

SHINEPUKUR CERAMICS LTD

ANNUAL REPORT 2017-18

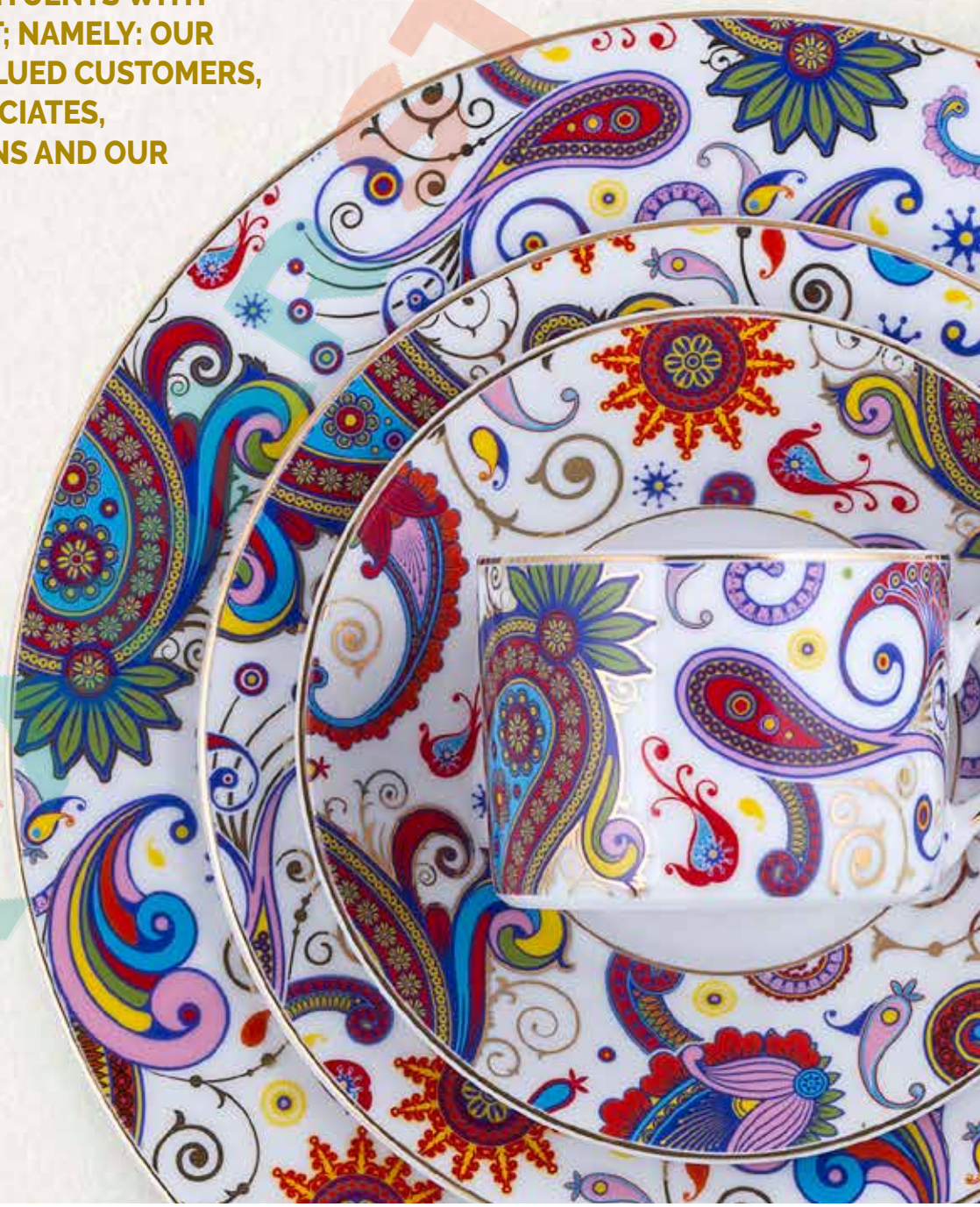
www.shinepukur.com

SHINEPUKUR CERAMICS LIMITED

AMARSTOCK

MISSION

EACH OF OUR ACTIVITIES MUST BENEFIT AND ADD VALUE TO THE COMMON WEALTH OF OUR SOCIETY. WE FIRMLY BELIEVE THAT, IN THE FINAL ANALYSIS WE ARE ACCOUNTABLE TO EACH OF THE CONSTITUENTS WITH WHOM WE INTERACT; NAMELY: OUR EMPLOYEES, OUR VALUED CUSTOMERS, OUR BUSINESS ASSOCIATES, OUR FELLOW CITIZENS AND OUR SHAREHOLDERS.



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KEY DATA

Year of Establishment (registration)	1997
Commercial Production	1999
Status	Public Limited Company
First Export	1999 (Porcelain in April & Bone China in November)
Business Lines	Manufacturing, Marketin g and Exporting of Porcelain and Bone China tableware.
Current Export Markets	USA, Canada, UK, Germany, France, Italy, Romania, Norway, Sweden, Denmark, Poland, Spain, Turkey, Japan, Australia, New Zealand, Brazil, India, Chile, Egypt, Russia etc.
Authorized Capital (Taka)	5,000 million
Paid-up Capital (Taka)	1469.661 million
Number of Shareholders	16,325
Stock Exchange Listing	2008
Number of Employees	2871



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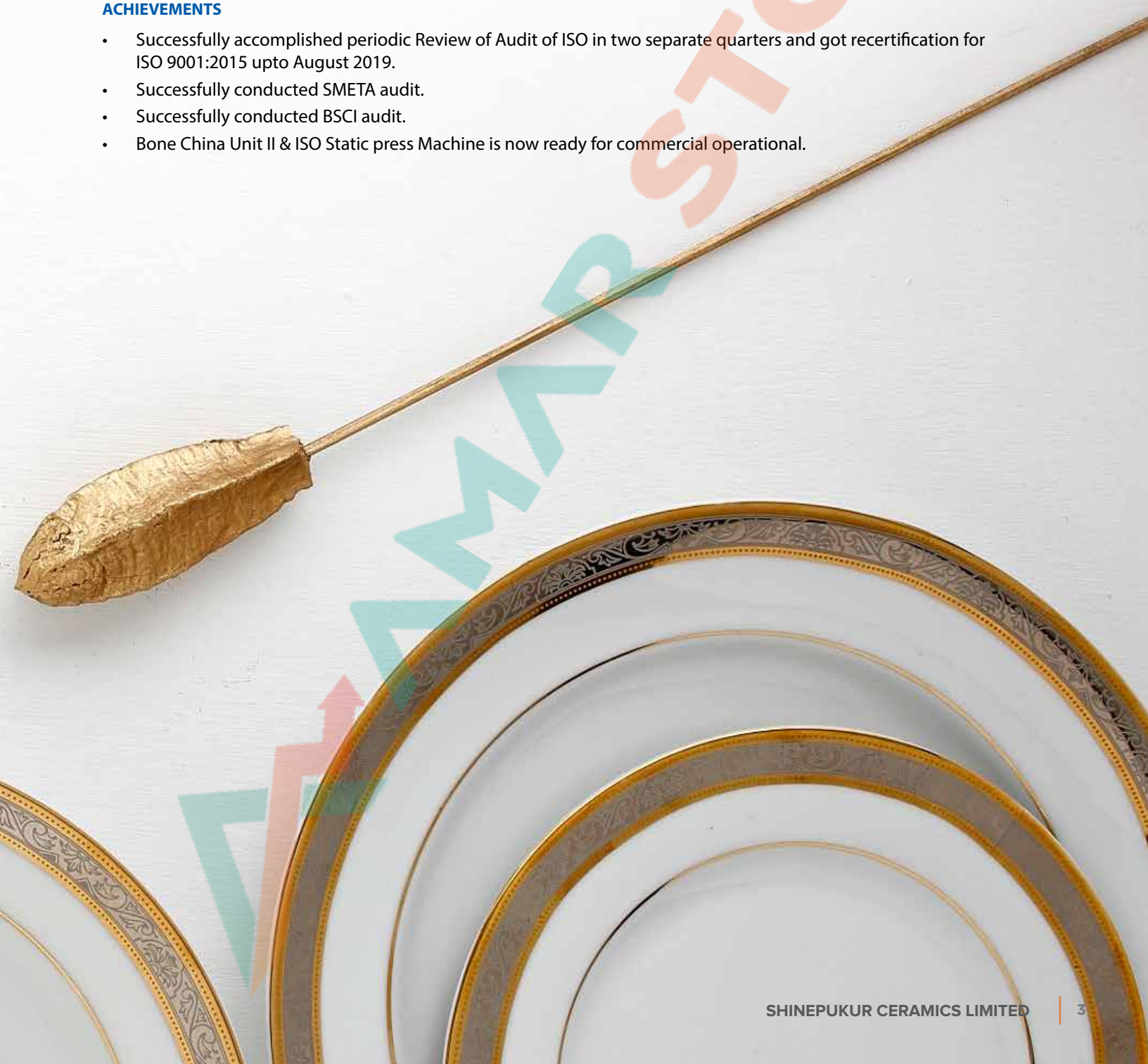
2017-18 HIGHLIGHT

NEW CUSTOMERS

- Alianza & Companies Inc. Cuba
- Sambunet Paderno Industries SPA, Italy
- Pearl Computer, India
- New Technology Trading and Constructing, Qatar
- Revachi International Pvt. Ltd. Nepal

ACHIEVEMENTS

- Successfully accomplished periodic Review of Audit of ISO in two separate quarters and got recertification for ISO 9001:2015 upto August 2019.
- Successfully conducted SMETA audit.
- Successfully conducted BSCI audit.
- Bone China Unit II & ISO Static press Machine is now ready for commercial operational.



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OUTLINE

Shinepukur Ceramics Ltd. (SCL) – a BEXIMCO Company is the leading Bone China & Porcelain tableware manufacturer and exporter of Bangladesh. Shinepukur Ceramics has been a successful brand thanks to its state-of-the-art manufacturing facilities, about 2,871 highly skilled & motivated people and cutting-edge technology.

From its inception, SCL has been able to gain substantial headway against its competitors and acquire commendable market share from its competitors both in Porcelain and in Bone China. Therefore SCL's position in the world tableware industry is very high, with its world-class product quality, which helped to attract and retain leading century-old branded companies as its blue-chip customers from USA, Canada, UK, Germany, France, Italy, Japan, Sweden, Norway, Denmark, Finland, Spain, Poland, Mexico, Brazil, Chile, UAE, Australia, New Zealand, Turkey, India, Egypt, Russia and still growing.

In domestic market also, Shinepukur Ceramics Ltd. is very well known for its premium quality tableware products. In Bangladesh, SCL is the leader in Ceramics' Market and ranks as number 1 in terms of sales revenue and market share. It has more than 250 dealers to sell and distribute SCL product in Bangladesh Market. In the hospitality sector, all the international hotels in Bangladesh use SCL products.

The Company is ISO 9001:2015 certified and awarded National Export Trophy (Gold) for five (5) times by the Government of Bangladesh. SCL was also awarded 'Superbrands' (2010), 'D&B Corporate Award'(2011) and 'Asia's Most Promising Brands' (2013).



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PRODUCT RANGE

PORCELAIN

Plain Porcelain (Classical Porcelain, normally domestic use)
Ivory China (Creamy colored Porcelain, Domestic/Hotel use)
Hi-Alumina (Hotel ware)
Satin China (White Porcelain, suitable for hotel/domestic use)

BONE CHINA

'SHINEPUKUR' is the name of trust and elegance that brings

a classic touch in life



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CORPORATE DIRECTORIES



SALMAN F RAHMAN, *VICE CHAIRMAN (LEFT) AND* **A S F RAHMAN,** *CHAIRMAN (RIGHT)*

BOARD OF DIRECTORS

A S F Rahman	Chairman
Salman F Rahman	Vice Chairman
Iqbal Ahmed	Director
O K Chowdhury	Director
Masud Ekramullah Khan	Independent Director
Mohammad Asad Ullah, FCS	Executive Director & Company Secretary

BOARD'S COMMITTEE

Audit Committee

Mr. Masud Ekramullah Khan	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

Nomination & Remuneration Committee

Mr. Salman F Rahman	Chairman
Mr. Iqbal Ahmed	Member
Mr. Masud Ekramullah Khan	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

MANAGEMENT COMMITTEE

Mohammed Humayun Kabir, FCA	Chief Executive Officer
Md. Faruque Ali	Executive Director

Independent Auditors
M/S M. J. Abedin & Co.
Chartered Accountants,
National Plaza (3rd Floor),
109 BirUttam C R Datta Road, Dhaka 1205.

Corporate Governance Compliance Certifier
Suraiya Parveen & Associates
(Chartered Secretaries)
Hasan Holdings (9th floor)
52/1 New Eskaton Road
Dhaka -1000

Legal Advisers
M/S Huq & Co. Barristers & Advocate
47/1 PuranaPaltan, Dhaka 1000.

Banker/Term Loan Provider
Sonali Bank Ltd.
Southeast Bank Ltd.
Bank Asia Ltd
Phoenix Finance & Investment Ltd.

Registered Office
17 Dhanmondi R/A, Road No. 2, Dhaka – 1205.

Plant
Beximco Industrial Park, Sarabo, Kashimpur, Gazipur

Showroom
Westin Hotel (1st Floor), Gulshan Circle 2, Dhaka 1212.

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Production & Marketing Departmental Heads with CEO in Factory



Departmental Heads with CEO in Head Office



Marketing Team with CEO in Head Office

RIDE ON TIME:

CHRONOLOGY

1997
Shinepukur Ceramics Ltd. was registered in Bangladesh.

1999
Commercial production of Porcelain Tableware was started in April, 1999 with a Production capacity of 8MT per day. Commercial production of Bone China Tableware was started in November, 1999 with a Production capacity of 3MT per day.
Launching of Shinepukur's own brand - "SHINEPUKUR" in Bangladesh to establish strong domestic foothold.

2000
Launching of Shinepukur's own brand "DOEL" in India, this was developed to get the share in Indian market.

1997-2000

2001-2005

2001
Shinepukur received ISO 9001:2000 Certi_cation from DNV (DET NORSKE VERITAS) of Netherlands on August 17, 2001, for design, manufacture and marketing of Ceramic Tableware.
Shinepukur started its own Design Studio and Decal Plant with a printing capacity of 120,000 sheets per month.

2003
In U.S.A., Shinepukur has set up a showroom to promote its own brand – "SHINEPUKUR", to have a strong footing in the vast USA market.
Shinepukur's own Packaging Plant started its Production with capacity of 120,000 sheets per day. Received "National Export Trophy (Gold)" for FY 2000-2001 by the Govt. of Bangladesh as recognition for highest export.

2005
To meet huge demand, Shinepukur expanded its Porcelain Plant to a capacity of 15MT per day.

2008-2009

2008
Received "National Export Trophy (Gold)" for FY 2002-2003 by the Govt. of Bangladesh as recognition
for highest export.
Shinepukur was listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a Public Limited Company.

2009
In a major expansion move, Shinepukur signed MOU with a renowned German company to expand its Bone China unit, at worth of Tk. 80 crore.
Shinepukur was awarded 'Superbrands' – _rst and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

2010-2011

2010
Shinepukur expanded its Decal Plant to the printing capacity of 180,000 sheets per month.
Received "National Export Trophy (Gold)" for FY 2005-2006 by the Govt. of Bangladesh as recognition for highest export.
Shinepukur was upgraded to its ISO 2008 version and was certified as ISO 9001:2008.

2011
Received 'National Export Trophy (SILVER)' for FY 2009-2010 by the Govt. of Bangladesh as recognition for highest export.
Shinepukur was awarded 'Dun & Bradstreet Corporate Award' - first and only listed Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

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2012-2013

2012

First-ever Shinepukur Signature Showroom opened in The Westin Dhaka hotel.
Supplied to London Olympic Games 2012 as Official Souvenir Products Provided of official dinnerware to Indian Rashtrapathi Bhavan.
Launched a new Porcelain body (whiter) – later termed as 'Satin China'.

2013

Awarded as "Asia's Most Promising Brand 2013" in the Brand & Leadership Summit 2013 (Dubai).
Received "Aurthokantha Business Award 2013".
Provided Bone China as of_official dinnerware to a number of overseas embassies of different countries (other than Bangladesh).
Successfully accomplished Recertification Audit of ISO 9001:2008 and extended for next 3 years.

2014-2015

2014

Successful completion of BSCI (Business Social Compliance Initiative) Audit, conducted at SCL facility.
Signed MoU with BUET for joint technical collaboration on research and innovation.
Restarted the construction works to complete 2nd unit of Bone China plant.

2015

Successfully conducted SMETA audit on SEDEX platform.
Close to finish construction works to complete the 2nd Unit of Bone China Plant.
Launched two new Bone China body (Cheaper than real Bone China) later termed as Fine Bone China & Fine China.

2016-2018

2016

Started the spray dryer project for Iso-static machine.
Shinepukur has conducted recertification audit & extend it's validation upto 2018 of ISO 9001:2008.

2017

Completed Spray Tower for ISO Static Press Machine & up gradation of ISO 9001:2008, recertification audit for ISO 9001:2015.

