SHINEPUKUR CERAMICS LTD

ANNUAL REPORT

2016-17



SHINEPUKUR CERAMICS LIMITED



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 constituencies with whom we interact; namely: our employees, our customers, our business associates, our fellow citizens and our shareholders.

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DSE: BXPHARMA

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, Marketing 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)	1,469.661 million
Number of Shareholders	17,438
Stock Exchange Listing	2008
Number of Employees	Around 2,874

AMAR STOCK

2016-17 Highlights

NEW CUSTOMERS
Blue Ribbon LLC (UAE)
Ganges Art Gallery (Pvt.). India

ACHIEVEMENTS
Successfully accomplished periodic Review of Audit of ISO 9001:2008 in two separate quarters.
Successfully conducted SMETA audit
Successfully conducted BSCI audit
Bone China Unit II is ready for commercial production



SHAMAKSTOCK

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 2,874 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 9001:2008 certified and awarded National Export Trophy for record four (4) 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 coloured Porcelain, Domestic/Hotel use)
Hi-Alumina (Hotelware)
Satin China (White Porcelain, suitable for hotel/domestic use)

BONE CHINA
Real Bone China
Fine Bone China
Fine 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 A S F Rahman

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

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 Bir Uttam CR Datta Road
Dhaka 1205, Bangladesh

CORPORATE GOVERNANCE COMPLIANCE CERTIFIER

Suraiya Parveen & Associates
Chartered Secretaries
House 144, 3rd Floor, Road 12, Block G
South Banasree Project Eastern Housing
Goran, Dhaka 1219, Bangladesh

LEGAL ADVISERS

M/S Huq & Co.
Barristers & Advocate
47/1 Purana Paltan
Dhaka 1000, Bangladesh

BANKER

Sonali Bank Ltd., Southeast Bank Ltd. & Bank Asia Ltd.

REGISTERED OFFICE

17 Dhanmondi R/A, Road No. 2, Dhaka 1205, Bangladesh

PLANT

Beximco Industrial Park, Sarabo, Kashimpur
Gazipur, Bangladesh

AMARSTOCK

Executive Director & Heads of Department



Md. Faruque Ali
Executive Director



S C Bhowmic
Int'l Procurement



Md. Mizanur Rahman
Porcelain Plant



Muhammad Khalilur Rahman
Bone China Plant



Azhar Uddin Ahmed
Internal Audit & Compliance



Md. Abu Musa
Local Procurement



Tanvirul Islam
Marketing



Md. Abdus Salam
Costing, Inventory Mgt. & Planning



Md. Abid Hossain
Merchandising



S. M. Mizanur Rahman
Maintenance



Nargis Sultana
Finance & Accounts



Syeda Nargis Sultana
HR & Admin

STOCK

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.

2001

Shinepukur received ISO 9001:2000 Certification 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

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' – first and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

ANNARSTOCK

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.

2012

First-ever Shinepukur Signature Showroom opened in The Westin Dhaka hotel.

Supplied to London Olympic Games 2012 as Official Souvenir Products Provided 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 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

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

Started the spray dryer project for Iso-static machine.

Shinepukur has conducted re-certification 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 fro ISO 9001:2015.

Magnificent Product

















Blue-Chip International Customers



SHARESTOCK

Strong Local Footprint

Shinepukur Signature Showroom
Dhanmondi (Dhaka)

With an endeavour to explore the most untapped demand of Local Market, Shinepukur has yet again stepped into the concept of having its own another Showroom. It is in the same premise of YELLOW, Dhanmondi. Worth to mention, during April 2012 Shinepukur launched its first-ever Signature Showroom in the Westin Dhaka, which stirred the SCL-lovers due to its unique kind of presentation.









Post Activities

PARTICIPATION AT AMBIENTE

Like every year, Shinepukur exhibited in Ambiente 2017 (February 10-14), 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.













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 August 2016. 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 9001:2008

Shinepukur has been certified with ISO 9001:2008 (Upgraded in 2010 from ISO 9001:2000 version), two periodic audits in 2016 conducted by Det Norske Veritas (DNV). In fact ISO 9001:2008 is implemented by over one million companies and organizations in over 170 countries. The purpose of the standard is to assist companies in meeting statutory and regulatory requirements relating to their product while achieving excellence in their customer service and delivery. SCL has applied for ISO 9001:2015 & conducted one periodic audit in 2017. By the end of this year (2017) SCL will be got the certificate of ISO 9001:2015.



Important Engagement

National Defence College (NDC)



Footprint on Local Expo









Notice of the 20th Annual General Meeting

SHINEPUKUR CERAMICS LIMITED

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

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 23rd December, 2017 at 11.00 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 30th June, 2017 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year ended 30th June, 2018 and to fix their remuneration.

By order of the Board,

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

Dated: 22 November, 2017

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. 15 November, 2017, 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
১৯তম বার্ষিক সাধারণ সভা,২০১৬
SHINEPUKUR CERAMICS LIMITED
19TH ANNUAL GENERAL MEETING,2016





চেয়ারম্যানের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

কোম্পানীর ২০তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাচ্ছি এবং কোম্পানীর ০১ জুলাই ২০১৬ ইং সাল থেকে ৩০ জুন ২০১৭ ইং সালে এই সময়কালের সার্বিক কার্যক্রমের বিবরণী এবং ভবিষ্যৎ পরিকল্পনার সার-সংক্ষেপ সংক্ষিপ্ত আকারে আপনাদের সামনে উপস্থাপন করছি।

১লা জুলাই ২০১৬ইং থেকে কার্যকর পরিবর্তিত আর্থিক বছর

২০১৫ ইং সাল পর্যন্ত শাইনপুকুর সিরামিকস্ লিমিটেড-এর আর্থিক বছরের হিসাব জানুয়ারী-ডিসেম্বর ভিত্তিতে করা হত। ২০১৬ ইং সালের ০১ জুলাই থেকে আর্থিক বছর হিসেবে জুলাই-জুন কার্যকর করা হয়েছে। এটি বাংলাদেশ সিকিইরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশন-এর নির্দেশিকা (স্মারক নং এসইসিআইসি/২০১১/১২৪০/৪৪৫) তারিখ ২৭ এপ্রিল ২০১৬ ইং এবং অর্থ আইন ২০১৫-এর বিধান মোতাবেক করা হয়েছে। উক্ত নির্দেশনা ও অর্থ আইনের সাথে সামঞ্জস্য বিধানের লক্ষ্যে জানুয়ারী থেকে জুন ২০১৬ ইং পর্যন্ত ৬ মাসের নিরীক্ষিত financial statements ২০১৫ ইং বছরের financial statements সাথে ১৯তম এজিএম-এ উপস্থাপন করা হয়েছিল। তাই তুলনামূলক নগদ প্রবাহ (comparative cash flows), মুনাফা/ক্ষতির বিবৃতি (statement of profit/loss) এবং অন্যান্য comprehensive আয় ও নোটগুলি ১২ মাস সময়কালের নয়। এই বিবৃতি এবং নোটগুলির তুলনামূলক পরিসংখ্যান ৬ মাস (জুন ২০১৬ ইং সমাপ্ত) এবং ১২ মাস (ডিসেম্বর ২০১৫ ইং সমাপ্ত) এবং সর্বসাকুল্যে ১৮ মাসের (জানুয়ারী ২০১৫ ইং থেকে জুন ২০১৬ ইং পর্যন্ত) ভিত্তিতে উপস্থাপন করা হয়েছে।

