Bata



# ANNUAL REPORT 2017

# Bata

## MUST-HAVE SHOES. EVERY DAY COMFORT.

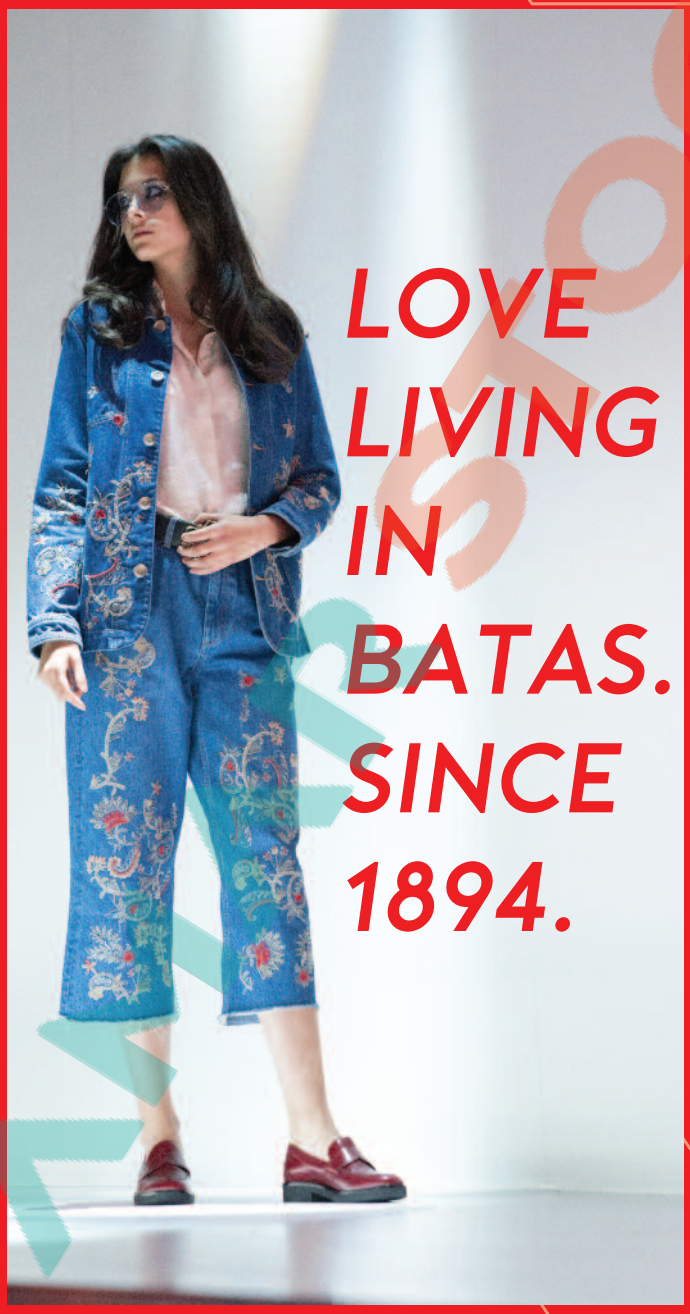
FEW THINGS DEFINE A LIFE-STYLE THE WAY SHOES DO. AND WE ARE AMONG THE VERY BEST IN THE WORLD AT MAKING THEM. THAT'S WHY 1 MILLION+ PEOPLE CHOOSE TO BUY BATA EVERY DAY.

## OUR PASSION IS SHOES.

WE LOVE MAKING STAND-OUT FOOTWEAR OUR CUSTOMERS CAN WEAR TO LOOK GOOD AND FEEL GOOD ALL DAY LONG, AND ALWAYS WITH PRICE TAGS THAT IMPRESS THEM TOO.

## LEADING GLOBAL COMPANY.

FROM MILAN TO NAIROBI, AND LA PAZ TO SINGAPORE, WE MAKE, MARKET AND SELL ENVIABLE NEW DE-SIGNS AND ERA-DEFINING CLASSICS. AS WELL AS BE-ING A GLOBAL BRAND, WE ARE STILL A PRIVATE FAM-ILY BUSINESS. AND WE'RE PROUD TO ACT LIKE ONE.




## SHOEMAKING SINCE 1894.

ORIGINALLY, WE SE OUT TO LIVING SHOE THE WORLD. THIS LED US TO WHERE WE ARE NOW: THE NO.1 GLOBAL FOOTWEAR COMPANY AND AN INTERNATIONAL FASH-ION ICON.

## TRADITIONAL VALUES. MODERN OUTLOOK.

TODAY, OUR CUSTOMERS WANT MORE THAN SHOES, THEY WANT TO BE INSPIRED AND CONNECTED. THEY WANT TO SHOP IN THE SINCE MOMENT, IN STORES OR ONLINE. WE MAKE SURE THAT WITH BATA, THEY CAN SIMPLY HAVE IT ALL.

## EXTRA MILE.

BATA HAS ALWAYS TRIED TO BENEFIT THE WIDER COM-MUNITY. FROM OUR EM-PLOYEES AND SUPPLIERS TO OUR NEIGHBOURS AND CUSTOMERS, WE WORK HARD IN PARTNERSHIP WITH THIS EXTENDED FAMILY TO CREATE WEALTH, IMPROVE WELFARE AND ENCOURAGE ENTREPRENEURIALISM.

FOUNDED IN 1894, BATA IS THE WORLD'S LEADING SHOEMAKER BY VOLUME, DESIGNING STYLISH AND COMFORTABLE FOOTWEAR AT SURPRISINGLY AFFORDABLE PRICES. BATA IS A FAMILY-OWNED BUSINESS SERVING MORE THAN 1 MILLION CONSUMERS A DAY IN OUR 5,300 STORES, AND PRODUCING LOCALLY IN OUR 23 BATA-OWNED MANUFACTURING FACILITIES ACROSS FIVE CONTINENTS.IN BANGLADESH, BATA STARTED ITS OPERATION IN 1962.

CURRENTLY BATA SHOE COMPANY (BANGLADESH) LIMITED OPERATES TWO MANUFAC-TURING FACILITIES– ONE IN TONGI AND THE OTHER IN DHAMRAI.

# WELCOME
## TO OUR ANNUAL REPORT
# 2017

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# VISION MISSION & VALUES

## Vision

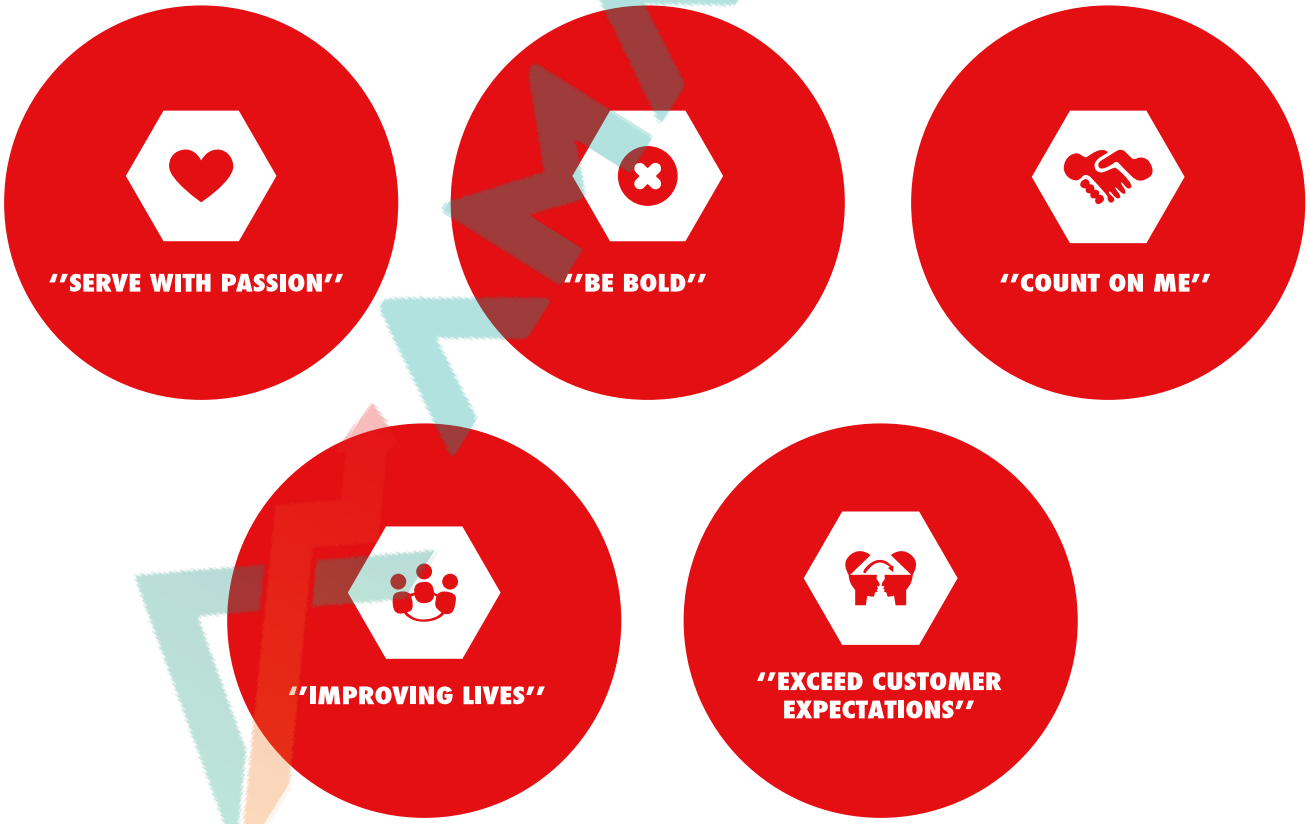
*To make great shoes accessible to everyone*

## Mission

*To help people look and feel good.*
*To be the customer's destination of choice.*
*To attract and retain the best people.*
*To remain the most respected footwear company.*

# OUR VALUES

*Our products have to make our customers look good and feel great. We become our customer's choice by offering a personal shopping experience to create long standing customer relationships. Therefore, at Bata the below five values are integral parts of our way of working:*




SMARTSTOCK

# BOARD OF DIRECTORS



**MR. RAJEEV GOPALAKRISHNAN**
**CHAIRMAN**

MR. RAJEEV GOPALAKRISHNAN (INDIAN NATIONAL) HAS BEEN THE CHAIRMAN OF BATA SHOE COMPANY (BANGLADESH) LIMITED SINCE 2014. WITH A RICH EXPERIENCE OF OVER 27 YEARS IN FOOTWEAR INDUSTRY, MR. RAJEEV HAS EARLIER GRASPED POSITIONS OF DIRECTOR – WHOLESALE CHANNELS WITH BATA INTERNATIONAL – CANADA AND VICE PRESIDENT OF RETAIL OPERATIONS AND WHOLESALE DIVISION IN BATA INDIA. HE WAS ALSO POSTED AS THE MANAGING DIRECTOR OF BATA THAILAND AND BATA BANGLADESH. AT PRESENT HE IS HOLDING THE POSITION OF PRESIDENT OF BATA, SOUTH ASIA. "CMO ASIA SUMMIT" IN ASIA RETAIL CONFERENCE IN 2015 RECOGNIZED MR. RAJEEV AS THE 'RETAIL PROFESSIONAL OF THE YEAR.



**MR. SHAIBAL SINHA**
**DIRECTOR**

MR. SHAIBAL SINHA (INDIAN NATIONAL) WAS APPOINTED AS DIRECTOR OF THE COMPANY IN 2012. REMARKABLE POST-QUALIFICATION EXPERIENCES IN DIFFERENT POSITIONS IN FINANCE ACROSS THE GLOBE BASED OUT OF INDIA, SINGAPORE, UNITED KINGDOM AND MIDDLE EAST. JUST BEFORE JOINING BATA, HE WAS WORKING WITH RECKITT BENCKISER. CURRENTLY, HE IS THE "GROUP OPERATIONS FINANCE DIRECTOR" BASED OUT OF SINGAPORE. HE IS ALSO A MEMBER OF THE BOARD OF DIRECTORS OF CHINA FOOTWEAR SERVICES, BATA INDONESIA, BATA MALAYSIA, BATA THAILAND, AND BATA SRILANKA.



**MR. CHITPAN KANHASIRI**
**MANAGING DIRECTOR**

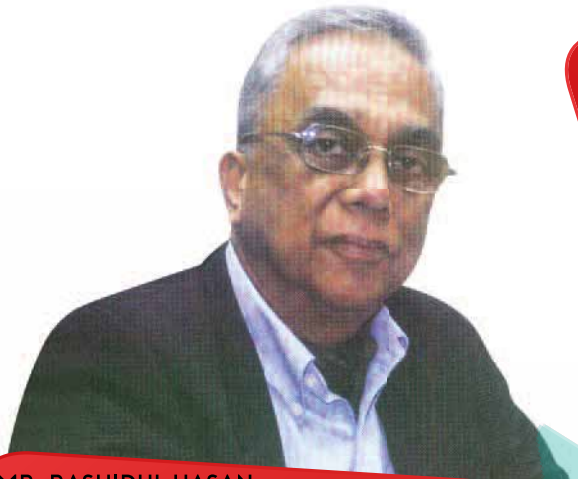
MR. CHITPAN KANHASIRI (THAI NATIONAL) HAS BEEN THE MANAGING DIRECTOR AND VICE CHAIRMAN OF THE COMPANY SINCE APRIL 2014. FABULOUS 15 YEARS BACKGROUND IN SHOE INNOVATION AND FOOTWEAR MARKETING. HE HAS PREVIOUSLY HELD MARKETING MANAGER POSITION WITH M/S ADDA IN THAILAND. AFTER JOINING BATA IN 2007 HE WAS POSTED AS ACTING COMPANY MANAGER OF BATA MALAYSIA AND RETAIL & NON RETAIL SALES MANAGER OF BATA THAILAND.

AMAR STOCK



## MR. K. M. REZAUL HASANAT
### DIRECTOR

MR. K. M. REZAUL HASANAT (BANGLADESHI NATIONAL) HAS BEEN A DIRECTOR OF THE COMPANY SINCE 2011. WELL KNOWN MEMBER OF THE BUSINESS FRATERNITY AND THE CHAIRMAN AND CEO OF VIYELLATEX GROUP. UNDER HIS LEADERSHIP, VIYELLATEX GROUP CAME INTO EXISTENCE IN 2002 AND HAS BECOME ONE OF THE FASTEST GROWING BUSINESS CONGLOMERATES IN BANGLADESH. HE OWES A CREDIT TO BE A PIONEER IN HIS INDUSTRY IN IMPLEMENTING NUMEROUS GREEN INITIATIVES, WHICH HAS LED HIM TO BE ELECTED PRESIDENT OF UNITED NATIONS GLOBAL COMPACT BANGLADESH NETWORK IN 2012. HE IS ALSO A COMMERCIALLY IMPORTANT PERSON (CIP).



## MR. RASHIDUL HASAN
### DIRECTOR (RETIRED ON 26 APRIL, 2018

MR. RASHIDUL HASAN (BANGLADESHI NATIONAL) HAS BEEN SERVING AS A DIRECTOR SINCE 1985 TO2018 ON THE BOARD. AS AN INDEPENDENT DIRECTOR HE IS ALSO THE CHAIRMAN OF AUDIT COMMITTEE. RENOWNED CIVIL SERVANT, RETIRED AS DIRECTOR GENERAL, DEPARTMENT OF INDUSTRIES IN 1981. HE IS THE PRESENT CHAIRMAN OF UTTARA FINANCE & INVESTMENTS LTD., AND HOLD POSITION OF AN INDEPENDENT DIRECTOR IN RECKITT BENCKISER BANGLADESH AND MONNO GROUP OF INDUSTRIES. HE ALSO ENGAGED IN VARIOUS ACTIVITIES OF NON-GOVERNMENTAL ORGANIZATIONS SUCH AS TRUSTEE OF KUMUDINI WELFARE TRUST AND A PROMOTER DIRECTOR OF GRAMEEN UDDOG. HE WAS APPOINTED AS THE MANAGING DIRECTOR OF INDUSTRIAL PROMOTION DEVELOPMENT COMPANY OF BANGLADESH (IPDC), THE FIRST JOINT VENTURE INVESTMENT AND FINANCE COMPANY OF BANGLADESH WITH IFC OF THE WORLD BANK.



## MRS. RUPALI H. CHOWDHURY
### DIRECTOR

MRS. RUPALI H. CHOWDHURY (BANGLADESHI NATIONAL) HAS JOINED IN BATA BANGLADESH AS A MEMBER OF THE BOARD OF DIRECTOR ON 26 APRIL 2018. AT PRESENT SHE IS HOLDING THE POSITION OF MANAGING DIRECTOR OF BERGER PAINTS BANGLADESH LIMITED. SHE WAS THE EX-PRESIDENT OF FOREIGN INVESTORS' CHAMBER OF COMMERCE & INDUSTRY (FICCI), DIRECTOR OF SMC ENTERPRISE LIMITED & SMC HOLDINGS, AND INDEPENDENT DIRECTOR OF MARICO BANGLADESH LIMITED. SHE COMPLETED GRADUATION WITH HONOURS IN CHEMISTRY FROM THE UNIVERSITY OF CHITTAGONG AND DID MBA FROM IBA, UNIVERSITY OF DHAKA. MRS. CHOWDHURY HAS BEEN SELECTED AS A COMMERCIALLY IMPORTANT PERSON (CIP) FOR HER OUTSTANDING PERFORMANCE IN THE INDUSTRIAL SECTOR.




# Management Team



Mr. Chitpan Kanhasiri
*Managing Director*

*MR. CHITPAN KANHASIRI (THAI NATIONAL) MANAGING DIRECTOR AND VICE CHAIRMAN OF THE COMPANY SINCE APRIL 2014. FABULOUS 16 YEARS BACKGROUND IN SHOE INNOVATION AND FOOTWEAR MARKETING. HE HAS PREVIOUSLY HELD MARKETING MANAGER POSITION WITH M/S ADDA IN THAILAND. AFTER JOINING BATA IN 2007 HE WAS POSTED AN ACTING COMPANY MANAGER OF BATA MALAYSIA AND RETAIL & NON RETAIL SALES MANAGER OF BATA THAILAND.*



Mr. Muhammad Sohail Aslam
*Finance Director*

*MR. MUHAMMAD SOHAIL ASLAM (PAKISTANI NATIONAL) WAS APPOINTED AS FINANCE DIRECTOR OF THE COMPANY SINCE 1ST JUNE 2016. HE STARTED HIS CARRIER WITH BATA PAKISTAN IN INTERNAL AUDIT DEPARTMENT. SERVING AN ORGANIZATION WITH UTMOST SINCERITY AND INTEGRITY FOR ABOUT 27 YEARS HE SERVED IN VARIOUS BATA COMPANIES IN DIFFERENT COUNTRIES. PRIOR TO JOINING IN BATA BANGLADESH HE WAS THE FINANCE DIRECTOR OF BATA ZIMBABWE.*



Mr. Lee Sin Kee
*Retail Manager*

*MR. LEE SIN KEE (MALAYSIAN NATIONAL) WAS APPOINTED AS MARKETING MANAGER IN AUGUST 2014. PRIOR TO JOINING IN BATA BANGLADESH HE HELD THE POSITION OF MARKETING MANAGER IN BATA MALAYSIA. HE HAS 30 YEARS VAST EXPERIENCE IN RETAILING, BRANDING, AND STORES DEVELOPMENT.*



Mr. Patricio Andres Alegria Oteiza
*Chief Collection and Product Development Manager*

*MR. PATRICIO ANDRES ALEGRIA OTEIZA (CHILEAN CITIZEN) JOINED IN BATA SHOE COMPANY (BANGLADESH) LIMITED AS CHIEF COLLECTION AND PRODUCT DEVELOPMENT MANAGER ON 1 FEBRUARY 2018. HE HAS OVER 10 YEARS OF EXPERIENCE IN VARIOUS BATA COMPANIES AND SUCCESSFULLY PERFORMED IN SHOE DESIGN, DEVELOPMENT AND COLLECTION. PRIOR TO JOINING IN BATA BANGLADESH HE WORKED FROM 2016 TO 2017 IN SINGAPORE AS GLOBAL PRODUCT MANAGER. HE COMPLETED HIS BACHELOR IN GRAPHIC DESIGN AND DID ALSO DIPLOMA IN MARKETING AND RETAIL MANAGEMENT.*



Mr. Jalil Ahamed Chowdhury
*General Manager, Supply Chain*

*MR. JALIL AHAMED CHOWDHURY (BANGLADESHI NATIONAL) WAS APPOINTED AS GENERAL MANAGER, SUPPLY CHAIN, EFFECTIVE FROM 2016. HE WORKED FOR THE COMPANY AT HIS FIRST SPELL, AS QUALITY ASSURANCE MANAGER. BEFORE JOINING IN BATA BANGLADESH HE WAS MANAGER – QUALITY ELS & COMPLIANCE IN AVERY DENNISON SOUTH ASIA, BANGLADESH. HIS TOTAL 21 YEARS OF JOB EXPERIENCE IN PLANNING AND QUALITY ASSURANCE IS BENEFITTING THE COMPANY IN SUPPLY CHAIN MANAGEMENT.*



Mr. Omar Faisal Chowdhury
*General Manager, Non Retail*

*MR. OMAR FAISAL CHOWDHURY (BANGLADESHI NATIONAL) WAS APPOINTED AS GENERAL MANAGER, NON RETAIL, EFFECTIVE FROM 2015. HE IS SERVING THE COMPANY FOR LAST 14 YEARS. HOLDING BUSINESS MANAGEMENT DEGREE, HE WORKED AS AREA MANAGER IN RETAIL OPERATIONS, MERCHANDIZING MANAGER, AND CENTRAL DISTRIBUTION MANAGER.*

AMAR STOCK



MR. A. A. MD. ARFANUL HOQUE (BANGLADESHI NATIONAL) IS RESPONSIBLE AS ASSISTANT GENERAL MANAGER, MERCHAN DISING, EFFECTIVE FROM 2015. HAVING MORE THAN 11 YEARS OF EXPERIENCE IN MERCHANDIZING MANAGEMENT, HE ALSO PERFORMED AS AREA MANAGER IN RETAIL OPERATIONS OF THE COMPANY. BEFORE TO JOINING IN BATA HE WORKED FOR NEW ZEALAND DAIRY LTD. ALTOGETHER HE HAS 17 YEARS OF EXPERIENCE IN VARIOUS CAPACITIES.

Mr. A. A. Md. Arfanul Hoque
*Asst. General Manager, Merchandising*



MR. MD. HASHIM REZA (BANGLADESHI NATIONAL) WAS APPOINTED AS COMPANY SECRETARY EFFECTIVE FROM 2005. BESIDE THIS POSITION, HE IS ALSO HOLDING THE POSITION OF GENERAL MANAGER – FINANCE. HE STARTED HIS CAREER WITH BATA BANGLADESH AS SENIOR OFFICER IN FINANCE AND ADMINISTRATION DEPARTMENT SINCE 1992. ALTOGETHER HE HAS 25 YEARS OF EXPERIENCE IN THIS COMPANY. HE IS FCMA FROM THE INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF BANGLADESH, AND FCS FROM THE INSTITUTE OF CHARTERED SECRETARIES OF BANGLADESH.

Mr. Md. Hashim Reza
*Company Secretary*



MR. SYED ZAHIDUL ISLAM (BANGLADESHI NATIONAL) WAS APPOINTED AS GENERAL MANAGER, HUMAN RESOURCES OF THE COMPANY, EFFECTIVE FROM NOVEMBER 2017. HE STARTED HIS CAREER WITH BATA BANGLADESH AND SERVING THE COMPANY FOR A REMARKABLE 20 YEARS OF PERIOD. OVER THESE YEARS, HE GATHERED EXPERIENCE IN DIFFERENT FUNC TIONS OF HR MANAGEMENT SUCH AS PAYROLL, INDUSTRIAL RELATION & ORGANIZATION AL DEVELOPMENT. HE OBTAINED POST GRADUATE DIPLOMA & MBA IN HUMAN RESOURCE MANAGEMENT.