2018

Shinepukur has completed Spray Tower for ISO Static Press Machine & recertification audit for ISO 9001:2015 covering period up to August 2019.

SHINEPUKUR CERAMICS LTD
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BLUE-CHIP
INTERNATIONAL CUSTOMERS



















































SAMPLE STOCK

FACILITY
AUDITS & CERTIFICATIONS

SMETA
In August 2016 SCL (Shinepukur Ceramics Limited) has successfully conducted SMETA (Sedex Members Ethical Trade Audit) by ITS (INTERTEK). The SMETA is based on ETI code and local law as the measurement tool & includes the two modules of Health and safety and Labour standards as well as the optional pillars of Environment and Business Ethics. This audit upholds SCL to a unique standard & open up a new array of opportunity to choose SCL as most of prominent customer as their supply partner.

BSCI
The BSCI (Business Social Compliance Initiative), is an initiative of the Foreign Trade Association (FTA) that seeks a world of free trade and sustainable global supply chains. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. Shinepukur Ceramics Limited has been successfully conducted BSCI by ITS (INTERTEK) on April 2018. After completion successful BSCI audit it would be helpful for SCL to open to retailers, importers and brands engaged in improving working conditions in their global supply chain. BSCI also brings direct benefits to the other actors of the supply chain, including producers, stakeholders and ultimately, workers.

ISO 9001:2015
Shinepukur has been recertified with ISO 9001:2015 (Upgraded from ISO 9001:2008 version in 2017). In this regards Det Norske Veritas (DNV) conducted two periodic audits during 2017-'18. ISO 9001:2015 has implemented by over one million companies and organizations spreading over 170 countries. The aim of the standard is to confirm that the companies are meeting statutory and regulatory requirements relating to the product they are producing while achieving excellence in their customer service and delivery.

POST ACTIVITIES

PARTICIPATION AT AMBIENTE

Like every year, Shinepukur exhibited in Ambiente 2018 (February 09-13), the largest lifestyle show on earth and showcased its marvels of variety Ceramic Tableware. With extensive responses received in this particular fair from buyer communities across the globe-projects a shining future for Shinepukur.








IMPORTANT ENGAGEMENT

National Defence College (NDC)







CEO is receiving National Export Trophy (Gold) for 2014-'15



CEO is receiving the CIP Award

NOTICE
OF THE 21ST ANNUAL GENERAL MEETING

SHINEPUKUR CERAMICS LIMITED
17, DHANMONDI R.A, ROAD NO. 2
DHAKA-1205

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-first Annual General Meeting of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 22nd December, 2018 at 11.30 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 30th June, 2018 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To approve the appointment of Independent Director.
4. To appoint Auditors for the year 2018-2019 and to fix their remuneration.
5. To appoint Corporate Governance Compliance Auditor for the year 2018-2019 and to fix remuneration.

By order of the Board,

(MOHAMMAD ASAD ULLAH, FCS)
Executive Director & Company Secretary

Dated : 05 December, 2018

NOTES:

(1) The Shareholders whose names appeared in the Share Register of the Company or in the Depository Register on the record date i.e. 26 November, 2018, will be entitled to attend at the Annual General Meeting.

(2) A Member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.

(3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).

(4) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

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শাইনপুকুর সিরামিকস্ লিমিটেড
২০তম বার্ষিক সাধারণ সভা, ২০১৭
SHINEPUKUR CERAMICS LIMITED
20TH ANNUAL GENERAL MEETING, 2017







চেয়ারম্যানের প্রতিবেদন



প্রিয় শেয়ারহোল্ডারবৃন্দ,

কোম্পানীর ২১তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাচ্ছি এবং কোম্পানীর ১লা জুলাই ২০১৭ইং সাল থেকে ৩০শে জুন ২০১৮ইং সালে এই সময়কালের সার্বিক কার্যক্রমের সারসংক্ষেপ আপনাদের সামনে উপস্থাপন করছি।

রাজস্ব

রপ্তানীঃ ২০১৭-'১৮ অর্থবছরে কোম্পানী রপ্তানী খাত হতে টাকা ৮৯৩.৩৪২ মিলিয়ন রাজস্ব আয় করে যা বিগত বছরে ছিল টাকা ৮৯৬.৬১২ মিলিয়ন । বিগত বছরের তুলনায় চলতি বছরের রপ্তানী আয় ০.৩৬% কম। উন্নত দেশের ধীরগতির অর্থনৈতিক প্রবৃদ্ধি এবং বিশেষতঃ তুরস্কের লিরার অবমূল্যায়নের ফলে সিরামিকস টেবিল ওয়্যারের চাহিদা ক্রমাগতভাবে কমছে এবং দেশ - বিদেশের সিরামকিস উৎপাদনকারীদের মাঝে প্রতিযোগিতার কারনে বিশ্ব বাজারে সিরামিকস পণ্যের দাম ও রপ্তানী আয় কমছে।

অভ্যন্তরীন বাজারঃ ২০১৭-'১৮ অর্থবছরে কোম্পানী অভ্যন্তরীন বাজার থেকে টাকা ৬৩৫.৩০০ মিলিয়ন রাজস্ব অর্জন করে যা বিগত বছর থেকে ১৭.৩৮% বেশী।

অন্যান্য খাতঃ কোম্পানী ২০১৭-'১৮ অর্থবছরে অন্যান্য খাত (আমদানী শুল্ক প্রত্যর্পন , স্ক্র্যাপ বিক্রয় ও বিবিধ) থেকে টাকা ১৩.০৫৩ মিলিয়ন রাজস্ব আয় করে যা ২০১৬-'১৭ অর্থবছরে ছিল টাকা ১৭.২৫৪ মিলিয়ন। রপ্তানীর বিপরীতে আমদানী শুল্ক প্রত্যর্পন কম পাওয়াই ছিল এর একমাত্র কারন।

সামগ্রীক রাজস্বঃ চলতি অর্থ বছরে সামগ্রীক (রপ্তানী, অভ্যন্তরীন এবং অন্যান্য খাত) রাজস্ব আয় অর্জিত হয়েছে টাকা ১,৪৫৫.১২১মিলিয়ন যা গত ২০১৬-'১৭ অর্থ বছরের সামগ্রীক রাজস্ব আয় টাকা ১,৫৪১.৬৯৬ মিলিয়ন থেকে ৫.৯৫% বেশী।

মোট মুনাফা ও নীট আয়

চলতি অর্থ বছরের এৎড়ংং চৎড়ভরঃ জধঃরড় বিগত অর্থ বছরের তুলনায় ২২.৬৭% থেকে ২২.৬৫% তে হ্রাস পেয়েছে। একইভাবে, উইওএঃউঅ দাড়িয়েছে ২২.২১% যা গত অর্থ বছরে ছিল ২২.৩২%। ২০১৭-'১৮ অর্থ বছরে রপ্তানী - অভ্যন্তরীন বিক্রয়ের অনুপাত ছিল ৫৮ঃ৪২ যা গত অর্থ বছরে ছিল ৬২ঃ৩৮। রপ্তানী বিক্রয় অভ্যন্তরীন বিক্রয়ের তুলনায় কম হওয়া এবং বিদ্যুতের উচ্চ মূল্য ও বাড়তি মজুরীর ফলে এচ ৎধঃরড় ঋনাত্মক হয়েছে। যাহোক, দক্ষ কার্যকরী মূলধন ব্যবস্থাপনার ফলে কোম্পানী আর্থিক খরচ কমাতে সক্ষম হয়েছে। চলতি অর্থ বছরে মোট আর্থিক খরচ ছিল টাকা ১৫০.৭৭৮ মিলিয়ন যা গত অর্থবছর সময়কালে ছিল টাকা ২০০.১০৯ মিলিয়ন । পূর্ববর্তী বছরের তুলনায় কোম্পানীর আর্থিক খরচ কম হয়েছে ২৪.৬৫%। জুন ২০১৮ইং সালে পুনঃমূল্যায়নজনিত ক্ষতি হিসাবে স্বীকৃতির পূর্বে কোম্পানীর ঘবঃ ঢ়ৎড়ভরঃ ধভঃবৎ ঃধী দাঁড়ায় টাকা ৬১.৫৪৮ মিলিয়ন যা গত অর্থবছরে ছিল টাকা ৮.২৯৩ মিলিয়ন। জুন ২০১৮ইং সময়কালে শেয়ার প্রতি আয় দাড়ায় ০.৪২ টাকা যা ৩০শে জুন ২০১৭ইং তারিখে সমাপ্ত অর্থবছরে ছিল প্রতি শেয়ারের বিপরীতে ০.০৬ টাকা ।

নগদ অর্থ সংস্থান ও তার ব্যবহার

চলতি অর্থ বছরে বকেয়া গ্যাস বিল, সারচার্জ এবং মজুরী-ভাতা পরিশোধের কারনে নগদ ব্যয় বৃদ্ধি পেয়ে টাকা ১,২৯১.৫২৭ মিলিয়ন হয়েছে যা পূর্ববর্তী বছরে ছিল ১,০৪১.৫২৬ মিলিয়ন। ফলশ্রুতিতে, অপারেটিং কার্যক্রম থেকে অর্থের সংস্থান কমে দাড়ায় টাকা ৪০.৫৭৩ মিলিয়ন যা গত অর্থবছরে ছিল টাকা ১১০.৬১১ মিলিয়ন। চলতি অর্থ বছরে টাকা ৮.৫৩৬ মিলিয়ন সম্পত্তি, কারখানার যন্ত্রাংশ ও অন্যান্য কাজে এবং টাকা ৩৯.৯৪৭ মিলিয়ন ব্যাংক লোন পরিশোধের জন্য ব্যয় করা হয়েছে। বছর শেষে, পধংয্ পধংয বয়ঁরাধষবহঃং ব্যালান্স গত বছরের স্থিতি টাকা ১৮.৬৬৬ মিলিয়ন থেকে টাকা ৭.৯১১ মিলিয়ন কমে টাকা ১০.৭৫৫ মিলিয়নে দাড়ায় ।

ব্যাংক লোন

৩০শে জুন ২০১৮ইং তারিখে শাইনপুকুর সিরামিকস এর ব্যাংক লোনের পরিমান দাড়ায় টাকা ১,৩৪৪.০৫৮ মিলিয়ন যা ৩০শে জুন ২০১৭ইং তারিখে ছিল টাকা ১,৩৮৪.০০৬ মিলিয়ন । ফলশ্রুতিতে, ৩০ শে জুন ২০১৮ইং তারিখে ব্যাংক লোন - ইকুইটি অনুপাত ২৪.৯২% থেকে কমে ২৪.১৮% এ উন্নীত হয়।

বোন চায়না ইউনিট

গত বছরের রিপোর্ট অনুযায়ী, শাইপুকুর সিরামিকস লিমিটেড ২০০৮ইং সালে বোন চায়না পণ্যের উৎপাদন বৃদ্ধির লক্ষ্যে বোন চায়না ইউনিট - ২ প্রকল্প গ্রহন করে। মূলতঃ আর্থিক সীমাবদ্ধতার কারনে ৫ বছর প্রকল্পের কার্যক্রম বন্ধ ছিল। চরম আর্থিক সংকটের মধ্যেও ২০১৪ সালের দ্বিতীয়ার্ধ থেকে প্রকল্পের কাজ শুরু করা হয়। কাস্টিং, কিলন নির্মান এবং সংশ্লিষ্ঠ বৈদ্যুতিক ফিটিং এর কাজ ২০১৬-'১৭ সালে সম্পন্ন হয়েছিল। ২০১৭-'১৮ অর্থবছরে কিছু অত্যাবশ্যকীয় ইলেকট্রনিক্স অংশ এবং স্পেয়ার পার্টস স্থানীয়ভাবে সংগ্রহ করে জিগারিং ম্যাশিনগুলিকে কর্মক্ষম করা হয়েছে। ৫ বছর যন্ত্রগুলি পড়ে থাকার ফলে এবং কিছু ইলেকট্রনিক্সের অংশ ও স্পেয়ার পার্টস না পাওয়ায় পূর্ণ মাত্রায় উৎপাদন সম্ভব হচ্ছে না। অন্যদিকে, উন্নত বিশ্বের নিম্নমূখী অর্থনৈতিক প্রবৃদ্ধি এবং বোন চায়নার কাঁচামালের মূল্যবৃদ্ধির কারনে বৈশ্বিক বাজারে বোন চায়না দ্রব্যের চাহিদাও কমে যাচ্ছে। বোন চায়না ইউনিট - ২ পূর্ণরূপে বানিজ্যক উৎপাদনের জন্য প্রস্তুত থাকার পরেও উপরোক্ত কারনে পূর্ণক্ষমতায় উৎপাদন করা যাচ্ছে না।

পোরসিলিন ইউনিট

গত বছরের রিপোর্টে উল্লেখ করা হয়েছিল যে, শাইনপুকুর সিরামিকস লিমিটেড ওঝঙ স্ট্যাটিক প্রেস মেশিন কার্যকর করার লক্ষ্যে স্প্রে টাওয়ার, গ্রানুলেশন প্লান্ট এবং মেমব্রেনসহ অন্যান্য টুলস সংগ্রহ করার পরিকল্পনা গ্রহন করেছে। যার জন্য ৩ লক্ষ ৯০ হাজার ইউরোর একটি এলসি খোলা হয়েছিল এবং গ্রানুলেশন প্লান্টের সরঞ্জামাদি কারখানায় প্রবেশ করেছে। গ্রানুলেশন প্লান্টের নির্মান কাজ, বৈদ্যুতিক সংযোগসহ যাবতীয় কাজ এবং পরীক্ষামূলক উৎপাদন সম্পন্ন হয়েছে ২০১৬-'১৭ অর্থ বছরে। ম্যামব্রেন এবং টুলস ২০১৭ইং সালের ডিসেম্বরে কারখানায় পৌছেছে। নিজস্ব গ্রানুলা দিয়ে ওঝঙ স্ট্যাটিক প্রেস

মেশিন কার্যকর হবার ফলে শাইনপুকুর সিরামিকস লিমিটেড এখন বড় অর্ডার নির্দিস্ট সময়ে যথাযথ গুনগত মান নিশ্চিত করে সরবরাহ করতে সক্ষম।

বিক্রয় ও বিপনন

শাইনপুকুর সিরামিকস লিমিটেড নিয়মিতভাবে দেশে এবং বিদেশে অনুষ্ঠিত বিভিন্ন বাণিজ্য মেলায় সক্রিয়ভাবে অংশগ্রহন করে আসছে। ২০১৭-'১৮ অর্থ বছরে শাইনপুকুর সিরামিকস লিমিটেড মেসে ফ্রাংকফুর্ট (জার্মানী) এবং স্থানীয় একটি প্রদর্শনীতে অংশগ্রহন করেছে। ঢাকার ওয়েস্টিনে এক্সক্লুসিভ শো রুম ও বিক্রয় কেন্দ্র স্থানীয় ও বিদেশী গ্রাহকদের চাহিদা পূরনে কাজ করছে। অভ্যান্তরীন বিক্রয় বাড়ানোর লক্ষ্যে হোটেল ও রেস্তোরায় বিক্রয় বৃদ্ধি এবং ঢাকা ও ঢাকার বাইরে অবস্থিত খুচরা বিক্রেতা ও ডিলারদের মাধ্যমে সার্বিকভাবে জোর তৎপরতা অব্যাহত আছে।

উল্লেখযোগ্য স্বীকৃতি

বিশ্বের শীর্ষস্থানীয় ব্রান্ডের নিকট রপ্তানীর ধারাবাহিকতা রক্ষার জন্য শাইনপুকুর সকল ধরনের কমপ্লায়েন্স নীতিমালা অনুসরন করে থাকে। যদিও এটি একটি কঠিন কাজ তথাপি শাইনপুকুর সিরামিকস লিমিটেড তার উৎপাদিত পণ্যের গুনগত মান নিশ্চিত করে নিজের ব্র্যান্ড প্রতিষ্ঠিত করতে সক্ষম হয়েছে। শাইনপুকুর সিরামিকস লিমিটেড ইতোমধ্যে এস.এম.ই.টি.এ ৪র্থ বার এবং বি.এস.সি.আই ৩য় বার এবং আই.এস.ও ৯০০১:২০১৫ এর ২০১৭-'১৮ইং সালের দুইটি ৬ মাসের পর্যায়ক্রমিক অডিট সফলভাবে সম্পন্ন করেছে।

সরকারী স্বীকৃতি - ২০১৪-'১৫ অর্থবছরের জন্য জাতীয় রপ্তানী পদক (স্বর্ণ) গ্রহন

আমি অত্যন্ত আনন্দের সাথে জানাচ্ছি যে, আমাদের কোম্পানী ২০১৪-'১৫ অর্থ বছরে সর্বোচ্চ সিরামিকস জাতীয় পণ্য রপ্তানী করে গণপ্রজাতন্ত্রী বাংলাদেশ সরকার এর বানিজ্য মন্ত্রনালয় হতে জাতীয় রপ্তানী পদক (স্বর্ণ) লাভ করে। এ উপলক্ষ্যে রপ্তানী উন্নয়ন ব্যুরো এবং বানিজ্য মন্ত্রনালয়ের যৌথ উদ্যোগে আয়োজিত অনুষ্ঠানের মাধ্যমে ২ শে জুলাই, ২০১৮ইং সালে গণপ্রজাতন্ত্রী বাংলাদেশ সরকার এর বানিজ্য মন্ত্রনালয়ের দায়িত্বে দায়িত্বপ্রাপ্ত মাননীয় মন্ত্রী জনাব তোফায়েল আহমেদ পদক হস্তান্তর করেন। উল্লেখ্য শাইনপুকুর সিরামিকস লিমিটেড ইতোপূর্বে ২০০০ - '০১ , ২০০২ - '০৩ এবং ২০০৫ - '০৬ অর্থবছরসমুহে স্বর্ণ এবং ২০০৯ - ১০ অর্থবছরে রৌপ্য পদকে ভূষিত হয়। কোম্পানী ২০১৫ - '১৬ অর্থবছরের জন্যও জাতীয় রপ্তানী পদক স্বর্ণ এর জন্য মনোনীত হয়েছে যা শীঘ্রই হস্তান্তরিত হবে।