রাজস্ব, মুনাফা, নগদ অর্থের ব্যবহার এবং ব্যাংক ঋণের স্থিতি

০১ জুলাই ২০১৬ ইং থেকে ৩০ জুন ২০১৭ ইং (১২ মাসে) রপ্তানী আয় দাঁড়ায় ৮৯৬.৬১২ মিলিয়ন টাকা- যাহা পূর্বেকার ১৮ মাসে (জানুয়ারী ২০১৫ ইং থেকে জুন ২০১৬ ইং) ছিল ১,৩৪০.৬৬০ মিলিয়ন টাকা অর্থাৎ প্রবৃদ্ধি দাঁড়ায় ০.৩২%। বিশ্বের উন্নত দেশগুলির দুর্বল অর্থনৈতিক প্রবৃদ্ধির ফলে সিরামিকস পণ্যের চাহিদা ও দামের উপর নেতিবাচক প্রভাব পড়েছে। ইউরো এবং টার্কিশ লিরার বিপরীতে টাকার অতি মূল্যায়নের ফলে সার্বিক আয় কম হয়েছে। অন্যদিকে, অভ্যন্তরীণ বাজার থেকে আয় হয় ৫৪১.২৫৪ মিলিয়ন টাকা- যাহা পূর্বের ১৮ মাসের তুলনায় ১৩.৮৯% বেশী। এছাড়াও, কোম্পানী চলতি অর্থ বছরে অন্যান্য খাত (import duty drawback , স্ক্র্যাপ বিক্রয় ও বিবিধ) থেকে ১৭.২৫৪ মিলিয়ন টাকা আয় করে। চলতি অর্থ বছরে সর্বমোট বার্ষিক আয় ছিল ১,৪৫৫.১২০ মিলিয়ন টাকা- যাহা বিগত ৩০ জুন ২০১৬ ইং তারিখে সমাপ্ত ১৮ মাস সময়কালের তুলনায় ৪.৯০% বেশী, যখন সামগ্রিক রাজস্ব আয়ের পরিমাণ ছিল ২,০৮০.৫৫৭ মিলিয়ন টাকা।

চলতি অর্থ বছরের Gross Profit Ratio ২২.৬৭% এ বৃদ্ধি পেয়েছে পূর্বেকার ১৮ মাসে যা ছিল ২২.০৮%। একইভাবে, চলতি বছরে EBITDA দাঁড়িয়েছে ২২.০৫%, যা পুর্বেকার ১৮ মাস সময়ে ছিল ১৮.৭৩%। চলতি অর্থ বছরে রপ্তানী - অভ্যন্তরীণ বিক্রয়ের অনুপাত ছিল ৬২ঃ৩৮, যাহা গত ১৮ মাস সময়কালে ছিল ৬৫ঃ৩৫। রপ্তানী বাণিজ্যে পণ্যের দাম ও পরিমাণ কমার ফলে মোট মুনাফা সামান্য বৃদ্ধি পেয়েছে। যাহোক, দক্ষ কার্যকরী মূলধন পরিচালনার ফলে কোম্পানী আর্থিক খরচ কমাতে সক্ষম হয়েছে। ৩০ জুন ২০১৭ ইং শেষ হওয়া অর্থ বছরে মোট আর্থিক খরচ ছিল ২০০.১০৯ মিলিয়ন টাকা- যাহা গত ১৮ মাস (জুন ২০১৬ ইং সমাপ্ত) সময়কালে ছিল ৩৬৭.০১৮ মিলিয়ন টাকা। পূর্ববর্তী ১৮ মাসের তুলনায় কোম্পানীর আর্থিক খরচ কম হয়েছে ১৮.২২%। যাহোক, জুন ২০১৭ ইং সালে শেয়ার পুনঃমূল্যায়নজনিত লাভসহ কোম্পানীর মোট আয় দাঁড়ায় ৪০.১৯৪ মিলিয়ন টাকা- যা গত ৩০ জুন ২০১৬ ইং-এ শেষ হওয়া ১৮ মাস সময়কালে ছিল ঋণাত্মক ৫৯.৫৯৩ মিলিয়ন টাকা। জুন ২০১৬ ইং (১৮ মাস) সময়কালে শেয়ার প্রতি আয় ছিল ঋণাত্মক ০.২২ টাকা- যা ৩০ জুন ২০১৭ ইং তারিখে সমাপ্ত অর্থ বছরে দাঁড়ায় প্রতি শেয়ারের বিপরীতে ০.০৬ টাকা ।

৩০ জুন ২০১৭ ইং অর্থ বছরে অপারেটিং কার্যক্রম থেকে নগদ ১১২.২০৫ মিলিয়ন টাকা অর্জিত হয়েছিল- যাহার মধ্য থেকে ২১.২৫০ মিলিয়ন টাকা সম্পত্তি, কারখানার যন্ত্রাংশ ও অন্যান্য কাজে এবং ৮৬.৯৯১ মিলিয়ন টাকা ব্যাংক ঋণ পরিশোধের জন্য ব্যয় করা হয়।

৩০ জুন ২০১৭ ইং তারিখে শাইনপুকুর সিরামিকস্-এর ব্যাংক লোনের পরিমাণ দাঁড়ায় ১,৩৮৪.০০৬ মিলিয়ন টাকা- যাহা ৩০ জুন ২০১৬ ইং তারিখে ছিল ১,৪৭০.৯৯৭ মিলিয়ন টাকা। ফলশ্রুতিতে, ৩০ জুন ২০১৭ ইং তারিখে ব্যাংক লোন - ইকুইটি অনুপাত ২৬.২৭% থেকে কমে ২৪.৯২% এ উন্নীত হয়।