Mr. Syed Zahidul Islam
*General Manager*
*Human Resources*



MR. MD. HUMAYUN KABIR (BANGLADESHI NATIONAL) WAS APPOINTED AS HEAD OF INTERNAL AUDIT EFFECTIVE FROM 2017. HE JOINED IN BATA BANGLADESH AS SENIOR INTERNAL AUDITOR IN 2003. BEFORE JOINING IN BATA, HE WORKED FOR ACNABIN & CO. CHARTERED ACCOUNTANTS, BANGLADESH. HE HAS 18 YEARS OF EXPERIENCE IN AUDITING. HE OBTAINED MASTERS OF BUSINESS ADMINISTRATION (MBA), MAJOR IN FINANCE.

Mr. Md. Humayun Kabir
*Head of Internal Audit*

# BEST BRAND AWARD




*BATA BANGLADESH HAS RECEIVED THE BEST BRAND AWARD IN FOOTWEAR CATEGORY FOR 5 CONSECUTIVE YEARS INCLUDING 2017 AS NO. 1 SHOE BRAND IN BANGLADESH.*
*BATA HAS RECEIVED THE AWARD AS THE LEADING FOOTWEAR COMPANY IN THE COUNTRY.*

# কোম্পানির তথ্য

Company Information

| | |
|---|---|
| কোম্পানি সচিব<br>*মোঃ হাসিম রেজা* | Company Secretary<br>*Md. Hashim Reza* |
| নিরীক্ষক<br>*রহমান রহমান হক*<br>*চার্টার্ড একাউন্ট্যান্টস*<br>*৯, মহাখালী বা/এ (১১ তলা)*<br>*ঢাকা-১২১২* | Auditors<br>*Rahman Rahman Huq*<br>*Chartered Accountants*<br>*9, Mohakhali C/A (11th Floor)*<br>*Dhaka-1212* |
| কর্পোরেট গভর্নেন্স কমপ্লাইন্স নিরীক্ষক<br>*অরুণ এন্ড কোম্পানি*<br>*চার্টার্ড একাউন্ট্যান্টস*<br>*বাড়ি নং-৫৫৮, পূর্ব কাজী পাড়া,*<br>*কাফরুল, মিরপুর, ঢাকা-১২১৬* | Corporate Governance Compliance Auditors<br>*Arun & Compnay*<br>*Chartered Accountants*<br>*House # 558, East Kazi Para,*<br>*Kafrul, Mirpur, Dhaka-1216* |
| আইন উপদেষ্টা<br>*আমিন উদ্দিন এন্ড এসোসিয়েট্স*<br>*মাহবুবুল হক এন্ড এসোসিয়েট্স*<br>*এমিকা ভ্যারিটাস* | Legal Advisers<br>*Amin Uddin & Associates*<br>*Mahbubul Hoque & Associates*<br>*Ameca Veritas* |
| ব্যাংক<br>*ইস্টার্ন ব্যাংক লিঃ*<br>*ডাচ্ বাংলা ব্যাংক লিঃ*<br>*এইচ এস বি সি লিঃ*<br>*ইসলামী ব্যাংক (বাংলাদেশ) লিঃ* | Bankers<br>*Eastern Bank Ltd.*<br>*Dutch Bangla Bank Ltd.*<br>*HSBC Ltd.*<br>*Islami Bank (Bangladesh) Ltd.* |
| ফ্যাক্টরী<br>*১. টঙ্গী, গাজীপুর*<br>*২. ধামরাই, ঢাকা* | Factories<br>*1. Tongi, Gazipur*<br>*2. Dhamrai, Dhaka* |
| রেজিষ্টার্ড অফিস<br>*বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড*<br>*টঙ্গী শিল্প এলাকা*<br>*টঙ্গী, গাজীপুর* | Registered Office<br>*Bata Shoe Company (Bangladesh) Limited*<br>*Tongi Industrial Area*<br>*Tongi, Gazipur* |

# বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এই বিজ্ঞপ্তির মাধ্যমে জানানো যাচ্ছে যে, বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড-এর ৪৬তম বার্ষিক সাধারণ সভা নিম্নলিখিত কার্যাবলি সম্পাদনের জন্য আগামী বৃহস্পতিবার, ২১ জুন ২০১৮ সকাল ১০:৩০ মিনিটে কোম্পানির রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণ, টংগী, গাজীপুরে অনুষ্ঠিত হবে :

১. ৩১ ডিসেম্বর ২০১৭ তারিখে সমাপ্ত বছরের জন্য পরিচালকবৃন্দের প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।

২. ৩১ ডিসেম্বর ২০১৭ তারিখে সমাপ্ত বছরের জন্য নিরীক্ষিত হিসাব এবং নিরীক্ষকদের প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।

৩. পরিচালকবৃন্দের সুপারিশকৃত লভ্যাংশ অনুমোদন।

৪. পরিচালকবৃন্দের নির্বাচন।

৫. ২০১৮ সালের জন্য নিরীক্ষক নিয়োগ এবং তাঁদের পারিশ্রমিক নির্ধারণ।

পরিচালকমণ্ডলীর আদেশক্রমে,

**মোঃ হাসিম রেজা**
কোম্পানি সচিব

টংগী, ২৬ এপ্রিল ২০১৮

**দ্রষ্টব্য:**

১. **২৩ মে ২০১৮ হচ্ছে রেকর্ড ডেট।** যে সব শেয়ারহোল্ডারদের নাম উক্ত তারিখ পর্যন্ত কোম্পানির শেয়ার রেজিস্টার কিংবা ডিপজিটরি রেজিস্টারে নথিভুক্ত হবে, তাঁরাই বার্ষিক সাধারণ সভায় যোগদানের উপযুক্ত বলে গণ্য হবেন।

২. একজন সদস্য এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর স্বপক্ষে উপস্থিত হতে এবং ভোট দিতে একজন প্রক্সি নিয়োগ করতে পারেন।

৩. বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের সার্কুলার এসইসি/ সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪, তারিখ ২৪ অক্টোবর ২০১৩-এর নির্দেশনা অনুযায়ী আসন্ন ৪৬তম বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/**কোন ধরণের কুপন প্রদানের ব্যবস্থা থাকবে না।**

৪. প্রক্সি ফরম যথাযথভাবে পূরণ করে সভার নির্ধারিত সময়ের ৪৮ ঘন্টা পূর্বে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে। প্রক্সি ফরম সংযোজন করা হলো।

# Notice of Annual General Meeting

Notice is hereby given that the 46TH ANNUAL GENERAL MEETING of Bata Shoe Company (Bangladesh) Limited will be held on Thursday, 21 June 2018 at 10:30 a.m. at Registered Office and Factory Premises, Tongi, Gazipur to transact the following business:

1. To receive, consider and adopt the Directors' Report for the year ended 31 December 2017.
2. To receive, consider and adopt the Audited Financial Statements of the company and the Auditors' Report thereon for the year ended 31 December 2017.
3. To approve Dividends as recommended by the Directors.
4. To elect Directors.
5. To appoint Auditors for the year 2018 and to fix their remuneration.

By order of the Board,

**Md. Hashim Reza**
Company Secretary

Tongi, 26 April 2018

**NOTES:**

1. **23 May 2018 is the RECORD DATE.** Shareholders whose names appearing in the share register of the Company or in the depository register on that date will be eligible to attend at the AGM.
2. A member eligible to attend and vote at the General Meeting is entitled to appoint a proxy to attend the meeting and vote on his/her behalf.
3. In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013, **any Gift/Gift Coupon/Food Box shall not be given at the 46th AGM.**
4. Form of Proxy, duly completed, must be deposited at the Company's Registered Office at least 48 (forty- eight) hours before the appointed time for the Meeting. A Proxy Form is enclosed.

AMARSTOCK




BATA TONGI STORE

# RETAIL

*IN 2017 OUR RETAIL CHANNEL SOLD 9.5 MILLION PAIRS OF SHOES AND TURNOVER TK. 5.94 BILLION WHICH IS 5% GROWTH AGAINST LAST YEAR. TO ACHIEVE THIS OUTSTANDING GROWTH IN SPITE OF COUNTRYWIDE POLITICAL UNREST, COMPANY TOOK DIFFERENT INITIATIVES LIKE AGGRESSIVE MARKETING PROGRAMMES, PRODUCT INNOVATION, MARKET EXPANSION, HUMAN RESOURCE DEVELOPMENT, OPERATIONAL EFFICIENCY ETC.*

*IN EXPANSION PROGRAM, COMPANY OPENED 16 NEW STORES. IN ADDITION WE RENOVATED 35 POTENTIAL STORES IN 2017. THE NEW STORES GENERATED ADDITIONAL TURNOVER OF TK. 73.1 MILLION. MORE THAN 800 NEW LINES WAS INTRODUCED BEFORE THE BIGGEST FESTIVAL EID-UL-FITRE, WHICH CREATED SENSATION AMONG OUR VALUED CUSTOMERS.*

# MARKETING EVENTS

*IN 2017, WE HAVE DONE PLENTY OF MARKETING EVENTS TO HIGHLIGHT OUR BRAND IMAGE AND TO IN- CREASE SELL. BATA BANGLADESH INTRODUCED MANY EXCLUSIVE NEW LINES OF SHOES THE MAJORITY OF WHICH COMES DURING FESTIVAL PERIODS.*




## BATA REVAMP ITS FLAGSHIP STORE AT TONGI WITH AN ELEGANT LOOK

***EXCLUSIVE BATA FLAGSHIP STORE AT FACTORY GATE, TONGI HAS BEEN RENOVATED REOPENED ON 23RD NOVEMBER, 2017 WITH AN ELEGANT LOOK, HAVING ENORMOUS SPACE FOR CUSTOMER'S PLEASANT SHOPPING EXPERIENCE.***

President of Bata Emerging Markets (South Asia), Mr. Rajeev Gopalakrishnan has officially inaugurated this internationally designed Bata shop. Country Manager of Bata Shoe Compa- ny (Bangladesh) Ltd., Mr. Chitpan Kanhasiri and high officials of Bata Bangladesh with distinguished guests also present there to grace the program.

This internationally designed shop has 11,000 sqft of area and the internal design is customized to showcase both the in-house and international brands, such as – Bata, Power, North Star, Weinbrenner, Marie Claire, Bata Comfit, Bubblegummers etc. Also from the international brands, Hush Puppies, Scholl, Nike, Adidas, Ben10 and Power Puff are exclusively available in this Bata shop. The store has shop in shop concept for different types, ages and segments of customers for a very pleasant shopping experience with more space. This is a part of Ba- ta's aggressive expansion program to serve the target customer groups in Tongi and Uttara area. Also Bata has an aggressive plan to introduce new Retail outlets nationwide in near future.

## BEST BRAND AWARD 2017




Bata Bangladesh won the prestigious best brand award in footwear category for 5 consecutive years as no. 1 Shoe brand in Bangladesh. Bata has received the award as the leading footwear com- pany in the country.

Competing with all the strong competitors, bata Bangladesh holds the no. 1 Position in the footwear section as the leading shoe brand in the market. Brand forum (bbf) in part- nership with world's leading brand research company kantar millward brown Bangladesh and in association with the daily star, leading english newspaper of the country recognized the best brands at the 9th edition of best brand award. The event organized on 25th november, 2017 at the hotel le meridien, dhaka.

Best brand award objective is to exhibit and celebrate success of the brands, achieved through tough and effortful initiatives. Bangladesh brand forum has identified top 30 brands of ban- gladesh for the year 2017 with an aim to acknowledge the brands that have established themselves to a meaningful height in terms of business value and contribution to consumer life. The best brand award event was arranged to honor the leading brands in Bangladesh under 35 categories based on a nation- wide survey which was carried out by kantar millward brown Bangladesh. The approach of this research was completely quantitative in which face to face pen and paper interviews (papi).

Mr. Chitpan Kanhasiri, Country Manager of Bata Bangladesh received the award on behalf of bata shoe company (bangla- desh) ltd. In front of invited guests and media personnel. Other high officials of Bata Bangladesh were also present on the occasion.

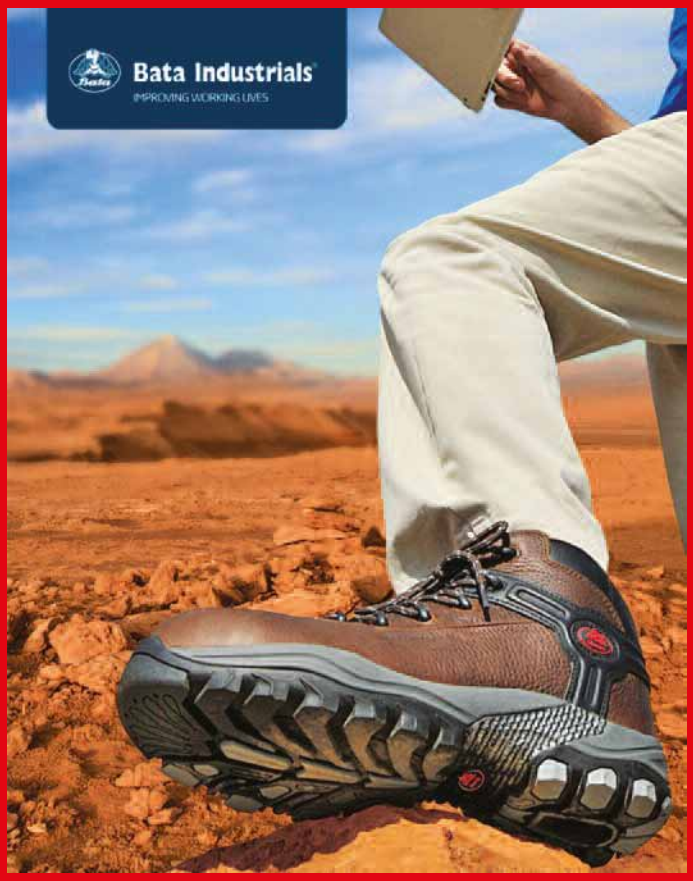





BATA DHAMRAI

# MANUFACTURING

*IN OUR MANUFACTURING OPERATIONS WE UNDERTOOK SOME FURTHER RESTRUCTURING IN LINE WITH COMPANY OBJECTIVES AT THE BEGINNING OF THE YEAR. AS A RESULT, OUR PRODUCTION FACILITIES AT TONGI AND DHAMRAI REMAINED FULLY LOADED THROUGHOUT THE PERIOD TO MEET THE DEMAND OF HIGHER VALUE PRODUCTS IN PARTICULAR PU SOLE FOOTWEAR. THESE FACILITIES PRODUCED 26.6 MILLION PAIRS OF SHOES.*




# BATA INDUSTRIALS

AS ONE OF THE LARGEST MANUFACTURERS OF SAFETY SHOES, BATA PLAYS A MAJOR ROLE IN SAFEGUARDING THE HEALTH OF THE WORLD'S WORKERS. FROM THE HEAVY DUTY WORK BOOTS TO ELEGANT AND SPORTY FOOTWEAR, BATA INDUSTRIAL HAS A WIDE RANGE OF SHOES FOR EVERY VOCATION, WHERE SAFETY COUNTS. THE BRAND'S EXCLUSIVE FEATURES INCLUDE; SHOCK ABSORBING TUNNEL SYSTEM, TRITECH PLUS ANTI-SLIP SOLES, BATA COOL COMFORT LININGS AND INTEGRATED TPU TOE CAPS. HARNESSING ITS GLOBAL EXPERTISE, BATAINDUSTRIAL PROVIDES THE HIGHEST LEVEL OF PROTECTION WHILE KEEPING THE WEARER'S FEET COOL AND COMFORTABLE WHILE ON THE JOB.

# PRODUCT DEVELOPMENT

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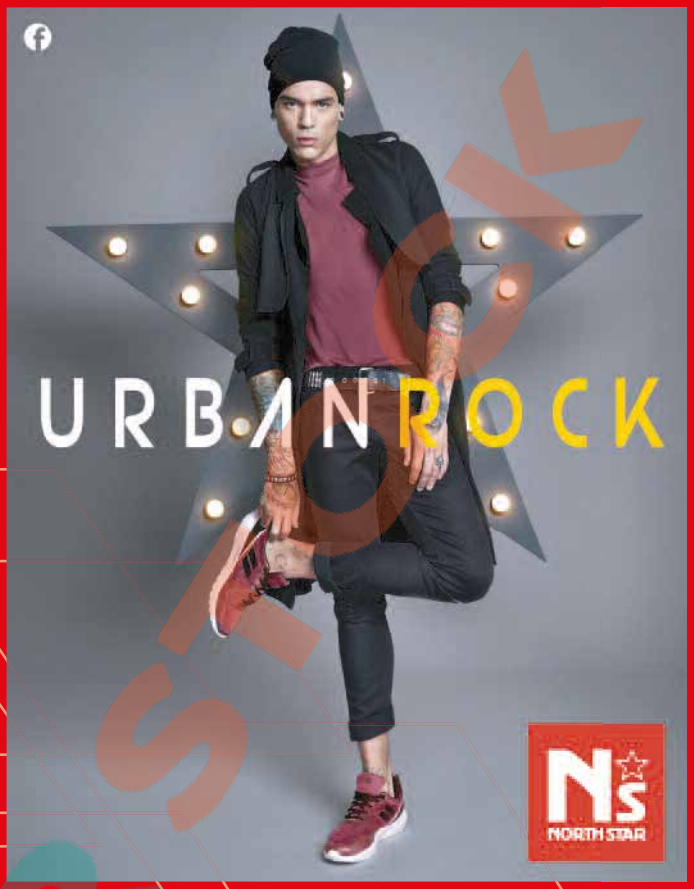



# MERCHANDISING & COLLECTION

BATA COMFIT WOMEN AND HEELS, IT IS AN UNDENIABLE LOVE AFFAIR. THE INSOLIA TECHNOLOGY CREATED BY BATA INSOLIA IS A CLEVER TECHNOLOGY THAT WILL NOT ONLY IGNITE THIS LOVE BUT ALSO INSURE FULL COMFORT BY FIXING THE CAUSES OF PAIN, SHIFTING WEIGHT TO THE HEEL AREA AND EVENING OUT WEIGHT DISTRIBUTION AT THE BALL OF THE FOOT. BATA INSOLIA ENABLES WOMEN TO CONFIDENTLY WALK TALLER AND FURTHER, FOR AS LONG AS THEY FEEL LIKE.

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*NORTH STAR IS NOT JUST A BRAND, RATHER IT IS AN IDENTITY WORTH TREASURING. THE BRAND ALWAYS KEEPS ITS SHARP FOCUS ON THE CURRENT GENERATION AND ITS CHANGING TREND PREFERENCES SO THAT IT REMAINS THE ULTIMATE "MY GENERATION" BRAND. ITS SIGNATURE, URBAN AND CASUAL DESIGNS MAKES THE BRAND COME ALIVE.*




power

*THE INTERNATIONAL BRAND POWER SUPPORTS THOSE WHO LIVE AN ACTIVE AND FITNESS-ORIENTED LIFESTYLE. POWER'S COMMITMENT TO ACCESSIBILITY, QUALITY AND STYLE HAS ENSURED ITS YEAR-LONG GROWTH. IT ENCOURAGES FIT-LIFESTYLE FOR ALL PEOPLE THROUGH ITS TRENDY DESIGNS AND FLEXIBLE MATERIALS. IN SHORT, POWER IS THE GO TO BRAND FOR ALL THE HIKERS, RUNNERS, PLAYERS AND OVERALL FITNESS LOVERS ALL AROUND.*

















# HUMAN RESOURCES

## "RENDEZVOUS 2017"

In order to reinforce and permeate the cultural metamorphosis of "Comfortable with it" amongst all its staff, Bata Bangladesh organized an OBT (Outbound Training Programme) with all Management and supervisory staff of all divisions namely, Retail, Wholesale, Merchandising, Supply Chain and other support services. This also included the Store Managers and Depot Managers from all over the country. The total number of participants was around 550 people.The theme of the event was "Team Rocket and Comfortable with it".

The major objectives of the OBT was manifold. It provided the participants to participate in various activities and work as a Team to achieve strategic objectives and high levels of productivity. This was achieved through various outdoor fun-filled team building activities which not only created a bonhomie but also ensured motivated and engaged employees.

It also provided the perfect platform for the participants to understand the need to "Change" the way they Think and Act in the highly competitive and changing world.

An integral part of our Culture has been "Recognition for distinguished performance". In all 30 performers from Retail, Merchandising and Supply Chain department were awarded. In addition, 10 special projects were awarded for upholding the BSO core values.

# Bata Children's Program

## BATA CHILDREN'S PROGRAM (BCP) VITAMIN A PLUS CAMPAIGN – 2017

Like every year Bata Bangladesh participated in "Vitamin A plus Campaign-2017" organized by Health & Family Welfare Ministry of Bangladesh Government under the Bata Children's Program. On August 5th, aged between six months and five years, were given Vitamin A plus capsules.

From Bata Bangladesh 12 BCP Volunteers participated in this day long programme in collaboration with Gazipur City Corporation. They were in charge the vaccination center in Tongi slum area at Hazi Mazar Road where more than 400 children were given Vitamin A capsules by the volunteers.

Besides the volunteer support, Bata Bangladesh provided 2 vehicles to the City Corporation as logistic support. Also, the Volunteers gave general health message to the parents about the importance balanced nutrition and vitamins.




## BATA BANGLADESH CELEBRATES EID – UL – FITRE WITH BCP ADOPTED SCHOOL

On the auspicious occasion of Eid-ul-Fitre, BCP volunteers of Bata Bangladesh celebrated the festival with the children of "Mojar School" with great fervor and festivity. As is customary in the local culture, the children were presented with new dresses, new shoes and other accessories like watches, belts, make-up kits for girls and similar items. The programme was attended by around 30 enthusiastic volunteers including Mr. Chitpan Kanhasiri, Managing Director and other senior Management team members. Children's happiness knew no bound after having the new dresses, shoes& gifts.



## SCHOOL SUPPLIES & LIBRARY BOOKS FOR BCP ADOPTED SCHOOL

In keeping with the principles and beliefs of BCP that, every child should be provided with equal opportunities, Bata Bangladesh organized a program for donating new School Accessories to the students o fits adopted school. The Managing Director of Bata Bangladesh Mr. Chitpan Kanhasiri, Finance Director Mr. Sohail along with 20 other volunteers of BCP were present in the School to make the event successful.

60 students of Mojar School: Agargaon received New School Dresses (Shirt & Pants for Boys; Shirt & Skirt for Girls), along with newschoolShoe,Socks,Tiffin box and colorful Bags. BCPvolun- teers also handed over 351 books to the teachers for setting up the Students Library. These books were collected from a month long book drive campaign where BCP Bangladesh invited all its employees to donate generously any new or gently used books.

## BCP CELEBRATING VICTORY DAY AND BABY'S DAY OUT

On occasion of Victory day of Bangladesh, Bata Children Program organized a joyous and festive Baby's Day Out at corporate head office of Bata Bangladesh on December 16, 2018. Managing Director of Bata Bangladesh, Mr. Chitpan Kanhasiri along with employees and their children, 50 students of BCP adopted Mojar School , all came together to celebrate this day with abundant joy and enthusiasm. More than 20 BCP volunteers helped in organizing the event which was followed by a cultural program where children sang and danced to patriotic songs saluting our national heroes who laid down their lives for the country.



