Monno Ceramic Industries Ltd.

BOARD OF DIRECTORS :

MR. HARUNAR RASHID KHAN
Chairman (Died on 01.08.2017)

MRS. HURON NAHAR RASHID
Chairman (Appointment on 13.09.2017)

MRS. AFROZA KHAN
Managing Director

MR. RASHEED MYMUNUL ISLAM
Director

MR. RASHEED SAMIUL ISLAM
Director

MR. RASHEED RAFIUL ISLAM
Director (Appointment on 13.09.2017)

DR. MD. ANWAR HOSSAIN
Independent Director

MRS. MINARA HAI
Independent Director

MR. BENOY PAUL
Acting Company Secretary
(Appointment on 11.07.2017)

AUDITORS :

Messrs. Shiraz Khan Basak & Co.,
Chartered Accountants,
86, Bir Uttam C. R. Datta Road,
(312, Sonargaon Road), Level-10
Hatirpool, Dhaka-1205.

BANKER:
Social Islami Bank Ltd., Principal Branch.

FACTORY:
Islampur, Dhamrai,
Dhaka.

REGISTERED OFFICE :
Islampur, Dhamrai,
Dhaka-1350.

LIAISON OFFICE :
9, Wyre Street, Wari,
Dhaka-1203.

AMAR STOCK

Monno Ceramic Industries Ltd.

NOTICE OF THE THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the thirty-sixth Annual General Meeting of the shareholders of Monno Ceramic Industries Limited will be held on Thursday the 28th December 2017 at 10-30 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350, to transact the following businesses:

1. To confirm the proceedings of the thirty-fifth Annual General Meeting held on Sunday the 11th December 2016.
2. To receive, consider and adopt the Directors' Report and Audited Financial Statement of the Company for the year ended the 30th June 2017 along with the report of the Auditors thereon.
3. To declare 5% cash dividend and 5% stock dividend to the shareholders.
4. To elect Directors.
5. To appoint Auditors for the year ending the 30th June 2018 and to fix their remuneration.

By order of the Board,

Sd/-
Afroza Khan
Managing Director

Dated: Dhaka, the 26th October 2017.

Notes:

1. November 16, 2017 is scheduled as record date. Shareholders whose names would appear in the Register of Members/CDS record on the record date would be entitled to dividend/stock.
2. Any member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his/her behalf. The proxy form, with duly affixed revenue stamps of Tk.20.00, should be submitted at the Liaison Office of the Company at 9, Wyre Street, Wari, Dhaka-1203 not less than 48 hours before the time fixed for the meeting.
3. Members are requested to notify change of address, if any, to the Company.
4. Admission to the meeting will be strictly on production of the attendance slip attached with the proxy form.

Members may please note that no gift or benefit in cash or kind shall be given at the Annual General Meeting as per BSEC Notification No. BSEC/SRMI/2000-953/1950 dated October 24, 2000.

AMAR STOCK

Monno Ceramic Industries Ltd.

Vision We see business as a means to the well-being of the shareholders and all other stakeholders, society as well as the national interest as a whole.

Mission Our Mission is to provide world class quality products to our valued customers, strictly maintain ethical standard in business operation.

Objectives Our objectives are to conduct transparent business operation within the legal & social frame work with aims to attain the mission with a quantitative/qualitative target in business operation.

Corporate Focus Our vision, our mission and our objectives are to emphasise on the continuous development in making value addition to our products for producing the higher end products, to keep well prepared for competitive world market.

Financial Management Policy

All financial policies like investments policy, dividend policy and financing policy is to maximise the value of the organisation.

Corporate Governance:

Top Management : Board of Directors

As per provisions of the Article of Association, Board of Directors hold periodic meetings to resolve issue of policies and strategies, recording minutes/decisions for implementation by the Executive Management.

Executive Management:

The Executive Management is headed by the Managing Director/the Chief Executive Officer (CEO) who has been delegated necessary and adequate authority by the Board of Directors. The Executive Management operates through further delegations of authority at every echelon of the line management. The Executive Management is responsible for preparation of segment plans/sub-segment plans for every profit centres with budgetary targets for every items of goods & services and are held accountable for deficiencies with appreciation for exceptional performance.

WE STRIVE FOR

◊ Protection of shareholders' capital as well as to ensure maximise the value of the organisation.

◊ Best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company through a pay-package composing salary/wages, allowances, bonuses, profit participation and leave salary as per Company rules.

Monno Ceramic Industries Ltd.

- ◊ The best co-operation of the suppliers by timely payment of their bills, the banks & financial Institutions by repayment of loan before due date and the authority relating to utilities-power, gas etc. by regular payment of their bills.

- ◊ Fulfillment of our responsibility to the Government through regular payment of taxes, VAT and duties etc.

- ◊ As responsible citizen, for a social order devoid of malpractices, anti-environmental behaviours, unethical and immoral activities and corruptive dealings.

- ◊ Practicing good-governance in every sphere of activities covering full disclosure & reporting to shareholders, holding AGM and distribution of dividends and other benefits to shareholders in time, reporting/dissemination of price sensitive information, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees and the government.

- ◊ Regular repayment of loan and lease installments to the financial institutions is the ideology of Monno.

AMARSTOCK

Monno Ceramic Industries Ltd.

FIVE YEARS FINANCIAL STATISTICS

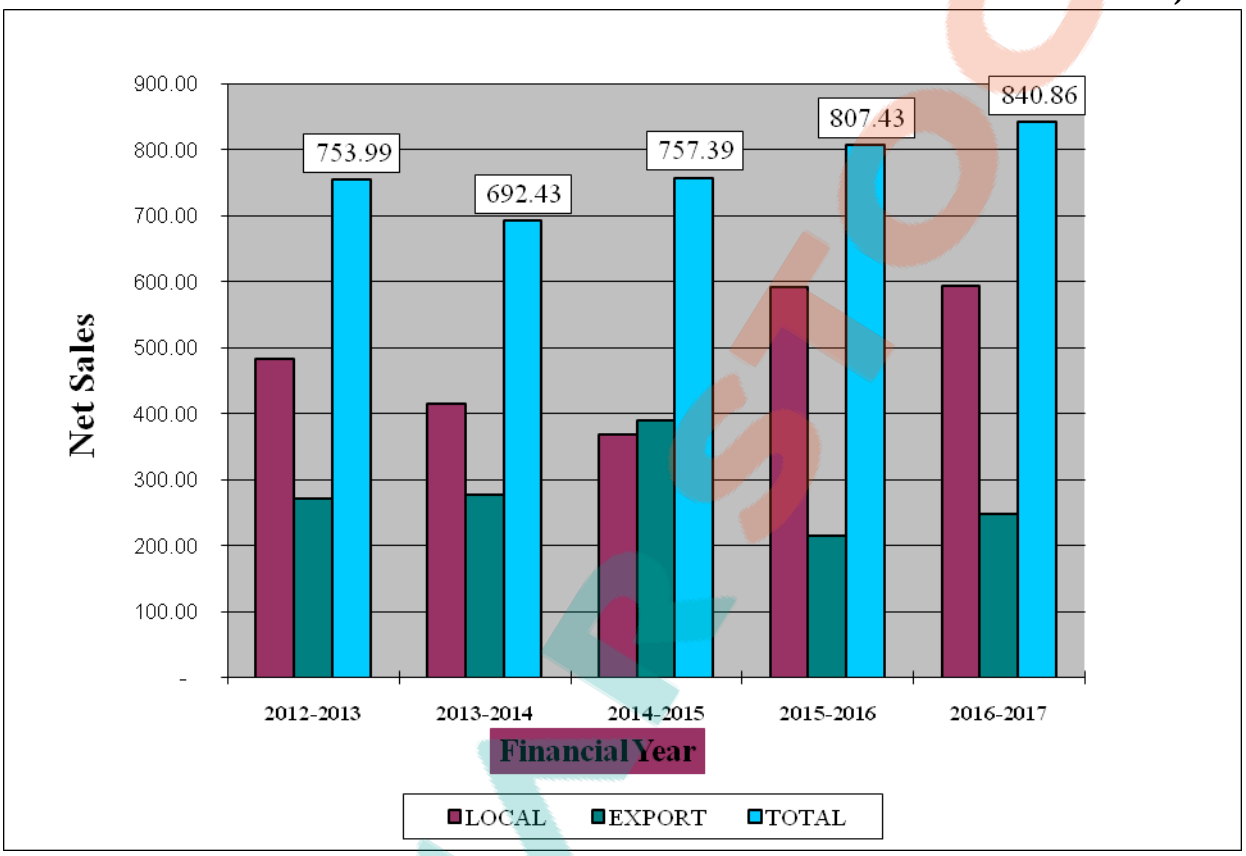
(Figures in '000 taka)

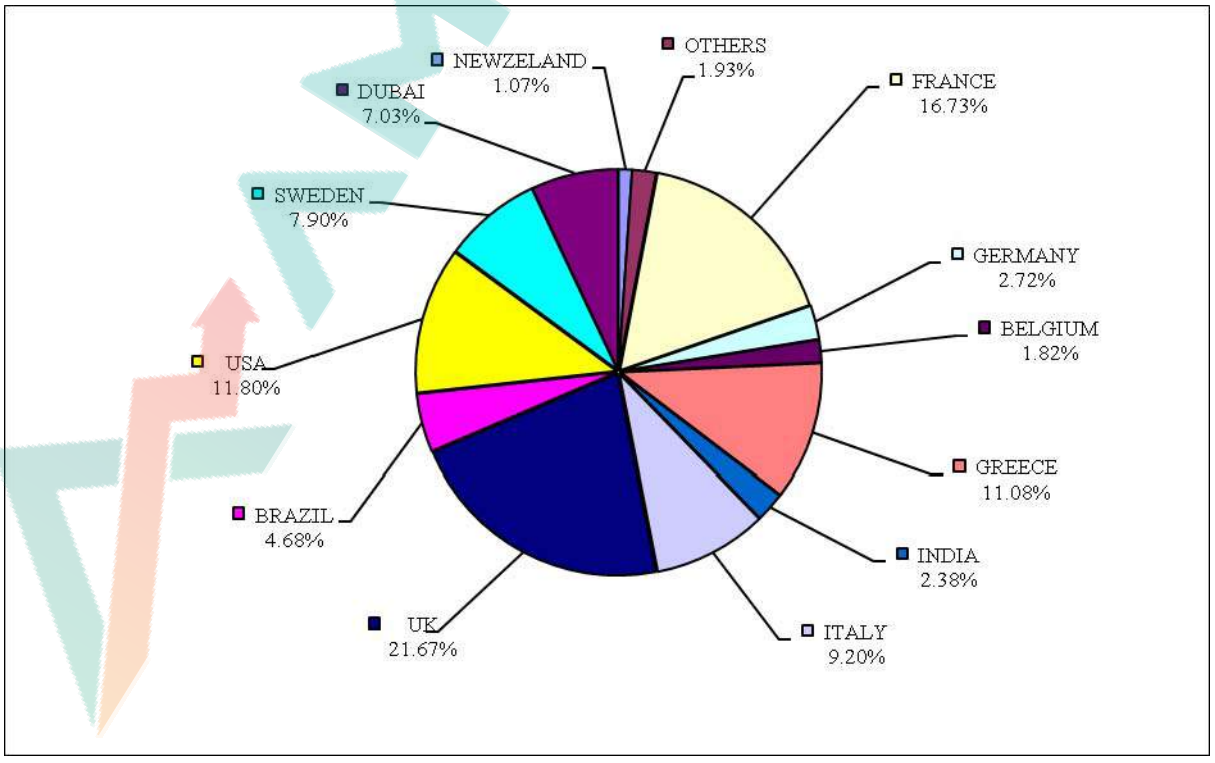
PARTICULARS	Financial years				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Authorised capital	500,000	500,000	500,000	500,000	500,000
Paid-up capital	239,280	239,280	239,280	239,280	239,280
Revenue reserves & surplus	2,017,523	2,026,770	2,036,553	2,038,529	2,069,094
Shareholders equity	2,256,803	2,266,050	2,275,833	2,277,809	2,308,374
Fixed assets (gross)	3,232,550	3,071,927	3,044,171	3,005,365	2,969,845
Fixed assets (net)	2,242,000	2,135,547	2,154,087	2,161,290	2,170,415
Turnover (net)	859,493	819,056	757,385	692,428	753,990
Gross margin	159,283	151,509	140,051	146,219	143,916
Net profit before income tax provision	4,023	3,285	4,711	3,534	10,774
Net profit after income tax provision	2,717	2,181	3,070	2,544	8,343
Surplus available for appropriation	124,349	109,182	93,392	68,581	71,083
Amount of cash dividend	11,964	11,964	11,964	5,046	5,046
Number of shares	23,928,020	23,928,020	23,928,020	23,928,020	23,928,020
Shareholders equity per share	94	95	95	95	96
Return on paid-up capital	1%	1%	1%	1%	3%
Rate of dividend	5% cash 5% stock	5%	5%	5%	5%
Earning per share	0.11	0.09	0.13	0.11	0.35
Net asset value per share	94	95	95	95	96
Pay out ratio	455%	556%	385%	455%	143%
Net operating cash flow per share	7.82	(7.42)	(0.47)	1.52	0.51
Number of shareholders	7,338	7,413	8,549	9,346	9,250

Monno Ceramic Industries Ltd.

