lot in the Capital Work In Progress due to the launching in different product line segments, but the company has improved a lot in terms of asset efficiency by increasing its fixed & total asset turnover ratio reflecting higher turnover collection from the existing CWIP.

Notwithstanding the challenges encountered, Salvo has effectively surmounted these obstacles and successfully attained profitability and substantial revenue by the year 2023-24, owing to adept cost management, streamlined product diversification, and astute real-time decision-making strategies.

## SIGNIFICANT RATIOS 2024-2020

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20
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### Liquidity Ratios:

Current Ratio	0.58	0.62	0.82	0.74	0.67
Quick Ratio	0.42	0.48	0.71	0.48	0.42
Debt Equity Ratio	0.93	1.17	1.06	1.13	0.97

### Operating Ratios:

Accounts Receivable Turnover Ratio	27.12	11.73	10.23	8.85	6.43
Inventory Turnover Ratio	11.14	9.25	14.05	3.91	2.68
Asset Turnover Ratio	0.82	0.62	0.57	0.33	0.26

### Profitability Ratios:

Gross Margin Ratio ( % )	12.91	22.11	26.58	17.38	29.76
Operating Income Ratio ( % )	9.37	17.48	22.52	10.97	22.02
Net Income Ratio ( % )	4.84	6.00	10.05	3.36	4.27
Return on Asset Ratio ( % )	3.98	3.71	5.73	1.11	1.10
Return on Equity Ratio ( % )	16.60	14.86	19.84	3.38	3.04
Basic Earning per Share	1.66	1.49	1.98	0.34	0.30
Net Asset Value per Share	16.24	14.92	14.58	12.69	12.46

## 12 MONTHS PERFORMANCE OF 2023-2024

Particulars	Amount in Taka	
	July 01, 2023 to Jun 30, 2024	July 01, 2022 to Jun 30, 2023
Revenue	2,231,279,299	1,609,011,849
Less : Cost of goods sold	1,943,307,192	1,253,317,463
<b>Gross Profit</b>	<b>287,972,107</b>	<b>355,694,386</b>
<b>Less: Operating Expenses</b>	<b>78,845,327</b>	<b>74,817,002</b>
Administrative Expenses	63,442,711	59,480,355
Selling & Distribution Expenses	15,402,616	15,336,647
<b>Profit from operation</b>	<b>209,126,781</b>	<b>280,877,384</b>
<b>Add: Non-operating Income Less:</b>	<b>30,345,733</b>	<b>9,743,991</b>
<b>Non-operating Expenses</b> Financial Charges	96,748,161	86,642,028
<b>Profit before WPPF and Tax</b>	<b>142,724,353</b>	<b>203,979,347</b>
Less: Workers Profit Participation Fund	6,796,398	9,713,302
<b>Net profit before tax</b>	<b>135,927,955</b>	<b>194,266,045</b>
<b>Income Tax Expenses</b>	<b>27,989,328</b>	<b>97,657,048</b>
Current Tax	39,640,311	35,563,320
Deferred tax	(11,650,983)	62,093,727
<b>Net Profit/(Loss) After Tax</b>	<b>107,938,627</b>	<b>96,608,997</b>
<b>Earning Per Share (EPS)</b>	<b>1.66</b>	<b>1.49</b>

## SHAREHOLDER INFORMATION

22<sup>nd</sup> Annual General Meeting Information:

AGM Date : 29 December 2024, Sunday.  
 Time : 3:15 p.m.  
 Venue : Hybrid system at Institution of Diploma Engineers  
 Bangladesh, IDEB Bhaban, 160/A, Kakrail VIP  
 Road, Dhaka -1000, Bangladesh .  
 Record Date of AGM : 21 November 2024, Thursday.

<b>Listing Recognition</b>	Company No: 18484 Trading Code: SALVOCHEM.
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### DIRECTORS SHAREHOLDING STRUCTURE OF THE COMPANY AS AT 30 JUNE 2024

Sl. No	Name	Status	No. of securities held as on end of the month of June 2024	% of total no. of Paid -up Securities
1	Md. Salam Obaidul Karim	Sponsor Director, Managing Director	4,415,697	6.79%
2	Khondoker Afia Sultana	Sponsor Director, Chairman	10,653,031	16.38%
3	A. S. M Shariar Ansari	Director	1,306,500	2.01%
4	Md. Mujibur Rahman	Independent Director	-	-
5	Md. Zaidul Hoque	Independent Director	-	-
<b>Total</b>			<b>16,375,228</b>	<b>25.18%</b>

Share Holding Position as on 30 June 2024 are as under:

Class of Shareholders	Number of Investors	Number of Share hold	Share holding (Percentage) 30.06.2024
Sponsors/Directors	3	16,375,228	25.18
General Public	11,589	42,690,874	65.66
Institutional Investors	147	5,956,691	9.16
<b>Total</b>	<b>11,739</b>	<b>65,022,793</b>	<b>100</b>

**Details of Share Holding Position as on 30 June 2024 are as under:**

Share Groups	Number of Share	No. of Shareholder	% of holding
Less Than 500	593,542	5,875	0.91
501 to 5,000	6,349,549	4,671	9.77
5,001 to 10,000	3,585,233	476	5.51
10,001 to 20,000	4,715,184	326	7.25
20,001 to 30,000	2,862,839	116	4.40
30,001 to 40,000	2,076,521	59	3.19
40,001 to 50,000	2,571,960	56	3.96
50,001 to 100,000	6,647,901	94	10.22
100,001 to 1,000,000	13,897,589	58	21.38
Above 1,000,000	21,722,475	8	33.41
<b>Total</b>	<b>65,022,793</b>	<b>11,739</b>	<b>100.00</b>

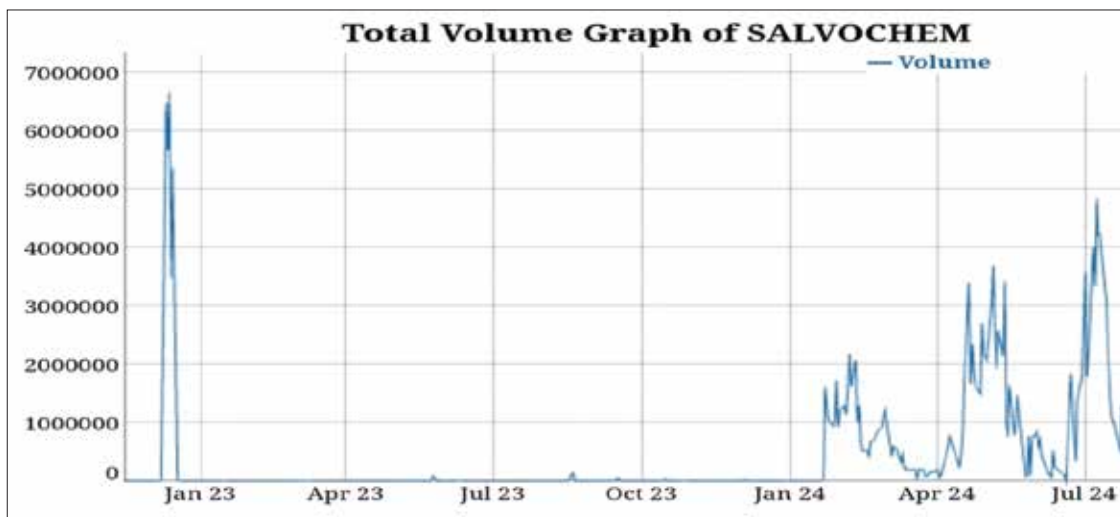
**Market Price Data History of the Company's Shares at DSE and CSE**

Monthly High & Low price of the Company's Shares at DSE and CSE during Financial Year 2023-2024

Month	Dhaka Stock Exchange PLC		Chittagong Stock Exchange PLC	
	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)
July 2023	61.80	61.80	61.70	61.70
August 2023	61.80	61.80	61.70	61.70
September 2023	61.80	61.80	61.70	61.70
October 2023	61.80	61.80	61.70	61.70
November 2023	61.80	61.80	61.70	61.70
December 2023	61.80	61.80	61.70	61.70
January 2024	61.80	41.80	61.70	42.90
February 2024	53.50	45.20	52.50	45.00
March 2024	54.00	46.50	53.00	43.70
April 2024	62.30	45.80	62.30	48.50
May 2024	64.40	48.30	64.10	52.00
June 2024	50.30	41.80	52.00	45.90
FY 2023-24	64.40	41.80	64.10	42.90

[ Source: DSE & CSE ]

## GRAPHICAL REPRESENT OF SELVOCHEM



## DIVIDEND DISTRIBUTION POLICY

*[As per Directive No. BSEC/CMRRCD/2021-386/03, Dated 14 January 2021 issued by the Bangladesh Securities and Exchange Commission (BSEC)]*

### Introduction

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

The Board of Directors (the Board) will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for declaring/ recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

### Objective

The objective of the Policy is to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company shall consider this Policy when resolving on dividends, always in compliance with the provisions of the Act, notifications/ directives issued by the BSEC, Income Tax Ordinance, and other applicable legal provisions.

The Policy is not an alternative to the decision of the Board for declaring/recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

### Concept of Dividend

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid-up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend

### Types of Dividend

This Policy applies to payment of interim and final dividend by the Company to its shareholders.

#### ► Interim Dividend:

Interim dividend is declared by the Board between two AGMs as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

#### ► Final Dividend:

Final dividend is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company.

### Declaration of Dividend

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- a. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- b. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- c. Out of a & b both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion. In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

### Parameters to be considered while recommending/declaring Dividend

The Board of Directors of the Company while declaring or recommending dividend will consider following factors, whereas, all these factors are of equal important and no single or group of factors supersedes any other factor or group of factors:

#### a) Internal factors

- ▶ Current year's profits and future outlook for the Company and the industry
- ▶ Liquidity position of the Company
- ▶ Investment plans
- ▶ Working capital requirements
- ▶ Past dividend pay-out trends of the Company
- ▶ Rate of growth in net profits and turnover during the preceding three financial years
- ▶ Likelihood of crystallization of any of Company's contingent liabilities
- ▶ Such other parameters as may be considered appropriate by the Board of Directors from time to time

#### b) External factors

- ▶ Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- ▶ Dividend pay-out ratios of companies in the same industry.

### Entitlement to Dividend

The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' would be entitled to receive the interim dividend of the Company. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' would be eligible to join the AGM and entitled to receive the annual/ final dividend of the Company.

## Procedure for Distribution of Dividend

The Company shall follow the guidelines regarding disbursement of dividend as prescribed by the regulatory authorities as under:

- ▶ Cash dividend shall be paid directly to the entitled shareholders' bank accounts as available in the BO accounts, or the bank accounts as provided by the shareholders in paper form, through BEFTN and/or any other electronic payment system within 30 days of final approval by the shareholders in the AGM;
- ▶ Upon receiving the detail information and claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, the cash dividend shall be paid to the Consolidated Customers' Bank Account of the stockbroker or to the separate bank account of the merchant banker or portfolio manager;
- ▶ Cash dividend shall be paid off to the non-resident sponsor, director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- ▶ In case of non-availability of a valid bank account or not possible to distribute cash dividend through BEFTN or any electronic payment system, cash dividend warrants and/or cheques shall be issued and sent by post/courier services to the respective shareholders' addresses; For the purpose of paying dividend, a separate bank account shall be maintained from which all the dividend payments are being made. Any unpaid/unclaimed cash dividend including accrued interest (after adjustment of bank charge and others, if any) thereon, if remains, shall be transferred to a separate bank account of the issuer as maintained for this purpose, within 01 (one) year from the date of declaration or approval, as the case may be;
- ▶ Stock dividend shall be directly credited to the BO accounts of respective shareholders within 30 days of AGM subject to clearance of the exchange(s) and Central Depository Bangladesh Limited (CDBL);
- ▶ The company shall inform its shareholders through publication in the newspaper after the dividend is being disbursed and/or credited. Besides shareholders on record date shall be intimated through short message service (SMS) to the mobile numbers or email addresses as provided in the BO account;
- ▶ Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time.

## Amendment/ Modification

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary ratification.

## Disclosure

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website [www.salvochemical.com](http://www.salvochemical.com). If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

## Effective Date

The Policy shall come into force from the date of approval of the Board of Directors i.e. 16th May 2022.

## Unclaimed Dividend Information

### Unclaimed Dividend as on 30 June 2024:

Cash Dividend	2019 -20	471,303
Cash Dividend	2020 -21	240,149
Cash Dividend	2021 -22	2,901,864
Cash Dividend	2022 -23	284,361
<b>Total:</b>		<b><u>3,897,677</u></b>

[The Company has completed Transfer of Unclaimed cash dividend and stock dividend to the CMSF in line with the provision of BSEC rules within the stipulated deadline.]



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The three crucial columns for ensuring long-term success in any organization are Environmental, Social and Governance (ESG). Currently, it is crucial and even obligatory for every corporation to synchronize its interests with those of its stakeholders. We have developed policies and procedures that exceed the minimum regulatory standards in terms of environmental, health and safety considerations. The production plant of the company has been specifically engineered to conserve energy and operates using natural gas instead of environmentally harmful alternatives. Currently, we are undertaking projects aimed at enhancing operational efficiency to further lower our use of vital natural resources. To formalize our road to sustainability, we adhere to three goals – Reducing Environmental Impact, Driving Inclusive Growth, Building a Great Workplace.

### Reducing Environmental Impact

Minimize direct and indirect impacts on emission, pollution, climate, waste and resource management are essential to our long term success. There is a clear scientific consensus on climate change: the world must achieve net-zero GHG emissions soon to keep the global temperature rising to below 1.5°C and minimize irreversible environmental damage. To achieve net-zero, all sectors of the real economy will need to follow science- based transition pathways to reduce their GHG emissions. Net zero refers to the balance between the amount of greenhouse gases being produced and the amount being removed from the atmosphere. It can be achieved through a combination of emission reduction and removal. To limit global temperature rise to 1.5 °C by 2100 according to the 2015 United Nations Paris agreement on climate change, emissions need to be net zero by 2050.



## OUR INITIATIVES:

- ▶ Focus on create Green Factory;
- ▶ We use biological Effluent Treatment Plants (ETP);
- ▶ Reducing Greenhouse Gas (GHG) from AC & Plant;
- ▶ Reducing electricity consumption;
- ▶ We already Install Solar Panel at our factory in few areas;
- ▶ Waste management;
- ▶ Ensuring Tobacco Free at our factory premises;

## Strategies

- ▶ Building Sustainable business;
- ▶ Aligning with Net Zero Emission Target;
- ▶ Climate Risk Management;

## Driving Inclusive Growth

Impacts on societal well-being , social justice and equity, including managing relationships with our employees, customer and community.

## Strategies

- ▶ Promoting Diversity;
- ▶ Gender balance- Our leader is a female act chairman;
- ▶ Trusted partnerships;
- ▶ Eliminate barrier of inequality;
- ▶ Community Wellbeing;

## Building a Great Workplace

Our Environment Policy, Health and Safety Policy emphasises the importance of employee well-being and safety, demonstrating our dedication to adhering to human rights principles within our Company. We respect our employees' rights to association and civic engagement within legal boundaries, creating open communication channels and constructive dialogue with representatives to address concerns.

## Employee Health, Safety and Wellness

Our employees' health and safety is our top priority. We are committed to implementing comprehensive measures to safeguard their health and promote their overall wellness. This includes providing a safe working environment, offering resources for mental and physical health support, and fostering a culture of care and support within the organization. Our priority is to create an environment where employees feel valued, supported, and empowered to thrive both personally and professionally.

## OUR INITIATIVES AT OUR FACTORY

### Water recycling and reuse:

We implement water recycling systems to treat and reuse wastewater generated during production processes. We have also installed filtration and purification systems to remove contaminants and impurities, allowing recycled water to be reused for non-critical purposes such as dust suppression or cleaning and gardening, etc.

### **Steam recycling and reuse:**

We implement steam recycling systems to treat and reuse steam generated during production processes from Sulphuric Acid plant to Starch plant. We also regularly review steam consumption patterns, analyze these and continuous improvement efforts.

### **Process optimization:**

We closely analyze our production processes to identify opportunities for reducing water usage without compromising on product quality or operational efficiency. We also employ process modifications, equipment upgrades, operational changes and other techniques with a view to minimize water usage per unit of output.

### **Water-efficient equipment and technologies:**

We have made progress in water-efficient equipment, machinery and technologies to reduce water consumption in our production processes. We also choose equipment with in-built water saving features, such as low-flow fixtures, automated shut-off valves and water recycling capabilities.

### **Water monitoring:**

We have implemented water management systems to monitor water usage, track performance and identify areas for material improvement. We also regularly review water consumption patterns, analyze these and benchmark against industry standards to drive continuous improvement efforts.

### **Process optimization:**

We optimize our production processes to minimize energy usage while maintaining product quality and operational efficiency. We also work on process modifications, automation and control systems to optimize energy-intensive processes, reduce idle time and eliminate unnecessary or wasteful energy consumption.

### **Effluent Treatment Plants (ETPs)**

Effluent Treatment Plants (ETPs) play a crucial role in treating industrial wastewater before it is discharged into the environment. SALVO has been successfully implementing effective biological treatment in the ETP which doesn't generate any sludge or uses chemicals. So, the treated water from the ETP is very polished and the discharged water quality is much lower than the Bangladesh standard for inland surface water.

The major advantage of this biological ETP is that the clarity of the treated water is very good compared to conventional ETP which helps the industry to go for tertiary treatment (recycle & reuse) easily without having major problem of membrane fouling and minimal rejection rate. Even we can reuse the water after Nano & Ultra filtration (controlling the rejection rate to 50%) in which the rejection water parameters should be below the Bangladesh DOE standard for discharge into surface water body, so, there is no need for evaporation. We use Cow dung in effluent treatment plants (ETPs) for a variety of reasons, no chemical use which is eco-friendly including Biogas production from ETP.

Therefore, we are confident that by adopting and enhancing our ESG principles and ensuring the highest level of accountability, we will continue to create sustainable value as we make our business resilient and adaptable to future opportunities and challenges.

## BOARD OF DIRECTOR'S

<b>Mrs. Khondoker Afia Sultana</b>	<i>Chairman</i>
<b>Mr. Md. Salam Obaidul Karim</b>	<i>Managing Director</i>
<b>Mr. A. S. M. Shariar Ansari</b>	<i>Director (Non-Executive)</i>
<b>Mr. Md. Zaidul Hoque</b>	<i>Independent Director</i>
<b>Mr. Md. Mujibur Rahman (FCMA &amp; FCS)</b>	<i>Independent Director</i>

## DIRECTOR'S AND SPONSOR'S PROFILE



**Mrs. Khondoker Afia Sultana**  
*Chairman*

**Mrs. Khondoker Afia Sultana** is a Director of the company since 2002 and has been appointed as Chairman of the company from 2021 till the present. She obtained Master's Degree from the University of Dhaka. After completion of her education she has established this industry together with Mr. Salam Obaidul Karim. By dint of her performance and experience she is now the key personnel of the Company. She has visited many countrys to establish this chemical plant and obtained training on chemical engineering. A well experienced and vigorous lady of amicable behavior, besides being a generous contributor, she is engaged in various social activities of the country.



**Mr. Md. Salam Obaidul Karim**  
*Managing Director*

**Mr. Salam Obaidul Karim** is a Director of the company since 2002 and has been appointed as Managing Director in the year 2022. The Managing Director of the Company, directly oversees operation of the Company. He completed his Masters Degree in Business Administration from the University of Dhaka. He started his Business as importer of various essential Chemicals from different countries. He obtains diploma in Chemical Engineering from India and incorporated the Company in 2002. Mr. Karim is a Pioneer businessman and industrialist in chemical sector in Bangladesh. He visited many countries of the world in connection with chemical business and gained wide experience and knowledge in modern technology, production and marketing & management techniques of chemical industries.

**Mr. A. S. M. Shariar Ansari** joined in Salvo Chemical Industry Limited (SCIL) as Director on March 31, 2022. Prior to his joining in SCIL, Mr. Ansari worked in NCC Bank Limited (NCCBL) and Jamuna Bank Limited (JBL) in different segments of Banking for almost 12 (Twelve) years. During his tenure in banks, he served in various departments in various positions with high level integrity & professionalism and accordingly achieved professional knowledge in managing critical situation in any organization. He is also serving as Chairman of Vinci Construction Private Limited, Managing Director of Reddeer PLC and Proprietor of Vinci Corporation. A seasonal Banker, Mr. Ansari did his MBA (Major in Finance) from American International University Bangladesh. Besides this, he has sound academic credential in previous academic position. He is a worthy individual and leader of team having sound knowledge in Banking, Financial & Construction Business.



**Mr. A. S. M. Shariar Ansari**  
*Director*



**Mr. Md. Zaidul Hoque**  
*Independent Director*

**Md. Zaidul Hoque**, is a retired Government Official and is an independent Director of the company. He was Senior Assistant Secretary of the Govt. of the People's Republic of Bangladesh. He completed his graduation from University of Dhaka in Commerce. He started his career in 1979 with Planning Commission (Ministry of Planning). He has successfully completed his govt. service life with various Ministries i.e. Ministry of Planning (Planning Commission), Ministry of Establishment (now Janaprosashan Montronaloy), Ministry of Industries, Ministry of Social Welfare, Ministry of Textile & Jute etc. Mr. Hoque participate Govt. Training Programmes on different fields like IT, Financial Management, Budget Preparing ADP & Five years Plan etc. & participate conferences, seminars and tours at home and abroad. He is engaged in various social activities of the country. He has been appointed by the Board as an Independent Director of the Company.

**Mr. Md. Mujibur Rahman**, joined the Board as an independent Director of Salvo Chemical Industry Limited. He is a FCMA (Fellow Member of the Institute of Cost and Management Accountants of Bangladesh) since 1985 & FCS (Fellow Member of the Institute of Chartered Secretaries & Managers of Bangladesh) since 1997. Mr. Mujibur has an illustrious 36 year' professional career in top management & director of many renewed national & multinational company like Intercontinental Hotel Dhaka, Dhaka Sheraton Hotel, Sheraton Sima Thani, Thailand, Techno- Fochi (BD) Ltd., Grameen Cybernet, Dekko Group, Opex Sinha Group, United Hospital etc. He was elected Council Member, Vice President, Secretary, Treasurer, Chairman Education Committee and many post of Institute of Cost and Management Accountants of Bangladesh (ICMA). He was also elected Executive Secretary of South Asia Federation of Accountants (SAFA) in 1998. He has been appointed by the Board as an Independent Director of the Company.



**Mr. Md. Mujibur Rahman**  
**FCMA & FCS**  
*Independent Director*

## MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

On behalf of the Board of Directors of the Company as well as on my behalf, I extend a warm welcome to all the distinguished shareholders of the Company in this 22nd Annual General Meeting of Salvo chemical Industry Limited. While welcoming you all, I would like to make a reference to the Financial Reports, attached to the Report of the Directors, which has been prepared for the period from 01 July 2023 to 30 June 2024.


The global economy in 2023-24 confronted a confluence of challenges, including inflation, rising interest rates, tighter monetary policy, trade uncertainties, and geopolitical tensions, leading to moderate growth. In the year 2023-24, Salvo recorded total revenue of

BDT 2231.27 million, reflecting an 38.67% growth compared to the previous year. This growth in revenue was driven by several key factors, including, Strengthening Customer Relationships with Corporate Customer, Enhancing Production Quality, Improve Operations for Efficiency have contributed to our success. Guided by the business ethics, your Company place paramount importance on sustainable customer satisfaction, operational excellence and commitment to business expansion. Every member of our team is entrusted with the responsibility of upholding compliance, adhering to a zero-tolerance policy, and comply with corporate governance, integrity, ethics, and values.

Your Company's resilient financial performance, combined with sustainable practices and strategic initiatives, positions us for continued growth. The Company is optimistic about the future prospects and remain committed to delivering value to the stakeholders. A special acknowledgment is dedicated to our management and employees, whose dedication and perseverance have been played a key role in achieving outstanding results.

In conclusion, I extend my deepest gratitude to you for your steadfast support during these challenging times. I am confident that our dedicated team's efforts will lead us to even greater heights as we continue on our path to excellence. Altogether, we shall continue creating value for all our stakeholders in a manner that spells progress for the economic & development of our company. We look forward to join hands with you all to lay new milestones of the Company's development.

Thanking you all with best wishes.



**Khondoker Afia Sultana**  
Chairman

## MESSAGE FROM THE MANAGING DIRECTOR



Distinguished Shareholders,

With immense pleasure, I extend a gracious welcome you all to the 22nd Annual General Meeting (AGM) of the Salvo Chemical Industry Limited. I feel encouraged to submit a statement on the operations of the company for the year 2023-2024 along with the Annual Report and the Audited Financial Statements for the year ended 30 June 2024.

From the comparative operational results, you will please note that the company has continued to sustain a healthy growth in the industry and our total revenue stood at BDT. 2231.27 million. We have achieved significant growth of Turnover @ 38.67%. During the year 2023-24 our sales proceeds stood at BDT 2231.27 million, gross profit

BDT 287.97 million, net profit BDT 107.93 million.

In 2023-24, despite the formidable global and domestic economic challenges that prevailed, Salvo demonstrated remarkable resilience and achieved commendable progress, characterized by robust operating performance, disciplined cost management, and substantial revenue growth. You will please note that the company has continued to sustain a healthy growth in the industry and our total revenue stood at Tk. 2231.27 million. We are hopeful that this performance shall continue and step forward for the next year. We therefore should expect significant profitability in the near future. Regarding shareholder return, we have made it 2.50% Cash dividend to maintain stable dividend payments, giving due consideration to our business performance and the dividend payout ratio for each fiscal year, the level of retained earnings necessary for future growth, conduct crisis management and other relevant factors. I reaffirm my commitment to every way possible ensure growth for our esteemed company.

With profound gratitude, the Directors extend heartfelt appreciation to the Shareholders, Customers, Dealers, Suppliers, Vendors, Regulators, Banks, Well-wishers and my colleagues in the Board for their constant engagement and guidance. The exceptional leadership and insightful guidance of our esteemed Board of Directors have fostered a culture of thoughtful decision-making for which we are deeply grateful. Your trust has been crucial in our journey.

Thanking you all a bright and peaceful future.

A handwritten signature in black ink, appearing to read 'Obaidul K.' with a stylized flourish at the end.

**Md. Salam Obaidul Karim**  
Managing Director

## STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is one important area of emphasis of the Company in strengthening the foundation of Salvo's long-term economic performance and ensuring the interest of its shareholders and its other stakeholders are looked after. Corporate governance remains an important focus of the Board of Directors to improve and promote across operational levels. Salvo believe that, good corporate governance is the benchmark of well-managed organization.

Salvo is now guided in its corporate governance practices by the Code of Corporate Governance (the Code) issued by the Securities and Exchange Commission on Corporate Governance Notification and Governance and the SAFA recommended Corporate Governance framework introduced by the Institute of Chartered Accountants of Bangladesh (ICAB).

### Board Governance

#### ◆ Board Responsibilities and Accountability

The Directors of the Board are appointed by the shareholders at the Annual General Meeting (AGM) [Complying section-91 of the Companies Act, 1994] and accountable to the shareholders. As the corporate governance principles are in practice, the Board has a significant role and responsibilities, under the umbrella of Articles of Association of the Company, for setting up the strategic decisions and long-term goals of the company. The Board is expected to use its integrity and capability to evaluate corporate strategies, policies, plans and major decisions and to oversee business process in the interests of the shareholders of Salvo.