জাতীয় রাজস্ব খাতে অবদান

আমি আনন্দের সাথে জানাচ্ছি যে, শাইনপুকুর সিরামিক্স লিঃ ২০১৭-'১৮ অর্থ বছরে টাকা ১৪০.৭১৭ মিলিয়ন এরও অধিক ভ্যাট এবং আয়কর প্রদান করেছে যাা গত ২০১৬-'১৭ অর্থ বছরে ছিল টাকা ১৬২.৮৫৬ মিলিয়ন । স্থানীয় বিক্রয় ও কাঁচামাল আমদানীর ক্ষেত্রে ১৫% ভ্যাট প্রদেয়। রপ্তানীকৃত টাকার উপর আয়কর ০.৭০% হারে এবং কাঁচামাল আমদানীর ক্ষেত্রে অগ্রীম আয়কর ৫% হারে কর্তন করা হয়। ব্যবসায়িক আয়ের ক্ষেত্রে আয়কর হার ২৫%।

মানব সম্পদ

শাইনপুকুর সিরামিক্স লিঃ তার কর্মীবৃন্দের পেশা এবং ব্যক্তি উন্নতি সাধনকল্পে বিভিন্ন সুযোগ প্রদান করে। কর্মকর্তাদের বিশ্বস্ততা, পারস্পরিক সহযোগিতা এবং সমন্বয় সাধনের উপর গুরুত্ব আরোপ করে। কোম্পানীর লক্ষ্য বজায় রাখার জন্য এখানে কর্মীবৃন্দের দক্ষতা এবং উৎসাহ বৃদ্ধির ক্ষেত্রে সার্বিক সহযোগিতা করা হয়। ৩০ জুন ২০১৮ইং-এ শাইনপুকুর সিরামিক্স লিঃ-এর মানব সম্পদের সংখ্যা দাঁড়ায় ২৮৭১ জন- যা জুন ২০১৭ইং সালের শেষে ছিল ২,৪৩৩ জন ।

সামাজিক প্রতিশ্রুতি

শাইনপুকুর সিরামিকস্-এ আমাদের কর্মকান্ডও সমাজের প্রতি দায়িত্ববোধের দৃষ্টিকোণ থেকে আমরা পরিচালনা করছি। সেজন্য আমাদের সকল কার্যক্রম সাধারণভাবে সমাজের মঙ্গলের দিকে লক্ষ্য করেই সম্পাদিত হয়ে থাকে। সামাজিক অঙ্গীকারের অংশ হিসাবে কোম্পানী সামাজিক গুরুত্ব সম্পন্ন, অনুষ্ঠানাদি উপলক্ষে ক্রোড়পত্র প্রকাশনায় সহযোগিতা করে থাকে। বিভিন্ন প্রতিষ্ঠান ও পেশাদারিত্ব প্রতিষ্ঠানের আর্থ সামাজিক ও সাংস্কৃতিক উন্নয়ন কার্যক্রমে আমরা সক্রিয় সহযোগিতা ও সমর্থন যুগিয়ে থাকি। বুয়েট (ইটউএঞ)-এর সাথে জানুয়ারী ২০১৫ সালে স্বাক্ষরিত সমঝোতা স্মারক (গঙট) অনুযায়ী আমরা ৩ জন শিল্প গবেষণা কর্মীকে ৩ বৎসরের জন্য সহায়তা করে আসছি এবং শিল্প গবেষণা উন্নতি ও সিরামিকস্ পণ্য সামগ্রীর উপর উচ্চ শিক্ষার জন্য আমাদের মান নিয়ন্ত্রণ গবেষণার যন্ত্রপাতি ব্যবহার করতে দেয়া হচ্ছে। পাশাপাশি, শাইনপুকুর সিরামিকস লিমিটেড বিভিন্ন জাতীয় ও প্রাতিষ্ঠানিক পর্যায়ে আয়োজিত বিভিন্ন খেলাধুলায় পৃষ্ঠপোষকতায় সক্রিয় সহযোগীতা করে আসছে।

কৃতজ্ঞতা স্বীকার

আমি আমাদের সম্মানিত গ্রাহক, ব্যাংকার, সরবরাহকারী, সরকারী সংস্থাসমূহ, বিধিবদ্ধ প্রতিষ্ঠানসহ সকল প্রতিষ্ঠানকে এবং যারা আমাদো ব্যবসা পরিচালনার সাথে জড়িত তাঁদের সকলকে আন্তরিক ধন্যবাদ জ্ঞাপন করছি। আমরা কোম্পানীর শেয়ার হোল্ডারদের প্রতি কৃতজ্ঞ যাদের সার্বক্ষণিক মূল্যবান সহযোগিতা এবং সমর্থন কোম্পানীকে আজকের এই অবস্থানে এনেছে। আমরা যে সাফল্য অর্জন করেছি, তা সকলের সম্মিলিত প্রচেষ্টারই ফসল।

আমি আবারো আমাদের সকল শুভাকাঙ্খীগণকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাঁদের অব্যাহত সমর্থন ও সহযোগিতা কামনা করি।

এ এস এফ রহমান
চেয়ারম্যান

তারিখ: ২৫ শে অক্টোবর , ২০১৮ইং

CHAIRMAN'S STATEMENTS

Dear Shareholders,

I take this opportunity to welcome you on behalf of the Board of Directors to this 21st Annual General Meeting of our Company, and to lay before you a brief resume of the affairs of the company for the period from 1st July 2017 to 30 June 2018.

Revenue

Export: During the FY 2017-'18 the company earned export sales of Tk. 893.342 million against Tk 896.612 million in previous year, which indicates a negative growth of (0.36%) only. Slower economic growth in advanced countries & depreciation of Turkish Lira caused lower demand and stiff competition amongst the manufacturers from home & abroad resulting lesser unit price & lower revenue from export.

Domestic: Company earned Tk. 635.300 million from the domestic sales during the FY 2017-'18, 17.38% higher than that of previous FY 2016-'17.

Other Income: The company earned other income Tk. 13.053 million (from import duty drawback against export, scrap sales and miscellaneous) during the FY 2017-'18 which was Tk. 17.254 million in FY 2016-'17. Receipt of lesser amount of import duty draw back against export has caused the lower earnings from other income during the year.

Overall Revenue: Overall revenue (from export sales, domestic sales & other income) earned during the year was Tk. 1,541.696 million, 5.95% higher than previous year when overall revenue earnings were Tk.1,455.121 million.

Profitability

Gross profit ratio for the year decreased to 22.65% compared to 22.67% of previous year. Similarly, EBITDA during the year went down to 22.21% on overall revenue earnings from 22.32% of previous year. During the year under review, export domestic sales ratio is 58:42. The said ratio in previous year was 62:38. The decline in export sales ratio & increased cost for gas - electricity and wages resulted negative growth in GP ratio. However, the company could save by lessening finance cost through efficient working capital management (negotiating lower interest rate and improving the payment terms). For the FY 2017-'18, total finance cost was Tk. 150.778 million compared to Tk. 200.109 million for the previous year. Finance cost savings was 24.65% compared to previous year. Net profit after tax (earnings) for the year before recognizing the fair value (revaluation) loss of investment in shares on 30th June 2018 stood at TK. 61.548 million which was TK. 8.293 million in previous year. Earnings for the year ending June 2018 stood at Taka 0.42 per share against Taka 0.06 per share of previous year.

Generated cash & utilization

During the year, due to payment of arrear gas bills, surcharges and wages (OT, leave pay & other benefits) payments for costs & expenses during the year went up to TK. 1291.527 million which was 1041.526 million during the last year. As a result, net cash generated from the operating activities was decreased to Tk. 40.573 million during the year, which was TK. 110.611 million during the last year. Property, plant, equipment Tk. 8.536 million was acquired and TK. 39.947 million was utilized for repayment of loans during the year. At the end of the year, balances of cash & cash equivalents were decreased by TK.7.911 million from those balances of the beginning of the year.

Outstanding loan position

SCL's Loan outstanding stood at Taka 1,344.058 million as on June 30, 2018, which was Taka 1,384.006 million as on June 30, 2017. As a result, outstanding loan to equity ratio improved to 24.18% on June 30, 2018 against 24.92% on June 30, 2018.

Bone China unit

As reported last year, the company took the project to expand the Bone China production capacity (Bone China Unit-II) in the year 2008. The project was held up for 5 years, mainly for financial constraints. Despite financial hardships, the company restarted the expansion works from the second half of 2014. The physical part of the project and erection of kiln and installation works of casting machinery and related electrical fitting was completed by 2016-'17. During the year 2017-'18 missing spares & electronic parts were sourced locally and thereby jiggering machines were made operational. The delay in the erection of the machinery for over 5 years, and also, due to non availability of original electronic parts & spares of three Jiggering machines, has diminished the high hopes, to a great extent, for operating the machines in full scales. Meanwhile, global demand for Bone China table wares has significantly come down, primarily because of slower economic growth in the advanced countries and comparative higher price of Bone China products. Under such circumstances, during the year although Bone China Unit-II was fully operational and ready for commercial production, but the capacity of Bone China Unit - II could not be utilized in full scale.

Porcelain Unit

As reported last year, during FY 2016-'17, we took a plan for making the ISO static press machine operational by setting up a granulation plant with spray tower and procuring membrane and tools for it. We also reported that Letter of Credits for Euro 390 thousand was established and shipment of the granulation plant was reached at factory premises. Physical construction works, erection of the main granulation

plant and electrical fittings were completed and testing of the granulation plant was done in 2016-'17. The membrane & the tools for ISO Static Press reached the factory premises by December 2017. ISO Static Press machine with granule from our own production is now ready and therefore SCL is in a better position to take volume orders and to maintain the consistency of quality for flat items.

Marketing and Sales

SCL continues to participate in trade fairs both home & abroad. In 2017-'18 SCL participated Messe Frankfurt, Germany, and at one local exhibition. The exclusive showroom & sales center at Westine Dhaka is functioning to cater the needs of the high end local & foreign visiting customers. Our efforts to increase the share of domestic market by increasing sales to hospitality (hotel & restaurant) & institutions and expanding distribution channel through retail dealers, both in Dhaka and outside Dhaka, are continuing.

Significant Accreditations

To keep the consistency in export sales performance, especially being a table ware manufacturer for the world's top brands, we have to ensure all the required tough compliance in-place in this regard. Although it is truly a difficult proposition, Shinepukur has been quite successful in excelling in its quality performance in every endeavor, crossing one benchmark to the other. Shinepukur successfully passed the SMETA (Sedex Members' Ethical Trade Audit) fourth times, Business Social Compliance Initiatives (BSCI) Audit third times and completed twice the thorough review of 6 months' periodic ISO audits from DNV (Det Norske Veritas) in 2017 -18.

Government Recognition – Recipient of National Export Gold Trophy FY2014-'15

I am pleased to inform you that our company has been awarded National Export Gold Trophy by Ministry of Commerce, Government of Bangladesh in recognition to our highest export performance in Ceramics products during the FY2014-'15. The trophy was handed over on 22nd July, 2018 by the Honorable Minister for Commerce Mr. Tofael Ahmed in a befitting ceremony organized jointly by EPB & MOC for this purpose. It may be mentioned that the company had also received the National Export trophy in 2000-2001 (Gold), 2002 - 2003 (Gold), 2005 - 2006 (Gold) & 2009 - 2010 (Silver). The company has also be nominated for National Export Gold Trophy for 2015-2016, which is expected to be received in near future.

Contribution to National Exchequer

We are pleased to report that SCL paid over Taka 140.717 million in the form of VAT & Income tax during the year which was Taka 162.856 million in previous year. VAT is payable @ 15% on Local sales & on Import of raw materials. Income tax was deducted on export proceeds @0.7% and on raw materials at import stage @ 5%. The business income is assessed @ 25%.

Human Resources

SCL offers opportunities for both professional & personal development to its employees. It practices a work environment of trust, cooperation & collaboration. We do so to develop the skills & enthusiasm of our employees to achieve the company goals on a sustainable basis. SCL's Human Resources Strength at the end of June 2018 stood 2871Nos. against 2,379 Nos. at the end of June 2017.

Social Commitment

In Shinepukur Ceramics, we believe in our responsibilities towards the society we operate in. All our activities are therefore directed to the well being of the society in general. As part of the social commitment, the company sponsors news supplements on important social occasions. We also provided active co-operation and support to different organizations and professional institutions in their socio-cultural development programs. The MOU signed with BUET in January 2015 to support three researchers for three years & to allow the use of our QC laboratory equipments for advancement of Industry research & higher studies on Ceramic Table wares is an example. Besides, SCL sometimes took part in sponsoring the sports event organized at national and institutional level and supporting programs to assist the underprivileged children and physically incapacitate peoples.

Acknowledgement

I take this opportunity to express my sincere thanks to our customers, bankers, suppliers, government agencies, regulatory bodies and everyone with whom the company interacted in conducting its business. We are grateful to you, the shareholders, for extending at all times, your invaluable support and cooperation to bring the company to the level it has reached today. The success we have achieved so far was only possible because of the collective efforts of all concerned.

Once again, I convey my heartiest thanks to all our stakeholders and look forward to their continued support and cooperation in future.



A S F Rahman
Chairman
Dated: 25th October, 2018

CORPORATE GOVERNANCE

The maintenance of effective Corporate Governance remains a key priority to the Board of Shinepukur Ceramics Ltd. Recognizing the importance of it, the board and other senior management remained committed to high standards of Corporate Governance. To exercise about clarity of director's responsibilities towards the shareholders, Corporate Governance must be dynamic and focus to the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of Company's management, both in its day-to-day business and in the areas associated with internal control have been instituted.

INTERNAL FINANCIAL CONTROL

The Directors are responsible for the Company's system of internal financial control. Although no system of internal control can provide absolute assurance against material misstatement and loss, the Company's system is designed to provide the directors with reasonable assurance that problems are timely identified and dealt with appropriately. Key procedures to provide effective internal financial control can be described in following heads:

Management Structure – The Company is operating through a well defined management structure headed by a Chief Executive Officer (CEO) under whom there are Executive Director (ED) and Managers for various departments and according to hierarchy, various senior & mid level management staffs. The Chief Executive Officer, ED and Managers meet at regular interval represented also by Administration, Finance, Marketing & Production heads.

Financial Reporting – There are comprehensive management reporting disciplines which involve the preparation of annual budgets by all operating departments. Executive management reviews the budgets and actual results are reported against the budget and revised forecasts are prepared at regular intervals.

Asset Management – The Company has sound asset management policy, which reasonably assures the safeguarding of assets against unauthorized use or disposition. The Company also follows proper records and policy regarding capital expenditure.

Functional Reporting – In pursuance with keeping the reliability of financial information used within the business or for publication, the management has identified some key areas which are subject to monthly reporting to the chairman of the board. These include monthly treasury operations, Financial Statements. Other areas are also given emphasis by reviewing on quarterly basis. These include information strategy, environmental and insurance matters.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The Companies Act 1994 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for the year / period to that date. In preparing those financial statements the directors are required:

- to select suitable accounting policies and the apply them in a consistent manner;
- to make reasonable and prudent judgments and estimates where necessary;
- to state whether all applicable accounting standards have been followed, subject to any material departures disclosed and
- explained in the notes to the financial statements;
- to take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with disclosure requirements to the Companies Act 1994 and the Securities and Exchange Rules 1987; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business

BOARD OF DIRECTORS AND COMMITTEE

The Board – The board is responsible to the shareholders for the strategic development of the Company, the management of the Company's assets in a way that maximizes performance and the control of the operation of the business.

The board of directors is responsible for approving Company policy and responsible to the shareholders for the Company's financial and operational performance. Responsibility for the development and implementation

of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board Structure and Procedure – The membership of the board during the year / period ended 30 June 2018 stood at five directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business. The Company's Board currently comprises the Chairman, Vice-Chairman and three Directors. The Board has two committee, namely, Audit Committee & Nomination & Remuneration Committee (NRC). The name of the Directors and Board's committee members stated in CORPORATE DIRECTORIES page in the beginning of the Annual Report.

Management Committee (MC) – MC annually appraises the performances of every level of employees as per policy & guidelines of the NRC. It determines the annual increment, promotion and parameter of remuneration for all level of executives & workers.