STATISTICS OF FIVE YEARS NET SALES

Taka in million)





Monno Ceramic Industries Ltd.

CHAIRMAN'S REPORT

Dear shareholders,

First of all let me welcome you all to the thirty-sixth Annual General Meeting of Monno Ceramic Industries Limited. It gives me immense pleasure to share the moments we all had been waiting for. On behalf of the Board of Directors of our Company, I have the privilege to present to you the Auditor's Report which includes the Audited Financial Statements and the Directors Report for the year ended the 30th June 2017.

TURNOVER

Dear shareholders,

I am happy to report that 2016-2017 is a year of success of your Company. You will be glad to know that during the year under review we achieved an increased turnover of Tk.859.50 million against Tk.819.06 million during the previous year and we achieved profit from operations of Tk.84.53 million.

During the year under review, we earned a net profit before tax of the Company is Tk.4.02 million against Tk.3.28 million of the previous year. The net profit after tax of the Company is Tk.2.71 million as against Tk.2.18 million during the previous year. It is to be noted that the Finance Cost has been increased from Tk.61.16 million to Tk.80.31 million during the year under review. As a result we could not earn more profit. While any pretext is neither enough nor desirable to justify this achievement, we however feel that it is our responsibility to keep you posted with the real situation.

সভাপতির প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

প্রথমে আমি মুন্নু সিরামিক ইন্ডাষ্ট্রিজ লিমিটেডের ৩৬তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগতম জানাচ্ছি। দীর্ঘ প্রতীক্ষার পর এই মুহুর্তে আপনাদের সঙ্গে একত্রিত হতে পেরে আনন্দবোধ করছি। আমাদের কোম্পানীর পরিচালকমন্ডলীর পক্ষ থেকে কোম্পানীর ৩০শে জুন ২০১৭ তারিখে সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদন সম্বলিত নিরীক্ষকদের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন আপনাদের নিকট উপস্থাপন করছি।

বিক্রয়

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি আনন্দের সাথে জানাচ্ছি যে ২০১৬-২০১৭ সাল আপনাদের কোম্পানীর জন্য একটি সাফল্যের বছর। আপনারা জেনে আনন্দিত হবেন যে আলোচ্য বছরে বিক্রয় বৃদ্ধি পেয়ে ৮৫৯.৫০ মিলিয়ন টাকায় দাঁড়ায় যা পূর্ববর্তী বছরে ছিল ৮১৯.০৬ মিলিয়ন টাকা এবং আমরা অপারেটিং মুনাফা ৮৪.৫৩ মিলিয়ন টাকা অর্জন করেছি।

আলোচ্য বছরে কোম্পানী ৪.০২ মিলিয়ন টাকা করপূর্ব নীট মুনাফা অর্জন করেছে যা গত বছরে ছিল ৩.২৮ মিলিয়ন টাকা। আলোচ্য বছরে কোম্পানীর করবাদ নীট মুনাফা ২.৭১ মিলিয়ন টাকা যা গত বছরে ছিল ২.১৮ মিলিয়ন টাকা। এখানে উল্লেখ্য যে আলোচ্য বছরে আর্থিক ব্যয় বৃদ্ধি পেয়ে ৮০.৩১ মিলিয়ন টাকায় দাঁড়ায় যা গত বছরে ছিল ৬১.১৬ মিলিয়ন টাকা। ফলশ্রুতিতে আমরা অধিক মুনাফা অর্জন করতে পারিনি। লক্ষ্য অর্জিত না হওয়া সবসময়ই অনাকাংখিত এবং এর সপক্ষে কোন যুক্তি উপস্থাপন করা আমার উদ্দেশ্য নয়। আমরা মনে করি বাস্তব অবস্থা সম্পর্কে আপনাদেরকে অবহিত করা আমাদের দায়িত্ব।

FINANCE COST

Please note that profit on long term loan, profit on working capital constitute the major finance cost of the Company. Finance cost will remain more or less the same until the Bank Loan repayments are cleared in full.

DIVIDEND

Maintaining sound liquidity—to finance the proper working capital requirements for smooth and uninterrupted production, to pay timely installments of term loan, to reallocate internal funds for modernization of the factory according to the need of time, to consistently maintain the rate of dividend and to meet any unforeseen circumstances—is the dividend policy of Monno.

It would be evident from cash flow statement that during the year under review, we paid Tk.23.35 million as instalments of the long term loan, Tk.78.78 million as interest of the loan, Tk.160.62 million for acquisition of fixed Assets and Tk.3.76 million for payment of dividend for the year 2016-2017. Aggregating the above payments we find that the company does not at present have the desired level of liquidity to offer as much dividend.

Please note that the Company contributed Tk.15.22 million to the country's National Exchequer for the year 2016-2017 as the leading manufacturer and marketer in the country's porcelain and table ware industry.

আর্থিক ব্যয়

এখানে উল্লেখ্য যে, কোম্পানীর আর্থিক ব্যয়ের প্রধান অংশ হচ্ছে দীর্ঘ মেয়াদী ব্যাংক ঋণের মুনাফা এবং চলতি মূলধনের উপর মুনাফা। ব্যাংক ঋণ যতক্ষণ পর্যন্ত সম্পূর্ণভাবে পরিশোধ না হচ্ছে আর্থিক ব্যয় কম বেশী একই ভাবে থাকবে।

লভ্যাংশ

আর্থিক তহবিল তারল্য বজায় রেখে প্রয়োজনীয় চলতি মূলধনের মাধ্যমে স্বচ্ছন্দ ও নিরবচ্ছিন্ন উৎপাদন, যথা সময়ে ঋণের কিস্তি পরিশোধ, সময়ের চাহিদা অনুযায়ী কারখানা আধুনিকীকরণে অভ্যন্তরীণ তহবিলকে পূনর্বিন্যস্ত করা, লভ্যাংশের ধারাবাহিকতা বজায় রাখা এবং যে কোন অনাকাংখিত পরিস্থিতি মোকাবেলা করা মুন্নু'র লভ্যাংশ প্রদানের নীতি।

আলোচ্য বছরে নগদ অর্থ প্রবাহ থেকে সুস্পষ্ট যে আমরা দীর্ঘ মেয়াদী ঋণের কিস্তি হিসাবে ২৩.৩৫ মিলিয়ন টাকা, ঋণের সুদ হিসাবে ৭৮.৭৮ মিলিয়ন টাকা, স্থায়ী সম্পদ ক্রয় বাবদ ১৬০.৬২ মিলিয়ন টাকা এবং ২০১৫-২০১৬ সালের লভ্যাংশ বাবদ ৩.৭৬ মিলিয়ন টাকা পরিশোধ করেছি। উপরোক্ত পরিশোধ সমুহের পর আমরা দেখতে পাচ্ছি বর্তমানে কোম্পানীর কাংখিত মাত্রায় তারল্য না থাকায় আপনাদেরকে অধিক হারে লভ্যাংশ প্রদান করা সম্ভব হচ্ছে না।

এখানে উল্লেখ্য যে দেশের শীর্ষ স্থানীয় পোরসেলিন এবং টেবল ওয়্যার উৎপাদনকারী এবং বাজারজাতকারী হিসাবে আপনাদের কোম্পানী ২০১৬-২০১৭ সালে জাতীয় কোষাগারে ১৫.২২ মিলিয়ন টাকা প্রদান করেছে।

Please also note that the shares of the Company are listed in the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and the Company's shares of a nominal value of Tk.10.00 were traded at @Tk.38.80 on the Dhaka Stock Exchange Limited and @ Tk.37.90 on the Chittagong Stock Exchange Limited as on 30th June 2017.

The Board of Directors is always candid about its concern for your interest and it is evident from its activities over the years. After due consideration of liquidity, available surplus, fund needed to meet unforeseen circumstances and to maintain a consistency in the rate of dividend payable to shareholders, the Board of Directors has recommended a dividend of Tk.0.50 per ordinary share of Tk.10.00 and 5% stock dividend to the shareholders for the year under review, which requires your approval. We are confident that you will stand by this decision in the interest of long term prospects of the Company.

It is to be noted that the total dividend Tk.11,964,010 for the year 2015-2016 was approved and declared by the shareholders. Among the amount we have paid Tk. 37,57,625 to the general shareholders including Tk.18,51,870 as TDS. The TDS amount was deposited to Govt. through treasury challan. The Sponsors-Directors of the Company did not want to receive their portion due to purchase of capital machineries. So the amount of dividend of the Sponsors-Directors remains unpaid

এখানে আরও উল্লেখ্য যে কোম্পানীর শেয়ার ঢাকা ষ্টক এক্সচেঞ্জ লিমিটেড এবং চট্টগ্রাম ষ্টক এক্সচেঞ্জ লিমিটেড-এ তালিকাভূক্ত রয়েছে এবং ২০১৭ সালের ৩০শে জুন আপনাদের কোম্পানীর ১০.০০ টাকা মূল্যের প্রতিটি শেয়ার ঢাকা ষ্টক এক্সচেঞ্জ লিমিটেডে ৩৮.৮০ টাকায় এবং চট্টগ্রাম ষ্টক এক্সচেঞ্জ লিমিটেডে ৩৭.৯০ টাকায় ক্রয় বিক্রয় হয়।

কোম্পানীর পরিচালনা পর্ষদ আপনাদের স্বার্থ রক্ষায় সর্বদাই আন্তরিক এবং পূর্ববর্তী বছর সমুহের কার্যক্রম তার স্বাক্ষর বহন করে। তহবিল তারল্য, পর্যাপ্ত উদ্বৃত্ত, অপ্রত্যাশিত পরিস্থিতি মোকাবিলার জন্য প্রয়োজনীয় তহবিলের প্রাপ্যতা এবং শেয়ারহোল্ডারবৃন্দকে লভ্যাংশ প্রদানের ধারাবাহিকতা বজায় রেখে পরিচালনা পর্ষদ আলোচ্য বছরে প্রতিটি ১০.০০ টাকা মূল্যের সাধারণ শেয়ারের বিপরীতে ০.৫০ টাকা হারে লভ্যাংশ এবং ৫% ষ্টক লভ্যাংশ প্রদানের সুপারিশ করেছেন যা আপনাদের অনুমোদনের অপেক্ষায় রয়েছে। কোম্পানীর ভবিষ্যৎ উন্নয়নের কথা বিবেচনা করে আপনারাও এ বিষয়ে একমত হবেন বলে আমাদের বিশ্বাস।

এখানে উল্লেখ যে ২০১৫-২০১৬ অর্থ বছরের মোট ১১,৯৬৪,০১০ টাকার লভ্যাংশ শেয়ারহোল্ডার কর্তৃক অনুমোদিত হয়। এর মধ্যে ১৮,৫১,৮৭০ টাকার টিডিএস সহ মোট ৩৭,৫৭,৬২৫ টাকা সাধারণ শেয়ারহোল্ডাদের পরিশোধ করা হয়েছে। ট্রেজারী চালানের মাধ্যমে টিডিএস এর টাকা সরকারি কোষাগারে জমা করা হয়েছে। নতুন যন্ত্রপাতি ক্রয়ের জন্য পরিচালকবৃন্দ তাদের লভ্যাংশের টাকা গ্রহণ করে নাই। ফলে পরিচালকদের লভ্যাংশের টাকা পরিশাধ করা হয়নি।

Monno Ceramic Industries Ltd.

