



DIRECTOR'S REPORT TO THE SHAREHOLDERS

Bismillaher Rahmanir Rahim

Dear Shareholder,
Assalamu Alaikum,

On behalf of the Board of Directors, I take this opportunity to welcome you all to the 42nd Annual General Meeting (AGM) of WATA Bank Limited.

The Directors of Wata Chemicals Ltd. take the pleasure in presenting Annual Report together with the report of the Board of Directors and the Auditor's Report on Audited Financial Statements of the Company for the year ended on 30.06.2024 for your valued consideration, adoption and Approval.

We welcome you all at the 42nd Annual General Meeting of WATA Chemicals Limited. Reports of the Board of Directors for accounting period ended on 30.06.2024 are hereby presented before gentlemen shareholders. Audited Financial Statements have been prepared complying Companies Act, concerned laws, Regulation, Orders, Notifications of Bangladesh Securities & Exchange Commission, International and Bangladeshi Accounting Standard, BFRS, IFRS, duly accepted by Institute of Chartered Accountants of Bangladesh. Company's financial activities even adverse economic situation, future possibilities, Financial results and other potential, legal aspect, information on its compliances etc; presented for providing of suggestions of all other respectable Shareholders.

WATA chemicals Limited became listed with Dhaka Stock Exchange in 1992 with Tk. 16.20 million paid-up Capital. Paid up prevailing now is Tk.148.20 million has been increased from profit earning .Production; its dimension has been diversified by raising capacity and by set up new plants. We are happy to inform you that 527% dividend has been declared to the Shareholder till 30.06.2024. The Board of Directors devoted themselves for continuous development of Company's prospect in co-operation of Shareholders and others concerned with the company.

OPERATING RESULTS FOR YEAR 2023-2024 ENDED ON 30.06.2024:

Sales volume has been decreased by 29.43%as compared with the corresponding period of the previous year, Raw material price factory & administrative expenses also increased in proportionate to sales of the respective year due to volatile international market, devaluation of taka against US Dollar and increase of finance expense due to increase of rate of bank interest causes significant deviation in EPS.Comparative figure of two financial years are furnished below:

Particulars	Amount in Taka	
	2023-2024	2022-2023
Revenue (Net of VAT)	713,392,353	1,010,976,301
Cost of Sales	(494,495,799)	(728,312,418)
Gross Profit	218,896,554	282,663,882
Administrative, Selling and Distribution Expenses	(45,066,463)	(86,867,348)
Operating Profit	173,830,091	195,796,535
Finance Expenses	(160,704,849)	(143,505,161)
Non Operating Income	6,790,812	2,820,180
Profit before contribution to WPPF & Welfare Fund	19,916,055	55,111,554
Contribution to WPPF & Welfare Fund	(948,384)	(2,624,360)
Profit before Tax	18,967,671	52,487,194
Income Tax Expenses	(9,106,657)	(7,500,568)
Profit after Tax	9,861,014	44,986,626
Other Comprehensive Income / Expenses		
Deferred Tax on Revaluation of PPE	(1,028,278)	(1,122,587)
Total Comprehensive Income	8,832,736	43,864,039
Earning Per Share (EPS) in Taka	0.67	3.035

MAIN ACTIVITIES OF THE COMPANY:

WATA Chemicals Ltd. produce basic chemicals namely Sulfuric Acid, Aluminium Sulphate, Zinc Sulphate and Magnesium Sulphate. Moreover, SLES (Sodium Lauryl Ether Sulphate) ,LABSA (Linear Alkyle Benzene Sulphonic Acid) plant set up works have been completed and waiting for starting production being delayed firstly for Covid-19 effect as well as present volatile international and local market situation. Our Products used in different manufacturers/sectors named below:

Saidabad Water Treatment Plant, Phase-I, Saidabad Water Treatment Plant Phase-II, Saidabad Water Treatment Plant Phase-III., Lalbagh Water Works, Sonakandi Water Works, Godnail Water Works under Dhaka WASA, Sheikh Hasina Water Treatment Plant, Mohara Water Treatment Plant, Sheikh Russel Water Treatment Plant under Chattogram WASA, Asugonj Fertilizer and Chemical Co. Ltd, Asugonj Power Station, Ghorashal Power Station, Ghorashal Urea Fertilizer Co. Ltd., Polash Urea Fertilizer Co. Ltd., Jamuna Fertilizer Co. Ltd., Mixed Fertilizer factories, Battery Industries, Steel & Rerolling Mills, Textile ,Garments and it's linkage factories, Tannery Industries, Paper Industries, Effluent Treatment Plants (ETP), Soap and Detergent manufacturing industries, Medicine industries, Gold processing industries, Color ,glue, Ether, Rubber etc; industries, Other Engineering and Chemical sectors and many more.

INDUSTRY OUTLOOK:

The chemicals industry will not disappear because of the fundamental role it plays in more or less every other industry, and the fact that it is strongly asset-based. Nevertheless, the chemical industry will be impacted not only from within its own industry but also greatly by its customer industries.

In 2023, the global production volume of basic chemicals experienced a decline of 0.5 percent from the previous year. Despite this decline in 2023, basic chemical production is forecast to experience growth of 3.3 percent in 2024 and 3.4 percent in 2025.

Sustainability has become an important topic in all aspects of life, be it in manufacturing, farming, pharmaceutical, power generation, automotive, and lifestyle, among many others. Multiple sectors are encouraging the development of sustainable practices across industries. The specialty chemicals market plays an important role across many such sectors to ensure smooth and proper operation. For example, in the power generation industry, renewable energy sources such as water, air, and sun are used to generate power as they are sustainable and clean energy sources. Further, most water resources, including water from a pristine mountain reservoir, would require treatment before being suitable for human consumption or industrial use. Used water also requires treatment to be reused or returned to nature. Specialty chemicals are important in a range of water treatment processes. These processes include drinking water production, wastewater, and industrial water treatment.

Segmentation by Application Type is Agrochemicals, Performance Chemicals, Construction Chemicals, Home & Personal Care, Electronic Chemicals, Dyes & Pigment, Flavours & Fragrances, Polymer & Plastic Additives, Food Additives, Pharma Intermediates, Textile Chemicals, Specialty Coatings, Oilfield Chemicals, Other Chemicals.

Asia-Pacific is the largest market for the chemicals industry, accounting for over 50% of global sales. The Chemicals Industry is experiencing more growth spurts than a teenager hitting a growth spurt! With specialty chemicals, pharmaceutical chemicals, green chemicals, adhesives and sealants, construction chemicals, agricultural films, cosmetic chemicals, oilfield chemicals, and industrial cleaners all projected to boom, it's clear this sector is mixing up one potent concoction for success.

In a world where numbers speak louder than words, the booming chemicals industry is painting a colorful picture of growth and innovation. With values soaring into the trillions and billions, it's clear that chemicals are the unsung heroes fueling various sectors of the global economy. From agrochemicals to industrial coatings, from petrochemicals to electronic chemicals, each niche market is carving out its own lucrative slice of the financial pie. As the demand for specialty chemicals continues to rise, it's evident that the chemistry between supply and demand is a formula for success. So, hold on tight as the chemicals industry rides the wave of opportunity, where numbers not only crunch but also colorfully coat the future of commerce.