GOING CONCERN

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Company have adequate resources to continue operation for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

RIGHTS AND RELATIONS WITH SHAREHOLDERS

Control Rights of Shareholders – At annual general meeting, shareholders have rights of participation and supervision. They have the right to ask questions of and request of information from the board regarding item on the agenda to the extent necessary to make an informed judgment of the Company's affairs.

Relations with Shareholders – The annual general meeting are used as an important opportunity for communication with both institutional and general shareholders. In addition, the Company maintains relations with shareholders through the corporate affairs secretarial department.

The following information can be addressed through the secretarial department:

- Dividend payment enquires
- Dividend mandate instruction
- Loss of share certificate/dividend warrants
- Notification of change of address

TRANSFER OF SHARES

The board believes that it is important to respond adequately to all the queries of both institutional and general shareholders. At the AGM the shareholders are offered an opportunity to raise with the board any specific question they have concerning the Company. In addition, meetings are also held between individual directors and institutional shareholders at various times during the year.

SHAREKHAN STOCK

DIRECTORS' REPORT
TO THE SHAREHOLDERS
For the Year ended June 2018

Dear Shareholders,

The Directors have pleasure in submitting hereunder "Director's" Report" together with the Audited Accounts for the year ended June 2018 and "Auditors' Report" thereon:.

Industry Outlook and Possible Future Development

Traditionally, the tableware industry is labor-intensive. During 1990's companies in developed countries experienced difficulties to remain competitive and began to search for alternative manufacturing destinations. Based on un-interrupted gas supply and low labor cost, Ceramic Tableware Industries was started flourishing in Bangladesh since late1990's focusing towards export market. This situation has now changed; gas pressure has become erratic; supply of Bangladesh's' own gas has become uncertain. A comparative picture of tariffs shows that gas has become costlier, more than double for power generation and over 32% for Kiln during the last five years. Electricity has become costlier over 37% since 2013. It is apprehended that this trend of increased cost in gas & electricity will continue in coming years as well.

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Gas Tariffs -Power generation, Taka per M3	9.62	9.62	8.36	4.18	4.18	4.18
Gas Tariffs - Kiln, Taka per M3	7.76	7.76	6.74	5.86	5.86	5.86
Electricity Taka per KW	8.15	7.57	7.32	7.32	7.32	5.50

Increased Gas price & labor costs have eroded the comparative advantages of Bangladesh for producing Ceramic Table wares to a great extent. Negative impact of economic slowdown in advanced economies and GSP withdrawal by USA has further impeded the growth in export of Ceramics table wares from Bangladesh. Comparative higher devaluation of currencies by competing countries like China, India, Thailand etc. has made the "Bangladesh made table wares" costlier to the consumers of importing countries.

For economic & financial feasibility of any ceramic table ware manufacturing plant availability of gas, consistency in gas pressure and competitive unit price of gas are critical & important. Although the uncertainty of availability of gas has some extent meanwhile been minimized by Govt. through allowing import of LNG, but the quality & unit price of the imported LNG has yet to be known/resolved. Increased wage rate for RMG workers by the Govt. will have direct impact on ceramic manufacturers as well. Repair, maintenance, spares & consumables cost for keeping the aged kiln & PPE productive & operational will continue to increase. Importantly availability of original parts & spares to keep the kiln & PPE operational will become more challenging because of stopping of manufacturing of the same by the original manufacturers of the kiln & PPE due to updating of their model. As a result cost of production will be increased substantially and there by profitability will be under pressure.

Kiln, Printing, HPC and Jiggering machines have become aged (almost 20 years old), in certain cases those have become out dated due to technological advancement. Therefore, to maintain productivity & quality consistency, there is a need for replacement plan for kiln & PPE. Due to inability to estimate the rate of increase of cost for gas, electricity & wages and also for paucity of fund, replacement of those aged/out dated kiln & PPE has not yet been planned.

Business Outlook- Export Sales

Ceramics Products	2017-'18	2016-'17	2015-'16
Bangladesh Export in US$ In million (including ceramics, tiles & sanitary wares) (source: EPB)	51.94	39.14	37.69
Shinepukur Export in US$ In million	11.04	11.58	10.11
Shinepukur Share to total BD Export	21.26%	29.59%	26.82%

Although Shinepukur's export & its share to Bangladesh total ceramics export (including ceramics, tiles & sanitary wares) has decreased, our company continued to be the leader in Tableware export from Bangladesh.

Increase in export of ceramics products from Bangladesh during 2017-'18 was Tiles & sanitary wares driven. Export of table

wares were under pressure. In 2017-'18 Shinepukur's export & it's share to total Bangladesh export has decreased over the previous FY 2016-'17 due to comparatively higher devaluation of currencies of competing countries like China, India, Thailand etc. which made the "Bangladesh made table wares" costlier. Devaluation of Turkish LIRA has made the Table ware costlier to the consumers there.

	FY 2017-'18	FY 2016-'17
SCL Export Sales (in Taka Million)	893.342	896.612
% of Export Sales over SCL total sales	58%	62%
% increase or Decrease over previous FY	-0.36%	0.32%

During the current year export sales has decreased by -0.36% to Taka. 893.342 million & also decreased the contribution of export sales to total revenue to 58%. Despite stiff competition in export market, we could retain our existing customers and added a few new customers also. This we achieved by improving the product quality involving cross-quality check on every production stages and improving the products & packaging in-line with up-to-date international standards. The most challenging part was to achieve reliability from the buyers' fraternity and to establish Shinepukur as the most compliant facility. Shinepukur has been proven quite successful in this field after series of Social Accountability audits from Sedex, Business Social Compliance Initiatives (BSCI) and buyers themselves. These relentless & on-going endeavors will significantly & positively contribute in retaining customers. Export sales will continue to remain important driver to SCL's total revenue earnings. We are therefore focusing on buyers demand for developing new shapes, designs and new products ranges within shortest possible time and searching new markets and seizing inquiries from potential brands by faster response & close follow up. We are confident that, SCL will continue to be the leader in exporting table wares from Bangladesh, in the coming years as well.

Business Outlook- Domestic Sales

	FY 2017-'18	FY 2016-'17
SCL Domestic Sales in Taka Million	635.300	541.254
% of Domestic Sales over SCL total sales	42%	38%
% increase or Decrease over previous FY	17.38%	13.89%

Increased product cost, resulting from higher Gas & Electricity price, wages and spares, stores, repairing & maintenance cost (for keeping the aged kiln, Plant, machinery & equipment operational) is reducing margin and is forcing us to increase the product price, making the products costlier and lowering the demand. Even under this challenging situation, SCL could earn Tk. 635.300 million from domestic sales during the year, almost 17.38% higher than that of previous year. This higher domestic sales has been achieved by focusing to hospitability (hotel wares) & other institutional (promotional wares) sales. In the wake of declining trend in export, domestic sales will be important contributor in SCL revenue basket in the coming years.

Product wise Reporting

Our company is an OEM facility producing only one product that is ceramic table wares. Therefore, segmental reporting is truly not applicable. It is also difficult to quantify the production data of table wares because number of pieces and the weights of the wares vary due to shape & size of the items produced. However, we produced two types of ceramic table wares, namely Bone China table wares & Porcelain table wares. Production and sold quantitative data in MT for the year 2017-'18 and 2016-'17 were as follows;

Year	White ware Production QTY in MT			DFW Production QTY in MT			Packed & Sold QTY in MT		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2017-'18	4708	1032	5740	4570	906	5476	4149	900	5049
2016-'17	4409	751	5160	4378	791	5169	4004	667	4671

DIRECTORS' REPORT

Revenue earnings from porcelain & bone china wares were as follows;

Year	Export Taka in million			Domestic Taka in million			Total Taka in million		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2017-'18	512.584	380.758	893.342	434.059	201.242	635.301	946.643	582.000	1528.643
2016-'17	662.296	234.317	896.612	327.258	213.997	541.255	989.553	448.314	1437.867

Production value of Porcelain and Bone China was as follows:

Year	FG Value- opening Taka in million			FG Value- closing Taka in million			Production Value		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2017-'18	122.899	98.468	221.367	120.844	116.424	237.268	944.588	599.956	1544.544
2016-'17	133.485	100.265	233.75	122.899	98.468	221.367	978.967	446.517	1425.484

After adjustment of direct Material consumption cost, contribution to recover Wages & Factory Overhead [Prime Cost and operating expenses (OPEX)] were as follows;

Year	Material Consumption Taka in million			Contribution to Prime Cost and OPEX			Contribution as a % of Production Value		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2017-'18	261.870	183.355	445.225	682.718	416.601	1099.319	72.28%	69.44%	71.17%
2016-'17	270.940	113.699	384.639	708.027	332.818	1040.845	72.32%	74.54%	73.02%

Risk & Concerns

The company is exposed to following risks & concerns;

Internal: (i) skilled manpower is critical to quality and quantitative production. Company is prone to high labor turnover.
(ii) Breakdown of aged kiln, plant & machinery and non availability of parts, spares & consumables.

External: (i) Inconsistent/erratic Gas pressure, disruption in gas supply & unit price of gas.
(ii) Devaluation of taka causing increased cost for imported material
(iii) Higher devaluation of foreign competing exporters' currencies making Bangladesh ceramics table wares costlier in importing countries.
(iv) Wage rate hike.
(v) Nonfunctioning of ports and highways.
(vi) Supply disruption due to stopping of production of imported materials or non availability of right quality raw materials due to change in layer/level of the mine.

Impact on Environment

Environment Impact Assessment (EIA) report confirms that our operations is not threat to environment. Moreover, our company has obtained up to date environment clearance certificate from the Directorate of Environment, Peoples' Republic of Bangladesh.

Cost of Goods Sold & Gross Profit

Year	FY 2017-'18	FY 2016-'17
Revenue taka in million	1528.643	1437.867
Cost of Goods Sold taka in million	1182.346	1111.841
Increase/(decrease) over previous year	6.34%	4.23%
COGS to total revenue	77.35%	77.33%
Gross Profit taka in million	346.286	326.026
Increase/(decrease) over previous year	6.21%	7.87%
Increase/(decrease) on the total revenue	22.65%	22.67%

Gross profit ratios slightly decreased due to increased cost of goods sold.

Cost of goods sold increased over previous year due to increased material, consumables, spares, repair and maintenance cost. Also devaluation of taka and increased transportation cost caused higher material cost. For keeping the aged kiln & plant operational, consumables, spares, repair and maintenance cost was increased.

Net Profit

The Directors are pleased to report that the working results of the Company for 12 months from July 01, 2017 to June 30, 2018 are as follows:

Taka in million

	For the Year ended 30 June'18	For the year ended 30 June'17	For 18 Months ended 30 Jun'16	For six months ended 30 Jun'16	For the year ended 31 Dec'15
Net profit / (Loss) before tax	81.405	22.553	(60.745)	(78.686)	17.941
Less: Income tax (Expenses)/ Income:	19.857	14.261	28.184	40.099	(11.915)
i. For the period under review	28.546	23.202	15.436	3.850	11.586
ii. Short provision for earlier years	-	-	15.600	15.600	-
iii. Deferred tax (Income)/Expenses	(8.689)	(8.941)	(59.221)	(59.550)	0.329
Net profit / (Loss) after tax	**61.548**	**8.292**	**(32.561)**	**(38.587)**	**6.026**
Prior year's adjustment-Depreciation	-	-	(76.147)	(76.147)	-
Add: Balance brought forward from previous year	(186.183)	(194.475)	(85.767)	(79.742)	(85.767)
Retained earnings balance carried forward	(124.635)	(186.183)	(194.475)	(194.475)	(79.742)
Fair Value Gain / Loss (on Investment in Share)	(15.352)	31.902	(27.032)	(10.842)	(16.190)
Comprehensive income for the year	46.196	40.194	(59.593)	(49.429)	(10.164)
Net profit % of paid up capital	4.19	0.56	(2.22)	(2.63)	0.41

Extra Ordinary Activities & their implications

Other Income: Income from duty drawback (DDB) against export has decreased due to fixation of lower flat rate for this purpose and delayed disbursement. It is apprehended from FY 2018-'19 DDB may be discontinued altogether.

Comprehensive Income: After recognizing the fair value loss of TK. 15.352 million on investment in shares, total comprehensive income for the year 2017-'18 stood Tk. 46.196 million for the year ending on that date against total comprehensive income of Tk. 40.194 million (including fair value gain of TK. 31.902 million) during the last year 2016-'17. Beside the investment in shares, there was no other extra ordinary activities causing gain or loss.

EPS and NAV per share

The company has earned net profit after tax 61.548 million during the FY 2017-'18 where as last year the company earned profit of taka 8.292 million only. EPS comes to Tk. 0.42 per share for the period ended on June 30, 2018. EPS for the last year was TK. 0.06. During the year, EPS increased due to: i) increased domestic sales and ii) lesser finance cost.

NAV increased to Taka 28.68/per share as on June 30, 2018 from Taka 28.37/per share as on 30th June 2017 due to positive comprehensive income of TK. 46.196 million (net profit after tax 61.548 million less fair value loss TK. 15.352 million) for the year 2017-'18.

DIRECTORS' REPORT

Quarterly Performance Variance:

Quarters	EPS	NAV/per share	NOCF/per share	Explanation
Q1 JUL-SEPT.	0.12	28.42	0.26	EPS: varies because of seasonality effect of the nature of the business. NOCF: varies due to payments to suppliers and accrued expenses changes on availability of fund after making payment of taxes, interest & installment of debt.
Q2 OCT - DEC	0.05	28.49	0.02	
Q3 JAN-MAR	0.10	28.48	(0.05)	
Q4 APR - JUN	0.15	28.68	0.05	
FY2017-'18	Taka 0.42	Taka 28.68	Taka 0.28	
FY 2016-'17	Taka 0.06	Taka 28.37	Taka 0.75	

Related Party Transaction

The following related party transactions took place during the year;

Related party	Transaction nature	Transaction value Taka million	Yearend balance Taka million
New Dacca Industries Ltd.	Short term loan	310.000	60.000

No interest has been charged for the short term loan received from New Dacca Industries Ltd. Besides following related party balance are carried forward from earlier year:

Related party	Transaction nature	Transaction value Taka million	Yearend balance Taka million
Bangladesh Export Import Companies Ltd	Investment in share		67.936
Beximco Synthetics Ltd	Investment in share		0.565

Public /Right Issue

There was no public/right issue during the year.

Remuneration to Directors

During the year no remuneration including Board attendance fee was paid to Directors. Independent director was paid Taka 1,000,000 as meeting attendance fee.

Corporate and Financial Reports

The Directors are pleased to confirm that:

(a) The financial statements together with the notes thereon have drawn up conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987.These statements presents fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity.

(b) Proper books of accounts of the company have been maintained.

(c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and judgment.

(d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.

(e) Internal Control System is sound in design and has been effectively implemented and monitored.

Statement that minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress

(f) Minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress

(g) There is no significant doubt about the ability of the Company to continue as a going concern.

(h) Significant deviation in operating result compared to last year has been explained here in before.

(i) The summarized key operating and financial data of last five preceding years is presented below.

Key operating and Financial Data

Particulars	2017-'18	2016-'17	For 18 months ended 30 Jun'16	For 6 months ended 30 Jun'16	2015	2014	2013	2012
Paid Up Capital in Taka '000	1,469,661	1,469,61	1,469,661	1,469.661	1,469.661	1,469,61	1,469,661	1,277,966
Revenue in Taka '000	1,528,643	1,437,867	2,053,500	641.628	1411.872	1,677,68	1,692,445	1,942,351
Gross Profit in Taka '000	346,296	326,026	453,346	113.955	339.390	424,214	451,340	674,038
Profit / (Loss) Before Tax in Taka '000	81,404	22,553	(60,745)	(78.686)	17.941	21,798	(46,912)	175,134
Net Profit / (Loss) after Tax in Taka '000	61,548	8,293	(32,561)	(38.587)	6.026	(2,336)	(57,629)	90,285
PPE (Gross) in Taka '000	7,495,368	5,984,548	5,980,714	5,980.714	5,977.945	5,967,244	5,939,973	5,920,505
Cumulative Surplus in Taka '000	(124,634)	(186,183)	(194,476)	(194,476)	(79.742)	(85,768)	(83,432)	358,761
Dividend	-	-	-	-	-	-	-	15% (B)
Return on Paid up Capital	4.19%	0.56%	-2.22%	-2.63%	0.41%	-0.16%	-3.92%	7.06%
Shareholders' Equity	4,215,245	4,169,050	4,128,856	4128.856	4254.431	4,264,595	4,487,867	4,544,462
Earnings per Share (Taka)	0.42	0.06	(0.22)	(0.26)	0.04	(0.02)	(0.39)	0.71
Shareholders' Equity Per Share (Taka)	28.68	28.37	28.09	28.09	28.95	29.02	30.54	35.56
Number of Shareholders	16,325	17,438	23,085	23,085	23,085	30,828	30,822	27,040

Dividend

The Company could not earn adequate profit during the year to replenish the cumulative (earlier years') loss of TK. 186.18 million. After adjustment of current year's profit the retained earnings balance stood negative TK. 124.635 million as on 30 June, 2018. Since there is no available positive balance of retained earnings, the Directors recommend no dividend for FY 2017-'18.

The Directors also state that no bonus share or stock dividend shall be declared as interim dividend.