REPLACEMENT OF NEW MACHINERIES IN PLACE OF OLD MACHINERIES.

It is to be noted that due to some old machineries we are unable to produce a premium quality product in large quantities and maintain the reputation of quality and quantity of product, to minimize the cost of production, to raise turnover and the demand of product both at home and abroad, the Board of Directors decided to replace some old machineries with more technologically advanced machineries in the factory during the previous year under review. The new machineries are :

(a) Spray Glaze Machine - 1 set
(b) Isostatic Flatware Press - 1 set.
(c) Gas Generator - 1 set.
(d) Auto Clay Cutter – 10 sets.
(e) Filter Press - 1 set.
(f) Augger Machine - 1 set.
(g) Vibrating Sieve & Ferro Filter - 1 set.

The above new installed automatic machineries has transform our factory to the most technological advanced ceramic tableware manufacturer in South East Asia. Now we are in trail production. It will enhance our production capacity upto 10% (approx.). By this new facilities we are able cater to all market demographics at home and abroad.

We are trying to import some new automatic machineries within short period of time for improving our products quality & quantity which as follows:

(a) Ball Mill (Body)+Ball Mill (Glaze)- (10mt & 2mt) - 2 sets
(b) Automatic Cup Making Machine - 2 sets.
(c) Reid hammer Fast Firing Turnel glust Kiln - 1 set.

পুরাতন যন্ত্রপাতির স্থলে নতুন যন্ত্রপাতি প্রতিস্থাপন

এখানে উল্লেখ্য যে, কোম্পানীর কিছু কিছু যন্ত্রপাতি পুরাতন হওয়ার কারণে বৃহৎ পরিসরে আকর্ষণীয় মানসম্পন্ন পণ্য উৎপাদন করা সম্ভব হচ্ছিল না। দেশে এবং বিদেশে কোম্পানীর উৎপাদিত পণ্যের উচ্চমান বজায় রাখা, উৎপাদন ব্যয় সংকোচন, বিক্রয় লক্ষ্যমাত্রা বৃদ্ধি এবং উৎপাদিত পণ্যের চাহিদা বৃদ্ধির লক্ষ্যে কোম্পানীর পরিচালনা পর্ষদ বিগত বছরে কিছু পুরাতন যন্ত্রপাতির স্থলে আরও প্রযুক্তি সম্পন্ন উন্নতমানের যন্ত্রপাতি প্রতিস্থাপনের সিদ্ধান্ত গ্রহণ করেছিলেন এবং তা সম্পন্ন করেন যা নিম্নরূপ ঃ

(ক) স্প্রে গ্লেজ মেশিন - ১ সেট।
(খ) আইসোস্ট্যাটিক ফ্ল্যাটওয়্যার প্রেস - ১ সেট।
(গ) গ্যাস জেনারেটর - ১ সেট।
(ঘ) অটো ক্লে কাটার - ১০ সেট।
(ঙ) ফিল্টার প্রেস - ১ সেট।
(চ) আগার মেশিন - ১ সেট।
(ছ) ভাইব্রেটিং সিভ ও ফেরো ফিল্টার - ১ সেট।

উল্লিখিত নতুন স্থাপিত স্বয়ংক্রিয় যন্ত্রপাতিসমূহ দক্ষিণ-পূর্ব এশিয়ায় আমাদের ফ্যাক্টরীকে প্রযুক্তিগতভাবে আরও উন্নতমানের তৈজসপত্র প্রস্তুতকরণে রূপান্তরিত করেছে। বর্তমানে আমরা পরীক্ষামূলক উৎপাদন করছি। যা আমাদের উৎপাদন মাত্রা প্রায় ১০% পর্যন্ত বর্ধিত করবে। নতুন সুবিধাকে কাজে লাগিয়ে আমরা দেশের ও বিদেশের বাজার জনমিতির মাধ্যমে কাঙ্খিত চাহিদা পূরণে সক্ষম হবো।

আমরা উৎপাদিত পণ্যের গুনগত মান উন্নয়নের লক্ষ্যে স্বল্প সময়ের মধ্যে আরও নতুন স্বয়ংক্রিয় যন্ত্রপাতি আমদানির চেষ্টা করছি যা নিম্নরূপ ঃ

(ক) বল মিল (বডি) + বল মিল (গ্লেজ)- (১০এমটি+২এমটি) - ২ সেট।
(খ) অটোম্যাটিক কাপ মেকিং মেশিন - ২ সেট।
(গ) রিড হ্যামার ফাষ্ট ফায়ারিং টানেল গ্লাস্ট কিল্ন - ১ সেট।

(d) Modena Roller Hearth Biscuit Kiln & Decoration Kiln – 1 set.

(e) Automatic Cluster Mixing Plant - 1 set.

(f) Auto Back Stumping Machine - 1 set.

(g) LPG Reticulated Tank System - 1 set.

CONCLUSION

Dear shareholders,

You all are aware that the country's financial and business environment, global economic recession and its harmful impact on the economy of Bangladesh, new challenges in this free and competitive market environment we could not reach the sales target, as a result we could not earn more profit during the year under review. But reaching the frontline of success is an endless effort. We will do our best to make the Company more profitable, value added and reputed enterprise. We need co-operation among ourselves and co-ordinate efforts from all concerned for making the ceramic sector more viable. I seek all your co-operation.

I take this opportunity to express my sincere thanks and gratitude to our business associates, financial Institutions and everyone the Company interacted with, in conducting its business and our regulators as well including Bangladesh Securities and Exchange Commission. Our main strength is our dedicated and sincere human resources. I thankfully acknowledge their contribution to the Company.

(ঘ) মডেনা রোলার হার্থ গ্লাস্ট কিল্ন এন্ড ডেকোরেশন কিল্ন - ১ সেট।

(ঙ) অটোম্যাটিক ক্লাষ্টার মিক্সিং প্লান্ট - ১ সেট।

(চ) অটো ব্যাক স্টামপিং মেশিন - ১ সেট।

(ছ) এলপিজি রেটিকুলেটেড ট্যাংক সিষ্টেম - ১ সেট।

উপসংহার

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আপনারা সকলে অবগত আছেন যে দেশের অর্থনৈতিক ও ব্যবসায়িক পরিবেশ, বিশ্ব অর্থনেতিক মন্দা এবং বাংলাদেশের অর্থনীতির উপর এর নেতিবাচক প্রভাব এবং মুক্ত ও প্রতিযোগিতামূলক বাজার পরিবেশের কারণে আলোচ্য বছরে আমরা বিক্রয় লক্ষ্যমাত্রা অর্জন করতে পারিনি। কিন্তু সাফল্যের অগ্রসারিতে পৌছাতে অবিরাম প্রচেষ্টার প্রয়োজন। কোম্পানীকে অধিক লাভজনক, উচ্চ মূল্যমান সম্পন্ন পণ্য উৎপাদন এবং সুনাম অক্ষুন্ন রাখতে আমরা যথাসাধ্য চেষ্টা করব। এই সিরামিক শিল্পকে আরও অর্থবহ করার জন্য আমাদের নিজেদের মধ্যে সহযোগিতা এবং সর্বস্তরে সম্মিলিত প্রচেষ্টা একান্ত প্রয়োজন। আমি আপনাদের সার্বিক সহযোগিতা কামনা করছি।

আমাদের ব্যবসায়িক সহযোগী, আর্থিক প্রতিষ্ঠানসমূহ এবং আমাদের কর্মকান্ডের সাথে সংশ্লিষ্ট প্রত্যেককে সহ বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন এবং অন্যান্য নিয়ন্ত্রণকারী কর্তৃপক্ষকে আমার আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জানাচ্ছি। আমাদের অন্যতম শক্তি হচ্ছে উৎসর্গীকৃত সচেতন ও দায়িত্বসম্পন্ন কর্মীবাহিনী। আমি কৃতজ্ঞতার সাথে তাঁদের অবদানের প্রশংসা করছি।

Finally, we are very grateful to our shareholders for extending their valuable support and co-operation at all times to bring the Company to the level it has needed to-days. The success we have attained so far was only possible because of the collective efforts of all concerned. Let us pray to Almighty Allah that He may guide us in all our endeavours.

Thanking you everybody.

Sd/- Huron Nahar Rashid,
Chairman.

Dated : 26th October 2017.

পরিশেষে, আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দের মূল্যমান সহযোগিতা এবং সমর্থনে কোম্পানী আজকের অবস্থানে পৌঁছাতে সক্ষম হয়েছে এ জন্য আমরা তাঁদের সকলের নিকট গভীরভাবে কৃতজ্ঞ। এ পর্যন্ত আমাদের যে সাফল্য তা সকলের সম্মিলিত প্রচেষ্টার ফসল। আসুন আমরা সর্বশক্তিমান আল্লাহ তায়লার নিকট প্রার্থনা করি তিনি যেন আমাদের সকল প্রচেষ্টায় সঠিক দিক নির্দেশনা প্রদান করেন।

আপনাদের সকলকে ধন্যবাদ।

স্বাক্ষর/- হুরণ নাহার রশিদ,
সভাপতি।

তারিখঃ ২৬শে অক্টোবর ২০১৭।

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in submitting their report and the audited accounts of the Company for the fiscal year ended the 30th June 2017 along with the Auditors' Report thereon.

FINANCIAL RESULTS

		For the year ended 30.06.2017	For the year ended 30.06.2016
Net Revenue		859,492,844	819,055,956
Cost of goods sold		(700,209,653)	(667,546,472)
Gross Profit		**159,283,191**	**151,509,484**
Operating expenses		(74,745,182)	(86,901,778)
Profit from Operations		**84,538,009**	**64,607,706**
Finance cost		(80,313,549)	(61,158,662)
Net Profit before Contribution to WPPF & WWF		**4,224,460**	**3,449,044**
Contribution to WPPF & WF		(201,165)	(164,240)
Net Profit before tax		4,023,295	3,284,804
Income tax provision		(1,106,406)	(903,321)
Deferred Tax Liability		(200,000)	(200,000)
Net Profit after tax		**2,716,889**	**2,181,483**
Surplus brought forward from previous year		121,631,760	107,000,064
Profit/Surplus available for appropriation	**Taka**	**124,348,649**	**109,181,547**

APPROPRIATION OF AVAILABLE PROFIT/SURPLUS

Maintaining sound liquidity—to finance the proper working capital requirements for smooth and uninterrupted production, to pay timely installments of term loan, to reallocate internal funds for modernisation of the factory according to the need of time, and to meet any unforeseen circumstances— is the ideology of Monno.

Worldwide economic recessions and free & competitive market environment during the year under review, we could not earn more profit. Keeping in view the performance of the Company during the year under review, the Board of Directors has recommended 5% cash dividend i.e. Tk.0.50 per share of Tk.10.00 and 5% stock dividend to the shareholders for the year under review, which requires your approval. We are confident that you will stand by this decision in the interest of long term prospects of the Company.

APPOINTMENT OF DIRECTORS

In compliance of the condition no. 1.1 of Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, Mrs. Huron Nahar Rashid and Mr. Rasheed Mymunul Islam have been appointed by the Board of Directors as Directors of the Company with effect from the September 13, 2017 in terms of Article 123 of the Article of Association of the Company and shall hold the post until this Annual General Meeting.

As per provisions of the Article 123, The Board of Directors of the Company in its meeting held on the 13th September 2017 appointed Mr. Rasheed Rafiul Islam as Nominee Director nominated by the Monno Welfare Foundation of the Company until the next Annual General Meeting. Accordingly, Mr. Rasheed Rafiul Islam is to retire in this meeting and as per provisions of the Articles 123 and 139 of the Articles of Association of the Company and being eligible, offer himself for re-election.

DIRECTORS

A legendary Business Icon & Philanthropist, the Founder Chairman and Director of the Company, Mr. Harunar Rashid Khan died on August 01, 2017 (Inna Lillahi Wa Inna Elaihi Rajiun). We are extremely shocked by his untimely demise which also made us speechless. We pray to Almighty Allah for his departed soul. May the Almighty Allah grant the highest place in Jannatul Ferdous.