# CHAIRMAN'S STATEMENT 2017



*RAJEEV GOPALAKRISHNAN*
*CHAIRMAN*

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড-এর পরিচালকমন্ডলী এবং ব্যবস্থাপনা কর্তৃপক্ষের পক্ষ থেকে ৪৬তম বার্ষিক সাধারণ সভায় আগত সকলকে স্বাগত জানাতে পেরে এবং একই সঙ্গে কোম্পানির সার্বিক অবস্থা, ৩১ ডিসেম্বর ২০১৭ তারিখে সমাপ্ত বছরের পরিচালকমন্ডলীর প্রতিবেদনসহ বার্ষিক আর্থিক বিবরণী ও নিরীক্ষকদের প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদনের জন্য আপনাদের সামনে উপস্থাপন করতে পেরে নিজেকে অত্যন্ত গৌরবান্বিত মনে করছি।

শুরুতেই বাটা পরিবারের সকলের নিকট আমি বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড-এর পরিচালকপর্ষদ, কোম্পানির সর্বস্তরের কর্মকর্তা-কর্মচারী ও অন্যান্য সহযোগীদের পক্ষ থেকে বিগত ২০ ফেব্রুয়ারি ২০১৮ তারিখে মি. টি. জে. বাটা (Mr. T. J. Bata)-র সহধর্মিণী মিসেস সোনিয়া আই. বাটা (Mrs. Sonja I. Bata)-র মৃত্যুতে গভীর শোক প্রকাশ করছি। একটি পারিবারিক উদ্যোগকে তিনি ব্যক্তিগতভাবে পরিচালনা করে সমগ্র বাটা কর্মীদের সামাজিক ও অর্থনৈতিক কল্যাণ ছাড়াও বাটা পরিচালিত বিভিন্ন দেশের উন্নয়ন কার্যক্রমে যে অসাধারণ ভূমিকা রেখে গিয়েছেন তা সকলে চিরদিন স্মরণ করবে এবং পাশাপাশি বাটার ইতিহাসে তা চিরভাস্বর হয়ে থাকবে।

দেশের পাদুকা শিল্পে বাটা বাংলাদেশ সব সময়ই তার নেতৃত্ব ধরে রেখেছে। এবং এই নেতৃত্ব ধরে রাখার জন্য আপনাদের কোম্পানি প্রতিনিয়ত উন্নততর প্রযুক্তির ব্যবহার, পণ্যের গুণগত মান বৃদ্ধি, বিক্রয় পরবর্তী ক্রেতা সেবা, পণ্যসম্ভারে নতুন নতুন আর্কষণীয় পণ্য যোগ করা ছাড়াও গ্রাহকদের পরিবর্তিত জীবনধারার সাথে মানানসই বিভিন্ন প্রয়োজনের চাহিদা পূরণের ব্যাপারে সচেষ্ট ছিল।

বিশ্বব্যাপী প্রচারণায় ২০১৭ সালের শুরু থেকেই বাটা "Me & Comfortable With It" অর্থাৎ আমি যেমনই থাকিনা কেন বাটা আমাকে সেই অবস্থাতেই তৃপ্তি দেয় এই থিমটি বেছে নেয়। এটাকে এভাবে ব্যাখ্যা করা যায়, আপনি যেভাবে স্বাচ্ছন্দ্যবোধ করেন, ঠিক সেভাবেই থাকেন এবং সেভাবেই নিজেকে ও নিজের জীবনকে সাজিয়ে তুলুন। এই ধারণার মাধ্যমে আমরা তাঁদের দিকেই দৃষ্টি দিয়েছি যারা নিজের জীবনকে নিজের মত করেই উপভোগ করেন এবং সম্পূর্ণভাবে তা নিয়ে সন্তুষ্ট । এটা তাঁর আত্মবিশ্বাসকে বহুলাংশে বাড়িয়ে ব্র্যান্ড পছন্দের ব্যাপারে তাঁকে সাহসী করে তোলে।

আপনাদের প্রতিষ্ঠান প্রতিনিয়ত দামে সাশ্রয়ী নিত্যনতুন অনেক ডিজাইনের জুতা তার পণ্যসম্ভারে সংযোজন করছে, যেগুলো আগের তুলনায় অনেক আরামদায়ক, হাল-ফ্যাশন এবং স্টাইলিস। আপনাদের প্রতিষ্ঠান এ বছর আরো বেশ কিছু আন্তর্জাতিক মানের ব্র্যান্ড তার পণ্যসম্ভারে যোগ করেছে তা শুধুমাত্র আপনার পরিবারের সকল সদস্যের জন্য নয় বিশেষ করে তরুণ প্রজন্মের জন্য যারা তাদের জুতোয় নতুনত্ব ও স্বাচ্ছন্দের ব্যাপারে যথেষ্ট সচেতন। আর এসব কারণেই আপনাদের কোম্পানি ধারাবাহিকভাবে পঞ্চমবারের মত বাংলাদেশে পাদুকা শ্রেণীতে "দ্যা বেষ্ট ব্র্যান্ড" পুরস্কার লাভ করেছে।

Esteemed Shareholders,

It is a matter of great pride for me to welcome you to the 46th Annual General Meeting on behalf of the Board of Directors and the management of the Company, and to present the Company's overview, Directors' Report, the Financial Statements and Auditors' Report thereon, for the year ended 31 December 2017 for your approval as well as adoption.

First of all, on behalf of the Board, Company employees and associates, I want to convey our deep mourning to the entire Bata Family on the sad demise of Mrs. Sonja.I.Bata, wife of Mr. T.J Bata on February 20th, 2018. Her absolute dedication to the family enterprise and her very important contributions made to the social and economic well-being of Bata employees, the countries, and communities in which Bata operated has been remarkable and shall be remembered in Bata's history forever.

Bata Bangladesh has always played a leading role to innovate and transform itself to prove its leadership in the footwear industry. To gain this objective, your company continued to invest in technology, customer services, product and other resources to cater to our customer's changing lifestyle.

The latest global brand manifesto of Bata Shoe Organization (BSO), "Me & Comfortable With It" was put in place at the start of 2017 and it exemplifies the philosophy of "living life the way you want to". Through this concept, we targeted people who believe in enjoying life in their own way and were completely comfortable with their individuality. It's about strengthening one's confidence by choosing a brand that encourages diversity and empowers them.

The new range of footwear offerings of your company are in line with this concept and reflect comfortability, trendiness, and style at an affordable price. Your company is bringing more international brands and premium collections not only for the whole family but also targeting the young generation who seek style with comfort.

This is the reason that your Company in this country has again been recognized as "the best brand in the footwear category", consecutively for the 5th year.

As stated last year, your company was classified as a "Rocket" (rapidly rising) as per the discrimination matrix of Bata Shoe Organization (BSO) worldwide. I feel proud to mention here that all

গতবছর আপনাদের জানিয়েছিলাম, আপনাদের প্রতিষ্ঠানকে বাটা সু অর্গানাইজেশন (BSO) ভিন্ন ভিন্ন মানদন্ডের ভিত্তিতে "রকেট" (দ্রুত উর্ধ্বগামী) হিসেবে মনোনীত করেছে। আমি আনন্দের সাথে জানাচ্ছি যে, আপনাদের প্রতিষ্ঠান ২০১৭ সালে তার সকল লক্ষ্য পূরণ করতে সক্ষম হয়েছে। তবে এই ধারাবাহিকতা ধরে রাখার জন্য আমাদের আগামীতে আরও অনেক পরিশ্রম করতে হবে।

প্রকৃতপক্ষে ২০১৭ সাল ছিল বিভিন্ন ক্ষেত্রে একটি ঘটনাবহুল বছর। তারপরেও আপনাদের প্রতিষ্ঠান দেশের পাদুকা শিল্পে তার নেতৃত্ব ধরে রাখার পাশাপাশি প্রতিযোগিতামূলক পরিবেশ ও প্রতিকূল অবস্থার মধ্যেও তার প্রবৃদ্ধি ধরে রেখেছে।

পরিচালকমন্ডলীর প্রতিবেদন কোম্পানির একটি অবিচ্ছেদ্য অংশ যেখানে প্রতিষ্ঠানের সামগ্রিক ও আর্থিক অবস্থা সুন্দরভাবে প্রতিফলিত হয়। সামগ্রিকভাবে আপনাদের প্রতিষ্ঠান তার প্রধান প্রধান আর্থিক সূচকসমূহ সমুন্নত রাখা এবং একই সঙ্গে তা উন্নীত করার জন্য পরিচালনাগত দক্ষতা বৃদ্ধির সঙ্গে সর্বোচ্চ বিক্রয়ের জন্য সর্বশক্তি প্রয়োগ করেছে।

প্রতিনিয়ত সকলক্ষেত্রে উৎপাদনশীলতা পর্যবেক্ষণ করা হচ্ছে, প্রতিযোগিতামূলক মূল্যে অধিক ব্যবহৃত কাঁচামাল ক্রয়, কাঁচামালের সুনিয়ন্ত্রিত ব্যবহার এবং উৎপাদনের সাথে জড়িত অন্যান্য খরচসমূহের সুষম নিয়ন্ত্রণের ফলে গত বছরের তুলনায় মোট মুনাফা বৃদ্ধি পেয়েছে। অন্যদিকে ব্যবসা পরিচালনাগত খরচ ব্যাপকভাবে বৃদ্ধি পেয়েছে। বিগত বছরের তুলনায় দোকান ভাড়া বৃদ্ধি, দোকান মালিকগণ কর্তৃক অধিক হারে অগ্রিম ভাড়া গ্রহণ, বাণিজ্যিকভাবে ব্যবহৃত দোকানসমূহের উপর অতিরিক্ত ভ্যাট আরোপ এবং বিভিন্ন পরিসেবার মূল্যবৃদ্ধি মুনাফাকে বাধাগ্রস্ত করেছে।

কোম্পানির খুচরা বিক্রয় বিভাগের একত্রীকরণ ও সম্প্রসারণ উভয় ক্ষেত্রেই উল্লেখযোগ্য প্রয়োজনীয় ব্যবস্থা গ্রহণ করা হয়েছে। অপেক্ষাকৃত দশটি ছোট দোকানে কাঙ্খিত বিক্রয় না হওয়ায় তা বন্ধ করে দেওয়া হয়েছে এবং একই সময়ে, অত্যন্ত লাভজনক হবে এমন বিবেচনায় এগারটি নতুন বৃহদাকার দোকান খোলা হয়েছে এবং দেশের গুরত্বপূর্ণস্থানে অবস্থিত নয়টি দোকানকে আধুনিক বিপণন ধারণার কৌশল হিসেবে সম্প্রসারণ ও সংস্কারকার্য চালানো হয়েছে।

দেশের অভ্যন্তরীণ পাইকারী বাজারে বিক্রয় বর্তমান সময়ে খুবই প্রতিযোগিতামূলক। কোম্পানির ডিলারদের নিকট পণ্যসামগ্রী বাকীতে বিক্রয় করতে হচ্ছে। দেশের অভ্যন্তরীণ পাইকারী বাজারে নিবন্ধিত ও অনিবন্ধিত অসংখ্য দেশীয় উৎপাদক এবং দেশের উভয় সীমান্ত এলাকা দিয়ে আসা কম মূল্যের জুতাসামগ্রীর ব্যাপক সরবরাহ পাইকারী বাজারকে অস্থিতিশীল করে তুলেছে। তাছাড়া, বকেয়া পরিশোধের সময়সীমা (ক্রেডিট লিমিট) বৃদ্ধির ফলে ডিলারদের নিকট পাওনার পরিমাণ বেড়ে গেছে। বাকীর মাধ্যমে বিক্রয় বাড়তে পারে কিন্তু এগুলো কোম্পানির ব্যবসায়িক সম্প্রসারণ কার্যক্রমকে প্রভাবিত এবং নগদ অর্থের অন্তঃপ্রবাহকে ভীষণভাবে বাধাগ্রস্ত করছে। আপনাদের অভিজ্ঞ ব্যবস্থাপনা কর্তৃপক্ষ এ ব্যাপারে যথেষ্ট সচেতন রয়েছেন এবং এর জন্য অত্যন্ত প্রতিযোগিতামূলক মূল্যে বাজারে বেশ কিছু জুতাসামগ্রী আনার উদ্যোগ গ্রহণ করেছেন।

আপনাদের কোম্পানি দেশের পাদুকা শিল্পে তার নেতৃত্ব ধরে রাখার পাশাপাশি গ্রাহকদের সর্বোত্তম সেবা প্রদান ও সন্তুষ্টিতে বিশ্বাস করে। গ্রাহকদের ভবিষ্যত চাহিদার কথা বিবেচনা করে ২০১৫ সালের শেষ প্রান্তিক থেকে আপনাদের প্রতিষ্ঠান অনলাইন ভিত্তিক বিক্রয় সেবা (ই-কর্মাস) চালু করেছে। কোম্পানির বিক্রয়ে এখন এই চ্যানেল উল্লেখযোগ্যভাবে অবদান রেখে চলেছে।

ই-কর্মাসের পাশাপাশি ব্র্যান্ড লয়্যালটি কার্যক্রমও কোম্পানির বিক্রয় সেবার একটি বিশেষ ভূমিকা পালন করছে। এই কার্যক্রম সম্মানিত গ্রাহকদের বর্তমান ক্রয়ের বিপরীতে ভবিষ্যৎ ক্রয়ের ক্ষেত্রে সর্বাধিক ছাড় আর আকর্ষণীয় পুরস্কার প্রাপ্তিতে সহয়তা করছে।

আমাদের সমগ্র উৎপাদন কার্যক্রমে সাপ্লাই চেইন (Supply Chain) ধারণা চালু করার জন্য নতুন উদ্যোগ গ্রহণ করেছি। এর প্রধান উদ্দেশ্য ছিল পণ্যের গুণগত মান ও উৎপাদনশীলতা বৃদ্ধি এবং সময়মত পণ্যসামগ্রী বিক্রয়কেন্দ্রে পৌঁছানোর নিশ্চয়তা। আপনাদের ব্যবস্থাপনা কর্তৃপক্ষ সম্মানিত গ্রাহকদের মানসম্মত পণ্য এবং সেবা প্রদানের লক্ষ্যে ঈর্ষনীয় সাফল্য অর্জন করেছে। কোম্পানির মৌলিক নীতিমালা অনুযায়ী ছোট ছোট সহযোগী ব্যবসায়িক প্রতিষ্ঠানসমূহকে (Associate Business Units) কোম্পানির সঙ্গে একত্রে যুক্ত করেছে এবং এতে তাঁদের অনেকের কর্মসংস্থানের সুযোগ সৃষ্টি হয়েছে।

the objectives set as part of this matrix were attained by your Company in 2017. However more still needs to be done for sustaining our position in this matrix in the coming period.

The year of 2017 was, indeed, an eventful year in many respects. Your Company further consolidated its position as the leader, the Company delivered results and growth amidst a very competitive environment and challenging operating conditions.

The Directors' report, being an integral part, reflects comprehensively the industry outlook and overall financial performance. The company has put an all-out effort to maintain and strengthen its major financial indicators through higher revenue coupled with improved operating efficiency.

Constant monitoring of productivity at all levels, competitive buying of higher consumption materials and strict control over the consumption of raw materials and other costs of production, offered us an edge for improving the gross margins as compared to the last year. On the other hand, massively increased operating costs such as continually increasing rental demands, along with massive advance payments from landlords, the burden of differential VAT on commercial rentals by the Government and increased utility costs taper off the bottom line.

The company in the retail segment underwent phases of consolidation as well as expansion. Ten Smaller stores which did not generate the required returns were closed. At the same time, eleven large format profitable stores were opened and nine strategic stores at key locations were renovated and upgraded to reflect an improved version of the marketing concepts.

Wholesale business in the domestic market nowadays is very competitive and credit-driven. An influx of both local and cross-border players are going on along with low priced merchandise. At the cost of the extended credit period, your business can be driven, resulting in a high level of receivables, with a boost to business at any point of time, but this may burden the due obligations, influence business expansion and adversely affect the cash inflows. Your management is well aware of the situation and initiatives in this regard are in place such as the launch of the new range at a very competitive price.

Your company believes in maintaining its leadership in the footwear industry in terms of customer service. In order to foresee the future demand, we have launched "E-commerce" i.e. online buying facility since last quarter of 2015. The company is being benefited remarkably from this channel.

The brand loyalty programme is also in place, which is providing an excellent opportunity to our valued customers' to avail maximum discount and exciting rewards on future shopping.

In our manufacturing operations, we undertook new initiatives to introduce the supply chain concept. The objective was to improve the quality, productivity and timely distribution of merchandise at store level. Your management is pleased to notify the remarkable achievements in all these areas for delivery of better product and services to our valued customers. Further, the company prudent policy to support small associated business units (ABUs) which involved the local community, providing them with employment, remained in place.

Aggressive media campaigns, visually breath-taking in-store displays and joint promotions with country's renowned brands were conducted at various occasions during the year to support our leadership position, stimulate sales during peak selling periods and provide an opportunity to enhance our existing and new brand initiatives.

বাজারে আমাদের নেতৃত্ব সু-সংহত করা, পর্যাপ্ত বিক্রয় এবং আমাদের বর্তমান ও নতুন ব্র্যান্ডসমূহের সাথে ক্রেতাদের পরিচয় করিয়ে দেওয়ার উদ্দেশ্যে বছরজুড়ে বিভিন্ন প্রচার মাধ্যমে ও বিক্রয়কেন্দ্রসমূহে বিজ্ঞাপন প্রদর্শন এবং দেশের বিখ্যাত ব্র্যান্ডসমূহের সাথে যৌথ বিজ্ঞাপন প্রচারণা চালানো হয়।

আপনাদের কোম্পানিতে একটি কার্যকরী চলতি মূলধন ব্যবস্থাপনা চালু রয়েছে, যার মাধ্যমে সকল সম্পত্তি ও দায়সমূহ নিয়মিতভাবে পর্যবেক্ষণ করা হয়। এ বছরে ডিলারদের দেনার পরিমাণ এবং তৈরী পণ্যের মজুদ গত বছরের তুলনায় একটু বেশি। ব্যবস্থাপনা কর্তৃপক্ষ পরিকল্পনা অনুযায়ী পাওনা আদায় এবং তৈরী পণ্যের মজুদ বিক্রয় করার বিষয়ে বিশেষ দৃষ্টি রেখে চলেছেন।

ব্যবস্থাপনা কর্তৃপক্ষ কোম্পানির তারল্য অবস্থার দিকে বিশেষ নজর রাখছে, আর সতর্কতার সাথে তার ব্যবহার নিশ্চিত করছে। শেয়ারহোল্ডারদের লভ্যাংশ পরিশোধ, ভবিষ্যতে কাঁচামাল ক্রয়ে বাড়তি সুবিধা, ভবিষ্যতের বিভিন্ন চাহিদা ও ব্যবসায়িক প্রতিদ্বন্দ্বীদের পাল্টা প্রতিযোগিতা মোকাবেলা করার জন্য যথেষ্ট তারল্য সম্পদ থাকা প্রয়োজন। পরিচালকমন্ডলী সন্তুষ্ট এই জন্য যে, বছর শেষে কোম্পানির স্বল্প বা দীর্ঘমেয়াদী কোন আর্থিক দেনা নেই।

সামাঞ্জস্যপূর্ণ উন্নতি নিশ্চিত করার জন্য আপনাদের পরিচালকমন্ডলী ও ব্যবস্থাপনা কর্তৃপক্ষ বাটা সু অর্গানাইজেশন (BSO)-এর (আন্তর্জাতিক) দিক নির্দেশনা অনুযায়ী যুক্তিসঙ্গত ঝুঁকি ব্যবস্থাপনা নীতি উন্নত করেছেন, যার মাধ্যমে শেয়ারহোল্ডারদের বিনিয়োগ ও এর অভ্যন্তরীণ নিয়ন্ত্রণ কোম্পানির সম্পত্তির রক্ষক হিসেবে কাজ করছে। এই সমস্ত নীতিমালা, কার্যক্রম এবং অভ্যন্তরীণ নিয়ন্ত্রণ নীরিক্ষা কমিটির মাধ্যমে পরিচালকমন্ডলীর সভায় পর্যালোচিত হয়। তাছাড়া বাটা সু অর্গানাইজেশনের অন্য দেশের কোম্পানির সদস্যদের সমন্বয়ে গঠিত নীরিক্ষা প্রতিনিধিদল দু'বছরের মধ্যে ন্যূনতম একবার প্রতিটি বিষয় নীরিক্ষা ও পর্যালোচনা করেন।

গ্রাহকদের আন্তর্জাতিক মানসম্পন্ন পণ্য সেবা এবং সন্তুষ্টি প্রদান করা খুবই চ্যালেঞ্জিং। এই চ্যালেঞ্জটি বিবেচনায় রেখে "হৃদয় দিয়ে গ্রাহক সেবা" (Passion to Serve) কার্যক্রমের মাধ্যমে দেশব্যাপী বিক্রয়কর্মীদের মানোন্নয়নে বিশেষ মনোনিবেশ করেছি। তাছাড়া পরিচালনাগত অন্যান্য কার্যক্রমে সেরা মানবসম্পদ উন্নয়নের উপরেও আমাদের দৃষ্টি ছিল। নতুন নতুন প্রতিভাবান দক্ষ কর্মীদের নিয়োগ ও বিশেষ যোগ্যতাসম্পন্ন কর্মীদের কাজে বহাল রাখা ছিল আমাদের প্রথম অগ্রাধিকার।

আমাদের কর্মীদের পেশাদারিত্ব ও দক্ষতা বৃদ্ধির লক্ষ্যে কোম্পানির প্রশিক্ষণ বিভাগ দ্বারা পরিচালিত বিভিন্ন কোর্সে বিক্রয়, উৎপাদন ও ব্যবস্থাপনা থেকে ১,৬৭৩ জন কর্মীকে প্রশিক্ষণ দেয়া হয়। ২০১৭ সালে চামড়া, চামড়াজাত পণ্য উৎপাদন, বাজারজাতকরণ, মার্চেন্ডাইজিং জ্ঞানবৃদ্ধির লক্ষ্যে ৮ জন নির্বাহীকে দেশের বাইরে বিভিন্ন প্রশিক্ষণ কর্মসূচি এবং সেমিনারে অংশগ্রহণের জন্য পাঠানো হয়।

আপনাদের কোম্পানির কর্পোরেট সামাজিক দায়বদ্ধতা (সি.এস.আর.) কর্মসূচী বাটা সু অর্গানাইজেশনের প্রত্যক্ষ দিক নির্দেশনা অনুযায়ী অব্যাহত রয়েছে। কোম্পানির সি.এস.আর. প্রোগ্রামের অধীনে দেশের অবহেলিত সুবিধাবঞ্চিত জনগোষ্ঠীর প্রতি কোম্পানির দায়িত্বসমূহের সুস্পষ্ট দিক নির্দেশনা বর্ণিত রয়েছে। সি.এস.আর. কার্যক্রমের অংশ হিসেবে সমাজের সুবিধাবঞ্চিত পিছিয়ে থাকা শিশুদের মধ্যে বিনামূল্যে জুতা ও শিক্ষাসামগ্রী বিতরণ করেছে। প্রতিষ্ঠানের কর্মীদের মেধাবী সন্তানদের মধ্যে ছাত্রবৃত্তি চালু করেছে এবং লিউকেমিয়া, ডেঙ্গুসহ বিভিন্ন রোগে আক্রান্ত শিশুদের সহায়তায় এ বছরে একটি স্বেচ্ছায় রক্তদান কর্মসূচী আয়োজন করে।

কোম্পানির সি.এস.আর.-এর আওতায় আপনাদের প্রতিষ্ঠান "বাটা চিলড্রেনস প্রোগ্রাম"-এর অধীনে ঢাকার আগারগাঁওয়ের বস্তি এলাকায় "মজার ইশকুল" নামে একটি স্কুলের সকল ধরণের দায়িত্ব গ্রহণ করেছে। আপনাদের প্রতিষ্ঠান ঐ স্কুলের সমস্ত দায়িত্ব গ্রহণ করার পাশাপাশি ঐ স্কুলের সব ধরণের অবকাঠামো উন্নয়ণ এবং প্রতি মাসের সকল খরচ বহন করছে। সেখানে বর্তমানে প্রাথমিক স্তরে চল্লিশজন শিক্ষার্থীর পাশাপাশি চারজন শিক্ষক কর্মরত রয়েছেন।

২০১৭ সালের ৩১ ডিসেম্বর তারিখ পর্যন্ত আপনাদের প্রতিষ্ঠানে স্থায়ীভাবে ১,৬৩৫ জন কর্মরত ছিলেন। দলীয় স্পৃহা, পেশাদারিত্ব, চারিত্রিক দৃঢ়তা ও শান্তিপূর্ণ শিল্প

An effective working capital management system has been put in place whereby all assets and liabilities are projected on regular basis. Receivables from dealers and ready goods inventory remained on the higher side at year end as compared to last year. Management is closely watching these areas and is quite sure to bring it in line with planning by seeing subsequent recoveries from the dealers and clearance of end stock.