বোন চায়না ইউনিট

কোম্পানী ২০০৮ ইং সালে বোন চায়নার উৎপাদন বাড়ানোর লক্ষ্যে (বোন চায়না ইউনিট-২) প্রকল্প গ্রহণ করে। মূলতঃ আর্থিক সীমাবদ্ধতার কারণে ৫ বছর প্রকল্পের কার্যক্রম বন্ধ ছিল। চরম আর্থিক সংকটের মধ্যেও ২০১৪ সালের দ্বিতীয়ার্ধ থেকে প্রকল্পের কাজ শুরু করা হয়। গত বছরের রিপোর্ট অনুযায়ী, কাস্টিং, কিলন নির্মাণ এবং সংশ্লিষ্ট বৈদ্যুতিক ফিটিং-এর কাজ সম্পন্ন হয়েছিল। আমরা আনন্দের সাথে জানাচ্ছি যে, এই বছর ৩টি জিগারিং মেশিনও স্থাপন করা হয়েছে- যার ফলশ্রুতিতে শাইনপুকুর সিরামিকস লিমিটেড বোন চায়না ইউনিট - ২ বানিজ্যিক উৎপাদনে সক্ষমতা অর্জন করেছে। যাহোক, ৫ বছর যন্ত্রাংশগুলি 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 মূল্য বৃদ্ধির কারণে বৈশ্বিক বাজারে বোন চায়না দ্রব্যের চাহিদা কমে যাচ্ছে। যার ফলে, নিকট ভবিষ্যতে বোন চায়না ইউনিট-২ এর উৎপাদন ক্ষমতা পুরোপুরি মাত্রায় ব্যবহার হবে না।

পোরসিলিন ইউনিট

দেশে এবং বিদেশে অবস্থিত শাইনপুকুর সিরামিকস্ লিমিটেড-এর প্রতিযোগীরা শাইনপুকুর সিরামিকস্ লিমিটেড-এর একমাত্র ISO স্ট্যাটিক প্রেস মেশিন কাজ না করার কারণে সুবিধাজনক অবস্থায় রয়েছে। গত বছরের রিপোর্ট অনুযায়ী, ISO স্ট্যাটিক প্রেস মেশিন কার্যকরী করার লক্ষ্যে আমরা স্প্রে টাওয়ার এবং

ISO স্ট্যাটিক প্রেস মেশিন-এর টুলস সংগ্রহের মাধ্যমে ISO স্ট্যাটিক প্রেস মেশিন কার্যকর করার পরিকল্পনা গ্রহণন করি। যার জন্য ৩ লক্ষ ৯০ হাজার ইউরোর একটি এলসি খোলা হয়েছিল। ইতোমধ্যে গ্রানুলেশন প্লান্টের সরঞ্জামাদি কারখানায় প্রবেশ করেছে। গ্রানুলেশন প্লান্টের নির্মান কাজ, বৈদ্যুতিক সংযোগসহ যাবতীয় কাজ ইতোমধ্যে সম্পন্ন হয়েছে। গ্রানুলেশন প্লান্টের পরীক্ষামূলক উৎপাদন ইতোমধ্যে সম্পন্ন হয়েছে। ISO স্ট্যাটিক প্রেস মেশিন-এর টুলস্ ২০১৭ ইং সালের ডিসেম্বর-এর মধ্যে কারখানায় পৌছাতে পারে বলে আশা করা হচ্ছে। গ্রানুলেশন প্লান্টের বর্জ্য নিষ্কাষণ ইউনিটের কাজের জন্য বিদেশী বিশষজ্ঞ এখনো পৌছায় নাই। আশা করা যায়, জুন ২০১৮ ইং সালের মধ্যে ISO স্ট্যাটিক প্রেস মেশিন পুরোপুরি কার্যক্ষম হইবে। ISO স্ট্যাটিক প্রেস মেশিন চালু হলে এসসিএল বড় অর্ডারের লীড টাইম এবং জিগারিং আইটেমের গুণগতমান নিরবিচ্ছিন্নভাবে সংরক্ষণ করতে সক্ষম হবে।

বিক্রয় ও বিপণণ

শাইনপুকুর সিরামিকস্ লিমিটেড নিয়মিতভাবে দেশে এবং বিদেশে অনুষ্ঠিত বিভিন্ন বাণিজ্য মেলায় সক্রিয়ভাবে অংশগ্রহণ করে আসছে। ২০১৬-২০১৭ অর্থ বছরে শাইনপুকুর সিরামিকস্ লিমিটেড মেসে ফ্রাংকফুর্ট (জার্মানী), ব্রিকস ফেয়ার (দিল্লি), বাংলাদেশ এক্সপো (থাইল্যান্ড) এবং বাংলাদেশ ট্রেড এ্যান্ড ইনভেস্টমেন্ট শো (কমবোডিয়া)সহ দুইটি দেশীয় মেলায় অংশগ্রহণ করেছে। ঢাকার ওয়েস্টিনে এক্সক্লুসিভ শো-রুম ও বিক্রয় কেন্দ্র স্থানীয় ও বিদেশী গ্রাহকদের চাহিদা পূরণে কাজ করছে। হোটেল ও রেঁস্তোরায় বিক্রয় বৃদ্ধি এবং ঢাকা ও ঢাকার বাইরে অবস্থিত খুচরা বিক্রেতা ও ডিলারদের মাধ্যমে সার্বিক অভ্যান্তরীণ বিক্রয় বাড়ানোর জোর তৎপরতা অব্যাহত আছে।

উল্লেখযোগ্য স্বীকৃতি

বিশ্বের শীর্ষস্থানীয় ব্রান্ডের নিকট রপ্তানীর ধারাবাহিকতা রক্ষার জন্য শাইনপুকুর সকল ধরনের কমপ্লায়েন্স নীতিমালা অনুসরণ করে থাকে। যদিও এটি একটি কঠিন কাজ, তথাপি শাইনপুকুর সিরামিকস্ লিমিটেড তার উৎপাদিত পণ্যের গুণগতমান নিশ্চিত করে নিজের ব্র্যান্ড প্রতিষ্ঠিত করতে সক্ষম হয়েছে। শাইনপুকুর সিরামিকস লিমিটেড ইতোমধ্যে এসএমইটিএ ৪র্থ বার এবং বিএসসিআই ৩য় বার এবং আইএসও ৯০০১:২০০৮ এর ২০১৬-'১৭ইং সালের দুইটি ৬ মাসের পর্যায়ক্রমিক অডিট সফলভাবে সম্পন্ন করেছে।