Mrs. Huron Nahar Rashid and Mr. Rasheed Mymunul Islam retire from the Board of Directors by rotation in accordance with provisions of Articles 137 and 138 of the Articles of Association of the Company and being eligible, offers themselves for re-election as per Article 139.

Brief Resume of the Directors

Directors who seek re-appointed

Mrs. Huron Nahar Rashid

Mrs. Huron Nahar Rashid, is a Director of the Company, wife of Mr. Harunar Rashid Khan of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. She is the Managing Director of Monno Jute Stafllers Limited and Director of other concern of Monno Group of Industries. She has travelled most of the countries of the world in connection with international trade and business of the group.

Mr. Rasheed Mymunul Islam

Mr. Rasheed Mymunul Islam, is a Director & Deputy Managing Director of the Company, Son of Mr. Moynul Islam & Mrs. Afroza Khan of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. He is an energetic young man having a Chemical Engineering degree from Imperial College London. Mr. Rasheed Mymunul Islam is also the Director of Monno Jute Stafllers Limited and Monno Fabrics Limited. Due to his dynamic efforts and sincere services in the field of Planning and Development and also one of the main contributors, under whose dynamic leadership the group has achieved such a high success and majority of the reputation.

Mr. Rasheed Mymunul Islam is looking after the local & export business of the group and travelled most of the countries of the world in connection with promotion of international business of the group.

Mr. Rasheed Rafiul Islam

Mr. Rasheed Rafiul Islam, is a Director of the Company, Son of Mr. Moynul Islam & Mrs. Afroza Khan of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. He is an energetic young man having a Bachelor's degree in International Politics & a Master's degree in Healthcare Management from City University, London, UK. Mr. Rasheed Rafiul Islam is also the Director of Monno Jute Stafllers Limited. Due to his dynamic effort and sincere services in administration and human resource management, the group has received much success and is becoming a five star employer.

Mr. Rasheed Rafiul Islam has travelled throughout Europe & America to meet with international customers and participate in foreign exhibitions.

AUDITORS

The present Auditors of the Company, Messrs. Shiraz Khan Basak & Co., Chartered Accountants, completed the Audit of the Financial Statements of the Company for the year ended on June 30, 2017 and retire in this meeting and did not apply for re-appointment as Auditors of the Company for the next term.

A shareholder of the Company proposed the name of Messrs. A. Wahab & Co., Chartered Accountants, to be Auditors of the Company and the latter also offered themselves for being appointed as Auditors of the Company for the year ending the 30th June 2018. Accordingly, the matter be placed in this Annual General Meeting for consideration of the shareholders.

BOARD MEETINGS AND ATTENDANCE :

The number of Board Meetings and the attendance of Directors during the year 2016-2017 were as follows:-

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended
Mr. Harunar Rashid Khan Chairman (Died on 01.08.2017)	9	9
Mrs. Afroza Khan Managing Director	9	9
Mrs. Huron Nahar Rashid Director	9	9
Mr. Rasheed Mymunul Islam Director	9	9
Mr. Rasheed Samiul Islam Director	9	9
Dr. Md. Anwar Hossain Independent Director	9	9
Mrs. Minara Hai Independent Director	9	9

AUDIT COMMITTEE

Mrs. Minara Hai	Chairman
Mr. Rasheed Mymunul Islam	Member
Mr. Rasheed Samiul Islam	Member
Mr. Benoy Paul (Appointed on 11.07.2017)	Member Secretary

SHAREHOLDING STRUCTURE

Number of shares held by the Directors of the Company, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and children as on June 30, 2017 are as follows :

Name of the Directors	Designation	No. of shares	% of shareholding
Mr. Harunar Rashid Khan	Chairman	517,449	2.16
Mrs. Afroza Khan	Managing Director	2,473,131	10.34
Mrs. Huron Nahar Rashid	Nominee of Monno Welfare Foundation	11,072,889	46.28
Mr. Rasheed Mymunul Islam	Nominee of Monno Welfare Foundation		
Mr. Rasheed Samiul Islam	Nominee of Monno Welfare Foundation		
Mrs. Huron Nahar Rashid	Sponsor	613,000	2.56
Dr. Md. Anwar Hossain	Independent Director	-	-
Mrs. Minara Hai	Independent Director	-	-
Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and children.	-	-	-

Shareholders holdings ten percent (10%) or more in the Company as on June 30, 2017 is as follows:

Name of shareholder	Number of shares	% of shareholding
Mrs. Afroza Khan	2,473,131	10.34
Monno Welfare Foundation	11,072,889	46.28

The Director's also report that

- The Financial Statements of the Company present a true and fair view of Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates were reasonable and prudent.
- The Financial Statements was prepared in accordance with Bangladesh Accounting Standards (BAS) /Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh.
- The Internal Control System is sound in design and effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There is no significant deviation from the operating result of last year.
- Bangladesh Securities and Exchange Commission's Corporate Governance Compliance Report is enclosed herewith.

KEY OPERATING AND FINANCIAL DATA

(Figures in '000 taka)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Turnover	859,493	819,056	757,385	692,428	753,990
Cost of goods sold	700,210	667,546	617,334	546,208	610,074
Gross profit	159,283	151,509	140,051	146,219	143,916
Operating expenses	74,745	86,902	84,313	76,900	65,281
Operating profit	84,538	64,608	55,737	69,319	78,635
Finance cost	80,314	61,159	50,791	65,609	67,322
Net Profit before tax	4,023	3,285	4,711	3,534	10,774
Net Profit after tax	2,717	2,181	3,070	2,544	8,343
Shareholders' equity	2,256,803	2,266,050	2,275,833	2,277,809	2,308,374
Total asset	3,208,032	3,214,883	3,050,664	3,068,425	3,043,563
Total bank borrowings	747,845	7,72,813	432,781	398,265	418,230
Total current assets	852,836	887,940	783,381	793,939	759,953
Total current liabilities	759,965	708,812	762,967	772,844	702,691

Current ratio (time)	1.12	1.25	1.03	1.02	1.08
Shareholders equity per share	94	95	95	95	96
Return on paid-up capital	1%	1%	1%	1%	3%
Rate of dividend/stock dividend	5% cash 5% stock	5%	5%	5%	5%
Earning per share	0.11	0.09	0.13	0.11	0.35
Net asset value per share	94	95	95	95	96
Pay out ratio	455%	556%	385%	455%	143%
Net operating cash flow per share	7.82	(7.42)	(0.47)	1.52	0.51
Number of shareholders	7,338	7,413	8,549	9,346	9,250

VALUE ADDED STATEMENT

Particulars		2016-2017		2015-2016	
		Amount	%	Amount	%
Turnover & other Income		859,492,844	-	819,055,956	-
Bought-in-Materials & Services		(272,583,237)	-	(270,992,435)	-
Value Added	**Taka**	586,909,607	-	**548,063,521**	-
Applications:					
Duties & Taxes to Government Exchequer		15,227,817	5.59	20,626,540	8
Salaries and benefits to employees		175,858,684	64.52	188,609,482	69
Interest to lenders		78,779,847	28.90	59,574,930	22
Retained by the Company		2,716,889	1.00	2,181,483	1
	Taka	**272,583,237**	**100**	**270,992,435**	**100**

Monno Ceramic Industries Ltd.

Industry outlook and possible future developments in the industry

Monno Ceramic Industries Limited owns and operates modern ceramic wares factory and produces high quality **Porcelain tableware** products and sells them in the local as well as International Markets. This sector in the country witnessed a moderate growth during the year.

For the capacity and quality improvement of the products, management have been processing to replace some new machineries in place of old machineries in the factory of the company.

As a result, it is expected that the growth trend will be increased under the prevailing market conditions. The growth is expected to the better level after complete of processing.

Segment-wise or product-wise performance

Monno Ceramic Industries Limited produces high quality **Porcelain tableware** products. It is very difficult to separation of Product wise performance reporting. However, the major products of the Company are Dinner Set, Coffee Set, Tea Set, Soup Set, Tea Cup & Saucer, Coffee Cup & Saucer, Tea Pot, Sugar Pot, Milk Pot, Flower Vase, Coffee Mug, Soup Spoon, Salt Pot, Casserole, Salad Bowl, Oval Platter, Tray, etc.

Risks and concerns

Company's management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks. Besides, the power/gas problem has slightly eased off but more uninterrupted power supply needs to be ensured throughout the year to run the industries efficiently.

Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin

This year's cost of goods sold was Tk.700.21 million as compared to last year's cost of goods sold of Tk. 667.55 million. Gross profit earned during the year was Tk.159.28 million as against last year's gross profit of Tk. 151.51 million. Net profit after tax earned during the year was Tk.2.72 million as compared to last year's Net Profit after tax of Tk.2.18 million. The Ceramic Sectors of the country has made a better market progress both at home and in global context. But economic recession & other prevailing, we could not earn more profit during the year.

Extra-Ordinary gain or loss

During the year there was no realized extra-ordinary gain or loss made by the company.

Related party transactions

During the year there are related parties transactions in the normal course of business shown in the note 36.00 of the Annual Report 2016-2017.

Utilization of proceeds from public issues and/ or rights issues:

There was no public issues and/or right issue offered during the year.

Financial results after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.:

Initial Public Offering was made on February 26, 1985. Since then the company is performing well.

Remuneration to directors including independent directors:

The remunerations of Directors have been shown in the note 38.00 of the Annual Report 2016-2017 and Independent Directors have not taken any remunerations/perquisites from the Company during the year.

Other Information

The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of account of the issuer company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

Bangladesh Accounting Standards (BAS) /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.

The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the issuer company's ability to continue as a going concern.

Dividend

The Board of Directors has recommended 5% Cash Dividend i.e. Tk.0.50 per ordinary share of Tk. 10.00 each and 5% stock dividend for the year 2016-2017 which is subject to approval by the shareholders in the ensuring annual general meeting. Upon your approval in this General Meeting, the dividend will be paid to the Shareholders whose names would appear in the Register of Members/CDS Record as on November 16, 2017 at the close of office.

RESEARCH AND NEW PRODUCTS DEVELOPMENT

As a part of Corporate Social Responsibility for Good Governance the company maintains a team of scientific Porcelain Tableware experts who continuously conduct research & development programs for improving quality of products, reduction of cost, adaptation of products that are free of intellectual property rights and innovative products. These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders. The success in this field has secured the leading position for the company in the Ceramic sector.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The Board of Directors is also awoken of the Corporate Social Responsibilities (CSR) especially

in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc.

HUMAN RESOURCES DEVELOPMENT

In order to improve productivity of human input, the company continuously provides formal and informal training to the employees at every echelon of operation and management. During the year under review 1,859 persons (note – 47.00) of employees working in factory as well as Head Office of the Company which will ultimately make great contribution to the company's profitability as well as their own remuneration in due course.

FAIRNESS OF THE ACCOUNTS

As per Companies Act 1994, it is the responsibility of the Directors to prepare financial statements for each year to be presented before the shareholders in the general meeting. The financial statements and other financial information included in this report fairly present in all material respects, the financial conditions, results of operations, cash flow and changes in equity of company as of and for the year ended June 30, 2017.

REPORTING ON THE CORPORATE GOVERNANCE COMPLIANCE

Corporate Governance is the practice of good citizenship, through which the Company is governed by the Board, keeping in view its accountability to the shareholders/stakeholders and to the society. Pursuant to the condition no. 7.00 of the Bangladesh Securities and Exchange Commission's 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, we attach the Corporate Governance Compliance Report on compliance with the conditions in prescribed format.

On behalf of the Board of Directors,

Sd/- Huron Nahar Rashid,
Chairman

Monno Ceramic Industries Ltd.

AUDIT COMMITTEE REPORT
For the Year 2016-2017

The Audit Committee as a sub-committee of the Board of Directors of the Company and the Audit Committee assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of the affairs of the Company and in assuring a good monitoring system within the business.