Board & Committee Meeting and Attendance

During the year 7 (Seven) Board Meetings were held. The attendance record of the Directors is as follows:

Name	Shares held
i) Parent/Subsidiary/Associate Companies and other related parties:	
Bangladesh Export Import Co. Ltd. As on 30-06-2018	73,483,009
ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:	
Mr. A S F Rahman, Chairman	2
Mr. Salman F Rahman, Vice-Chairman	1
Mr. O K Chowdhury, Director	1
Chief Executive Officer, Spouse and minor children	Nill
Company Secretary, Spouse and minor children	Nill
Chief Financial Officer, Spouse and minor children	Nill
Head of Internal Audit, Spouse and minor children	NIll
iii) Executives:	
iv) Shareholders holding ten percent (10%) or more voting interest in the company	
Bangladesh Export Import Co. Ltd (Mentioned in SL. No. (i) above.)	73,483,009

DIRECTORS' REPORT

Directors

Retirement and Re-election

Mr. Iqbal Ahmed, Director of the Company retires by rotation as per Articles 127 and 128 of the Articles of Association of the Company and being eligible offers himself for re-election.

Mr. Iqbal Ahmed has been in the Board since 2012 and holds senior position in a number of entities within the Beximco Group of Companies. He received his Bachelor's Degree in Science from the University of Dhaka in 1966. Previously he was the Publisher of "The Independent" an English daily newspaper in Bangladesh and the "Muktakantha", a Bengali national daily newspaper.

Independent Director

As per the provisions of Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission dated 07.08.2012, the 2nd tenure of the Office of Mr. Masud Ekramullah Khan as Independent Director of the Company shall be expired on 19.12.2018. The Board of Directors of the Company in its Meeting held on 25.10.2018 appointed Barrister Faheemul Huq as Independent Director in place of Mr. Masud Ekramullah Khan for a period of three years effective from 20.12.2018.

Barrister Faheemul Huq is qualified as a Barrister-at-Law from Lincon's Inn, UK and is currently an Advocate in the Supreme Court of Bangladesh, both in the High Court Division and Appellate Division and acted as Legal Advisor of different corporate bodies and enlisted lawyer of different Banks and Financial Institutions in Bangladesh. He is a Senior Associate of M/s. Huq & Company, a renowned Lawyers' Firm in Bangladesh since 1997 and he also Member of The Honorable Society of Lincoln's Inn, UK.

Audit Committee

The Company had an Audit Committee, which constituted in terms of the provisions of Corporate Governance Guidelines dated 07-08-2012 issued by BSEC which is as follows:

Mr. Masud Ekramullah Khan	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

The detail of the activities of the audit committee has been provided in "Audit Committee Report".

Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in twentieth Annual General Meeting had carried out the audit for the year ended on 30th June, 2018 at a fee of Tk. 6,90,000.00 including VAT.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the Company retire at this meeting and have expressed their willingness to continue in the office for the year 2018-2019.

Corporate Governance Compliance Status Report

In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Status Report" is annexed.

Acknowledgement

The Board of Directors have taken this opportunity to express our sincere thanks to our customers, bankers, suppliers, government agencies, regulatory bodies and everyone with whom the company interacted in conducting its business. We are grateful to you, the shareholders, for extending at all times, your invaluable support and cooperation to bring the company to the level it has reached today.

On behalf of the Board of Directors,

A S F Rahman
Chairman

25 October, 2018, Dhaka.

MANAGEMENT'S DISCUSSION
AND ANALYSIS

Company's Operational Position

Shinepukur Ceramics Limited manufactures Porcelain & Bone China ceramics table wares for both export and domestic market by importing raw materials. Production of table wares is dependent on firing space of the kiln, shape & size of the products. Since shape & size varies from order to order of customers, production capacity cannot be standardized / measured precisely. However, table below is presented to provide an idea of state of operations of the company during the year:

Year	White ware QTY in M. pcs			DFW Production QTY in M. pcs			Packed & Sold QTY in M. pcs		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2017-'18	12.348	3.728	16.076	11.928	4.570	16.498	11.960	4.148	16.108
2016-'17	13.236	2.720	15.956	13.001	4.379	17.380	12.702	4.004	16.706

During the year total 148 shapes (last year 137 shapes), 764 décor designs (last year 730 designs) and 1501 items (last year 1240 items) were produced.

Changes in Accounting Policies & Estimation

There is no change in the accounting policies and basis of estimation for preparation of financial statements during the year FY 2017-'18.

Capital works including Bone China's expansion and Porcelain's balancing works which were in progress until last year has been completed during the year FY2017-'18. Therefore, capital works in progress amounting to Taka 1502.284 has been capitalized during the year by transferring to property, plant & equipment (PPE) as follows:

Particulars	Taka in million	Rate of Depreciation per annum
Land Development	185.042	NIL
Factory Building	474.326	5%
Plant & Machineries	842.916	7.5%
Total	1502.284	

Therefore, depreciation- a non cash expense will go up from FY 2018-'19. Consequently profitability i.e, gross profit, net profit & EPS will be affected.

Comparative Analysis of Financial Performance or Result, Financial position & Cash flows:

Current year's financial performance, Financial position & Cash flows compared with those of preceding five years are tabulated in the attachment A & B.

Financial & economic scenario of the Globe

Since the financial meltdown in USA in 2008, economies in the west are yet to get back on the expected growth trajectory. The recent USA – China trade related disputes have worsened the recovery prospects of global business. Table wares are used by people of higher income level. Table wares are durable house hold product. Sate of employment and economic growth has direct link to the demand of table wares. Cultural shifts have also have a bearing on this. In the developed economies late or no marriage (causing lessening the number of families) and increased consumption on junk foods has caused decline in the use of table wares. This trend will probably continue in coming years. Currency devaluations & duty imposition in the importing countries have direct bearing on the price of the table ware at consumer end of the importing countries. Stronger dollar means weaker euro, pound starling & lira. Tarkish lira which plunged down from below 3 to almost 6 against US dollar within a year and imposition of duties by Tarkish Govt. to protect their local industry has made imported table wares costlier and obviously caused down trend in the demand there. Taking the advantage of lesser transportation & warehousing cost due to geographical closeness and relatively cheaper labor & fuel cost in eastern member countries of European Union (EU), western EU countries is now a day prefer to get the product there from. As a result, competition has become stiffer for Bangladeshi made table wares. China, India, Thailand and Vietnam are raw materials rich country for table wares manufacturing. Their labor & fuel cost although in rising trend, still lower compare to Bangladesh considering their productivity. Therefore, export of table wares from Bangladesh in the coming years, where gas price & wages are rising, will be more challenging.

Compare with the peer industry

There are mainly four sub sectors in ceramic industry, namely, (i) Ceramic Tableware, (ii) Ceramic Tiles, (iii) Ceramic Sanitary Ware & (iv) Miscellaneous - Ceramic Bricks, Fittings, ball, knives etc . Ceramic table wares are not comparable with other ceramic products. There are 8 (eight) manufacturer of table wares in Bangladesh excluding Shinepukur Ceramics Ltd. Of them only one is a listed company which produces Porcelain ceramic table wares. Its production capacity is higher (1.5 time more) than SCL. Data relating to other ceramics table wares manufacturers are not publicly available. Therefore, comparing of SCL data with peer industry is difficult. However, a general

comparison of important ratios is tabulated below:

	SCL		Industry average (General)
	Current Year (2017-'18)	Preceding 5 years average (Jan 2013 to Jun 2017)	
GP Ratio in percentage	22.65%	23.29%	+/-25%
EBITDA as a percentage Revenue	21.21%	22.10%	+/- 25%
OP Ratio in percentage	15.46%	16.03%	20%
NP Ratio in percentage	4.03%	-1.71%	15%
Quick Asset Ratio	0.13:1	0.15:1	1:1
Current Asset Ratio	0.61:1	0.67:1	1.2:1
Debt Equity Ratio	0.53:1	0.56:1	0.5:1
Total Liability to Total Asset Ratio	0.35:1	0.36:1	0.5:1
ROCE in percentage	1.46%	-0.39%	5%
EPS in Taka	0.42	-0.11	1.5
Debt. Servicing Coverage Ratio	0.9:1	0.7:1	1.5:1
Total Revenue to total asset	0.24:1	0.21:1	1:1
Total Revenue to Total Equity	0.36:1	0.32:1	2:1

Risks and concerns relating to financial statement & explaining such risks mitigation plan

SCL's GP ratio is under pressure due to declining export and increasing materials, fuel & wages cost. Devaluation of Taka, although in case of export is beneficial for the company, but it pushes up imported material cost. If SCL can increase it's share in export sales, currency devaluation risk will have positive impact to its revenue and profitability. However, challenges remain there due to higher devaluation of currencies by competing countries. Also slow down of the economy in the advanced countries is having negative impact on the demand of the table wares which makes difficult to increase export volume & price.

SCL's Quick – Asset ratio is abnormally lower than industry average which indicates the company is under liquidity constraints. Higher profitability and reduction in expenses, specially financing cost, is the way to come out of the liquidity constraints. During the year 2017-'18 SCL perused this policy which is reflected in lower finance cost and better EPS.

Future Plan or projection

The details about the future plan & Business outlook has been stated in the Directors' Report to the Shareholders.

Conclusion

The management is committed for improved financial performance in the coming years and is sincerely working for achieving that. But the journey is not easy as it requires constant surveillance and efforts withstanding the challenges & competition and managing the risks & odds.



Mohammed Humayun Kabir FCA

Chief Executive officer (CEO)

Date: 25th October, 2018

Attachment - A

Comparative Analysis of Financial Performance or Result of current years with preceding 5 years

	For the Year ended 30 June,2018	For the year ended 30 June,2017	For 18 Months ended 30 Jun'16	For 6 months ended 30 Jun'16	For the year ended 31 Dec'15	For the year ended 31 Dec'14	For the year ended 31 Dec'13	For the year ended 31 Dec'12
Overall Revenue in Taka million	1528.643	1437.866	2053.499	641.628	1411.871	1677.657	1692.444	1927.704
Inc./(dec.) over previous year in %	6.31%	5.03%	6.68%	-54.55%	-15.84%	-0.87%	-12.20%	
Export in Taka million	893.342	896.612	1340.659	383.158	957.501	1235.608	1540.952	1687.152
% Inc./(dec.) over previous year	-0.36%	0.32%	16.63%	-19.97%	-22.51%	-19.82%	-8.67%	
% of overall revenue	58.44%	62.36%	65.29%	59.72%	67.82%	73.65%	91.05%	87.52%
Domestic Sale in Taka million	635.301	541.254	712.84	258.47	454.37	442.049	151.492	240.552
% Inc./(dec.) over previous year	17.38%	13.89%	-8.07%	13.77%	2.79%	191.80%	-37.02%	
% of overall revenue	41.56%	37.64%	34.71%	40.28%	32.18%	26.35%	8.95%	12.48%
Other Income in Taka million	13.053	17.254	27.058	12.859	14.199	22.627	12.241	14.647
% Inc./(dec.) over previous year	-24.35%	-4.35%	-29.86%	81.13%	-37.25%	84.85%	-16.43%	
% of overall revenue	0.85%	0.84%	1.32%	0.63%	0.69%	1.10%	0.60%	0.71%
Cost of Goods Sold Taka in million	1182.347	1111.841	1600.154	527.673	1072.481	1253.444	1241.105	1268.312
% Inc./(dec.) over previous year	6.34%	4.23%	1.08%	-1.60%	-14.44%	0.99%	-2.15%	
% of overall revenue	77.35%	77.33%	77.92%	82.24%	75.96%	74.71%	73.33%	65.79%
Gross Profit (Without O.I) Tk in million	346.286	326.026	453.345	113.955	339.39	424.214	451.34	674.037
% Inc./(dec.) over previous year	6.21%	7.87%	32.61%	-32.85%	-20.00%	-6.01%	-33.04%	
% of overall revenue	22.65%	22.67%	22.08%	17.76%	24.04%	25.29%	26.67%	34.97%
Operating Expanses	123.095	119.49	173.234	65.257	107.977	165.076	111.275	105.872
% Inc./(dec.) over previous year	3.02%	3.46%	-11.51%	20.87%	-34.59%	48.35%	5.10%	
% of overall revenue	8.05%	8.31%	8.44%	10.17%	7.65%	9.84%	6.57%	5.49%
Operating Profit	236.254	223.79	307.17	61.557	245.613	281.764	352.306	568.165
% Inc./(dec.) over previous year	5.57%	9.28%	66.33%	-49.87%	-12.83%	-20.02%	-37.99%	
% of overall revenue	15.46%	15.56%	14.96%	9.59%	17.40%	16.80%	20.82%	29.47%
Finance Cost	150.779	200.109	367.018	140.243	226.774	258.877	393.026	364.625
% Inc./(dec.) over previous year	-24.65%	-18.22%	-12.77%	23.69%	-12.40%	-34.13%	7.79%	
% of overall revenue	9.86%	13.92%	17.87%	21.86%	16.06%	15.43%	23.22%	18.91%
Net profit / (Loss) before tax	81.404	22.553	-60.744	-78.686	17.941	21.798	-46.911	175.134
% Inc./(dec.) over previous year	260.95%	-155.69%	-74.27%	-777.16%	-17.69%	-146.47%	-126.79%	
% of overall revenue	5.33%	1.57%	2.96%	12.26%	1.27%	1.30%	2.77%	9.09%
Net profit / (Loss) after tax	61.548	8.293	-32.56	-38.587	6.026	-2.336	-57.628	90.285
% Inc./(dec.) over previous year	642.17%	-138.20%	-71.87%	-1180.68%	-357.96%	-95.95%	-163.83%	
% of overall revenue	3.00%	0.40%	-1.59%	-1.88%	0.29%	-0.11%	-2.81%	4.40%
Fair Value Gain / Loss (on Investment in Share)	-15.352	31.902	27.032	10.842	16.19	17.761	-44.794	-45.583
Comprehensive income for the year	46.196	40.194	-59.593	-49.429	-10.164	15.425	-102.423	44.702

MANAGEMENT'S DISCUSSION AND ANALYSIS

Attachment - B

Comparative Analysis of Financial Position of current years with preceding 5 years

	For the Year ended 30 June,2018	For the year ended 30 June,2017	For 18 Months ended 30 Jun'16	For 6 months ended 30 Jun'16	For the year ended 31 Dec'15	For the year ended 31 Dec'14	For the year ended 31 Dec'13	For the year ended 31 Dec'12
Non Current Asset	5451.431	5550.313	5595.37	5595.37	5712.745	5644.821	5163.869	5323.6
Current Asset	1012.706	920.773	889.047	889.047	971.05	1044.626	1710.386	1796.413
Total Asset	6464.137	6471.086	6484.417	6484.417	6683.795	6689.447	6874.255	7120.013
Equity	4215.246	4169.05	4128.856	4128.856	4254.431	4264.595	4487.867	4544.462
Non Current Liabilities	578.613	672.156	776.314	776.314	925.453	627.018	629.398	803.484
Current Liabilities	1670.278	1629.88	1579.247	1579.247	1503.911	1797.834	1756.99	1772.067
Total Liabilities	2248.891	2302.036	2355.561	2355.561	2429.364	2424.852	2386.388	2575.551
Quick Asset Ratio	0.13:1	0.11:1	0.07:1	0.07:1	0.08:1	0.10:1	0.39:1	0.5:1
Current Asset Ratio	0.61:1	0.56:1	0.56:1	0.56:1	0.65:1	0.58:1	0.97:1	1.01:1
Debt. Equity ratio	0.53:1	0.55:1	0.57:1	0.57:1	0.57:1	.57:1	0.53:1	0.57:1
Total Asset to Total Liability	2.90:1	2.80:1	2.75:1	2.75:1	2.75:1	2.75:1	2.92:1	2.76:1
Net asset value per share	28.68	28.37	28.09	28.09	28.95	29.02	30.54	35.56
Comparative Analysis of Cash Flows of current years with preceding 5 years								
Net Cash generated from operating activities	40.573	110.611	288.869	150.457	138.412	872.481	220.41	79.217
Cash flow used for investing activities	-8.536	-21.25	-137.023	-20.968	-116.055	-576.392	-9.998	24.204
Increased /decreased in cash & cash equivalent	-7.911	2.371	-5.335	0.29	-5.626	7.143	-1.521	-9.423
Net operating cash flows per share	0.28	0.75	1.96	1.02	0.94	5.94	1.5	0.62

ANALYSTICK

REPORT OF THE CEO AND THE CFO
TO THE BOARD OF DIRECTORS OF SHINEPUKUR CERAMICS LIMITED

We have reviewed accompanying Financial Statements of Shinepukur Ceramics Limited which comprise the Statement of Financial Position as at June 30, 2018, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period ended 01 July, 2017 to 30 June, 2018 and a summary of significant accounting policies and other explanatory notes.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the rules and regulations issued by the Companies Act 1994 and other applicable laws and regulations.

The Company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The internal control and compliance department of the company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed.

Based on the internal control system of the company and our review of these financial statements, we certify that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the company's affairs and are in accordance with existing accounting standards and applicable laws;

iii) no transactions entered into by the company during the year / period which are fraudulent, illegal or violation of the company's code of conduct;

iv) proper books of accounts as required by law have been kept by the company;

v) the expenditure incurred was for the purposes of the company's business;

vi) adequate provisions have been made for the preparation of financial statements.