The global chemicals industry is projected to reach a value of \$5.8 trillion by 2025. The agrochemicals market is expected to surpass \$300 billion by 2026, petrochemicals by over \$900 billion in 2025, industrial gases to reach a value of \$124.6 billion by 2025, industrial coatings projected to reach \$130 billion by 2027, surfactants anticipated to exceed \$41 billion by 2025, paints and coatings expected to reach \$236 billion by 2026, personal care specialty chemicals anticipated to reach \$18.7 billion by 2025, industrial cleaning chemicals estimated to be \$76.8 billion in 2026, construction chemicals forecasted to surpass \$50 billion by 2026, water treatment chemicals expected to reach \$72.3 billion by 2026, adhesive tapes projected to exceed \$76 billion by 2025, rubber processing chemicals projected to be worth over \$6.4 billion by 2027, industrial solvents forecasted to reach 28.8 million tons by 2025, printing inks estimated to be valued at \$21.2 billion by 2025, industrial enzymes is projected to exceed \$9.7 billion by 2026, industrial lubricants is anticipated to reach \$68.4 billion by 2025, electronic chemicals expected to reach \$35.8 billion by 2026, construction adhesives projected to reach \$12.4 billion by 2025, printing chemicals

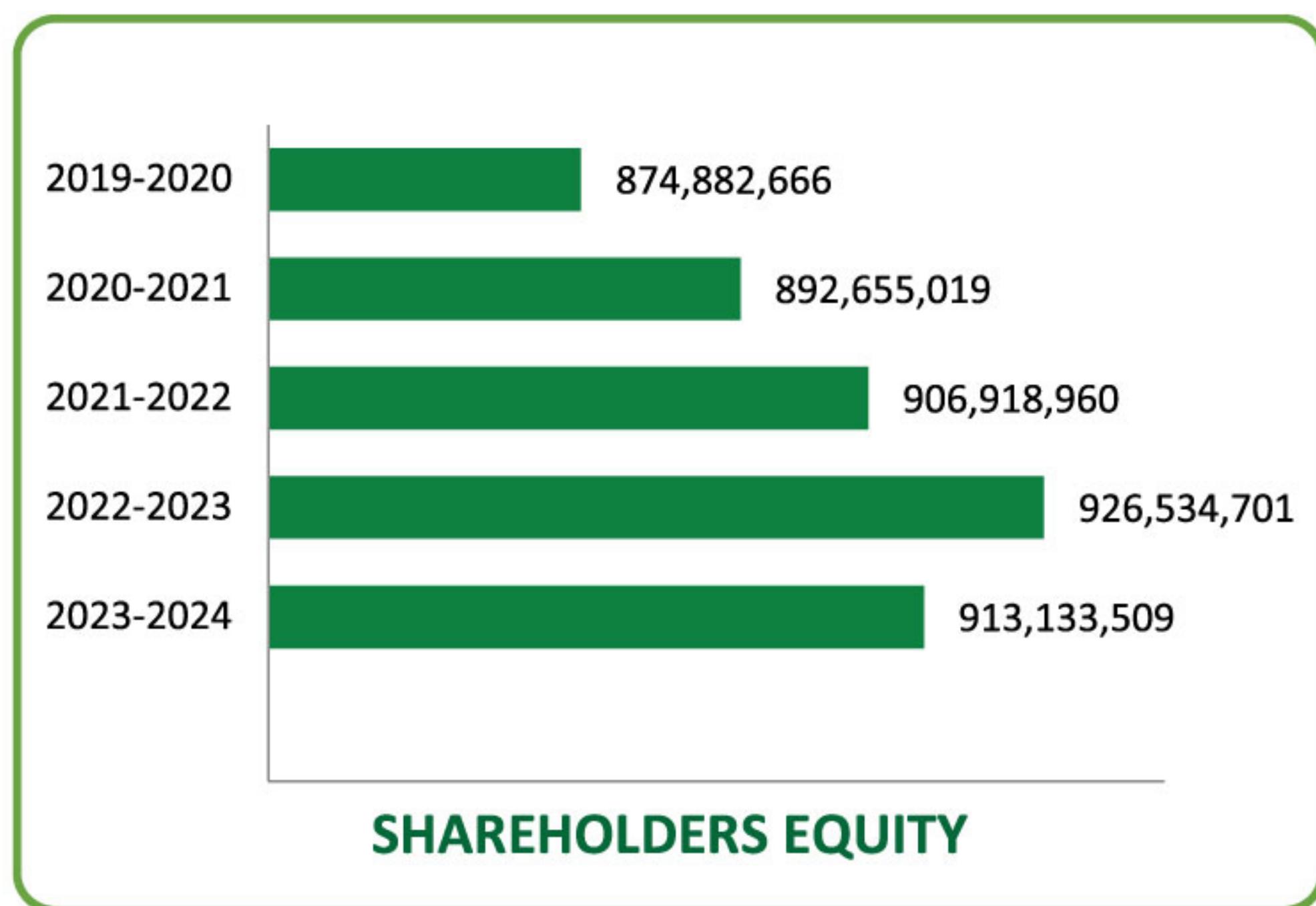
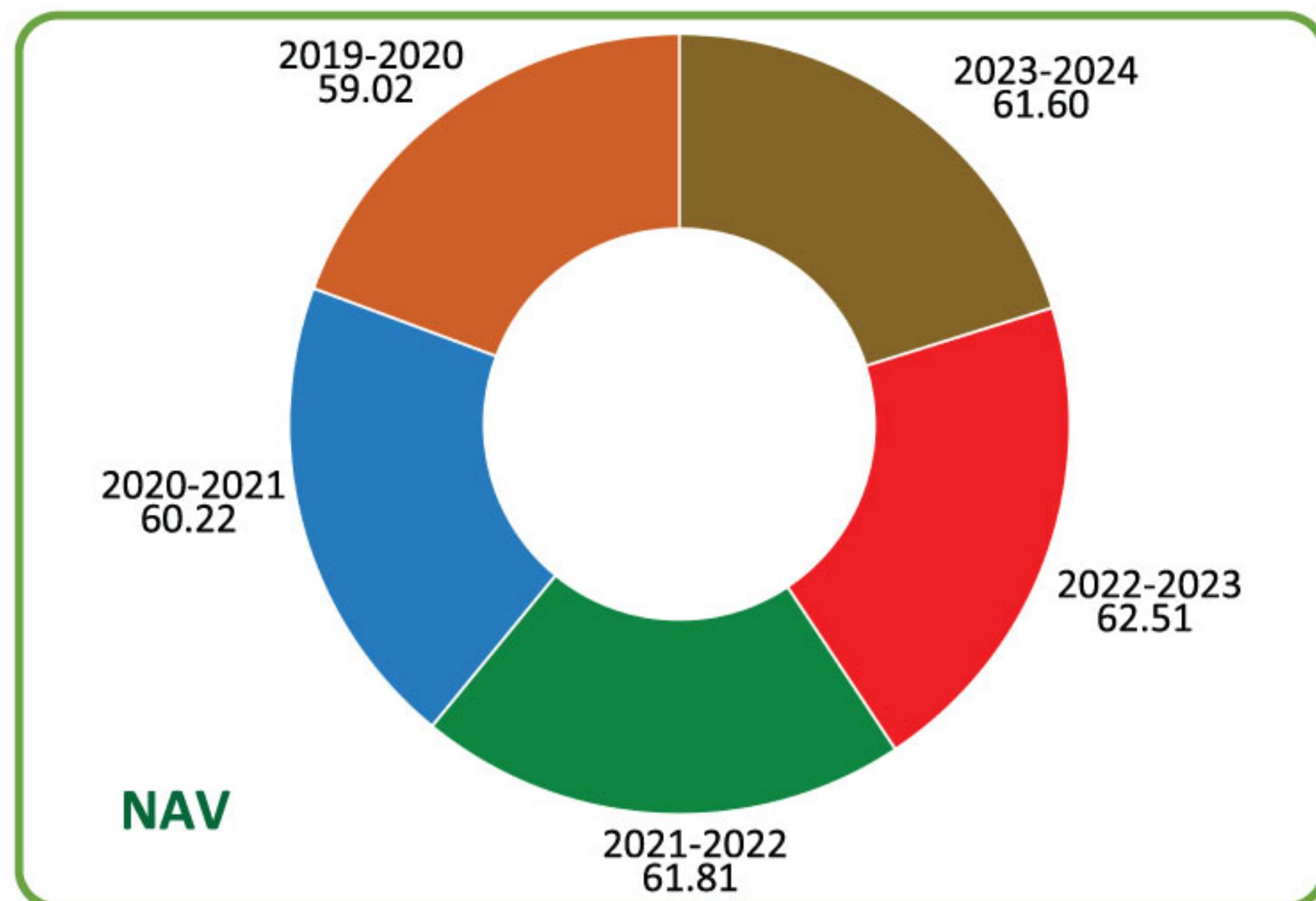
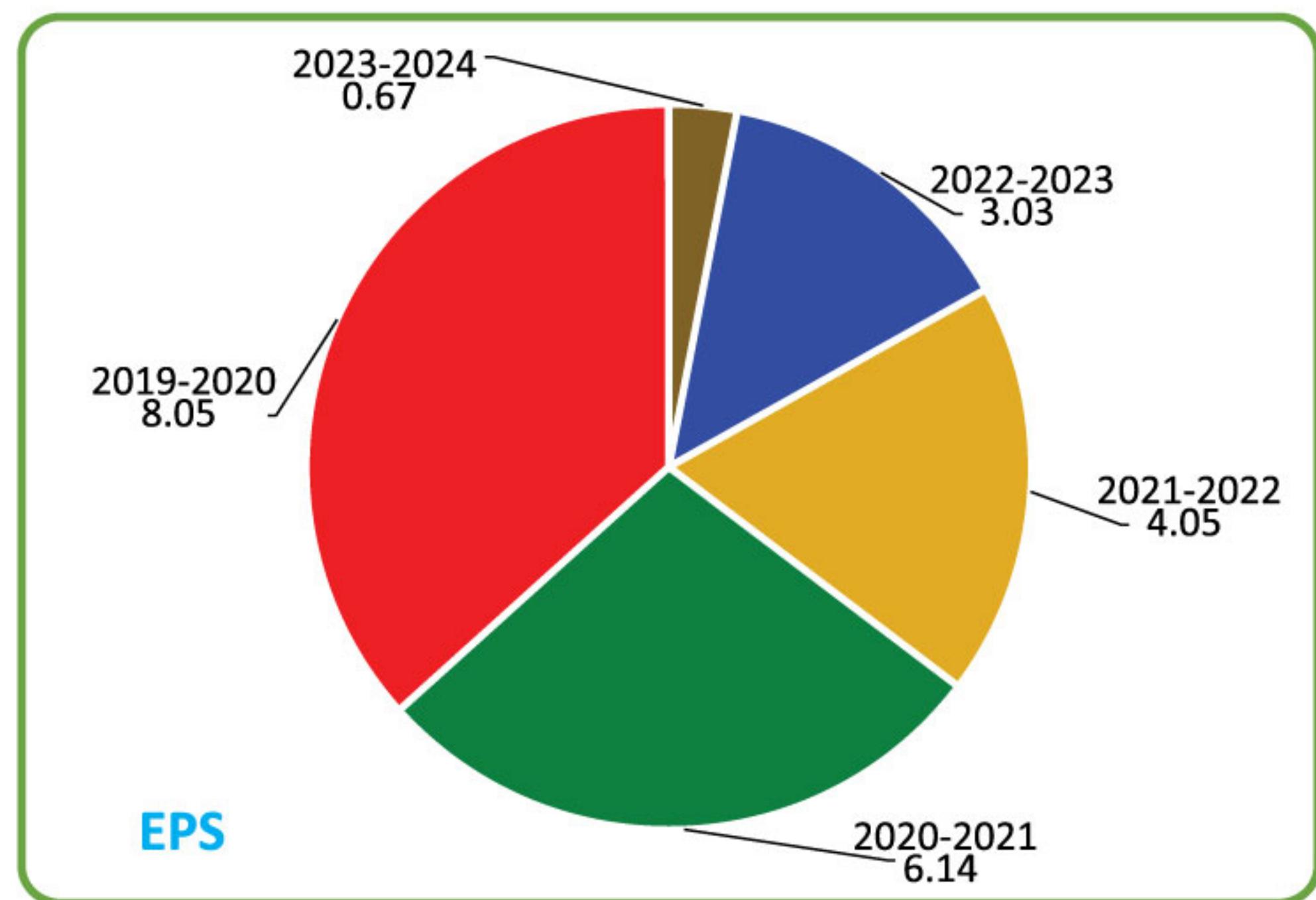
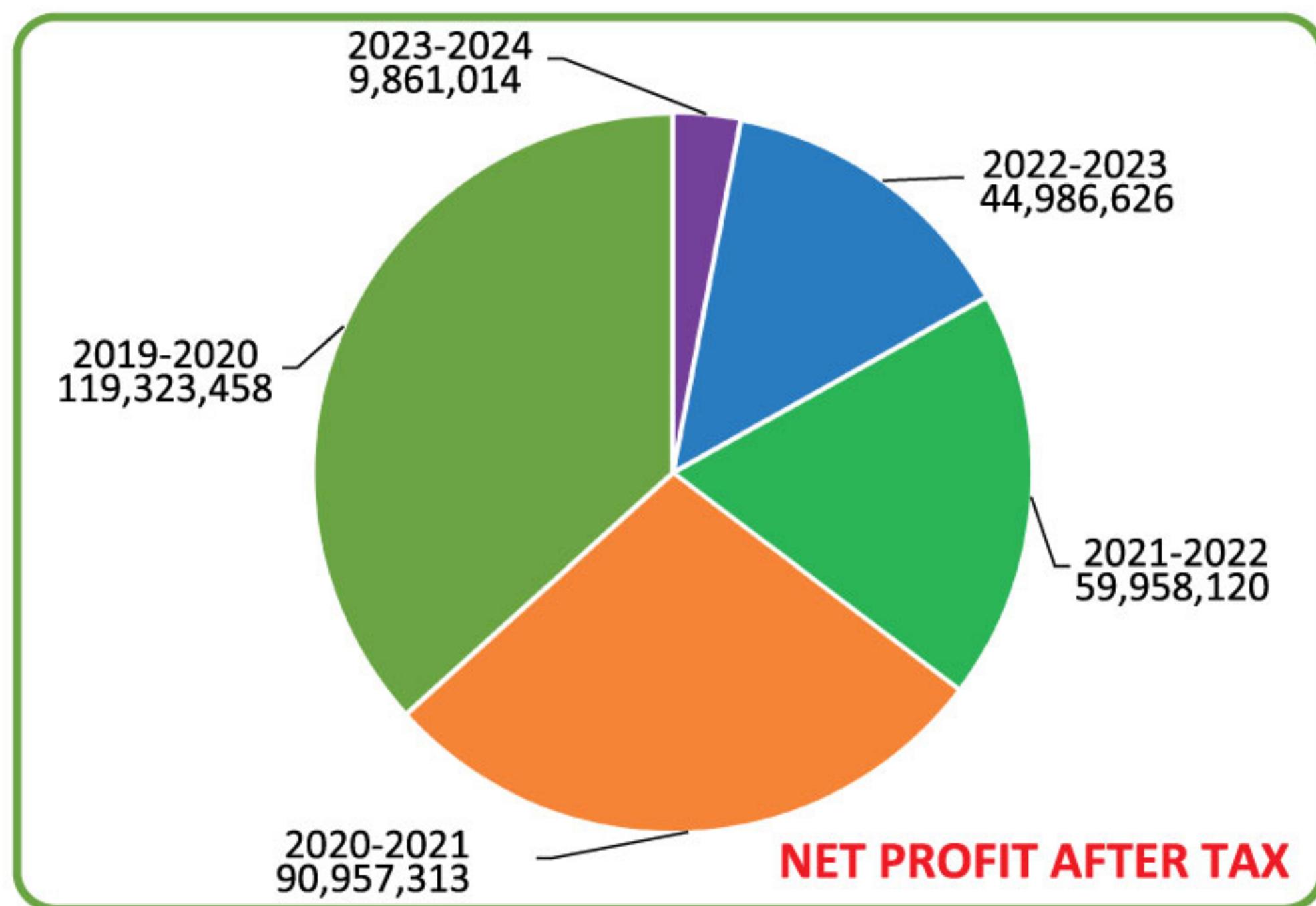
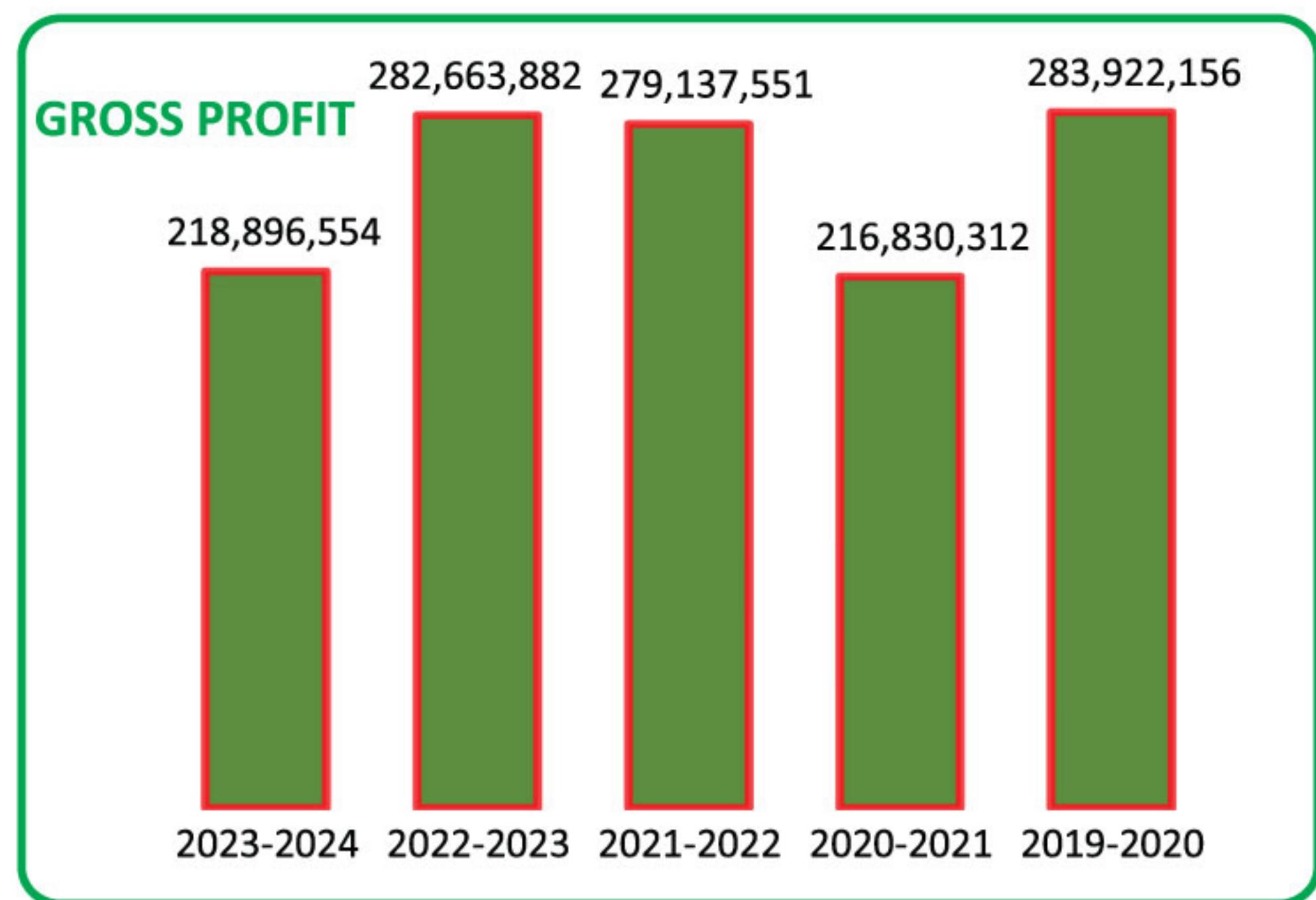
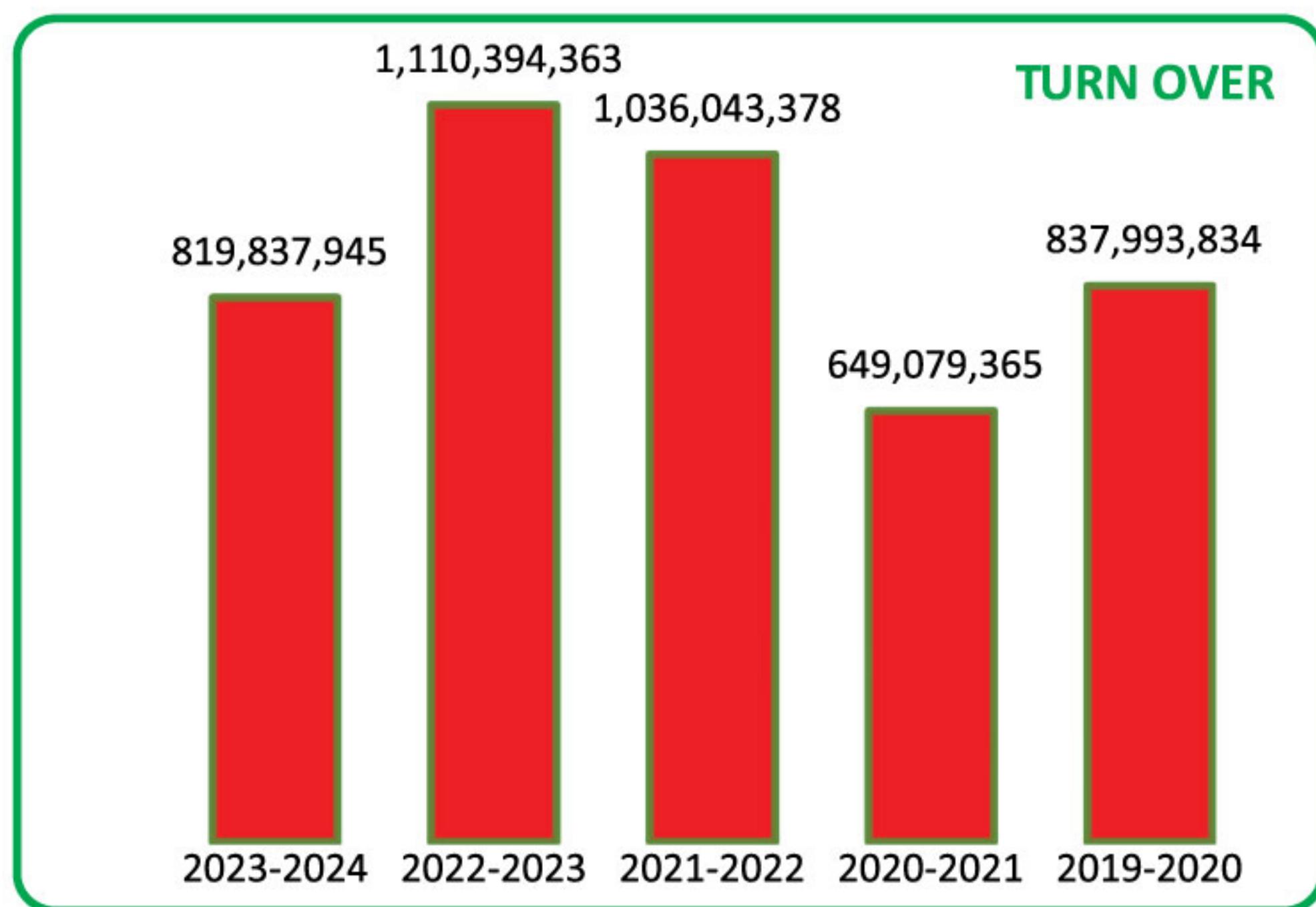
Among the distinctive features of Bangladesh, one notable fact is that the industry, particularly manufacturing, has held a central role in the country's development plans from the outset. Being a densely populated and economically challenged nation, susceptible to natural disasters, and situated in an increasingly significant geostrategic region, the Bangladeshi government has consistently regarded industry, in conjunction with a strategic outlook on outward migration and improvements in agricultural productivity, as pivotal driver for sustaining growth, creating jobs, ensuring food security, and generating foreign exchange. Industrialization, anchored in the manufacturing sector has been at the core of the country's development plans since the 1970s and continues to play a key role in the current Perspective Plan for long term. Making Vision for long term a Reality. This plan builds upon the Perspective previous plan, which laid out Bangladesh's aspiration to attain middle-income status and transform the economy through digitalization. The new plan further elevates the country's ambitions, aiming to achieve high-income status by next 16 years through industrialization.