#### ◆ Board Composition and Frequency

The Board of the company consists of 5 (five) non-executive directors of whom 3 are directors and 2 are independent directors. This composition is aped for the current scope of the company's operations. The Board meets not less than four times in any given calendar year, with at least one meeting in every three months. The Board sets its agenda for meetings well in advance with items proposed by the Managing Director and Management Committee. The Company Secretary and the CFO attend in all meetings and ensures that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

#### ◆ Independence of Directors

Salvo has carried on a sufficient member of non-executive directors. Such numbers of non-executive directors including independent directors are in fulfillment with the requirements set out in the Corporate Governance Notification issued by Bangladesh Securities and Exchange Commission (BSEC). The purpose of appointing independent directors is first to assist the Board with knowledge, objectivity, judgment and balance. They bring independent judgment on issues of conformance and performance.

#### ◆ Term of Appointment

The Article 122 & 127 to 131 of the Articles of Association [Complying section-90 to 110 of the Companies Act, 1994] of Salvo requires one-third of the Board (being the longest period in office) to retire from office every year at the annual general meeting. A retiring Director shall be eligible for re-nomination or re-election. Directors intending for retirement and for re-nomination shall be asked for resignation and nomination before Board Meeting in which they are accepted for retirement and declared for re-appointment subject to approval at the AGM or EGM.

#### ◆ Delegation of Chairman and the Chief Executive Officer (CEO)

The roles of the Chairman and Chief Executive Officer are separate and delineation of responsibilities is clearly established and agreed by the board to ensure transparency and better corporate governance. The CEO oversees execution of the Company's corporate and business operation and is responsible for managing its day-to-day business. The responsibility of the Chairman is limited to chair (preside over) all respective meetings of the Company.

### Board Committees

#### ◆ Audit Committee (AC)

The Audit Committee comprised of three members of the Board. The Chairman of the committee is an Independent Director. Audit Committee reviews all sorts of reports of internal auditors and external auditors and evaluates the adequacy and effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management policies and systems. It reviews the internal and external auditors' audit plans, the effectiveness of audit and the independence and objectivity of the external auditors.

The Committee is also responsible for oversight of risk governance, risk framework of Salvo. It approves the overall risk governance framework as well as the framework for credit, market and operational risks. It is also responsible for approving certain policies in accordance with regulatory requirements.

#### ◆ Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) comprised of three members and constitute from 29 October 2018. The Chairman of the committee is an Independent Director. Nomination and Remuneration Committee (NRC) approved & oversee the company's compensation policy and reviews and approved specific compensation matters, monitor all human resource related performance and compliance activities, review all sorts of reports of internal auditors and external auditors and evaluates the adequacy and effectiveness of the Company's system of human resource policies and systems.

#### ◆ Management Committee (MANCOM)

The Management Committee (MANCOM) is considered as Executive Committee (EC) of Company under Board Committees. The Management Committee consists of six members. Khondoker Afia Sultana is the Chairman of the committee. The Management Committee of Salvo works with the policies and guidelines issued by Board and regulatory bodies regarding operational issues. The Committee ensures properly and timely implementation of Policies and guidelines through respective resources of the company.



## INTERNAL AUDIT AND INTERNAL CONTROLS

### Internal Audit

Internal Audit is an independent function that reports functionally to the Audit Committee and administratively to the Managing Director. The functional reporting includes matters relating to audit charter, risk assessment and related audit plans, results of internal audit activities and other matters that assigned personnel deems necessary under the circumstances. The Audit Committee approves all appointment, removal, evaluation, promotion, annual compensation and salary adjustment. Administratively, Company's Managing Director facilitates the day-to-day operations of the internal audit function, including budgeting, management accounting and human resource administration. Internal Audit has free access to any and all of the company's documents, records, properties and personnel including the Chairman and Audit Committee.

The scope of Internal Audit includes the examination and evaluation of the adequacy and effectiveness of Salvo's system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

### Internal Controls

A meaningful internal controls system requires a specific organizational and policy framework. Salvo has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support systems. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Internal Audit, Risk Management and Legal & Compliance functions provide independently errors and weaknesses over controls and risks within the organization.

### IT Governance

Salvo believes in the concept concerning "Digital Bangladesh". So, we have adopted so far as practicable E-Governance system in keeping books of account and other operational records as well as satellite communication. Every head-office employee avails Internet and Intranet workstation.

In this regard, implementation of the organizational structure with well defined roles for the responsibility of information, business processes, applications, infrastructure, etc. generates value for our stakeholders while mitigating the risks associated with incorrect deployment and use of Information Technology.

### Disclaimer

Salvo has implemented to the utmost of its capacity a strict policy than guidelines prescribed and issued by the BSEC. Salvo employees are prohibited from trading of Salvo shares. In addition, employees are prohibited at all times from trading if they are in possession of material non-public information.

## STATEMENT OF RISK MANAGEMENT

Obviously, Risk management is a vigorous process. This process includes identifying, assessing, communicating and managing risks that may influence an organization in implementing its strategic objectives.

Being manufacturing organization, taking risk lies at the production and market level activities, we can earn return on our activities through managing operational risks. So, it is very important that we understand the risks we are taking in order to carry out our business and have an effective Risk Management System in place to identify, determine and control those risks so as to ensure our assets and protect interests of our stakeholders'. The company is operating in a field involving a great deal of external/internal risk factors and the management of Salvo Chemical Industry Limited perceives the risk factors which are as follows:-

### Market Risk and Price Risk

Market Risk is the risk that may concern with Salvo's earnings by reason of changes in the market level of price of Raw Materials, price of Finish Goods and foreign exchange as well as the volatilities of those prices.

The company is a local industrial undertaking and its' raw materials of sulphuric acid is mainly import based and raw materials of liquid glucose is local & import based. Taka may be devalued significantly against dollar and the company may suffer due to exchange rate fluctuation in case of import of raw materials. Surplus production of the local manufacturer and new company may create demand risk for Salvo's product. The price of Sulphuric Acid is heavily influenced by the price strategy of TSPCL & other manufacturing company. The price of Liquid Glucose & Starch is heavily influenced by the price strategy of Rahman Chemicals Ltd., Vharosa Agro Industries Ltd., Pran & other manufacturing company. If they reduce their price or other users directly import at low cost then apparently Salvo have to reduce its price to compete in the market.

### Liquidity Risk

Liquidity risk is the risk concerned with the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results Salvo's position (in the normal course of business) to meet all it's obligations to fulfill commitments to lend and to meet any other commitments it may have made from time to time.

### Operational Risk

This type of risk is the potential of loss ensuing from failed or inadequate internal business processes, people, systems and management or from external events. Salvo's operational risk management aims to reduce unforeseen and catastrophic losses and to manage them to the utmost of capacity. This enables new business opportunities to be pursued in a risk-conscious and controlled manner. Salvo manages operational risks through a framework strengthened by an internal control system that ensures that operational risks are properly identified, managed, monitored and reported in a structured and consistent manner.

Appropriate and responsible mechanisms employed by Salvo in the past in case of significant taka devaluation in order to keep the cost minimum and same will be followed in future. However, if the price of US dollar rises so sharply against Taka, this will be a nationwide phenomenon and we also be experienced by the same dilemma; there will be a market adjustment at the end of product price.

### Potential changes in global or national policies

The global and national policies for production of sulfuric acid & liquid glucose are favorable. Though the Government has strict monitoring mechanism and is following up the retail use of any type of acid due to abusing inhuman way, there is no restriction on production considering the dreadful necessity of sulfuric acid as raw materials of various on-growing industries in Bangladesh. Also, is no restriction on production considering the dreadful necessity of liquid glucose as raw materials of various on-growing food industries in Bangladesh So, the demand of sulfuric acid & liquid glucose will increase day by day with the increase of the relevant industries those who are using sulfuric acid & liquid glucose.

## CODE OF CONDUCT OF CHAIRPERSON OF THE BOARD, OTHER MEMBERS OF THE BOARD AND CHIEF EXECUTIVE OFFICER

[As per Condition no. 1 (7) of the Notification on Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission vide BSEC/CMRRCD/2006-158/207/Admin/80 Dated: 03 June 2018]

The Code of Conduct has been formulated to set forth principles and ethical standards for the Chairperson, other Board Members and Chief Executive Officer (CEO) in accordance with the Condition No. 1(7) of the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Code 2018. This Code is intended to provide guidance to the Chairperson, other Board members and Managing Director to manage the affairs of the Company in an ethical manner. The purpose of this code is to recognize and emphasize upon the ethical behavior and to develop a culture of honesty and accountability. This Code of Conduct attempts to set forth the guiding principles on which the Chairperson, other Board members and Managing Director shall operate and conduct themselves with the stakeholders, government and regulatory agencies, employees, customers and suppliers and anyone else with whom it is connected.

### ◆ Prudent Conduct and Behavior

The Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer reflects the business practices and principles of behavior that support this commitment. Our Board of Directors set the standards of conduct contained in the Code and updates these standards as appropriate to reflect legal and regulatory developments.

The Chairperson & / or anyone of the Board Members & / or CEO should promptly communicate any suspected violations of the Code, including any violation of law or government rule or regulation, to the Chairperson of the Board or the Compliance Officer. Suspected violations will be investigated by the Board, the Audit Committee, or persons designated by the Board or the Audit Committee. Appropriate action will be taken in the event that a violation is confirmed

### ◆ Confidentiality:

Confidentiality of information' includes all information of the Company not authorized for public dissemination. This includes information on trade, trade secrets, confidential and privileged information regarding customers, employees, information relating to mergers and acquisitions, stock splits and divestitures; non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, officers and Directors in formal meetings or otherwise, and will include all such information which is not available in the public domain at that point of time.

The Company believes that protection of all confidential information is essential and is committed to protect business and personal information of confidential nature obtained from clients, associates and employees.

The Board Members / Senior Management shall ensure that no confidential information is disclosed inadvertently or otherwise. The Board Members /Senior Management shall ensure that all confidential information available to them by virtue of the office including Board Meeting papers, Agenda and Minutes etc. that they may hold or peruse is never directly or indirectly released or disclosed to any person or entity, or made public.

Furthermore, a Board Member may not use confidential information to make personal profit or gain or for other personal advantage. The duty to maintain information in confidence continues after the Board Members ceases to be a Board Member of the Company.

#### ◆ **Conflict of Interest:**

The Chairperson, other Board members and Managing Director shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company. The Chairperson, other Board members and Managing Director should disclose to the board whether they directly, indirectly or on behalf of third parties have a material interest in any transaction or matter directly affecting the Company. The Chairperson, other Board members and Managing Director Officer should facilitate the Independent Directors to perform their role effectively as Board Member and also a member of a committee of the Company. All transactions having conflict of interest should be carried out in accordance with law and be fully disclosed to the Board of Directors.

#### ◆ **Compliance with Laws, Rules and Regulations:**

The Chairperson, other Board members and Managing Director shall ensure compliance with the various legal/regulatory requirements as applicable to the business of the Company and endeavor that before any directions are given or decisions taken, relevant legal/regulatory requirements are taken into account.

The CEO shall behave in an ethical manner and shall not take unfair advantage of or from anyone through manipulation, concealment, and abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

#### ◆ **Prohibition of Insider Trading:**

Insider information is defined as knowledge of data, projects, transactions or processes, the disclosure of which could affect the stock market price of securities, especially the Company's shares. As someone who potentially has access to insider information, likely to result in substantial movements of the price of the stock or any other financial instruments of the Company. The Chairperson & / or any one of the Board Members & / or CEO shall comply with applicable insider trading laws and shall take immediate corrective action for any violation. The Chairperson & / or any one of the Board Members & / or CEO who intend to trade the securities of the Company (either in their own name or in any immediate relative's name) may trade the securities of the Company complying the securities laws and regulations.

#### ◆ **Relationship with environment, employees, customers and suppliers:**

The Chairperson & / or any one of the Board Members & / or CEO is committed to comply with and encouraging compliance with all applicable environmental and Health & Safety laws, standards and requirements. The Chairperson shall encourage employees to take care of Health & Safety measures, to follow all relevant rules, regulations and work instructions and to use appropriate personal protective equipment as required by applicable law.

The Chairperson, other Board Members and CEO are expected to monitor that the Company complies with the applicable laws, rules and regulations of the country related to the environment, employees, customers and suppliers. They shall deal fairly with customers, suppliers, competitors and employees in accordance with the law.

#### ◆ **Independency**

The Chairperson, other Board Members and CEO shall exhibit high standards of integrity, commitment and independence in regards to discharge of their respective duties and responsibilities entrusted upon them, within the purview of the law and for the best interest of the Company.

#### ◆ **Amendment, Modification and Waiver:**

The Code may be amended or modified by the Company's Board of Directors, subject to the disclosure and other provisions of the Securities and Exchange Ordinance, 1969 and the Securities and Exchange Rules, 1987 and the rules there under and the applicable rules of the stock exchanges on which Company's securities are traded.

## NOMINATION & REMUNERATION POLICY

This Nomination & Remuneration Policy (NRP) has been designed and formulated with a view to enhance the aspirations of Human Resources consistent with the vision, mission and goals of SALVO CHEMICAL INDUSTRY LIMITED and also to comply with the rules and regulations imposed by Bangladesh Securities and Exchange Commission (BSEC) through the Corporate Governance Code with consideration of Companies Act, 1994 and other regulatory requirements. This NRP provides directions and guidelines to determine attributes and qualifications for appointment as well as appropriate pay package for the Board Members and Top Executives of the Company.

### OBJECTIVE, PURPOSE AND SCOPE OF THE POLICY:

ALL seeks to attract the right people who are high-performing individuals and who deliver the Company's vision and strategies in accordance with its values.

The Policy applies to all members of the Board, Key Managerial Personnel and Other Senior Executives of the Company.

Therefore, the key objectives of this NRP are to -

- a) Frame criteria for determining qualifications, attributes, expertise, experience and independence for recommendation of appointment/removal of Directors;
- b) Ensure appropriate remuneration package to attract, retain and motivate Directors;
- c) Device Policy on performance evaluation of Directors;
- d) Formulate criteria for determining qualifications, expertise and experience for appointment of top management and make recommendations for their remuneration.
- e) Identify the Company's need for human resources at different levels and determine the selection, transfer, and promotion criteria and annually develop, recommend and review Company's human resources and training Policy.

### RESPONSIBILITY FOR THIS POLICY

The Board is ultimately responsible for setting this Policy with the assistance of the Nomination & Remuneration Committee. This Policy shall be reviewed and amended by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

### CONSTITUTION

The Board has resolved to establish a Committee of the Board to be known as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee assists the Board in fulfilling its oversight responsibilities in respect of:

- ▶ Formulation of nomination criteria for appointment of directors, chief executives and other top level executives;
- ▶ Formulation of remuneration policy for the directors and top level executives; Devising policy on Boards diversity;
- ▶ Formulation of Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors;

## FORMATION OF THE POLICY

The Committee shall be responsible and make recommendations to the Board to deal with the following matters:

- a) The Committee shall assist the Board in formulating the nomination criteria frame Policy for determining qualifications, positive attributes, experiences and independence of Directors, identify persons who are qualified to become Directors in accordance with the criteria laid down and recommend candidates to the Board as and when required.
- b) The Committee shall assist and recommend the Board to formulate the criteria determining qualifications and positive attributes of KMP and Other Senior Executives, identify persons who are qualified to become KMP and Other Senior Executives in accordance with the criteria laid down and recommend candidates to the Board as and when required.
- c) The Committee shall device a Policy on Board's diversity and make assessments along with recommendations in maintaining a proper mix of Executive, Non-executive and Independent Directors. The Committee recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance as a diverse Board helps to realize the strategic objectives and go for sustainable development. The Committee shall periodically review the balance in its composition in regards to gender, age, and educational background, ethnicity, professional experience, skills, knowledge and any other factor deemed relevant and applicable.
- d) The Committee shall oversee and make report with recommendation to the Board in evaluating performance of all Directors as well as the Board as a whole. The NRC shall be responsible for regular performance evaluation of overall as well as individual Board members towards achieving the strategic goals of the organization with a view to identifying areas of governance improvement.
- e) The Committee shall identify the Company's need, as determined by the management, for KMP and Other Senior Executives as well as the employees at different level and review the succession plan so that potential individuals are ready with proper skills, experience, ownership and engagement to fill gaps when necessary. The Committee shall also determine selection, transfer, replacement, promotion criteria as well as develop, recommend and review HR and training policies for future leaders.
- f) The Committee shall recommend the Board to determine appropriate remuneration payable to the Directors and recommend any revision thereof on the basis of financial condition of the Company and performance of the Director. The Committee will also periodically review the level and composition of remuneration, as well as their incentive pay, to ensure they are maintained in line with market expectations.

## Evaluation Criteria of Directors

The Committee shall assist and recommend the Board to set out evaluation criteria for the Directors including the Independent Directors and shall carry out evaluation of performance of every Non-Executive, Executive and Independent Director at the end of each calendar year.

### Executive Director

The performance appraisal of Executive Director shall be conducted through the Company's appraisal system as per the criteria set by the Board as recommended by the Committee. The criteria are set mainly focusing on performance of duties and responsibilities, professional conduct, strategic thinking and leadership role. The Executive Director shall submit a yearly "Achievement Report" and based on this report and the evaluation criteria, the Board, on recommendation of the Committee, shall evaluate his/ her performance.

### Non-Executive Director

The performance evaluation of Non-Executive Director shall be carried out once in a year. The indicative criteria are as follows:

- Frequency of attendance in the Board and Committee meeting;
- Competence to contribute in the decision making process of the Board and Committee meetings;
- Ability to be involved in a constructive discussion in regards to the business operations towards achieving strategic objectives;
- Contribution towards overall enhancement of corporate governance practices in the Company; and
- Relationship and coordination with other Board members.

### Independent Director

The evaluation of performance of Independent Director shall be executed yearly following the same criteria applicable for Non-Executive Director. The Committee shall also consider the conditions mentioned in the Corporate Governance Code in this regard.

### Remuneration Criteria of Directors

Remuneration of Directors is determined by taking into consideration of ALL's need to maintain appropriately experienced and qualified Directors and in accordance with competitive pressures in the market place. The Committee shall assess the level and composition of remuneration for Directors which are reasonable and sufficient to attract, retain and motivate suitable and competent Directors to run the Company successfully. The remuneration to be paid to the Directors shall be governed by the provisions of Companies Act, 1994.

### Executive Director

The remuneration to be paid to Executive Director including the Managing Director shall be determined by the Committee and recommended to the Board which shall be subject to the prior / post approval of the shareholders in the General Meeting.

The components of remuneration package include the following:

- Basic pay
- Allowances
- Any other perks and benefits as the Committee may consider appropriate
- Increments to the existing remuneration structure may be recommended by the Committee to the Board which shall also be approved by the shareholders in the General Meeting.

### Non-Executive Director

Non-Executive Director shall be remunerated by way of only Board and Committee meeting attendance fees as per the Memorandum and Articles of Association of the Company in compliance with applicable laws and regulations. Non-Executive Director shall not be eligible to receive or enjoy any remuneration in order to ensure impartial decision making.

Increments to the existing Board meeting attendance fees may be recommended by the Committee to the Board which shall also be approved by the shareholders in the General Meeting.

### Independent Director

The remuneration Policy for the Independent Director shall be the same criteria applicable for Non-Executive Director.

#### b) Remuneration Criteria of KMP and Other Senior Executives

The Committee aims to ensure that the remuneration structure for KMP and Other Senior Executives is fair, competitive (internal and external) under transparent policies and review procedures and appropriate for the markets in which it operates.

The remuneration of KMP and Other Senior Executives may comprise of the following:

Fixed Pay Base salary plus any allowances (includes any other benefits as decided by the Committee) and Festival Bonus.

### Short Term Incentives

Incentive Bonus, emergency medical service and Annual Increment

### Long Term Incentives

Workers Profit Participation Fund (as per law), Permanent disability Benefit, Marriage allowance and retirement benefit

The remuneration of KMP and Other Senior Executives shall be reviewed annually and the increment shall be recommended to and approved by the Board based on the performance of the Company as well as individual performance / contribution.

### Reporting Responsibilities

The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

### Others

The Committee shall also:

- Review annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

### Authority

The Committee is authorized by the Board:

- To seek any information it requires from any employee of the company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- To call any employee to be questioned at a meeting of the Committee as and when required; and
- To gain unrestricted access to all books and records of the Company.

## MANAGEMENT DISCUSSION & ANALYSIS

### Accounting Policies and Estimation for preparation of Financial Statements:

The financial statements have been prepared on a going concern basis under historical cost convention on accrual basis and in accordance with, IAS, IFRS. The accounting policies have been consistently followed.

The financial statements have been prepared and the disclosure of information thereof have been made in accordance with the requirements of the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRS) as adopted by Institute of Chartered Accountants of Bangladesh (ICAB) and the companies Act- 1994 and other the applicable laws, rules and regulations.

Detail description of accounting policies and estimation used for preparation of the financial statements of the company are disclosed in the Notes No. 2 to the Standalone Financial Statements.

### Changes in accounting policies and estimation:

Salvo Chemical Industry Limited has been following consistent policies and estimations and there have been no such changes in accounting policies or estimations that have had a material impact on financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

- Company Goals
  - Marketing Plan
  - Memorable Moments and Highlights of the Year
  - Risk Assessment
  - Strategic Direction
- 
- A stylized illustration of a person with a blue head and orange body standing on a bar chart. The chart has several vertical bars of varying heights. The person is holding a blue object, possibly a microphone or a tool, and is looking towards the right. The background is a solid blue color.



### Comparative analysis of financial performance or results and financial position:

The Directors' Report provides an analysis of financial performance and position during the year under review and also a detailed comparison of financial performance and position, as well as cash flows, are presented as part of the financial statements, including notes to the financial statements. The related financial data for immediate preceding year are as stated below:

Year	Gross profit	Profit from Operation	Net Profit after Tax	EPS
2023 -24	287,972,107	209,126,781	107,938,627	1.66
2022 -23	355,694,386	280,877,384	96,608,997	1.49
2021 -22	341,363,257	289,286,171	129,029,199	1.98
2020 -21	113,879,445	71,896,054	22,002,983	0.34
2019 -20	137,672,203	101,861,257	19,742,929	0.30

### Last five years ratio analysis

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20
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#### Liquidity Ratios:

Current Ratio	0.58	0.62	0.82	0.74	0.67
Quick Ratio	0.42	0.48	0.71	0.48	0.42
Debt Equity Ratio	0.93	1.17	1.06	1.13	0.97

#### Operating Ratios:

Accounts Receivable Turnover Ratio	27.12	11.73	10.23	8.85	6.43
Inventory Turnover Ratio	11.14	9.25	14.05	3.91	2.68
Asset Turnover Ratio	0.82	0.62	0.57	0.33	0.26

#### Profitability Ratios:

Gross Margin Ratio ( % )	12.91	22.11	26.58	17.38	29.76
Operating Income Ratio ( % )	9.37	17.48	22.52	10.97	22.02
Net Income Ratio ( % )	4.84	6.00	10.05	3.36	4.27
Return on Asset Ratio ( % )	3.98	3.71	5.73	1.11	1.10
Return on Equity Ratio ( % )	16.60	14.86	19.84	3.38	3.04
Basic Earning per Share	1.66	1.49	1.98	0.34	0.30
Net Asset Value per Share	16.24	14.92	14.58	12.69	12.46

### Performance of 2023-2024

Particulars	Amount in Taka	
	July 01, 2023 to June 30, 2024	July 01, 2022 to June 30, 2023
Revenue	2231,279,299	1609,011,849
Less : Cost of goods sold	1943,307,192	1253,317,463
<b>Gross Profit</b>	<b>287,972,107</b>	<b>355,694,386</b>
<b>Less: Operating Expenses</b>	<b>78,845,327</b>	<b>74,817,002</b>
Administrative Expenses	63,442,711	59,480,355
Selling & Distribution Expenses	15,402,616	15,336,647
<b>Profit from operation</b>	<b>209,126,781</b>	<b>280,877,384</b>
<b>Add: Non-operating Income Less: Non-operating Expenses</b>	<b>30,345,733</b>	<b>9,743,991</b>
Financial Charges	96,748,161	86,642,028
<b>Profit before WPPF and Tax</b>	<b>142,724,353</b>	<b>203,979,347</b>
Less: Workers Profit Participation Fund	6,796,398	9,713,302
<b>Net profit before tax</b>	<b>135,927,955</b>	<b>194,266,045</b>
<b>Income Tax Expenses</b>	<b>27,989,328</b>	<b>97,657,048</b>
Current Tax	39,640,311	35,563,320
Deferred tax	(11,650,983)	62,093,727
<b>Net Profit/(Loss) After Tax</b>	<b>107,938,627</b>	<b>96,608,997</b>
<b>Earning Per Share (EPS)</b>	<b>1.66</b>	<b>1.49</b>

### Comparative Statement of Cash Flow:

Particulars	2023 -24	2022 -23	2021 -22	2020 -21
<b>Net Cash flows from Operating Activities</b>	352,924,624	336,642,784	291,165,335	68,197,664
<b>Net Cash used by Investing Activities</b>	(247,010,818)	(391,746,944)	(325,850,216)	(206,019,592)
<b>Net Cash used by Financing Activities</b>	(132,028,511)	67,244,230	60,321,299	138,605,632

### **Comparison of financial performances and financial position as well as cash flows with peer industry scenario:**

The Company is diversified business in different product of organic and in-organic chemical. Propelled by rapid industrialization and urbanization, the Sulphuric Acid market in Bangladesh has undergone substantial growth over the years. Its primary utilization centers around the manufacture of phosphate fertilizer. Given the nation's strong agricultural orientation, the uptake of Sulphuric Acid carries significant importance. Additionally, it finds applications in various sectors such as industrial manufacturing and more. In the current market landscape, Salvo Chemicals holds a 17% market share.

Bangladesh stands on the brink of achieving an impressive 6.21% compound annual growth rate (CAGR) in the maize (corn) starch industry over the next five years, extending until 2028. This growth trajectory will be fueled by strategic leveraging of the textile and food & beverage sectors. The nation's heavy reliance on Ready-Made Garments (RMG) manufacturing, responsible for nearly 80% of its exports, offers boundless opportunities to tap into the maize starch market. Currently, the cumulative market demand hovers around 550 metric tons per day, with Salvo contributing 17% to this total. Salvo, having entered the corn starch production arena in 2021, has remarkably secured a noteworthy market share within a mere two-year span. This accomplishment is attributed to its adept production capacity, well-established value chain network, and forward-thinking leadership.

Salvo Chemical, a prominent player in the glucose market, commands an impressive 50% market share. Key market participants like Varosha Agro and Sylvan Agriculture contribute to meeting the remaining market requirements. Against this backdrop, Salvo Chemical is strategically positioned to leverage the increased consumption stemming from socio-economic shifts. Their approach involves exceeding their current production capacity to cater to this surge in demand.