Mohammed Humayun Kabir, FCA
Chief Executive Officer

Nargis Sultana
Head of Finance & Accounts

Date: 25 October, 2018

AMARSTOCK

CORPORATE GOVERNANCE
COMPLIANCE STATUS REPORT

Annexure-I

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

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	**BOARD OF DIRECTORS:**			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
1.2	**Independent Directors**			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
1.2 (ii)	Independent Director (ID) means a director:			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFI	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days	--	--	N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
1.3	**Qualification of Independent Director**			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases	--	--	N/A
1.4	**Appointment of Chairman and CEO, defining their roles**	√		
1.5	**The Director's Report to Shareholders shall include**			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		Company operates in a single product segment- Ceramics. However, in relevant cases market segment performance has been analyzed.
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	--		N/A
1.5 (vi)	Basis for and a statement of related party transactions	--		N/A
1.5 (vii)	Utilization of proceeds from issuing instruments	--		N/A

CORPORATE GOVERNANCE
COMPLIANCE STATUS REPORT

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc	--	--	N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	--	--	N/A
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during 2013 except Independent Director.
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	--	--	N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
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 he/she holds directorship and the membership of committees of the board	√		
2	**CFO, HEAD OF INTERNAL AUDIT AND CS:**			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
3	**AUDIT COMMITTEE:**			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	√		
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		

WWW.LIVESTOCK

CORPORATE GOVERNANCE
COMPLIANCE STATUS REPORT

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in 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	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	-	-	N/A
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	--	--	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	--	--	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	--	--	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	--	--	N/A
3.4.2	Reporting to BSEC	--	--	N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	**EXTERNAL / STATUTORY AUDITORS**			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
4.00 (ix)	Non-emgagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
5	**SUBSIDIARY COMPANY**			
5 (i)	Composition of BOD to be similar to holding company	--	--	N/A
5 (ii)	One ID to be in both holding and subsidiary company	--	--	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	--	--	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	--	--	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	--	--	N/A

STOCK

CORPORATE GOVERNANCE
COMPLIANCE STATUS REPORT

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
6	**DUTIES OF CEO AND CFO:**			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

AMAR STOCK

REPORT ON THE ACTIVITIES
OF THE AUDIT COMMITTEE
for the year ended on 30 June 2018

Dear Shareholders,

I am pleased to present the Report of the Audit Committee for the year ended on 30 June 2018.

The Audit Committee Report presented under condition No.3.5 of the Bangladesh Securities and Exchange Commission(BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee during the aforesaid period.

Composition:

As mentioned in the Compliance Statement, the Board has formed an Audit Committee in terms of the conditions of BSEC Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee is comprised of Mr. Masud Ekramullah Khan, Mr. Iqbal Ahmed and Mr. O. K. Chowdhury, FCA, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors.

As required, all Members of the Audit Committee are 'financially literate' and are able to analysis and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

The Role of Audit Committee:

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review when appropriate, make recommendations to the main Board on business risk, internal controls and compliance. The committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risk and that the Company's business is conducted in a proper and economically sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

The role of the Audit Committee includes the following:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control and Risk Management process.
- Oversee hiring and performance of external Auditors.
- Review along with the management, the annual financial statements before submission to the Board for approval.
- Review along with the management, the quarterly financial statements before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review statement of significant related party transactions submitted by the management.
- Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
- To review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc. framed/issued by the regulatory authorities have been complied with.
- Other matters as per Terms Of Reference (TOR) of the Audit Committee and also as directed by the Board, from time to time.

Authority:

In terms of Corporate Governance Guidelines, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms Of Reference(TOR). It is authorized to seek any information it requires from, and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The TOR of the Audit Committee may be amended from time to time as required for the business in line with BSEC Notifications subject to approval by the Board of the Company.

Reporting of the Audit Committee:

Reporting to the Board of Directors: The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

In compliance with condition No.6 of the Corporate Governance Guidelines of BSEC Notification dated August 7, 2012, the Chief Executive Officer(CEO) and Chief Financial Officer (CFO) have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended on 30 June 2018, and state that:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 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, and
- To the best of their knowledge and belief, the Company has not entered into any transaction during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.

BANGLADESH STOCK

REPORT ON THE ACTIVITIES
OF THE AUDIT COMMITTEE

This certificate has been reviewed by the Audit Committee before submitting to the Board.

Reporting to the Shareholders and General Investors:

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1(ii) of the BSEC's Corporate Governance Notification mentioned above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

Main Activities and recommendations of the Audit Committee for the year ended on 30th June 2018:

In terms of reference, the Committee in its first meeting held on October 19, 2017 reviewed the Annual Financial Statements for the year ended on 30 June 2017. During the meeting the Chief Financial Officer presented the draft annual accounts along with the independent auditors' report to the Committee and briefed the committee regarding the financial performance of the Company.

The Audit Committee in its aforesaid meeting also had detailed discussion with the members of the accounts and finance department on various aspects of the financial statements and accounts. The Committee in detail looked into the compliance of the disclosure requirements set by the BSEC for the special reporting covering longer than usual accounting period. The Committee also reviewed the financial reporting process, discussed the adequacy of the internal control processes in place to prevent errors and fraudulent activities and thoroughly scrutinized the related party transactions carried out during the year. The committee was fully satisfied that the related party transactions were made on an arm length basis as part of normal course of business and the transactions have been adequately disclosed in the financial statements. The Independent Auditors' report also did not contain any material audit observation that warranted the Boards' attention. The Committee being satisfied, authorized for onward submission of the Audited Financial Statements to the Board for approval.

In addition to the above, the Audit Committee met three times during the year ended on 30 June 2018. All the Members were present in all meetings of the Committee.

The second meeting of the Committee was held on November 08, 2017, prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on September 30, 2017. The Committee reviewed the financial progress during the first quarter and examined in detail and recommended the same for approval by the Board to release to the Shareholders of the Company.

The third meeting of the Committee was held on January 28, 2018 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on December 31, 2017.

The fourth meeting of the Committee was held on April 25, 2018 to release the un-audited third quarter financial statements of the Company for the quarter ended on March 31, 2018. The detailed review of the financial statements was made by the Committee and recommended to the Board for approval of the financial statements for release to the Shareholders of the Company.

The Chief Executive Officers, Chief Financial Officer, Internal Auditors of the Company and representatives of the External Auditors had attended all the meetings upon invitation by the Audit Committee. From time to time, other senior Members of Management have also been invited by the Audit Committee to attend in the above Audit Committee meetings. The Audit Committee met with the External Auditors and separately, with the internal Auditors on an annual basis.

The Audit Committee also reviewed, approved and monitored the procedures 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 did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.

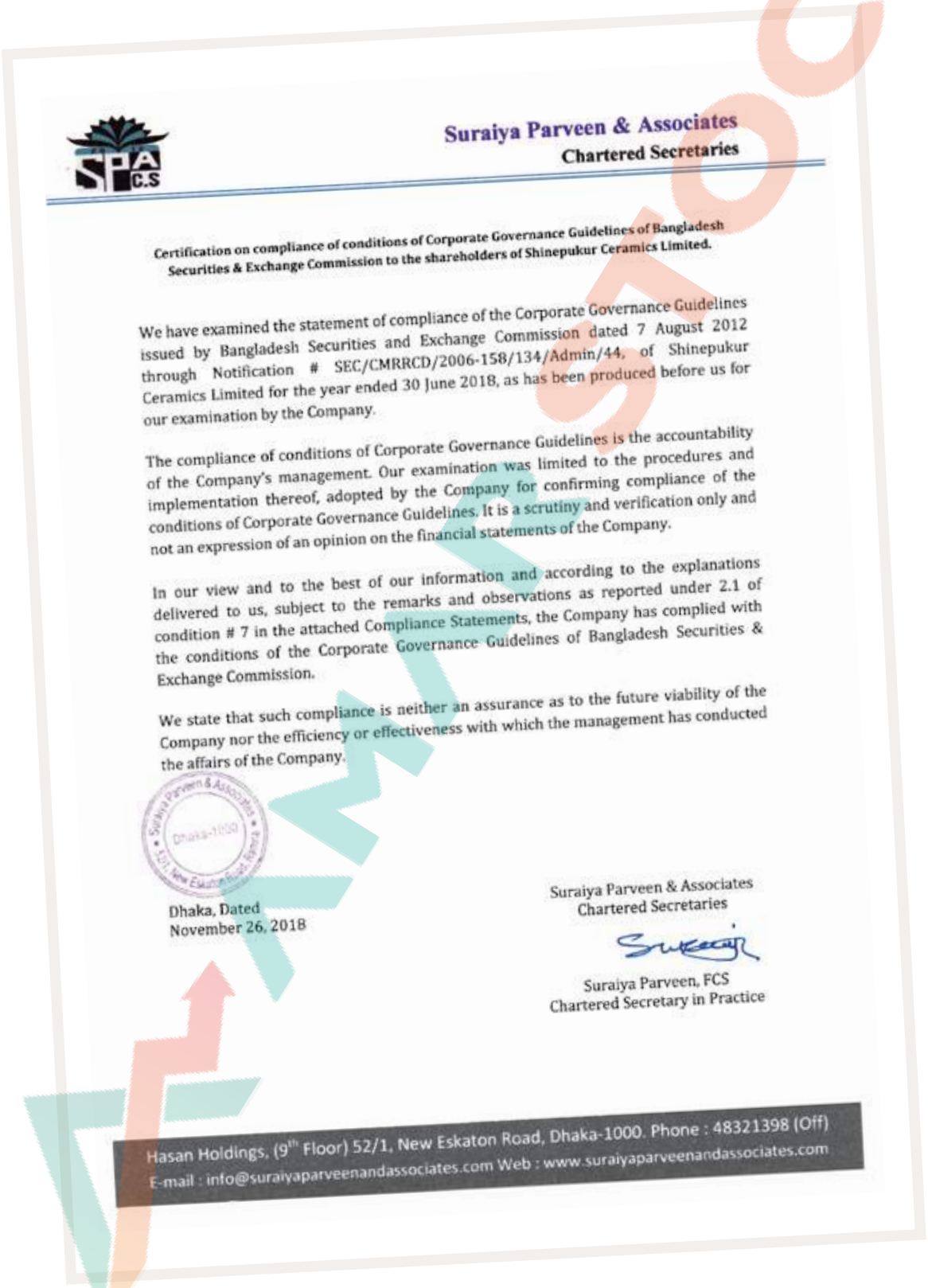
External Auditors:

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. The Committee has considered the tenure, quality and fees of the auditors, considered and made recommendations to the Board on the appointment and remuneration of external Auditors, M/s. M. J. Abedin & Company, Chartered Accountants for the year 2018-19, subject to the approval of shareholders in the 21st AGM of the Company, who had carried out the audit of the Company for the year ended on 30 June 2018.

On behalf of the Audit Committee,

(Masud Ekramullah Khan)
Chairman

CERTIFICATION ON COMPLIANCE
OF CONDITIONS OF CORPORATE GOVERNANCE



Suraiya Parveen & Associates
Chartered Secretaries

Certification on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the shareholders of Shinepukur Ceramics Limited.

We have examined the statement of compliance of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission dated 7 August 2012 through Notification # SEC/CMRRCD/2006-158/134/Admin/44, of Shinepukur Ceramics Limited for the year ended 30 June 2018, as has been produced before us for our examination by the Company.

The compliance of conditions of Corporate Governance Guidelines is the accountability of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for confirming compliance of the conditions of Corporate Governance Guidelines. It is a scrutiny and verification only and not an expression of an opinion on the financial statements of the Company.

In our view and to the best of our information and according to the explanations delivered to us, subject to the remarks and observations as reported under 2.1 of condition # 7 in the attached Compliance Statements, the Company has complied with the conditions of the Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission.

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

Dhaka, Dated
November 26, 2018

Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chartered Secretary in Practice

Hasan Holdings, (9th Floor) 52/1, New Eskaton Road, Dhaka-1000. Phone : 48321398 (Off)
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AUDITOR'S REPORT

AND AUDITED FINANCIAL STATEMENTS
OF

SHINEPUKUR CERAMICS LIMITED
AS ON 30 JUNE 2018

AMAR STOCK

AUDITORS' REPORT

To The Shareholders of SHINEPUKUR CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Shinepukur Ceramics Limited, which comprise the Statement of Financial Position as at 30 June 2018, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year from 01 July 2017 to 30 June 2018 then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 these books ;

(c) the Statement of Financial Position (Balance Sheet) and The Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and

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

M.J. ABEDIN & CO.
Chartered Accountants
25 October 2018
Dhaka

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	Amount in Taka	
		30-June-18	30-June-17
ASSETS			
Non-Current Assets		**5,451,430,431**	**5,550,312,459**
Property, Plant and Equipment - Carrying Value	4.00	5,382,929,527	3,964,175,891
Investment in Shares	5.00	68,500,904	83,852,779
Capital Work in Progress	6.00	-	1,502,283,789
Current Assets		**1,012,706,324**	**920,773,253**
Inventories	7.00	695,025,952	633,926,786
Accounts & Other Receivables	8.00	198,228,498	165,802,590
Advances, Deposits & Prepayments	9.00	108,696,738	102,377,730
Cash and Cash Equivalents	10.00	10,755,136	18,666,147
Total Assets		**6,464,136,755**	**6,471,085,712**
EQUITY AND LIABILITIES			
Shareholders' Equity		**4,215,245,981**	**4,169,049,827**
Issued Share Capital	11.00	1,469,660,550	1,469,660,550
Revaluation Surplus on Property, Plant and Equipment	12.00	2,966,690,015	2,966,690,015
Fair Value Loss on Investment in Shares		(96,469,701)	(81,117,825)
Retained Earnings		(124,634,883)	(186,182,913)
Non-Current Liabilities		**578,613,263**	**672,156,347**
Long Term Loans - Net-off Current Matuirity(Secured)	13.00	376,998,771	472,362,750
Gratuity Payable	14.00	120,142,415	109,631,647
Deferred Tax Liability	15.00	81,472,077	90,161,950
Current Liabilities		**1,670,277,511**	**1,629,879,538**
Short Term Loans from Banks & Other	16.00	780,951,629	696,011,070
Long Term Loans-Current Matuirity (Secured)	17.00	186,108,052	215,632,213
Creditors, Accruals and Other Payables	18.00	703,217,830	718,236,255
Total Equity and Liabilities		**6,464,136,755**	**6,471,085,712**

The accompanying notes form an integral part of these financial statements.

Approved and authorized for issue by the board of directors on 25 October 2018 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2018

STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2018

	Notes	Amount in Taka	
		01.07.2017 - 30.06.2018	01.07.2016 - 30.06.2017
Revenue	19.00	1,528,643,124	1,437,866,858
Cost of Goods Sold	20.00	(1,182,346,853)	(1,111,841,194)
Gross Profit		**346,296,271**	**326,025,664**
Other Income	**21.00**	**13,052,711**	**17,254,287**
Operating Expenses		**(123,095,345)**	**(119,489,788)**
Administrative Expenses	22.00	(59,800,153)	(57,711,599)
Selling & Distribution Expenses	23.00	(63,295,192)	(61,778,189)
Profit from Operations		**236,253,637**	**223,790,163**
Finance Cost	24.00	(150,778,835)	(200,109,152)
Profit before contribution to WPPF		**85,474,802**	**23,681,011**
Contribution to Workers' Profit Participation		(4,070,229)	(1,127,667)
Net Profit Before Tax		**81,404,573**	**22,553,344**
Income Tax Income/(Expense)	25.00	(19,856,543)	(14,260,586)
Net Profit After Tax for the year		**61,548,030**	**8,292,758**
Earning Per Share	**26.00**	**0.42**	**0.06**

The accompanying notes form an integral part of these financial statements.

Approved and authorized for issue by the board of directors on 25 October 2018 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2018

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

Particulars	Notes	Amount in Taka	
		01.07.2017-30.06.2018	01.07.2016-30.06.2017
Net Profit /(Loss) After Tax for the year	**5.00**	**61,548,030**	**8,292,758**
Fair Value Gain/(Loss) on Investment in Shares		(15,351,876)	31,901,528
Total Comprehensive Income/(Loss) for the year		**46,196,154**	**40,194,286**

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

Particulars	Amount in Taka				
	Share Capital	Revaluation Surplus on PPE	Fair Value Loss on Investment in Shares	Retained Earnings	Total Equity
Balance as on 30 June 2016	**1,469,660,550**	**2,966,690,015**	**(113,019,353)**	**(194,475,671)**	**4,128,855,541**
Net Profit after tax for the year ended 30 June 2017	-	-	-	8,292,758	8,292,758
Fair Value Gain on Investnment in Shares (Note - 5)	-	-	31,901,528	-	31,901,528
Total Balance as on 30 June 2017	**1,469,660,550**	**2,966,690,015**	**(81,117,825)**	**(186,182,913)**	**4,169,049,827**
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share					**28.37**
Balance as on 30 June 2017	**1,469,660,550**	**2,966,690,015**	**(81,117,825)**	**(186,182,913)**	**4,169,049,827**
Net Profit after tax for the year ended 30 June 2018	-	-	-	61,548,030	61,548,030
Fair Value Gain/(Loss) on Investnment in Shares (Note-5)	-	-	(15,351,876)	-	(15,351,876)
Total Balance as on 30 June 2018	**1,469,660,550**	**2,966,690,015**	**(96,469,701)**	**(124,634,883)**	**4,215,245,981**
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share					**28.68**

The accompanying notes form an integral part of these financial statements.