জাতীয় রাজস্ব খাতে অবদান

আমরা আনন্দের সাথে জানাচ্ছি যে, শাইনপুকুর সিরামিকস্ লিমিটেড এই ১২ মাস সময়ে ১৬২.৭১৩ মিলিয়ন টাকার ও অধিক ভ্যাট এবং আয়কর প্রদান করেছে- যাহা গত ১৮ মাস সময়কালে ছিল ১৫৭.০২৬ মিলিয়ন টাকা। স্থানীয় বিক্রয় ও কাঁচামাল আমদানীর ক্ষেত্রে ১৫% ভ্যাট প্রদেয়। রপ্তানীকৃত টাকার উপর আয়কর ০.৭০% হারে এবং কাঁচামাল আমদানীর ক্ষেত্রে আয়কর ৫% হারে কর্তন করা হয়। ব্যবসায়িক আয়ের ক্ষেত্রে আয়কর হার ২৫%।

মানব সম্পদ

শাইনপুকুর সিরামিকস্ লিমিটেড তার কর্মীবৃন্দের পেশা এবং ব্যক্তি উন্নতি সাধনকল্পে বিভিন্ন সুযোগ প্রদান করে। কর্মকর্তাদের বিশ্বস্ততা, পারস্পরিক সহযোগিতা এবং সমন্বয় সাধনের উপর গুরুত্বারোপ করে। কোম্পানীর লক্ষ্য বজায় রাখার জন্য এখানে কর্মীবৃন্দের দক্ষতা এবং উৎসাহ বৃদ্ধির ক্ষেত্রে সার্বিক সহযোগিতা করা হয়। ৩০ জুন ২০১৭ ইং-এ শাইনপুকুর সিরামিকস্ লিমিটেড-এর মানব সম্পদের সংখ্যা দাঁড়ায় ২,৮৭৪ জন- যা জুন ২০১৬ ইং সালের শেষে ছিল ২,৩৭৯ জন।

সামাজিক প্রতিশ্রুতি

শাইনপুকুর সিরামিকস্ এ আমাদের কর্মকাণ্ড 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 (BUET)-এর সাথে জানুয়ারী ২০১৫ সালে স্বাক্ষরিত সমঝোতা স্মারক (MOU) 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।

কৃতজ্ঞতা স্বীকার

আমি আমাদের সম্মানিত গ্রাহক, ব্যাংকার, সরবরাহকারী, সরকারী সংস্থাসমূহ, বিধিবদ্ধ প্রতিষ্ঠানসহ সকল প্রতিষ্ঠানকে এবং যারা আমাদের 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 অক্টোবর ২০১৭ ইং

Chairman's Statements

Dear Shareholders,

I take this opportunity to welcome you on behalf of the Board of Directors to this 20th Annual General Meeting of our Company, and to lay before you a brief resume of the affairs of the company for the period from 01 July 2016 to 30 June 2017 and its future plan.

Comparative period are not same due to change in financial year from calendar to fiscal year effective from 01 July 2016.

Until 2015, financial year of Shinepukur Ceramics Limited (SCL) was calendar year (January-December) basis. The financial year has been changed to fiscal year (July-June) basis effective from 01 July 2016. This was done pursuant to the Directive issued by the Bangladesh Securities and Exchange Commission (No.SEC/SRMIC/2011/1240/445) dated 27 April 2016 and in compliance with the provision of the Finance Act 2015. To conform to the said directive and the finance Act, SCL prepared its financial statements for 6 months' from January to June 2016 and got the same audited and presented before you along with the audited financial statements of 2015 at the 19th AGM. Consequently, comparative cash flows, statement of profit/ loss, statement of other comprehensive income and notes thereto are not of 12 months' period. Comparative figures of these statements and notes thereto are presented for six months (ending June 2016), for 12 months (ending December 2015) as well as for 18 months (from January 2015 to June 2016).

Revenue, profitability, generated cash utilization & outstanding loan position

During the year 01 July 2016 to 30 June 2017 (12 months) the company earned export sales of Tk. 896.612 million against Tk. 1,340.660 million in previous 18 months (from January 2015 to June 2016), which indicates a growth of 0.32% only. Weaker economic growth in advanced countries caused lower demand and lesser unit price for table wears. Appreciation of Taka against Euro & Turkish Lira also generated lesser Revenue in Taka. However, the company earned Tk. 541.254 million from domestic sales during the year, 13.89% higher than that of previous 18 months. Also, the company earned other income Tk. 17.254 million (from import duty drawback against export, scrap sales and miscellaneous) during the year. Therefore, overall revenue including other income earned during the year was Tk. 1,455.120 million, 4.90% higher than previous 18 months ending on 30 June 2016 when overall revenue earning was Tk. 2,080.557 million.

Gross profit ratio for the year increased to 22.67% compared to 22.08% of previous 18 months. Similarly, EBITDA during the year went up to 22.05% on overall revenue earnings from 18.73% of previous 18 months. During the year under review (12 months) export domestic sales ratio is 62:38. The said ratio in previous 18 months was 65:35. The decline in export sales both in price & pieces resulted meager growth in GP. However, the company could save by lessening finance cost through efficient working capital management (negotiating lower interest rate, reducing accounts receivable period and improving the payment terms). For the 12 months' ending 30 June 2017, total finance cost was Tk. 200.109 million compared to Tk. 367.018 million for the previous 18 months' ending on June 2016. Finance cost savings was 18.22% compared to previous 18 months. However, after recognizing the fair value (revaluation) gain of investment in shares on June 2017, the total comprehensive income of the company stood Tk. 40.194 million for the year ending on that date against total comprehensive loss of Tk. 59.593 million for previous 18 months ending on June 2016. Earnings for the year ending June 2017 stood at Taka 0.06 per share against negative Taka 0.22 per share during the period of previous 18 months ending June 2016.

During the year net cash generated from the operating activities was Tk. 112.205 million, of which Tk. 21.250 million was utilized in Investing in property, plant, equipment & other capital works and 86.991 million was utilized for repayment of loans.

SCL's Loan outstanding stood at Taka 1384.006 million as on 30 June 2017, which was Taka 1470.997 million as on 30 June 2016. As a result, outstanding loan to equity ratio improved to 24.92% on 30 June 2017 against 26.27 % on 30 June 2016.

Bone China Unit

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. As reported last year, the physical part of the project and erection of kiln and installation works of casting machinery and related electrical fitting was completed. We are pleased to report that during the year all three Jiggering machines have also been installed and thereby, Bone China unit - II is now set to start for commercial production. However, the delay in the erection of the machinery for over 5 years, and also, due to non availability of some original electronic parts & spares of the 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, production capacity of Bone China Unit - II may remain unutilized in the coming months.

Porcelain Unit

Competitors, both from home & abroad, have been in an advantageous position over SCL because of non functioning of its only ISO Static Press machine. As reported last year, 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 last year. Physical construction works, erection of the main granulation plant and electrical fittings have meanwhile been completed. The testing of the granulation plant has also been done. The membrane & the tools for ISO Static Press are expected to reach the factory premises by December 2017. The installation of the waste disposal unit of the granulation plant is yet to be undertaken by the foreign expert. It is expected that ISO Static Press machine with granule from our own production will be functional within June 2018. Then SCL will be in a better position to ensure on time delivery of volume orders and maintaining the consistency of quality for none casting (jiggering) porcelain items and thereby will be at par with the competitors to meet the customers' expectations.