Composition of the Audit Committee

In accordance with the requirements of Corporate Governance of BSEC, the Audit Committee of Monno Ceramic Industries Limited consists of the following members :

Sl. No.	N a m e	Status of the Company	Status of the Committee
1.	Mrs. Minara Hai	Independent Director	Chairman
2.	Mr. Rasheed Mymunul Islam	Director	Member
3.	Mr. Rasheed Samiul Islam	Director	Member
4.	Mr. Benoy Paul	Acting Company Secretary	Member Secretary

The scope of Audit Committee was defined as under:

(a) Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;

(b) Monitor and oversee choice of accounting policies and principles, internal control risk management process, auditing matter, hiring and performance of external auditors;

(c) Review statement of significant related party transactions submitted by the management.

(d) Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and

(e) Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Activities carried out during the year

The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn’t find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Acknowledgements

The Audit Committee would like to express their thanks to the members of the Board, Managements and the Auditors for their support in carrying out its duties and responsibilities effectively.

Sd/-
Chairman
Audit Committee

Date: October 26, 2017

Monno Ceramic Industries Ltd.

চৌধুরী ভট্টাচার্য্য এন্ড কোং
CHOWDHURY BHATTACHARJEE & CO.
CHARTERED ACCOUNTANTS

DHAKA OFFICE : 47/8, Indira Road, (1st Floor), Dhaka-1215
Ph : 9123336, Fax : 8802-8120178

CTG. OFFICE : 802, Jubilee Road, Ctg.-4000
Ph : 031-614902 (O), 624328 (R)

Certificate on Compliance of Conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission (BSEC) to the Shareholders of Monno Ceramic Industries Limited

We have examined the Statement of compliance to the BSEC guidelines on Corporate Governance by Monno Ceramic Industries Limited for the year ended on June 30, 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013 of Bangladesh Securities & Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an audit or expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Dhaka: October 26, 2017

B. K. Bhattacharjee,FCA
Partner
Chowdhury Bhattacharjee & Co.
(CHARTERED ACCOUNTANTS)

Monno Ceramic Industries Ltd.

Dated : October 26, 2017

The Board of Directors,
Monno Ceramic Industries Ltd.,
Islampur, Dhamrai,
Dhaka-1350.

Dear Sirs,

Certificate on Compliance with the Condition no. 6 of the Corporate Governance Guidelines of BSEC for Financial Statements 2016-2017.

This is to certify that :-

1. We have reviewed the financial statements for the year ended 30th June 2017 and that to the best of our knowledge and belief :

   a) The Financial Statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;

   b) The Financial Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 30th June 2017 which are fraudulent, illegal or violation of the Company's code of conduct.

SD/-
(Md. Faiz Mahfuiz Ullah)
Chief Financial Officer

SD/-
(A f r o z a K h a n)
Chief Executive Officer

AMARSTOCK

Monno Ceramic Industries Ltd.

Corporate Governance Compliance Report

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 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

(Report under Condition No. 7.00)

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	**BOARD OF DIRECTORS**			
1.1	Board's Size : The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors**			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2(ii)	**Independent director" means a director :**			
1.2(ii)(a)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1.2(ii)(b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company;	√		
1.2(ii)(c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1.2(ii)(d)	who is not a member, director or officer of any stock exchange;	√		
1.2(ii)(e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
1.2(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 company's statutory audit firm	√		
1.2(ii)(g)	who shall not be an independent director in more than 3 (three) listed companies;	√		
1.2(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);	√		
1.2(ii)(i)	who has not been convicted for a criminal offence involving moral turpitude.	√		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2(iii)	the independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2(iv)	the post of independent director(s) can not remain vacant for more than 90 (ninety) days.	None		No vacancy occurred
1.2(v)	the Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2(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)**			
1.3(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.	√		
1.3(ii)	The Independent Director 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, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	None		N/A
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. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	**The Directors' Report to Shareholders**			
	The Directors Report shall include the following additional statements:			
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance.	√		
1.5(iii)	Risks and concerns.	√		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the Annual Report.	√		
1.5(vii)	Basis Utilization of proceeds from public issues, rights issues and/or through any others instruments.	None		N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	None		N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	None		N/A
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5(xii)	Proper books of account have been maintained.	√		
1.5(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.	√		
1.5(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.	√		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(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.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(xxi)	**Pattern of shareholding and name wise details (disclosing aggregate number of shares)**			
1.5(xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties	√		
1.5(xxi)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children	√		
1.5(xxi)(c)	Executives	√		
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the company	√		
1.5(xxii)	**In case of the appointment/re-appointment of a director of the company, disclose:**			
1.5(xxii)(a)	a brief resume of the director;	√		
1.5(xxii)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2	**Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS):**			
2.1	Appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS) and define their respective roles, responsibilities and duties.	√		
2.2	The CFO and the Company Secretary shall attend the meetings of the Board of Directors	√		
3	**AUDIT COMMITTEE:**			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(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.	√		
3(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**			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(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.	√		
3.1(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.	√		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1(iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy(ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	None		No Vacancy occurred
3.1(v)	The Company Secretary shall act as the Secretary of Audit the Committee.	√		
3.1(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**			
3.2(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.	√		
3.2(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee**			
3.3(i)	Oversee the financial reporting process	√		
3.3(ii)	Monitor choice of accounting policies and principles	√		
3.3(iii)	Monitor Internal Control Risk management process	√		
3.3(iv)	Oversee hiring and performance of external auditors	None		
3.3(v)	Review the annual financial statements before submission to the board for approval	√		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3(vii)	Review the adequacy of internal audit function	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management	√		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		
3.3(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.	None		
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)(a)	Report on conflicts of interests	None		
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	None		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	None		
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately	None		
3.4.2	Reporting to BSEC (If any material impact on the financial condition and results of operation, unreasonably ignored by the management)	None		
3.5	Report to the Shareholders of Audit Committee activities shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report	√		
4	**EXTERNAL/STATUTORY AUDITORS:**			
4(i)	Non-engagement in appraisal or valuation services or fairness opinions	√		
4(ii)	Non-engagement in designed and implementation of Financial information systems.	√		
4(iii)	Non-engagement in Book-keeping or other services related to the accounting records or financial statements	√		
4(iv)	Non-engagement in Broker-dealer services	√		
4(v)	Non-engagement in Actuarial services	√		
4(vi)	Non-engagement in Internal audit services	√		
4(vii)	Non-engagement in any other service that the Audit Committee determines	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	√		
4(ix)	Audit/certification services on compliance of corporate governance.	√		
5	**SUBSIDIARY COMPANY:**			
5(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.	None		
5(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.	None		
5(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.	None		
5(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	None		
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	None		

Monno Ceramic Industries Ltd.

Condition no.	Title	Compliance status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):**			
	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
6(i)(a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6(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.	√		
6(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	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report.	√		
7(ii)	The directors of the company shall state in the directors' report whether the company has complied with these conditions.	√		

Monno Ceramic Industries Ltd.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying Statement of Financial Position of Monno Ceramic Industries Limited as of June 30, 2017 and the related Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes on financial statement for the year then ended.

Management's responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of June 30, 2017 and of the results of its operations and it's cash flows for the year then ended and comply with the applicable section of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
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 company's Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flow dealt with by the report are in agreement with the books of accounts; and
d) The expenditure incurred was for the purposes of the company's business.

Emphasis of Matter:

In forming our opinion on the financial statements, which is not modified, we considered the matter and the fact that the Company has not paid the declared dividend for the year ended on 30 June 2016 of Tk.11,964,010 to its shareholders and which has been kept as Dividend Payable as on 30 June 2017. This is a non-compliance of the Section 28(1) of Dhaka Stock Exchange (Listing) Regulations, 2015.

SD/-
(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

Dated: Dhaka, October 26, 2017

Monno Ceramic Industries Ltd.

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

(Amount in Taka)

Particulars	Notes	30.06.2017	30.06.2016
ASSETS			
NON-CURRENT ASSETS		**2,355,196,220**	**2,326,942,874**
Property, Plant and Equipment - At cost Less Depreciation	**10.00**	2,242,000,261	2,135,547,422
Capital Work-in-Progress	**11.00**	-	78,199,493
Investments	**12.00**	113,195,959	113,195,959
CURRENT ASSETS		**852,835,853**	**887,939,747**
Inventories	**13.00**	354,041,573	348,365,177
Trade & other Receivables	**14.00**	116,081,721	174,351,319
Advance, Deposits & Pre-payments	**15.00**	218,588,167	244,125,206
Group Currrent Account	**16.00**	148,368,311	102,768,311
Cash and cash Equivalents	**17.00**	15,756,081	18,329,734
TOTAL ASSETS	**Taka**	**3,208,032,072**	**3,214,882,621**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		**2,256,803,129**	**2,266,050,250**
Issued and Paid-up Share Capital	**18.01**	239,280,200	239,280,200
Revenue Reserve & Surplus	**19.00**	2,017,522,929	2,026,770,050
NON-CURRENT LIABILITIES		**191,264,041**	**240,019,974**
Long Term Loan (Secured)	**20.00**	181,732,139	230,154,280
Deferred Liability	**21.00**	9,531,902	9,865,694
CURRENT LIABILITIES		**759,964,902**	**708,812,397**
Short Term Borrowings	**22.00**	487,571,981	489,185,131
Long Term Loans (Current portion)	**23.00**	78,541,200	53,473,200
Trade & other Payables	**24.00**	88,225,487	67,638,682
Accrued Expenses	**25.00**	17,792,264	18,658,911
Unclaimed Dividend	**26.00**	10,070,917	13,828,542
Dividend Payable		11,964,010	-
Provision for Income Tax	**27.00**	29,640,451	28,534,045
Deferred Tax Liability	**28.00**	900,000	700,000
Liabilities for other Finance	**29.00**	35,258,592	36,793,886
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**Taka**	**3,208,032,072**	**3,214,882,621**
Net Assets Value per share		**94.32**	**94.70**

The annexed notes from 01 to 50 form an integral part of the financial statements. These financial statements were approved by the Board of Directors on 26-10-2017 and were signed on its behalf by:

SD/-	SD/-	SD/-	
BENOY PAUL	AFROZA KHAN	HURON NAHAR RASHID	Subject to our separate report
ACTING COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date.

Dated : Dhaka, October 26, 2017

SD/-
(SHIRAZ KHAN BASAK & CO.)

AMARSTOCK

Monno Ceramic Industries Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

Amount in Taka

Particulars	Notes	30.06.2017	30.06.2016
Net Revenue	**30.00**	859,492,844	819,055,956
Cost of Goods Sold	**31.00**	(700,209,653)	(667,546,472)
Gross Profit		**159,283,191**	**151,509,484**
Operating Expenses		**(74,745,182)**	**(86,901,778)**
Administrative Expenses	**32.00**	(46,977,837)	(52,471,130)
Selling and Distribution Expenses	**33.00**	(27,767,345)	(34,430,648)
Profit from Operations		**84,538,009**	**64,607,706**
Finance cost	**34.00**	(80,313,549)	(61,158,662)
Net Profit Before Contribution to WPPF		**4,224,460**	**3,449,044**
Contribution to WPPF & WWF	**35.00**	(201,165)	(164,240)
Net Profit Before Tax		**4,023,295**	**3,284,804**
Income Tax Provision	**27.00**	(1,106,406)	(903,321)
Deffered Tax Liability	**28.00**	(200,000)	(200,000)
Net Profit after Tax	**Taka**	**2,716,889**	**2,181,483**
Basic Earnings per share (Par value Tk.10.00)	**37.00**	**0.11**	**0.09**

The annexed notes from 01 to 50 form an integral part of the financial statements. These financial statements were approved by the Board of Directors on 26-10-2017 and were signed on its behalf by:

SD/-	SD/-	SD/-	
BENOY PAUL	AFROZA KHAN	HURON NAHAR RASHID	Subject to our separate report
ACTING COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date.