The industry should also experience increased capital expenditure as industry players focus on building capacity and expanding into growing end markets. At present, the chemical industry are facing pressures amid raw material cost inflation, devaluation of Taka against US Dollar and crisis of US Dollar for payment of LC value is the main challenge. WATA Chemicals Produces Basic chemicals like Sulfuric Acid, Aluminium Sulphate (Alum), LABSA & SLES and its uses are in the sectors so demand of our chemicals should increase.

COMPARISONS OF FINANCIAL RESULT:

The key financial results of WATA Chemicals Ltd. for five years including current year are presented below:

PARTICULARS	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Turnover	819,837,945	1,110,394,363	1,036,043,378	649,079,365	837,993,834
Gross profit	218,896,554	282,663,882	279,137,551	216,830,312	283,922,156
Net Profit Before tax	18,967,671	52,487,194	80,879,845	98,049,177	170,171,476
Net Profit After tax	9,861,014	44,986,626	59,958,120	90,957,313	119,323,458
Paid up Capital	148,226,180	148,226,180	148,226,180	148,226,180	148,226,180
Earnings per share	0.67	3.03	4.05	6.14	8.05 (Restated)
Dividend (%)	12% Cash (Proposed)	15% Cash	General Shareholder 20% cash ,Directors 10% Cash	30% Cash	35% Cash



SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

Production, sales and marketing have been increased after severe Covid-19 pandemic. Sulfuric Acid is our principal product its yearly production capacity is about 48,000 MT but in 2023-2024 capacity utilization is 43,298 MT which is 90.20% of yearly capacity. Aluminium Sulphate measuring 5269 MT has been manufactured out of yearly capacity 18,000 MT, percentage achieve 29.27%. Production and Sale value has been increase as compared with the previous year. It is to be noted that LABSA is our other product which is produced 20MT for test operation purpose. Sales volume has been decreased by 29.43%as compared with the corresponding period of the previous year, Raw material price factory & administrative expenses also increased in proportionate to sales of the respective year due to volatile international market, devaluation of taka against US Dollar and increase of finance expense due to increase of rate of bank interest causes significant deviation in EPS.

POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY:

Our Director Mr. A.H.M Abdullah, Graduate in Chemical Engineering from BUET with his team have been utilizing their best efforts for set up more basic chemical plants for more contribution to the economy of the country as well as for WATA chemicals Ltd. Our Board of Directors, it's Management have been utilizing best efforts in support and suggestion of the shareholders for strengthening and widening field of production, Capacity Building for the wellbeing of the economy of the country and so for the SLES/LABSA plant has been completed and efforts are being utilized for quick starting trial production.

RISKS AND CONCERNS INCLUDING INTERNAL AND EXTERNAL RISK FACTORS, THREAT TO SUSTAINABILITY:

In view of the perspective of our business we can see quite a few short-term challenges on supply chain disruptions, volatility of international trade and currency markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. Furthermore, the political environment since last election has a negative impact on the industrial sector. We also expect changes in political situation in local and global may continue to positive all these challenges.

Risks and concerns including internal and external risk factors of WATA chemicals Limited are shown on page- 18 in Annexure- 4

ENVIRONMENTAL ISSUES:

Rules-Regulations of the Directorate of Environment are being fully complied with by using Air Treatment Plant (ATP) and Effluent Treatment Plant (ETP). The Treatment Plants are being very effectively utilized so that laboratory test report of the department is found satisfactory, acceptable and remain within standard parameters. Set up of Zero discharge treatment Plant has been completed for more effective control.

DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN:

Gross Sales during 2023-2024 has been decreased by Tk. 29,05,56,418 in comparison with that of year 2022-2023, EPS reduces to Tk.0.67 from Tk. 3.035 During 2023-2024. Sales of Sulfuric Acid, increased but Aluminium Sulphate ,LABSA Zinc Sulphate and Magnesium sulphate has been decreased significantly. Net sales and Cost of Goods Sold have also been decreased by Tk. 29,75,83,948 and Tk.23,38,16,619 respectively.

Gross Profit has been decreased in 2023-2024 in comparison with preceding year by Tk.6,37,67,328 but unexpected increase of Financial Expenses due to change of bank interest rate affect negatively in the net profit ratio and thus finally affected in EPS ratio.

STATEMENT OF REMUNERATION PAID TO THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS:

Detailed are shown in Audited Financial Statements Note 29.01

ACCOUNTING POLICIES AND ESTIMATION:

Accounting policies are determined by applying the relevant IFRS. Where there are no available guidelines of IFRS, management uses its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. The company selects and applies its accounting policies for a period consistently for similar transactions, other events and conditions, unless an IFRS or specifically requires or permits categorization of items for which different policies may be appropriate. The accounting policies set out below have been applied consistently in all material respects to all periods presented in these financial statements. We have followed International Financial Reporting Standards (IFRSs) and the Companies Act, 1994 in preparation of financial statements. These financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. The company changes its accounting policy only if the change is required by a IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the company financial position, financial performance or cash flows. Changes in accounting policies is made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied and Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account. The preparation of the financial statements are in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. However, the Company also complied with the requirements of following laws and regulations from various Government bodies: i. Bangladesh Securities and Exchange Rules 1987; ii. The Income Tax ordinance, 1984; and Income Tax Act 2023 iii. The Value Added Tax Act, 1991; iv. The Value Added Tax and Supplementary Duty Act, 2012. In preparing financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in note 1, Page- 52 of this Annual Report.

INTERNAL CONTROL SYSTEMS:

The Company's internal control procedures which include internal financial controls ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations. The internal auditors' team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

HUMAN RESOURCE AND WELFARE DEVELOPMENT:

WATA Chemicals Ltd maintain preference for Development of Human Resource and Welfare of all involved with the Company, 5% profit before Tax is being maintained with "Workers Profit Participation Fund & Welfare Fund" yearly. Guidelines of Directorate General of Health Services, World Health Organization for protection from Dengue, viruses and other issues relating to Health and Hygiene are being maintained and regular follow up has been there.

BOARD MEETING & ATTENDANCE:

The total number of Board meetings held during the year and attendance by each director are shown in ANNEXURE: 2, Page- 17

SHAREHOLDING PATTERN:

Pattern of shareholding disclosing the aggregate number of shares (along with name-wise details) held by: (a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details); (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); (c) Executives; and (d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); are shown in ANNEXURE : 3, Page- 17 of this Annual Report.