Another objective is to ensure careful utilization of company's liquid resources, the trade-off among dividend payout to the shareholders, cost advantage of future raw material purchases and accumulation of resources for future investment to meet demand and to counter competition. The Board is satisfied that there are no short or long-term financial constraints at the close of the period.

To ensure sustainable and consistent growth, Board of Directors and management team, along with the global guidance has developed sound risk management policies, framework and internal controls to safeguard shareholders investments and the Company's assets.

All these policies, framework and inter-controls are reviewed by the Board via Audit Committee. Further, operations review team consisting of other BSO company members is also reviewing all these areas every few years to ensure the adequacy of these checks and balances.

To develop and offer an international standard of service to the customers with full satisfaction is very challenging. Keeping this challenge in view, we have focused on the development of sales staff with a programme "Passion to serve" all over the country. In other operational areas, we focused on best HR practices. To this end, induction of fresh talent and retention of competent personnel was our number one priority.

With a view to improving the professional skill set of our workforce, 1,673 personnel from Sales, production, and management participated in courses organized by our training department. Eight executives also participated in training programmes and seminars in 2017 to maintain their competitive edge by widening their knowledge of leather, footwear manufacturing, marketing and merchandising.

The sustainability agenda of your company is clearly defined by global directions, with high consciousness about its responsibilities towards the weaker communities of the country under its CSR programme. Some part is being covered by donating shoes to unprivileged children, awarding scholarships to meritorious children of our employees and conducting blood donation programs for children suffering from diseases like leukemia, dengue etc. during the year under review.

School Named "MOJAR School, Agargaon Slum Area Branch" in Dhaka under the "Bata Children's Program" which is also covered under CSR initiatives worldwide is one of the success stories of 2017. Your company is bearing infrastructure development and other monthly running expenses of this project. Presently it has sixty students enrolled in the primary section with four teachers.

As on 31 December 2017, a total of 1,635 permanent people inclusive of the sales staff were on the payroll of your company. To uphold team spirit, integrity, and harmonious industrial relations, your company organized, among other programmes, an annual picnic, sports activities and brainstorming sessions for them.

To recognize the contribution of the employees in quality and business growth, the company has decided to award three couples from

সম্পর্ক বজায় রাখার জন্য বিভিন্ন কর্মকান্ডের মধ্যে বার্ষিক বনভোজন, খেলাধুলা ও মেধাযাচাই প্রতিযোগিতার আয়োজন করা হয়।

আপনাদের প্রতিষ্ঠান কর্মীদের মধ্যে পণ্যের গুণগত মান বজায় এবং ব্যবসায়িক প্রবৃদ্ধিতে অবদান রাখার স্বীকৃতিস্বরূপ কোম্পানির উৎপাদন ও বিক্রয় কর্মীদের মধ্যে প্রতি বছর বার্ষিক বনভোজনের সময় অনুষ্ঠিত লটারির মাধ্যমে তিনজন ভাগ্যবান দম্পতিকে "পবিত্র উমরা" পালন করার যাবতীয় খরচ বহন করে আসছে।

২০১৭ সালের ৩১ ডিসেম্বর তারিখে আপনাদের কোম্পানির ১০ টাকার প্রতিটি শেয়ার ঢাকা স্টক একচেঞ্জে ১,১৭১.৮০ ও চট্টগ্রাম স্টক একচেঞ্জে ১,১৬৯.৭০ টাকায় ক্রয়-বিক্রয় হয়। ২০১৭ সালে আপনাদের প্রতিষ্ঠান জাতীয় কোষাগারে আয়কর ভ্যাট এবং অন্যান্য কর বাবদ ২,১১৬ মিলিয়ন টাকা প্রদান করেছে।

আপনাদের পরিচালকমন্ডলী সবসময় কোম্পানির আর্থিক মুনাফা ও স্থিতিশীল আর্থিক অবস্থার সঙ্গে বিবেচনা করে লভ্যাংশ ঘোষণার ইচ্ছা ব্যক্ত করেছেন। এরই ধারাবাহিকতায় পরিচালকমন্ডলী ২০১৭ সালে ১০ টাকার শেয়ার প্রতি নগদ ২৩.০০ টাকা হিসেবে অর্ন্তবর্তীকালীন লভ্যাংশ প্রস্তাব করেছেন যা ঐ বছরের ডিসেম্বর মাসের মধ্যেই পরিশোধ করা হয়েছে এবং শেয়ার প্রতি ১০.৫০ টাকা হারে চূড়ান্ত লভ্যাংশ এই বার্ষিক সাধারণ সভায় অনুমোদনের জন্য সুপারিশ করেছেন। ফলে ৩১ ডিসেম্বর ২০১৭ সমাপ্ত বছরে শেয়ার প্রতি নগদ মোট লভ্যাংশের পরিমান দাঁড়াবে ৩৩.৫০ টাকা।

কোম্পানির সংঘবিধি অনুযায়ী ব্যবস্থাপনা পরিচালক মি. চিটপান কানহাশেরি ছাড়া অন্যান্য পরিচালকবৃন্দ এই বার্ষিক সভায় অবসর গ্রহণ করলেন এবং যোগ্য বিধায় পুণঃনির্বাচনের জন্য প্রার্থী হলেন। বোর্ডের একজন প্রবীণ সদস্য জনাব রশীদুল হাসান পুণঃনির্বাচনের জন্য অপারগতা জানিয়েছেন। তাঁর পদত্যাগপত্র গৃহীত হয় এবং মেয়াদকালীন সময়ে তাঁর অবদানের জন্য তাঁকে আন্তরিক ধন্যবাদ জানাচ্ছি।

কোম্পানির স্পন্সর শেয়ারহোল্ডার মেসার্স বাফিন (নেডেরল্যান্ড) বি.ভি.-র সম্মতিক্রমে ২৬ এপ্রিল ২০১৮ তারিখে জনাব রশীদুল হাসানের পরিবর্তে মিসেস রূপালী হক চৌধুরী বোর্ডের নতুন সদস্য হিসেবে যোগদান করেছেন। তিনি ফরেন ইনভেস্টরস্ চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রী বাংলাদেশ-এর সভাপতি ছিলেন এবং বর্তমানে বার্জার পেইন্টস বাংলাদেশ লিমিটেড-এর ব্যবস্থাপনা পরিচালক হিসেবে দায়িত্ব পালন করছেন। সকলের পক্ষ থেকে তাঁকে বোর্ডের নতুন সদস্য হিসেবে স্বাগত জানাই। আমরা আশা করি কর্পোরেট সেক্টরে তাঁর সুবিশাল জ্ঞান এবং অভিজ্ঞতা থেকে কোম্পানি ভবিষ্যতে যথেষ্ট উপকৃত হবে।

আমাদের সকল কর্মকান্ডে বাটা সু অর্গানাইজেশন (BSO)-এর অব্যাহত সহায়তা পেয়ে আসছি। তাছাড়াও স্থানীয় ব্যবসায়িক সম্প্রদায় ও সংশ্লিষ্ট কর্তৃপক্ষের সাথে আপনাদের প্রতিষ্ঠানের খুবই ভাল পারস্পরিক সু-সম্পর্ক রয়েছে।

২০১৮ বছরটিকে আমরা একটা চ্যালেঞ্জ হিসেবে নিয়েছি। এ বছরে কোম্পানির বিভিন্ন স্তরের স্টেকহোল্ডাদের মুনাফা বৃদ্ধিসহ ব্যবসা পরিচালনার সকল ক্ষেত্রে কৌশলগত পরিকল্পনার চিন্তাভাবনা রয়েছে।

পরিশেষে, আমি পরিচালকমন্ডলীর পক্ষ থেকে কোম্পানির প্রতি অব্যাহত সমর্থন ও সহযোগিতার জন্য আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দ, ক্রেতা সাধারণ, সরবরাহকারী, ডিলার, কর্মকর্তা ও কর্মচারীবৃন্দ এবং সরকারের বিভিন্ন সংস্থা তথা গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের কাছে কৃতজ্ঞতা প্রকাশ ও ধন্যবাদ জ্ঞাপন করছি।

রাজীভ গোপালাকৃষ্ণান
চেয়ারম্যান
২৬ এপ্রিল ২০১৮

among both the factory as well as marketing staff to perform "UMRA" every year via a lucky draw during annual picnic.

Your Company's shares of a nominal value of Tk. 10.00 were traded at Tk. 1,171.80 on the Dhaka Stock Exchange and Tk. 1,169.70 on the Chittagong Stock Exchange respectively on 31 December 2017. In 2017 your company contributed Tk 2,116 Million to the country's national exchequer.

Your Board continues its intention to recommend the payment of dividends commensurate with the profitability and sustainability of the company's financial position. The Board has, therefore, proposed for approval at the Annual General Meeting the payment of a final dividend of Tk 10.50 per share which, together with the interim dividend of Tk 23.00 per share paid in December 2017, will make a total dividend of Tk 33.50 per share for the financial year ended 31 December 2017.

In accordance with the Articles of Association of the company, all the directors, except the Managing Director, Chitpan Kanhasiri, retire at the Annual General Meeting and, being eligible offer themselves for re-election.

Mr. Rashidul Hassan one of the senior most member of the Board has submitted his resignation. I would like to take this opportunity to extend our sincere thanks to him for his contribution during his tenure.

As majority shareholders, M/s Bafin (Nederland) B.V. has given their formal consent for the appointment of Ms Rupali H Chowdhury as director in place of Mr Rashidul Hassan w.e.f. April 26, 2018. She is Ex-President of Foreign Investor Chamber of Commerce and Industry of Bangladesh and presently holding the position of Managing Director in Berger Paints Bangladesh Limited. On behalf of all of you, we welcome her on the Board, with a vast knowledge and experience of corporate sector.

In addition to the continuing support on all areas that we have from BSO worldwide, your Company also has a very interactive role with the local business community and concerned authorities.

We have taken the coming year as a challenge with a vision to increase the stakeholder value and be valued as a compliant organization by adopting new strategic plans in all areas of operations.

In conclusion, on behalf of the Board of Directors, I would like to express my appreciation to you, our shareholders, as well as to our valued customers, suppliers, dealers, employees and the Government of the People's Republic of Bangladesh for the support and cooperation extended to the Company.

Rajeev Gopalakrishnan
Chairman
26 April 2018

# Directors' Report 2017

Your Directors have pleasure in submitting their Report and Audited Financial Statements of the Company for the year ended 31 December 2017 along with the preceding five years as follows:

### Industry Outlook

The footwear sector in the country witnessed a moderate growth during the year. The growth is expected to remain the same level next year. The Company attained a growth of 3% during the current year. It is expected that the growth trend will continue under the prevailing market conditions.

### Cost of Sales & Profit Margin

The overall costs of raw materials were slightly increased internationally. But, the cost of sales almost remain same in 2017 as compared to net turnover due to strict control over the consumption of raw materials and other cost of production. Consequently the gross profit has increased over that of 2016.

### Key Operating & Financial Information

Your Directors have pleasure in submitting the key operating and financial data of the Company for the year ended 31 December 2017 along with the preceding five years below:

| **Financial results** | **2017 Taka 000** | **2016 Taka 000** | **2015 Taka 000** | **2014 Taka 000** | **2013 Taka 000** | **2012 Taka 000** |
|---|---|---|---|---|---|---|
| Net profit before tax | 1,588,279 | 1,422,592 | 1,207069 | 1,017,920 | 1,153,284 | 971,389 |
| Provision for tax | (442,468) | (379,574) | (375,324) | (317,250) | (340,200) | (299,473) |
| **Net profit after tax** | **1,145,811** | **1,043,018** | **831,745** | **700,670** | **813,084** | **671,916** |
| Un-appropriated profit brought forward | 3,309,294 | 2,717,716 | 2,323,731 | 2,009,391 | 1,606,707 | 313,782 |
| Earlier year adjustment | - | - | - | (3,240) | - | - |
| Other comprehensive Income/(Loss) | (19,419) | - | - | - | - | - |
| Loss on BB Export winding up | - | - | - | - | - | (2,791) |
| **Profit available for appropriation** | **4,435,686** | **3,760,734** | **3,155,476** | **2,706,771** | **2,414,792** | **1,982,907** |
| **From which the Directors recommended the following appropriations:** | | | | | | |
| Final dividend paid (previous year) | (143,640) | (143,640) | (143,640) | (143,640) | (143,640) | (143,640) |
| Interim dividend paid (current year) | (314,640) | (307,800) | (294,120) | (239,400) | (264,760) | (232,560) |
| **Total dividend** | **(458,280)** | **(451,440)** | **(437,760)** | **(383.040)** | **(410,400)** | **(376,200)** |
| **Un-appropriated profit carried forward** | **3,977,406** | **3,309,294** | **2,717,716** | **2,323,731** | **2,004,391** | **1,606,707** |

### Dividend

For the year ended 31 December 2017 the Board of Directors recommended an interim dividend of Tk. 23.00 per share amounting to Tk 314,640,000 and now recommends a final dividend of Tk. 10.50 per share amounting to Tk. 143,640,000 thus making a total dividend of Tk. 33.50 per share amounting to Tk. 458,280,000.

### Directors Proposed for Re-Election

The Directors retiring as per Article 104 of the Company's Articles of Association are Mr. Rajeev Gopalakrishnan, Mr. Shaibal Sinha, Mr. K M Rezaul Hasanat and Ms. Rupali H Chowdhury and being eligible offer themselves for re-election.

### Audit Committee Meeting

The Audit Committee is a sub-committee of the Board. All members of the Audit Committee were appointed by the Board of Directors from amongst the members. They met twice during the year 2017. The Company Secretary was the Secretary of the Committee. The Audit Committee is comprised of:

| | | |
|---|---|---|
| Rashidul Hasan | – Chairman | (Independent Director resigned on 26 April 2018) |
| Chitpan Kanhasiri | – Member | |
| K M Rezaul Hasanat | – Member | Independent Director (appointed as Chairman on 26 April 2018) |
| Rupali H Chowdhury | – Member | Appointed on 26 April 2018 |

### Reports on Activities of the Audit Committee

The Audit Committee has performed regularly the following activities:

- Oversee the financial reporting.
- Monitoring the choice of accounting policies, principles, internal control and risk management process.
- Oversee performance of statutory auditors.
- Reviewing the annual financial statements before submission to the Board for approval.
- Reviewing the statement of significant related party transactions.

### The System of Internal Control

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

### Directors' Declaration as to Financial Statements

As part of preparation and presentation of the financial statements, the Directors also report that:

a) The Financial Statements prepared by the Management of the Company present a true and fair view of Company's state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained as required by law.

c) Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.

d) The Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh and there has not been any departure there from.

e) The Managing Director and CFO have certified to the Board that:

   i) they have reviewed the financial statements and believe:





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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 their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's codes of conduct.

**Auditors**

Rahman Rahman Huq, Chartered Accounts, a member firm of KPMG, shall retire in 46th Annual General Meeting. Based on Bangladesh Securities and Exchange Commission Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011 an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the company. Rahman Rahman Huq has been completed consecutive three years as the statutory auditors of the company. In compliance with BSEC order, we are required to appoint new statutory auditors for the company. "Hoda Vasi Chowdhury & Co." Chartered Accountants have offered their willingness to be appointed as statutory auditors of the company. The Board recommends their appointment for the year 2018 and to continue till the next Annual General Meeting.

On behalf of the Board of Directors,

**Chitpan Kanhasiri**
Managing Director
26 April 2018

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**Pattern of Shareholdings** **Annexure - 1**

Names of the shareholders along with their position of the shares are listed below:

| Names of the shareholders | | Number of share held | % holding |
|---|---|---|---|
| i) | Parent/subsidiary/associate/related parties:<br>◆ Bafin Nederland (B.V.) | 9,576,000 | 70.000 |
| ii) | Directors/CEO/CS/CFO/Audit Head and their spouses and minor children<br>◆ Mr. Rashidul Hasan (resigned on 26 April 2018) | 64 | 0.00 |
| iii) | Executives (Head of Functions) | Nil | Nil |
| iv) | Shareholders, who hold 10% or more | Nil | Nil |
| v) | Others Shareholders, who hold less than 10%<br>◆ Non-resident shareholders<br>◆ Local shareholders | <br>7,24,973<br>3,378,963 | <br>5.30<br>24.70 |
| | **Total** | **13,680,000** | **100.00** |

**Board Meetings**

The Board met 5 (five) times during the year 2017. The Company Secretary and Finance Director were also present in the Board meetings. The attendance by each Director is stated below:

| Attended Directors Name | No. of Attendance |
|---|---|
| Rajeev Gopalakrishnan | 5 meetings |
| Chitpan Kanhasiri | 5 meeting |
| Shaibal Sinha | 5 meetings |
| Rashidul Hasan (resigned on 26 April 2018) | 5 meetings |
| K M Rezaul Hasanat | 4 meetings |

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**Annexure**

**Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 Issued under section 2CC of the Securities and Exchange Ordinance, 1969:**

(Report under Condition No. 7.00)

| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| **1.0** | **Board of Directors** | | | | |
| **1.1** | **Board's Size** | | | | |
| | The number of Board Directors should not be less than 5 (five) and more than 20 (twenty) | | √ | | |
| **1.2** | **Independent Directors** | | | | |
| | (i) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | √ | | |
| | (ii) a) | Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the company; | √ | | |
| | (ii) b) | Who is not a sponsor of the company and is not connected with the companies any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. | √ | | |
| | (ii) c) | Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies or its subsidiary /associated companies. | √ | | |
| | (ii) d) | Who is not a member, director or officer of any stock exchange? | √ | | |
| | (ii) e) | Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market. | √ | | |
| | (ii) f) | 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. | √ | | |
| | (ii) g) | Who shall not be an independent director in more than 3 (three) listed companies. | √ | | |
| | (ii) h) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI). | √ | | |
| | (ii) i) | Who has not been convicted for a criminal offence involving moral turpitude. | √ | | |
| | (iii) | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | √ | | |

| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| | (iv) | The post of independent director(s) can not remain vacant for more than 90 (ninety) days. | Not Applicable | | No such vacancy created 2017 |
| | (v) | The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded. | √ | | |
| | (vi) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | √ | | |
| **1.3** | **Qualification of Independent Director (ID)** | | | | |
| | (i) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | √ | | |
| | (ii) | The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experience. | √ | | |
| | (iii) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | Not Applicable | | |
| **1.4** | **Chairman of the Board and Chief Executive Officer** | | | | |
| | The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company. | | √ | | |
| **1.5** | **The Directors' Report to Shareholders** | | | | |
| | (i) | Industry outlook and possible future development in the industry. | √ | | |
| | (ii) | Segment-wise or product-wise performance. | √ | | |
| | (iii) | Risks and concerns. | √ | | |
| | (iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. | √ | | |
| | (v) | Discussion on continuity of any Extra-Ordinary gain or loss. | Not Applicable | | No such gain/loss occurred |
| | (vi) | Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report. | √ | | Presented in the Financial Statement |

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| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| | (vii) | Utilization of proceeds from public issues, rights issues and / or through any others instruments. | Not Applicable | | During 2017 there were no public or right issue of share |
| | (viii) | An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | Not Applicable | | |
| | (ix) | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | Not Applicable | | No such variance occurred |
| | (x) | Remuneration to directors including independent directors. | √ | | |
| | (xi) | 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. | √ | | |
| | (xii) | Proper books of account of the issuer company have been maintained. | √ | | |
| | (xiii) | 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. | √ | | |
| | (xiv) | International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | √ | | |
| | (xv) | The system of internal control is sound in design and has been effectively implemented and monitored. | √ | | |
| | (xvi) | 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. | √ | | Ability of the company to continue as going concern |
| | (xvii) | Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | Not Applicable | | |
| | (xviii) | Key operating and financial data of at least preceding 5 (five) years shall be summarized. | √ | | |
| | (xix) | If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given. | Not Applicable | | |
| | (xx) | The number of Board meetings held during the year and attendance by each director shall be disclosed. | √ | | |

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| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| | (xxi) | **The pattern of shareholdings and name wise details disclosing the aggregate number of shares:** | | | |
| | (xxi) a) | Parent/Subsidiary/Associated Companies and other related parties (name wise details). | √ | | |
| | (xxi) b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details). | √ | | |
| | (xxi) c) | Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit). | √ | | |
| | (xxi) d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | √ | | |
| | (xxii) | **In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:** | | | |
| | (xxii) a) | A brief resume of the director. | √ | | |
| | (xxii) b) | Nature of his/her expertise in specific functional areas. | √ | | |
| | (xxii) c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | √ | | |
| **2.0** | **Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)** | | | | |
| **2.1** | The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS. | | √ | | |
| **2.2** | The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors. | | √ | | |
| **3.0** | **Audit Committee** | | | | |
| | (i) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | √ | | |
| | (ii) | 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. | √ | | |
| | (iii) | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | √ | | |
| **3.1** | **Constitution of the Audit Committee** | | | | |
| | (i) | The Audit Committee shall be composed of at least 3 (three) members. | √ | | |

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| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| | (ii) | 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. | √ | | |
| | (iii) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. | √ | | |
| | (iv) | When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee. | Not Applicable | | There was no such vacancy created |
| | (v) | The company secretary shall act as the secretary of the Committee. | √ | | |
| | (vi) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | | |
| **3.2** | **Chairman of the Audit Committee** | | | | |
| | (i) | 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. | √ | | |
| | (ii) | Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). | √ | | |
| **3.3** | **Role of Audit Committee** | | | | |
| | (i) | Oversee the financial reporting process. | √ | | |
| | (ii) | Monitor choice of accounting policies and principles. | √ | | |
| | (iii) | Monitor Internal Control Risk management process. | √ | | |
| | (iv) | Oversee hiring and performance of external auditors | √ | | |
| | (v) | Review along with the management, the annual financial statements before submission to the board for approval. | √ | | |
| | (vi) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | √ | | |
| | (vii) | Review the adequacy of internal audit function. | √ | | |
| | (viii) | Review statement of significant related party transactions submitted by the management. | √ | | |
| | (ix) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. | √ | | |

| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| | (x) | When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus. | Not Applicable | | |
| **3.4** | **Reporting of the Audit Committee** | | | | |
| **3.4.1** | **Reporting to the Board of Directors** | | | | |
| | (i) | The Audit Committee shall report on its activities to the Board of Directors. | √ | | |
| | (ii) | **The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-** | | | |
| | (ii) a) | Report on conflicts of interests. | Not Applicable | | |
| | (ii) b) | Suspected or presumed fraud or irregularity or material defect in the internal control system. | Not Applicable | | |
| | (ii) c) | Suspected infringement of laws, including securities related laws, rules and regulations. | Not Applicable | | |
| | (ii) d) | Any other matter which shall be disclosed to the Board of Directors immediately. | Not Applicable | | |
| **3.4.2** | **Reporting to the Authorities:** | | | | |
| | If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier | | Not Applicable | | |
| **3.5** | **Reporting to the Shareholders and General Investors:** | | | | |
| | Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. | | √ | | |

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| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| 4.0 | **External /Statutory Auditors should not engage in the following services** | | | | |
| | (i) | Appraisal or valuation services or fairness opinions. | √ | | |
| | (ii) | Financial information systems design and implementation. | √ | | |
| | (iii) | Book-keeping or other services related to the accounting records or financial statements. | √ | | |
| | (iv) | Broker-dealer services. | √ | | |
| | (v) | Actuarial services. | √ | | |
| | (vi) | Internal audit services. | √ | | |
| | (vii) | Any other service that the Audit Committee determines. | √ | | |
| | (viii) | 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. | √ | | |
| | (ix) | Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7 | √ | | |
| 5.0 | **Subsidiary Company** | | | | |
| | (i) | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | Not Applicable | | |
| | (ii) | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | Not Applicable | | |
| | (iii) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | Not Applicable | | |
| | (iv) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also. | Not Applicable | | |
| | (v) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | Not Applicable | | |

EMAR STOCK

| Condition No. | | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|---|
| | | | Complied | Not Complied | |
| **6.0** | **Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)** | | | | |
| | The CEO and CFO shall certify to the Board that:- | | | | |
| | (i) | They have reviewed financial statements for the year and that to the best of their knowledge and belief: | | | |
| | (i) a) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | √ | | |
| | (i) 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 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. | √ | | |
| **7.0** | **Reporting and Compliance of Corporate Governance** | | | | |
| | (i) | The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis. | √ | | |
| | (ii) | The directors of the company shall state in the directors' report whether the company has complied with these conditions. | √ | | |

**Arun & Company**
CHARTERED ACCOUNTANTS

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# Certificate on Compliance with Conditions of Corporate Governance Guidelines to the Shareholders of Bata Shoe Company (Bangladesh) Limited

(Issued under Condition No. 7 (i) of Corporate Governance Guidelines of "BSEC" vide notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)

We have examined the compliance with conditions of the corporate governance guidelines by **Bata Shoe Company (Bangladesh) Limited** (herein after referred to "the Company") for the year ended 31 December 2016. These conditions of corporate governance were issued by the Bangladesh Securities and Exchange Commission (BSEC) vide its notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Those charged with governance and the management of the Company is responsible for complying with the conditions of corporate governance guidelines were issued by the Bangladesh Securities and Exchange Commission (BSEC). Those charged with the governance of the Company are also responsible for stating in the Director's report whether the Company has complied with the conditions of corporate governance guidelines.