Approved and authorized for issue by the board of directors on 25 October 2018 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2018

STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Notes	Amount in Taka	
		01.07.2017 - 30.06.2018	01.07.2016 - 30.06.2017
Cash Flows From Operating Activities:			
Collections from turnover and other income		1,509,269,927	1,384,268,617
Payments for costs, expenses & others		(1,291,527,200)	(1,041,526,386)
Interest Paid		(148,123,479)	(195,696,698)
Income-Tax paid and /or deducted at sources		(29,046,111)	(36,434,046)
Net cash generated from operating activities	**29.00**	**40,573,137**	**110,611,487**
Cash Flows From Investing Activities:			
Property, Plant and Equipment acquired		(8,536,567)	(3,833,835)
Addition of Capital Work in Progress		-	(17,416,171)
Net cash used in investing activities		**(8,536,567)**	**(21,250,006)**
Cash Flows From Financing Activities:			
Decrease in Loan		(39,947,581)	(86,990,557)
Net cash used in financing activities		**(39,947,581)**	**(86,990,557)**
Increase/(Decrease) in Cash and Cash Equivalents		**(7,911,011)**	**2,370,924**
Cash and Cash Equivalents at the beginning of the year		**18,666,147**	**16,295,223**
Cash and Cash Equivalents at the end of the year	**10.00**	**10,755,136**	**18,666,147**
Net Operating Cash Flows Per Share	**28.00**	**0.28**	**0.75**

The accompanying notes form an integral part of these financial statements.

Approved and authorized for issue by the board of directors on 25 October 2018 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2018

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

1 The background and activities of the Company

1.1 Status of the Company

Shinepukur Ceramics Limited (SCL/the company) was incorporated in Bangladesh on 26 January 1997 under the Companies Act, 1994 as a Private Limited Company and launched its manufacturing operation in 1999. The Company was converted into a Public Limited Company on 7 May 2008. The Shares of the Company have been listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 18 November 2008 under the DSE and CSE Direct Listing Regulations 2006.

The registered office of the company is located at House No.17, Road No.2, Dhanmondi R/A, Dhaka. The industrial units are located at Sarabo of Gazipur.

1.2 Principal Activities

The company operates in a single industry segment. It is engaged in manufacturing and marketing of high quality Porcelain and high value added Bone China Tableware, which it sells in the local as well as international markets.

2 Bases of Financial Statements – Preparation and Presentation

2.1 Measurement Bases

The financial statements have been prepared on the Historical Cost basis, except lands, buildings and plant & machinery re-stated at current cost and investment in shares of listed companies are carried at fair value based on the period end quoted price of Dhaka Stock Exchange Limited

2.2 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws and regulations as applicable and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.3 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements.

The Financial Statements Comprises:

(a) a statement of financial position as at 30 June 2018;
(b) a statement of profit or loss and other comprehensive income for the year from 01 July 2017 to 30 June 2018;
(c) a statement of changes in equity for the year from 01 July 2017 to 30 June 2018;
(d) a statement of cash flows for the year from 01 July 2017 to 30 June 2018; and
(e) notes, comprising a summary of significant accounting policies and other explanatory information.

2.4 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on 25 October 2018.

2.5 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.6 Reporting Period and Comparative Information

The financial Statements have been prepared for 12(Twelve) months (from 1st July 2017 to 30th June 2018).

Figures for the year ended 30 June 2017 have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on value of assets and liabilities as reported in the financial statements.

2.7 Use of Estimates and Judgments

The preparation of financial statements in conformity with BFRSs / BASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses,

and disclosure requirements for contingent assets and liabilities during the year and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors prescribes that the effects of the revision of accounting estimates has to be recognized in the period in which the estimates are revised.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses and other payables.

3. Significant Accounting Policies

3.1 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.

Receipts from customers comprise sales price against export sales and domestic sales.

Export sales are considered as revenue at FOB value. Usually export sales are transacted in FOB basis. Where export sales are carried out other than at FOB price, additional costs are added to FOB price, accordingly those added costs (Ocean Freight, Commission Payable, Cost of Insurance etc.) if any, are net off to arrive at FOB value of the said export sales in order to be uniformed in revenue recognition.

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

Property, plant and equipment (including assets acquired under finance lease) are capitalized at cost of acquisition and subsequently stated at cost revalued amount less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The Cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.2.2 Pre-Operating Expenses and Borrowing Costs

In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS 23: Borrowing Costs.

3.2.3 Subsequent Expenditure

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenances 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. All other costs are recognized to the statement of profit or loss and other comprehensive income as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.2.4 Software

Software is generally charged off as revenue expenditure. Purchase of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

3.2.5 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and 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 the assets and net sales proceeds.

3.2.6 Depreciation on Fixed Assets

Depreciation is provided on all fixed assets except Land & Land Development at the following rates on reducing balance basis over the periods appropriate to the estimated useful lives of the different types of assets:

Building and Other Construction	0.5% to 5%
Plant and Machinery	1.5% to 7.5%
Furniture & Fixture	20%
Transport & Vehicle	20%
Office Equipment	20%

3.3 Leased Assets

In compliance with the BAS: 17 Leases, costs of assets acquired under finance lease along with obligation there against have accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses.

3.4 Financial Instruments

Non-derivative financial instruments comprise investment in shares, accounts and other receivables, cash and cash equivalents, borrowings and other payables.

3.4.1 Financial Assets

(a) Investment in Shares

Investment in Shares of listed companies are carried in the statement of financial position at fair value based on DSE quoted price at the period end and the gain / loss thereon were accounted for through other comprehensive income considering it as "Available – for - Sale" financial assets.

(b) Accounts Receivable

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of profit or loss and other comprehensive income.

(c) Advances and Deposits

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

(d) Cash and Cash Equivalents

Cash and Cash equivalents are carried in the statement of financial position at cost and include cash in hand and with banks on current and deposit accounts, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.4.2 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

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3.5 Impairment

(a) Financial Assets

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

(b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.6 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by BAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.7 Provisions

A provision is recognized in the statement of financial position when the company has legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation.

3.8 Income Tax Expenses

Current Tax

Applicable Income Tax Rate is 25% on taxable income. However, Tax deducted at source (TDS) as per Section 53BBBB under Income Tax Ordinance, 1984 is minimum tax u/s 82(C).

Deferred Tax

Deferred tax is recognised in compliance with BAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate income taxes levied by the same tax authority on the same taxable entity.

3.9 Interest Income

Interest Income is recognized on accrual basis.

3.10 Borrowing Costs

This has been dealt with the requirements of BAS 23: Borrowing Costs.

Borrowing costs relating to projects in commercial operation are recognized as expenses in the period in which they are incurred. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

3.11 Employee Benefits

The company maintains both contribution plan and defined benefit plan for its eligible permanent employees.

The company's employee benefits include the following:

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

(a) Defined Contribution Plan (Provident Fund)

The company contributes to a registered provident fund scheme (defined contribution plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrecoverable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

(b) Defined Benefits Plan (Gratuity)

Employees are entitled to gratuity benefit after completion of minimum five years of services in the company. The gratuity is calculated on the latest applicable basic pay and is payable at the rate of one month basic pay for every completed year of service.

(c) Short-term Employee Benefits

Short-term employee benefits include salary, bonuses, leave encashment etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

(d) Contribution to Workers' Participation/Welfare Funds

This represents 5% of net profit before tax contributed by the Company as per provisions of Bangladesh Labor Act 2013 (amendment) and is payable to workers as defined in the said law.

(e) Group Insurance Scheme

Employees of the company are covered under group life insurance scheme.

3.12 Proposed Dividend

The amount of proposed dividend is not accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events after the Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the board of Directors.

3.13 Earnings per Share

This has been calculated in compliance with the requirements of BAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings (Numerator)

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year (Denominator)

Current Year

The total number of shares has been considered as the Weighted Average number of Shares outstanding during the year.

Earlier Periods

The total number of shares has been considered as the Weighted Average Number of Shares outstanding during the year earlier periods.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: "Earnings Per Share".

Diluted Earnings per Share

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

3.14 Foreign Currency Transactions

The Financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates. However, as a requirement of the companies Act 1994, exchange loss relating to foreign currency loan has been capitalized to relevant fixed assets being procured under the said obligation.

3.15 Segmental Reporting

No segmental reporting is applicable for the company as required by BAS 14: Segmental Reporting, as the company operates in a single industry segment and within a single geographical segment.

3.16 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as encouraged by BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.17 Events after the Reporting Period

In compliance with the requirements of BAS 10: Events after the Reporting Period, post balance sheet events that provide additional information about the company's position at the balance sheet date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

4.00 Property, Plant and Equipment-Carrying Value : Tk. 5,382,929,527

Particulars	Amount in Taka						
	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total
Cost or Valuation:							
At 30 June 2017	1,697,029,503	1,382,863,326	2,794,377,460	58,149,965	30,418,695	21,709,479	5,984,548,428
Addition during the year	-	1,336,550	6,741,012	365,864	93,141	-	8,536,567
Transferred in & Capitalized	185,041,903	474,326,017	842,915,869				1,502,283,789
Disposal during the year	-	-	-	-	-	-	-
At 30 June 2018	1,882,071,406	1,858,525,893	3,644,034,341	58,515,829	30,511,836	21,709,479	7,495,368,783
Depreciation:							
At 30 June 2017	-	369,158,083	1,552,918,070	52,635,416	26,567,626	19,093,342	2,020,372,537
Depreciation for the year	-	25,376,045	64,202,523	1,176,083	788,842	523,227	92,066,720
Disposal during the year	-	-	-	-	-	-	-
At 30 June 2018	-	394,534,128	1,617,120,593	53,811,499	27,356,468	19,616,569	2,112,439,257
Carrying Amount:							
As at 30 June 2018	1,882,071,406	1,463,991,765	2,026,913,748	4,704,330	3,155,368	2,092,910	5,382,929,527
As at 30 June 2017	1,697,029,503	1,013,705,243	1,241,459,390	5,514,549	3,851,069	2,616,137	3,964,175,891

Disclosure on Revaluation:

(a) The break-up of total revaluation surplus as included in the carrying amount is stated below:

Particulars	Amount in Taka			
	Land & land Development	Building & other Construction	Plant & Machinery	Total
Surplus on Revaluation in 2004	192,466,272	-	-	192,466,272
Surplus on Revaluation in 2008	376,892,108	351,072,849	433,853,724	1,161,818,681
Surplus on Revaluation in 2011	953,362,500	547,975,861	111,066,701	1,612,405,062
Total Surplus on Revaluation	1,522,720,880	899,048,710	544,920,425	2,966,690,015

(b) M/S G.K.Adjusters Ltd.(Insurance Surveyors, Loss Adjusters, Controllers, Consultants and Valuers) of Chand Mansion (5th floor) , 66, Dilkusha Commercial Area, was involved to carry out the revaluation of 2004.

(c) SF Ahmed & Co, Chartered Accountants, House 25, Road 13A, Block - D, Banani, Dhaka - 1213 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2008, following ""current cost method"". Such revaluation resulted in a revaluation surplus aggregating Tk. 1,161,818,681.

(d) Ata Khan & Co, Chartered Accountants, 67 Motijheel Commercial Area, Dhaka - 1000 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2011, following "current cost method". Such revaluation resulted in a revaluation surplus aggregating Tk. 1,612,405,062.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

		Amount in Taka	
		As At 30-June-18	As At 30-June-17
5.00	**Investment in Shares : Tk. 68,500,904**		
	The basis of valuation is stated in Note 3.4.1 (a).		
	This consists of Investment in Shares of listed Companies as follows :		
(a)	In 65,716 (30.06.2017: 65,716) Shares of Beximco Synthetics Ltd.(Face value Tk. 10.00), (Listed company, Market value Tk. 8.60 per share on 30 June 2018)	565,158	630,874
(b)	In 2,592,967 (30.06.2017: 2,469,493) Shares of Bangladesh Export Import Co. Ltd. (Face value Tk. 10.00),(Listed company, Market value Tk. 26.20 per share on 30 June 2018)	67,935,746	83,221,906
		68,500,904	**83,852,779**

This is arrived at as follows:

	30.06.2018			30.06.2017		
	Beximco Synthetics Ltd.	Beximco Ltd.	Total	Beximco Synthetics Ltd.	Beximco Ltd.	Total
Opening Balance	630,874	83,221,906	83,852,779	414,011	51,537,240	51,951,251
Adjustment for Sales during the year	-	-	-	-	-	-
	630,874	**83,221,906**	**83,852,779**	**414,011**	**51,537,240**	**51,951,251**
Less: Quoted Price on year end	565,158	67,935,746	68,500,904	630,874	83,221,906	83,852,779
Fair Value Gain/(Loss) on Investment in Shares	**(65,716)**	**(15,286,160)**	**(15,351,876)**	**216,863**	**31,684,666**	**31,901,528**

6.00	**Capital Work in Progress : Tk. 0**		
	This represents as follows:		
	Opening Balance	1,502,283,789	1,484,867,618
	Add: Addition during the year	-	17,416,171
		1,502,283,789	1,502,283,789
	Less: Transferred to PPE during the year	(1,502,283,789)	-
	Closing Balance	**-**	**1,502,283,789**
7.00	**Inventories : Tk. 695,025,953**		
	This represents as follows:		
	Raw Material & Chemical	133,938,124	122,874,451
	Finished Goods	237,267,837	221,367,465
	Work-In- Process	225,005,730	184,467,706
	Stores & Spares	96,501,337	102,445,306
	Packing Material	2,312,924	2,771,858
		695,025,952	**633,926,786**

8.00 Accounts & Other Receivables : Tk. 198,228,498

This is considered good and is falling due within the year.
No amount was due by the directors (including Managing Director), managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

No amount was due by any associated undertaking.

9.00	**Advances, Deposits & Prepayments : Tk. 108,696,738**		
	This is considered good and consists of as follows:		
	Advances (Note - 9.01)	88,740,810	84,402,810
	Deposits (Note - 9.02)	19,955,928	17,974,920
		108,696,738	**102,377,730**

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

	Amount in Taka	
	As At 30-June-18	As At 30-June-17
9.01 Advances : Tk. 88,740,810		
This represents as follows:		
Suppliers	-	2,625,617
L/C-Margin & Others	32,702,698	30,887,240
Advance Income Tax (Note - 9.01.01)	55,396,353	26,350,242
Employees (other than officers)	74,865	10,447,526
Advance against Expenses	566,894	4,492,685
Trade Fair	-	9,599,500
	88,740,810	**84,402,810**

No amount was due by the Directors (including Managing Director), Managing Agent, Managers and other Officers of the Company and any of them severally or jointly with any other person.

No amount was due by any associated undertaking.

Advances to employees (other than officers) are realisable from monthly salary in installments.

9.01.01 Advance Income Tax : Tk. 55,396,353		
This has been arrived at :		
Opening Balance	26,350,242	15,939,833
Add : Paid/Deducted during the year under review	29,046,111	26,350,242
	55,396,353	**42,290,075**
Less: Adjustments for the AY 2017-18	-	(15,939,833)
Closing Balance	**55,396,353**	**26,350,242**
9.02 Deposits : Tk. 19,955,928		
This represents as follows:		
VAT Deposit	2,071,815	90,807
Security Deposit	11,408,261	11,408,261
Lease Deposit	3,700,134	3,700,134
Bank Guarantee Margin	2,755,718	2,755,718
Earnest Money Deposit	20,000	20,000
	19,955,928	**17,974,920**
10.00 Cash and Cash Equivalents : Tk. 10,755,136		
This consists of :		
(a) In Hand:	**175,852**	**364,960**
(b) At Banks in :	**10,579,284**	**18,301,187**
(i) Current Account	6,172,803	15,013,121
(ii) STD Account	2,746,607	2,074,695
(iii) FDR Account	1,659,874	1,213,371
	10,755,136	**18,666,147**
11.00 Issued Share Capital : Tk. 1,469,660,550		
This represents :		
(a) Authorised :		
500,000,000 Ordinary Shares of Tk.10/-each	**5,000,000,000**	**5,000,000,000**
(b) Issued, subscribed and paid -up:		
66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash	660,600,000	660,600,000
61,736,571 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	617,365,700	617,365,700
19,169,485 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	191,694,850	191,694,850
Total 146,966,055 shares of Tk. 10/- each fully paid-up	**1,469,660,550**	**1,469,660,550**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

(c) Statement of Share Position:

Name of the Shareholders	30-June-18		30-June-17	
	No. Of Shares	Holding %	No. Of Shares	Holding %
Bangladesh Export Import Co.Ltd.	73,483,009	50.00%	73,483,009	50.00%
Sponsors & Directors	4	0.00%	4	0.00%
Institutions	25,862,615	17.60%	24,215,135	16.48%
General Public	47,620,427	32.40%	49,267,907	33.52%
	146,966,055	100%	146,966,055	100.00%

(d) Distribution Schedule:

Share holdings	30-June-18		
	No. of Shareholders	No.of Shares	Holding %
Less than 500 shares	8,866	1,200,623	0.82
500 to 5,000 shares	5,862	10,072,530	6.85
5001 to 10,000 shares	777	5,765,816	3.92
10,001 to 20,000 shares	423	6,009,924	4.09
20,001 to 30,000 shares	133	3,321,266	2.26
30,001 to 40,000 shares	77	2,665,147	1.81
40,001 to 50,000 shares	45	2,088,964	1.42
50,001 to 100,000 shares	73	5,163,223	3.51
100,001 to 1,000,000 shares	61	17,222,799	11.72
Over 1,000,000 shares	8	93,455,763	63.59
Total	**16,325**	**146,966,055**	**100.00**

(e) Market Price:

The shares of the Company are listed with in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 16.70 (in 30 June 2017: Tk. 16.70) per share in the Dhaka Stock Exchange and Tk. 16.70 (in 30 June 2017: Tk. 16.70) per share in the Chittagong Stock Exchange on 30 June 2018.