RECOMENDATION OF DIVIDEND & PAY-OUT RATIO:

The Board of Directors is pleased to recommend 12% cash dividend on paid up Capital for the year ended 30 June 2024 to those share owners whose names were appeared in the Share Register of Members of the Company or in the Depository list of CDBL on the Record Date which is 28 November, 2024 subject to confirmation /approval by shareholder at 42nd AGM. No Stock Dividend was declared during the year.

CONTRIBUTION TO THE NATIONAL EXCHEQUER:

For the year ended 30 June 2024, the company paid/deposited Taka 146.40 million to the National Exchequer in the form of corporate tax, custom duty and Value Added Tax (VAT) only. This is equivalent to 17.86% of the Company's gross sales revenue for the year 2023-2024.

APPOINTMENT OF DIRECTOR AS PER ARTICLE OF ASSOCIATION OF THE COMPANY:

ELECTION OF DIRECTORS as per Articles of Association of the Company, Mr. A H M Abdullah and Md. Mahmudul Hasan will retire from the Board of Directors and being eligible offer themselves for re-election. The elections of new Directors are subject to approval in the 42nd Annual General Meeting.

STATUTORY AUDITOR:

As per requirements of law, the current statutory auditors, KHAN WAHAB SHAFIQUE RAHMAN & CO., Chartered Accountants, will retire at the 42nd Annual General Meeting. As they are completed 2nd year tenure, they are considered eligible as per the rules. M/S. Khan Wahab Shafique Rahman & Co. Chartered Accountant have expressed their willingness for being appointed for the year 2024-2025. Based on suggestions of the Audit Committee, the Board recommends the appointment of M/S. Khan Wahab Shafique Rahman & Co., Chartered Accountants, as the statutory auditors of the Company for the year 2024-2025 and continuation up to the next AGM at a fee of Tk. 3,50,000 (Taka Three Lac Fifty thousand) only excluding VAT and requests shareholders to approve the appointment.

COMPLIANCE AUDITOR:

Pursuant to code 9.2 of the codes of corporate governance issued by BSEC, shareholders at the 41st Annual General Meeting (AGM) had appointed M/S MABS & J PARTNERS, Chartered accountants, as the Compliance Auditor of the Company for the year 2023-2024 ended on 30.06.2024. As proposed by the Audit Committee and recommended by the Board of Directors, the matter of appointment of MABS & J Partners, Chartered accountants, as Compliance Auditor of the Company for the year 2024-2025 would be placed before the shareholders at the 42nd AGM of the Company for approval at a fee Tk. 75,000 (Seventy-Five Thousand) only excluding VAT.

AUDIT COMMITTEE:

The Audit Committee at present consists of Independent Directors Mr. A.M.M. Zeaul Haq as Chairman and Mr. Subrata Pal – FCMA, Non-executive Director and Mr. A.T.M. Najmul Husain, Non-executive Director as members. The Committee inter alia reviews the Internal Control System, Reports of Internal Auditors, Key Audit Matters presented by the Statutory Auditors and compliance of various regulations. The Committee also reviews the audited financial statements before those are placed before the Board of Directors. Audit Committee Report for the year ended on 30th June, 2024 is shown in ANNEXURE : 5, PAGE- 21

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee at present consists of Mr. A.M.M. Zeaul Haq, Independent Director as Chairman and Mr. Subrata Pal – FCMA, Non-executive Director and Mr. A.T.m. Najmul Husain, Non-executive Director as members. The Nomination and Remuneration Committee Report for the year ended on 30th June, 2024 is shown in ANNEXURE : 6, PAGE: 29

DISCLOSURE FOR SIGNIFICANT DEVIATION:

Earning Per Share (EPS):

Sales volume has been decreased by 29.43% as compared with the corresponding period of the previous year, Raw material price, factory & administrative expenses also increased in proportion to sale of the respective year due to volatile international market, devaluation of taka against US Dollar and finance expenses increased due to increase of interest rate of Bank which causes significant deviation in EPS.

Net Operating Cash Flow Per Share (NOCFPS):

Payment for Raw Materials & administrative, selling and distribution expense were decreased. Trade Creditors, Payment for Salaries & Wages and Payment of VAT & Tax were increased against the same period of the previous year, Collections from Sales and Trade Debtors were increased more for which NOCFPS has increased significantly.

MANAGEMENT DISCUSSION & ANALYSIS:

The discussion and analysis duly signed by the Managing Director of the Company presenting, among others, the detailed analysis of the company's operations, financial position, performance, risk and concern, accounting policies & estimation to the financial statements, any changes thereof have been disclosed on page: 23 - 24 in Annexure III of annual report.

CORPORATE GOVERNANCE:

Our Company has complied with notifications, instructions, Guide lines etc of the Bangladesh Securities and Exchange Commission in respect of Corporate Governance for protecting interests of investors, investor companies and of the regulatory /controlling authorities. Governance Compliance Report of M/S MABS & J PARTNERS, Chartered Accountants and their certificate has been incorporated in page- 30 of annual report.

Moreover, Compliance Report as per BSEC notification has been in page # 31 to 39 of this report. Other inclusions in the report are : Curriculum Vitae (CV) of the Directors been recommended by the Board of Directors for appointment of next one year term Page # 6, Report of the Audit Committee Page # 21, Report of the NRC Page # 29, Certificate of CEO and CFO Page # 40, Certificate on Compliance of Corporate Governance Page # 25 to 28.

EXPLANATION ON QUALIFIED OPINION:

Regarding qualified opinion no. 01 we would like to state that since those plants are out of production from 2004 as such no depreciation were charged in line with paragraph-55 IAS 16. If depreciation of both the plant would have been charged, then there would have adverse impact on cost of production of all other products of running units. Regarding Qualified opinion 02, we complied with this observation from 2012 onward. According to BAS-16 Para 82 of Bangladesh Financial Reporting Standard 2013 Volume II -"An entity shall apply this standard for annual periods beginning on or after 1st January 2013. Earlier application is encouraged, if an entity applies this standard for a period beginning before 1st January 2013, it shall be disclosed that date". Regarding Qualified opinion 03, Trust deed has already executed and disbursement process will be started. Regarding Qualified opinion 04, as per Income Tax Act 2023, Section 163, Subsection 3 (Kha), Minimum Tax will not be considered for amounts deducted at import stage under section 120 of Income Tax Act; 2023 because of WATA is a manufacturer and imported raw material are used for own consumption. Regarding Qualified opinion 05, Amount has received from its director's as loan using Banking Channel properly as per the guideline though in few cases for repaying the loan instantly used cash cheques. Next time we will try to repay the loan amount as per guide line.

RELATED PARTY TRANSACTIONS:

Related party transactions entered into during the financial year were on arm's length basis and were in ordinary course of business. The Company has entered into transactions with the related party as mentioned in Note No. 52 of Notes to Financial Statements.

There are no related party transactions made by the Company which may have potential conflict with the interest of the Company. There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis except as stated in note 52 of notes to the Financial Statements.

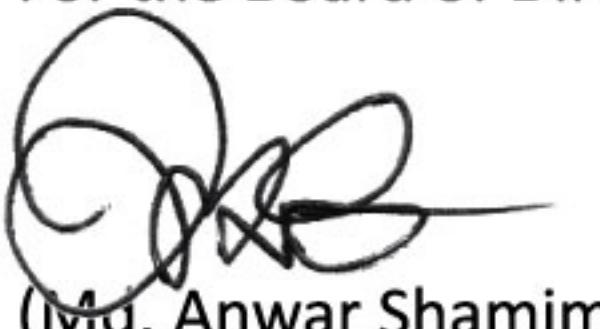
WE WOULD LIKE TO CONFIRM THAT:

- 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.
- Proper books of account of the issuer 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 (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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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;
- There are no significant doubts upon the Company's ability to continue as a going concern.
- Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- Key operating and financial data of preceding five years have been provided on page # 17 in Annexure- 1
- During the year Four Board meetings were held and the attendance by each director is given on page # 17 in Annexure- 2
- The pattern of shareholding is provided on pages # 17 in Annexure- 3
- A management discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with brief discussion of changes in the financial statements, is provided on page # 23 to 24
- Declaration or certification by the CEO and the CFO to the Board as required under condition no. 3(3)(c) of Corporate Governance Code; is provided on page # 40
- In accordance with the requirement of the Bangladesh Securities and Exchange Commission, "Compliance of conditions of Corporate Governance Code as required under condition no. 9 " is provided on page # 30
- During the year the company did not pay any remuneration to its Independent Director. Only meeting attendance fees were paid.