### **Explanation of the financial and economic scenario of the country and the globe:**

Most of the manufacturing and trading business of our country are import based. Against the backdrop of global economic crisis due to war and pandemic, it became very challenging for the businesses to open LC for procurement raw materials with higher price. Bangladesh Economy The Bangladesh economy has been showing sustainable recovery from the impact of the global coronavirus pandemic. The GDP growth experienced a sharp fall at 3.45 percent in FY 2019-20 from 7.88 percent growth of pre-pandemic year. However, GDP growth rebounded and stood at 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. But due to Russia-Ukraine crisis, the economic growth in FY 2022-23 has been hampered.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. Despite uncertainties and frequent natural disasters, Bangladesh has witnessed robust economic growth and poverty reduction since its independence in 1971. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. Stable macroeconomic conditions underpinned an average annual real GDP growth of 6.4 percent between 2010 and 2023. Poverty declined from 11.8 percent in 2010 to 5.0 percent in 2022, based on the international poverty line of \$2.15 a day (using 2017 Purchasing Power Parity and a comparable welfare series). Similarly, moderate poverty declined from 49.6 percent in 2010 to 30.0 percent in 2022, based on the international poverty line of \$3.65 a day (using 2017 PPP). Moreover, human development outcomes improved along many dimensions, like a reduction in infant mortality and stunting, and an increase in literacy rates and access to electricity. Despite these gains, inequality has slightly narrowed in rural areas and widened in urban areas.

## Challenges

At a crossroads to upper middle income, Bangladesh faces intertwined challenges in the short and medium terms. Bangladesh's economic growth over the past decade has faced significant challenges in recent years. Real GDP growth is estimated to have moderated to 5.2 percent in FY24 down from 5.8 percent in FY23. Inflation has remained elevated, financial sector vulnerabilities worsened, and pressure on the external sector persisted. Growth is expected to rebound gradually over the medium-term.

To achieve its vision of attaining upper middle-income status, Bangladesh needs to create jobs through a competitive business environment, increase human capital and build a skilled labor force, build efficient infrastructure, and establish a policy environment that attracts private investment.

Development priorities include diversifying exports beyond the RMG sector; resolving financial sector vulnerabilities; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development. Addressing infrastructure gaps would accelerate growth. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

The fiscal deficit is estimated to have moderated marginally to 4.5% of GDP in FY24 and is expected to remain within the government's target of 4.3% of GDP in FY25, with fiscal space for productive expenditures increasing only gradually. The implementation of the Annual Development plan declined to 80.9% in FY24 compared to 85.2% in FY23.

The current account deficit narrowed to \$6.5 billion in FY24, thanks to a contraction in imports and robust remittances. Remittances declined in July due to disruptions but rebounded. The balance of payments deficit also improved.

The latest Bangladesh Development Update also highlights that global and domestic factors have created a challenging macro-fiscal context for the country. Bangladesh's real GDP growth moderated to 5.2% in FY24, primarily due to weak consumption and exports.

It is projected to decelerate to 4% in FY25, driven by subdued investment and industrial sector activities, before accelerating to 5.5% in FY26 and returning to a robust growth trajectory soon after. The World Bank forecast that inflation will come down to 9% in FY25 from 9.7% in FY 2024. They also forecast that in FY26 it will be 7.5%. Earlier explained that inflation, driven by high food and energy prices, averaged 9.7% in FY24. Inflation spiked in the month of July and moderated in August. It is expected to remain elevated in the near term, but gradually subside in the medium term if supply-side issues stabilize and prudent monetary and fiscal policies are maintained, he also said.

However, according to Bangladesh Bureau of Statistics (BBS) data, in the first quarter of FY25, consumer price index (CPI) also increased by an average of 10.7%. Meanwhile, food inflation rose to 14.1% in July and averaged 11.9% in the first quarter.

The World Bank reported that inflation rose as supply chains were disrupted by social and political unrest during the change of political government on August 5. However, inflation is showing signs of easing as challenges to the food supply system begin to ease. On the other hand, Bangladesh Bank has kept the monetary policy tight even in the first quarter of FY25 to deal with high inflation.

## The global industrial starch market

The global industrial starch market size was USD 117.42 billion in 2023, calculated at USD 125.67 billion in 2024 and is expected to reach around USD 231.63 billion by 2033, expanding at a CAGR of 7.03% from 2024 to 2033. The growing application of industrial starch as a thickening, stabilizing, and gelling agent, binder, diluent, and excipient is anticipated to generate high demand for the product over the forecast period.

### Industrial Starch Market Key Takeaways

- The North America hemophilia treatment market size reached USD 55.19 billion in 2023 and is expected to attain around USD 110.02 billion by 2033, poised to grow at a CAGR of 7.14% between 2024 and 2033.
- North America dominated the market with the biggest revenue share of 47% in 2023.
- Asia Pacific is expected to host the fastest-growing market during the forecast period.
- By source, the corn segment has contributed more than 79% of revenue share in 2023.
- By source, the wheat starch segment is expected to grow at the fastest rate in the market over the forecast period.
- By product, in 2023, the native starch & starch derivatives segment has held a largest revenue share of 61% in 2023.
- By product, the acid-modified starch segment is expected to witness the fastest growth in the market during the forecast period.
- By application, the food & beverages segment has held a major revenue share of 57% in 2023.
- By application, the pharmaceutical segment is projected to show significant expansion in the market over the forecast period.



### Market Overview

Synthesized by various parts of a plant, starch is a polymer composed of glucose that is stored in the form of carbohydrates in seeds, tubers, and roots. Industrial starch is widely used for its adhesive properties in various industries.

Starch that is derived from its original sources is known as native starch, while starch that has been physically, chemically, or enzymatically treated to change its properties and improve its performance for different applications is known as modified starch. Derived from sources like cassava, potato, and wheat, starch is essential not only in the food sector but also in non-food industries such as paper, textiles, mining, and construction materials.

To increase their market share, companies in the industrial starch market are adopting strategies like expansions, investments, product launches, and mergers and acquisitions. Firms in the industrial corn starch market are focusing on cost-effective solutions for applications in frozen foods and dairy products. Meanwhile, companies dealing with cassava starch are expanding through new product developments.

Industrial Starch Market Growth Factors

- The expanding food and beverage sector is expected to drive the growth of the industrial starch market.
- The growing need for convenience foods can fuel the industrial starch market growth further.
- Rising demand for bio-based products can propel market growth shortly.
- The growth in the pharmaceutical industry will likely help in the industrial starch market expansion.

Industrial Starch Market Scope

Report Coverage	Details
Market Size by 2033	USD 231.63 Billion
Market Size in 2023	USD 117.42 Billion
Market Size in 2024	USD 125.67 Billion
Market Growth Rate from 2024 to 2033	CAGR of 7.03%
Largest Market	North America
Base Year	2023
Forecast Period	2024 to 2033
Segments Covered	Source, Product, Application, and Regions
Regions Covered	North America, Europe, Asia-Pacific, Latin America, and Middle East & Africa

Industrial Starch Market Dynamics Driver

Expanding the food and beverage industry worldwide

The rising demand for the industrial starch market is mainly driven by the expanding global food and beverage industry. As the consumption of frozen, packaged, and convenience foods increases, the need for industrial starch as a binder, diluent, thickening, stabilizing, gelling agent, and excipient also grows. This trend is especially evident in developing countries, where the demand for such food products is rapidly increasing. The important role of industrial starch in manufacturing these food products significantly contributes to its high demand and market growth.

- In May 2024, The ICAR-Central Tuber Crops Research Institute (CTCRI) in Thiruvananthapuram has embarked on a â,14 crore research project for developing new tapioca varieties with waxy or high-amylose starches that are useful in industry with the help of CRISPR-Cas9 genome editing technology. Waxy starch has uses in food products, adhesives, textiles, and pharmaceuticals.



Restraint

High cost of raw materials

The cost of raw materials, which depends on their source, production, and availability, can impact the growth and profitability of the industrial starch market. For new entrants, the high initial costs of extracting and producing starch derivatives may be a deterrent. Additionally, market saturation and competition can create challenges that could hinder the expansion of the industrial starch market.

## Opportunity

### Increase in R&D to expand applications

Starch has long been a vital food item and biomaterial, and it continues to be widely used in various applications globally. Research and development have led to its increasing use in industrial sectors such as agriculture, construction, textiles, paper, chemicals, and healthcare, although demand from the food industry remains the highest. Most of the world's starch production comes from maize, which is essential for making food products like thickeners, stabilizers, water retainers, and colloidal gelling agents. This growing demand for maize starch is expected to drive the MEA starch market during the forecast period by contributing to the growth of the industrial starch market.

- In June 2023, the new Customer Innovation and Collaboration Center of Tate & Lyle PLC (Tate & Lyle), a global pioneer in ingredient solutions for healthier food and beverages, will be in Jakarta, Indonesia.

### Product Insights

The industrial starch market was dominated by the native starch & starch derivatives segment in 2023. Native starch refers to unmodified starch directly sourced from natural origins. The increasing consumer demand for natural, clean-label ingredients and a growing preference for organic and non-GMO products are driving the demand for native starch. This type of starch possesses essential functional properties and serves as a natural thickening, gelling, and binding agent across various industries. It is primarily utilized in the food and beverage industry, especially in organic and natural products.

- In February 2024, Ingredion Incorporated, a global provider of specialty ingredient solutions to the food and beverage manufacturing industry and pioneer of clean-label ingredients, announced Novation Indulge 2940 starch, expanding its line of clean-label texturizers with the first non-GMO functional native corn starch that provides texture for gelling and co-texturizing for popular dairy and alternative dairy products and desserts.

The acid-modified starch segment is expected to witness the fastest growth in the industrial starch market during the forecast period. This segment includes starches that have been physically or chemically modified to enhance their functional properties for specific uses. Modified starch provides numerous benefits, such as better heat resistance, improved binding capacity, improved stability, increased viscosity, and improved texture. These qualities make modified starch highly desirable in industries such as food and beverage, papermaking, and pharmaceuticals.

### Application Insights

The food & beverages segment dominated the industrial starch market in 2023. During the forecast period, the rising use of industrial starch in the bakery and confectionery industry is expected to positively impact market growth. This segment is anticipated to be driven by the increasing demand from the young and working population for various on-the-go beverages and food products.

The pharmaceutical segment is projected to show significant expansion in the industrial starch market over the forecast period. In the pharmaceutical industry, corn starch is utilized as a disintegrant, diluent, binder, glidant, and lubricant. Its swelling properties make it an effective disintegrant in tablets, also they break down and dissolve easily, facilitating smooth drug release. Corn starch is also listed as a generally recognized safe (GRAS) food substance by the FDA.

## Industrial Starch Market Companies

- Cargill, Incorporated
- Archer Daniels Midland Company
- Ingredion Incorporated
- Tate & Lyle PLC
- AGRANA Beteiligungs-AG
- Grain Processing Corporation
- Roquette Frères
- Tereos Group
- Royal Cosun
- Altia Industrial
- Global Bio-chem Technology Group Company Limited
- General Starch Limited
- Eiamheng
- Coöperatie Koninklijke Avebe U.A.
- Galam Group

The growing application of industrial starch as a thickening, stabilizing, and gelling agent, binder, diluent, and excipient is anticipated to generate high demand for the product over the forecast period. The growth of the food and beverage industry is likely to be a major factor driving the demand for industrial starch. The product is used for the manufacturing of frozen, packaged, and convenience food products. The demand for such food products is increasing at a rapid rate, especially in developing countries, which is likely to influence the industry growth on a positive note.

The food and beverages segment accounted for the largest revenue share of more than 55.0% in 2020 and is expected to witness strong growth from 2020 to 2028. The rising utilization of industrial starch in the bakery and confectionery sector is expected to have a positive impact on market growth over the forecast period. Expanding demand for on-the-go food products and various beverages from the young and working population is expected to drive the segment.

Industrial starches are used in animal feed, aquaculture feed, and pet food products on account of their binding and stabilizing properties. They can be used as milk alternatives and functional binders in the compound feed industry to adjust pellet characteristics, such as strength and hardness.

## Bangladesh Starch & Starch Derivative Market Analysis

The Bangladesh starch and starch derivatives market is projected to register a CAGR of 6.21% during the forecast period.

- The country's growing textile and food and beverage industry primarily drives the market. With the growth in the textile industry, the application of tapioca and maize starch is also expected to rise. Additionally, the increasing use of starch and starch derivatives in the country is fuelling the demand for modified starch.
- A wide range of applications of modified starch in the food industry drives demand for modified starch. For instance, modified starch has several functional advantages in various food products, including baked goods, snacks, beverages, and nutritional foods. Rising consumer demand for healthier food options will boost demand for modified starch during the forecast period.

## Bangladesh Starch & Starch Derivative Market Trends

Food and Beverage is the Fastest Growing Segment

- The food processing sector in Bangladesh comprises fruits and vegetables, cereals, bakery and confectionery, pulses, oilseeds, dairy, carbonated beverages, fruit juices, and other food items. There is a significant increase in demand for all forms of ready-to-eat or convenience food and beverage products, owing to Bangladesh's increasingly busy lifestyles and rising working population. The food processing industry is expected to grow significantly and generate new opportunities for investment and exports for the country.

- The use of modified starch as a stabilizer, thickening agent, and emulsifier in manufacturing, bakery, confectionery, noodles, and other convenience food products is fuelling the demand for starch among food and beverage manufacturers in the country.
- According to the food consumption survey conducted by the Food and Agriculture Organization (FAO) in Bangladesh, young children are provided with starchy food prepared with sago, semolina, rice, and noodles. Such factors have propelled the demand for starch and starch derivatives over the recent past, thus, driving the market's growth. Textile Industry Holds the Dominant Share
- Developing countries, like Bangladesh, are dependent on their textile industries. The textile industry forms the second-largest industry in Bangladesh, after agriculture, as it generates 75% of the employment in the country. The majority of the garment workforce includes female workers. Bangladesh is highly dependent on textiles and clothing for merchandise exports (83.5%). The consumption of starch has also increased for the printing and finishing of manufactured garments.
- For instance, tapioca starch is used in the treatment of yarn before weaving. As a result, tapioca production has increased in recent years in Bangladesh. The production of cornstarch has increased massively in the country due to its multiple functions, such as for thickening and as an adhesive. These properties of starch make it an essential ingredient in the textile industry. Thus, the growth of starch and its derivatives is parallel to the textile production in the country. Bangladesh Starch and Starch Derivative Market Challenges
- Some of the factors that are set to impede the growth of the Bangladesh Starch and Starch Derivative Market are lack of awareness regarding the starch derivatives and increasing government regulations. Increasing international quality standard and higher costs of the starch derivatives is also set to hinder the growth of the market during the forecast period 2021-2026.

#### **Risk and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company:**

The Company has exposure to the Credit Risk, Liquidity Risk and Market Risk arising from its operations as outlined in the financial statements. The detail explanation of risk and concerns along with the Risk Management Framework are explained in the notes to the financial statements published in this annual report. The Company has taken sufficient steps and controls effectively consistently round the year to mitigate the risk and concerns.

#### **Future plan for company's operation, performances and financial position :**

The Company has taken all sorts feasible plans, strategy and vision to continue the operations of the company for foreseeable future. This is relevant to share that company maintains a periodic action plans along with mid-term and long-term strategies to maintain the sustainability in its performances and financial position.



**Md. Salam Obaidul Karim**  
Managing Director

## BOARD OF DIRECTOR'S REPORT

### Hon'able Shareholders,

The Board of Directors of Salvo Chemical Industry Limited is pleased to present "Annual Report 2023-2024" which includes Boards Report and Auditors' Report alongwith audited Financial Statements for the year ended 30 June 2024 to the Hon'able Shareholders in the 22nd Annual General Meeting of the Company, for your valued consideration, approval and adoption. The Directors' report has been prepared in compliance with Section 184 of the Companies Act 1994, the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission, Listing Regulations of Dhaka and Chittagong Stock Exchanges and all others applicable provisions.

### Overture

The Board of Directors has the pleasure in presenting the Annual Report for the 12 months for the year ended 30 June 2024 which includes Boards Report, compliance report on BSEC's Notification, Auditors' Report and audited Financial Statements. We present this Board of Directors' Report in compliance with section 184-"Boards Report" of the Companies Act, 1994, the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission, Listing Regulations of Dhaka and Chittagong Stock Exchanges and all others applicable provisions.

### The Company

Salvo Chemical Industry Limited is a public company limited by shares. The company was incorporated under the Companies Act, 1994, vide Reg. No. "C-44978(1446) 2002" dated 29 January, 2002 with the Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka. Subsequently the Company was converted to Public Limited Company with recognition from RJSCF on 04 August 2008. The Company applied for public issue in 2011. It was listed with both the Dhaka Stock Exchange and Chittagong Stock Exchange on 18.04.2011 and 20.04.2011 respectively.

### Objective of the Company

Salvo Chemical Industry Limited was established with a view to set up and sprint a modern chemical industry for manufacturing of all sorts of sulphuric acid, liquid glucose, starch, fiber, gluten, germ, battery grade water, and other related items.

### Industry outlook

SALVO is one of the largest and foremost Organic & In-organic Chemical manufacturer in the country. The Company is engaged in the manufacture and sale of a wide range of Organic Chemical- Starch, Liquid Glucose, Residues of Starch, Gluten, Fiber, Germ etc. The company's commercial activities were inaugurated in April 2003, focusing on the production of fundamental industrial chemicals. The primary scope of the company involves the manufacturing of Sulphuric Acid and Liquid Glucose as its principal products, with Battery Grade Water being generated as a secondary by-product. The commercial production of Liquid Glucose was initiated in August 2018, followed by the commencement of Starch production in May 2021. The Starch manufacturing process yields by-products such as Gluten, fiber, germ, and dust. Concurrently, the company has achieved substantial dominance in the domestic bulk chemical market. Presently, Salvo stands as a prominent entity in Bangladesh, recognized for its leadership in the production of Sulphuric Acid, Liquid Glucose, and Starch.

Sulphuric acid is not a one-grade product. It is produced and supplied in grades of exacting purity for the storage battery, rayon, dye, tannery, water purification and in grades of less exacting specifications for use in the steel, heavy chemical and super phosphate & zinc sulphate industries. Sulphuric acid is used to produce ferrous sulphate, alum etc. which are consumable in ETP plants. The largest use of sulphuric acid is in the production of phosphate fertilisers. It is also used as an acidic dehydrating agent in petrochemical processes and oil refining, and to make hydrochloric and hydrofluoric acids, aluminium and copper sulphate and chromium compounds;

Liquid Glucose is widely used as thickener and sweetener in food and beverage industries. Liquid Glucose is an important form of glucose widely used as sweetener in food and beverage. As a sweetener, Liquid Glucose can be used in a wide variety of industries including: food production, beverage, pharmaceutical, agriculture/animal feed, and various other industries.

Maize starch is a native starch obtained from the wet milling of the whole corn grains. The product is very consistent in quality. Maize Starch powder exhibits all the properties of native starch with some special features such as non-foaming & non-thinning characteristics of boiling solution. Due to its great swelling properties when absorbing liquids, it is used as a thickener agent in many food products. Where high viscosity starch is used, it imparts higher tensile strength to the fiber and thus improves the sizing. Maize Starch Powder is used in canned and powder soups, instant desserts, custard powder, ice – cream, sauces and gravies, bakery products, baby foods and baking powder.

#### **Residues of Starch-**

- **Gluten: Corn Gluten Meal (CGM)**
- **Fiber,**
- **Germ etc.**

#### **Gluten (CGM), Fiber, Germ Used For-**

**Poultry & cattle feed :** Corn Gluten feed and steep water is widely used for cattle and other ruminants. Because of complex digestive system cattle can thrive on feeds relatively rich in fiber content and are less demanding of the quality of protein feed.

**Aqua culture industry:** feed for fish.

Fiber is used in the Cattle breeding & Oil cakes manufacturing industry.

In support of precise instructions of the resourceful management the company has emerged as one of the leading manufacturer of Basic Industrial Chemical and Food Grade Chemical in the country. We will continue our mission which will help us in achieving our vision of manufacturing of Basic Industrial Chemicals and Food Grade Chemical. We are dedicated to follow the trust production in every warship of the business.

Recognizing the dynamic market conditions and evolving regulatory landscape, we employed a comprehensive approach to effectively manage our operations. This entailed a judicious examination of market dynamics, proactive liquidity management, and adherence to regulatory directives, thereby safeguarding the integrity of our balance sheet. Our Board and Management Committee members regularly review consumer trends, their concerns and consider these when making decisions. Basis insights on new trends, shaping consumer choices and behaviours, the Management Committee made changes to strategic directions and investments.

### Material Changes and future development:

Salvo started its commercial operation since 25 April 2003 by producing Basic Industrial Chemical. Mainly the company is engaged to manufacture Sulphuric Acid. Meanwhile, the company has captured the bulk chemical market of our country. The company is now producing Sulphuric Acid and Liquid Glucose as "Main Product" & Battery Grade Water as "By-product". The commercial production of new product "Liquid Glucose" starts from 09 August 2018. The company has set up progressive plant of Corn Starch with the existing Liquid Glucose unit to grab the huge potential market at food, pharmaceutical, paper & textile industry at Bangladesh. The commercial operation of Corn Starch has commenced on May, 24 2021. This project will be cost-effective for the company with the existing business set-up. Due to machinery fault the starch unit is in stop position from 22 June 2021. The full production of the Corn Starch Unit has been started again on May 16, 2022 after having successful trial production. We also working for set up development of product & diversify of progressive plant of Corn Starch unit in which we invested as Capital Work in Progress an amount of Tk. 616,809,023 addition to set up development of product & diversify of progressive plant of Corn Starch unit and construction of new store house shed.

### Future development

The upcoming year 2024-25 will mark a new chapter in the history of Salvo. It's a new dawn for Salvo in 2024-25, suffused with new thoughts and strategy, and a relentless quest for the best. As we navigate the evolving landscape of the food, pharmaceutical, paper & textile industry at Bangladesh, our vision is clear: to redefine the excellence, drive sustainable growth, and create lasting value for all our stakeholders. In the year 2024-25, the economic landscape is anticipated to present significant challenges attributable to several factors. The upsurge in interest rates, coupled with escalating inflationary pressures is expected to exert considerable strain on the economic environment. Additionally, there is anticipated pressure on the foreign exchange market, further exacerbating the complexity of the situation. Consequently, it is plausible that the economy may witness subdued growth or diminished demand. This subdued economic performance can be attributed to various ongoing challenges, including disruptions within the supply chain, volatility in power supply, geopolitical tensions on both the global and local fronts, and adverse conditions prevailing within the broader global economic context. To facing, meetup and overcome above challenges, we are working continuously for development & diversification of our product. We also working for increase production capacity of our existing product. We are hopeful of strong business result in upcoming year. Overall, we expect an increase in the sales volumes of our products in the coming year with the existing product of Corn Starch, Liquid Glucose unit, residues of Starch item to grab the huge potential market at food, pharmaceutical, paper & textile industry at Bangladesh. We also working for set up development of product & diversify of progressive plant of Corn Starch unit and construction of new ware house & building.

### Company's Affairs and Analysis of financial statements of Year 2023-2024

From the comparative operational results, you will please note that the company has continued to sustain a healthy growth in the industry and our total revenue stood at Tk. 2231.27 million. During the year 2023-24 our sales proceeds stood at 2231.27 million, gross profit 287.97 million, net profit 107.93 million. We have achieved significant growth of Turnover @ 38.67%. We are hopeful that this performance shall continue and step forward for the next year. We therefore should expect significant profitability in the near future. The global economy in 2023-24 confronted a confluence of challenges, including inflation, rising

interest rates, tighter monetary policy, trade uncertainties, and geopolitical tensions, leading to moderate growth. Also, unexpected increase of value of the dollar rate, inflation and power problem stagnation in the economy of Bangladesh. Salvo weathered these challenges successfully and remains well-positioned to capture value in a market with strong growth potential.

The summarized financial results for the period from July 2023 to June 2024 are as under:

### Turnover

During the year July 2023 to June 2024, total sales value (net of VAT) reached at Tk. 2,231,279,299 as against last year's was Tk. 1,609,011,849. For the year from July 01, 2023 to June 30, 2024 our sales have been increased due to sales increase on Liquid Glucose Unit, Starch Unit & Residues of Starch- Gluten (CGM), Fiber & Germ.

### Net Sales

Sulphuric Acid	181,694,176
Battery Grade Water	11,767,466
Liquid Glucose	324,169,924
Starch	515,400,375
Residues of Starch	1,198,247,358
	<b>2,231,279,299</b>

### Cost of Goods Sold

During the year July 2023 to June 2024, cost of goods sold stood at Tk. 1,943,307,192 increase from the previous year. Cost of Goods Sold has been increased compared to last year due to improve of raw material purchase of Liquid Glucose Unit, Starch Unit, Wages & Allowance, Electricity bill, Carrying, Transport & Fuel expenses, Fuel for generator & boiler, Packaging expenses, Depreciation etc. Therefore, Gross Profit slightly increase during the year compared to previous year. Owing to elevated levels of global inflation and prevailing local macroeconomic complexities, there has been a slight escalation in the import costs of raw materials, electricity expenditures, wages, and various other operational outlays commencing from the year 2023-24. But, overall, the operating costs have remained stable.

### Administrative and Selling & Distribution Expenses

Administrative expenses were Tk. 63,442,711 and selling & distribution expenses were Tk. 15,402,616 from July 2023 to June 2024.

### Non-operating Expenses

Non-operating Expenses- Financial charges were Tk. 96,748,161 from July 2023 to June 2024. Financial charges have been increased over the preceding year. Financial expenses were increased significantly under Head of Interest on Short Term Loan & Long-Term Loan due to interest rate changes from 9.00% to 15.50% which was avail from Social Islami Bank Ltd., Nawabpur Road Branch. Also, margin loan interest Tk. 6,403,908 includes in short term loan during the reporting period.

### Non-operating Income

In 2023-2024, an amount of Tk. 30,345,733 was earned from non-operating income. This income was come from Interest income Tk. 15,330, Wastage Sale of Tk. 9,522,333, dividend income Tk. 52,377 and income from sales of shares (realize gain) of Tk. 20,755,693.

### Property, Plant & Equipment

The property, plant and equipment (net of depreciation) during the year stood at Tk. 1,485,998,234 which include addition of property, plant and equipment of Tk. 102,545,227. Land & Land development of Tk. 36,767,380 expense for land purchase & land development; Factory Building & Construction of Tk. 18,513,176 expense for new shed & godown construction; Plant & Machineries of Tk. 20,385,757 expense for purchase of additional machinery required in production line for production enhance, Vehicles of Tk. 20,081,426 for purchase of 06 nos. new covered van and others of Tk. 6,797,488 for electrical equipment, office equipment and furniture during the period.

### Capital Work In-progress

The company invested Taka 616,809,023 to erect and install new Plant & Machinery and essential Infrastructure for product development and new store house & shed for use of raw material godwan and finished goods. Amount transferred to property, plant & equipment subject to completion of particulars fixed assets & construction and in accordance with the decision of the Board.

### Reserves and surplus

In 2023-24, retained earnings of the Company stood at BDT 403.39 mn, against BDT 319.78 mn in 2022-23.

### Long Term Loan

During the period 2023-2024 long term loan stood at Tk. 464,319,489. Interest charged during the period was Tk. 56,694,439. The above loan has been availed from Social Islami Bank Ltd. as Term Finance Facilities to procure and import Plant & Machinery and essential Infrastructure & utilities purpose.

### Provision for Employee Benefits

Salvo recognizes the importance of attracting and retaining, skilled and motivated employees with a strong commitment to the business in line with the Company's ethical vision and values. In that view, the company reconstructed its payroll structure in 2011 and also includes provision for employer's contribution to provident fund, gratuity Fund which is payable within the service life of each employee and/ or after his/ her retirement as per terms of employment of service. Details employee benefit plan are disclosed in the note no- 38 of the notes to the financial statements.