Marketing and Sales

SCL continues to participate in trade fairs both home & abroad. In 2016-'17 SCL participated Messe Frunkfurt, Germany, BRICS Fair

at Delhi (organized on the eve of BRICS conference), Bangladesh Expo at Bangkok, Thailand and Bangladesh Trade & Investment Show at Phnom Penh, Cambodia and at two local exhibitions. 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) sectors 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 2016 -17.

Contribution to National Exchequer and rates of Tax & VAT

We are pleased to report that SCL paid over Taka 162.713 million in the form of VAT & Income tax during the year (12 months) which was Taka 157.026 million in previous 18 months. 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 2017 stood 2,874 Nos. against 2,379 Nos. at the end of June 2016.

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 continuing.

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: 25 October 2017



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 Committees

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 2016 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 name of the Directors appears on page 6.

Appraisal Review Board – Appraisal review board annually appraises the performances of every level of employees as per established policy. It determines the annual increment, promotion and parameter of remuneration for all level of executives.

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.



Directors' Report to the Shareholders

For the Year ended June 2017

Dear Shareholders,

The Directors have pleasure in submitting hereunder their report together with the Audited Accounts for the year ended June 2017 and Auditors' Report thereon:

Working Results

The Directors are pleased to report that the working results of the Company for 12 months from July 01, 2016 to June 30, 2017 are as follows:

Taka in million

	For 12 Months ended 30 Jun'17	For 18 Months ended 30 Jun'16	For 6 Months ended 30 Jun'16	For the year ended 31 Dec'15
Net profit / (Loss) before tax	22.553	(60.745)	(78.686)	17.941
Less: Income tax (Expenses)/ Income:	14.261	28.184	40.099	(11.915)
i. For the period under review	23.202	15.436	3.850	11.586
ii. Short provision for earlier years	-	15.600	15.600	-
iii. Deferred tax (Income)/Expenses	(8.941)	(59.221)	(59.550)	0.329
Net profit / (Loss) after tax	8.292	(32.561)	(38.587)	6.026
Prior year's adjustment-Depreciation	-	(76.147)	(76.147)	-
Add: Balance brought forward from previous year	(194.475)	(85.767)	(79.742)	(85.767)
Balance carried forward	**(186.183)**	**(194.475)**	**(194.475)**	**(79.742)**

EPS and NAV per share

The company has earned net profit after tax 8.892 million during the 12 months' period ended on June 30, 2017 where as during the 18 months ended on June 30, 2016, the company incurred loss of taka 32.561 million. EPS comes to Tk. 0.06 per share for the 12 months' period ended on June 30, 2017. EPS for the 18 months period ended on June 30, 2016 was negative take 0.22 per share. During the year, EPS turned to positive due to: i) increase in export and local sales and ii) savings from lesser finance cost.

NAV increased to Taka 28.37/per share as on June 30, 2017 from Taka 28.09/per share as on 30th June 2016 due to positive EPS and recognition of fair value gain on investment in shares.

Dividend

The Directors recommended no dividend for the period as the Company earned meager profit and there is no available retained earning for declaring dividend.

Business Outlook- a general overview

In million

	2016-'17	2015-'16
Bangladesh Export in US$ (source: EPB)	39.14	37.69
Shinepukur Export in US$	11.58	10.11
Shinepukur Share to total BD Export	29.59%	26.82%

The directors are pleased to report that our company continued to be the leader in Tableware export from Bangladesh. During the year we have consolidated our position by increasing our share of export to total Bangladesh export to almost 30%. Traditionally, the tableware industry is labour-intensive. 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 labour cost, Ceramic Tableware Industries was started flourishing in Bangladesh focusing towards export markets to supply to top-brands across the globe since 1990's. This situation has now changed; gas pressure has become erratic; Supply of gas in future has become uncertain. During the year 2016-17, unit Price of gas has been increased twice, effective in March & June respectively. A comparative picture of tariffs, shows that gas has become costlier, more than double for power generation & over 32% for Kiln and Electricity has become costlier over 37% since 2013. It is apprehended that this trend of increase in gas and electricity cost will continue in coming years as well.



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

Increased Gas price & labour 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 products from Bangladesh. Appreciation of Bangladesh Taka compared to EURO, US$, Turkish LIRA and comparative devaluation of currencies of competing countries like China, India, Thailand etc. has made the "Bangladesh made table wares" costlier. These negative phenomenon already caused 'down trend' in export of Ceramic products from Bangladesh.

In 2013-'14 Bangladesh total Export in Ceramic Product was US$ 47.58 million, which was decreased to US$ 37.69 million in 2015-16 (20.79% decrease over 2013-'14). Although this down trend has been stopped in 2016-'17 but the export value and particularly unit price has not been regained to 2013-'14 level yet. Shinepukur's highest export performance so far was 14.82 million in 2014-'15 when it's share to total Bangladesh export was 34.53%. In 2016-'17 Shinepukur's export & it's share to total Bangladesh export has increased over the same of 2015-'16 but we are yet to regain back our 2014-'15 position due to those tougher realities (appreciation of taka, loosing unit price & erosion of cost advantageous position over competitors).

Export Sales

	For 12 months ended 30 Jun'17	For 18 Months ended 30 Jun'16
SCL Export Sales	896.612	1,340.660
% of Export Sales over SCL total sales	62%	65%
% increase or Decrease in 2017 over previous period	0.32%	-27.66%

Although SCL Export Sales has increased by 0.32% to Taka 896.612 million during the 12 months period ending on 30th June 2017, contribution of export sales to total revenue has decreased to 62% due to the reasons explained above. Despite the 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, to achieve reliability from the buyers' fraternity, has been to establish Shinepukur Ceramics Ltd. as the most compliant facility. Shinepukur has been proven quite successful in this field after series of Social Accountability audits from Sedex, BSCI and buyers. These relentless & on-going endeavors will significantly & positively contribute in retaining customers. Export sales will continue to remain as the key 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.

Domestic Sales

	For 12 months ended 30 Jun'17	For 18 Months ended 30 Jun'16
SCL Domestic Sales	541.254	712.840
% of Domestic Sales over SCL total sales	38%	35%
% increase or Decrease in 2017 over previous 18 months	13.89%	7.50%

Increased product cost, resulting from higher Gas & Electricity price and wages, 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. 541.254 million from domestic sales during the year, almost 13.89% higher than that of previous 18 months. This higher domestic sales has been achieved by focusing to hospitability (hotel) & other institutional sales. In the wake of declining trend in export, domestic sales will be important contributor in SCL revenue basket in the coming years.