Dated : Dhaka, October 26, 2017

SD/-
(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2017

(Amount in Taka)

For the Year-2015-2016 *(Amount in Taka)*

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Reserve	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2015	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,762,886,864**	**81,428,154**	**11,964,010**	**2,275,832,777**
Transferred to Dividend Payable	-	-	-	-	-	-	(11,964,010)	(11,964,010)
Depreciation on Revaluation of Assets	-	-	-	-	(25,571,910	25,571,910	-	-
Net Profit for the year	-	-	-	-	-	2,181,483	-	2,181,483
Transferred to Dividend Payable	-	-	-	-	-	(11,964,010)	11,964,010	-
At the end of the year	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,737,314,954**	**97,217,537**	**11,964,010**	**2,266,050,250**

For the Year-2016-2017 *(Amount in Taka)*

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Reserve	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2016	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,737,314,954**	**97,217,537**	**11,964,010**	**2,266,050,250**
Transferred to Dividend Payable	-	-	-	-	-	-	(11,964,010)	(11,964,010)
Depreciation on Revaluation of Assets	-	-	-	-	(24,414,223)	24,414,223	-	-
Net Profit for the year	-	-		-	-	2,716,889	-	2,716,889
At the end of the year	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,712,900,731**	**124,348,649**	-	**2,256,803,129**

The annexed notes from 01 to 50 form an integral part of the financial statements. These financial statements were approved by the Board of Directors on 26-10-2017 and were signed on its behalf by:

SD/-	SD/-	SD/-	
BENOY PAUL	AFROZA KHAN	HURON NAHAR RASHID	Subject to our separate report
ACTING COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date.

Dated : Dhaka, October 26, 2017

SD/-
(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

Amount in Taka

Particulars	Note	30.06.2017	30.06.2016
Cash Flows from Operating Activities:		**187,107,704**	**(177,471,839)**
Cash Receipts from Customers and Others		917,762,442	732,196,742
Cash Paid to Suppliers, Employees and others		(651,874,891)	(832,134,568)
Interest Paid		(78,779,847)	(77,534,013)
Cash Flows from Investing Activities		**(160,622,649)**	**(27,756,060)**
Acquisition of Property, Plant and Equipment		(160,622,649)	(27,756,060)
Cash Flows From Financing Activities:		**(29,058,708)**	**214,501,626**
Decrease in Long Term Borrowings		(23,354,141)	51,161,611
Increase/ (Decrease) in Short Term Borrowings		(1,613,150)	175,172,214
Dividend Paid		(3,757,625)	(9,834,563)
Deferred Liability		(333,792)	(1,997,636)
Increase/(Decrease) in cash & cash equivalents		**(2,573,653)**	**9,273,727**
Cash and Cash Equivalents at Beginning of year		18,329,734	9,056,007
Cash and Cash Equivalents at end of year	**17.00**	**15,756,081**	**18,329,734**
Net operating cash flows per share		**7.82**	**(7.42)**

The annexed notes from 01 to 50 form an integral part of the financial statements. These financial statements were approved by the Board of Directors on 26-10-2017 and were signed on its behalf by:

SD/-	SD/-	SD/-	
BENOY PAUL	AFROZA KHAN	HURON NAHAR RASHID	Subject to our separate report
ACTING COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date.

Dated : Dhaka, October 26, 2017

SD/-
(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

Notes to the Financial Statements
As at and for the year ended June 30, 2016

1.00. Corporate History of the Reporting Entity

Monno Ceramic Industries Limited (The Company) was incorporated in Bangladesh on 21st April, 1981 as a Public Limited Company under The Companies Act, 1913. The Company went for public issue of shares in 1985 and its shares are listed with the Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited since 1983 and 1995 respectively.

The principal place of business of the company and its registered office and the factory is situated at Islampur, Dhamrai, Dhaka-1350.

2.00. Corporate Business

The Company owns and operates modern ceramic wares factory and produces high quality **Porcelain tableware** products and sells them in the local as well as International Markets.

3.00. Corporate Financial Statements and Reportings

Financial statements which comprise Statement of Financial Position as of June 30, 2017 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Shareholders Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by BASs and as applicable to this company.

The Management of the Company primarily responsible for the preparation and presentation of the financial statements including adequate disclosures. The Board of Directors approved and authorized for issue of these financial statements.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires Management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

4.00. Fundamental Accounting Concepts/Assumption

The financial statements have been prepared based on Going concern, Consistency concept, Accrual concept and such other convention as required by BAS-1 for fair presentation of financial statements.

AMAR STOCK

5.00. Corporate Accounting Standards Practiced

The Following BASs are applied for the preparation for the financial statement

BAS 1 Presentation of Financial Statements

BAS 2 Inventories

BAS 7 Cash Flow Statements

BAS 8 Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies

BAS 10 Events after the Balance Sheet Date

BAS 12 Income Taxes

BAS 16 Property, Plant and Equipment

BAS 17 Leases

BAS 18 Revenue

BAS 21 The effects of Changes in Foreign Exchange Rates

BAS 23 Borrowing Costs

BAS 24 Related Party Disclosures

BAS 25 Accounting for Investments

BAS 28 Accounting for Investment in Associates

BAS 33 Earnings Per Share

BAS 36 Impairment of Assets

BAS 37 Provisions, Contingent Liabilities and Contingent Assets

BAS 41 Agriculture

6.00. Reporting Currency and Level of Precision

(a) The financial statements are presented in Bangladesh currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

(b) Figures in brackets indicate negative balance.

7.00. Comparative Amounts

Wherever necessary, figures of the prior year have been re-arranged to conform with the current year's presentation as required by BAS-1.

8.00. Historical Cost Profit and Losses

There was no revaluation of fixed assets in previous year and during the year under audit. Therefore, there was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets, etc. Accordingly, no separate note of historical cost profit and loss has been presented.

9.00. Principal Accounting Policies

The specific accounting policies selected and applied by the Company's directors for significant transactions and events that have material effect within the framework of BAS 1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS 1 "Presentation of Financial Statements". The recommendation of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

9.01. Recognition of Property, Plant & Equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Statement of Profit or Loss and other Comprehensive Income which is determined with reference to the net book value of assets and the net sales proceeds.

Property, Plant & Equipment which are yet to be certified for operation, have been kept as Capital Work-in-progress.

9.02. Depreciation of Property, Plant & Equipment

No depreciation is charged on land and land development and capital work in progress. Depreciation on all other Property, Plant & Equipment is computed using the Reducing Balance Method. Full year depreciation has been charged on addition to Property, Plant & Equipment as for Income Tax ordinance, 1984.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under, which is considered reasonable by the management.

	2016-2017	2015-2016
Building and other Constructions	2.5%	2.5%
Plant, Machinery & Equipments	5%	5%
Vehicles	10%	10%
Furniture & Fixtures	10%	10%
Sundry Assets	10%	10%

9.03. Impairment of Assets

In accordance with the provisions of BAS 36 : Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated and impairment losses are recognized in Statement of Profit or Loss and other Comprehensive Income. No such indication of impairment has been observed till to date.

9.04. Revenue Recognition

In compliance with the requirements of BAS 18 : Revenue, revenue from receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from sales is exclusive of VAT.

9.05. Inventories

Inventories comprise of Raw Materials, Work-in-process, Finished goods, Stores & Spares and Materials-in-transit. Raw Materials and Stores and Spares have been valued at average cost. Materials-in-transit have been valued at the cost incurred upto the date of Statement of Financial Position. Work-in-process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis.

9.06. Income Tax-Current Tax

The Company qualifies as a "Publicly Traded Company" as per income tax law and therefore provision for income tax has been made at the existing rate of 27.5% on business income with due consideration of rebate allowable on profit attributable from export (as applicable).

9.07. Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as cash and cash equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

9.08. Cash Flow Statement

Cash flow statement is prepared principally in accordance with BAS-7 "Cash Flow Statements" and the cash flows from the operating activities have been presented under Direct method as required by the Securities and Exchange rules 1987 and considering the provisions of paragraph-19 of BAS-7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method".

9.09. Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Bangladesh Taka at the exchange rate ruling on the date of Balance Sheet. Any gain/loss in foreign currency transaction is recognized as gain/loss from foreign currency transaction in the profit and loss account.

9.10. Borrowing Costs

Finance Cost (Borrowing Costs) incurred during the year was recognized as revenue expenses, except for IDCP which has been capitalized with due consideration of BAS-23.

9.11. Leases

The lease is classified as an operating lease.

Lease payments are recognized as finance cost in the Statement of Profit or Loss and other Comprenhensive Income.

9.12. Earning Per Share (EPS)

The company calculates Basic Earnings per share (EPS) in accordance with the Bangladesh Accounting Standards (BAS-33). Diluted earning per share is not applicable for the Company as it has no such convertible securities.

9.13. Reporting Period

The financial period of the company covers one fiscal year from 1st July to 30th June Consistently.

10.00. PROPERTY, PLANT & EQUIPMENT:TK. 2,242,000,261

The movement in property, Plant & equipment is as under :

Particulars	C O S T			DEPRECIATION				Written down Value as on 30.06.2017	Written down Value as on 30.06.2016
	Balance as on 01.07.2016	Addition during the year	Balance as on 30.06.2017	Balance as on 01.07.2016	Charged during the year	Rate	Balance as on 30.06.2017		
AT COST									
Land & Land Development	26,527,530	-	26,527,530	-	-	0.00%	-	26,527,530	26,527,530
Building and Other Construction	239,384,976	-	239,384,976	175,221,540	1,604,086	2.50%	176,825,626	62,559,350	64,163,436
Plant, Machinery and Equipment	917,292,795	115,204,265	1,032,497,060	659,198,774	18,664,914	5.00%	677,863,688	354,633,372	258,094,021
Vehicles	1,329,166	45,418,384	46,747,550	1,277,981	4,546,957	10.0%	5,824,938	40,922,612	51,185
Furniture and Fixtures	9,543,256	-	9,543,256	7,739,519	180,374	10.0%	7,919,893	1,623,363	1,803,737
Sundry Assets	60,112,386	-	60,112,386	12,519,827	4,759,256	10.0%	17,279,083	42,833,303	47,592,559
Sub Total :	**1,254,190,109**	**160,622,649**	**1,414,812,758**	**855,957,641**	**29,755,587**		**885,713,228**	**529,099,530**	**398,232,468**
AT REVALUATION :									
Land & land development	1,154,722,470	-	1,154,722,470	-	-	0.00%	-	1,154,722,470	1,154,722,470
Building and other construction	203,500,193	-	203,500,193	14,884,131	4,715,402	2.50%	19,599,533	183,900,660	188,616,062
Plant , machinery and equipment	459,514,707	-	459,514,707	65,538,285	19,698,821	5.00%	85,237,106	374,277,601	393,976,422
Sub Total :	**1,817,737,370**	-	**1,817,737,370**	**80,422,416**	**24,414,223**		**104,836,639**	**1,712,900,731**	1,737,314,954
Total as on 30.06.2017 :	**3,071,927,479**	**160,622,649**	**3,232,550,128**	**936,380,057**	**54,169,810**		**990,549,867**	**2,242,000,261**	**2,135,547,422**

Notes :

1) The rate and basis of depreciation are stated in note 9.02.

2) Depreciation has been apportioned as below :

		30.06.2017	30.06.2016
Conversion cost	(Note : 31.1.2)	49,442,479	46,089,084
Administrative expenses	(Note : 32.00)	4,546,957	200,415
Selling and distribution expenses	(Note : 33.00)	180,374	5,687
	Taka	54,169,810	46,295,186

		==========	==========

11.00. CAPITAL WORK-IN-PROGRESS: TK. NIL

This is made up as follows:		**30.06.2017**	**30.06.2016**
Plant, Machinery & Equipment		-	78,199,493
		----------	----------
	Taka	-	78,199,493
		==========	==========

12.00. INVESTMENTS: TK 113,195,959

This is made up as follows:		**30.06.2017**	**30.06.2016**
Investment in share	(Note-12.01)	113,195,959	113,195,959
		----------	----------
	Taka	113,195,959	113,195,959
		==========	==========

12.01. Investment in shares represents the cost of 11,254,000 Ordinary shares of Tk.10.00 each of Monno Fabrics Ltd. (MFL) an associated undertaking of the company.