## Representation on Statement of Profit or Loss and Other Comprehensive Income, 2023-2024

### Profit Analysis

During the year 2023-2024, the profit of the following area is as under-

➤ **The Gross Profit**

July 23 - June 24	(12 months)	:	287,972,107
July 22 - June 23	(12 months)	:	355,694,386

➤ **The Operational Profit**

July 23 - June 24	(12 months)	:	209,126,781
July 22 - June 23	(12 months)	:	280,877,384

➤ **The Net Profit before Tax**

July 23 - June 24	(12 months)	:	135,927,955
July 22 - June 23	(12 months)	:	194,266,045

➤ **The Net Profit after Tax**

July 23 - June 24	(12 months)	:	107,938,627
July 22 - June 23	(12 months)	:	96,608,997

### Segment-wise performance

SALVO operates with an annual production during 2023-24 of 8,957,353 kgs of Sulphuric Acid, 3,874,929 kgs of Liquid Glucose and 7,879,268 kgs of Starch, thus ensuring the grab of huge potential market at food, pharmaceutical, paper & textile industry at Bangladesh. Details about segment-wise or product wise performance is disclosed in the 'Segment wise performance' report on page 136 & 137 of this Annual Report and also, shown in Annexure- E & F of the notes to the accounts of the Audited financial statements for the year 2023-24.

### Risk & Concern

The company's activities expose it to a variety of financial risk. The company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The company uses derivative financial instrument to economically hedge certain risk exposures. Financial risks management has been disclosed in the note-42 and sub note-42.01, 42.02, 42.03, 42.04 & 42.05 of the notes to the accounts of the Audited financial statements for the year 2023-24.

### Discussion on Cost of Goods Sold, GP, NP & NOCFPS

For the year from 01 July, 2023 to 30 June, 2024 revenue of the company was generated at 223.13 crore increased by 38.67% due to increase of sales volume of Starch Unit & Residues of Starch Unit.

Cost of goods sold during the period increased significantly by 55.05% compared to same period of previous year due to increase of production, high raw material price in case of both local & imported raw materials, currency devaluation and increase of energy (electricity) cost.

Sales increased by 38.67% during the period due to sales of Starch unit (Starch, Gluten, Fiber Germ etc.) but high raw material price in case of both local & imported raw materials, currency devaluation and increase in energy (electricity) cost affected the gross profit adversely. As a result, Gross Profit decreased 19.01% during this reporting year compare to previous year.

Net Profit during the year increased by 11.73% compared to same period of previous year. Net Profit & Earning per Share (EPS) increased because of increase in total revenue including other income against its fixed cost.

Net operating cash Flow per Share (NOCFPS) during this period increased due to increase of sales & collection from customers. As a result, net cash generated from operating activities has been increased compare to same period of previous year.

### Extra-ordinary gain or loss

In 2023-2024, an amount of Tk. 30,345,733 was earned from non-operating income. The non-operating income was earned from Interest income Tk. 15,330, Wastage Sale of Tk. 9,522,333, Dividend income of Tk. 52,377 and income from sales of shares (realize gain) of Tk. 20,755,693. The company has also un-realize gain Tk. 2,649,589 from investment in share, which is presented as Other Comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income. The company has no other Extra-ordinary gain or loss.

### Related Party Disclosure

Related party transaction & disclosure has been disclosed in the note-40 of the notes to the accounts of the financial statements.

### Utilization of proceeds

No proceed has been raised by the company through public issue, right issue or any instrument during the year.

### Deterioration of Financial Results

Not any other indicators of Financial results deteriorated after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc.

### Variance between Quarterly and Annual Financial Statements

Salvo Chemical Industry Limited disclosed quarterly financial performance for the 1st, 2nd & 3rd quarter 2023-2024. Quarterly financial performance and final financial performance are stated below:

Particulars	Q-1	Q-2	Q-3	Q-4	Final
Sales	534,982,300	598,543,000	575,856,570	521,897,429	2,231,279,299
Cost of Goods Sold	434,225,340	515,152,728	487,052,636	506,876,488	1,943,307,192
<b>Gross Profit</b>	<b>100,756,960</b>	<b>83,390,272</b>	<b>88,803,934</b>	<b>15,020,941</b>	<b>287,972,107</b>

Increase of raw material price during 4th quarter, high foreign currency rate, electricity crisis and increase of production related cost i.e manufacturing overhead specially wages, electricity bill, packaging expenses & depreciation, expenses of Liquid Glucose & Starch unit resulting huge increase of cost of goods sold. As a result, Gross Profit has been comparative low during 4th quarter of this reporting year. Second quarter of this reporting year revenue jump highest & growth on the Gross Profit of the first quarter has been topmost due to seasonal impact.

### Auditor Opinion- Emphasis of Matter

- I. According to Bangladesh Labour Act 2006, Bangladesh Labour Act (Amended) 2018, and Bangladesh Labour Rules 2015, the company introduced employees benefit scheme i.e. Employees Provident Fund, Gratuity Fund, Worker's Profit Participation Fund (WPPF) but yet to obtain the approval of National Board of Revenue (NBR) under the second schedule of Income Tax Act, 2023. Moreover, the entity does not maintain separate bank account and separate books of account for the above-mentioned employees benefit scheme.
- II. The requirement of minimum shareholding jointly by the sponsor(s) and Director(s) is 30% as per notification no. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May 2019 issued by the Bangladesh

Securities Exchange Commission whereas in Salvo Chemical Industry Limited the percentage is 25.18%. BSEC issued letter ref no. BSEC/ICAD/SRIC/2023/257/62 dated 07 march 2024 instructed to ensure the requirement of 30% by buying or acquiring remaining shares from the market or in some cases issuing new shares subject to submitting a strategic plan and compliance of relevant provisions of Securities Laws and Companies Act, 1994 within 1 (one) year.

Consequently, the company held EGM dated 18 July 2024 to increase paid up capital Tk. 64,000,000 through issuance of 6,400,000 no of ordinary shares of Tk. 10 each from the existing sponsors and directors through private placement against cash consideration duly approved by shareholders. Subsequently BSEC declined in doing so with a letter ref no. BSEC/CI/CPLC (Public)-1118/2024/Part-I/261 dated 07 October 2024.

- III. In accordance with para 31 of IAS 16, "after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses". However, the Company has not revalued any of its assets including land and as such the fixed assets under Property, Plant & Equipment may be overstated or understated as on 30 June 2024.

### Discussion on Auditor Opinion- Emphasis of Matter

- I. According to Bangladesh Labour Act 2006, Bangladesh Labour Act (Amended) 2018, Bangladesh Labour Rules 2015, the company introduce employees benefit scheme i.e. Employees Provident Fund, Gratuity Fund and necessary steps would be taken to constitute Board of Trustee and to obtain the approval of National Board of Revenue (NBR) under first schedule part C of Income Tax Ordinance 1984. Moreover, separate bank account and separate books of account for the above mention employees benefit scheme would be implemented. The company maintain Workers' Profit Participation Fund (WPPF) and already constitute Board of Trustee. However, separate bank account will be open for the maintenance of the fund. 10% payment of WPPF will be paid in compliance of Employees Welfare Fund as per chapter 15, Bangladesh Labour Act 2006, Bangladesh Labour Act (Amended) 2018.
- II. Upon completion of IPO, the shareholding position of Sponsor and Directors was 22.14%. According to BSEC notification dated 21 May 2019, such shareholding should be minimum 30% with at least 2% of each Director. The company was in process to comply with this requirement and has been able to increase 3.04% in different phases comply with the legal and regulatory process. As such, as on 30 June, 2024, the holding of paid up capital of Sponsor and Directors is 25.18%.

In order to fulfil the rest of 4.82% BSEC issued letter ref no. BSEC/ICAD/SRIC/2023/257/62 dated 07 march 2024 instructed to ensure the requirement of 30% by buying or acquiring remaining shares from the market or in some cases issuing new shares subject to submitting a strategic plan and compliance of relevant provisions of Securities Laws and Companies Act, 1994 within 1 (one) year. Consequently, the company held EGM dated 18 July 2024 to increase paid up capital Tk. 64,000,000 through issuance of 6,400,000 no of ordinary shares of Tk. 10 each from the existing sponsors and directors through private placement against cash consideration duly approved by shareholders. Subsequently BSEC declined in doing so with a letter ref no. BSEC/CI/CPLC (Public)-1118/2024/Part-I/261 dated 07 October 2024. We are now review our plan to fulfilling regulatory obligations while safeguarding the interests of our esteemed shareholders. We eagerly anticipate the process moving forward.

- III. The Company has not revalued any of its assets including land and as such the fixed assets under Property, Plant & Equipment may be overstated or understated as on 30 June 2024. The revaluation model presents a more accurate financial picture of a company than the cost model. The decision of choosing between the cost method or the revaluation method should be made at the discretion of management. The deciding factor should be which method is the best fit for the needs of the business.

If the business has a greater proportion of valuable non-current assets, revaluation might make the most sense. The management of the company think that land value may be increase due to increase of fair market value, on the other hand building & machineries value may be decrease resulting uses of their life. Also, revaluation may sometimes be biased and assign a higher revalue than is reasonable for the market. However, the management of the company cordially received the matter and reviewed it carefully for acceptance.

### Significant variation in financial statement

**Revenue:** At the end of year, the reported total revenue (net sales) of BDT 2,231,279,299. For the year from July 01, 2023 to June 30, 2024 our sales have been increased due to sales increase of Starch & by product units.

**Cost of goods sold:** During the year July 2023 to June 2024, cost of goods sold stood at Tk. 1,943,307,192 increase from the previous year. Cost of Goods Sold has been increased compared to last year due to improve of raw material purchase of Liquid Glucose Unit, Starch Unit, Wages & Allowance, Electricity bill, Carrying, Transport & Fuel expenses, Fuel for generator & boiler, Packaging expenses, Depreciation etc. Therefore, Gross Profit decreased significantly during the year compared to previous year.

**Gross Profit** during the year decreased by 19.03% compared to same period of previous year. Sales increase by 38.67% during the period due to sales of Starch unit (Starch, Gluten, Fiber Germ etc.) but high raw material price in local & import prices, currency devaluation and increase in energy (electricity) price effected in gross profit. As a result, Gross Profit has been decreased by 19.03% during this reporting year compare to previous year.

In 2023-2024, an amount of Tk. 30,345,733 was earned from non-operating income. The non-operating income was earned from Interest income Tk. 15,330, Wastage Sale of Tk. 9,522,333, Dividend income of Tk. 52,377 and income from sales of shares (realize gain) of Tk. 20,755,693. The company has also un-realize gain Tk. 2,649,589 from investment in share, which is presented as Other Comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income.

The Company reported total income tax expense of BDT 27,989,328 with current tax provision Tk. 39,640,311 and deferred tax income (11,650,983) note no. 30. The Company has recognized deferred Tax Liability for deductible temporary differences that it believes are payable. The recoverability of recognized deferred tax liability is in part dependent on the company's ability to generate future taxable profits sufficient to utilize deductible temporary differences.

**Net Profit** during the year increased by 11.73% compared to same period of previous year. Net Profit & Earning per Share (EPS) increased because of increase in total revenue including other income against its fixed cost.

**Net operating cash Flow per Share (NOCFPS)** during this period increased due to increase of sales & collection from customers. As a result, net cash generated from operating activities has been increased compare to same period of previous year.

**Capital Work in Progress** increase due to addition of set up development of product & diversify of progressive plant of Corn Starch unit and construction of new store house shed.

The company has represented total Property Plant and Equipment (WDV) Tk. 1,485,998,234 during the financial year 30 June 2024, which recovers 54.74% of total assets. The company represents addition for property, plant and equipment Tk. 102,545,227.

The company has a net trade receivable of Tk. 82,277,247 as at 30 June 2024. Trade receivables of the company comprise mainly receivables in relation to the business regarding the Sales of finished goods. The

recoverable amount was estimated by management based on their specific recoverability assessment on debtor with reference to the aging profile, historical payment pattern and the past record of default of the customer.

### **Remuneration to Directors**

Remuneration to Directors has been disclosed in the note-36 & 26 of the notes to the accounts of the financial statements.

### **Fairness of Financial Statements**

The financial statements prepared by the management of the company present a true and fair view of company's state of affairs, result of its operation and changes in equity and cash flows. The auditors expressed their un-qualified opinion on the financial statements as well.

### **Maintenance of proper books of accounts**

The books of accounts of the company have been maintained in accordance with provisions of the Companies Act 1994.

### **Accounting Policies**

Appropriate accounting policies have been applied in preparation of the financial statements of the company. Significant account policies have been disclosed in the note-02 of the notes to the accounts of the financial statements.

### **Application of IAS & IFRS**

Applicable IAS & IFRS applied in preparation of the financial statements of the company. Complied IAS & IFRS have been disclosed in the note-02.15 of the notes to the accounts of the financial statements.

### **Internal Control**

A meaningful internal controls system requires a specific organizational and policy framework. Salvo has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support systems. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Internal Audit, Risk Management and Legal & Compliance functions provide independently errors and weaknesses over controls and risks within the organization.

### **Contribution to the national exchequer**

Salvo is committed to timely disbursement of its direct and indirect tax obligations. During the year 2023-24, the Company, contributed an amount of Tk. 37,382,489 as Income Tax and Tk. 103,414,754 as VAT a total sum of Tk. 140,797,243 to the national exchequer.

### **CORPORATE SOCIAL RESPONSIBILITIES**

Salvo always streamlines its efforts to look beyond short-term quantitative gains and concentrates on issues that make the company socially responsible. We are committed to social and environmental well-being and strive to ensure sustainable balanced growth in economic, social and ecological arena. We strongly believes that sustainable growth of an entity is nothing but a counterfeit ideology without being communally responsible in business conduct and contribute to the society. The pace of CSR contribution is expected to accelerate in the future with long term vision.

### **Redressal of Minority Shareholders**

No situation arisen with minority shareholders who protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and no effective means of redress.

### Going Concern

Financial statements are generally prepared under the assumption that the business will remain a “going concern”. That is, it is expected to continue to generate a positive return on its assets and meet its obligations in the ordinary course of business. It is the responsibility of the management of a company to determine whether the going concern assumption is appropriate in the preparation of financial statements. Salvo Chemical Industry Limited is running well above the level of different parameters.

### Significant deviation in operating result

Significant deviation in operating result have been disclosed in the note-34 of the notes to the accounts of the financial statements.

### Appropriations of profit and key operating and financial data of preceding five years

The Directors are pleased to report the financial results for the year 2023-24 and recommend the following appropriations:

Particulars	2023-24
Profit before Tax	135,927,955
Less. Provision for Income Tax	27,989,328
Net Profit After Tax	107,938,627
Add. Un-appropriated profit brought forward	319,780,797
Profit available for distribution	427,719,424
Less: Appropriated profit of dividend (2022 -23)	24,323,783
Un-appropriated profit carried forward	403,395,641

Key operating and financial data of the preceding five years is given on page 23 of this annual report.

### Interim Dividend

No bonus share or stock dividend has been declared by the Board as interim dividend and there was no effect of the company's financial position.

### Board Meetings and Attendance

In compliance to the Clause- 1.5 (xxii) of the BSEC Notification No- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, a table on Board Meetings and Attendance has been shown in “Annexure-I”.

### Shareholding Pattern

The shareholding combination as per Clause- 1.5(xxiii) of the BSEC Notification No- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 has been shown in “Annexure-II”.

### Dividend

The Board of Directors is pleased to recommend dividend @ 2.5% in cash of the paid-up capital of the Company, representing an amount of BDT 16,255,698 for the year ended June 30, 2024. This dividend will be paid from out of profit of the company for the year 2023-24 and from undistributed accumulated profits, the balance retained earnings of the company will be utilizing for development of the company. In compliance to the Clause- 1.5 (xx) of the BSEC Notification No- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, Reason for such recommendation is to implement the development programs and to comply BSEC notification for declare dividend. The company shall not be able to raise capital through bonus shares as per the BSEC Notification No BSEC/CMRRCD/2009-193/217/Admin/90 dated May 21, 2019. The record date was fixed by the date 21 November 2024.

The Company paid dividend @ 5.00% in cash of the paid up capital of the Company for the year 2022-23. No cash dividend or bonus shares or stock dividend has been declared as interim dividend during this year. In compliance of BSEC's Letter No. SEC/ SRMIC/165-2020/part-1/202 date 25 August 2021 and SEC/SRMIC/165/part-1/166 dated 06 July 2021 and the CMSF Rules, the Company transferred the unclaimed or undistributed or unsettled dividend for the year 2010 to 2019 in cash and stock to CMSF in due time.

### Appointment / Re-appointment of Directors

In accordance with Article 122 & 127 to 131 of the Articles of Association of the Company one third of the existing directors shall retire by rotation. Mr. A. S. M. Shariar Ansari & Mr. Md Zaidul Hoque have submitted their resignations which were duly received and considered for retirement in compliance to the mentioned terms.

In compliance to the BSEC Notification No.- BSEC/ CMRRCD/ 2009-193/119/Admin/--- dated 22 November 2011, the company has now only two sponsor Directors. The Board of Directors of Salvo Chemical Industry Ltd. has appointed Mr. A. S. M. Shariar Ansari, Nominated Director from Reddeer PLC as the Director of the company. The Board is fill the casual vacancy by the Independent Directors. Mr. Md. Mujibur Rahman, FCS, FCMA and Mr. Md Zaidul Hoque were fill the said office. In support of consents from A. S. M. Shariar Ansari and Mr. Md Zaidul Hoque, the Board is pleased to propose their consents for re-appointment as Directors of the company.

The remuneration of the Directors fixed in the meeting of the Board was duly shown in the Financial Statements. This may be changed in accordance with the resolution of the Board Meeting in compliance to the relevant Articles of Association.

A disclosure made to the shareholders for the appointment or re-appointment of a Director's including existing Director's brief resume, expertise in specific functional areas and holding directorship or membership of any other companies or committees are shown at page no- 34-36 and also, made a disclosure as per BSEC notification no. BSEC/ CMRRCD/ 2009-193/3/Admin/104, dated 05 February 2020.

### Auditors

Our existing auditor **M/s. Basu Banerjee Nath & Co.**, Chartered Accountants would retire on 29th December 2024, the date of 22<sup>nd</sup> AGM. They have satisfactorily conducted the audit (of their 1st Year) for the year 2023-2024. The statutory auditors of the Company have given reports on the financial statements of the Company for the year ended 30 June 2024, which forms part of the Annual Report.

**M/s . Basu Banerjee Nath & Co.**, Chartered Accountants was sent written consent as Auditor for audit of the company's books of accounts for the year ended 30 June 2025. The Board recommended to appoint **M/s. Basu Banerjee Nath & Co.**, Chartered Accountants as the External Auditors' of the Company to audit of the financial statements for the year 2024-2025 with a remuneration of Tk. 310,000/- (Three lac ten thousand only) including all direct taxes and excluding of indirect taxes as applicable for the time being in force subject to the approval of shareholders in the 22<sup>nd</sup> Annual General Meeting of the Company.

On the willingness to appointed as professional to certificate on compliance of the Corporate Governance Code (CGC), the Board recommended to appoint **Jasmin & Associates - Chartered Secretaries** with a remuneration of Tk. 75,000 (seventy-five thousand only) including all direct taxes and excluding of indirect taxes as applicable for the time being in force subject to the approval of shareholders in the 22<sup>nd</sup> Annual General Meeting of the Company.

## Reporting on Corporate Governance Compliance

Salvo has taken effective stand for best practice of corporate governance. We persistently work for strengthening all sorts of operational policies and procedures and adopting new standards for the time being in force. We are committed to be more open and transparent with our stakeholders.

Pursuant to Clause- 7 of BSEC Notification No- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the company's compliance status is shown separately. As per BSEC Notification, a **"Status of Compliance"** to the Corporate Governance has been shown in "Annexure-C". Also, a **"Certificate on compliance on the Corporate Governance"** has been obtained and included in "Annexure-B" with this Annual Report.

In accordance with the requirements of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission, a additional statement in pursuance of Clause 1 (5), resume of the directors who shall be reappointed, Management Discussion Analysis,

Certificate from the CEO and CFO to the Board, Certificate on Compliance of the Conditions of the Corporate Governance Code 2018 by the Compliance Auditors and Status of Compliance are depicted in the Annexure. The Audit Committee Report, the Nomination and Remuneration Policy, and the Dividend Distribution Policy are also presented in the Annual Report.

## Credit Rating Report

The Credit Rating Information and Services Limited (CRISL) has assigned the following rating to "Salvo Chemical Industry Limited" on March 21, 2024 in consideration of its audited financial up to 30 June 2023, and others relevant quantitative as well as qualitative information up to the date of rating declaration:

Long Term Rating = "BBB+"

Short Term Rating = "ST-3"

Outlook = Stable"

A certificate of credit rating has been included on page 17 of this Annual Report.

## Audit Committee

The Audit Committee acts as a sub-committee of the Board of Directors of Salvo Chemical Industry Limited., assisting in assuring and performing its oversight responsibilities. A total of 5 (Five) meetings were held during the year. Company Secretary of the Company functioned as the Secretary to the Committee as per regulatory guidelines. In accordance with the requirements of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission, The Audit Committee Report are presented separately in the Annual Report.

## Proposed Audit Committee (AC)

The Board is pleased to propose the following Audit committee (AC) which would be approved in the 22nd AGM and will remain in full function till 23rd AGM. This committee shall be responsible to report to the Board.

Sl. No.	Name of the Director	Position in Audit Committee
01.	Mr. Md. Mujibur Rahman, FCS, FCMA, Independent Director	Chairman
02.	Md. Zaidul Hoque, Independent Director	Member
03.	A. S. M. Shariar Ansari, Director (Non-Executive)	Member
04.	Mr. Liton Kumar Roy, Company Secretary	Secretary

### Nomination & Remuneration Committee (NRC) Committee

The Nomination and Remuneration Committee has been constituted by the Board of Directors of the Company as a subcommittee to assist the Board under the Condition No. 6 of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission. NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders of Company. The Nomination & Remuneration Committee (NRC) meets once (01) time during 2023-24. In accordance with the requirements of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission, The Nomination & Remuneration Committee (NRC) Committee Report are presented separately in the Annual Report.

### Proposed Nomination and Remuneration Committee (NRC)

The Board is pleased to propose following Nomination and Remuneration Committee (NRC) which would be approved in the 22nd AGM and will remain in full function till 23rd AGM. This committee shall be responsible to report to the Board.

Sl. No.	Name of the Member	Position in Committee
01.	Mr. Md. Zaidul Hoque, Independent Director	Chairman
02.	Mr. Md. Mujibur Rahman, FCS, FCMA, Independent Director	Member
03.	A. S. M. Shariar Ansari, Director (Non-Executive)	Member
04.	Mr. Liton Kumar Roy, Company Secretary	Secretary

### Proposed Management Committee (MANCOM)

The Board is delighted to propose following committee as Management Committee (MANCOM) which would be approved in the 22nd AGM and will remain in full function till 23rd AGM. This committee shall be responsible to report to the Board.

Chairman	Mrs. Khondoker Afia Sultana	Chairman
Company Secretary	Liton Kumer Roy	Secretary
Managing Director	Md. Salam Obaidul Karim	Member
Executive Director- Administration	Mrs. Sayeeda Karim	Member
Chief Finance Officer	Md. Saiful Alam	Member

### Additional Disclosures

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

## Acknowledgements

The Directors acknowledge the support extended by the Company's staff and all the employees for their dedicated service. The Directors would also like to thank the financial institutions, banks, government authorities, customers, vendors and other stakeholders for the continued support and co-operation.

## Conclusion

The Board of Directors takes this opportunity of expressing its sincere appreciation and gratitude to the valued customers, bankers and other stakeholders for their continued support and cooperation. The Board also expresses its profound gratitude to Bangladesh Securities & Exchange Commission (BSEC), the Dhaka Stock Exchange (DSE), the Chittagong Stock Exchange (CSE), the Registrar of Joint Stock Companies and Firms, Banks, the Central Depository Bangladesh Limited (CDBL) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also thanks to the Auditors of the Company, for their efforts to complete the audit for the year ended 30 June 2024.

Our colleagues are the backbone of our organization, and their unwavering commitment and diligent efforts deserve our deepest recognition. Their dedication plays a pivotal role in achieving our collective goals. On behalf of the Board of Directors, I, the undersigned, am also articulating my heartfelt appreciation to the management and all staff of the Company for their outstanding efforts, loyalty, sincere services and dedication. We are also incredibly fortunate to have earned the continued trust and confidence of our valued customers. Their loyalty is a testament to the quality of service we strive to provide.

I would like to take this opportunity to pay heartfelt tribute to my colleagues of the Board who have extended their all sorts of cooperation and support.

Finally, I the chairman the Board of Directors thank the respected shareholders on its behalf and assure them that they will continue to add to maximize the shareholders' wealth through further strengthening and development of the Company in which they have placed their trust and confidence.

For and on behalf of the Board of Directors,



**Khondoker Afia Sultana**

Chairman



## AUDIT COMMITTEE REPORT

The Audit Committee is a sub-committee of the Board which is appointed by and responsible to the Board of Directors of the Company according to the conditions of the “Code of Corporate Governance” of the Bangladesh Securities and Exchange Commission dated June 03, 2018. This report is presented in accordance with the Code which sets out the role of the Committee and the functions carried out during the year ended 30 June 2024.

### Terms of reference

The terms of reference of the Audit Committee have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code, 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018.

### Composition of the Committee

In accordance with the currently accepted best practices of Corporate Governance and as per the Corporate Governance Code, 2018 (CG Code, 2018) of Bangladesh Securities and Exchange Commission, the Board appointed Audit Committee comprises three members includes Independent Directors. The Chairperson of the committee is an Independent Director. The company secretary of the company is the secretary of the committee. The current members of the Audit Committee are:

Sl. No.	Name of the Director	Position in Audit Committee
01.	Mr. Md. Mujibur Rahman, FCS, FCMA, Independent Director	Chairman
02.	Mr. A. S. M. Shariar Ansari, Director (Non-Executive)	Member
03.	Mr. Md. Zaidul Hoque, Independent Director	Member
04.	Mr. Liton Kumar Roy, Company Secretary	Secretary

The Audit committee was appointed by the Board of Directors meeting held on 03 December 2023. This Committee was responsible for report to the Board of Directors till 21st AGM. A total of 5 (Five) meetings were held during the year. Company Secretary of the Company functioned as the Secretary to the Committee as per regulatory guidelines. In addition to that the Chief Financial Officer, Head of Internal Audit and Compliance attended the meetings on invitation and other officials were invited to attend the meetings as and when the Committee required their presence. The table shown below sets out the number of meetings held during the period 2023-2024.

Number of Meeting	Date	Time	Attendance
1	30.10.2023	3.00 p.m	04
2	17.11.2023	2.00 p.m	04
3	31.01.2024	2.00 p.m	04
4	30.04.2024	1.30 p.m	04
5	23.05.2024	8.00 a.m	04

### Roles & Responsibilities of the Committee

The main role of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of Salvo. The Committee is empowered to:-

- Examine any matter relating to the financial and other issues related to the company;
- Monitor all Internal and External Audit;
- Review Internal and External Audit reports and follow up on recommendations;
- Review the efficiency of internal control systems and procedures;
- Consider reports relating to fraud, forgery and deficiencies in internal control or other similar issues;
- Monitor the choice of accounting policies and principles;
- Evaluate the Quality of Accounting Policies and their adherence to Statutory and Regulatory Compliances;
- Oversee the financial reporting process;
- Review the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure before submission to the Board;
- Oversee hiring and performance of external auditor & compliance auditor;
- Oversee the determination of audit fees based on the scope and magnitude, level of expertise and time required for effective audit, while also evaluating the performance of external auditors;
- Review the Management's Discussion and Analysis before disclosing it in the Annual Report;
- Review statements of significant related party transactions submitted by the management;
- Ensure that a well managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders;

- Ensure that Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conforming to the highest ethical standards and in the best interests of all stakeholders;

### Regulatory Compliance

The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Accounts Unit. The committee also analyzed the differences, increase & decrease of operating and non-operating income and deviations arrived in the business process and books of accounts under the circumstances.