Directors

Retirement and Re-election

Mr. A. S. F. Rahman, 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.

Board 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, BirUttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in Nineteenth Annual General Meeting carried out the audit for the period 01 July, 2016 to 30 June, 2017 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 2017-2018.

Board Meetings and Attendance

During the year 6 (Six) Board Meetings were held.The attendance record of the Directors is as follows:

Name of Directors	Meetings attended
Mr. A S F Rahman	6
Mr. Salman F Rahman	6
Mr. Iqbal Ahmed	6
Mr. O K Chowdhury	6
Mr. Masud Ekramullah Khan	6

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.

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

(g) There is no significant deviations in operating result compared to last year / period.

(h) The summarized key operating and financial data of last five preceding years is annexed as "Comparative Statistics" in the Annual Report.

(i) The related party transaction have been disclosed in preparation of the financial statement (Note 33.00)

(j) The Pattern of shareholding is as followings:

The Pattern of Shareholding

Name	Shares held
i) Parent/Subsidiary/Associate Companies and other related parties: Bangladesh Export Import Co. Ltd. As on 31-12-2013	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	Nil
Company Secretary, Spouse and minor children	Nil
Chief Financial Officer, Spouse and minor children	Nill
Head of Internal Audit, Spouse and minor children	Nil
iii) Executives:	Nil
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

Key Operating and Financial Data

Taka in '000

Particulars	2016-'17	01-01-2015 – 30-06-2016	2014	2013	2012	2011
Paid Up Capital in Taka '000	1,469,661	1,469,661	1,469,661	1,469,661	1,277,966	1,111,275
Revenue in Taka '000	1,437,867	2,053,500	1,677,658	1,692,445	1,942,351	1,901,129
Gross Profit in Taka '000	326,026	453,346	424,214	451,340	674,038	653,104
Profit / (Loss) Before Income Tax in Taka '000	22,553	(60,745)	21,798	(46,912)	175,134	214,966
Net Profit / (Loss) after Income Tax in Taka '000	8,293	(32,561)	(2,336)	(57,629)	90,285	168,768
Tangible Assets (Gross) in Taka '000	5,984,548	5,980,714	5,967,244	5,939,973	5,920,505	5,905,581
Cumulative Surplus in Taka '000	(186,183)	(194,476)	(85,768)	(83,432)	358,761	435,167
Dividend	-	-	-	-	15% (B)	15% (B)
Return on Paid up Capital	0.56%	(2.22)%	(0.16)%	(3.92%)	7.06%	15.19%
Shareholders' Equity	4,169,050	4,128,856	4,264,595	4,487,867	4,544,462	4,499,760
Earnings per Share (Taka)	0.06	(0.22)	(0.02)	(0.39)	0.71	1.52
Shareholders' Equity Per Share (Taka)	28.37	28.09	28.95	29.02	36	40
Number of Shareholders	17,438	23,085	30,828	30,822	27,040	28,730

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

Dated: 25 October 2017
Dhaka

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 30 June, 2017, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period ended 01 July, 2016 to 30 June, 2017 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

Dated: 25 October 2017

Nargis Sultana
Head of Finance & Accounts

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
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

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during the period under review 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	–	–	Explained in Chairman's Statement / Directors' Report
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		No dividend is possible based on the Company's accounts for the year ended on 30.06.2017
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	√		
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	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
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
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	√		

Report on the Activities of the Audit Committee

for the year ended on 30 June 2017

Dear Shareholders,

I am pleased to present the Report of the Audit Committee for the year ended on 30 June 2017.

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 and half yearly 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, 2017 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.

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 2017:

In terms of reference, the Committee in its first meeting held on September 28, 2016 reviewed the Annual Financial Statements for the period of 18 months ended on 30 June 2016. 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 2017. All the Members were present in all meetings of the Committee.

The second meeting of the Committee was held on November 13, 2016, prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on September 30, 2016. 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 23, 2017 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, 2016.

The fourth meeting of the Committee was held on April 24, 2017 to release the un-audited third quarter financial statements of the Company for the quarter ended on March 31, 2017. 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 2017-18, subject to the approval of shareholders in the 20th AGM of the Company, who had carried out the audit of the Company for the period of 18 months ended on 30 June 2016.

On behalf of the Audit Committee,

Masud Ekramullah Khan
Chairman

Dated: 25 October 2017

Suraiya Parveen FCS
Chartered Secretary in Practice
Private Practice Certificate No.:006
Phone No: 7811804
E-mail : parveensuraiya2@yahoo.com

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 studied the Statement of Compliance of the Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission dated 7 August 2012 through Notification # SEC/CMRRCD/2006-158/134/Admin/44, of Shinepukur Ceramics Limited for the year ended 30th June 2017, 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.

Suraiya Parveen & Associates (Chartered Secretaries)

Dhaka, 26 November 2017

Suraiya Parveen, FCS
Suraiya Parveen & Associates
(Chartered Secretaries)

House # 144, 3rd Floor,Road # 12 Block # G,South Banasree Project Eastern Housing, Goran, Dhaka-1219.

AUDITORS' REPORT

AND AUDITED FINANCIAL STATEMENTS

OF

SHINEPUKUR CERAMICS LIMITED

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

AMAR STOCK

INDEPENDENT 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 2017, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year from 01 July 2016 to 30 June 2017 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 2017 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.

25 October 2017
Dhaka

M.J. ABEDIN & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Amount in Taka	
		30-Jun-17	30-Jun-16
ASSETS			
Non-Current Assets		**5,550,312,459**	**5,595,370,184**
Property, Plant and Equipment - Carrying Value	4.00	3,964,175,891	4,058,551,315
Investment in Shares	5.00	83,852,779	51,951,251
Capital Work in Progress	6.00	1,502,283,789	1,484,867,618
Current Assets		**920,773,253**	**889,046,924**
Inventories	7.00	633,926,786	612,324,290
Accounts & Other Receivables	8.00	165,802,590	94,950,062
Advances, Deposits & Prepayments	9.00	102,377,730	165,477,349
Cash and Cash Equivalents	10.00	18,666,147	16,295,223
Total Assets		**6,471,085,712**	**6,484,417,108**
EQUITY AND LIABILITIES			
Shareholders' Equity		**4,169,049,827**	**4,128,855,541**
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		(81,117,825)	(113,019,353)
Retained Earnings		(186,182,913)	(194,475,671)
Non-Current Liabilities		**672,156,347**	**776,314,094**
Long Term Loans - Net-off Current Matuirity(Secured)	13.00	472,362,750	575,611,864
Gratuity Payable	14.00	109,631,647	101,599,302
Deferred Tax Liability	15.00	90,161,950	99,102,928
Current Liabilities		**1,629,879,538**	**1,579,247,473**
Short Term Loans from Banks (Secured)	16.00	696,011,070	761,126,588
Long Term Loans-Current Matuirity (Secured)	17.00	215,632,213	134,258,138
Creditors, Accruals and Other Payables	18.00	718,236,255	683,862,747
Total Equity and Liabilities		**6,471,085,712**	**6,484,417,108**