13.00. INVENTORIES : TK. 354,041,573

Break-up of the amount is given below :		**30.06.2017**	**30.06.2016**
Raw & other auxiliary materials	(Note-13.01 & 31.1.1)	120,498,929	128,284,007
Finished goods	(Note-13.02 & 31.00)	57,982,143	51,611,250
Stores & spares	(Note-13.03)	45,751,519	43,990,289
Work-in-process	(Note-13.04 & 31.01)	102,115,455	103,205,793
Materials-in-transit	(Note-13.05)	27,693,527	21,273,838
		----------	----------
	Taka	354,041,573	348,365,177
		==========	==========

13.01. The raw & other auxiliary materials have been valued at average cost.

13.02. The finished goods have been valued at lower of cost and net realizable value basis.

13.03. Stores & spares have been valued at average cost.

13.04. The work-in-process have been valued at prime cost with proportionate addition of factory overhead.

13.05. Materials-in-transit represents the cost incurred up to the date of Statement of Financial Position for consignment which have subsequently been cleared.

14.00. TRADE & OTHER RECEIVABLE: TK.116,081,721

The break-up and nature of receivable are given below:		**30.06.2017**	**30.06.2016**
Export bills receivable	(secured)	92,746,316	101,574,842
Duty draw back	(secured)	9,187,467	12,932,509
Parties/Institutions		14,147,938	59,843,968
		----------	----------
	Taka	116,081,721	174,351,319
		==========	==========

14.01. The amount due from parties/institutions are considered good and most of them have been realized subsequently.

14.02. No amount was due from the directors (including Managing Director), managers and other officers of the company and from any of them severally or jointly with any other person.

15.00. ADVANCES, DEPOSITS & PREPAYMENTS: TK. 218,588,167

This is made up as follows:		30.06.2017	30.06.2016
i) **ADVANCES:**			
Advance against purchase/supplies	(Note 15.01)	25,908,968	24,808,574
Advance income tax	(Note 15.02)	169,066,608	155,685,916
Advance rent, rates & taxes		2,816,732	5,244,265
Other advances		4,075,924	3,274,190
Advance to Rancon Import Limited		-	45,418,384
		201,868,232	234,431,329
DEPOSITS:			
Security deposits		10,286,856	8,944,704
Value added tax		6,433,079	749,173
		16,719,935	9,693,877
	Taka	218,588,167	244,125,206

15.01. This represents the amount paid to different suppliers against purchase of raw and other auxiliary materials. Such advances were made in the normal course of business where no collateral security is required. The entire amount has been adjusted subsequently.

15.02. **ADVANCE INCOME TAX: TK. 169,066,608**

This is made-up as follows:		30.06.2017	30.06.2016
Opening Balance		155,685,916	144,218,805
Add.: Addition During the Year		13,380,692	11,467,111
	Taka	169,066,608	155,685,916

16.00. GROUP CURRENT ACCOUNT: TK. 148,368,311

This is made-up as follows:		30.06.2017	30.06.2016
Monno Attire Ltd.		45,594,322	48,594,322
Monno Fabrics Ltd.		68,600,000	20,000,000
Monno General Hospital		12,400,902	12,400,902
Monno Jute Stafflers Ltd		962,737	962,737
Monno Welfare Foundation		20,810,350	20,810,350
	Taka	148,368,311	102,768,311

17.00. CASH AND CASH EQUIVALENTS :TK. 15,756,081

This is made-up as follows:		30.06.2017	30.06.2016
a. Cash in hand	(Note-17.01)	2,361,111	1,406,474
b. Cash at banks	(Note-17.02)	11,579,917	15,108,207
In current accounts		11,442,293	14,975,748
In STD accounts		137,624	132,459
c. Foreign currency retention account, $ 16,575.46 & EURO 5,731.83		1,815,053	1,815,053
	Taka	15,756,081	18,329,734

17.01. The amount of cash in hand has been certified by the management.

17.02. The above bank balances have been confirmed with respective bank statement balances as on 30.06.2017. The above balances were held and available for use by the company without any restriction.

18.00. SHARE CAPITAL

AUTHORIZED CAPITAL:	30.06.2017	30.06.2016
50,000,000 Ordinary shares of Tk. 10.00 each	**500,000,000**	**500,000,000**

18.01. **ISSUED, SUBSCRIBED & PAID UP CAPITAL: TK. 239,280,200**

This represents :	30.06.2017	30.06.2016
90,00,000 Ordinary shares of Tk.10.00 each fully paid in cash.	90,000,000	90,000,000
1,12,50,000 Ordinary shares of Tk.10.00 each fully paid as bonus.	112,500,000	112,500,000
23,07,690 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Jutex Industries Ltd. for amalgamation.	23,076,900	23,076,900
13,70,330 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Printing & Packaging Ltd. for amalgamation.	13,703,300	13,703,300
Taka	239,280,200	239,280,200

(a) The break-up of share holding is given below:

	30.06.2017		30.06.2016	
	No.of shares	**%**	**No.of shares**	**%**
Sponsors & Directors	14,676,469	61.34	14,253,378	59.57
Institutions	3,790,198	15.84	3,375,022	14.10
General public	5,451,782	22.78	6,292,282	26.29
Foreign investors	1,350	0.01	1,350	0.01
Non Resident investors	8,221	0.03	5,988	0.03
Total	23,928,020	100.00	23,928,020	100.00

(b) The distribution schedule showing the number of shareholders and their shareholdings in percentage are as follows:

Range of holdings In number of shares		No. of shareholders		No. of shares		Holding %	
		30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
1 to	499	5,895	5,872	836,754	811,754	3.50	3.39
500 to	5,000	1,268	1,382	1,125,553	1,778,928	4.70	7.43
5,001 to	10,000	84	74	546,747	518,747	2.28	2.17
10,001 to	20,000	36	34	474,482	429,482	1.98	1.79
20,001 to	30,000	18	16	424,680	384,680	1.78	1.61
30,001 to	40,000	7	6	251,761	216,761	1.05	0.91
40,001 to	50,000	2	1	85,325	41,950	0.36	0.18
50,001 to	100,000	10	11	808,172	883,172	3.38	3.69
100,001 to	1,000,000	15	14	4,119,923	3,607,923	17.22	15.08
Over	1,000,000	3	3	15,254,623	15,254,623	63.75	63.75
Total		7,338	7,413	23,928,020	23,928,020	100.00	100.00

(c) Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be issued to increase the issued, subscribed and paid up capital through the issuance of new shares against cash contribution and bonus.

(e) Market Price :

The Shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. and quoted @Tk. 38.80 and @Tk.37.90 per share respectively in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. as on June 30, 2017.

19.00. REVENUE RESERVES & SURPLUS: TK. 2,017,522,929

The break-up of the amount is shown below :		30.06.2017	30.06.2016
Dividend equalisation reserve		21,700,000	21,700,000
General reserve	(Note 19.01)	149,491,999	149,491,999
Capital reserve		9,081,550	9,081,550
Revaluation Reserve	(Note 19.02)	1,712,900,731	1,737,314,954
Retained Earnings as of June 30, 2017	(Note 19.01)	124,348,649	109,181,547
	Taka	2,017,522,929	2,026,770,050

19.01. Details of the balance have been shown in the statement of changes in equity.

19.02. **Revaluation Reserve Tk. 1,712,900,731**

Break-up of the amount is given below:		30.06.2017	30.06.2016
Opening Balance		1,737,314,954	1,762,886,864
Less: Depreciation on Revaluation of Assets	(Note 10.00)	(24,414,223)	(25,571,910)
Closing Balance	**Taka**	1,712,900,731	1,737,314,954

20.00. LONG TERM LOAN:Tk. 181,732,139

20.01 The break-up of the amount is given below :		30.06.2017	30.06.2016
Opening Balance		283,627,480	2,311,589
		53,569,859	315,062,650
Add: Addition during the year		18,453,622	296,167,063
Interest during the year	(Note 34.00)	35,116,237	18,868,087
Bank Charge		-	27,500
Less: Paid during the year		76,924,000	33,746,759
Closing Balance	**Taka**	260,273,339	283,627,480

20.02 The break-up of the amount is given below :	30.06.2017	30.06.2016
Balance as on 30.06.2017	260,273,339	283,627,480
Less : Current Portion which has been shown in current Liabilities.	(78,541,200)	53,473,200
Taka	181,732,139	230,154,280

20.03. **Nature of Security of loans :**

The above balance is with Social Islami Bank Limited, Principal Branch, Dhaka and fully secured by first charge on the fixed assets of the company and personal guarantee of the Directors.

20.04. **Terms of repayment :**

The loans are refundable in installments and the last installment was due on 30.06.2016, which was paid on 30.07.2016.

20.05. **Bank interest :**

Bank interest on the above loan has been charged in Statement Profit or Loss and Other Comprehensive Income as financial charges.

20.06. Current portion of the above loan has been shown under the head current liabilities as required by BAS

21.00. DEFERRED LIABILITY: TK. 95,31,902

The above amount represents liability on account of Gratuity as on 30.06.2017 but calculated upto 31.08.2007. This has been calculated on the basis of one month's basic pay (last drawn) for each completed year of service in respect of permanent employees who have completed 10 years of service as on 31.08.2007. Gratuity has been discontinued as per management decision and therefore no provision has been made during the current year.

22.00. SHORT TERM BORROWINGS: TK. 487,571,981

The balance includes working capital loan of Tk. 453,209,868 taken from Social Islami Bank Limited, Principal Branch, Dhaka, and Tk. 43,338,540 Mercantile Bank Ltd. Main Branch Dhaka which is secured by first charge on stock in trade and collateral security on the fixed assets of the company. The rate of interest applicable on the loan is governed by the interest policy of the Bank and subject to change from time to time which is being applied on monthly rest. There is a positive balance with Sonali Bank Limited Tk.8,976,427.

23.00. LONG TERM LOAN (Current Portion): TK. 78,541,200

Current portion of long term loan has been shown under the head Current Liabilities which is payable within June-2018.

24.00. TRADE & OTHER PAYABLES: TK. 88,225,487

Trade & Other payables represent the Bills Payable against Materials to third parties Tk. 82,589,343 which has been paid subsequently and Tk.56,36,144 payable to Monno Power Generation & Distribution.

25.00. ACCRUED EXPENSES: TK. 17,792,264

This is in-respect of:	30.06.2017	30.06.2016
Salaries & Wages payable	17,076,615	17,365,480
Audit Fees	111,550	105,800
Others	604,099	1,187,631
Taka	17,792,264	18,658,911

The above amounts were provided as on 30.06.2017 and majority of the amount were paid subsequently.

26.00. UNCLAIMED DIVIDEND: TK. 10,070,917

The above amount represents dividend warrants issued to different shareholders but not presented to the bank for encashment upto the date of balance sheet.

27.00. PROVISION FOR INCOME TAX: TK. 29,640,451

The balance is arrived at as follows:	30.06.2017	30.06.2016
Opening Balance	28,534,045	27,630,724
Add. Provision for the Year (Current)	1,106,406	903,321
Taka	29,640,451	28,534,045

27.01. Income tax assessment has been finalized upto Financial year 2011-2012.

27.02. Income Tax case is pending in the High Court for final settlement of assessed Income Tax for assessment year 2001-2002.

28.00. DEFFERED TAX LIABILITY: TK. 900,000

The balance is arrived at as follows:	30.06.2017	30.06.2016
Opening Balance	700,000	500,000
Add. Provision for the Year (Deferred)	200,000	200,000
Taka	900,000	700,000

28.01 Provision for deferred tax has been made on lump sum basis.

Monno Ceramic Industries Ltd.