### Internal Audit

The Internal Audit team of the company carries out regular internal audit of all departments. The Committee regularly reviewed the performance of internal audit and inspects substantial functions and reports thereof.

### Internal Controls

The Committee regularly examined major decisions taken by the Board and the Management Committee (MANCOM). All exceptional items and unexpected losses charged to the Income Statement, long outstanding items in Company's Chart of Accounts and provisioning policies. The effectiveness of the internal control procedures in place for selected processes was carefully evaluated.

### Audit Committee's report summary & Major issues reviewed during 2023-24

During the financial year ended 30 June, 2024 five meetings of the Audit Committee were held. In addition to regular concerns such as review of existing risks & mitigation measures, compliance culture of management, monitoring internal audit function and financial statements, Audit Committee gave special focus on timely return, findings and recommendations of External, Internal & Compliance auditors etc. In the year 2023-24, the Audit Committee reviewed and discussed the following issues and provide opinions regarding corporate and financial affairs amongst others:

1. Reviewed the quarterly, half yearly and annual financial statements of the company before submission to the Board for their approval;
2. Overseen the financial reporting process and monitored choice of accounting policies and principals;
3. Reviewed the effectiveness of internal control and also reviewed audit objection of Internal audit and also reviewed recommendation and amendments by the internal auditor;
4. Reviewed the 1st quarter, half-yearly, third quarter and yearly financial statements of the Company, and recommended to the Board for their adoption and approval;
5. Approval of Internal Audit Report for ensuring independence and objectivity of internal audit activities;
6. Reviewed the internal audit process and effectiveness of internal audit;
7. Reviewed the annual financial statements of the company prior to submission to the board for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, Companies Act 1994, IAS, IFRS as applicable in Bangladesh;
8. Reviewed the compliance of Commission's notification no. BSEC/CMRRCD/2009-193/217/Admin/90 dated May 21, 2019, and directive no. SEC/CMRRCD/2009-193/15/Admin/112 dated December 10, 2020, regarding the 30% shareholding requirement for directors of listed companies. Reviewed the comprehensive plan outlining proposed approach to meet the regulatory requirement;

9. Overseen evaluation of performance of the external auditors and made recommendation to the board;
10. Actions taken by the management with regard to issues raised by Internal, External & Compliance Auditors;
11. Reviewed along with the management, the financial statements for the year ended 30 June, 2023 and recommended to the Board for consideration and approval;
12. Recommended to appoint M/s. Basu Banerjee Nath & Co., Chartered Accountants as the External Auditor of the Company to audit of the financial statements for the year 2024-2025 with a fee of Tk. 310,000/-. Recommended to appointed as professional to certificate on compliance of the Corporate Governance Code (CGC), the Board recommended to appointed Jasmin & Associates - Chartered Secretaries with a remuneration of Tk. 75,000;
13. Reviewed the Management's discussion and analysis for disclosing in the annual report;
14. Reviewed statement of all related party transactions submitted by the management;
15. Reviewed the dividend distribution policy and recommended to the board for consideration and approval;
16. Reviewed the matters as per requirements of the corporate governance code.

#### **Focus of Audit Committee's during 2023-24**

- Reviewing and updating audit policies and procedures to align with best practices
- Strengthening operation through restructuring organogram and engaging adequate manpower.
- Enhancing transparency and accountability in financial reporting.
- Implementation of Quality Assurance and Development Program.
- Continuously monitoring compliance with regulatory requirements.
- Implementing advanced technologies for more efficient auditing processes.
- Conducting regular evaluations of audit effectiveness and recommending improvements.
- Providing guidance on developing financial risks and industry trends.
- Promoting a culture of ethical conduct and corporate governance within the bank.
- Collaborating closely with external auditors for comprehensive audit coverage.
- Ensuring timely and accurate communication of audit findings to the board and management.
- Development of Terms of Reference (ToR) for internal audit.
- Playing role for development and retention of qualified manpower to ensure operation.
- Promoting strict adherence with the regulatory instructions.



### Testimony

We confirm that:

- The accounting and reporting policies of the Company were consistent with legal requirements and agreed ethical practice;
- The scope and planning of the external audit were, in our opinion, adequate;
- The internal control system was in order;
- The External Auditors' report was in satisfactory.

The Audit committee on its activities to the Board. The Committee is of the opinion that adequate controls, procedures, risk management and compliance monitoring systems are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is satisfactorily managed.

The minutes of the Committee meetings were placed subsequently before the Board for its approval, on a regular basis, which contained all issues along with various suggestions and recommendations to the Management and the Board.

The Audit Committee expresses its sincere thanks to the members of the Board, Management and Auditors for their excellent support extended to the Committee. The Committee is also grateful to the Bangladesh Securities and Exchange Commission for the direction and guidance, which facilitated due discharge of its duties and responsibilities.

On behalf of the Audit Committee,

**Md. Mujibur Rahman (FCS, FCMA)**  
Chairman,  
Audit Committee

## NOMINATION & REMUNERATION COMMITTEE (NRC) REPORT

As per condition of the Bangladesh Securities & Exchange Commission (BSEC) Code of Corporate Governance, the Board of Directors of Salvo Chemical Industry Limited has constitute a Nomination & Remuneration Committee (NRC). The Nomination & Remuneration Committee (NRC) is a sub-committee of the board.

### Terms of reference

The terms of reference of the Nomination & Remuneration Committee (NRC) have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code, 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018.

### Constitution of the NRC Committee

The Nomination & Remuneration Committee (NRC) consist of 03 (three) non-executive directors including two Independent Directors, Independent Director is the Chairman of the Committee. The Board of Directors of Salvo Chemical Industry Limited comprising of the following Directors:

Sl. No.	Name of the Member	Position in Committee
01.	Mr. Md. Zaidul Hoque, Independent Director	Chairman
02.	Mr. Md. Mujibur Rahman, FCS, FCMA, Independent Director	Member
03.	Mr. A. S. M. Shariar Ansari, Director (Non -Executive)	Member
04.	Mr. Liton Kumar Roy, Company Secretary	Secretary

The above committee was appointed by the Board of Directors meeting held on 03 December 2023. This Committee was responsible for report to the Board of Directors till 22nd AGM. The Nomination & Remuneration Committee (NRC) meets once (01) time during 2023-24. The table shown below sets out the number of meetings held during the period 2023-2024.

Number of Meeting	Date	Time
1	23-05-2024	2.00 p.m

### Roll and Responsibility of the Committee

- The committee is an independent sub-committee of the Board and responsible or accountable to the Board and to the shareholders of the company.
- Formulate the criteria for determining qualification, positive attributes of Directors;
- Recommend a policy to the Board relating to the remuneration of the Directors, and top level executives;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board;
- In order to comply with the code, the Terms of Reference (TOR) of the NRC specifying its role, duties and responsibilities has been set forth in writing by the Board.

### Nomination policy

The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of the diversity policy of the Board, and recommend to the Board his/her appointment. For the appointment of top-level executives, a person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment. Further, for administrative convenience, for the appointment of top-level executives, the Managing Director is authorised to identify and appoint a suitable person for such positions. However, if need be, the Managing Director may consult the Committee/Board for further directions/guidance.

### Remuneration policy

The level and composition of remuneration to be paid to Directors, top-level executives and other employees shall be reasonable and sufficient to attract, retain and motivate suitable individuals. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive/performance related pay, reflecting achievement of short- and long term performance objectives appropriate to the working of the Company and meeting its goals.

### Evaluation criteria

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify the evaluation criteria, which will evaluate Directors based on their knowledge to perform the role, time and level of participation, performance of duties, level of oversight and professional conduct and independence. The appointment/re-appointment/continuation of Directors on the Board shall be subject to the outcome of the annual evaluation process.

### Function of the Committee

The NRC is a sub-committee of the Board of Directors. The NRC is responsible to the Board and they assist the Board of Directors in ensuring that assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:

- devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- formulating the criteria for evaluation of performance of independent directors and the Board;

- identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- developing, recommending and reviewing annually the Company's human resources and training policies;

### Reporting of the NRC:

The NRC is an independent sub-committee of the Board and responsible or accountable to the Board and to the shareholders of the company. In order to comply with the Code, The NRC shall have to ensure that the nomination and remuneration policy and evaluation criteria and activities of NRC during the year are disclosed in the Annual Report.

### Meeting of NRC:

In 2023-2024, the Committee met Once dated 23 May 2024. The Managing Director, CFO and Head of HR attended the meeting by invitation of the Committee. Mr. Md. Zaidul Hoque, guided the Committee in its nomination and remuneration initiatives, ensuring standards and compliance.

The activities of the NRC during the year were as follows:

- Considered the terms of reference of NRC, as approved by the Board;
- Formulated a policy relating to the remuneration of the Directors, top-level executives and all employees of the Company;
- Formulated the criteria for the determining qualifications, positive attributes and independence of a Director;
- Formulated the criteria for evaluation of performance of Independent Directors and the Board Members;
- Identified criteria for selection, transfer or replacement and promotion at different levels of the Company;
- Adopted a code of conduct for the Chairman, Directors and Top-level executives of the Company.
- Discuss on the existing manpower structure of the company.
- Recommendation for re-appointment of two existing Independent Directors.

### Acknowledgements

The NRC expresses their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and co-operation.



**Md. Zaidul Hoque**

Chairman

Nomination & Remuneration Committee

## Annexure-I

### BOARD MEETINGS AND ATTENDANCE

During the period 2023-24 under report, there were a total number of 09 (nine) successive scheduled Board meetings. At these meetings, the Board reviews the Company's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters forwarded by the Audit Committee.

The Board also reviews the Company's long term corporate strategy and business plans including principal issues and challenges. The table shown below sets out the number of meetings held and the attendance of the Company's Directors during the period 2023-2024.

Number of Meeting	Date	Time	Number of Directors	Attendance
191 <sup>th</sup> Meeting	02.08.2023	5.00 p.m	5 Nos.	5 Nos.
192 <sup>th</sup> Meeting	03.09.2023	5.00 p.m	5 Nos.	4 Nos.
193 <sup>th</sup> Meeting	30.10.2023	4.15 p.m	5 Nos.	5 Nos.
194 <sup>th</sup> Meeting	15.11.2023	4.00 p.m	5 Nos.	5 Nos.
195 <sup>th</sup> Meeting	03.12.2023	3.30 p.m	5 Nos.	5 Nos.
196 <sup>th</sup> Meeting	31.01.2024	3.00 p.m	5 Nos.	4 Nos.
197 <sup>th</sup> Meeting	11.03.2024	4.15 p.m	5 Nos.	5 Nos.
198 <sup>th</sup> Meeting	30.04.2024	3.00 p.m	5 Nos.	5 Nos.
199 <sup>th</sup> Meeting	23.05.2024	9.00 a.m	5 Nos.	4 Nos.

## Annexure- II

### PATTERN OF SHAREHOLDING

As at 30 June 2024

Sl. No.	Shareholder's Group	No. of Shares Held
a)	<b>Shares held by parent/ Subsidiary/ Associated Company etc.</b>	Nil
b)	<b>Shares held by Directors:</b>	
	Khondoker Afia Sultana, Chairman	10,653,031
	Md. Salam Obaidul Karim, Managing Director	4,415,697
	A. S. M Shariar Ansari, Director	1,306,500
	Mr. Md. Mujibur Rahman, FCS, FCMA, Independent Director	Nil
	Mr. Ziadul Hoque, Independent Director	Nil
c)	Chief Financial Officer, Company Secretary	Nil
d)	<b>Executives</b>	Nil
e)	<b>Shareholders who are holding 10% or more voting right:</b>	
	Khondoker Afia Sultana, Chairman	10,653,031

## **DECLARATION BY THE CEO & CFO**

In fulfillment to the condition No. 1 (5) (xxvi) of the notification no.- SEC/ CMRRCD/ 2006-158/ 207/ Admin/ 80 dated 03 June 2018 issued under Section 2CC of the Securities & Exchange Ordinance, 1969, we do hereby certify to the Board of Directors that,

- (1) The Financial Statements of Salvo Chemical Industry Limited for the year ended on 30 June 2024 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended 30 June 2024 and that 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.
- (ii) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.



**Md. Salam Obaidul Karim**  
Managing Director &  
Chief Executive Officer



**Md. Saiful Alam**  
Chief Finance Officer

**Annexure-B**

**Report to the Shareholders of  
Salvo Chemical Industry Ltd.  
on Compliance on Corporate Governance Code**

We have examined the Compliance status to the Corporate Governance Code by Salvo Chemical Industry Ltd. for the year ended on June 30, 2024. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

For: **Jasmin & Associates**  
Chartered Secretaries

  
.....  
Jasmin Akter, FCS  
Managing Partner

Place : Dhaka  
Dated : November 25, 2024

## Annexure-C

## Salvo Chemical Industry Limited

For the year ended 30 June 2024  
Status of Compliance with the Corporate Governance Code

As per Condition No.1 (5) (xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969:

(Report under Condition No.9)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Board's Size			
	The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	√		5 members includes 2 Independent Directors
1(2)	Independent Directors			
1(2)(a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s):  Provided that the Board shall appoint at least 1 (one) female independent director in the Board of Directors of the Company;	√		There are 02 Independent Directors (ID) in the Board and the appointment of a female Independent Director (ID) will be completed in due time. To obtain approval from the commission to appoint or reappoint of the Independent Director is in under process.
1(2)(b)(i)	Who either does not hold share in the Company or holds less than one (1%) shares of the total paid up shares of the Company;	√		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		



1(2)(b)(viii)	Who shall not be an independent director in more than 5 (Five) listed companies;	√		None of them is in other board
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non- payment of any loan or advance or obligation to a bank or a financial institution; and"	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM) : Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		Not vacant for this year
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	√		
1(3)	<b>Qualification of Independent Director (ID)</b>			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws regulatory requirements and can make meaningful contribution to business;	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		Md. Mujibur Rahman, FCMA, FCS under this category
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	√		Md. Zaidul Hoque under this category
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		Md. Mujibur Rahman, FCMA, FCS under this category
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		



1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			No such matter
<b>1(4)</b>	<b>Duality of chairperson of the Board of Directors and Managing Director of chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		Paid compensation under Article 134
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		N/A, as Chairperson attended all meeting
<b>1(5)</b>	<b>The Director's Report to Shareholders</b>			
1(5)(i)	An Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A Discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss);			No such matter
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such matter
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			No such matter
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A Statement that proper books of account of the issuer Company have been maintained.	√		



1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;			No such matter
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained;	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons If the issuer company has not declared dividend (cash or stock) for the year;			No such matter
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his / her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		



1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	√		
1(6)	<b>Meetings of the Board of Directors;</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		



2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
<b>3(1)</b>	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;"	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.			
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
<b>3(3)(a)</b>	<b>The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:</b>			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	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;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee-For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			



4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee	√		
<b>5</b>	<b>AUDIT COMMITTEE:</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors;	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committees shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the Company and shall include at least 1 (one) Independent Director;	√		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without independent director.	√		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		



<b>5(5)</b>	<b>Role of Audit Committee</b>			
	<b>The Audit Committee shall:-</b>			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			No such matter
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests;			No such matter
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such matter
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			No such matter
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such matter
5(6)(b)	Reporting to the Authorities; If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such matter



5(7)	Reporting to the Shareholders and General Investors ;Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC):-</b>			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (To R) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		



<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No.6(2) (h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
<b>7</b>	<b>External or Statutory Auditors.</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		



7(1)(vi)	Internal audit services or special audit services	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company:-</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance.-</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		



# Salvo Chemical Industry Limited

**Audited Financial Statements**  
**of**  
**SALVO CHEMICAL INDUSTRY LIMITED**  
*For the year ended 30 June 2024*

## INDEPENDENT AUDITORS' REPORT

### To The Shareholders Of Salvo Chemical Industry Limited

### Report On The Audit Of The Financial Statements

#### Opinion

We have audited the financial statements of Salvo Chemical Industry Limited (the Company), which comprise the statement of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June, 2024 and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

I. According to Bangladesh Labour Act 2006, Bangladesh Labour Act (Amended) 2018, and Bangladesh Labour Rules 2015, the company introduced employees benefit scheme i.e. Employees Provident Fund, Gratuity Fund, Worker's Profit Participation Fund (WPPF) but yet to obtain the approval of National Board of Revenue (NBR) under the second schedule of Income Tax Act, 2023. Moreover, the entity does not maintain separate bank account and separate books of account for the above-mentioned employees benefit scheme.

II. The requirement of minimum shareholding jointly by the sponsor(s) and Director(s) is 30% as per notification no. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May 2019 issued by the Bangladesh Securities Exchange Commission whereas in Salvo Chemical Industry Limited the percentage is 25.18%. BSEC issued letter ref no. BSEC/ICAD/SRIC/2023/257/62 dated 07 march 2024 instructed to ensure the requirement of 30% by buying or acquiring remaining shares from the market or in some cases issuing new shares subject to submitting a strategic plan and compliance of relevant provisions of Securities Laws and Companies Act, 1994 within 1 (one) year. Consequently the company held EGM dated 18 July 2024 to increase paid up capital Tk. 64,000,000 through issuance of 6,400,000 no of ordinary shares of Tk. 10 each from the existing

sponsors and directors through private placement against cash consideration duly approved by shareholders. Subsequently BSEC declined in doing so with a letter ref no. BSEC/CI/CPLC (Public)-1118/2024/Part-I/261 dated 07 October 2024.

III. In accordance with para 31 of IAS 16, “after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”. However, the Company has not revalued any of its assets including land and as such the fixed assets under Property, Plant & Equipment may be overstated or understated as on 30 June 2024.

### Key audit matters

Risk	Our response to the risk
<p><b>Capital Work-in-progress</b></p> <p>Capital work-in-progress is pre-stage of capitalization of Property, Plant &amp; Equipment (PPE). Capitalization of expenses and cost of goods are in some extend judgmental in nature.</p>	<p>We have tested the maintaining effectiveness of the entity’s control around the recording and re-assessment of the amount of Capitalization and transfer to PPE. Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documents of capitalization transaction recorded either side of the year and debit notes issued after the year end to determine whether the amount recorded in correct period;</li> <li>• Test the advance adjustments and notes of transfer from CWIP to PPE and costing, date etc. thereof; and</li> <li>• We have also critically analysed journal entries posted during the year to identify unusual items.</li> </ul>
Note no. 05 to the financial statements	
<p><b>Property, Plant and Equipment:</b></p> <p>The company has represented total Property Plant and Equipment (WDV) BDT 1,485,998,234 during the financial year 30 June 2024, which recovers 70.67% of total assets. The company represents addition for property, plant and equipment BDT 102,545,227.</p> <p>This was an area of focus for our audit and significant audit effort.</p>	<p>We tested the design and operating effectiveness of key control focusing on the following:</p> <ul style="list-style-type: none"> <li>• We verified the existence and legal ownership of Property, Plant and Equipment.</li> <li>• Calculated and verified the depreciation of property, plant and equipment.</li> <li>• Evaluating the adequacy of disclosure to financial statements.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against property, plant and equipment.</p>

Note no. 03.00 to the financial statements

**Recoverability assessment of Trade receivables**

The company has a net trade receivable of Tk. 82,277,247 as at 30 June 2024.

Trade receivables of the company comprise mainly receivables in relation to the trading business regarding the Sales of finished goods. The recoverable amount was estimated by management based on their specific recoverability assessment on debtor with reference to the aging profile, historical payment pattern and the past record of default of the customer.

- Tested the accuracy of aging of trade receivables at year end on a sample basis;
- Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management;
- Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made; and Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.

Note no. 10 to the financial statements

**Advance, Deposit and Prepayments:**

Advance, deposit and prepayments Tk. 204,349,330 for advance income Tax, Advance against rent, LC Margin, construction, salary, Telephone, Electric connection, Titas Gas, security deposit and Advance for expenses.

We have tested the maintaining effectiveness of the advance, deposit and assets position held by the Company. Additionally, we performed the following:

- Obtain Office Rent agreement, went through the terms and conditions of the agreement, and verify the amount of advances.
- Obtain salary statements and pay slips.
- Obtain vendor list to ascertain the advance against purchase.

Note no. 06 to the financial statements

**Tax provisioning and recognition of deferred tax asset**

The Company reported total income tax expense of BDT 27,989,328 with current tax provision Tk. 39,640,311 and deferred tax

- Use of our own tax specialists to assess the company's tax computation. Our tax specialists were also used to evaluate tax strategies that the company expects will hardly enable the successful recovery of the recognized deferred tax liability taking into account the

<p>income Tk. (11,650,983) note no-30. The Company has recognized deferred Tax Liability for deductible temporary differences that it believes are payable. The recoverability of recognized deferred tax liability is in part dependent on the company's ability to generate future taxable profits sufficient to utilize deductible temporary differences.</p>	<p>Company's tax position and our knowledge and experience of the application of relevant tax legislation;</p> <ul style="list-style-type: none"> <li>• To analyses and challenge the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the local legislation;</li> <li>• Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities related to tax and deferred tax.</li> </ul>
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Note no. 30.01 & 30.02 to the financial statements	
<p><b>Revenue Recognition:</b></p> <p>At the end of year, the entity reported total revenue (net sales) of BDT 2,231,279,299.</p> <p>Revenue is recognized when the performance obligation is satisfied by transferring goods or services to a customer, at a point either in time or over time. Goods or services are “transferred” when the customer obtains control of it. It is a matter of consideration whether revenue may be misstated due to recognition of sales transaction before performance obligation being satisfied.</p> <p>This was an area of focus for our audit and significant audit effort to rectify the export income.</p>	<p>We tested the design and operating effectiveness of key control focusing on the following:</p> <ul style="list-style-type: none"> <li>• We have taken into consideration the complexity of the situation and gained an understanding of the company’s disclosures of the volume of sales incurred during the period by obtaining sufficient audit work, audit evidence and resource is required.</li> <li>• Verified sales transactions for compliance with the Company accounting principles.</li> <li>• Evaluated the Company’s work to implement IFRS 15 and assessed whether accounting principles comply with the new accounting standard.</li> <li>• In addition, we performed substantive analytical to understand how the revenue has trended over the year among other parameters, we performed a detailed testing on transactions around the year—end, ensuring revenues were recognised in the correct accounting period.</li> <li>• Tested the internal controls over financial reporting, we also assessed</li> </ul>

	<p>the existence and accuracy of the sales recorded, based among other things on inspection of sales contracts, final acceptances, and the allocation of variable consideration to the various elements in the contracts.</p> <ul style="list-style-type: none"> <li>• Obtain and confirm pro-forma invoice and other related documents and calculate sales balances.</li> </ul>
Note no. 24 to the financial statements	
<p><b>Loans:</b></p> <p>The company presented Loans totalling Tk. 980,486,603 (Long-term loan Tk. 464,319,489 and short-term loan Tk. 516,167,114 in the financial position as at 30 June 2024.</p>	<p>We have tested the maintaining effectiveness of the Long-term loan and short-term loan held by the Company. Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the board of directors meeting minutes to ensure whether any loan agreements or bond issuances are authorized or not;</li> <li>• Checked out the terms and condition of loan sanction letter to make sure they reconcile with information described in the financial statements and board meeting minutes.</li> <li>• Examined cash transaction any large cash amount received by the entity or not;</li> <li>• Sent balance confirmation letter to the respective branch of the certain bank to check the loan amount.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against long-term loan and short-term loan.</p>
Note no. 14 & 16 to the financial statements	

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 these books;
- iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) the expenditure incurred was for the purposes of the company's business.

**Dated: Dhaka**  
3 November, 2024

  
**Dipok Kumar Roy, FCA**  
Partner  
Enrolment No. 1334 (ICAB)  
Basu Banerjee Nath & Co.  
Chartered Accountants  
DVC: 2411031334AS363506

**Salvo Chemical Industry Limited**  
Statement of Financial Position  
As at 30 June, 2024

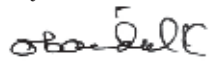
Particulars	Notes	Amount in Taka	
		30 June 2024	30 June 2023
<b>ASSETS:</b>			
<b>Non- Current Assets</b>		<b>2,102,815,812</b>	<b>2,014,595,169</b>
Property, Plant & Equipment	03	1,485,998,234	1,503,343,705
Intangible Asset	04	8,555	9,505
Capital Work in Progress	05	616,809,023	511,241,959
<b>Current Assets</b>		<b>611,385,134</b>	<b>589,933,513</b>
Advance, Deposits & Pre-payments	06	204,349,330	151,376,499
Inventories	07	174,393,042	135,491,510
Investment in Shares	08	88,979,342	47,431,226
Spare Parts	09	10,804,308	9,785,800
Trade Receivable	10	82,277,247	137,219,329
Others Receivable	11	15,278,767	47,211,347
Cash and Cash Equivalents	12	35,303,098	61,417,802
<b>Total Assets</b>		<b>2,714,200,946</b>	<b>2,604,528,682</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES:</b>			
<b>Shareholder's Equity</b>		<b>1,056,273,161</b>	<b>970,008,727</b>
Share Capital	13	650,227,930	650,227,930
Retained Earnings		403,395,642	319,780,797
FVOCI Reserve		2,649,589	-
<b>Non- Current Liabilities</b>		<b>610,846,272</b>	<b>680,484,541</b>
Long Term Loan - Secured	14	464,319,489	522,306,775
Deferred Tax Liabilities	15	146,526,783	158,177,766
<b>Current Liabilities</b>		<b>1,047,081,513</b>	<b>954,035,414</b>
Short Term Loan	16	516,167,114	587,592,708
Margin Loan	08	48,084,641	26,376,489
Accounts Payable	17	240,708,614	126,721,338
Others Payable	18	17,444,281	36,795,412
Unclaimed Dividend Account	19	3,897,677	4,428,697
Provision for Employee Benefits	20	29,959,256	25,819,643
Provision for Profit Participation Fund	21	12,614,950	13,575,337
Provision for Income Tax	22	160,720,266	121,079,955
Provision for Expenses	23	17,484,714	11,645,835
<b>Total Liabilities</b>		<b>1,657,927,785</b>	<b>1,634,519,956</b>
<b>Total Equity and Liabilities</b>		<b>2,714,200,946</b>	<b>2,604,528,682</b>
<b>Net Assets Value Per Share (NAV)</b>	32	<b>16.24</b>	<b>14.92</b>

The annexed notes from 1 to 42 and annexure A to F form an integral part of these financial statements.

  
Company Secretary


  
Director

  
Chief Financial Officer

  
Managing Director

  
Chairman

Signed in terms of our separate report of even date.

