

**GLOBAL****গ্লোবাল হেভী কেমিক্যালস্ লিঃ  
HEAVY CHEMICALS LTD**

## Directors' Report

Bismillahir Rahmanir Rahim  
Dear Shareholders,  
Assalamu Alaikum,

On behalf of the Board of Directors, we have the pleasure to welcome you all to the 20<sup>th</sup> Annual General Meeting of the Company. We are pleased to submit before you the operational activities and Audited Financial Statements of the Company for the year ended June 30, 2021 as adopted by the Board of Directors.

The Directors Report is prepared in compliance with Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of Securities and Exchange Commission Rules 1987, BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 and regulations of the Institute of Chartered Accountants of Bangladesh (ICAB).

### Industry Outlook:

Global Heavy Chemicals Limited "GHCL" is the first Bi-polar Chlor-Alkali Plant in Bangladesh. The principal activities and nature of the business of the company is to manufacture and distribute Sodium Hydroxide (Caustic Soda: Liquid & Flack), Liquid Chlorine Gas, Hydrochloric Acid, Bleaching Powder, Chlorinated Paraffin Wax "CPW", Sodium Hypochlorite and Clotech.

On inception, GHCL earned a significant market share in the chemical industry. As the Bangladesh industries are booming in every sector, demand for industrial chemicals is increasing faster and faster. But due to the short fall in Gas supply our performance has been decreased in the last year. As per the audited accounts for the year ended June 30, 2021 it is shown that GHCL earned net revenue of BDT 579.15 Million.

### Possible future development:

To increase its revenue GHCL is going to announce new product line of Floor Cleaner, Dish Washing liquid and Bathroom Cleaner. We also introduce new pack size for Clotech in 1 liter bottle and Bleaching powder in 500 mg bag.

### Product Wise Gross Sales Performance (Incl. VAT):

BDT Amounts in Millions

Name of the Product	2020-2021	2019-2020
Caustic Soda (Flakes/Liquid)	428.75	437.70
Hydrochloric Acid	26.33	25.12
Bleaching Powder	55.12	43.05
Sodium Hypochlorite	19.39	18.50
Chlorinated Paraffin Wax (CPW)	96.13	91.72
Clotech	35.53	14.81
Liquid Chlorine Gas	5.70	5.44
Used Sulphuric Acid	0.38	0.36
<b>Total</b>	<b>667.32</b>	<b>636.70</b>

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**GLOBAL****গ্লোবাল হেভী কেমিক্যালস্ লিঃ  
HEAVY CHEMICALS LTD****Risks and Concerns:**

The Company operates in a field involving some internal /external risk factors and among those some are avertable; others are beyond control, which may be causes of loss. The management of Global Heavy Chemicals Limited perceives the risk factors which are as follows:-

- Risks from foreign currency fluctuation: Global Heavy Chemicals Limited makes payments to its overseas suppliers in foreign currencies. Fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability.
- Instable prices of raw materials and supplies: Frequently changing cost of different kinds of chemicals that Global Heavy Chemicals Limited uses as raw materials exposes to the company's business as uncertain and unfavorable. At present the freight cost is higher than any others time so the raw materials cost will increase in the year 2021-2022.
- Inadequate Gas supplies & Gas price: Another major risk of GHCL is inadequate Gas supply. The total power supply depend on Gas. At present GHCL produce 10MW(+/-) Electricity with Gas generator for the plant.
- Operating risks: The manufacturing processes and the nature of raw materials in the company always involve a systematic risk that may cause a damage of company assets and lives of its employees and workers.
- Political uncertainty: Bangladesh is prone to serious unrest in the political condition which produces Hartal, Road-Block and many other barriers to the business. This could also propel the cost of production upwards.
- Economic Recession and other natural calamities: Company's performance and growth are dependent on the health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or War, natural calamities, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

**Discussion of Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:**

BDT Amounts in Millions

Particulars	2020-2021	2019-2020
Cost of Goods Sold	453.06	429.60
Gross Profit Margin	126.09	124.06
Net Profit Margin	24.84	18.02

**Quarterly significant variance with annual**

There are some deviation between quarterly Financial Statements and annual Financial Statements 2020-2021 due to sales up-down during the whole period due to the outbreak of Global Pandemic "Covid-19" declared by the world Health Organization (WHO) and Subsequent of the virus resulting in deteriorating situation in Bangladesh.