29.00. LIABILITIES FOR OTHER FINANCE: TK. 35,258,592

This is arrived at as follows:	30.06.2017	30.06.2016
Security deposit	17,528,438	17,285,938
WPPF & WF	6,526,013	6,324,848
Tax deducted at source against supply of goods/services	1,139,019	1,466,278
VAT deducted at source against supply of goods/services	19,527	35,877
Tax deducted from the salary of employees	576,250	1,011,600
Amount payable to shareholders against sale-proceeds of right issue of shares	3,000	3,000
Temporary loan Received from Monno Power Generation & Distribution Ltd.	916,515	916,515
Temporary loan Received from Monno Bone China Ltd.	2,727,830	2,727,830
Temporary loan Received from Mrs. Afroza Khan	5,822,000	7,022,000
Taka	35,258,592	36,793,886

30.00. NET REVENUE: TK. 859,492,844

This is made up as follows :	30.06.2017	30.06.2016
A. Local Sales (Net local sales)	592,674,515	591,311,117
B. Export Sales (Net export sales)	248,193,175	216,119,633
C. Duty Drawback against Export	18,625,154	11,625,206
D. Total Net Sales (A+B+C) **Taka**	859,492,844	819,055,956

31.00. COST OF GOODS SOLD: TK. 700,209,653

This is made up as under :		30.06.2017	30.06.2016
Opening stock of finished goods		51,611,250	45,360,978
Add: Cost of production	(note 31.01)	706,580,546	673,796,744
Total		758,191,796	719,157,722
Less: Closing stock of finished goods	(note 13.00)	57,982,143	51,611,250
Cost of goods sold **Taka**		700,209,653	667,546,472

31.01. COST OF PRODUCTION : TK. 706,580,546

This is made up as follows :		30.06.2017	30.06.2016
Opening work-in-process		103,205,793	102,166,128
Add: Raw & other auxiliary materials consumed during the year	(Note : 31.01.1)	385,778,149	356,517,283
Add : Conversion cost	(Note : 31.01.2)	319,712,059	318,319,126
Total		808,696,001	777,002,537
Less: Closing work-in-process	(Note : 13.00)	102,115,455	103,205,793
Cost of production **Taka**		706,580,546	673,796,744

Monno Ceramic Industries Ltd.

31.01.1. RAW & OTHER AUXILIARY MATERIALS CONSUMED: TK. 385,778,149

This is made up as follows :			**30.06.2017**	**30.06.2016**
Opening stock			128,284,007	123,201,883
Add : Purchase during the year			377,993,071	361,599,407
			506,277,078	484,801,290
Less : Closing stock	(Note : 13.00)		120,498,929	128,284,007
Raw & other auxiliary materials consumed during the year		**Taka**	385,778,149	356,517,283

31.01.2. CONVERSION COST:TK. 319,712,059

This consists of the followings :			**30.06.2017**	**30.06.2016**
Salaries & wages			137,127,703	145,899,767
Consumable stores & spares			38,112,351	40,641,372
Office stationary expenses			87,438	68,966
Insurance			3,546,368	6,019,842
Gas consumption			57,478,427	50,938,833
Electricity charges			32,549,423	27,451,768
Oil & lubricants			477,590	454,254
Welfare expenses			186,923	128,537
Uniform & liveries			3,440	77,470
Traveling & conveyance			288,573	222,264
Postage, telegram & telephone			35,450	56,580
Entertainment expenses			241,173	164,248
General expenses			134,721	106,141
Depreciation	(note-10.00)		49,442,479	46,089,084
		Taka	319,712,059	318,319,126

32.00. ADMINISTRATIVE EXPENSES: TK. 46,977,837

This is made up as under :	**30.06.2017**	**30.06.2016**
Salaries & allowances	22,577,737	26,439,785
Repairs & maintenance	889,756	1,442,618
Office stationary expenses	234,350	248,072
Power & fuel	2,364,053	3,023,740
Rent, rates & taxes	5,082,500	6,150,000
Traveling & conveyance	1,286,788	2,390,647
Postage, telegram & telex	545,558	1,437,134
Entertainment expenses	272,844	422,574
Auditors remuneration	111,550	105,800
Membership fees & Subscription	1,845,521	3,290,455
Advertisement & publicity	113,235	207,416
Directors emolument	6,700,000	6,700,000
A G M expenses	60,321	75,155

AMARSTOCK

		30.06.2017	30.06.2016
Books & periodicals		63,832	34,323
Donation		35,000	34,000
Uniform & liveries		32,000	28,645
General expenses		215,835	240,351
Depreciation	(Note-10.00)	4,546,957	200,415
	Taka	46,977,837	52,471,130

33.00. SELLING & DISTRIBUTION EXPENSES: TK. 27,767,345

This consist of as follows:	30.06.2017	30.06.2016
Salaries & allowances	16,153,244	16,194,775
Repairs & maintenance	215,940	309,059
Office stationary expenses	27,720	23,700
Power & fuel	351,224	367,582
Rent, rates & taxes	5,391,958	7,962,181
Traveling & conveyance	564,959	572,990
Postage, telegram & telex	119,576	152,531
Entertainment expenses	164,745	154,080
Fair & exhibition	-	2,702,418
Sample expenses for export	1,396,654	1,399,929
Delivery charges	3,002,709	3,292,491
General expenses	198,242	460,350
Showroom expenses	-	832,875
Depreciation (Note-10.00)	180,374	5,687
Taka	27,767,345	34,430,648

34.00. FINANCE COST: TK. 80,313,549

This is made up as follows:		30.06.2017	30.06.2016
Interest on long term loan	(Note-20.01)	35,116,237	18,868,087
Interest on cash credit		43,663,610	40,706,843
Bank charges		1,533,702	1,583,732
	Taka	80,313,549	61,158,662

35.00. CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND AND WELFARE FUND: TK. 201,165

This represents 5% of net profit after charging such contribution and which is provided as per Labour Act, 2006 and is payable to workers as defined in the said Act.

AMARSTOCK

36.00. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard (BAS) 24: " Related Party Disclosures". Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials do not involve more than a normal risk.

All the related party transactions have been accounted for, considering these on arms length basis.

Details of transactions with related parties and balances with them as at 30 June 2017 as follows:

Name of the related party	Relationship	Balance as at July 01, 2016	Addition Taka	Adjustment Taka	Balance at Period end receivable/ (payable) Taka
Various Party (Monno Power Generation & Distribution)	Inter Co.	8,897,114	33,961,639	37,222,609	5,636,144
Monno Power Generation & Distribution Ltd.	-do-	916,515	-	-	916,515
Monno Bone China Ltd.	-do-	2,727,830	-	-	2,727,830
Mrs. Afroza Khan	Managing Director	7,022,000	-	1,200,000	5,822,000
Monno Attire Ltd	Inter Co.	48,594,322	-	3,000,000	45,594,322
Monno Fabrics Ltd	-do-	20,000,000	50,200,000	1,600,000	68,600,000
Monno General Hospital	-do-	12,400,902	-	-	12,400,902
Monno Jute Stafflers Ltd	-do-	962,737	-	-	962,737
Mnno Welfare Foundation	-do-	20,810,350	-	-	20,810,350
Monno Fabrics Ltd.	-do-	113,195,959	-	-	113,195,959

37.00. BASIC EARNINGS PER SHARE :TK. 0.11

The computation of EPS is given below:		30.06.2017	30.06.2016
(a) Earnings attributable to the Ordinary Shareholders (net profit after tax)		2,716,889	2,181,483
(b) No. of Ordinary Shares as on 30.06.2017		23,928,020	23,928,020
(c) Basic EPS	**Taka**	**0.11**	**0.09**

38.00. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS

The aggregate amount paid/provided during the year in respect of Directors and Officers of the company as defined in the Securities and Exchange Rules 1987 are disclosed below:

Directors / Officers Remuneration Etc.

Particulars	Directors	Officers
2016-2017		
Directors' Remuneration	4,200,000	-
Managerial Remuneration	-	4,675,440
Bonus	700,000	779,240
Perquisites:		
Housing	1,680,000	2,337,720
Medical allowance	-	467,544
Conveyance allowance	-	467,544
Entertainment allowance	120,000	467,544
Directors/Officers Remuneration Etc. (2016-2017) Taka	**6,700,000**	**9,195,032**
Directors/Officers Remuneration Etc. (2015-2016) Taka	**6,700,000**	**8,359,120**

During the year under review :

(a) No compensation was allowed by the company to the Managing Director of the company.

(b) No Board meeting attendance fee was paid to the directors of the company.

(c) No amount of money was spent by the company for compensating any member of the Board for special services rendered, other than those mentioned.

39.00. FOREIGN INVESTORS

39.01. As on the date of Balance Sheet there were 2 Foreign shareholders whose total shareholdings were 1,350 shares.

39.02. No dividend is paid in foreign currencies. However dividend to the foreign investors are paid in local currency through their local custodian bankers.

40.00. PRODUCTION CAPACITY AND ACTUAL PRODUCTION.

The position noted below represents production capacity of Porcelain tableware on 2/3 shift basis:

Description	2016-2017	%	2015-2016	%
Production capacity (in million pieces.)	22.00	-	22.00	-
Actual Production (in million pieces.)	14.16	64.36	13.65	62.05

During the year under review the Company operated keeping in view the market demand for its products.

41.00. CONTINGENT ASSETS / LIABILITIES

There was no contingent liability as on 30th June, 2017 and there was no claim against the company not acknowledged as debt as on 30.06.2017.

42.00. CREDIT FACILITY NOT AVAILED

There was no credit facilities available to the Company under any contract but not availed of as on 30.06.2017 other than trade credit available in ordinary course of business.

43.00. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure commitment of the company as of 30th June, 2017.

44.00. FOREIGN EXCHANGE EARNED

Export of goods calculated on FOB basis is US$ 3.2667 million.
Other income is nil.

45.00. PAYMENTS IN FOREIGN CURRENCY

For Raw & Other auxiliary materials US$ 2.7919 million.
For Stores & Spares US$ 0.4857 million.

46.00. VALUE ADDITION: TK. 586,909,607

During the year the company made the value-addition of Tk. 586,909,607 which has been shown below:

Particulars		2016-2017	%
Turnover & Other Income		859,492,844	-
Bought-in-Materials & Services		(272,583,237)	-
Value Added	**Taka**	586,909,607	-
Applications:			
Duties & Taxes to Government Exchequer		15,227,817	5.59
Salaries and Benefits to Employees		175,858,684	64.52
Interest to Lenders		78,779,847	28.90
Retained by the Company		2,716,889	1.00
Total :	**Taka**	**272,583,237**	**100.00**

47.00. MANPOWER

As on 30th June, 2017 the total number of employees working in factory as well as Head Office of the company was 1,859 and 2016: 1,859

48.00. WPPF & WWF POLICY

The company has a “Recognized” Workers Profit Participation Fund & Welfare Fund. These funds are controlled and managed by separate Trustee Board.

49.00. GENERAL EXPENSES

General Expenses Account does not include any individual head of expenditure as exceeds 1% of the total revenue expenditure or Tk. 5,000 whichever is higher.

50.00. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, the Board of Directors recommended in it's meeting held on 26-10-2017 for payment of 5% Cash and 5% Stock Dividend to the shareholders on paid up capital out of reserve and surplus available for distribution at the end of the year 2017, which is subject to the approval of the shareholders in the ensuing Annual General Meeting of the company.

SD/-	SD/-	SD/-
BENOY PAUL	AFROZA KHAN	HURON NAHAR RASHID
ACTING COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN

AMAR STOCK

Dated : Dhaka, October 26, 2017

Monno Ceramic Industries Ltd.

Liaison Office : 9 Wyre Street, Wari, Dhaka-1203

PROXY FORM

I/We,.....

of .....

being shareholder(s) of MONNO CERAMIC INDUSTRIES LIMITED, hereby appoint

Mr./Mrs./Miss.....

of.....

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the thirty-sixth Annual General Meeting of the Company to be held on Thursday the 28th December 2017 at 10:30 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350, and at any adjournment thereof.

Shareholder's Folio/BO No. :

Number of shares held :

Affix Tk.20.00 revenue stamps

Signature of proxy

Signature of witness

Signature of shareholder(s)

Date :

FOR OFFICIAL USE

Received in the office on .....

Signature verified

Note:

Authorised Signatory

The proxy form duly filled in/signed and affixed with revenue stamps of Tk.20.00 must be deposited at the Liaison Office of the Company at 9, Wyre Street, Wari, Dhaka-1203 not less than 48 hours before the time fixed for the meeting.

.....

MONNO CERAMIC INDUSTRIES LTD.

Shareholder's Attendance Slip

I/We, ...

Folio/BO No. .....holding .....ordinary shares of Monno Ceramic Industries Limited, am/are recording my/our attendance at the thirty-sixth Annual General Meeting of the Company for the year 2017 to be held on Thursday the 28th December 2017 at 10:30 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350.

SMARTSTOCK

Notes: (1) Please present this slip at the Reception Desk. Signature of shareholder(s)

(2) Shareholders/proxies only are entitled to attend at the Annual General Meeting.

AMAR STOCK