  
Dipok Kumar Roy, FCA  
Partner  
Enrolment No. 1334 (ICAB)  
Basu Banerjee Nath & Co.  
Chartered Accountants  
DVC: 2411031334AS363506

**Dated: Dhaka**  
03 November, 2024

**Salvo Chemical Industry Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June, 2024**

Particulars	Notes	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>Revenue</b>	<b>24</b>	2,231,279,299	1,609,011,849
<b>Less : Cost of Goods Sold</b>	<b>25</b>	1,943,307,192	1,253,317,463
<b>Gross Profit</b>		<b>287,972,107</b>	<b>355,694,386</b>
<b>Less: Operating Expenses</b>		<b>78,845,327</b>	<b>74,817,002</b>
Administrative Expenses	26	63,442,711	59,480,355
Selling & Distribution Expenses	27	15,402,616	15,336,647
<b>Profit from Operation</b>		<b>209,126,781</b>	<b>280,877,384</b>
<b>Add: Non-Operating Income</b>	<b>28</b>	<b>30,345,733</b>	<b>9,743,991</b>
<b>Less: Non-Operating Expenses</b>			
Financial Charges	29	96,748,161	86,642,028
<b>Profit before WPPF and Tax</b>		<b>142,724,353</b>	<b>203,979,347</b>
<b>Less: Workers Profit Participation Fund</b>	<b>21</b>	<b>6,796,398</b>	<b>9,713,302</b>
<b>Net Profit before Tax</b>		<b>135,927,955</b>	<b>194,266,045</b>
<b>Income Tax Expenses</b>	<b>30</b>	<b>27,989,328</b>	<b>97,657,048</b>
Current Tax		39,640,311	35,563,320
Deferred tax		(11,650,983)	62,093,727
<b>Net Profit/(Loss) After Tax</b>		<b>107,938,627</b>	<b>96,608,997</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Profit or Loss:			
<b>Changes in Fair Value (Unrealized Gain)</b>		<b>2,649,589</b>	<b>(9,507,499)</b>
<b>Total Comprehensive Income</b>		<b>110,588,216</b>	<b>87,101,498</b>
<b>Earning Per Share (EPS)</b>	<b>31</b>	<b>1.66</b>	<b>1.49</b>

The annexed notes 1 to 42 and annexure A to F form an integral part of these financial statements.

  
**Company Secretary**

  
**Director**


  
**Chief Financial Officer**

  
**Managing Director**

  
**Chairman**

Signed in terms of our separate report of even date.

**Dated: Dhaka**  
03 November, 2024

  
**Dipok Kumar Roy, FCA**  
**Partner**  
**Enrolment No. 1334 (ICAB)**  
**Basu Banerjee Nath & Co.**  
**Chartered Accountants**  
**DVC: 2411031334AS363506**

## Salvo Chemical Industry Limited

### Statement of Changes in Equity For the year ended 30 June, 2024

Particulars	Share Capital	FVOCI Reserve	Retained Earnings	Total Equity
Balance as on July 01, 2023	650,227,930	-	319,780,797	970,008,727
Net Profit after Tax	-		107,938,627	107,938,627
Other Comprehensive Income	-	2,649,589	-	2,649,589
Dividend Paid	-	-	(24,323,783)	(24,323,783)
Balance as on June 30, 2024	650,227,930	2,649,589	403,395,642	1,056,273,161

## Salvo Chemical Industry Limited

### Statement of Changes in Equity For the year ended June 30, 2023

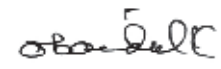
Particulars	Share Capital	FVOCI Reserve	Retained Earnings	Total Equity
Balance as on July 01, 2022	650,227,930	6,476,288	291,225,804	947,930,022
Net Profit after Tax	-	-	96,608,998	96,608,998
Other Comprehensive Income	-	(6,476,288)	(3,031,211)	(9,507,499)
Dividend	-	-	(65,022,793)	(65,022,793)
Balance as on June 30, 2023	650,227,930	-	319,780,797	970,008,727

The annexed notes 1 to 42 and annexure A to F form an integral part of these financial statements.

  
Company Secretary


  
Director

  
Chief Financial Officer

  
Managing Director

  
Chairman

Dated: Dhaka  
03 November, 2024

  
Dipok Kumar Roy, FCA  
Partner  
Enrolment No. 1334 (ICAB)  
Basu Banerjee Nath & Co.  
Chartered Accountants  
DVC: 2411031334AS363506

**Salvo Chemical Industry Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June, 2024**

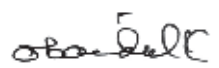
Particulars	Notes	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>A. Cash Flow from Operating Activities:</b>			
Cash Received from Customer		2,318,153,961	1,586,801,664
Cash Received from Other than Operating Income		30,345,733	9,743,991
Cash Paid to Suppliers, Expenses & Others		(1,861,444,420)	(1,146,584,880)
Finance Charges		(96,748,161)	(86,642,028)
Income Tax Paid		(37,382,489)	(26,675,963)
<b>Net Cash Flows from Operating Activities</b>		<b>352,924,624</b>	<b>336,642,784</b>
<b>B. Cash Flow from Investing Activities:</b>			
Property, Plant and Equipment		(102,545,227)	(274,557,079)
Capital Work In-progress		(105,567,064)	(102,728,695)
FVOCI Reserve		2,649,589	(9,507,499)
Investment in Shares		(41,548,116)	(4,953,671)
<b>Net Cash Used by Investing Activities</b>		<b>(247,010,818)</b>	<b>(391,746,944)</b>
<b>C. Cash Flow from Financing Activities:</b>			
Long Term Loan- Secured		(57,987,286)	(82,883,309)
Short Term Loan		(71,425,594)	188,773,843
Margin Loan		21,708,152	26,376,489
Cash Dividend Paid		(24,323,783)	(65,022,793)
<b>Net Cash Used by Financing Activities</b>		<b>(132,028,511)</b>	<b>67,244,230</b>
<b>D. Net Increase/ Decrease in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(26,114,705)</b>	<b>12,140,070</b>
<b>E. Cash and Cash Equivalents at Beginning of the year</b>		<b>61,417,802</b>	<b>49,277,733</b>
<b>Cash and Cash Equivalents at End of the year (D+E)</b>		<b>35,303,098</b>	<b>61,417,802</b>
<b>Net Operating Cash Flow per Share (NOCFPS)</b>	<b>33</b>	<b>5.43</b>	<b>5.18</b>

The annexed notes 1 to 42 and annexure A to F form an integral part of these financial statements.

  
**Company Secretary**

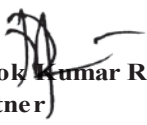
  
**Director**

  
**Chief Financial Officer**

  
**Managing Director**

  
**Chairman**

**Dated: Dhaka**  
03 November, 2024

  
**Dipak Kumar Roy, FCA**  
**Partner**  
**Enrolment No. 1334 (ICAB)**  
**Basu Banerjee Nath & Co.**  
**Chartered Accountants**  
**DVC: 2411031334AS363506**

## Salvo Chemical Industry Limited

Notes to the Financial Statements

For the year ended 30 June, 2024

### 01. BACKGROUND AND OBJECTIVES OF THE COMPANY

#### 01.01 Introduction and Legal Status

The company was incorporated as a private limited company in Bangladesh in the name & style of **Salvo Chemical Industry Limited** under the Companies Act, 1994, vide Reg. No. “C-44978(1446) 2002” dated 29 January, 2002 with the Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka. Subsequently the Company was converted to a Public Limited Company by registration on 04 August 2008 from the Registrar of Joint Stock Companies & Firms (RJSCF). Corporate office of the company is situated at “Suite No.# 401, (3rd Floor), 210-211, Nawabpur Road, Dhaka-1100” and the factory located at “South Dhonua, Sripur, Gazipur. The Company went for public issue in 2011 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 18.04.2011 and 20.04.2011 respectively. Consequently, the company has acquired the following licenses and legal Approvals:

Sl. No.	Name of License	Registration of license	Date of License Issued/ Renewed	Validity till
1.	Trade License	162464000237	31/07/2024	30.06.2025
2.	Tax Identification Number	440684599827	05/03/2002	N/A
3.	Assessment completion	-	-	Up to 2023-2024
4.	BIN Number	000313586	01/10/2002	N/A
5.	Import Registration Certificate	260326120096619	13/07/2003	2024-2025
6.	BSTI License	DHK-CM-0000000004840	18/07/024	30.06.2027
7.	DCCI Membership Certificate	11138	27/12/2007	31.12.2024
8.	Board of Investment	BRA-02Nov202-00010	02/11/2022	N/A
9.	Environment Clearance Certificate	23-105182	03/09/2023	2024
10.	Fire License	AD/DHAKA/17582/2003	27/04/2003	30.06.2025
11.	Production Clearance Certificate from Department of Explosives	9/(40)/1-2/3441	7/5/2003	N/A
12.	Factory License from chief inspector of Factories	33-86-1-074-00003	31/12/2003	30.12.2025
13.	Boiler Certificate	3030	27/10/2003	30.04.2025
14.	Boiler Certificate	10567	03/07/2023	30.04.2025
15.	Food Safety Management ISO 22000:2018	41192208001	09/08/2022	08.08.2025
16.	Halal Certificate-Liquid Glucose	DHK-HC-0000000000077	17/08/2023	16.08.2026
17.	Halal Certificate-Starch	DHK-HC-0000000000078	17/08/2023	16.08.2026
18.	Trade Mark Registration	App. No. 81276-01	22/07/2003	N/A

## 01.02 Nature of Business

The company has been established with a view to producing and supply of different chemicals for local consumption. Some of the chemicals are, interalia:

- a) Sulphuric Acid;
- b) Battery Grade Water;
- c) Liquid Glucose;
- d) Starch;
- e) Fiber;
- f) Germ;
- g) Gluten;
- h) Dust etc.

The company is now producing Sulphuric Acid, Liquid Glucose and Starch as “Main Product” & Battery Grade Water, Gluten, Germ, Fiber as “By-product”. The commercial production of product "Sulphuric Acid" starts from 25 April 2003. The commercial production of product "Liquid Glucose" starts from 09 August 2018. The commercial production of product "Starch" starts from 24 May 2021. The production of Corn Starch Unit is suddenly stopped due to machineries fault of starch dry section dated 22 June 2021. The full production of the Corn Starch Unit has been started again on May 16, 2022 after having successful trail production.

## 02. SIGNIFICANT ACCOUNTING POLICIES

### 02.01 Accounting Basis

The financial statements have been prepared on a going concern basis under historical cost convention on accrual basis and in accordance with, IAS, IFRS. The accounting policies have been consistently followed.

### 02.02 Basis of Preparation and Presentation of the Financial Statements

The financial statements have been prepared and the disclosure of information thereof have been made in accordance with the requirements of the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRS) as adopted by Institute of Chartered Accountants of Bangladesh (ICAB) and the companies Act- 1994 and other the applicable laws, rules and regulations.

### 02.03 Recognition of Tangible Property, Plant & Equipment

#### Recognition

Assets having a useful life for more than a year are generally capitalized. Fixed Assets are stated at cost less accumulated depreciation. Cost of assets represents cost of acquisition plus construction, erection and other relevant expenditure etc.

Lease assets in case acquired, for transfer of ownership, as a Finance Lease shall be recognized in accordance with International Accounting Standard (IAS)-17.

#### Depreciation

No depreciation has been charged on land & land development. Depreciation has been charged on all other fixed assets, acquired either purchase or lease, applying diminishing balance method. All the assets acquired during the year have been depreciated considering month of Acquisition and available for use. The rates of depreciation are as follows:

<u>Category</u>	<u>Rate</u>
Factory Building & Construction	5%
Plant & Machinery	10%
Electric Installation	10%
Office Equipments	10%
Furniture	10%
Vehicles	10%

#### **02.04 Inventories**

In compliance with the requirement of IAS-2 “Inventories”, Raw Materials and Stores are valued at the lower of average cost and the net realizable value. The costs of inventories are valued at weighted average price.

#### **02.05 Investment in Shares**

Investments in Marketable Securities are measured at fair value. Unrealized Gain or Loss on these financial assets is recognized in “Other Comprehensive Income”. The company has accounted for it as per IFRS 9. The company has reported unrealized gain/ (loss) from Marketable Securities as Other Comprehensive Income in the “Statement of Profit or Loss and Other Comprehensive Income:” and in the “Statement of Changes in Equity” which are in conformity with IAS-12 and IFRS-9.

#### **02.06 Cash and Cash Equivalents**

Cash and Cash Equivalents include cash in hand, cash at bank and cash at BO Account which are held and available for use by the company without any restriction and in support of the Articles of Association of the company.

#### **02.07 Cash Flow Statement**

Cash Flow Statement is prepared in accordance with the requirements of IAS- 7 (“Cash Flow Statement”) under direct method.

#### **02.08 Revenue Recognition**

Revenue from the sale of chemical is recognized when:

- i) Significant risk and rewards of ownership is transferred to the customers,
- ii) The company has no managerial involvement of ownership to the goods,
- iii) The amount of revenue and cost of the transaction can be measured reliably, and
- iv) Invoice and delivery challan are issued to the customers.

#### **02.09 Provision for expenses**

While the provision for certain charges and known liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/ demands and/ or actual payments is adjusted in the subsequent year when such liabilities are settled.

#### **02.10 Taxation**

Provision for income tax has been made in the accounts @ 22.50% as applicable for a public limited company considering Finance Act, 2023 and accounted for in accordance with IAS 12: Income Taxes.

#### **02.11 Earning Per Share**

“Basic Earning per Share (EPS)” & “Earning per Share (EPS)- Restated” have been calculated under weighted average method as per IAS-33: Earning per share.

#### **02.12 Borrowing Costs**

In compliance with the requirements of BAS 23 “Borrowing Costs” borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

## 02.13 Integral Components of the Financial Statements

In compliance with the International Accounting Standard (IAS)-1 “Presentation of Financial Statements,” the following components are annexed with this component (**Notes to the Financial Statements**):

- i) Statement of Financial Position as at June 30, 2024;
- ii) Statement of Profit or Loss and Other Comprehensive Income for the period from 01 July 2023 to June 30, 2024;
- iii) Statement of Changes in Equity for the year ended June 30, 2024;
- iv) Statement of Cash Flows for the year ended June 30, 2024.
- v) Notes, comprising significant accounting policies and other explanatory information’s for the year ended June 30, 2024.

## 02.14 Comparative Information:

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year’s financial statements.

## 02.15 Comparative Information:

The Companies complied, as per Para 12 of Securities & Exchange Rule 1987, with the following International Accounting Standards (IASS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements of the Company subject to departure where we have followed:

Sl. No.	IAS & IFRS No.	IFRS / IAS Title	Compliance Status
1	IAS 1	Presentation of Financial Statements	Complied
2	IAS 2	Inventories	Complied
3	IAS 7	Statement of Cash Flows	Complied
4	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	IAS 10	Events after the Reporting Period	Complied
6	IAS 12	Income Taxes	Complied
7	IAS 16	Property, Plant & Equipment	Complied
8	IAS 19	Employee Benefits	Complied
9	IAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
10	IAS 23	Borrowing Costs	Complied
11	IAS 24	Related Party Disclosures	Complied
12	IAS 33	Earnings per Share	Complied
13	IAS 36	Impairment of Assets	Complied
14	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Complied
15	IFRS 7	Financial Instruments: Disclosures	Complied
16	IFRS 8	Operating Segments	Complied
17	IFRS 9	Financial Instruments	Complied
18	IFRS 15	Revenue from controls with customers	Complied
19	IFRS 16	Leases	Complied

## 02.16 General

- i) Figures shown in the accounts have been rounded-off to the nearest Taka;
- ii) Previous year figures have been re-arranged where necessary to confirm to current year’s presentation;
- iii) All shares have been fully called-up and paid-up;
- iv) There was no Contingent Liability.
- v) Bank Balance shown in the accounts were duly reconciled.

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>03.00</b>	<b>Property, Plant and Equipment</b>		
	<b>A. Cost Information</b>		
	Opening balance	2,283,563,075	2,009,005,996
	Add: Addition during the year	102,545,227	274,557,079
	<b>Total Assets Value at Cost</b>	<b>2,386,108,302</b>	<b>2,283,563,075</b>
	<b>B. Accumulated Depreciation</b>		
	Opening Balance	780,219,370	659,823,827
	Add: Charged during the year	119,890,698	120,395,543
		<b>900,110,068</b>	<b>780,219,370</b>
	<b>Written Down Value (WDV) [A-B]</b>	<b>1,485,998,234</b>	<b>1,503,343,705</b>
	Details of Property, Plant & Equipment are shown in the annexed Annexure-A.		
<b>04.00</b>	<b>Intangible Asset</b>		
	<b>A. Cost</b>		
	Opening Balance	60,000	60,000
	Add: Addition during the year	-	-
		<b>60,000</b>	<b>60,000</b>
	<b>B. Accumulated Amortization</b>		
	Opening Balance	50,495	49,439
	Add: Addition during the year	951	1,056
		<b>51,446</b>	<b>50,495</b>
	<b>Written down value (WDV) [A-B]</b>	<b>8,555</b>	<b>9,505</b>
	Details of Intangible Assets are shown in the annexed Annexure-B.		
<b>05.00</b>	<b>Capital work in progress</b>		
	Opening Balance	511,241,959	408,513,264
	Add: Addition during the year	109,474,828	102,728,695
		<b>620,716,787</b>	<b>511,241,959</b>
	Less: Adjustment/ Transfer to Property, Plant and Equipment	3,907,764	-
	<b>Closing Balance</b>	<b>616,809,023</b>	<b>511,241,959</b>
<b>06.00</b>	<b>Advance, Deposits &amp; Pre-payments</b>		
	Advance Income Tax 06.01	142,724,488	105,341,999
	Advance against Rent	40,000	601,000
	Advance against L/C- Margin & Purchase	10,185,847	5,828,860
	Advance against Construction	12,500,000	12,500,000
	Advance against Salary	817,409	114,755
	Security Deposit- Telephone (3 Nos.)	30,000	30,000
	Security Deposit- Electric Connection (Mymansing PBS-2)	8,745,644	8,745,644
	Security Deposit- Titas Gas	12,202,512	11,902,512
	Advance VAT	9,004,998	-
	Advance for Expenses	8,098,432	6,311,729
	<b>Closing Balance</b>	<b>204,349,330</b>	<b>151,376,499</b>
<b>06.01</b>	<b>Advance Income Tax</b>		
	Opening Balance	105,341,999	78,666,036
	Add: Addition during the year	37,382,489	26,675,963
		<b>142,724,488</b>	<b>105,341,999</b>
	Less: Adjustment during the year	-	-
		<b>142,724,488</b>	<b>105,341,999</b>
	Advance Income Tax amounting Tk. 21,368,788 carried forwarded since 2012-2013, because there is a suit on honourable high court against 2009-2010, 2010-2011, 2011-2012 and 2012-2013 financial year assessment.		
<b>07.00</b>	<b>Inventories</b>		
	Raw Materials 07.01	149,485,631	97,470,647
	Work in process	8,690,990	2,205,695
	Finished Goods 07.02	16,216,421	35,815,168
	<b>Closing Balance</b>	<b>174,393,042</b>	<b>135,491,510</b>

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>07.01</b>	<b>Closing Stock of Raw Material</b>		
	Sulphur	59,847,672	27,973,417
	Caustic Soda	220,149	712,238
	Lime	77,952	28,961
	Soda ash	776,694	1,605,624
	Maize	65,518,221	49,273,869
	Clearflow AA (Food Grade Enzyme)	5,928,716	2,154,512
	Sodium Metabi Sulphate	2,775,051	4,681,980
	Activated Carbon	4,546,429	5,158,381
	Acid Resin	5,011,880	1,894,713
	Hydrochoric Acid	47,893	66,695
	Others	4,734,974	3,920,257
		<b>149,485,631</b>	<b>97,470,647</b>
<b>07.02</b>	<b>Finished Goods</b>		
	Sulphuric Acid	6,409,239	1,999,913
	Liquid Glucose	2,052,166	24,694,582
	Starch	490,886	2,109,910
	<b>By-Product:</b>		
	Gluten	350,381	705,878
	Germ	2,613,084	1,895,192
	Fiber	4,300,665	4,409,693
	<b>Total Value of Closing Stock of Finished Goods</b>	<b>16,216,421</b>	<b>35,815,168</b>
<b>08.00</b>	<b>Investment in Shares</b>		
	Balance as per Protfolio of BO A/C	88,979,342	47,431,226
		<b>88,979,342</b>	<b>47,431,226</b>
The above balance includes margin loan of Tk. 48,084,641.00 [Details are shown in the annexed Annexure-C]			
<b>09.00</b>	<b>Spare Parts</b>		
	Opening Balance	9,785,800	8,315,528
	<b>Add :</b> Addition during the year	4,716,769	3,929,126
	Spare Parts Available for use	<b>14,502,569</b>	<b>12,244,654</b>
	<b>Less:</b> Issued during the year	3,698,261	2,458,854
		<b>10,804,308</b>	<b>9,785,800</b>
<b>10.00</b>	<b>Trade Receivable</b>		
	Aysha Trading Corporation	-	2,273,095
	Abul Khair Consumer Products Ltd.	3,438,122	4,813,460
	Agro BD	65	1,040,065
	Ak Agro FD	250	643,250
	Akij Group	833,816	1,506,121
	Akij Carton	1,414,308	-
	Al Amin Enterprise	5,864	83,864
	Al Islam Enterprise	290	359,290
	Amir Horzon Trading	2,265	54,765
	Anan Poultry Feed	18,220	1,440,220
	Arafat Traders	13,053	-
	Asian Consumers Care (Pvt.) Ltd.	-	46,400
	ASM Chemical	-	22,265
	Awal Store	421	1,892,570
	Bagdad Traders (FD)	1,000	960,000
	Baizid Enterprise	-	419,960
	Bangla Trac Manufacturing Ltd.	5,190,218	6,642
	Bishal Traders	2,260	787,760
	Ceylon Biscuits	141,163	814,463
	Chan Mia Enterprise	-	717,219
	Easy Tissue	10,560	678,560
	Ema Dairy	34,220	1,039,220
	Farid & Co.	-	4,141,076
	Ferdous Trading	-	2,668,110
	Friends Chemical	-	3,476,514
	Gazi Corporation	346,722	1,480,297
	Gold Age	-	1,227,400

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
	Hamas Garments Ltd.	9	-
	Happy Interlining	-	1,118,900
	Hasi Enterprise	-	948,560
	Habigonj Agro Ltd.	8,775,000	-
	Hazi Abdul Jalil Traders	-	1,644,500
	Hazi Sizing	12,550	1,423,550
	H M A Agro Farm	18,425	418,425
	Ibrahim Oil Mill	-	729,500
	Ifad Multi Products Ltd.	1,022,575	827,454
	Igloo Ice Cream	82,180	130,100
	Islam Pack & packaging	8,405	858,405
	Janani Traders	-	1,930,000
	Jiyan Enterprise	8,003	198,639
	J S Chemical	-	1,095,808
	Kajimuddin & Sons	1,003,333	1,429,100
	Kamal Enterprise	3,900	1,574,000
	Karnafuly Oil Mills	6,985	110,985
	Kayes Traders	-	1,573,800
	Kazimuddin & Sons	-	2,309,500
	Khan Brothers & Associates	-	292,000
	K M Feed Mill	-	308,793
	K R Sizing	-	1,258,318
	Lson Sizing	307,204	1,914,804
	MA Babar Doya Enterprise	1,025	2,029,150
	MA Enterprise	381	-
	Mahabub Traders	6,805	1,380,000
	Manha Traders	-	1,106,725
	Marzia -FD	7,125	1,102,500
	Matador Food & Allied Ltd.	1,064,814	861,301
	Meghna Group	2,519,640	-
	Meghna Noodles and Biscuit Factory Ltd.	277,290	-
	M A Trading	-	486,000
	Mokhles Enterprise	132,000	790,000
	Motalab Traders	259,800	1,086,300
	MRT Agro Product	-	80,000
	Mukta Enterprise	-	161,700
	Munshi Scientific	5,681	390,000
	Nabil Sizing	-	1,128,500
	Nazma Traders	552,350	2,610,800
	Nazrul Agro	-	754,550
	Nazrul & Brothers	-	969,510
	New Hope Agrotech	4,954,273	-
	New Sun Chemical	4,550	516,000
	Nipa Traders	2,880	-
	Nirob Enterprise	78,940	578,940
	Nodi Bangla Sizing	-	239,600
	Noor Perfumery	-	59,800
	Olympic Industries Ltd.	20,399,244	23,919,361
	Palash Banijja Bitan	-	1,050,491
	Perfetti Van Melle Bangladesh Pvt. Ltd.	6,034,432	11,726,493
	Porag Agro Food	-	224,000
	Prohor Traders	-	450,000
	Quality Deychem	2,060	502,000
	Rabbi Sizing	7,100	105,500
	Rafique Enterprise	-	23,200
	Rahman Enterprise	-	474,400
	Rani Food Industry Ltd.	2,868,600	120,000
	Reedisha Food & Beverage Ltd.	-	305,143
	Ripon Enterprise	-	1,136,195
	Rising Trade International	-	1,023,000
	Rupsadi Sizing	-	1,521,015
	Rupshi Foods Ltd.	12,547,306	3,357,050
	Sabuj Bangla Transport	-	69,900
	S A Enterprise	-	694,400
	Sakiba Enterprise	851,108	809,718
	Salauddin Enterprise	546,979	904,340

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
	Sapnil Enterprise	166,968	1,845,680
	Sawdagar Trading	-	778,291
	Shahjahan Chemical Industry	413	2,189,313
	Shamim Traders	1,699	1,081,000
	Sohag Traders	-	1,384,960
	Sonali Traders	-	1,127,500
	S R Ingredients Ltd.	398,686	24,295
	Sunflower Sizing	-	855,914
	Sun Sizing	-	2,090,121
	Tareque Enterprise	-	2,192,647
	Tanveer Paper Mills Ltd	5,007,700	-
	Unique Solution	-	195,325
	Utas Enterprise	-	239,880
	Uttara Traders	4,172	1,417,174
	Vision Interlining Ltd.	-	355,926
	Vision & Vision	-	614,400
	Walton Hi-Tech Industries PLC	857,571	212,050
	Zinnurian Enterprise	14,269	1,179,544
		<b>82,277,247</b>	<b>137,219,329</b>

#### 10.01 Ageing of Trade Receivable

Due within 6 Months	74,216,472	103,834,918
Due within above 6 Months	8,060,775	33,384,411
	<b>82,277,247</b>	<b>137,219,329</b>

#### 11.00 Others Receivable

M/s. A.A. Enterprise	-	4,053,962
City Alminum Fabricator	4,660	804,370
Bright Scientific Co.	38,990	19,870
Bijoy Impex Ltd.	-	605,528
Global Quick Service	59,741	-
PF Fund Loan	5,403,621	5,090,310
Shahjalal Engineering	3,550,000	3,550,000
Runner Motors Ltd.	202,500	202,500
Ibrahim & Sons	562,176	291
Ifad Autos Ltd.	5,000	-
Insia Enterprise	9,594	-
New Panama Printers	8,200	2,168,200
Nur Enterprise	-	1,897,718
Noor Enterprise	264,851	81,874
PPF Receivable	-	4,372,472
Peak Polymer Ltd.	-	1,440,253
Ruma Trading	542,950	3,643,922
Satcom IT Limited	-	100,000
Sohel Enterprise	-	4,102,756
S M Engeneering Workshop	962,800	-
S S Enterprise	41,203	9,660
Capital Market Stabilization Fund (CMSF)	-	11,785,000
Receivable from employee against PPF	3,622,481	3,282,661
	<b>15,278,767</b>	<b>47,211,347</b>

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>12.00</b>	<b>Cash and Cash Equivalents :</b>		
	<b>Cash in Hand (A)</b>	<b>535,006</b>	<b>151,169</b>
	Head Office	51,270	71,348
	Factory	483,736	79,821
	<b>Cash at Bank (B)</b>	<b>34,446,914</b>	<b>60,943,692</b>
	NCC Bank, A/C # 0210014874	3,896	4,528
	NCC Bank, A/C # 0325000813	86,862	85,405
	NCC Bank, A/C # 00280210017915	10,538	10,538
	Dutch Bangla Bank, A/C # 10511015936	3,054,899	24,924,202
	Dutch Bangla Bank, A/C # 1100053145	-	918
	Dutch Bangla Bank, A/C # 1011200007473	498,768	489,416
	Dutch Bangla Bank, A/C # 2971100002892	52,748	2,829,419
	MTBL, C/A # 1301000311293	2,508,345	-
	MTBL, C/A # 2032003267	31,249	21,590
	Social Investment Bank Ltd., A/C # 133300000121	1,089	1,089
	SIBL, C/A # 0211330009134 Dhanmondi Br.	12,683	12,683
	SIBL, C/A # 0221330009875, Nawabpur Road Br.	6,247,259	16,735,153
	SIBL, STD # 0221360001242	6,127,297	6,788,146
	SIBL, C/A # 1011330000019, Mawna Br.	4,710,309	43,368
	SIBL, A/C # 0221330020846, Nawabpur Road Br.	1,490,217	234,217
	Sonali Bank Ltd, CD # 0002602005413	47,585	48,965
	Sonali Bank Ltd, CD # 5524402000923	87,838	-
	Standard Bank Ltd. A/C# 22733000368	2,026,266	344,006
	Standard Bank Ltd. A/C# 00233013341	333,374	349,294
	Premier (PBL) Bank, CD # 010211100015969	83,589	84,566
	Al-Arafah Islami Bank Ltd. # 024103, Navabpur Br.	5,784,460	7,033,208
	Agrani Bank Ltd. CD # 0200014164461	78,616	458,811
	Islami Bank Ltd. C/A # 20501180100752800	1,149,463	424,606
	BCBL, C/A # 00721001123	17,796	17,796
	Basic Bank Ltd, C/A # 0210010007825	1,768	1,768
	<b>B.O. A/C-19573, 19534 (C)</b>	<b>10,354</b>	<b>11,254</b>
	<b>B.O. A/C-1203850074555201. (D)</b>	<b>1,061</b>	<b>1,511</b>
	<b>B.O. A/C-02353 (E)</b>	<b>309,763</b>	<b>310,176</b>
	<b>Total Cash and Cash Equivalents (A+B+C+D+E)</b>	<b>35,303,098</b>	<b>61,417,802</b>

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023

### 13.00 Share capital

#### Authorised Capital

150,000,000 Ordinary Shares of Tk. 10 each.