(f) Option on unissued shares :

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

(g) Voting Rights :

The rights and privileges of the shares are stated in the Bye-laws (Articles of Association) of the Company.

	Amount in Taka	
	As At 30-June-18	As At 30-June-17

12.00 Revaluation Surplus on Property, Plant and Equipment : Tk. 2,966,690,015

This is as per last accounts. Details are stated in Note - 4.

13.00 Long Term Loans- Net-Off Current Maturity (Secured) : Tk. 376,998,771

This represents loans from :

Bank Asia Ltd. - Term Loan	177,000,071	242,380,869
Phoenix Finance & Investment Ltd.- Term Loan	199,998,700	229,981,881
	376,998,771	**472,362,750**

Nature of Security :

(i) Equitable mortgage over the immovable property.

(ii) Hypothecation by way of a floating charge on all other movable assets both present and future.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

(iii) First Charge over all the finished stock, Work-In-Process and current assets excluding book debts.

Terms of Repayment :

Bank Asia Ltd. - Term Loan :

In 20 (Twenty) equal Quarterly installments commencing from 30 March 2017 as per revised sanction.

Phonix Finance & Investment:

In 96 (Ninety six) equal monthly installments commencing from 25 July 2015 as per revised sanction.

Rate of interest :

Bank Asia Ltd. - Term Loan :

12% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Phonix Finance & Investment:

17 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

	Amount in Taka	
	As At 30-June-18	As At 30-June-17
14.00 Gratuity Payable : Tk. 120,142,415		
This is arrived at as follows:		
Opening Balance	109,631,647	101,599,302
Add: Addition during the year	11,295,317	9,625,474
	120,926,964	111,224,776
Less: Payment during the year	(784,549)	(1,593,129)
Closing Balance	**120,142,415**	**109,631,647**
15.00 Deferred Tax Liability : Tk. 81,472,077		
Deferred Tax Liability is arrived at as follows:		
Opening Deferred Tax Liabilities	90,161,950	99,102,928
Deferred Tax Expense /(Income): (Note-25 (b))	(8,689,873)	(8,940,978)
Closing Deferred Tax Liabilities	**81,472,077**	**90,161,950**
16.00 Short Term Loans From Banks & Other : Tk. 780,951,629		
This is secured and consists of as follows:		
Sonali Bank Ltd. - CC (H) (Secured)	554,814,175	568,798,083
Sonali Bank Ltd. - LTR (Secured)	166,137,454	127,212,987
New Dacca Industries Ltd. (Unsecured interest Free)	60,000,000	-
	780,951,629	**696,011,070**
17.00 Long Term Loans - Current Maturity (Secured) : Tk. 186,108,052		
This consists of as follows:		
Bank Asia Ltd. -Term Loan	68,025,025	81,242,926
Southeast Bank Ltd. - Term Loan	-	35,535,640
Phoenix Finance & Investment Ltd.- Term Loan	118,083,027	98,853,647
	186,108,052	**215,632,213**

Terms of Repayment :

Southeast Bank Ltd. - Term Loan :

In 21 (Twenty one) equal monthly installments commencing from 30 September 2016 as per revised sanction.

Rate of interest :

Southeast Bank Ltd. - Term Loan :

9.75 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

		Amount in Taka	
		As At 30-June-18	As At 30-June-17
18.00	**Creditors, Accruals and Other Payables : Tk. 703,217,830**		
	This consists of as follows:		
	Gas & Electricity	62,230,049	127,528,037
	Creditors for Goods	297,913,338	308,659,213
	Other Payables	171,374,400	140,228,276
	Income Tax Payable (Note - 18.01)	78,384,590	49,838,174
	Salaries & Wages	52,873,933	34,173,533
	Employees' Provident Fund	24,141,745	33,980,612
	Interest due	1,911,045	12,447,958
	Security Deposit	4,190,000	4,190,000
	WPPF Payable	7,184,852	3,114,623
	Tax Deducted at source (Employee Tax)	2,256,191	2,793,824
	Group Insurance Payable	67,687	592,005
	Audit Fee (Including VAT @15%)	690,000	690,000
		703,217,830	**718,236,255**
18.01	**Income Tax Payable : Tk. 78,384,590**		
	This is arrived at as follows :		
	Opening Balance	49,838,174	52,660,246
	Add: Tax provided for the year (Note - 25 (a))	28,546,416	23,201,564
		78,384,590	**75,861,810**
	Less: Adjustments of AIT for AY 2016-17	-	(15,939,833)
	Less: Tax paid for the AY 2011-12 to 2015-16	-	(10,083,803)
	Closing Balance	**78,384,590**	**49,838,174**
19.00	**Revenue : Tk. 1,528,643,124**		
	This is made up as follows :		
	A. Local Sales	635,300,686	541,254,450
	B. Export Sales	893,342,438	896,612,408
		1,528,643,124	**1,437,866,858**
20.00	**Cost of Goods Sold : Tk. 1,182,346,853**		
	This is arrived at as follows:		
	Opening WIP	184,467,706	164,203,130
	Raw Material Issued (Note- 20.01)	485,762,684	404,903,850
	Material available for consumption	**670,230,390**	**569,106,980**
	Closing WIP	(225,005,730)	(184,467,706)
	Consumption	**445,224,660**	**384,639,273**
	Manufacturing overhead (Note- 20.02)	753,022,565	714,818,883
	Cost of production	**1,198,247,225**	**1,099,458,157**
	Opening Finished Goods	221,367,465	233,750,502
	Cost of Goods Available for Sale	**1,419,614,690**	**1,333,208,659**
	Closing Finished Goods	(237,267,837)	(221,367,465)
	Cost of Goods Sold	**1,182,346,853**	**1,111,841,194**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

	Amount in Taka	
	As At 30-June-18	As At 30-June-17
20.01 Raw Material Issued : Tk. 485,762,684		
This is arrived at as follows:		
Opening Stock of Raw Material	122,874,451	165,512,833
Purchased of Raw Material	496,826,357	362,265,468
	619,700,808	**527,778,301**
Closing Stock of Raw Material	(133,938,124)	(122,874,451)
Raw Material Issued	**485,762,684**	**404,903,850**
20.02 Manufacturing Overhead : Tk. 753,022,565		
This consists of as follows :		
Depreciation	84,701,383	90,201,925
Salaries ,Wages,etc	335,987,072	293,307,318
Gratuity	9,231,661	7,832,271
Power & Fuel	128,738,820	102,835,240
Packing Materials	82,026,407	121,226,441
Consumable Store & Spares	51,163,510	41,851,517
Transport Expenses	34,890,419	33,663,363
Office Expenses	10,537,119	8,884,910
Welfare Expenses	7,891,200	6,561,959
Insurance Expenses	1,126,710	3,259,568
Communication Expenses	924,518	794,643
Occupancy Expenses	480,340	49,650
Travelling & Conveyance	1,432,110	1,170,839
Handling & Carrying Expenses	658,919	1,023,540
Repairs & Maintenances	3,232,377	2,155,699
	753,022,565	**714,818,883**
21.00 Other Income: Tk. 13,052,711		
This consists of as follows :		
Duty Drawback	9,751,933	14,695,442
Misc. Income	661,889	299,693
Sale of Scrap	2,638,889	2,259,152
	13,052,711	**17,254,287**
22.00 Administrative Expenses : Tk. 59,800,153		
This consists of as follows :		
Depreciation	7,365,337	8,007,338
Salaries & Allowances	26,549,147	25,472,924
Gratuity	1,385,935	1,128,986
Office Expenses	12,520,185	12,471,396
Transport Expenses	4,382,928	4,040,805
Legal, Professional & Others Fees & AGM Expenses	2,090,853	977,884
Communication Expenses	560,105	400,121
Occupancy Expenses	1,841,858	1,646,563
Travelling & Conveyance Expenses	1,631,388	2,107,122
Utilities Expenses	739,437	683,570
Repairs & Maintenances	4,500	29,500
Audit Fee (Including VAT @15%)	690,000	690,000
General Expenses	31,540	45,540
Handling & Carrying Expenses	6,940	9,850
	59,800,153	**57,711,599**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

		Amount in Taka	
		As At 30-June-18	As At 30-June-17
23.00	**Selling & Distribution Expenses : Tk. 63,295,192**		
	This consists of as follows :		
	Promotional Expenses	17,772,096	18,932,437
	Salaries & Allowances	21,573,671	22,220,008
	Gratuity	677,721	664,217
	Advertising & Publicity	166,635	475,968
	Occupancy Expenses	8,050,729	8,094,549
	Office Expenses	8,052,008	5,036,870
	Transport Expenses	1,822,021	1,881,056
	Travelling & Conveyance Expenses	1,818,387	990,499
	Communication Expenses	707,700	801,987
	Utilities Expenses	739,429	677,144
	Show Room Expenses	367,823	427,195
	Handling & Carrying Expenses	79,900	44,310
	Legal & Professional Fees	301,216	367,134
	Product Research	1,165,856	1,164,815
		63,295,192	**61,778,189**
24.00	**Finance Cost : Tk. 150,778,835**		
	This consists of as follows :		
	Interest on Loan from Banks & Others	148,123,479	195,696,698
	Bank Commission & Charges	2,655,355	4,412,454
		150,778,835	**200,109,152**
25.00	**Income Tax Expenses/(Income): Tk. 19,856,543**		
	This represents:		
	(a) Current Tax:		
	Tax for the year under review	28,546,416	23,201,564
	Current Tax	**28,546,416**	**23,201,564**
	(b) Deferred Tax (Income) / Expenses	(8,689,873)	(8,940,978)
	Total (a+b)	**19,856,543**	**14,260,586**
26.00	**Basic Earnings Per Share (EPS)**		
	(a) Earning Attributable to the Ordinary Shareholders (Net Profit/(Loss) After Tax)	**61,548,031**	**8,292,758**
	(b) Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13)	**146,966,055**	**146,966,055**
	(c) EPS (a/b)	**0.42**	**0.06**

The calculation of the basic earnings per share is made in accordance with BAS 33 (Earning Per Share), dividing the Profit / (Loss) for the year by weighted average number of the shares outstanding during the year.

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

27.00	**Net Asset Value (NAV) per share**		
	Total Assets	6,464,136,755	6,471,085,712
	Less: Total Liabilities	(2,248,890,774)	(2,302,035,885)
	Net Assets	**4,215,245,981**	**4,169,049,827**
	Number of Ordinary Shares of Tk. 10 each at Financial Position date.	146,966,055	146,966,055
	Net Asset Value (NAV) per share	**28.68**	**28.37**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

		Amount in Taka	
		As At 30-June-18	As At 30-June-17
28.00	**Net Operating Cash Flows Per Share (NOCFPS)**		
	Net cash flows from operating activities	**40,573,137**	**110,611,487**
	Number of Ordinary Shares of Tk. 10 each at Financial Position date	146,966,055	146,966,055
	Net Operating Cash Flows Per Share (NOCFPS)	**0.28**	**0.75**
29.00	**Reconciliation of Net profit with cash flows from operating activities.:**		
	Net profit after tax	61,548,030	8,292,758
	Adjustments for noncash items, non-operating items and for the net changes in operating accruals		
	Depreciation	92,066,720	98,209,260
	(Increases)/Decreases in Inventories	(61,099,166)	(21,602,496)
	(Increases)/Decreases in Accounts & Other Receivables	(32,425,908)	(70,852,528)
	(Increases)/Decreases in Advances	(4,338,001)	55,662,623
	(Increases)/Decreases in Deposits	(1,981,008)	7,436,996
	Increases/(Decreases) in Creditors for goods and Other Payables	20,400,249	115,649,246
	Increases/(Decreases) Accruals	(35,418,674)	(81,275,738)
	Increases/(Decreases) Gratuity Payable	10,510,768	8,032,345
	Increases/(Decreases) Deferred Tax Liability	(8,689,873)	(8,940,978)
		40,573,137	**110,611,487**

30.00 Payments / Perquisites to Directors and Officers

(a) Directors

During the year no amount of money was expended by the company for compensating any member of the board for special services rendered.

During the year no board meeting attendance fee was paid to the directors of the company except the Independent Director of Tk. 100,000.

(b) During the year 2017-18 an amount of Taka 54,00,000 paid as CEO's remuneraion (FY 2016-17 was Nil).

(c) Officers:

Managerial Remuneration	59,409,728	59,209,728
Bonus	8,411,034	8,211,034
Perquisites:		
Housing	20,701,748	20,501,748
Transport	4,206,572	4,006,572
	92,729,082	**91,929,082**

31.00 Production Capacity, Actual Production and reason of Excess/Short Fall:

	From 01 July 2017 to 30 June 2018				From 01 July 2016 to 30 June 2017			
	Production Capacity (in Pieces)	Actual Production (in Pieces)	Shortfall (in Pieces)	Capacity Utilization	Production Capacity (in Pieces)	Actual Production (in Pieces)	Shortfall (in Pieces)	Capacity Utilization
Porcelain	14,400,000	12,350,172	(2,049,828)	85.77%	14,400,000	13,236,308	(1,163,692)	91.92%
Bone China	5,400,000	3,728,376	(1,671,624)	69.04%	3,240,000	2,720,281	(519,719)	83.96%

Reason for Shortfall : Production as per market demand.

32.00 Capital Expenditure Commitment

There was capital expenditure contracted but not incurred or provided for as on 30 June 2018.
There was no material capital expenditure authorised by the board but not contracted for as on 30 June 2018.

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

33.00 Contingent Liabilities

There was no sums for which the company is contingently liable as on 30 June 2018.

34.00 Claims not Acknowledged

There was no claim against the company not acknowledged as debt as on 30 June 2018.

35.00 Credit Facilities not Availed

There was no credit facilities available to the company but not availed of as on 30 June 2018 under any contract, other than trade credit available in the ordinary course of business.

36.00 Related Party Disclosure

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year ended 30 June 2018
Bangladesh Export Import Co. Ltd.	Investment in Shares	-	67,935,746
Beximco Synthetics Ltd.	Investment in Shares	-	565,158
New Dacca Industries Limited	Short Term Loan	31,00,00000	60,000,000

37.00 Financial Risk Management

The company management has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

Credit risk
Liquidity risk
Market risk

Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

Market Risk

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and EURO and relate to procurement of raw materials, machineries and equipment from abroad.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2018

Exposure to Currency Risk

Foreign Currency Denominated Assets	30-June-18		30-June-17	
Trade Debtors- Foreign	Foreign Currency	Equivalent Local Currency (Tk.)	Foreign Currency	Equivalent Local Currency (Tk.)
US$	1,685,742	137,539,728	1,147,219	92,454,346
EURO	107,851	9,922,295	75,112	6,914,661
Total Equivalent US$	**1,807,354**	**147,462,023**	**1,233,020**	**99,369,007**

(b) Interest Rate Risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There is no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

38.00 Payments Made in Foreign Currency :

	01.07.2017-30.06.2018		01.07.2016-30.06.2017	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
Import of Machinery, Equipments & Spares:				
	US$ 81217	6,741,012.00	-	-
	-	-	-	-
Import of Raw & Packing Material :				
	US$ 3,596,652	298,522,116	US$ 3,575,634	285,974,409
	Euro 528,340	51,713,180	Euro 417,915	36,205,998
	JP¥ 45,228,810	34,229,163	JP¥ 43,864,550	35,457,267
	GBP 239,478	26,494,361	GBP 214,478	21,427,364

No other expenses including royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.

39.00 Foreign Exchange Earned / Received against Collection from Export Sales:

	01.07.2017-30.06.2018		01.07.2016-30.06.2017	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
	US$ 9,685,444	794,206,399	US$ 9,488,354	764,666,469
	Euro 665,210	61,199,320	Euro 625,210	57,555,541

40.00 Events After The Reporting Period

No circumstance have arisen since this statement of financial position date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

Dated, Dhaka
25 October 2018

AMAR STOCK

Shinepukur Signature Showroom



SHINEPUKUR CERAMICS LTD

Shinepukur Ceramics

Signature Showroom at The Westin Dhaka & YELLOW Dhanmondi

THE WESTIN DHAKA

YELLOW Dhanmondi

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STOCK







D&B Corporate Award



NATIONAL EXPORT TROPHY

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AMAR STOCK