Our responsibility is to provide a certificate about whether the Company is in compliance with the said conditions of corporate governance based on our examination. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance of the conditions of corporate governance and correct reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statement of the Company.

To the best of our information and according to the explanations provided to us by the Company, we certify that, the company has complied for the year ended 31 December 2017 with the conditions of corporate governance stipulated in the above mentioned guidelines issued by BSEC dated 07 August 2012.

Arun Kumer Kundu, FCA
Managing Partner
**Arun & Company**
**Chartered Accountants**

Dated, Dhaka
30 April 2018

## Audit Committee Report

The Board of Directors of Bata Shoe Company (Bangladesh) Limited has constituted an Audit Committee to support the Board in fulfilling its oversight responsibilities.

The Audit Committee meeting was held twice for the year 2017. The Finance Director, Company Secretary and the Head of Internal Audit were invitees to the Audit Committee meeting.

### Purpose of the Audit Committee

The role of Audit Committee is to monitor the integrity of the financial statements of the company and review and, when appropriate, make recommendations to the main board on business risks, internal controls and compliance. The Committee satisfies itself by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risks and the company's business is conducted in a proper and financially appropriate manner.

### Major Responsibilities of the Audit Committee

In 2017, the Audit Committee reviewed its terms of reference in line with requirements of Bangladesh Securities and Exchange Commission's (BSEC) notification on corporate governance. The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. Some of the major responsibilities of the Audit Committee are as follows:

- Review the annual, half-yearly and quarterly financial statements and other financial results, and upon its satisfaction of the review, recommend the same to the Board.
- Review the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the company's processes for monitoring compliance with laws and regulations and the Codes of Conduct.
- Recommend appointment, termination and determination of audit fees for statutory auditors. Consider the scope of work, and oversee and evaluate the work performed by statutory auditors. Review permitted non-audit services performed by statutory auditors.
- Exercise its oversight of the work of Internal Audit department of the company. Review the effectiveness of Internal Audit function including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and material weaknesses and monitor implementation of audit action plans.

### Major Activities of the Audit Committee

- Reviewed and recommended to the Board the quarterly and annual financial statements for the year ended 31 December, 2017.
- Considered and made recommendation to the Board on the appointment and remuneration of external auditors, Hoda Vasi Chowdhury & Co. Chartered Accountants for the year 2018.
- Reviewed the management letter from external auditors for the year 2017 together with management's responses to the findings.
- Approved the Internal Audit Plan for 2018, monitored progress and effected revisions when necessary.
- Discussed Internal Audit reports and findings in detail with auditors and members of management and monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of action plans.
- Reviewed the activities of the compliance function, incidence reporting and actions, and the status of enforcement of the company's Codes of Conduct.
- Reviewed the Internal Audit Charter.
- Reviewed and received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).

The above matters are significant recommendations for continuous improvement and therefore duly noted.

**Rashidul Hasan**
Chairman, Audit Committee


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**Rahman Rahman Huq**
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# Independent auditors' report to the shareholders of Bata Shoe Company (Bangladesh) Limited

**Report on the financial statements**

We have audited the accompanying financial statements of Bata Shoe Company (Bangladesh) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, 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 a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

**Report on other legal and regulatory requirements**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) 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 those books;

c) 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

d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 26 April 2018

**Rahman Rahman Huq**
Chartered Accountants

# Bata Shoe Company (Bangladesh) Limited
## Statement of financial position

| *In Taka* | *Note* | 31 December 2017 | 31 December 2016 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 6 | 1,033,681,579 | 985,239,810 |
| Prepayments of rent | 10.1 | 125,048,849 | 141,598,486 |
| Deferred tax assets | 7 | 58,300,000 | 47,000,000 |
| **Non-current assets** | | **1,217,030,428** | **1,173,838,296** |
| Inventories | 8 | 3,455,187,780 | 2,778,668,413 |
| Accounts receivable | 9 | 1,244,323,483 | 1,017,812,972 |
| Advances, deposits and prepayments | 10 | 732,217,151 | 671,646,290 |
| Cash and cash equivalents | 11 | 1,103,072,620 | 912,256,111 |
| **Current assets** | | **6,534,801,034** | **5,380,383,786** |
| **Total assets** | | **7,751,831,462** | **6,554,222,082** |
| **Equity** | | | |
| Share capital | 12 | 136,800,000 | 136,800,000 |
| Reserves and surplus | 13 | 4,087,898,311 | 3,419,786,430 |
| **Total equity** | | **4,224,698,311** | **3,556,586,430** |
| **Liabilities** | | | |
| Deferred liability | 14 | 280,654,000 | 280,582,630 |
| **Non-current liabilities** | | **280,654,000** | **280,582,630** |
| Creditors for goods | 15 | 1,267,053,159 | 892,815,692 |
| Creditors for expenses | 16 | 616,630,517 | 544,205,086 |
| Creditors for other finance | 17 | 371,936,522 | 373,452,941 |
| Accrued expenses | 18 | 443,203,066 | 351,210,952 |
| Unclaimed dividend | | 85,379,471 | 80,837,261 |
| Current tax liabilities | 19 | 462,276,416 | 474,531,090 |
| **Current liabilities** | | **3,246,479,151** | **2,717,053,022** |
| **Total liabilities** | | **3,527,133,151** | **2,997,635,652** |
| **Total equity and liabilities** | | **7,751,831,462** | **6,554,222,082** |

*The notes on pages 7 to 40 are an integral part of these financial statements.*

**Chitpan Kanhasiri**
Managing Director

**Rashidul Hasan**
Director

**Md. Hashim Reza**
Company Secretary
& GM Finance

As per our report of same date.

**Rahman Rahman Huq**
Chartered Accountants

Dhaka, 26 April 2018

# Bata Shoe Company (Bangladesh) Limited

## Statement of Profit or Loss and other Comprehensive Income

*for the year ended 31 December*

| *In Taka* | *Note* | 2017 | 2016 |
|---|---|---|---|
| Revenue | 20 | 9,040,558,355 | 8,784,553,317 |
| Cost of sales | 21 | (4,993,863,236) | (4,967,238,013) |
| Gross profit | | 4,046,695,119 | 3,817,315,304 |
| Exchange gain/(loss) | | (4,065,700) | 1,500,181 |
| Other income/(loss) | 22 | (8,721,343) | 1,789,826 |
| Administration, selling and distribution expenses | 23 | (2,377,416,735) | (2,347,516,714) |
| **Operating profit** | | **1,656,491,341** | **1,473,088,597** |
| Finance income | 24 | 20,637,808 | 27,863,144 |
| Finance costs | 25 | (5,256,222) | (3,486,472) |
| **Net finance income** | | **15,381,586** | **24,376,672** |
| Profit before contribution to WPPF | | 1,671,872,927 | 1,497,465,269 |
| Contribution to workers' profit participation fund | 26 | (83,593,646) | (74,873,263) |
| **Profit before tax** | 30 | **1,588,279,281** | **1,422,592,006** |
| Income tax expense | 31 | (442,468,400) | (379,574,000) |
| **Profit for the year** | | **1,145,810,881** | **1,043,018,006** |
| **Other comprehensive income, net of tax** | | | |
| Remeasurement of defined benefit liability | 14.2 | (19,419,000) | - |
| **Total comprehensive income** | | **1,126,391,881** | **1,043,018,006** |
| **Earnings per share:** | 34.1 | | |
| Basic & diluted earnings per share (par value Tk. 10) in Taka | | 82.34 | 76.24 |

*The notes on pages 7 to 40 are an integral part of these financial statements.*

**Chitpan Kanhasiri**
Managing Director

**Rashidul Hasan**
Director

**Md. Hashim Reza**
Company Secretary
& GM Finance

As per our report of same date.

**Rahman Rahman Huq**
Chartered Accountants

Dhaka, 26 April 2018

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# Bata Shoe Company (Bangladesh) Limited
## Statement of changes in equity

*for the year ended 31 December 2017*

| *In Taka* | Share capital | Reserve on revaluation of land | Non-distributable special reserve | General reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2016** | **136,800,000** | **60,631,183** | **998,620** | **48,863,000** | **2,717,715,621** | **2,965,008,424** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | - | - | - | - | 1,043,018,006 | 1,043,018,006 |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **1,043,018,006** | **1,043,018,006** |
| **Transactions with owners of the Company** | | | | | | |
| **Contributions and distributions** | | | | | | |
| Interim dividend for the year 2016 | - | - | - | - | (307,800,000) | (307,800,000) |
| Final dividend for the year 2015 | - | - | - | - | (143,640,000) | (143,640,000) |
| **Total transactions with owners of the Company** | **-** | **-** | **-** | **-** | **(451,440,000)** | **(451,440,000)** |
| **Balance at 31 December 2016** | **136,800,000** | **60,631,183** | **998,620** | **48,863,000** | **3,309,293,627** | **3,556,586,430** |
| **Balance at 1 January 2017** | **136,800,000** | **60,631,183** | **998,620** | **48,863,000** | **3,309,293,627** | **3,556,586,430** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | - | - | - | - | 1,145,810,881 | 1,145,810,881 |
| Other comprehensive income | - | - | - | - | (19,419,000) | (19,419,000) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **1,126,391,881** | **1,126,391,881** |
| **Transactions with owners of the Company** | | | | | | |
| **Contributions and distributions** | | | | | | |
| Interim dividend for the year 2017 | - | - | - | - | (314,640,000) | (314,640,000) |
| Final dividend for the year 2016 | - | - | - | - | (143,640,000) | (143,640,000) |
| **Total transactions with owners of the Company** | **-** | **-** | **-** | **-** | **(458,280,000)** | **(458,280,000)** |
| **Balance at 31 December 2017** | **136,800,000** | **60,631,183** | **998,620** | **48,863,000** | **3,977,405,508** | **4,224,698,311** |

*The notes on pages 7 to 40 are an integral part of these financial statements.*

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# Bata Shoe Company (Bangladesh) Limited
## Statement of cash flows

*for the year ended 31 December*

| *In Taka* | *Note* | 2017 | 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 8,799,989,902 | 8,692,242,508 |
| Cash payments to and on behalf of employees | | (1,382,153,324) | (1,337,587,829) |
| Cash payments for deferred liabilities | 14 | (75,928,979) | (21,687,217) |
| Cash payments to suppliers and contractors for goods and services | | (6,043,063,058) | (5,915,023,559) |
| Cash generated from operating activities | | 1,298,844,541 | 1,417,943,903 |
| Interest received from STD account | 24 | 5,252,788 | 9,586,728 |
| Interest paid | 25 | (5,256,222) | (3,486,472) |
| Income tax paid | 19.1 | (459,550,074) | (347,558,749) |
| **Net cash from operating activities** | | **839,291,033** | **1,076,485,410** |
| **Cash flows from investing activities** | | | |
| Interest received from FDR | 24 | 15,385,020 | 18,276,416 |
| Proceed from sales of property, plant and equipment | 6.3 | 756,510 | 4,984,993 |
| Acquisition of property, plant and equipment | 6 | (210,878,264) | (92,386,913) |
| **Net cash used in investing activities** | | **(194,736,734)** | **(69,125,504)** |
| **Cash flows from financing activities** | | | |
| Dividend paid | | (453,737,790) | (446,481,926) |
| **Net cash used in financing activities** | | **(453,737,790)** | **(446,481,926)** |
| **Net cash increase/(decrease) in cash and cash equivalents** | | **190,816,509** | **560,877,980** |
| Cash and cash equivalents at 1 January | | 912,256,111 | 351,378,131 |
| **Cash and cash equivalents at 31 December** | | **1,103,072,620** | **912,256,111** |
| **Closing cash and cash equivalents have been arrived at as follows** | | | |
| Cash and cash equivalents | 11 | 1,103,072,620 | 912,256,111 |
| | | **1,103,072,620** | **912,256,111** |

The notes on pages 7 to 40 are an integral part of these financial statements.

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## 1. Reporting entity

Bata Shoe Company (Bangladesh) Limited (hereinafter referred to as ("Bata"/"the Company") is a public Company limited by shares. It was incorporated in Bangladesh in 1972 under the Companies Act 1913. The address of the registered office of the Company is Tongi, Gazipur, Bangladesh. The Company is one of the operating companies of worldwide Bata Shoe Organization (BSO). The shares in the Company are listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and mostly held by Bafin (Nederland) B.V. The financial year of the Company covers one year from 1 January to 31 December.

The Company is mainly engaged in manufacturing and marketing of leather, rubber, plastic, canvas footwear, hosiery and accessories items. Manufacturing plants of the Company are situated at Tongi and Dhamrai.

## 2. Basis of accounting

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

The titles and format of these financial statements follow the requirements of BFRSs which are to some extent different from the requirements of the Companies Act 1994. However, such differences are not material and in the view of management BFRSs titles and format give better presentation to the shareholders.

These financial statements were authorised for issue by the Board of Directors at its 237th meeting held on 26 April 2017.

## 3. Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk.) which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka except for the amounts presented in revenue in note 20, segment reporting in note 5, related party transactions in note 37.2 & 37.3 and operating lease payments disclosure in note 38 which have been rounded off to the nearest thousand Taka and credit facilities available as at 31 December in note 11.1 have been rounded off to the nearest million Taka.

## 4. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's 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. Revision to estimates are recognised prospectively.

### A. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 38 Operating leases

### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 is included in the following notes:

| | |
|---|---|
| Note 6 | Property, plant & equipment |
| Note 7 | Deferred tax assets (liabilities) |
| Note 8 | Inventories |
| Note 9 | Accounts receivable |
| Note 14 | Deferred liability |
| Note 19 | Current tax liabilities |
| Note 39 | Financial commitments |
| Note 40 | Contingent liabilities |

**C. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of BFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**5. Operating segments**

See accounting policies in note 46(n)

**a) Basis for segmentation**

The Company has two operating segments, Domestic and Unallocated, which are the company's strategic divisions. They are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the company's management reviews internal management reports at least on a monthly basis. Of these two, only domestic segment is reportable. The following summary describes the operations in the company's reportable segments:

| Reportable segments | Operations |
|---|---|
| Domestic | This segment is mainly engaged in manufacturing and marketing of leather, rubber, plastic and canvas footwear, hosiery and accessories in domestic market. |

**b) Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit from operation is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

| *In thousands of Taka* | Reportable segments<br>Domestic | All other Segments | Total |
|---|---|---|---|
| **2017** | | | |
| **Revenue** | **9,025,267** | **15,291** | **9,040,558** |
| Cost of sales | (4,981,197) | (12,666) | (4,993,863) |
| **Gross profit** | **4,044,070** | **2,625** | **4,046,695** |
| Exchange gain/(loss) | - | (4,066) | (4,066) |
| Other income/(loss) | - | (8,721) | (8,721) |
| Administrative, selling and distribution expense | (2,375,157) | (2,260) | (2,377,417) |
| **Profit from operation** | **1,668,913** | **(12,422)** | **1,656,491** |
| Finance income | - | 20,638 | 20,638 |
| Finance cost | - | (5,256) | (5,256) |
| Contribution to workers' profit participation fund | (83,594) | - | (83,594) |
| **Profit before tax** | **1,585,319** | **2,960** | **1,588,279** |
| **2016** | | | |
| **Revenue** | **8,732,667** | **51,886** | **8,784,553** |
| Cost of sales | (4,925,754) | (41,484) | (4,967,238) |
| **Gross profit** | **3,806,913** | **10,402** | **3,817,315** |
| Exchange gain/(loss) | - | 1,500 | 1,500 |
| Other income | - | 1,790 | 1,790 |
| Administrative, selling and distribution exp. | (1,921,606) | (425,911) | (2,347,517) |
| **Profit from operation** | **1,885,307** | **(412,219)** | **1,473,088** |
| Finance income | - | 27,863 | 27,863 |
| Finance cost | - | (3,486) | (3,486) |
| Contribution to workers' profit participation fund | (74,873) | - | (74,873) |
| **Profit before tax** | **1,810,434** | **(387,842)** | **1,422,592** |

**c) Reconciliation of information on reportable segments to BFRS measures**

| *In thousands of Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| ***i. Revenue*** | | | |
| Total revenue for reportable segments | | 9,025,267 | 8,732,667 |
| Revenue for other segments | | - | - |
| Elimination of inter-segment revenue | | - | - |
| **Total revenue** | | **9,025,267** | **8,732,667** |
| ***ii. Operating profit*** | | | |
| Total profit before tax for reportable segments | | 1,585,319 | 1,810,434 |
| Profit before tax for other segments | | 2,960 | (387,842) |
| Elimination of inter-segment profit | | - | - |
| Amount not related to reported segments | | - | - |
| **Total profit before tax** | | **1,588,279** | **1,422,592** |
| **iii. Amount not related to reportable segments** | | | |
| Technical services fee | | - | - |
| Unallocated corporate overheads | | - | - |
| | | - | - |

**d) Segment assets and liabilities**

The necessary information regarding assets and liabilities of operating segments are not separable and individually identifiable for this purpose. For this reason the assets and liabilities of the respective segments have not been presented here.

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Notes to the financial statements (continued)

## 6. Property, plant and equipment

See accounting policies in note 46(c)

| *In Taka* | Freehold land | Building | Plant and machinery | Vehicles | Furniture, fixtures and office equipment | Under construction (Note 6.2) | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 1 January 2016 | 86,057,856 | 385,104,563 | 814,612,889 | 14,450,909 | 839,595,680 | 15,076,099 | 2,154,897,996 |
| Additions | - | 2,773,578 | 14,305,063 | - | 86,248,204 | 12,811,009 | 116,137,854 |
| Transfers | - | - | - | - | - | (23,750,941) | (23,750,941) |
| Disposals | - | - | (2,671,610) | - | (28,144,555) | - | (30,816,165) |
| **Balance at 31 December 2016** | **86,057,856** | **387,878,141** | **826,246,342** | **14,450,909** | **897,699,329** | **4,136,167** | **2,216,468,744** |
| Balance at 1 January 2017 | 86,057,856 | 387,878,141 | 826,246,342 | 14,450,909 | 897,699,329 | 4,136,167 | 2,216,468,744 |
| Additions | - | 4,023,917 | 9,139,484 | 8,901,880 | 158,924,819 | 41,399,210 | 222,389,310 |
| Transfers | - | - | - | - | - | (11,511,046) | (11,511,046) |
| Disposals | - | - | - | - | (43,900,319) | - | (43,900,319) |
| **Balance at 31 December 2017** | **86,057,856** | **391,902,058** | **835,385,826** | **23,352,789** | **1,012,723,829** | **34,024,331** | **2,383,446,689** |
| **Accumulated depreciation** | | | | | | | |
| Balance at 1 January 2016 | - | 196,987,436 | 505,817,113 | 13,817,070 | 388,896,816 | - | 1,105,518,435 |
| Depreciation for the year | - | 8,008,543 | 37,420,080 | 633,839 | 102,923,987 | - | 148,986,449 |
| Adjustment for disposal/transfers | - | - | (1,092,164) | - | (22,183,786) | - | (23,275,950) |
| **Balance at 31 December 2016** | **-** | **204,995,979** | **542,145,029** | **14,450,909** | **469,637,017** | **-** | **1,231,228,934** |
| Balance at 1 January 2017 | - | 204,995,979 | 542,145,029 | 14,450,909 | 469,637,017 | - | 1,231,228,934 |
| Depreciation for the year | - | 8,107,549 | 37,571,697 | 1,780,376 | 103,456,021 | - | 150,915,643 |
| Adjustment for disposal/transfers | - | - | - | - | (32,379,467) | - | (32,379,467) |
| **Balance at 31 December 2017** | **-** | **213,103,528** | **579,716,726** | **16,231,285** | **540,713,571** | **-** | **1,349,765,110** |
| **Carrying amounts** | | | | | | | |
| At 1 January 2016 | 86,057,856 | 385,104,563 | 814,612,889 | 14,450,909 | 839,595,680 | 15,076,099 | 2,154,897,996 |
| **At 31 December 2016** | 86,057,856 | 182,882,162 | 284,101,313 | - | 428,062,312 | 4,136,167 | 985,239,810 |
| **At 31 December 2017** | **86,057,856** | **178,798,530** | **255,669,100** | **7,121,504** | **472,010,258** | **34,024,331** | **1,033,681,579** |

The Company revalued its land of Tongi factory at 1979 by Tk. 60,631,183.

Building includes properties at 24 Bangabandhu Avenue, Dhaka which were purchased in 1985 from the Government of Bangladesh at a cost of Tk. 5,344,417. Sale deed is yet to be executed.