ACKNOWLEDGMENT:

In the current situation of world disorder in the national and internodal arena, the Shareholders and Stakeholders would not be happy with the results we have achieved but It is expected that we can overcome the situation and every concern will be happy .The Board of Directors of WATA Chemicals Limited would like to extend its foremost regard and appreciation to the valued Shareholders and other stakeholders of the Company for their persistent support and guidance to the company that led to the cumulative achievements. The Board also expresses their gratitude to Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms (RJSC),Ministry of Home , National Board of Revenue (NBR), Central Depository Bangladesh Limited (CDBL), Office of the Deputy Commissioner of District Narayangonj, Office of the Deputy Commissioner of District Chattogram, Department of Explosives , Department of Environment , Department of Inspection for Factories and Establishments (DIFE),Fire Service and Civil Defense, Company's bankers, and other business alliances for their cooperation, positive support, and guidance. We record deep appreciation for all WATA employees who have adjusted their way of working to continue supporting our valued customers and partners; finally we extend thanks to our valued clients who play the most significant role in our success story. We promise that we will continue our journey towards a bright future. We look forward to your continued support in 2024-25and the days ahead.

For the Board of Directors of WATA Chemicals Limited.


(Md. Anwar Shamim)
Chairman

Annexure-1

KEY OPERATING AND FINANCIAL DATA OF LAST FIVE YEARS:

[FIGURE IN TAKA EXCEPT DIVIDEND]

PARTICULARS	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Turnover	819,837,945	1,110,394,363	1,036,043,378	649,079,365	837,993,834
Gross profit	218,896,554	282,663,882	279,137,551	216,830,312	283,922,156
Net Profit Before tax	18,967,671	52,487,194	80,879,845	98,049,177	170,171,476
Net Profit After tax	9,861,014	44,986,626	59,958,120	90,957,313	119,323,458
Paid up Capital	148,226,180	148,226,180	148,226,180	148,226,180	148,226,180
Earnings per share	0.67	3.03	4.05	6.14	8.05 (Restated)
Dividend (%)	12% Cash (Proposed)	15% Cash	General Sharholder 20% cash ,Directors 10% Cash	30% Cash	35% Cash

Annexure-2

THE NUMBER OF BOARD MEETING HELD ,THE ATTENDENCE BY EACH DIRECTOR DURING THE PERIOD JULY 2023 TO JUNE 2024

NAME OF DIRECTORS	POSITION	Number of Meeting Held	NUMBER OF ATTENDANCE
Mr. Razi Uddin Ahmed General Manager- I.C.B. (Nominated Director)	Chairman up to 30.04.2024	3	3
Mr. Md. Anwar Shamim General Manager- I.C.B. (Nominated Director)	Chairman from 30.04.2024	1	1
Mr. Md. Nazrul Islam	Managing Director	4	4
Mr. Md. Iftikhar-Uz-Zaman (Former Managing Director- ICB)	Independent Director	3	3
Mr. AMM Zeaul Haq	Independent Director	1	1
Mr. A.H.M. Abdullah	Director	4	4
Mr. Md. Mahmudul Hasan	Director	4	4

Annexure-3

SHARE HOLDING PATTERN

NAME	STATUS	SHARES HELD
A) PARENT/SUBSIDIARY/ASSOCIATED COMPANIES AND OTHER RELATED PARTIES	NONE	NONE
B) DIRECTORS,CHIEF EXECUTIVE OFFICERS,COMPANY SECRETARY,CHIEF FINANCIAL OFFICER,HEAD OF INTERNAL AUDIT AND THEIR SPOUSE AND CHILDREN :		
Mr. Md. Anwar Shamim, (ICB Nominated Director)	Chairman	NIL
Mr. Md. Nazrul Islam	Managing Director	48,04,032
Mr. AMM Zeaul Haq	Independent Director	NIL
Mr. A H M Abdullah, (Son of Mr. Md. Nazrul Islam)	Director	2,96,453
Md. Mahmudul Hasan, (Son of Mr. Md. Nazrul Islam)	Director	2,96,453
Mrs. Amina Khatun, (Wife of Mr. Md. Nazrul Islam)	Spouse	NIL
Mr. Md. Ali Ahsan	Chief Financial Officer	1,000
Mr. Shamsul Huq	Company Secretary	NIL
Mr. Milan Hossain (ACS)	Head of Internal Audit	NIL
C) EXECUTIVE :		
Mr. Abu Taher Bhuiyan	General Manager (Factory)	NIL
Mr. Md. Ashraful Alam	General Manager (Finance & Accounts)	NIL
Mr. Tapos Chandra Sarkar	Accounts Manager	NIL
Mr. Mohammad Ali	Manager -Commercial	NIL
D) SHAREHOLDERS HOLDING 10% OR MORE :		
Md. Nazrul Islam	48,04,032	
M/S Investment Corporation of Bangladesh (ICB)	39,84,091	

Annexure-4

Risk Factors And Management Perception About The Risks At Wata Chemicals Limited

Most entrepreneurs are risk taker by nature or at minimum calculated visionaries with a clear plan of action to launch product or fill a gap in the industries.

Risks are always associated with investments and investing in the company involves inherent risk factors. There are a number of factors, both specific to Wata Chemicals Ltd (Here in after shown as WCL) and of a general nature, which may affect the future operating and financial performance of the WCL and the value of an investment in WCL. Some of these factors can be mitigated by the use of safeguards and appropriate risk management action. However, some are outside the control of WCL and cannot be mitigated. The objective of risk management system of WCL is to identify measure and manage risks there upon and protect our stakeholders.

The information given below does not assert to be exhaustive. Additional risks or uncertainties are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on WCL's business, financial condition and operating results. The order in which the risks presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

INTEREST RATE RISKS:

Interest rate is always a concern of the management. Higher rate of interest increases costs of fund of a company and consequently its profit is squeezed.

MANAGEMENT PERCEPTION:

The management of the Company is always aware of interest rate, which is connected to the cost of fund of the Company. The Management prefers procuring long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Company is emphasizing on equity based financing.

EXCHANGE RATE RISK:

The company uses raw materials by importing from Asian & European countries. Devaluation of taka has been significantly decreased against dollar and WCL has been suffering due to exchange rate fluctuation in case of import of raw materials.

MANAGEMENT PERCEPTION:

Appropriate and responsible mechanisms exercised by WCL in the past in case of significant taka devaluation in order to keep the costs 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 to experience by the whole industrial sector, the company cover such possibilities by adjusting price of its products.

LIQUIDITY RISKS:

This is the risk that cash may not be available to pay obligations when fall due. The Risk Primarily arise due to the maturity mismatch associated with Assets and liabilities.

MANAGEMENT PERCEPTION:

The company has regular sale of its products to Govt. Organization/industries and to other in Private Sector. Items have very wide market. Generally Goods are not sold on Credit. As per experience of last 30 years. Products became sold immediately on Production and with good profit margin. After full completion of newly installed plants the project shall become more profitable and sale value shall attain/find at a new dimension.

MANAGEMENT RISKS:

There may arise Management Risk in the Company which associates ineffectiveness, destructive or underperforming management which may hurts the smooth operation of the company resulting a loss.