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

Approved and authorized for issue by the board of directors on 25 October 2017 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

Dated, Dhaka
25 October 2017

M. J. ABEDIN & CO.
Chartered Accountants

AMARSTOCK

STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2017

	Notes	Amount in Taka			
		01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
		12 Months	18 Months	6 Months	12 Months
Revenue	19.00	1,437,866,858	2,053,499,930	641,628,225	1,411,871,705
Cost of Goods Sold	20.00	(1,111,841,194)	(1,600,154,418)	(527,673,093)	(1,072,481,325)
Gross Profit		**326,025,664**	**453,345,512**	**113,955,132**	**339,390,380**
Other Income	21.00	**17,254,287**	**27,058,094**	**12,858,801**	**14,199,293**
Operating Expenses		**(119,489,788)**	**(173,233,947)**	**(65,257,052)**	**(107,976,895)**
Administrative Expenses	22.00	(57,711,599)	(91,958,650)	(39,663,199)	(52,295,451)
Selling & Distribution Expenses	23.00	(61,778,189)	(81,275,297)	(25,593,853)	(55,681,444)
Profit from Operations		**223,790,163**	**307,169,659**	**61,556,881**	**245,612,778**
Finance Cost	24.00	(200,109,152)	(367,017,513)	(140,243,070)	(226,774,443)
Profit/(Loss) before contribution to WPPF		**23,681,011**	**(59,847,854)**	**(78,686,189)**	**18,838,335**
Contribution to Workers' Profit Participation		(1,127,667)	(897,064)	-	(897,064)
Net Profit/(Loss) Before Tax		**22,553,344**	**(60,744,918)**	**(78,686,189)**	**17,941,271**
Income Tax Income/(Expense)	25.00	(14,260,586)	28,183,993	40,099,530	(11,915,537)
Net Profit /(Loss) After Tax for the year		**8,292,758**	**(32,560,925)**	**(38,586,659)**	**6,025,734**
Earning Per Share	26.00	**0.06**	**(0.22)**	**(0.26)**	**0.04**

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

Approved and authorized for issue by the board of directors on 25 October 2017 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

Dated, Dhaka
25 October 2017

M. J. ABEDIN & CO.
Chartered Accountants

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	Amount in Taka			
		01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
		12 Months	18 Months	6 Months	12 Months
Net Profit /(Loss) After Tax for the year		**8,292,758**	**(32,560,925)**	**(38,586,659)**	**6,025,734**
Fair Value Gain/(Loss) on Investment in Shares	5.00	31,901,528	(27,031,701)	(10,842,065)	(16,189,636)
Total Comprehensive Income/(Loss) for the year		**40,194,286**	**(59,592,626)**	**(49,428,724)**	**(10,163,902)**

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Particulars	Amount in Taka				
	Share Capital	Revaluation Surplus on PPE	Fair Value Loss on Investment in Shares	Retained Earnings	Total Equity
Balance as on 31 December 2014	**1,469,660,550**	**2,966,690,015**	**(85,987,652)**	**(85,767,929)**	**4,264,594,984**
Net Profit after tax for the year	-	-	-	6,025,734	6,025,734
Fair Value Loss on Investnment in Shares (Note - 5)	-	-	(16,189,636)	-	(16,189,636)
Total Balance as on 31 December 2015	**1,469,660,550**	**2,966,690,015**	**(102,177,288)**	**(79,742,195)**	**4,254,431,082**
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share					**28.95**
Balance as on 31 December 2015	**1,469,660,550**	**2,966,690,015**	**(102,177,288)**	**(79,742,195)**	**4,254,431,082**
Prior Year Adjustment of Depreciation	-	-	-	(76,146,817)	(76,146,817)
Net Loss after tax for the period ended 30 June 2016	-	-	-	(38,586,659)	(38,586,659)
Fair Value Loss on Investnment in Shares (Note - 5)	-	-	(10,842,065)	-	(10,842,065)
Total Balance as on 30 June 2016	**1,469,660,550**	**2,966,690,015**	**(113,019,353)**	**(194,475,671)**	**4,128,855,541**
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share					**28.09**
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**

The accompanying notes form an integral part of these financial statements.
Approved and authorized for issue by the board of directors on 25 October 2017 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

Dated, Dhaka
25 October 2017

M. J. ABEDIN & CO.
Chartered Accountants

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Amount in Taka			
	01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
	12 Months	18 Months	6 Months	12 Months
Cash Flows From Operating Activities:				
Collections from turnover and other income	1,384,268,617	2,143,294,618	659,867,736	1,483,426,882
Payments for costs, expenses & others	(1,039,933,257)	(1,446,828,107)	(365,153,492)	(1,081,674,615)
Interest Paid	(195,696,698)	(356,352,732)	(137,288,710)	(219,064,022)
Income-Tax paid and /or deducted at sources	(36,434,046)	(51,245,019)	(6,968,665)	(44,276,354)
Net cash generated from operating activities	***112,204,616***	***288,868,760***	***150,456,869***	***138,411,891***
Cash Flows From Investing Activities:				
Property, Plant and Equipment acquired	(3,833,835)	(14,561,017)	(2,769,622)	(11,791,395)
Disposal of Vehicles	-	690,000	-	690,000
Addition of Capital Work in Progress	(17,416,171)	(123,152,426)	(18,198,657)	(104,953,769)
Net cash used in investing activities	***(21,250,006)***	***(137,023,443)***	***(20,968,279)***	***(116,055,164)***
Cash Flows From Financing Activities:				
Decrease in Loan	(86,990,557)	(153,952,305)	(128,870,350)	(25,081,955)
Gratuity Payment	(1,593,129)	(3,228,875)	(328,000)	(2,900,875)
Net cash used in financing activities	**(88,583,686)**	**(157,181,180)**	**(129,198,350)**	**(27,982,830)**
Increase/(Decrease) in Cash and Cash Equivalents	**2,370,924**	**(5,335,863)**	**290,240**	**(5,626,103)**
Cash and Cash Equivalents at the beginning of the year	16,295,223	21,631,087	16,004,983	21,631,087
Cash and Cash Equivalents at the end of the year	**18,666,147**	**16,295,223**	**16,295,223**	**16,004,983**
Net Operating Cash Flows Per Share	**0.76**	**1.96**	**1.02**	**0.94**

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

Approved and authorized for issue by the board of directors on 25 October 2017 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

Dated, Dhaka
25 October 2017

M. J. ABEDIN & CO.
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

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 2017;
(b) a statement of profit or loss and other comprehensive income for the year from 01 July 2016 to 30 June 2017;
(c) a statement of changes in equity for the year from 01 July 2016 to 30 June 2017;
(d) a statement of cash flows for the year from 01 July 2016 to 30 June 2017; 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 2017.