### 6.1 Allocation of depreciation

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Cost of sales | 21.1 | 36,880,053 | 36,819,972 |
| Administration, selling and distribution expenses | 23 | 114,035,590 | 112,166,477 |
| | | **150,915,643** | **148,986,449** |

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## 6.2 Under construction as follows

**31 December 2017**

| *In Taka* | Opening balance | Addition | Transfer | Closing Balance |
|---|---|---|---|---|
| Plant and machinery | 4,136,167 | 9,428,746 | (11,312,147) | 2,252,766 |
| Furniture for different stores | - | 31,970,464 | (198,899) | 31,771,565 |
| **Total** | **4,136,167** | **41,399,210** | **(11,511,046)** | **34,024,331** |

**31 December 2016**

| *In Taka* | Opening balance | Addition | Transfer | Closing Balance |
|---|---|---|---|---|
| Plant and machinery | 4,206,267 | 12,215,063 | (12,285,163) | 4,136,167 |
| Furniture for different stores | 10,869,832 | 595,946 | (11,465,778) | - |
| **Total** | **15,076,099** | **12,811,009** | **(23,750,941)** | **4,136,167** |

## 6.3 Disposal of property, plant and equipment

**31 December 2017**

| *In Taka* | Original cost | Accumulated depreciation | Book value | Sales value | Mode of disposal | Purchaser |
|---|---|---|---|---|---|---|
| Computer | 316,975 | 240,744 | 76,231 | 144,557 | Insurance claim | N/A |
| Furniture and equipment in shops | 43,583,344 | 32,138,723 | 11,444,621 | 611,953 | Auction | Various parties |
| | **43,900,319** | **32,379,467** | **11,520,852** | **756,510** | | |

**31 December 2016**

| *In Taka* | Original cost | Accumulated depreciation | Book value | Sales value | Mode of disposal | Purchaser |
|---|---|---|---|---|---|---|
| Machinery | 2,671,609 | 1,092,163 | 1,579,446 | 205,193 | Auction | Various parties |
| Computer | 4,980,028 | 4,874,507 | 105,521 | 289,100 | Insurance claim | N/A |
| Furniture and equipment in shops | 23,164,527 | 17,309,280 | 5,855,247 | 4,490,700 | Auction | Various parties |
| | **30,816,164** | **23,275,950** | **7,540,214** | **4,984,993** | | |

## 6.4 C&F value of imported capital assets

The import of capital assets by the company at C&F value was as follows:

| | | Foreign currency | | Local currency | |
|---|---|---|---|---|---|
| **Capital assets** | | **2017** | **2016** | **2017** | **2016** |
| Plant and machinery and furniture and fixtures | USD | 263,666 | 101,486 | 21,538,911 | 7,992,087 |
| in shops | EUR | 14,167 | - | 1,289,616 | - |
| | GBP | 2,132 | - | 228,440 | - |

## 7. Deferred tax assets (liabilities)

See accounting policies in note 46(l)

| 2017 | | | | Balance as at 31 December | |
|---|---|---|---|---|---|
| *In Taka* | Net balance at 1 January | Deferred tax expense /(income) | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (46,620,914) | (8,560,814) | (38,060,100) | - | (38,060,100) |
| Deferred rent | 10,170,022 | (1,382,087) | 11,552,109 | 11,552,109 | - |
| Deferred liability | 70,145,658 | (17,790) | 70,163,448 | 70,163,448 | - |
| Bad & doubtful debt provision | 6,599,115 | (712,824) | 7,311,939 | 7,311,939 | - |
| Personal account provision | 6,633,215 | (694,455) | 7,327,670 | 7,327,670 | - |
| Rounded off | 72,904 | 67,970 | 4,934 | 4,934 | - |
| **Deferred tax assets/(liabilities)** | **47,000,000** | **(11,300,000)** | **58,300,000** | **96,360,100** | **(38,060,100)** |
| **Net deferred tax assets** | | | | | **58,300,000** |

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| - Deferred tax recognised in profit or loss | | | (4,827,000) |
| - Deferred tax recognised in other comprehensive income | 14.2 | | (6,473,000) |
| **Deferred tax expenses/(income)** | | | **(11,300,000)** |

| 2016 | | | | Balance as at 31 December | |
|---|---|---|---|---|---|
| *In Taka* | Net balance at 1 January | Recognised in profit or loss | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (55,949,840) | (9,328,926) | (46,620,914) | - | (46,620,914) |
| Deferred rent | - | (10,170,022) | 10,170,022 | 10,170,022 | - |
| Deferred liability | 44,397,250 | (25,748,408) | 70,145,658 | 70,145,658 | - |
| Bad & doubtful debt provision | 6,718,458 | 119,343 | 6,599,115 | 6,599,115 | - |
| Personal account provision | 6,372,543 | (260,672) | 6,633,215 | 6,633,215 | - |
| Rounded off | 61,589 | (11,315) | 72,904 | 72,904 | - |
| **Deferred tax assets (liabilities)** | **1,600,000** | **(45,400,000)** | **47,000,000** | **93,620,914** | **(46,620,914)** |
| **Net deferred tax assets** | | | | | **47,000,000** |

## 8. Inventories

See accounting policies in note 46(d)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Raw materials | 324,655,896 | 383,180,358 |
| Work in process | 77,583,729 | 61,818,628 |
| Finished goods | 3,052,948,155 | 2,333,669,427 |
| | **3,455,187,780** | **2,778,668,413** |

## 9. Accounts receivable

See accounting policies in note 46(b)

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Trade receivables | | | |
| - Export customers - Non BSO companies | | 1,325,144 | 1,308,525 |
| - Export customers - BSO companies | | - | 1,647,808 |
| - Receivables from dealers | | 1,238,267,940 | 972,894,747 |
| - Receivables from Footin Customers | | 53,422 | 14,979 |
| - Receivables from institutional sale | | 19,497,795 | 42,709,789 |
| | | **1,259,144,301** | **1,018,575,848** |
| Other receivables | | | |
| - Interest receivable | | 3,555,375 | 5,329,488 |
| - VAT claims | | 4,820,272 | 1,055,260 |
| - Insurance claim | | 6,051,291 | 19,248,837 |
| | | 14,426,938 | 25,633,585 |
| | | 1,273,571,239 | 1,044,209,433 |
| Provision for doubtful debts | 9.1 | (29,247,756) | (26,396,461) |
| | | **1,244,323,483** | **1,017,812,972** |

**9.1 Provision for doubtful debts**

Accounts receivable are aged as below:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| *In Taka* | Below six months | Over six months | Below six months | Over six months |
| Export customers - non BSO companies | 1,325,144 | - | 1,308,525 | - |
| Export customers - BSO companies | - | - | 1,647,808 | - |
| Receivables from dealers | 1,209,020,184 | 29,247,756 | 946,498,286 | 26,396,461 |
| Receivables from institutional sale | 19,497,795 | - | 42,709,789 | - |
| Receivables from footin customers | 53,422 | | 14,979 | |
| Interest receivable | 3,555,375 | - | 5,329,488 | - |
| VAT claims | 4,820,272 | - | 1,055,260 | - |
| Insurance claim | 6,051,291 | - | 19,248,837 | - |
| | **1,244,323,483** | **29,247,756** | **1,017,812,972** | **26,396,461** |

See accounting policies in note 46(b)

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Balance as at 1 January | | 26,396,461 | 25,490,172 |
| Provision made during the year | 23.1 | 2,851,295 | 906,289 |
| **Balance as at 31 December** | | **29,247,756** | **26,396,461** |

**9.2 Debts due by directors, officers and other related parties**

As at 31 December 2017, accounts receivable does not include any amount due by:

(a) directors and other officers of the Company;

(b) firms or private limited companies in which any director of the Company is a partner, director or member, other than those disclosed in note 36.1; and

(c) companies under the same management.

**10. Advances, deposits and prepayments**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Advances (considered good) to: | | | |
| Agents and employees | | 20,012,623 | 25,900,208 |
| Suppliers against materials and services | | 3,030,475 | 3,668,018 |
| | | 23,043,098 | 29,568,226 |
| Security and other deposits | | 576,826,361 | 536,263,276 |
| Prepayments to landlords-current portion | 10.1 | 132,347,692 | 105,814,788 |
| | | **732,217,151** | **671,646,290** |

**10.1 Prepayments of rent**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Prepayments to landlords | | 257,396,541 | 247,413,274 |
| Less: Current portion | 10 | 132,347,692 | 105,814,788 |
| **Non-current portion** | | **125,048,849** | **141,598,486** |





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**10.2 Loans and advances to directors, officers and other related parties**

Other than those mentioned in the note above, there were no loans or advances to:

(a) directors of the Company;

(b) firms or private limited companies in which any director of the Company is a partner, director or member; and

(c) companies under the same management.

**11. Cash and cash equivalents**

See accounting policies in note 46(b)

| *In Taka* | **2017** | **2016** |
|---|---|---|
| Cash in hand | 6,846 | 2,089 |
| Cash at Bank | 949,065,774 | 684,254,022 |
| Fixed deposits | 154,000,000 | 228,000,000 |
| | **1,103,072,620** | **912,256,111** |

**11.1 Credit facilities available as at 31 December**

The company enjoys both funded and non funded short term working capital facilities with two banks. The non funded facilities include Letters of Credit (LC), Letters of Guarantee, Packing Credit, LDBP, FDBP and foreign exchange forward contracts (FX Forward). The funded facilities include overdraft facility, short term loan and import loan. The aggregate amount of available short term working capital facilities is Tk 900 million (2016: Tk 900 million) of which non funded limit is Tk 600 million (2016: Tk 600 million) and funded limit is Tk 300 million (2016: Tk 300 million).

Details of the total facilities are stated below:

*(a) Hongkong and Shanghai Banking Corporation (HSBC)*

i) L/C facility - Tk. 200 million (2016: Tk. 200 million).
ii) Overdraft / short term loan facility - Tk. 100 million (2016: Tk. 100 million).

*(b) Eastern Bank Limited (EBL)*

i) L/C facility - Tk. 394 million (2016: Tk. 393 million).
ii) Overdraft facility / short term loan facility - Tk. 200 million (2016: Tk. 200 million).
*iii) Letters of Guarantee - Tk. 6 million (2016: Tk. 7 million)*

| *In millions of Taka* | **2017** | **2016** |
|---|---|---|
| Total credit facilities available | 900 | 900 |
| Credit facilities availed | 205 | 211 |

**12. Share capital**

See accounting policies in note 46(f)

| *In Taka* | **2017** | **2016** |
|---|---|---|
| **Authorised:** | | |
| 20,000,000 ordinary shares of Tk. 10 each | 200,000,000 | 200,000,000 |
| | 200,000,000 | 200,000,000 |
| **Issued, subscribed and paid up:** | | |
| 2,850,723 ordinary shares of Tk. 10 each issued for cash | 28,507,230 | 28,507,230 |
| 10,829,277 ordinary shares (including 7,202,400 bonus shares) of Tk. 10 each issued for consideration other than cash | 108,292,770 | 108,292,770 |
| | **136,800,000** | **136,800,000** |

The shares are listed both in the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and quoted at Tk 1,171.80 (2016: Tk 1,142.00) and Tk 1,169.70 (2016: Tk 1,162.90) per share respectively at 31 December 2017.

| | 2017 | | 2016 | |
|---|---|---|---|---|
| *Percentage of shareholdings* | % | Taka | % | Taka |
| Bafin (Nederland) B.V | 70.00 | 95,760,000 | 70.00 | 95,760,000 |
| Non-resident shareholders | 1.81 | 2,474,820 | 5.30 | 7,249,730 |
| Local shareholders | 28.19 | 38,565,180 | 24.70 | 33,790,270 |
| | **100.00** | **136,800,000** | **100.00** | **136,800,000** |

Classification of shareholders by range:

| | Number of shareholders | | Number of shares | |
|---|---|---|---|---|
| *Shareholder's range* | 2017 | 2016 | 2017 | 2016 |
| Less than 501 shares | 4,996 | 5,737 | 561,917 | 598,653 |
| 501 to 5,000 shares | 343 | 361 | 523,532 | 534,144 |
| 5,001 to 10,000 shares | 29 | 34 | 214,798 | 255,309 |
| 10,001 to 20,000 shares | 27 | 26 | 370,833 | 373,529 |
| 20,001 to 30,000 shares | 9 | 8 | 219,268 | 196,835 |
| 30,001 to 40,000 shares | 5 | 3 | 172,371 | 104,989 |
| 40,001 to 50,000 shares | 3 | 4 | 140,932 | 175,459 |
| 50,001 to 100,000 shares | 11 | 8 | 752,749 | 495,687 |
| 100,001 to 1,000,000 shares | 6 | 8 | 1,147,600 | 1,369,395 |
| Over 1,000,000 shares | 1 | 1 | 9,576,000 | 9,576,000 |
| | **5,430** | **6,190** | **13,680,000** | **13,680,000** |

## 13. Reserves and surplus

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Reserve on revaluation of land | | 60,631,183 | 60,631,183 |
| Non-distributable special reserve | 13.1 | 998,620 | 998,620 |
| General reserve | | 48,863,000 | 48,863,000 |
| Retained earnings | 13.2 | 3,977,405,508 | 3,309,293,627 |
| | | **4,087,898,311** | **3,419,786,430** |

### 13.1 Non-distributable special reserve

This represents 90% of the cumulative post-tax profit in respect of certain categories of income up to 1992 as defined and directed by Bangladesh Bank. Since 1993, the requirement for continuing to create such special reserve is applicable only to the profit on sale of immovable assets such as land, buildings etc.

### 13.2 Retained earnings

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Balance as at 1 January | 3,309,293,627 | 2,717,715,621 |
| Profit for the year | 1,126,391,881 | 1,043,018,006 |
| Interim dividend | (314,640,000) | (307,800,000) |
| Final dividend | (143,640,000) | (143,640,000) |
| | **3,977,405,508** | **3,309,293,627** |

## 14. Deferred liability

See accounting policies in note 46(g)

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Balance as at 1 January | | 280,582,630 | 177,589,000 |
| Provision made / (reversed) during the year | 14.1 | 76,000,349 | 124,680,847 |
| | | 356,582,979 | 302,269,847 |
| Paid during the year | | (75,928,979) | (21,687,217) |
| **Balance as at 31 December** | | **280,654,000** | **280,582,630** |

Deferred liability represents provision for staff gratuity up to 31 December 2017.

**14.1 Provision made/(reversed) during the year**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Provision made during the year | | 50,108,349 | 124,680,847 |
| Remeasurement of defined benefit liability | 14.2 | 25,892,000 | - |
| **Total provision made during the year** | | **76,000,349** | **124,680,847** |

**14.2 Remeasurement of defined benefit liability**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Remeasurement of defined benefit liability | | 25,892,000 | - |
| Related tax | | (6,473,000) | - |
| **Remeasurement of defined benefit liability, net of tax** | | **19,419,000** | **-** |

**15. Creditors for goods**

See accounting policies in note 46(b)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Payable to local suppliers | 1,258,248,373 | 846,641,650 |
| Payable to foreign suppliers | - | 11,300,354 |
| Payable to BSO companies | 8,804,786 | 34,873,688 |
| | **1,267,053,159** | **892,815,692** |

**16. Creditors for expenses**

See accounting policies in note 46(b)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Payable to local suppliers | 147,690,280 | 110,984,388 |
| Payable to foreign suppliers | 2,670,788 | 3,081,478 |
| Payable to Global Footwear Services | 104,546,400 | 91,576,800 |
| Payable to BSO companies | 361,723,049 | 338,562,420 |
| | **616,630,517** | **544,205,086** |

**17. Creditors for other finance**

See accounting policies in note 46(b)

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Workers' profit participation fund | 26 | 83,593,646 | 74,873,263 |
| Personal accounts of employees and agents | | 87,060,001 | 81,078,270 |
| Security and other deposits | | 72,931,902 | 63,783,553 |
| Provident fund | | 8,991,187 | 10,575,999 |
| Tax deducted at source | | 57,342,480 | 79,427,228 |
| Pension fund | | 642,111 | 724,726 |
| VAT deducted at source | | 1,185,030 | 5,142,835 |
| Salary and wages payable | | 22,106,806 | 27,172,357 |
| Others | | 38,083,359 | 30,674,710 |
| | | **371,936,522** | **373,452,941** |

**18. Accrued expenses**

See accounting policies in note 46(b)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Bonus | 81,000,000 | 88,687,542 |
| Utility | 7,600,000 | 9,163,860 |
| Legal & audit fee | 3,321,300 | 2,651,300 |
| Royalty | 45,710,404 | 40,839,642 |
| Joint venture commission | 8,683,575 | 7,689,160 |
| Other accrued liabilities | 296,887,787 | 202,179,448 |
| | **443,203,066** | **351,210,952** |

**19. Current tax liabilities**

See accounting policies in note 46(l)

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Income tax paid | 19.1 | (271,423,979) | (235,936,089) |
| Provision for income tax | 19.2 | 733,700,395 | 710,467,179 |
| | | **462,276,416** | **474,531,090** |

**19.1 Income tax paid**

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Balance at 1 January | 235,936,089 | 226,617,063 |
| Paid during the year for the | | |
| Income year ended 31 December 2017 | 212,126,584 | - |
| Income year ended 31 December 2016 | 247,423,490 | 176,638,694 |
| Income year ended 31 December 2015 | - | 170,920,055 |
| | 695,486,163 | 574,175,812 |
| Adjustment of advance tax on completion of assessment | (424,062,184) | (338,239,723) |
| **Balance at 31 December** | **271,423,979** | **235,936,089** |

**19.2 Provision for income tax**

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Balance at 1 January | 710,467,179 | 623,732,902 |
| Provision for the year | 447,295,400 | 424,974,000 |
| | 1,157,762,579 | 1,048,706,902 |
| Adjustment of tax provision on completion of assessment | (424,062,184) | (338,239,723) |
| **Balance at 31 December** | **733,700,395** | **710,467,179** |

**20. Revenue**

See accounting policies in note 46(i)

| *In thousands* | 2017 Pair | 2017 Amount | 2016 Pair | 2016 Amount |
|---|---|---|---|---|
| Local | | | | |
| Shoes | 30,648 | 8,670,753 | 29,637 | 8,399,620 |
| Hosiery & accessories | - | 354,514 | - | 350,081 |
| Export | - | 15,291 | - | 34,852 |
| | | **9,040,558** | | **8,784,553** |

**21. Cost of sales**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Stock of finished goods as at 1 January | | 2,333,669,427 | 1,859,195,767 |
| Cost of goods manufactured | 21.1 | 4,008,628,648 | 3,942,385,579 |
| Finished goods purchased | | 1,704,513,316 | 1,499,326,094 |
| Cost of finished goods available for sale | | 8,046,811,391 | 7,300,907,440 |
| Stock of finished goods as at 31 December | | (3,052,948,155) | (2,333,669,427) |
| | | **4,993,863,236** | **4,967,238,013** |

The opening and closing stocks of goods produced are shown below:

| | Figures in '000 pairs | |
|---|---|---|
| | Closing stock | Opening stock |
| **Shoes** | **7,759** | **6,301** |

**21.1 Cost of goods manufactured**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Cost of materials consumed | 21.1.1 | 3,127,851,575 | 3,039,124,753 |
| Direct wages | | 520,019,793 | 526,576,796 |
| Prime cost | | 3,647,871,368 | 3,565,701,549 |
| Manufacturing overhead: | | | |
| - Remuneration to employees | | 196,272,254 | 198,408,202 |
| - Gas, water and electricity | | 52,724,624 | 46,057,941 |
| - Repairs and maintenance | 21.1.2 | 51,770,081 | 59,721,379 |
| - Insurance | | 9,199,233 | 8,885,574 |
| - Uniform for workers | | 1,690,024 | 1,536,735 |
| - Health and other welfare expenses | | 13,962,770 | 16,876,420 |
| - Travelling | | 7,270,803 | 7,296,737 |
| - Postage | | 1,311,212 | 1,353,298 |
| - Stationery | | 1,617,767 | 1,716,348 |
| - Entertainment | | 3,823,560 | 3,433,200 |
| - Depreciation | 6.1 | 36,880,053 | 36,819,972 |
| | | 376,522,381 | 382,105,806 |
| Cost of production | | 4,024,393,749 | 3,947,807,355 |
| Difference in work in process: | | | |
| - Work in process as at 1 January | | 61,818,628 | 56,396,852 |
| - Work in process as at 31 December | | (77,583,729) | (61,818,628) |
| | | (15,765,101) | (5,421,776) |
| | | **4,008,628,648** | **3,942,385,579** |

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## Notes to the financial statements (continued)

### 21.1.1 Cost of materials consumed

| *In Taka* | Opening stock | Purchase | Closing stock | Consumption |
|---|---|---|---|---|
| Imported | 121,985,261 | 864,892,402 | 152,896,818 | 833,980,845 |
| Local purchase | 211,486,451 | 2,208,045,756 | 125,661,477 | 2,293,870,730 |
| **2017** | **333,471,712** | **3,072,938,158** | **278,558,295** | **3,127,851,575** |
| **2016** | **342,213,248** | **3,030,383,217** | **333,471,712** | **3,039,124,753** |

Duty drawback of Tk. 262,873 claimed on export sales have been adjusted against cost of raw materials.

Cost of materials consumed is 27% imported and 73% locally purchased (2016: 26% imported and 74% locally purchased).

### 21.1.2 Repairs and maintenance

Repairs and maintenance amounting to Tk 51,770,081 includes Tk 23,056,967 (including C&F value of US$ 263,666, EURO 14,167 and GBP 2,132 of imported items) representing cost of spare parts, moulds and accessories consumed.

### 21.2 Statement of production capacity and actual production

| | Production capacity in pairs | | Actual production in pairs | |
|---|---|---|---|---|
| *Capacity in thousands* | **2017** | **2016** | **2017** | **2017** |
| Tongi | 27,354 | 34,333 | 22,454 | 20,897 |
| Dhamrai | 9,870 | 11,130 | 7,577 | 8,261 |
| | **37,224** | **45,463** | **30,031** | **29,158** |

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## 22. Other income/(loss)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | (10,764,342) | (2,555,221) |
| Discount for early payment | 2,042,999 | 4,345,047 |
| | **(8,721,343)** | **1,789,826** |

## 23. Administration, selling and distribution expenses

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Remuneration to employees | | 621,173,553 | 663,734,344 |
| Health and other welfare expenses | | 14,809,331 | 12,920,866 |
| Travelling expenses | | 63,075,247 | 64,323,074 |
| Bank charges | | 1,487,691 | 2,031,348 |
| Repairs and maintenance | | 54,700,968 | 89,326,052 |
| Stationery | | 14,267,685 | 13,319,229 |
| Postage, telegram and telephone | | 8,102,841 | 7,367,037 |
| Entertainment expenses | | 22,232,774 | 17,643,726 |
| Subscription and donation | | 1,603,434 | 1,595,934 |
| Advertisement | | 48,898,474 | 28,792,278 |
| Selling expenses | | 20,774,390 | 20,965,864 |
| Rent, rates and taxes | | 569,689,040 | 475,087,857 |
| General charges | 23.1 | 17,347,420 | 40,432,928 |
| Directors' fees | | 153,000 | 138,000 |
| Auditor's fees | | 690,000 | 632,500 |
| Legal and other professional fees | 23.2 | 4,883,336 | 5,724,205 |
| Insurance | | 4,916,316 | 5,287,537 |
| Land revenue | | 923,700 | 1,470,275 |
| Freight and transport | | 83,071,681 | 68,120,724 |
| Packing expenses | | 113,357,436 | 81,187,888 |
| Commission | 23.3 | 183,127,509 | 225,640,672 |
| Royalty on Hush Puppies brand | 23.4 | 14,975,921 | 14,907,321 |
| Royalty on Dr. Scholl brand | 23.4 | 5,558,041 | 6,154,858 |
| Royalty on Naturalizer Brand | 23.4 | 794,191 | 485,603 |
| Royalty on Ben10 & Powerpuff Girls | 23.4 | 2,563,437 | 1,574,536 |
| Global Footwear Services fees | 23.4 | 124,265,859 | 121,731,593 |
| Trade mark license fees | 23.4 | 189,775,339 | 183,799,832 |
| IT fees | | 7,990,216 | 8,021,735 |
| Electricity | | 68,172,315 | 72,932,421 |
| Depreciation | 6.1 | 114,035,590 | 112,166,477 |
| | | **2,377,416,735** | **2,347,516,714** |

### 23.1 General charges

General charges comprise of provision for doubtful debts Tk. 2,851,295 (Note: 9.1).