MANAGEMENT PERCEPTION:

WCL has well established management structure with diverse knowledge, skills, experience and expertise in core area of business in its bid to attain optimal utilization of available resources. Company Management is headed by General Manager of ICB. One of its Director is a Graduate in Chemical Engineering from Bangladesh University of Engineering & Technology(BUET). The company has also a well proven track record of having strong and effective leadership which already has shown an effect on the Chemical Business of the country. Under this circumstance management risk is not a concerning factor for the WCL.

OPERATIONAL RISK:

Operational risk of the company is directly related to performance of Machineries, Power supply, Technical man power, Raw material supply continuity, Natural calamities, Political situation and availability of labor etc.

MANAGEMENT PERCEPTION:

Management is aware of and maintenance of machineries are has been done regularly. The company has adequate electric & GAS supply arrangement from REB & Titas Gas Transmission & Distribution Company Ltd. Two Gas generators has been setup within thefactory to ensure uninterrupted supply. More powerful Steem Turbine Generator has installed for greater power requirement of plants. The company has sufficient & experienced technical manpower for smooth running of the existing plants and also new plants.

The company maintains excellent relationship with several suppliers in Asian and European countries and continuous supply of rawmaterials can be maintained for the existing and new plants. The company maintain adequate stock of Raw Materials to cover possible risk of supplier's failure to comply with contractual terms of shipment.

CONTINUED



The project is situated on a high land near Dhaka, adjacent to a wide concrete road and all its machineries and stocks of Raw materials, finished products, and spare parts are stored within pucca, wide & strong buildings. During last 32 years of its setup, the company never experienced any loss/damage by natural calamity.

Since we maintain adequate stock of Raw-materials, productions do not become frustrated on political unrest. Referring to marketing- ALUM is sold mainly to Dhaka WASA, Chattogram WASA, Industries under BCIC do not face problem in supply process. Acid and others materials are sold to nearby industries and trade companies. So it has very little risk in supply processes during political unrest.

BUSINESS RISKS:

Business risk is the possibility that a company will have lower than anticipated profits, or that it will experience a loss rather than a profit. Business risk is influenced by various factors, including business environment, economic situation and Government Regulations.

MANAGEMENT PERCEPTION:

Business Risk for this company is very minimum for its products are compulsory for the Government Organization ie; Dhaka & Chittagong WASA, Fertilizer Factory under Govt. Control, Power Plant etc. need Aluminium Sulphate and Sulfuric Acid for their Operational Processes. Leather, Textile and other export oriented Industries use our products to meet their requirement in their production process. In agriculture sector sulphate fertilizer uses are growing day by day. So the management find very minimum Risk on it's business.

INDUSTRY RISKS:

The company mainly produce and sale sulfuric acid. Major consumers of the products of WCL are Fertilizer Factories, leather industry, soap, detergent, battery industry, glue, rubber, paints, dyes, plastics, water treatment plant, paper mill, iron pickling, steel mill, Textiles and its backward linkage industry etc. ETP plants and other chemical & Engineering sectors. There are a huge demand for the product of the Company in the Industrial sectors. Its main product Sulfuric Acid is of toxic character and has effects including water and environmental Pollution.

MANAGEMENT PERCEPTION:

The Company has internal risk Mitigate system like using the modern equipped Water Treatment Plant (ETP), Air Treatment Plant (ATP) and using of experience technician for hazard identification, risk analysis and risk management. It has ETP and ATP for environment pollution control. Workers and Employees of the factory use appropriate Uniform, Musk, Gloves, shoes etc. for security & safe guard of their life and these are effectively monitored by the management.

MARKET & TECHNOLOGY RELATED RISK & MANAGEMENT PERCEPTION:

WCL's product is Sulfuric Acid, Aluminium Sulphate, Zinc & Magnesium Sulphate, LABSA & SLES etc. Consumption of sulfuric acid is a main indicator of Industrial development of a country. Its demand is being increased day by day. It has very few competitors in market yet. Aluminium sulphate is the most essential item in Water Purification. Its demand is being increased day by day. It also has very few competitors in market. At rising of production of high yielding variety of all agricultural products, sulphate fertilizer use has also similar rising trend all over the country. Market risk for the product is as good as nil. Political unrest may have a factor on overall market position of the country.

The technology being utilized for its products are the latest standard. It has technical manpower and the company never faced any technological difficulties during life of the plant units. Management always has intention to adopt developed technologies in future and when it is found innovative in productivity.

RISK RELATED TO POTENTIAL OR EXISTING GOVERNMENT REGULATIONS:

The business activities of WCL is fully controlled by Policies, Rules and Regulations framed by Regulatory Authorities of the Government, Sudden change in Government policies in this regard may impact business operation.

MANAGEMENT PERCEPTION:

The Company operates under Company's Act-1994, Taxation Policy adopted by NBR, Bangladesh Security And Exchange Commission (BSEC)'s, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange Ltd. (CSE) Rules Regulations adopted by other Regulatory organizations. Any abrupt change of the policies formed by those bodies may impact the business of the Company.

WCL maintain its production and marketing processes in full compliance with Act, Rules, Regulations of the regulatory authorities like Ministry of Home, Department of Explosive, DC Office of Narayangonj & Chittagong (Licensing Authority) etc.



RISK RELATED TO POTENTIAL CHANGES IN GLOBAL OR NATIONAL POLICIES:

The performance of the company may be affected by the political and economical instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general. Since our products are of basic and fundamental uses in developing/developed countries, there is very little risk for changes in Global & National Policies.

MANAGEMENT PERCEPTION:

The company can prosper in a situation of political stability and a congenial business environment. Political turmoil and disturbance have adverse effect on the economy and so also on this sector. This is why WTO and Asian Development Bank emphasize development of chemical sector in chalking out their respective policies. The Company is always aware of all types of turmoil and even though if the smooth supply of raw material is hampered or faces any kind of disruptions, it will try to keep the production smooth. The global and national policies for production of sulfuric acid are favorable since long and at present.

Though the Government has strict monitoring and follow up the retail use of any type of acid due to abusing inhuman way, there is no restriction on production considering the dire necessity of sulfuric acid as raw materials of various local & export oriented industries in Bangladesh. So, the demand of sulfuric acid will increase day by day with the increase of the relevant industries those who are using sulfuric acid.

RISK RELATED TO PANDEMIC SITUATION:

A pandemic is an epidemic of an infectious disease that has spread across a large region, for instance multiple continents or worldwide, affecting a substantial number of individuals. In a pandemic situation most of the factor are like that

- (1) Supply Chain Disruption
- (2) Interruption of operation
- (3) Effect on consumer demand
- (4) Work related measure
- (5) Market volatility, Credit risk and financial performance

MANAGEMENT PERCEPTION:

During unavoidable Pandemic situation guideline has been introduced and as such no employee & workers at factory will not be affected. As our basic chemicals used in all WASA, Govt. Enterprise and huge member of local Industries in Bangladesh, So far we have not had to close our Factory. We have continued our production may be at a smaller scale.

SUPPLY RISK:

WCL is dependent on import for its raw materials. The company imports major raw material i.e Sulphur from Russia and UAE, Saudi Arabia, India. The company maintains import relationship with several suppliers. So, it thinks very minimum supply risk.

Raw materials are imported from different Asian and European countries. Risk has been there for procurement/import of raw materials for Covid 19 pandemic has affected almost all countries around the Globe. Container crisis, ship's unavailability, insufficient feeder vessel, congestion at port of transshipment etc; have been reason for import lots taking much long time from port of loading to reach destination.

MANAGEMENT PERCEPTION:

Management is aware of the risk and has been importing sufficient quantity so that risk of raw material supply is minimized and production continuation is maintained properly. The risk is being covered by effective supervision, timely purchase and by utilizing experience of the Management.