**1,500,000,000**      **1,500,000,000**

#### Issued, Subscribed and Paid up Capital

(65,022,793 ordinary shares @ Tk 10 each)

	Number of Shares	Face Value per Share	Share Capital 30.06.2024	Share Capital 30.06.2023
Balance of beginning of the year	65,022,793	10	650,227,930	650,227,930
Issue of bonus share	-	10	-	-
Balance of end of the year	<b>65,022,793</b>		<b>650,227,930</b>	<b>650,227,930</b>

Class of Shareholders	Number of Investors	Number of Share hold	Share holding (Percentage) 30.06.2024	Share holding (Percentage) 30.06.2023
Sponsors/Directors	3	16,375,228	25.18	25.18
General Public	11,589	42,690,874	65.66	66.76
Institutional Investors	147	5,956,691	9.16	8.06
<b>Total</b>	<b>11,739</b>	<b>65,022,793</b>	<b>100</b>	<b>100</b>

#### Details of Share Holding Position are as Under

Share Groups	Number of Share	No. of Shareholder	% of holding
Less Than 500	593,542	5,875	0.91
501 to 5,000	6,349,549	4,671	9.77
5,001 to 10,000	3,585,233	476	5.51
10,001 to 20,000	4,715,184	326	7.25
20,001 to 30,000	2,862,839	116	4.40
30,001 to 40,000	2,076,521	59	3.19
40,001 to 50,000	2,571,960	56	3.96
50,001 to 100,000	6,647,901	94	10.22
100,001 to 1,000,000	13,897,589	58	21.38
Above 1,000,000	21,722,475	8	33.41
<b>Total</b>	<b>65,022,793</b>	<b>11,739</b>	<b>100.00</b>

The stocks of the company were listed with the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd. on 18.04.2011 and 20.04.2011 respectively. Trading of stocks was started in the both houses since 21 April 2011.

Upon completion of IPO, the shareholding position of Sponsor and Directors was 22.14%. According to BSEC notification dated 21 May 2019, such shareholding should be minimum 30% with at least 2% of each Director. The company was in process to comply with this requirement and has been able to increase 3.04% in different phases comply with the legal and regulatory process. As such, as on 30 June, 2024, the holding of paid up capital of Sponsor and Directors is 25.18%.

In order to fulfil the rest of 4.82%. BSEC issued letter ref no. BSEC/ICAD/SRIC/2023/257/62 dated 07 march 2024 instructed to ensure the requirement of 30% by buying or acquiring remaining shares from the market or in some cases issuing new shares subject to submitting a strategic plan and compliance of relevant provisions of Securities Laws and Companies Act, 1994 within 1 (one) year. Consequently the company held EGM dated 18 July 2024 to increase paid up capital Tk. 64,000,000 through issuance of 6,400,000 no of ordinary shares of Tk. 10 each from the existing sponsors and directors through private placement against cash consideration duly approved by shareholders. Subsequently BSEC declined in doing so with a letter ref no. BSEC/CI/CPLC (Public)-1118/2024/Part-I/261 dated 07 October 2024.

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>14.00 Long Term Loan - Secured</b>			
	<b>Social Islami Bank Ltd.</b>		
	Opening Balance	676,582,555	687,657,216
	Addition during the year	-	642,115,048
	<b>Add:</b> Interest charged during the year	56,694,439	47,832,341
		<b>733,276,994</b>	<b>1,377,604,605</b>
	<b>Less:</b> Payment made during the year	114,681,725	701,022,050
		<b>618,595,269</b>	<b>676,582,555</b>
	<b>Less:</b> Current Portion of Long Term Loan	154,275,780	154,275,780
		<b>464,319,489</b>	<b>522,306,775</b>
The above loan has been availed from Social Islami Bank Ltd. as Term Finance Facilities. Securities for the facilities are 820 decimal land and hypothecation of machineries. Interest rate varies from 9.00% to 15.50% as per decision of the bank from time to time. Purpose of above loan was machineries import, building construction, ETP & Utilities set-up.			
<b>15.00 Deferred Tax Liability/(Assets)</b>			
	Deferred Tax Liability for temporary difference of PPE	15.01 149,425,045	160,476,985
	Deferred Tax Liability/(Assets) on Gratuity Provision	15.02 (2,898,262)	(2,299,218)
		<b>146,526,783</b>	<b>158,177,766</b>
<b>15.01 Deferred Tax Liability for temporary difference of PPE</b>			
	Accounting Base Written Down Value (WDV)	1,486,006,789	1,503,353,210
	Tax Base WDV	821,895,479	790,122,168
	<b>Taxable temporary difference</b>	<b>664,111,310</b>	<b>713,231,042</b>
	<b>Less:</b> Unabsorbed depreciation	-	-
		<b>664,111,310</b>	<b>713,231,042</b>
	Applicable Tax Rate	22.50%	22.50%
	<b>Closing Deferred Tax Liability/(Assets)</b>	<b>149,425,045</b>	<b>160,476,985</b>
	Opening Deferred Tax Liability/(Assets)	(160,476,985)	(97,772,598)
	<b>Deferred Tax Expenses/(Income) during the year</b>	<b>(11,051,940)</b>	<b>62,704,387</b>
<b>15.02 Deferred Tax Liability/(Assets) on Gratuity Provision</b>			
	Closing Gratuity Provision	12,881,163	10,218,750
	Applicable Tax Rate	22.50%	22.50%
	<b>Closing Deferred Tax Liability/(Assets)</b>	<b>(2,898,262)</b>	<b>(2,299,218)</b>
	Opening Deferred Tax Liability/(Assets)	(2,299,218)	(1,688,559)
	<b>Deferred Tax Expenses/(Income) during the year</b>	<b>(599,043)</b>	<b>(610,659)</b>
<b>16.00 Short Term Loan</b>			
	Loan Trust Receipts (LTR)	225,731,994	281,196,851
	Cash Credit	136,159,340	152,120,077
		<b>361,891,334</b>	<b>433,316,928</b>
	<b>Add:</b> Current Portion of Long Term Loan	154,275,780	154,275,780
		<b>516,167,114</b>	<b>587,592,708</b>

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>17.00</b>	<b>Accounts Payable</b>		
	Munshi Enterprise	3,259,614	1,067,941
	Alpha Trading	27,754,228	18,330,698
	A A Enterprise	25,867	-
	Aysha Trading Coproration	5,071,921	-
	A R Brothers	-	525,785
	Amzad & Brothers	-	229,849
	Bijoy Imprex Ltd	6,320,752	-
	B. Construction	22,177,174	27,777,174
	Boiler Vision	-	50,000
	Bhai Bhai Enterprise	254,846	-
	Chemland BD	78,750	105,000
	ELCO Wires and Cables Ltd.	-	817,826
	GQ Industries Ltd.	2,872,993	336,500
	Hazi Sirazul Enterprise	27,633,000	-
	Hazi Siraj Munshi	720,000	-
	Khan Traders	383,960	1,343,060
	Mayer Doya Enterprise	-	67,408
	Marine Cable Center	-	91,000
	Modina Tranding Corporation	897,800	-
	Mohima Traders	469,398	12,584,398
	New Hope Agrotech	-	2,422,429
	Goodluck Transport & Trading Ltd.	4,575,920	2,855,920
	Global Quick Service	-	68,204
	Jabad Enterprise	490,000	-
	Jaminur Enterprise	29,774,800	-
	Farid & Co	3,656,013	-
	Friends Chemical & Phramaciticals	24,746,779	-
	Faruk Enterprise	1,249,382	11,199,382
	Gazipur Dairy Firm	112,550	-
	Hasi Enterprise.	872,940	-
	Kayes Traders	2,112,670	-
	Nur Enterprise - Maize	541,197	13,216,837
	Palash Banijja Bitan	498,054	-
	Polly Engineering Works	19,775	182,737
	Reedisha Food & Beverage Ltd.	463,257	-
	Rangs Motors	10,060,400	7,165,500
	Rabiul Enterprise	27,050,100	-
	Rabiul Traders	-	48,394
	R S Enterprise	25,863,701	1,086,376
	Shahin Enterprise	6,964,979	3,262,088
	Sun Sizing	266,517	-
	S M Eng. Workshop	-	839,254
	SQ Wire & Cable Co. Ltd.	-	99,515
	S S Enterprise	-	572,063
	Tareque Enterprise	818,683	-
	Three Brothers Enterprise	-	17,200,000
	Tijarah Motors Ltd.	2,552,000	3,176,000
	Uttara Enterprise	98,594	-
		<b>240,708,614</b>	<b>126,721,338</b>
<b>18.00</b>	<b>Others Payable</b>		
	Share Subscription Money	1,066,513	12,073,758
	Withholding Tax Payable	261,159	3,158,312
	Dhaka, Chittagong Stock Exchange & CDBL	478,528	2,401,290
	VAT Current Account	-	2,894,709
	Payable against Loan	12,015,600	12,367,426
	Payable to Government workers welfare foundation fund	3,622,481	3,282,661
	Payable to Salary & Remmuneration	-	617,256
		<b>17,444,281</b>	<b>36,795,412</b>

Notes	Particulars	Amount in Taka	
		30 June, 2024	30 June, 2023
<b>19.00</b>	<b>Unclaimed Dividend Account</b>		
	Cash Dividend 2019-20	471,303	471,303
	Cash Dividend 2020-21	240,149	240,149
	Cash Dividend 2021-22	2,901,864	2,939,489
	Cash Dividend 2022-23	284,361	-
	Fraction Share	-	777,756
		<b>3,897,677</b>	<b>4,428,697</b>
The company has completed transfer of unclaimed cash dividend and stock dividend to the CMSF in line with the provision of BSEC rules within the stipulated deadline.			
<b>20.00</b>	<b>Provision for Employee Benefits</b>		
	Provident Fund	20.01 17,078,093	15,600,893
	Gratuity Fund	20.02 12,881,163	10,218,750
		<b>29,959,256</b>	<b>25,819,643</b>
This includes provision made for employer's subscription & employee's contribution to provident fund and gratuity which is payable within the service life of each employee and/ or after his/ her retirement as per terms of employment of service.			
<b>20.01</b>	<b>Provident Fund</b>		
	Opening Balance	15,600,893	14,199,747
	Add: Charged for the year	1,857,476	1,732,956
		<b>17,458,369</b>	<b>15,932,703</b>
	Less: Payment made during the year	380,276	331,810
		<b>17,078,093</b>	<b>15,600,893</b>
<b>20.02</b>	<b>Gratuity Fund</b>		
	Opening Balance	10,218,750	7,504,709
	Add: Charged for the year	2,753,903	2,744,211
		<b>12,972,653</b>	<b>10,248,920</b>
	Less: Payment made during the year	91,490	30,170
		<b>12,881,163</b>	<b>10,218,750</b>
<b>21.00</b>	<b>Provision for Profit Participation Fund</b>		
	Opening Balance	13,575,337	9,843,093
	Add: Charged for the year	6,796,398	9,713,302
		<b>20,371,735</b>	<b>19,556,395</b>
	Less: Payment made during the year	7,756,785	5,981,058
		<b>12,614,950</b>	<b>13,575,337</b>
This includes provision made for Worker's Profit Participation Fund as per the provisions of the Bangladesh Labour Act, 2006 and the Bangladesh Labour (Amendment) Act, 2018.			
<b>22.00</b>	<b>Provision for Income Tax</b>		
	Opening Balance	121,079,955	85,516,635
	Add: Provision during the year	39,640,311	35,563,320
		160,720,266	121,079,955
	Less: Payment/ Adjustment made during the year	-	-
		<b>160,720,266</b>	<b>121,079,955</b>
<b>23.00</b>	<b>Provision for Expenses</b>		
	Audit Fees	538,250	537,500
	Bonus	-	1,234
	Electricity Bill	8,286,620	5,417,248
	Office Rent	26,625	116,625
	Remunerations	271,810	471,810
	Salary (Admin. & Selling)	2,273,148	1,860,082
	Wages	6,088,261	3,241,336
		<b>17,484,714</b>	<b>11,645,835</b>

Notes	Particulars	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>24.00</b>	<b>Revenue</b>		
	Sales/ Turnover	2,231,279,299	1,609,011,849
		<b>2,231,279,299</b>	<b>1,609,011,849</b>
	Details of Sales/ Turnover are shown in the annexed Annexure-D.		
<b>25.00</b>	<b>Cost of goods sold</b>		
	Opening Stock of Finished Goods	35,815,168	18,384,871
	<b>Add:</b> Cost of Production	1,923,708,445	1,270,747,760
		<b>1,959,523,613</b>	<b>1,289,132,631</b>
	<b>Less:</b> Closing Stock of Finished Goods (Note-07.02)	16,216,421	35,815,168
		<b>1,943,307,192</b>	<b>1,253,317,463</b>
<b>25.01</b>	<b>Cost of Production</b>		
	Opening Stock Raw Materials (Note-07.01)	97,470,647	45,638,253
	<b>Add:</b> Purchase during the year	1,597,748,348	999,600,569
	<b>Raw Materials Available for Consume</b>	<b>1,695,218,995</b>	<b>1,045,238,822</b>
	<b>Less:</b> Closing Stock of Raw Material (Note-07.01)	149,485,631	97,470,647
	<b>Raw Material Consumed during the year</b>	<b>1,545,733,364</b>	<b>947,768,175</b>
	<b>Add:</b> Opening Work in Process (WIP)	2,205,695	3,112,145
	<b>Less:</b> Closing Work in Process (WIP) (Note-07.00)	8,690,990	2,205,695
	<b>Add:</b> Manufacturing Overhead (Note-25.01.01)	384,460,376	322,073,135
		<b>1,923,708,445</b>	<b>1,270,747,760</b>
<b>25.01.01</b>	<b>Manufacturing Overhead</b>		
	Wages & Allowances	77,020,267	60,288,981
	Bonus	4,719,242	5,658,823
	Conveyance	299,845	176,990
	Cell phone-Factory	181,392	117,136
	Computer Maintenance	85,910	126,280
	Electricity Bill	104,077,839	70,830,617
	Entertainment	339,290	452,399
	Fuel for Generator & Boiler	9,102,395	13,494,779
	Food & Tiffin	1,565,807	1,406,513
	Fuel for Carrying & Transport	25,749,356	18,883,396
	Internet Bill	14,500	64,005
	Loading & Unloading- Labour Expenses	441,610	1,067,220
	Medical Expenses	24,693	73,357
	Office Maintenance Factory	2,436,541	2,730,402
	Packaging Expenses	36,143,577	24,857,131
	Paper & Periodicals	4,764	4,702
	Printing & Stationery	335,932	252,512
	Repair & Maintenance	218,170	374,130
	Spare Parts	3,363,412	2,458,854
	Testing Fees	414,015	232,190
	Depreciation (Annexure-A)	117,921,819	118,522,718
		<b>384,460,376</b>	<b>322,073,135</b>

Notes	Particulars	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>26.00</b>	<b>Administrative Expenses</b>		
	Salary & Allowances	27,687,770	16,967,678
	Advertisement	285,126	324,045
	Audit Fees	489,750	363,750
	AGM Expenses	755,600	1,615,000
	Bonus	3,858,458	3,723,322
	Bank Charge and Other Charges	391,187	314,005
	Business Development	1,941,947	1,945,963
	Conveyance	299,305	236,197
	Cell phone	172,400	146,250
	Computer Maintenance	210,695	68,250
	Carrying & Transport- Admin	140,330	307,205
	Credit Rating Fees	34,125	37,625
	Dish Line Bill	31,999	22,900
	Electric Bill	541,400	565,028
	Entertainment	660,651	860,818
	Fuel for Car	1,083,152	1,088,902
	Internet Bill	364,000	376,956
	Insurance Premium	-	3,185,560
	Legal Expenses	452,740	4,292,372
	Meeting Attendance Fees	63,400	-
	Medical Expenses	338,213	95,880
	Office Rent	1,325,851	2,280,548
	Office Maintenance	698,350	408,807
	Printing & Stationery	575,581	1,007,568
	Postage & Telegram	124,048	59,728
	Paper & Periodicals	7,752	7,503
	Remuneration	11,400,000	9,510,280
	Registration & Renewal	2,672,927	2,339,746
	Subscription Charges	684,982	1,121,643
	Telephone Bill	-	17,549
	Traveling Expenses	3,582,992	3,754,694
	WASA Bill	321,150	327,612
	Web Page & Software Maintenance	277,000	233,090
	Depreciation ( <b>Annexure-A</b> )	1,968,879	1,872,825
	Amortization of Intangibles ( <b>Annexure-B</b> )	951	1,056
		<b>63,442,711</b>	<b>59,480,355</b>
<b>27.00</b>	<b>Selling &amp; Distribution Expenses</b>		
	Salary & Allowances	8,021,968	6,588,253
	Bonus	758,829	941,712
	Business Promotion	6,465,250	7,566,855
	Cell phone	20,000	68,000
	Entertainment	32,530	78,517
	Traveling & Conveyance	104,039	93,310
		<b>15,402,616</b>	<b>15,336,647</b>

Notes	Particulars	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>28.00</b>	<b>Non-operating Income</b>		
	Interest on STD	15,330	76,786
	Wastage Sale	9,522,333	7,270,308
	Dividend Income	52,377	510,945
	Income from Sales of Shares (Realise Gain)	20,755,693	1,885,952
		<b>30,345,733</b>	<b>9,743,991</b>
<b>29.00</b>	<b>Financial Charges</b>		
	Short Term Loan	40,053,722	38,809,687
	Term Loan	56,694,439	47,832,341
		<b>96,748,161</b>	<b>86,642,028</b>
<b>30.00</b>	<b>Income Tax Expense</b>		
	Current Tax	30.01 39,640,311	35,563,320
	Deferred Tax	30.02 (11,650,983)	62,093,727
		<b>27,989,328</b>	<b>97,657,047</b>
<b>30.01</b>	<b>Current Tax</b>		
	Current tax expense [ Higher of A & B ]	39,640,311	35,563,320
		<b>39,640,311</b>	<b>35,563,320</b>
	<b>A. Minimum Tax (Higher of Gross Receipts and TDS)</b>	<b>37,382,489</b>	<b>26,675,963</b>
	<b>Tax on Gross Receipts (Under Section 163 (b) (5) (a))</b>		
	Gross receipt from sales	2,231,279,299	1,609,011,849
	Non-Operating Income	30,345,733	9,743,991
	<b>Gross Receipts during the year</b>	<b>2,261,625,032</b>	<b>1,618,755,840</b>
	<b>Tax @ 0.60%</b>	<b>13,569,750</b>	<b>9,712,535</b>
	<b>Income Tax Paid at Source [ U/S 163 (2)]</b>		
	Tax deducted by customer	37,382,489	26,675,963
		<b>37,382,489</b>	<b>26,675,963</b>
	<b>B. Income Tax on Regular Rate</b>		
	<b>Profit Before Tax</b>	135,927,955	194,266,045
	<b>Less:</b> Income from Sales of Shares (Realized Gain)	20,755,693	1,885,952
	<b>Add:</b> Accounting depreciation & Amortization	119,891,649	120,396,599
	<b>Add:</b> Gratuity Provision during the year	2,753,903	2,744,211
		237,817,813	315,520,903
	<b>Less:</b> Tax base Depreciation	70,771,916	158,269,733
	<b>Less:</b> Gratuity paid during the year	91,490	30,170
		166,954,407	157,221,000
	Unabsorbed Depreciation	-	-
	<b>Taxable business income</b>	<b>166,954,407</b>	<b>157,221,000</b>
	Applicable Tax Rate	22.50%	22.50%
	Income Tax	37,564,742	35,374,725
	<b>Add:</b> 10% Income Tax on Realized Gain of Sales of Shares (Tk. 20,755,693 @10%)	2,075,569	188,595
	<b>Income Tax on Regular Rate</b>	<b>39,640,311</b>	<b>35,563,320</b>

Notes	Particulars	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023

### 30.02 Deferred Tax Expenses/(Income)

Deferred Tax expenses/(income) for temporary difference of PPE ( Note 15.1)	(11,051,940)	62,704,386
Deferred Tax expenses/(income) for Gratuity Provision (Note 15.2)	(599,043)	(610,660)
	<b>(11,650,983)</b>	<b>62,093,727</b>

### 31.00 Basic Earning Per Share

Net Profit/ (Loss) After Tax- during the year	107,938,627	96,608,998
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#### Divided by,-

Number of Shares :	65,022,793	65,022,793
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#### Basic Earning per Share

<b>1.66</b>	<b>1.49</b>
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#### Earning Per Share (EPS) (Adjusted)

Net Profit/ (Loss) After Tax- during the year	107,938,627	96,608,998
Number of Shares	65,022,793	65,022,793

#### Earning Per Share (EPS) (Adjusted)

<b>1.66</b>	<b>1.49</b>
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This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders. The company has no diluted instrument in capital structure on the reporting date.

### 32.00 Calculation of Net assets value per share (NAV)

Non-current assets	2,102,815,812	2,014,595,169
<b>Add:</b> Current assets	611,385,134	589,933,513
<b>Less:</b> Non-current liabilities	610,846,272	680,484,541
<b>Less:</b> Current liabilities	1,047,081,513	954,035,414
<b>Net Asset</b>	<b>1,056,273,161</b>	<b>970,008,727</b>
<b>Divided by- Number of Shares outstanding</b>	65,022,793	65,022,793
<b>Net assets value per share (NAV)</b>	<b>16.24</b>	<b>14.92</b>

### 33.00 Calculation of Net Operating Cash Flow per Share (NOCFPS)

Net Cash Flows from Operating Activities	352,924,624	336,642,784
Divided by- Number of Shares	65,022,793	65,022,793
<b>Net Operating Cash Flow per Share (NOCFPS)</b>	<b>5.43</b>	<b>5.18</b>

Notes	Particulars	Amount in Taka	
		01 July, 2023 to 30 June, 2024	01 July, 2022 to 30 June, 2023
<b>33.01</b>	<b>Reconciliation of Net Profit with Operating Cash Flow</b>		
	Net profit/(loss) before income tax during the year	135,927,955	194,266,045
	<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
	Depreciation and amortization	119,891,649	120,396,599
	Income Tax paid during the year	(37,382,489)	(26,675,963)
	<b>Changes in current assets and liabilities:</b>		
	(Increase)/Decrease of Advance, deposits & prepayments	(15,590,342)	41,633,970
	(Increase)/Decrease of Accounts receivable	86,874,662	(22,210,185)
	(Increase)/Decrease of Inventories	(39,920,040)	(69,826,513)
	Increase/(Decrease) of Creditors and accrued	93,163,385	91,846,506
	Increase/(Decrease) of Provision for Expenses	5,838,879	(1,576,846)
	Increase/(Decrease) of Provision for employee benefit & WPPF	4,120,964	8,789,169
	<b>Net cash flow from operating activities</b>	<b>352,924,624</b>	<b>336,642,784</b>
	<b>Net Operating Cash Flow Per Share</b>	<b>5.43</b>	<b>5.18</b>

### 34. Significant Deviation

For the year from 01 July, 2023 to 30 June, 2024 revenue of the company was generated at 223.13 crore increased by 38.67% due to increase of sales volume of Starch Unit & Residues of Starch Unit.

Cost of goods sold during the period increased significantly by 55.05% compared to same period of previous year due to increase of production, high raw material price in case of both local & imported raw materials, currency devaluation and increase of energy (electricity) cost.

Sales increased by 38.67% during the period due to sales of Starch unit (Starch, Gluten, Fiber Germ etc.) but high raw material price in case of both local & imported raw materials, currency devaluation and increase in energy (electricity) cost affected the gross profit adversely. As a result, Gross Profit decreased 19.01% during this reporting year compare to previous year.

Net Profit during the year increased by 11.73% compared to same period of previous year. Net Profit & Earning per Share (EPS) increased because of increase in total revenue including other income against its fixed cost.

Net operating cash Flow per Share (NOCFPS) during this period increased due to increase of sales & collection from customers. As a result, net cash generated from operating activities has been increased compare to same period of previous year.

Capital Work in Progress increase due to diversification of progressive plant of Corn Starch unit and construction of new building & shed.