### 23.2 Legal and other professional fees

Legal and other professional fees include fees of Tk. 1,997,450 (2016: Tk. 1,682,793) to the audit firms in connection with global reporting, tax certification and services regarding assessments/appeals and advisory services.

**23.3 Commission**

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Retail | 129,569,449 | 137,078,537 |
| Wholesale | 53,558,060 | 88,467,129 |
| Export | - | 95,006 |
| | **183,127,509** | **225,640,672** |

**23.4** Royalty on Hush Puppies, Dr. Scholl and Naturalizer brands, Ben10 & Powerpuff girls, Global Footwear Services fees and Trade Mark License fees of Tk. 14,975,921, Tk. 5,558,041, Tk.794,191, Tk. 2,563,437, Tk. 124,265,859 and Tk. 189,775,339 respectively represent equivalent foreign currency of USD 180,053, USD 66,823, USD 9,548, SGD 2,100,000 and USD 2,281,639 provided during the year.

**24. Finance income**

See accounting policies in note 46(k)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Interest on: | | |
| - Fixed deposit | 15,385,020 | 18,276,416 |
| - Short term deposit | 5,252,788 | 9,586,728 |
| | **20,637,808** | **27,863,144** |

**25. Finance costs**

See accounting policies in note 46(k)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Interest on: | | |
| - Overdraft | 2,079,724 | 559,732 |
| - Personal account | 3,176,498 | 2,926,740 |
| | **5,256,222** | **3,486,472** |

**26. Contribution to workers' profit participation fund**

See accounting policies in note 46(q)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Profit from operating activities | 1,656,491,341 | 1,473,088,597 |
| Net finance income/(costs) | 15,381,586 | 24,376,672 |
| Profit before contribution to workers' profit participation fund | 1,671,872,927 | 1,497,465,269 |
| | | |
| **Workers' profit participation fund @ 5%** | **83,593,646** | **74,873,263** |

**27. Emoluments to directors**

| *In Taka* | 2017 | 2015 |
|---|---|---|
| Remuneration | 17,701,494 | 16,147,966 |
| Bonus | 6,879,389 | 4,970,728 |
| Retirement benefit schemes | 1,191,396 | 1,036,000 |
| Housing | 3,571,584 | 3,820,973 |
| | **29,343,863** | **25,975,667** |

## 28. Emoluments to managers

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Remuneration | 110,646,708 | 112,336,737 |
| Retirement benefit schemes | 15,225,541 | 15,323,790 |
| Housing | 20,357,653 | 18,334,459 |
| | **146,229,902** | **145,994,986** |

## 29. Contribution to employees' provident fund and pension fund

See accounting policies in note 46(q)

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Provident fund: | | |
| - Managers | 6,686,438 | 7,553,550 |
| - Officers & supervisors | 11,891,849 | 12,550,592 |
| - Workers | 10,086,964 | 11,217,434 |
| | 28,665,251 | 31,321,576 |
| Pension fund | 8,539,103 | 8,806,240 |
| | **37,204,354** | **40,127,816** |

## 30. Profit before tax

See accounting policy in note 46(l)

Profit before tax Tk.1,588,279,281 (2016:Tk.1,422,592,006) includes profit amounting to Tk 646,038,488 (2016: Tk. 883,582,333) of leather shoe factory at Dhamrai and Tk.942,240,793 (2016: Tk. 539,009,673) at Tongi.

## 31. Income tax expense

See accounting policy in note 46(l)

### A. Amounts recognised in profit or loss

| *In Taka* | 2017 | 2016 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 447,295,400 | 424,974,000 |
| | 447,295,400 | 424,974,000 |
| **B. Deferred tax (income)/expense** | | |
| Change in recognised deductible temporary and other differences | (4,827,000) | (45,400,000) |
| | (4,827,000) | (45,400,000) |
| Tax expense on continuing operations | 442,468,400 | 379,574,000 |

### C. Reconciliation of effective tax

| *In Taka* | | 2017 | | 2016 |
|---|---|---|---|---|
| Profit before tax | | 1,588,279,281 | | 1,422,592,006 |
| Factors affecting the tax charge for current period: | | | | |
| Income tax using the Company's domestic tax rate | 25.0% | 397,069,820 | 25.0% | 355,648,002 |
| Tax effect of: | | | | |
| -Non-deductible expenses | 2.4% | 38,766,753 | 1.6% | 22,400,364 |
| -Tax-exempt income | (0.0%) | (367,880) | (0.1%) | (826,243) |
| -Round off adjustment | 0.4% | 6,999,707 | 0.2% | 2,351,877 |
| | **27.9%** | **442,468,400** | **26.7%** | **379,574,000** |





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**32. Remittance of foreign currency**

See accounting policies in note 46(a)

| | | | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| ***Name of the parties*** | **Nature of transaction** | **Currency** | **FC** | **Taka** | **FC** | **Taka** |
| Bafin (Nederland) B.V. | Dividend | USD | 3,511,162 | 288,716,400 | 3,596,714 | 284,407,200 |
| SSL International PLC | Royalty on Dr. Scholl Brand | GBP | - | - | 24,508 | 2,854,426 |
| Global Footwear Services Pte. Ltd., Singapore | Management services fees | SGD | 1,995,000 | 119,570,850 | 1,680,000 | 94,620,225 |
| Wolverine World Wide Inc., USA | Royalty on Hush Puppies Brand | USD | 153,325 | 12,216,398 | 154,856 | 12,233,622 |
| Euro Footwear Holdings S.a.r.l | IT Fees | EUR | - | - | 78,000 | 6,954,870 |
| | | USD | 89,785 | 7,528,515 | 2,685 | 211,175 |
| Bata Brands S.a.r.l - Swiss Branch | Trade Mark License Fees | USD | 2,036,474 | 162,408,765 | 1,950,006 | 154,050,437 |
| OctaShop eRetail Servises Private Ltd. | Consultancy Fees | USD | 4,800 | 396,000 | 5,400 | 420,660 |
| Aurelius Alpha International | Royalty | EUR | 44,560 | 4,010,421 | 11,979 | 1,092,594 |
| Bata Brands SA | Sub Licenses Fees | USD | - | - | 25,000 | 1,950,000 |
| Turner Broadcasting | Royalty | USD | - | - | 50,000 | 3,930,000 |
| Capillary Technologies India Private Ltd. | Management services fees | USD | 36,336 | 2,963,484 | 57,600 | 2,996,584 |

The figures represent net of tax.

**33. Earnings in foreign currency**

See accounting policies in note 46(a)

| *In taka* | **2017** | **2016** |
|---|---|---|
| Export of shoes and other footwear goods | **15,291,438** | 34,852,174 |
| | **15,291,438** | 34,852,174 |

**34. Earnings per share**

See accounting policies in note 46(m)

**34.1 Basic earnings per share (EPS)**

| *In taka* | **2017** | **2016** |
|---|---|---|
| Earnings attributable to the ordinary shareholders | **1,126,391,881** | 1,043,018,006 |
| Weighted average number of ordinary shares outstanding during the year | **13,680,000** | 13,680,000 |
| Basic earnings per share (EPS) | **82.34** | 76.24 |

**34.2 Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive ordinary shares during the year. So, both basic and diluted earnings per share are same.

**35. Number of employees**

The number of employees for the whole year or part thereof who received a total remuneration of Tk 36,000 and above was 1,635 (2016: 1,671).

**36. Financial risk management**

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.This note presents information about the company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The company has exposure to the following risks from its use of financial instruments;

- Credit risk
- Liquidity risk
- Market risk

**36.1 Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from dealers, institutional and export customers etc.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are Grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are mainly related to sale of shoes, hosiery, accessories and finished leather etc.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Trade receivables | 9 | | |
| Export customers - Non BSO companies | | 1,325,144 | 1,308,525 |
| Export customers - BSO companies | | - | 1,647,808 |
| Receivables from dealers | | 1,238,267,940 | 972,894,747 |
| Receivables from Footin Customers | | 53,422 | 14,979 |
| Receivables from institutional sale | | 19,497,795 | 42,709,789 |
| | | **1,259,144,301** | **1,018,575,848** |
| Other receivables | 9 | 14,426,938 | 25,633,585 |
| Security and other deposits | 10 | 576,826,361 | 536,263,276 |
| Cash and cash equivalents | 11 | 1,103,072,620 | 912,256,111 |
| | | **2,953,470,220** | **2,492,728,820** |

The maximum exposure to credit risk for accounts receivable as at 31 December by geographic regions was:

| *In Taka* | 2017 | 2016 |
|---|---|---|
| Domestic | 1,257,819,157 | 1,015,619,515 |
| Asia | - | 1,035,466 |
| Australia | 1,325,144 | 1,308,525 |
| South America | - | 612,342 |
| | **1,259,144,301** | **1,018,575,848** |

**b) Ageing of receivables**

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Export customers - Non BSO companies | 9 | | |
| - Invoiced 0-30 days | | - | 1,308,525 |
| - Invoiced 31-60 days | | - | - |
| - Invoiced 61-90 days | | 1,325,144 | - |
| | | **1,325,144** | **1,308,525** |
| Export customers - BSO companies | 9 | | |
| - Invoiced 0-30 days | | - | 612,342 |
| - Invoiced 31-60 days | | - | - |
| - Invoiced 61-90 days | | - | 479,719 |
| - Invoiced 91-180 days | | - | 555,747 |
| | | **-** | **1,647,808** |
| Receivables from domestics | 9 | | |
| - Invoiced 0-30 days | | 690,521,235 | 306,682,266 |
| - Invoiced 31-60 days | | 399,937,319 | 295,451,901 |
| - Invoiced 61-90 days | | 154,271,511 | 200,108,182 |
| - Invoiced 91-365 days | | 4,533,941 | 198,027,784 |
| - Invoiced over 365 days | | 8,555,151 | 15,349,382 |
| | | **1,257,819,157** | **1,015,619,515** |

**c) Impairment losses**

Impairment losses on the above receivables were recognised as per the Company policy. Quantitative disclosures for such impairment losses are as below:

| *In Taka* | Note | 2017 | 2016 |
|---|---|---|---|
| Receivables from dealers | | | |
| - Accounts receivable | 9 | 1,238,267,940 | 972,894,747 |
| - Provision for doubtful debts | 9.1 | (29,247,756) | (26,396,461) |
| | | **1,209,020,184** | **946,498,286** |
| Receivables from institutional sale | | | |
| - Accounts receivable | 9 | 19,497,795 | 42,709,789 |
| - Provision for doubtful debts | 9.1 | - | - |
| | | **19,497,795** | **42,709,789** |
| Receivables from Footin Customers | | | |
| - Accounts receivable | 9 | 53,422 | 14,979 |
| - Provision for doubtful debts | 9.1 | - | - |
| | | **53,422** | **14,979** |

**36.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

| **As at 31 December 2017** | | | **Contractual cash flows** | | | |
|---|---|---|---|---|---|---|
| *In taka* | **Note** | **Carrying amount** | **Maturity period** | **Nominal Interest rate** | **Within 6 months or less** | **Within 6-12 months** |
| **Creditors for goods** | 15 | | | | | |
| - Payable to local suppliers | | 1,258,248,373 | June 2018 | N/A | 1,258,248,373 | - |
| - Payable to foreign suppliers | | - | June 2018 | N/A | - | - |
| - Payable to BSO companies | | 8,804,786 | June 2018 | N/A | 8,804,786 | - |
| | | **1,267,053,159** | | | **1,267,053,159** | **-** |
| **Creditors for expenses** | 16 | | | | | |
| - Payable to local suppliers | | 147,690,280 | June 2018 | N/A | 147,690,280 | - |
| - Payable to foreign suppliers | | 2,670,788 | June 2018 | N/A | 2,670,788 | - |
| - Payable to Global Footwear Services | | 104,546,400 | December 2018 | N/A | 104,546,400 | - |
| - Payable to BSO companies | | 361,723,049 | December 2018 | N/A | 361,723,049 | - |
| | | **616,630,517** | | | **616,630,517** | **-** |
| **Creditors for other finance** | 17 | | | | | |
| - Personal accounts of employees and agents | | 87,060,001 | June 2018 | 6.5% | 2,081,454 | 84,978,547 |
| - Workers' profit participation fund | | 83,593,646 | June 2018 | N/A | 83,593,646 | - |
| - Security and other deposits | | 72,931,902 | June 2018 | N/A | 72,931,902 | - |
| - Provident fund | | 8,991,187 | June 2018 | N/A | 8,991,187 | - |
| - Tax deducted at source | | 57,342,480 | June 2018 | N/A | 57,342,480 | - |
| - Pension fund | | 642,111 | June 2018 | N/A | 642,111 | - |
| - VAT deducted at source | | 1,185,030 | June 2018 | N/A | 1,185,030 | - |
| - Salary and wages payable | | 22,106,806 | June 2018 | N/A | 22,106,806 | - |
| - Others | | 38,083,359 | June 2018 | N/A | 38,083,359 | - |
| | | **371,936,522** | | | **286,957,975** | **84,978,547** |
| **Accrued liabilities** | 18 | | | | | |
| - Bonus | | 81,000,000 | June 2018 | N/A | 81,000,000 | - |
| - Utility | | 7,600,000 | June 2018 | N/A | 7,600,000 | - |
| - Legal & audit fee | | 3,321,300 | June 2018 | N/A | 3,321,300 | - |
| - Royalty | | 45,710,404 | June 2018 | N/A | 45,710,404 | - |
| - Joint venture commission | | 8,683,575 | June 2018 | N/A | 8,683,575 | - |
| - Other accrued liabilities | | 296,887,787 | December 2018 | N/A | 145,328,153 | 151,559,634 |
| | | **443,203,066** | | | **291,643,432** | **151,559,634** |
| Unclaimed dividend | | **85,379,471** | December 2018 | N/A | **51,227,000** | **34,152,471** |

Exposure to liquidity risk in respect of the Company's financial statements at 31 December 2017 does not vary significantly from above.

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## Notes to the financial statements (continued)

| As at 31 December 2016 | Note | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Maturity period | Nominal Interest rate | Within 6 months or less | Within 6-12 months |
| *In taka* | | | | | | |
| **Creditors for goods** | 15 | | | | | |
| - Payable to local suppliers | | 846,641,650 | June 2017 | N/A | 846,641,650 | - |
| - Payable to foreign suppliers | | 11,300,354 | June 2017 | N/A | 11,300,354 | - |
| - Payable to BSO companies | | 34,873,688 | June 2017 | N/A | 34,873,688 | - |
| | | **892,815,692** | | | **892,815,692** | **-** |
| **Creditors for expenses** | 16 | | | | | |
| - Payable to local suppliers | | 110,984,388 | June 2017 | N/A | 110,984,388 | - |
| - Payable to foreign suppliers | | 3,081,478 | June 2017 | N/A | 3,081,478 | - |
| - Payable to Global Footwear Services | | 91,576,800 | December 2017 | N/A | 91,576,800 | - |
| - Payable to BSO companies | | 338,562,420 | December 2017 | N/A | 338,562,420 | - |
| | | **544,205,086** | | | **544,205,086** | **-** |
| **Creditors for other finance** | 17 | | | | | |
| - Personal accounts of employees and agents | | 81,078,270 | June 2017 | 6.5% | 1,572,085 | 79,506,185 |
| - Workers' profit participation fund | | 74,873,263 | June 2017 | N/A | 74,873,263 | - |
| - Security and other deposits | | 63,783,553 | June 2017 | N/A | 63,783,553 | - |
| - Provident fund | | 10,575,999 | June 2017 | N/A | 10,575,999 | - |
| - Tax deducted at source | | 79,427,228 | June 2017 | N/A | 79,427,228 | - |
| - Pension fund | | 724,726 | June 2017 | N/A | 724,726 | - |
| - VAT deducted at source | | 5,142,835 | June 2017 | N/A | 5,142,835 | - |
| - Salary and wages payable | | 27,172,357 | June 2017 | N/A | 27,172,357 | - |
| - Others | | 30,674,710 | June 2017 | N/A | 30,674,710 | - |
| | | **373,452,941** | | | **293,946,756** | **79,506,185** |
| **Accrued liabilities** | 18 | | | | | |
| - Bonus | | 88,687,542 | June 2017 | N/A | 88,687,542 | - |
| - Utility | | 9,163,860 | June 2017 | N/A | 9,163,860 | - |
| - Legal & audit fee | | 2,651,300 | June 2017 | N/A | 2,651,300 | - |
| - Royalty | | 40,839,642 | June 2017 | N/A | 40,839,642 | - |
| - Joint venture commission | | 7,689,160 | June 2017 | N/A | 7,689,160 | - |
| - Other accrued liabilities | | 202,179,448 | December 2017 | N/A | 92,456,833 | 109,722,615 |
| | | **351,210,952** | | | **241,488,337** | **109,722,615** |
| Unclaimed dividend | | **80,837,261** | December 2017 | N/A | **48,502,000** | **32,335,261** |

Exposure to liquidity risk in respect of the Company's financial statements at 31 December 2016 does not vary significantly from above.

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## 36.3 Market risk

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices will affect the Company's income 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 optimising the return.

### a) Currency risk/foreign exchange risk

The Company is exposed to currency risk on sales and purchases with foreign customers and suppliers including Bata Group (globally) and on royalty payment. Majority of the Company's foreign currency transactions are denominated in USD. The Company maintains USD bank account where all receipts are deposited and all corresponding payments are made.

### i) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

| | 31 December 2017 | | | 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | USD | SGD | EUR | USD | SGD | EUR |
| **Foreign currency denominated assets** | | | | | | |
| Accounts receivable | 15,932 | - | - | 37,465 | - | - |
| Cash at bank | | | | | | |
| Eastern Bank Limited | 142,761 | - | - | 188,477 | - | - |
| Hongkong and Shanghai Banking Corporation | 7,197 | - | - | 23,344 | - | - |
| | 165,890 | - | - | 249,286 | - | - |
| **Foreign currency denominated liabilities** | | | | | | |
| Trade and other payables for expenses | (4,911,243) | (1,680,000) | (18,391) | (5,198,760) | (1,680,000) | (8,676) |
| Total | (4,911,243) | (1,680,000) | (18,391) | (5,198,760) | (1,680,000) | (8,676) |
| Net exposure | **(4,745,353)** | **(1,680,000)** | **(18,391)** | **(4,949,474)** | **(1,680,000)** | **(8,676)** |

Payable to other entities represents payable for Global footwear service fees, IT fees etc.

Exposure to currency risk as at 31 December 2017 in respect of the separate financial statements does not vary from above. The Company has a foreign exchange loss amounting to Tk. 4,065,700 during the year ended 31 December 2017.

The following significant exchange rates are applied during the year:

| | Average rate | | Year end spot rate | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Exchange rate at Taka** | Taka | | Taka | |
| US Dollar | 81.47 | 78.51 | 83.18 | 78.91 |
| Singapore Dollar (SGD) | 59.32 | 56.87 | 62.23 | 54.52 |
| EURO (EUR) | 92.97 | 86.72 | 99.85 | 83.01 |

### ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening (weakening) of the Taka, as indicated below, against the USD, SGD and EUR at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| *In Taka* | Strengthening | Weakening | Strengthening | Weakening |
| **At 31 December 2017** | | | | |
| USD (1 percent movement) | 3,947,185 | (3,947,185) | 3,947,185 | (3,947,185) |
| SGD (1 percent movement) | 1,045,464 | (1,045,464) | 1,045,464 | (1,045,464) |
| EUR (1 percent movement) | 18,363 | (18,363) | 18,363 | (18,363) |
| **At 31 December 2016** | | | | |
| USD (1 percent movement) | 3,905,630 | (3,905,630) | 3,905,630 | (3,905,630) |
| SGD (1 percent movement) | 1,394,563 | (1,394,563) | 1,394,563 | (1,394,563) |
| EUR (1 percent movement) | 4,730 | (4,730) | 4,730 | (4,730) |

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**iii) Foreign exchange gain**

| *In Taka* | 2017 | 2016 |
|---|---|---|
| **Foreign exchange gain/(loss)** | **(4,065,700)** | **1,500,181** |

**b) Interest rate risk**

The interest bearing financial instrument for the Company is the short term deposit (STD) account maintained by the Company with its commercial banks. These are highly liquid and very short term deposits with nominal interest rate. Interest rate fluctuations for such investment have little impact on financial statements. Therefore, interest rate risk for the company is insignificant.

**c) Commodity risk**

Commodity risk refers to the uncertainties of future market values and the size of the future income, caused by the fluctuation in the prices of commodities. As the Company purchases MS wire, blended power, calcium carbide and other raw materials, it is exposed to risks arising from the purchase of these materials for use in production. Commodity price risk is managed by supply contracts with suppliers.

**d) Accounting classification and fair values**

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

| | Carrying amount | Fair value | Carrying amount | Fair value |
|---|---|---|---|---|
| *In Taka* | 2017 | | 2016 | |
| **Loans and receivables** | | | | |
| Trade receivable, net | 1,259,144,301 | 1,259,144,301 | 1,018,575,848 | 1,018,575,848 |
| Other receivables | 14,426,938 | 14,426,938 | 25,633,585 | 25,633,585 |
| Cash and cash equivalents | 1,103,072,620 | 1,103,072,620 | 912,256,111 | 912,256,111 |
| **Available for sale financial assets** | | | | |
| Security deposits | 576,826,361 | 576,826,361 | 536,263,276 | 536,263,276 |
| **Financial liabilities carried at amortised costs** | | | | |
| Creditors for goods | 1,267,053,159 | 1,267,053,159 | 892,815,692 | 892,815,692 |
| Creditors for expenses | 616,630,517 | 616,630,517 | 544,205,086 | 544,205,086 |
| Creditors for other finance | 371,936,522 | 371,936,522 | 373,452,941 | 373,452,941 |
| Accrued expenses | 443,203,066 | 443,203,066 | 351,210,952 | 351,210,952 |

## 37. Related party disclosures

### 37.1 Parent and ultimate controlling party

Bafin (Nederland) B.V has 70% shareholding of the Company which is fully owned by Compass Limited. As a result, the ultimate controlling party of the Company is Compass Limited.