### 35. Production capacity

The production capacity & actual production of the company are as follows:

	2023-24	2022-23
<b><u>Sulphuric Acid</u></b>		
Installed Capacity Kg.	25,550,000 Kg.	25,550,000 Kg.
Actual Production Kg.	8,957,353 Kg.	9,829,553 Kg.
Capacity Utilized	35.06 %	38.47%
<b><u>Liquid Glucose</u></b>		
Installed Capacity Kg.	10,950,000 Kg.	10,950,000 Kg.
Actual Production Kg.	3,874,929 Kg.	4,449,104 Kg.
Capacity Utilized	35.39 %	40.63%
<b><u>Starch</u></b>		
Installed Capacity Kg.	18,250,000 Kg.	18,250,000 Kg.
Actual Production Kg.	7,879,268 Kg.	5,239,307 Kg.
Capacity Utilized	43.17 %	28.71%

**Finished Goods (Quantity Kgs.):**

Item Name	Opening Stock	Production	Sales	Closing Stock 30-06-2024	Closing Stock 30-06-2023
Sulphuric Acid	151,927	8,957,353	8,614,495	494,786	151,927
Liquid Glucose	418,800	3,874,929	4,258,929	34,800	418,800
Starch	56,375	7,879,268	7,922,293	13,350	56,375
Battery Grade Water	-	2,876,196	2,876,196	-	-
Residues of Starch	-				
Fiber	206,300	7,467,699	7,569,474	204,525	206,300
Germ	49,650	7,113,518	7,093,018	70,150	49,650
Gluten	12,050	5,973,728	5,979,928	5,850	12,050
Maize Dust	-	592,527	592,527	-	-

**Raw Materials (Quantity Kgs.):**

Item Name	Opening Stock	Purchase	Use	Closing Stock 30-06-2024	Closing Stock 30-06-2023
Sulphur	737,710	7,055,500	4,944,341	2,848,869	737,710
Caustic Soda	20,460	153,640	166,849	7,251	20,460
Lime	1,440	12,280	9,600	4,120	1,440
Soda Ash	32,800	163,661	181,361	15,100	32,800
Maize	150,973	37,849,899	37,367,724	1,991,448	1,509,273
Food Grade Enzyme	2,520	10,168	7,736	4,952	2,520
Sodium Metabi Sulphat	53,500	163,000	171,950	44,550	53,500
Activated Carbon	22,360	19,575	23,135	18,800	22,360
Acid Resin	3,300	4,000	400	6,900	3,300
Hydrochoric Acid (HCL)	9,016	179,047	180,235	7,828	9,016
Others	28,016	58,218	56,262	29,972	28,016

**36. Key management personnel compensation**

Key management personnel compensation includes benefits for employees of the rank of Director and above.

Name	2023-24	2022-23
Short term employees' benefits	11,400,000	9,510,280
Post -employment benefits	-	-
Other long -term benefits	-	-
<b>Total:</b>	<b>11,400,000</b>	<b>9,510,280</b>

### 37. Number of employees

The numbers of employees of the company at the year then ended were as follows:

The numbers of employees of the company at the year then ended were as follows:

<u>Category</u>	<u>Number of Employees</u>
Manufacturing Workers	283
Sales & Distribution Officers and Staff	15
Management, Administrative Officers and Staff	39
<b>Total Employees:</b>	<b>337</b>

The above employees of the company have been employed with a compensation of more than Tk. 12,000 and TDS was considered under Section -86 of the Income Tax Act, 2023, where applicable.

### 38. Employee benefit plan:

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19 Employee Benefits.

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

The company's employee benefits include the following:

#### a) 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.

#### b) Workers profit participation fund:

The company provides 5% of its net profit before tax after charging such expenses as allocation to Worker Profit Participation Fund and Welfare Fund in accordance with Bangladesh Labour Act, 2006 (Amendment in 2018).

#### c) Gratuity benefits:

The company provides gratuity benefit when the employee retired and at least 10 years' service provided to company. Gratuity amount is provided to employee 8.33% of their basic salary deposit against their name and the full balance paid at the time of retirement. Gain or interest on the balance is not entitled by the employee.

### 39. Deferred tax




Deferred tax arises due to temporary difference deductible or taxable for the events or transaction which is recognized in the statement of comprehensive income. A temporary difference is the difference between the tax Base of an asset or liability and its carrying amount / reported amount in the statement of financial position. Deferred tax assets or liability is the amount of income tax recoverable or payable in the future periods recognized in the current year as per IAS 12 Income Taxes. Deferred Tax impact has been provided during the year.

### 40. Related party transaction

During the year, Tk. 1,180,000 was received as loan from the directors of the Company, opening balance was Tk. 12,706,200 and paid Tk. 1,870,600 for loan refund to the directors of the Company, and closing balance was 12,015,600 as at 30 June 2024. The company in normal course of business has no other transaction with any individual/ entity that fall within definition of related party contained in International Accounting Standards (IAS) 24.

### 41. Events after the reporting period

The Board of Directors in its 201st meeting held on 27 October, 2024 recommended cash dividend @ 2.5% (Two and a Half percent) Cash Dividend for the year ended June 30, 2024. This proposed dividend would be placed in the 22th AGM of the company for approval.

  
\_\_\_\_\_  
Company Secretary  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Chief Financial Officer  
\_\_\_\_\_  
Managing Director  
\_\_\_\_\_  
Chairman

## 42.00 Financial risk management (IFRS 7)

### 42.01 Introduction

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to economically hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Board of Directors (Treasury Policy). Company Treasury identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units. The 'Treasury Policy' provides principles for specific areas, such as credit risk, interest rate risk, foreign currency risk, use of derivative financial instruments, and investment of excess liquidity.

This note presents information about the Company's exposure to each of the risks arising from financial instruments and the Company's objectives, policies, and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

### 42.02 Carrying amounts of financial instruments by category

The following table shows the carrying amounts of financial instruments by category at the end of 30 June 2024:

	Maturity analysis				
	Current	>30 days	> 180 days	>1 year	Total
<b>Loans and receivables</b>					
Cash and cash equivalents	33,831,640			1,471,458	35,303,098
Trade Receivable	8,035,383	64,969,445	7,484,385	1,788,034	82,277,247
Advance, Deposits & Prepayments	18,594,737	24,764,244	19,554,232	141,436,117	204,349,330
Others Receivable	211,759,112	32,829,243	11,600,132	33,266,971	289,455,459
<b>Balance as at 30 June, 2024</b>	<b>272,220,872</b>	<b>122,562,932</b>	<b>38,638,749</b>	<b>177,962,580</b>	<b>611,385,134</b>
<b>Balance as at 30 June, 2023</b>	<b>240,045,905</b>	<b>118,046,763</b>	<b>66,618,424</b>	<b>165,221,421</b>	<b>589,933,513</b>

Financial liabilities measured at amortized cost					
Bank Loan – Long Term Loan				464,319,489	464,319,489
Bank Loan – Short Term Loan	94,266,396	294,215,255	145,012,728	30,757,376	564,251,755
Amount Due to other person or bodies carrying on business	61,871,006	5,251,516	10,918,855	164,079,767	242,121,144
Accounts Payable	39,400,473	112,275,032	62,013,260	27,019,849	240,708,614
<b>Balance as at 30 June, 2024</b>	<b>195,537,875</b>	<b>411,741,803</b>	<b>217,944,843</b>	<b>686,176,481</b>	<b>1,511,401,002</b>
<b>Balance as at 30 June, 2023</b>	<b>140,940,656</b>	<b>61,630,223</b>	<b>620,477,956</b>	<b>653,293,354</b>	<b>1,476,342,189</b>

#### 42.03 Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from cash and cash equivalents, time deposits, and trade accounts receivable.

The credit risk with trade accounts receivable (see note 10) is limited, as the Company has numerous clients located in various geographical regions. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. For risk control, the customers are companys as follows (risk companys): governmental organizations, listed public limited companies, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance or letters of credit; these limits are reviewed regularly (credit check).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. There are no commitments that could increase this exposure to more than the carrying amounts.

#### 42.04 Market risks

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and other prices will affect the Company's result or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

##### 42.04.1 Interest rate risk

At the reporting date, the Company had the following interest-bearing financial instruments: cash and cash equivalents, time deposits, rent deposits, and bank liabilities. All cash and cash equivalents mature or reprise in the short-term, no longer than three months.

Borrowings mainly bear interest at fixed rates. Cash and cash equivalents and borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The Company Treasury manages the interest rate risk to reduce the volatility of the financial result as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, the Company Treasury focuses on an internal long-term benchmark interest rate and considers the amount of cash and cash equivalents held at a variable interest rate. Currently, the interest rate exposure is not hedged.

#### 42.05 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Company Treasury manages the Company's liquidity to ensure sufficient liquidity to meet all liabilities when due, under both normal and stressed conditions, without facing unacceptable losses or risking damage to the Company's reputation.

Excess liquidity can be invested in instruments such as time deposits, government, and corporate bonds, shares of publicly listed companies, and capital protected instruments.

The following are the contractual maturities of financial liabilities, including interest payments:

BDT	Carrying amount	Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years	Over 2 years
<b>Non -derivative financial liabilities</b>					
Bank Loan – Long Term Loan	464,319,489	24,395,334	73,186,002	195,162,672	171,575,481
Bank Loan – Short Term Loan	564,251,755	148,275,634	286,934,342	129,041,779	-
Amount Due to other person or bodies carrying on business	242,121,144	67,122,522	10,918,855	68,913,502	95,166,265
Accounts Payable	240,708,614	112,275,032	62,013,260	27,019,849	39,400,473
<b>Balance as at 30 June, 2024</b>	<b>1,511,401,002</b>	<b>352,068,522</b>	<b>433,052,459</b>	<b>420,137,802</b>	<b>306,142,219</b>
<b>Balance as at 30 June, 2023</b>	<b>1,476,342,189</b>	<b>285,354,201</b>	<b>482,793,672</b>	<b>322,175,242</b>	<b>386,019,074</b>

**Salvo Chemical Industry Limited**  
**Schedule of Property Plant and Equipment's**  
**For the year ended 30 June, 2024**

Annexure-A

Particulars	Cost		Rate of Dep. (%)	Depreciation		Written Down Value as on 30.06.2024
	Balance as on 01.07.2023	Addition during the year		T total as on 30.06.2024	Charged during the year	
Manufacturing Components						
Land & Land Development	148,180,856	36,767,380	0%	-	-	184,948,236
Factory Building & Construction	434,247,230	18,513,176	5%	71,760,001	18,771,346	362,229,059
Plant & Machinery	1,610,215,670	20,385,757	10%	676,211,367	94,414,964	859,975,096
Electric Installation	37,798,386	1,549,443	10%	15,638,256	2,285,709	21,423,864
Vehicle	20,967,353	20,081,426	10%	1,881,775	2,449,800	36,717,204
Administrative Components						
Office Equipment's	9,693,555	1,658,163	10%	4,415,624	578,444	6,357,650
Furniture & Fixture	12,289,481	23,900	10%	5,190,135	710,643	6,412,603
Vehicle	10,170,544	3,565,982	10%	5,122,212	679,792	7,934,522
T total: As on 30 June, 2024	2,283,563,075	102,545,227		780,219,370	119,890,698	1,485,998,234
T total : As on 30 June, 2023	2,009,005,996	274,557,079		659,823,827	120,395,543	1,503,343,705

**Allocation of Depreciation:**

	<b>Notes</b>	<b>30-06-2024</b>
Manufacturing overhead	25	117,921,819
Administrative expenses	26	1,968,879
		<b>119,890,698</b>

**Salvo Chemical Industry Limited**  
**Schedule of Intangible Asset**  
**For the year ended 30 June, 2024**

**Annexure-B**

Particulars	Cost		Rate of Dep. (%)	Depreciation			Written Down Value as on 30.06.2024
	Balance as on 01.07.2023	Addition during the year		Total as on 30.06.2024	Charged during the year	Balance as on 01.07.2023	
Computer Software	60,000	-	10%	60,000	951	50,495	8,555
<b>Total: As on 30 June, 2024</b>	<b>60,000</b>	<b>-</b>		<b>60,000</b>	<b>951</b>	<b>50,495</b>	<b>8,555</b>
<b>Total: As on 30 June, 2023</b>	<b>60,000</b>	<b>-</b>		<b>60,000</b>	<b>1,056</b>	<b>49,439</b>	<b>9,505</b>

**Salvo Chemical Industry Limited**  
**Statement of Investment in Share**  
**For the period ended 30 June, 2024**

**Annexure-C**

Particulars	Purchase/ Cost	Market Value	Realised Gain	Fees & Charges	Dividend	Un-Realized Gain/ (Loss)	Ledger Balance	Loan Balance
Portfolio of BO A/C	88,346,978	88,979,342	20,755,693	6,403,908	52,377	632,364	321,178	(48,084,641)
<b>Total: As on 30 June, 2024</b>	<b>88,346,978</b>	<b>88,979,342</b>	<b>20,755,693</b>	<b>6,403,908</b>	<b>52,377</b>	<b>632,364</b>	<b>321,178</b>	<b>(48,084,641)</b>
<b>Total : As on 30 June, 2023</b>	<b>49,742,850</b>	<b>47,431,226</b>	<b>1,885,952</b>	<b>1,657,120</b>	<b>510,945</b>	<b>(2,311,624)</b>	<b>311,687</b>	<b>(26,376,489)</b>

**Salvo Chemical Industry Limited**  
**Schedule of Sales (Net of VAT)**  
**For the year ended 30 June, 2024**

**Annexure-D**

Sl. No.	Particulars	Gross Sales Value in Taka	VAT Rate	VAT	Sales Value (Net of VAT) as on 30-06-2024	Sales Value (Net of VAT) as on 30-06-2023
1	Sulphuric Acid	208,948,302	15%	27,254,126	181,694,176	186,644,250
2	Battery Grade Water	13,532,586	15%	1,765,120	11,767,466	11,896,783
3	Liquid Glucose	372,795,413	15%	48,625,489	324,169,924	315,634,143
4	Maize Starch	541,170,394	5%	25,770,019	515,400,375	356,244,174
	<u>Residues of Starch- VAT Exempted</u>					
5	Gluten	487,611,582	0%	-	487,611,582	326,057,436
6	Fiber	227,715,870	0%	-	227,715,870	119,294,933
7	Germ	474,579,699	0%	-	474,579,699	290,872,466
8	Dust & Others	8,340,207	0%	-	8,340,207	2,367,664
<b>Total</b>		<b>2,334,694,053</b>	<b>-</b>	<b>103,414,754</b>	<b>2,231,279,299</b>	<b>1,609,011,849</b>

**Salvo Chemical Industry Limited**  
**Segment wise Statement of Financial Position**  
**As at June 30, 2024**

Annexure-E

Particulars	Sulphuric Acid & Battery Grade Water	Liquid Glucose	Starch & By- Product	Amount in Taka	
				30 June 2024	30 June 2023
<b>Assets</b>					
<b>Non-Current Assets</b>	<b>393,790,589</b>	<b>381,903,227</b>	<b>1,327,121,996</b>	<b>2,102,815,812</b>	<b>2,014,595,169</b>
Property, Plant and Equipment	393,789,532	381,901,546	710,307,156	1,485,998,234	1,503,343,705
Intangible Asset	1,057	1,681	5,817	8,555	9,505
Capital work in progress	-	-	616,809,023	616,809,023	511,241,959
<b>Current Assets</b>	<b>75,516,433</b>	<b>120,114,093</b>	<b>415,754,607</b>	<b>611,385,134</b>	<b>589,933,513</b>
Advance, Deposits & Pre-payments	25,240,608	40,146,927	138,961,795	204,349,330	151,376,499
Inventories	21,540,498	34,261,648	118,590,896	174,393,042	135,491,510
Investment in Shares	10,990,458	17,481,081	60,507,803	88,979,342	47,431,226
Spare Parts	1,334,515	2,122,639	7,347,154	10,804,308	9,785,800
Trade Receivable	10,162,635	16,164,372	55,950,239	82,277,247	137,219,329
Others Receivable	1,887,187	3,001,701	10,389,879	15,278,767	47,211,347
Cash and Cash Equivalents	4,360,531	6,935,726	24,006,841	35,303,098	61,417,802
<b>Total Assets</b>	<b>469,307,022</b>	<b>502,017,320</b>	<b>1,742,876,603</b>	<b>2,714,200,946</b>	<b>2,604,528,682</b>
<b>Shareholder's Equity and Liabilities</b>					
<b>Shareholder's Equity</b>	<b>299,942,683</b>	<b>105,018,171</b>	<b>651,312,306</b>	<b>1,056,273,161</b>	<b>970,008,727</b>
Share Capital	190,393,249	44,508,825	415,325,856	650,227,930	650,227,930
Retained Earnings	106,899,845	60,509,346	235,986,450	403,395,642	319,780,797
FVOCI Reserve	2,649,589	-	-	2,649,589	-
<b>Non-Current Liabilities</b>	<b>18,098,543</b>	<b>191,298,801</b>	<b>401,448,928</b>	<b>610,846,272</b>	<b>680,484,541</b>
Long Term Loan - Secured	-	162,511,821	301,807,668	464,319,489	522,306,775
Deferred tax liabilities	18,098,543	28,786,980	99,641,260	146,526,783	158,177,766
<b>Current liabilities</b>	<b>151,267,916</b>	<b>205,711,980</b>	<b>690,101,617</b>	<b>1,047,081,513</b>	<b>954,035,414</b>
Short Term Loan	63,755,393	101,407,348	351,004,373	516,167,114	587,592,708
Margin Loan	5,939,269	9,446,816	32,698,556	48,084,641	26,376,489
Accounts Payable	29,731,596	47,290,154	163,686,864	240,708,614	126,721,338
Others Payable	2,154,665	3,427,143	11,862,474	17,444,281	36,795,412
Unclaimed Dividend Account	481,429	765,746	2,650,501	3,897,677	4,428,697
Provision for Employee Benefits	3,700,476	5,885,863	20,372,917	29,959,256	25,819,643
Provision for Profit Participation Fund	1,558,160	2,478,361	8,578,428	12,614,950	13,575,337
Provision for Income Tax	41,787,269	31,575,464	87,357,533	160,720,266	121,079,955
Provision for Expenses	2,159,659	3,435,086	11,889,969	17,484,714	11,645,835
<b>Total liabilities</b>	<b>169,366,460</b>	<b>397,010,782</b>	<b>1,091,550,545</b>	<b>1,657,927,785</b>	<b>1,634,519,956</b>
<b>Total Equity and Liabilities</b>	<b>469,309,143</b>	<b>502,028,953</b>	<b>1,742,862,851</b>	<b>2,714,200,946</b>	<b>2,604,528,682</b>
<b>Net assets value per share (NAV)</b>				<b>16.24</b>	<b>14.92</b>

**Salvo Chemical Industry Limited**  
**Segment wise Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended June 30, 2024**

Annexure-F

Particulars	Sulphuric Acid & Battery Grade Water	Liquid Glucose	Starch & By- Product	Amount in Taka	
				July 01, 2023 to June 30, 2024	July 01, 2022 to June 30, 2023
Revenue	193,461,642	324,169,924	1,713,647,733	2,231,279,299	1,609,011,849
Less : Cost of goods sold	168,493,205	282,332,089	1,492,481,898	1,943,307,192	1,253,317,463
<b>Gross Profit</b>	<b>24,968,437</b>	<b>41,837,835</b>	<b>221,165,835</b>	<b>287,972,107</b>	<b>355,694,386</b>
<b>Less: Operating Expenses</b>	<b>6,836,234</b>	<b>11,454,991</b>	<b>60,554,102</b>	<b>78,845,327</b>	<b>74,817,002</b>
Administrative Expenses	5,500,760	9,217,232	48,724,719	63,442,711	59,480,355
Selling & Distribution Expenses	1,335,474	2,237,759	11,829,383	15,402,616	15,336,647
<b>Profit from Operation</b>	<b>18,132,203</b>	<b>30,382,845</b>	<b>160,611,732</b>	<b>209,126,781</b>	<b>280,877,384</b>
<b>Add: Non-Operating Income</b>	<b>2,631,107</b>	<b>4,408,760</b>	<b>23,305,866</b>	<b>30,345,733</b>	<b>9,743,991</b>
<b>Less: Non-Operating Expenses</b>					
Financial Charges	8,388,487	14,055,992	74,303,682	96,748,161	86,642,028
<b>Profit before WPPF and Tax</b>	<b>12,374,824</b>	<b>20,735,612</b>	<b>109,613,917</b>	<b>142,724,353</b>	<b>203,979,347</b>
Less: Workers Profit Participation Fund	589,277	987,410	5,219,710	6,796,398	9,713,302
<b>Net Profit before Tax</b>	<b>11,785,546</b>	<b>19,748,202</b>	<b>104,394,206</b>	<b>135,927,955</b>	<b>194,266,045</b>
<b>Income Tax Expenses</b>	<b>2,426,797</b>	<b>4,066,411</b>	<b>21,496,121</b>	<b>27,989,328</b>	<b>97,657,048</b>
Current Tax	3,436,988	5,759,116	30,444,207	39,640,311	35,563,320
Deferred tax	(1,010,191)	(1,692,705)	(8,948,087)	(11,650,983)	62,093,727
<b>Net Profit/(Loss) After Tax</b>	<b>9,358,749</b>	<b>15,681,791</b>	<b>82,898,086</b>	<b>107,938,627</b>	<b>96,608,997</b>
<b>Other Comprehensive Income</b>					
Items that will not be reclassified to Profit or Loss:					
<b>Changes in Fair Value (Unrealized Gain)</b>	<b>2,649,589</b>	<b>-</b>	<b>-</b>	<b>2,649,589</b>	<b>(9,507,499)</b>
<b>Total Comprehensive Income</b>	<b>12,008,338</b>	<b>15,681,791</b>	<b>82,898,086</b>	<b>110,588,216</b>	<b>87,101,498</b>
<b>Earning Per Share (EPS)</b>	<b>0.15</b>	<b>0.24</b>	<b>1.27</b>	<b>1.66</b>	<b>1.49</b>



## Salvo Chemical Industry Limited

Suite No.-401, (3<sup>rd</sup> floor), 210-211, Nawabpur Road, Dhaka-1100

### PROXY FORM

I/We, .....  
of ..... being a  
member of **Salvo Chemical Industry Ltd.** do hereby appoint./

Mr./ Mrs. ....  
of .....

(or failing him) .....of ..... as my proxy to attend  
and vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Sunday,  
the 29th December 2024 at 3:15 p.m. through Hybrid system at Institution of Diploma Engineers Bangladesh IDEB Bhaban  
160/A, Kakrail VIP Road, Dhaka-1000, Bangladesh as well as Digital Platform through the link:

**<https://salvochemical.bdvirtualagm.com>** or at any adjournment thereof.

As witness my hand this.....day.....2024.

Signature of Member(s)

Signature of Proxy

Revenue  
Stamp

Register Folio/ BO ID No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Nos. of the Shares Held: .....

Authorized Signature

#### Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form, duly completed, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. Signature of the Member must be in accordance with the specimen signature registered with the Company or with the Central Depository Account (BO Account).



## Salvo Chemical Industry Limited

Suite No.-401, (3<sup>rd</sup> floor), 210-211, Nawabpur Road, Dhaka-1100

### **Shareholders' Attendance Slip**

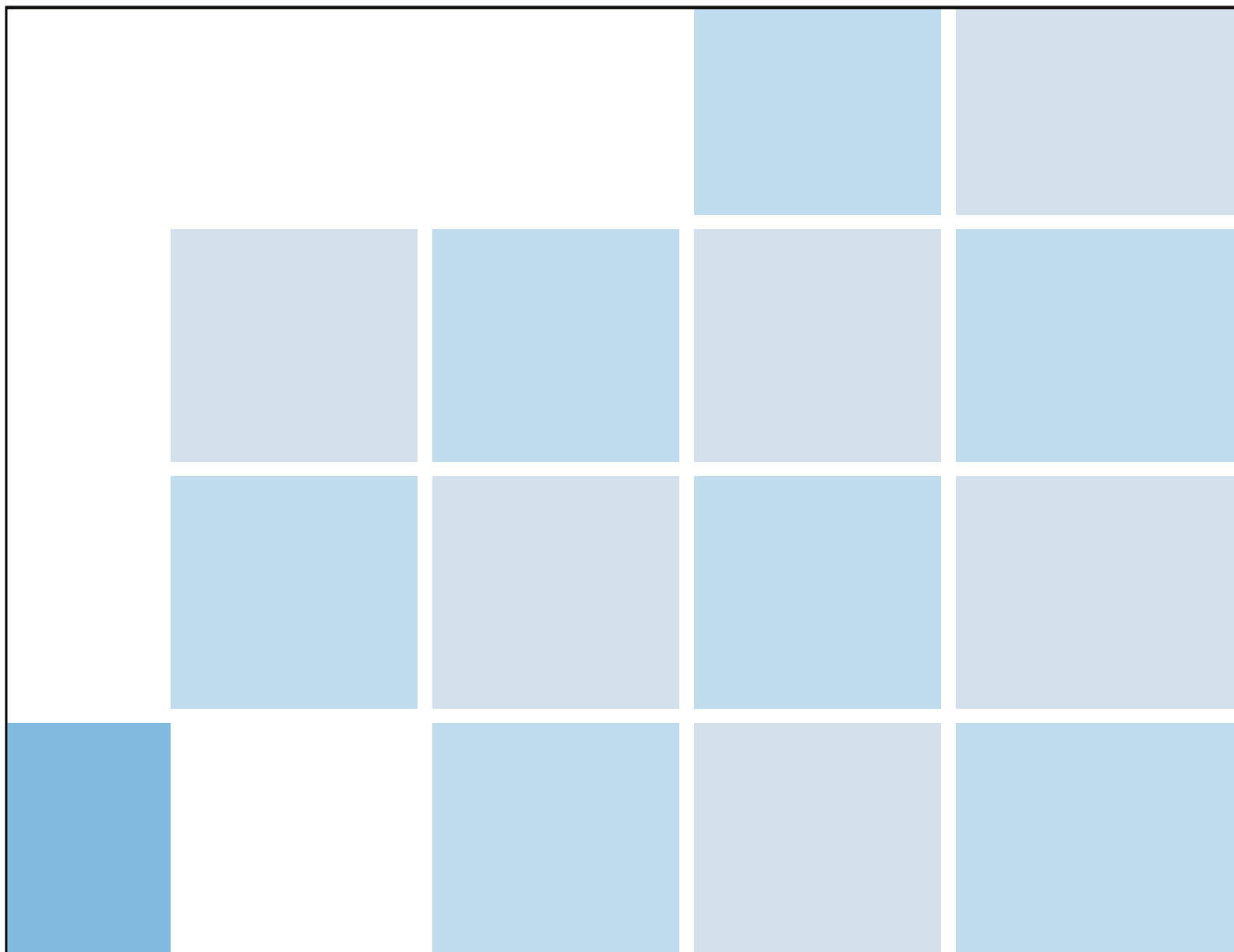
I hereby record my presence at the 22nd Annual General Meeting (AGM) of Salvo Chemical Industry Ltd. Suite No.- 401, (3rd floor), 210-211, Nawabpur Road, Dhaka-1100 being held on Thursday, the 29 December 2024, Sunday at 3:15 p.m. through Hybrid system at Institution of Diploma Engineers Bangladesh, IDEB Bhaban, 160/A, Kakrail VIP Road, Dhaka-1000, Bangladesh as well as Digital Platform through the link: **<https://salvochemical.bdvirtualagm.com>**

Name of Member/ Proxy

Registered Folio/ BO No.


Holding of Ordinary Shares

Signature of Shareholder(s)/ Proxy



**Head Office :**

Suite # 401 (3rd Floor) 210-211, Nawabpur Road, Dhaka-1100, Bangladesh.

 0088-02- 41053068, 41053069

 [info@salvochemical.com](mailto:info@salvochemical.com)

 [www.salvochemical.com](http://www.salvochemical.com)

**Factory :**

South Dhonua, Sreepur, Gazipur, Bangladesh.