### 37.2 Transaction with key management personnel

| | Transaction for the year | |
|---|---|---|
| *In thousands of Taka* | 2017 | 2016 |
| Directors | 29,344 | 25,976 |
| Top Managers | 75,869 | 84,582 |
| | **105,213** | **110,558** |

**37.3 Other related party transactions**

During the year ended 31 December 2017, Company entered into a number of transactions with related parties/ associated enterprises in the normal course of business. Relationship with related parties / associated enterprises, nature of these transactions and amount thereof have been set out below in accordance with the provisions of BAS 24: Related Party Disclosures.

| | | | Transaction values for the year ended 31 December | | Balance outstanding as at 31 December | |
|---|---|---|---|---|---|---|
| *In thousands of Taka* | Nature of relationship | Nature of transactions | 2017 | 2016 | 2017 | 2016 |
| | Holding company | Dividend payment | (320,796) | (316,008) | - | - |
| | Associated companies | Purchase of goods | (215,529) | (203,549) | (8,805) | (34,874) |
| | | Service received | (1,293) | (903) | (1,836) | (720) |
| | | Sales of goods | 2,531 | 8,785 | - | 1,469 |
| | | Service provided | 258 | - | - | - |
| | | Trade mark license fees | (189,807) | (183,800) | (389,701) | (367,309) |
| | | IT fees | (9,626) | (7,884) | (9,987) | (7,872) |

**38. Operating leases payments disclosure**

See accounting policies in note 43(j)

Non-cancellable operating lease rentals are payable as follows:

| *In thousands of Taka* | 2017 | 2016 |
|---|---|---|
| Less than one year | 520,961 | 577,045 |
| Between one and five years | 4,916,787 | 4,572,701 |
| More than five years | 1,570,253 | 1,408,941 |
| | **7,008,001** | **6,558,687** |

**39. Financial commitments**

There was no capital expenditure and financial commitments as at 31 December 2017 (2016: Nil)

**40. Contingent liabilities**

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk. 341,971,000 (2016: Tk 440,330,000). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There are also contingent liabilities in respect of outstanding letters of credit of Tk. 198.1 million (2016: Tk 203.7 million) and letter of guarantee of Tk. 6.4 million (2016: Tk 6.7 million).

**41. Going concern**

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

Details of the Company's accounting policies including changes during the year are included in note 46.

**42. Comparatives**

Comparative information have been disclosed in respect of 2017 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.

Previous year's figures have been rearranged, wherever necessary, to conform to current year's presentation .

**43. Interim dividend**

Bata paid an interim dividend @ Tk 23.00 per share of Tk 10 each aggregating to Tk 314,640,000 which was approved by the Board of Directors at its 236th meeting held on 16 November 2017.

**44. Events after the reporting period**

The Board of Directors of Bata, at its 237th meeting held on 26 April proposed Tk. 10.50 per share, amounting to a total of Tk. 143,640,000 as final dividend for the year ended 31 December 2017, which represents 105% of the paid up capital. Total dividend for the year ended 31 December 2017 including the interim dividend (see note 43) thus comes to Tk. 458,280,000 which is 335% of paid up capital. These dividends are subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

**45. Basis of measurement**

These financial statements have been prepared on historical cost basis except for land at Tongi in the statement of financial position which was revalued in 1979.

**46. Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except as explained in note 46(c) which addresses review of useful lives of property, plant and equipment by management during the year 2011.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.


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**(a) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate on the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

**(b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Non-derivative financial assets**

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available for- sale financial assets.



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**Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

**Held-to-maturity financial assets**

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

**Accounts receivables**

Accounts receivables represent the amounts due from institutional customers, export customers etc. Accounts receivables are stated net off bad debts provision.

Provision for doubtful debts is made based on the Company policy. Bad debts are written off on consideration of the status of individual debtors.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in transit and cash at bank including fixed deposits having maturity of three months or less which are available for use by the Company without any restriction. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Available for sale financial assets comprise security deposits.

**Non-derivative financial liabilities**

The Company recognises all financial liabilities on the trade date which is the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities comprise trade and other creditors only.

**Trade and other creditors**

The company recognises a financial liability initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

**(c) Property, plant and equipment**

**Recognition and measurement**

Items of property, plant and equipment excluding land are measured at cost less accumulated depreciation and accumulated impairment losses. Land is measured at amount revalued in 1979.

Cost includes expenditures that are directly attributable to the acquisition of assets. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other cost directly attributable to bringing the asset to a working condition for the intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**Subsequent costs**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

**Depreciation**

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

Addition during the year of property, plant and equipment are depreciated for full year irrespective of date of acquisition, while no depreciation is charged in the year of disposal.

The estimated useful lives for the current and comparative years of property, plant and equipment are as follows:

| | Year | |
|---|---|---|
| | **2017** | **2016** |
| Building | 40 | 40 |
| Plant and machinery | 13.33 | 13.33 |
| Motor vehicles | 5 | 5 |
| Furniture, fixtures and equipment | 4-13.33 | 4-13.33 |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The useful lives and depreciation method of certain type of property, plant and equipment were revised in 2011.

**Under construction**

Property, plant and equipment that is being under construction/acquisition is accounted for as capital work in progress until construction/acquisition is completed and measured at cost.

**(d) Inventories**

Inventories except raw material in transit are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

**(e) Impairment**

**Non-derivative financial assets**

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

**Financial assets measured at amortised cost**

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

**Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principle repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

**(f) Share capital**

Paid up capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

**(g) Employee benefits**

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

**Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

The Company maintains three contributory provident funds for its permanent employees categorised as managers, officers and supervisors and workers. The Company also maintains a managerial staff pension fund which was a defined benefit as contribution plan. These are administered by the Boards of Trustees.

**Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The Company maintains an unfunded gratuity scheme, provision in respect of which is made annually for all the employees. Gratuity payable at the end of each year has been determined on the basis of existing rules and regulations applicable to the Company. Actuarial valuation of the gratuity fund is carried out by a professional actuary.

**Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(h) Provisions**

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can reliably be estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(i) Revenue**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, Value Added Tax and trade discounts.

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

**(j) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

**(k) Finance income and costs**

Finance income comprises interest income on funds invested, interest on shop managers account held with the Company and foreign exchange gain on translation of foreign currency that are recognised in profit or loss. Interest income is recognised on accrual basis.

Finance cost comprises interest expense on overdraft, finance lease and interest on shop managers account held with the Company and foreign exchange loss on translation of foreign currency. All finance expenses are recognised in the statement of comprehensive income.

**(l) Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

**Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Bata qualifies as a "Publicly Traded Company" hence the applicable tax rate is 25%.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(m) Earnings per share**

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

**(n) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**(o) Duty drawback**

Duty drawback claimed on export sales is adjusted against cost of imported raw materials.

**(p) Sales proceeds from wastage, scrap etc.**

Sales of empty drum of chemicals, split leather and other wastage of materials have been adjusted with cost of raw materials consumed.

**(q) Workers' Profit Participation Fund (WPPF)**

The Company provides 5% of its profit before charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006".

**(r) Events after the reporting period**

Events after the reporting period which provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

**(s) Comparatives and rearrangement**

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

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or reclassified whenever considered necessary to conform to current year's presentation.

**47. Standards adopted but not yet effective**

"In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

| Sl. no. | New standards | Summary of the requirements | Possible impact on financial statements |
|---|---|---|---|
| 1 | IFRS 9 Financial Instruments | "IFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.<br>IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted." | The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9. |
| 2 | IFRS 15 Revenue from Contracts with Customers | "IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes.<br>IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted." | The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15. |
| 3 | IFRS 16<br>Leases | "IFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in BAS17 Leases.<br>IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also adopted." | The Company is yet to assess the potential impact of IFRS 16 on its financial statements. |

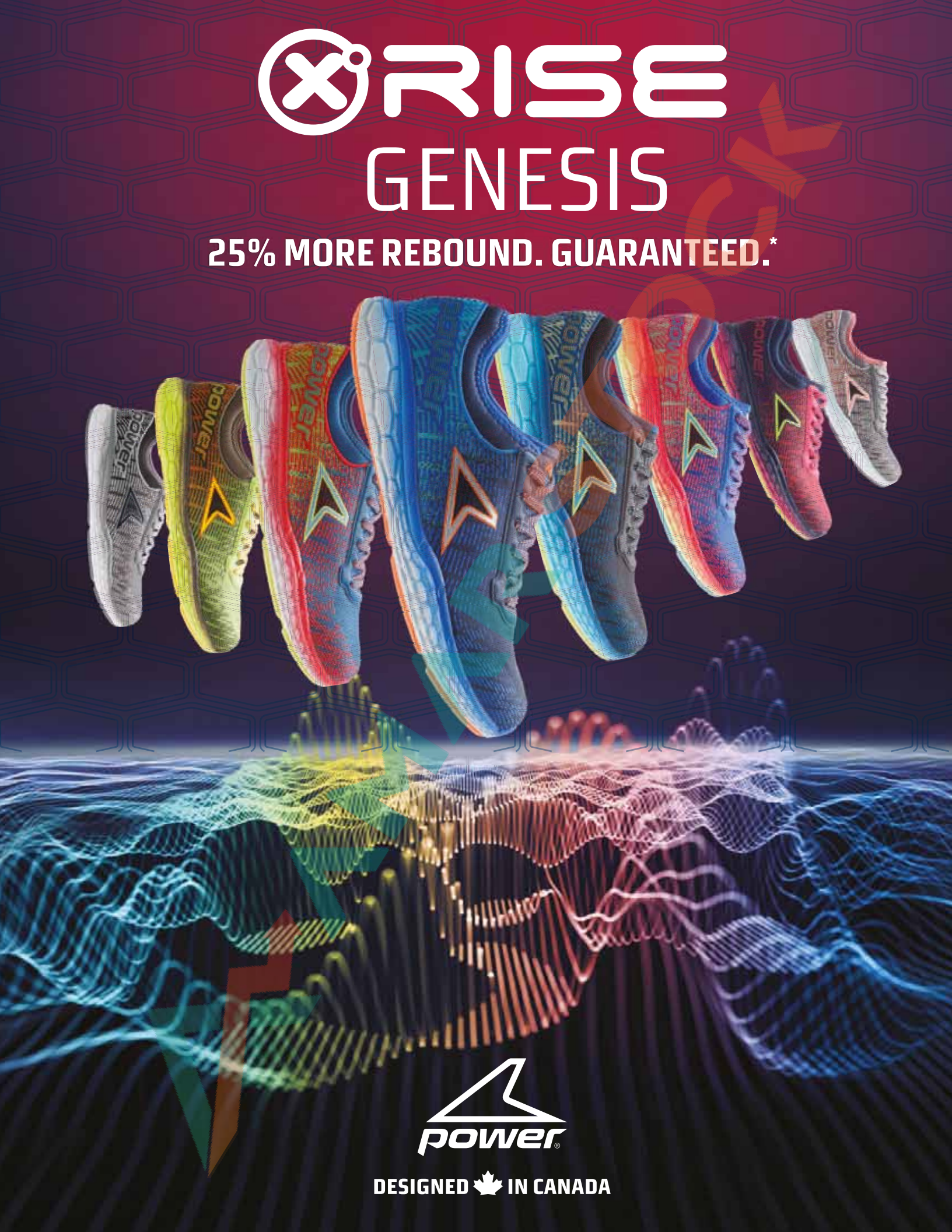
**Exhibit - I**

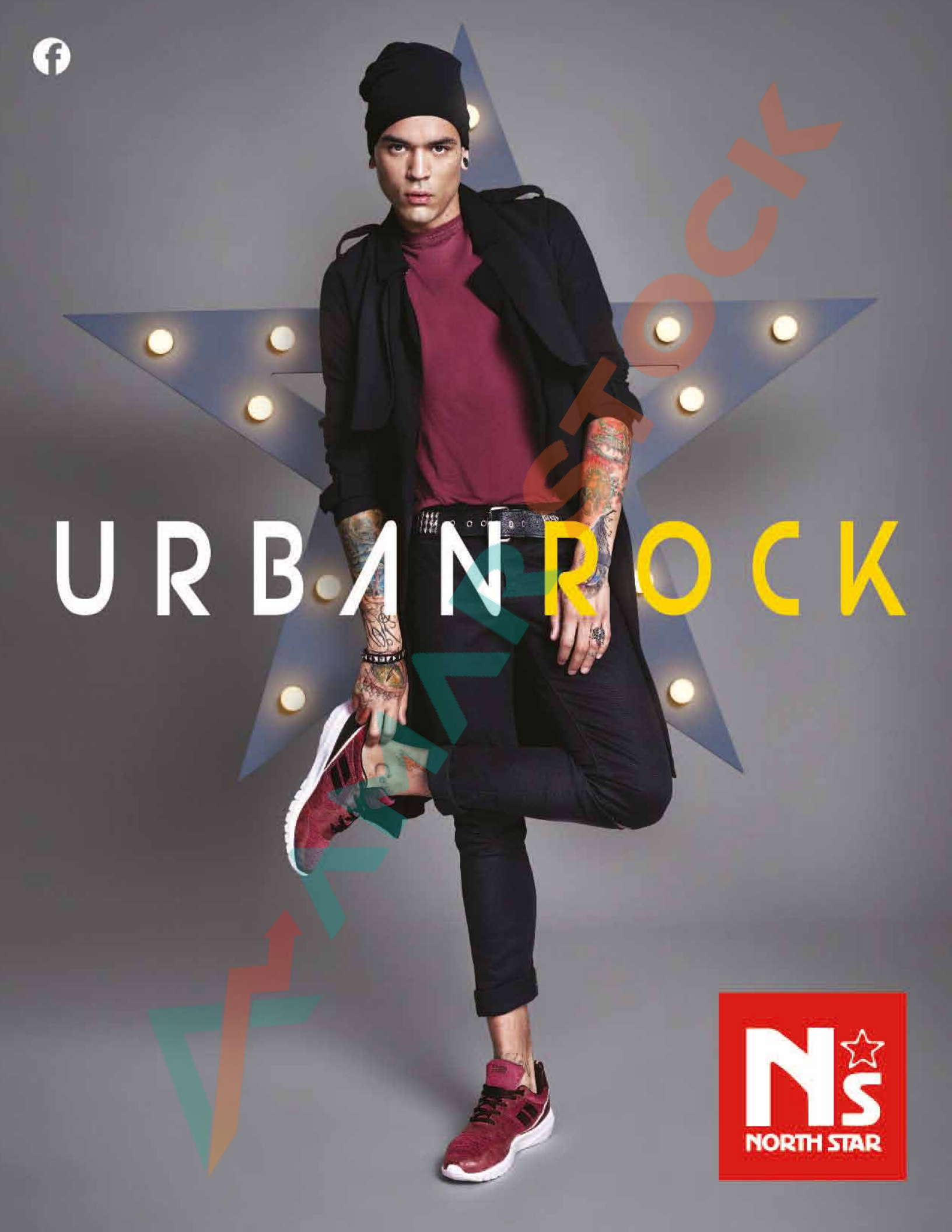
## Bata Shoe Company (Bangladesh) Limited
## Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December

| *In Taka* | **Manufacturing** | **Trading** | **2017** | **2016** |
|---|---|---|---|---|
| **Revenue** | 7,908,256,273 | 1,132,302,082 | 9,040,558,355 | 8,784,553,317 |
| Cost of goods sold | (4,350,774,751) | (643,088,485) | (4,993,863,236) | (4,967,238,013) |
| **Gross profit** | **3,557,481,522** | **489,213,597** | **4,046,695,119** | **3,817,315,304** |
| Exchange gain/(loss) | (3,574,189) | (491,511) | (4,065,700) | 1,500,181 |
| Other income/(loss) | (8,721,343) | - | (8,721,343) | 1,789,826 |
| Administration, selling and distribution expenses | (2,090,005,759) | (287,410,976) | (2,377,416,735) | (2,347,516,714) |
| **Operating profit** | **1,455,180,231** | **201,311,110** | **1,656,491,341** | **1,473,088,597** |
| Finance income | 18,142,859 | 2,494,949 | 20,637,808 | 27,863,144 |
| Finance costs | (4,620,786) | (635,436) | (5,256,222) | (3,486,472) |
| **Net finance income** | **13,522,073** | **1,859,513** | **15,381,586** | **24,376,672** |
| **Profit before contribution to WPPF** | **1,468,702,304** | **203,170,623** | **1,671,872,927** | **1,497,465,269** |
| Contribution to WPPF | (73,487,832) | (10,105,814) | (83,593,646) | (74,873,263) |
| **Profit before tax** | **1,395,214,472** | **193,064,809** | **1,588,279,281** | **1,422,592,006** |
| Income tax expense | (422,756,303) | (19,712,097) | (442,468,400) | (379,574,000) |
| **Profit for the year** | **972,458,169** | **173,352,712** | **1,145,810,881** | **1,043,018,006** |
| Other comprehensive income, net of tax | (17,071,396) | (2,347,604) | (19,419,000) | - |
| **Total comprehensive income** | **955,386,773** | **171,005,108** | **1,126,391,881** | **1,043,018,006** |

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## প্রক্সি ফরম

অনুগ্রহ করে উল্লেখ করুন

| শেয়ারহোল্ডারের ফলিও / বিও নং | শেয়ার সংখ্যা |
|---|---|
| | |

আমি/আমরা ----------

ঠিকানা ----------

**বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড**-এর শেয়ারহোল্ডার হিসাবে

জনাব /বেগম ---------- কে আমার/ আমাদের প্রতিনিধি হিসাবে আগামী বৃহস্পতিবার, ২১ জুন ২০১৮ অনুষ্ঠিতব্য কোম্পানির ছেচল্লিশতম বার্ষিক সাধারণ সভায় এবং এর মুলতবী ঘোষিত সভায় আমার/ আমাদের পক্ষে উপস্থিত থাকার এবং ভোট প্রদান করার জন্য নিযুক্ত করলাম।

সাক্ষ্য হিসাবে আজ ---------- ২০১৮ তারিখে আমি / আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করলাম।

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শেয়ারহোল্ডারের স্বাক্ষর

---

প্রতিনিধির স্বাক্ষর

---

সাক্ষীর স্বাক্ষর

তারিখ ----------

২০.০০ টাকার
রাজস্ব টিকেট

(কোম্পানিতে সংরক্ষিত শেয়ারহোল্ডারের স্বাক্ষর অবশ্যই মিলতে হবে।)

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## উপস্থিতি

আমি/আমরা এতদ্বারা বৃহস্পতিবার, ২১ জুন ২০১৮ সকাল ১০:৩০টায় রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণ, টংগী, গাজীপুরে অনুষ্ঠিতব্য **বাটা সু কোম্পানি (বাংলাদেশ) লিমিটেড**-এর ছেচল্লিশতম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম ---------- ----------

স্বাক্ষর

প্রতিনিধির নাম ---------- ----------

স্বাক্ষর

শেয়ারহোল্ডারের ফলিও / বিও নং ----------

সভাকক্ষে প্রবেশের পূর্বে উপস্থিতি পত্রখানা প্রদর্শনের অনুরোধ করা যাচ্ছে।

# Form of Proxy

Please Quote

| Shareholder's Folio / BO No. | No. of Shares held |
|---|---|
| | |

I/We _____

of _____

being shareholder(s) of **BATA SHOE COMPANY (BANGLADESH) LIMITED**, entitled to vote hereby appoint Mr./Ms. _____
as my/our proxy to attend and vote for me/us and on my/our behalf at the 46th Annual General Meeting of the Company to be held on Thursday, 21 June 2018 and any adjournment thereof and poll that may be taken in consequenced thereof.

As witness my/our hand this _____ day of _____ 2018

_____ _____
Signature of Shareholder (s) Signature of Proxy

Date _____ _____
Signature of Witness

Revenue Stamp of Tk. 20.00

(Signature of Shareholder (s) must be in accordance with specimen signature with the Company.)

---

## ATTENDANCE

I/We hereby record my/our presence at the 46th Annual General Meeting of **Bata Shoe Company (Bangladesh) Limited** at Registered Office and Factory Premises, Tongi, Gazipur on Thursday, 21 June 2018 at 10:30 a.m.

Full name of the Shareholder _____ _____
(in block letter) Signature

Full name of the Proxy _____ _____
(in block letter) Signature

Shareholder's Folio / BO No. _____
Shareholders are requested to hand over the Attendance Slip at entrance of the meeting hall.

BATA FASHION WEEKEND

MILANO – APRIL 2018




# A STEP WITH A RHYTHM SECOND EDITION OF BATA FASHION WEEKEND

HOW WOULD YOU LIKE WALKING DOWN THE STREETS OF MILAN, ITALY AND BE GREETED WITH A GORGEOUS BLACK GRAND PIANO BEING PLAYED? AND AS YOU WALK FURTHER DOWN, YOU FIND ANOTHER BEAUTIFUL WHITE PIANO BEING PLAYED AND CHILDREN SINGING.

THEN YOU ARE FACED YOU A HARP BEING PLAYED. AS YOU DRAW IN ALL THESE, YOU ARE GREETED BY A GUITAR BEING PLAYED BY A DASHING YOUNG MAN AND THE ENERGETIC BEATS OF DRUMS. MIGHT NOT SOUND TYPICAL, EVEN FOR MILAN, BUT IT HAPPENED THIS FRIDAY, ON 27 APRIL, 2018 DURING THE BATA FASHION WEEKEND. VISITORS WERE DRAWN IN BY THIS ASTOUNDING MUSICAL DISPLAY TO THE BATA FLAGSHIP STORE AT VIA DANTE, MILAN. MODELS CHARMED THE AUDIENCES WITH THIS MUSICAL POP-UP EVENT TO CHECK OUT THE NEWLY LAUNCHED URBAN YOUTH COLLECTION IN THE STORE.

THIS GRANDEUR JUST SKIMMED THE SURFACE OF THE EVEN GRANDER BATA FASHION WEEKEND, TERMED "THE SOUND OF STYLE" TOOK PLACE AT PALAZZO MEZZANOTTE, MILAN, ITALY BETWEEN 27—20 APRIL, 2018.

THIS YEAR'S EVENT WAS ENTITLED "THE SOUND OF STYLE" TO REPRESENT THE INSPIRATION OF MUSIC ON FOOTWEAR AND THE BATA BRAND. THE IDEA WAS TO MAKE THE BRAND FRESH, CONTEMPORARY AND DEMONSTRATE THAT BATA IS EVOLVING.

BATA IS A GLOBAL COMPANY WITH EUROPEAN ROOTS AND ESSENCE AND ITS PRODUCT DESIGNS ARE DEVELOPED IN ITALY BY SOME OF THE MOST TALENTED DESIGNERS IN THE INDUSTRY. BATA STUCK WITH THE "COMFORTABLE WITH IT" THEME FOR THE SECOND YEAR OF BATA FASHION WEEKEND AND THEY ARE ALSO PUSHING THE EVENT FORWARD INTO THE FUTURE. THE NAME "THE SOUND OF STYLE" WAS NOT ONLY REFLECTED IN THE STAGE DESIGN, BUT ALSO IN THE PROGRAMME, ACCOMPANYING ACTIVITIES, CHOREOGRAPHY AND THE DIRECTION OF THE FASHION SHOW. EVEN THE "B" IN THE BATA LOGO SPORTED A STYLISED AUDIO JACK!
THE WHOLE SPACE THUS HAD A STREAMLINED DESIGN IN THE THEME WHILE MAINTAINING THE MAIN UMBRELLA OF "COMFORTABLE WITH IT."

AS A FOOTWEAR MANUFACTURER BATA WANTS THEIR CUSTOMERS TO FEEL COMFORTABLE IN THEIR OWN SKIN. THE WORLD IS NOT ABOUT LOOKING PRETTY, BEHAVING NICELY OR FITTING THE STANDARDS. IT IS ABOUT LIVING LIFE THE WAY YOU WANT TO. AND THAT'S WHAT BATA IS, A BRAND THAT ENCOURAGES DIVERSITY AND FEMALE EMPOWERMENT, WHICH STRENGTHENS ONE'S CONFIDENCE. OUR TRUE SELVES SHOULD BE JUST AS COMFORTABLE TO WEAR AS OUR SHOES. EVENTUALLY, THE BRAND ROLE IS TO EMPOWER WOMEN AND MEN SO THEY FEEL GOOD ABOUT THEMSELVES.

BE INSPIRED THIS YEAR FROM THIS FASHION WEEKEND WITH A TOUCH OF "LA VITA MODA", OR THE STYLISH LIFE AS THE ITALIANS SAY.



Bata

Bata SHOE COMPANY (BANGLADESH) LIMITED

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