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 2016 to 30th June 2017) as per a directive of Bangladesh Securities & Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in compliance to the requirement of the National Board Of Revenue (NBR) to follow uniform financial year.

Therefore, the financial statements for the year of (01.07.2016 to 30.06.2017) are not entirely comparable with the comparative of 18 months (01.01.2015 to 30.06.2016).

Figures for earlier periods have been re-arranged wherever considered necessary to ensure better comparability with the current year.

VINAR STOCK

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

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 period 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.

3.2.0 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.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

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.

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.

AMARSTOCK

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

(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:

(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.

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(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

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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.

4.00 Property, Plant and Equipment-Carrying Value : Tk. 3,964,175,891

Particulars	Amount in Taka						
	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total
Cost or Valuation:							
At 31 December 2015	**1,697,029,503**	**1,382,863,326**	**2,789,625,025**	**57,130,698**	**29,586,940**	**21,709,479**	**5,977,944,971**
Addition during the period	-	-	2,738,405	31,217	-	-	2,769,622
At 30 June 2016	**1,697,029,503**	**1,382,863,326**	**2,792,363,430**	**57,161,915**	**29,586,940**	**21,709,479**	**5,980,714,593**
Addition during the year	-	-	2,014,030	988,050	831,755	-	3,833,835
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**
Depreciation:							
At 31 December 2015	**-**	**306,785,266**	**1,394,376,820**	**50,671,046**	**25,132,978**	**17,695,595**	**1,794,661,705**
Prior year Depreciation	-	22,241,812	53,565,608	(70,393)	29,429	380,361	76,146,816
Depreciation for the period	-	13,753,709	36,139,116	656,126	442,453	363,352	51,354,756
At 30 June 2016	**-**	**342,780,787**	**1,484,081,544**	**51,256,779**	**25,604,859**	**18,439,308**	**1,922,163,277**
Depreciation for the year	-	26,377,296	68,836,525	1,378,637	962,767	654,034	98,209,260
At 30 June 2017	**-**	**369,158,083**	**1,552,918,070**	**52,635,416**	**26,567,626**	**19,093,342**	**2,020,372,537**
Carrying Amount:							
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**
As at 30 June 2016	**1,697,029,503**	**1,040,082,539**	**1,308,281,885**	**5,905,136**	**3,982,081**	**3,270,171**	**4,058,551,315**
As at 31 December 2015	**1,697,029,503**	**1,076,078,060**	**1,395,248,204**	**6,459,652**	**4,453,963**	**4,013,884**	**4,183,283,265**

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.

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(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.

	Amount in Taka	
	As at 30-Jun-17	**As at 30-Jun-16**

5.00 Investment in Shares : Tk. 83,852,779

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 (30.06.2016: 65,716) Shares of Beximco Synthetics Ltd. (Face value Tk. 10.00),(Listed company, Market value Tk. 9.60 per share on 30 June 2017)	630,874	414,011
(b) In 2,469,493 (30.06.2016: 2,147,385) Shares of Bangladesh Export Import Co. Ltd. (Face value Tk. 10.00),(Listed company, Market value Tk. 33.70 per share on 30 June 2017)	83,221,906	51,537,240
	83,852,779	**51,951,251**

This is arrived at as follows:

	30.06.2017			30.06.2016		
	Beximco Synthetics Ltd.	**Beximco Ltd.**	**Total**	**Beximco Synthetics Ltd.**	**Beximco Ltd.**	**Total**
Opening Balance	414,011	51,537,240	51,951,251	519,156	62,274,159	62,793,316
Adjustment for Sales during the year	-	-	-	-	-	-
	414,011	51,537,240	51,951,251	519,156	62,274,159	62,793,316
Less: Quoted Price on year end	630,874	83,221,906	83,852,779	414,011	51,537,240	51,951,251
Fair Value Gain/(Loss) on Investment in Shares	**216,863**	**31,684,666**	**31,901,528**	**(105,146)**	**(10,736,919)**	**(10,842,065)**

6.00 Capital Work in Progress : Tk. 1,502,283,789

This represents as follows:		
Opening Balance	1,484,867,618	1,466,668,961
Add: Addition during the year	17,416,171	18,198,657
	1,502,283,789	1,484,867,618
Less: Transferred to PPE during the year	-	-
Closing Balance	**1,502,283,789**	**1,484,867,618**

7.00 Inventories : Tk. 633,926,786

This represents as follows:		
Raw Material & Chemical	122,874,451	165,512,833
Finished Goods	221,367,465	233,750,502
Work-In- Process	184,467,706	164,203,130
Stores & Spares	102,445,306	1,808,860
Packing Material	2,771,858	47,048,965
	633,926,786	**612,324,290**

8.00 Accounts & Other Receivables : Tk. 165,802,590

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.

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	Amount in Taka	
	30-Jun-17	30-Jun-16

9.00 Advances, Deposits & Prepayments : Tk. 102,377,730

This is considered good and consists of as follows:

Advances (Note - 9.01)	84,402,810	140,065,433
Deposits (Note - 9.02)	17,974,920	25,411,916
	102,377,730	**165,477,349**

9.01 Advances : Tk. 84,402,810

This represents as follows:

Suppliers	2,625,617	54,140,788
L/C-Margin & Others	30,887,240	27,873,732
Advance Income Tax (Note - 9.01.01)	26,350,242	15,939,833
Employees (other than officers)	10,447,526	18,706,878
Advance against Expenses	4,492,685	9,934,661
Trade Fair	9,599,500	13,469,541
	84,402,810	**140,065,433**

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. 26,350,242

This has been arrived at :

Opening Balance	15,939,833	51,330,050
Add : Paid/Deducted during the year under review	26,350,242	6,968,665
	42,290,075	**58,298,715**
Less: Adjustments for the AY 2016-17	(15,939,833)	(42,358,882)
Closing Balance	**26,350,242**	**15,939,833**

9.02 Deposits : Tk. 17,974,920

This represents as follows:

VAT Deposit	90,807	7,547,803
Security Deposit	11,408,261	11,388,261
Lease Deposit	3,700,134	3,700,134
Bank Guarantee Margin	2,755,718	2,755,718
Earnest Money Deposit	20,000	20,000
	17,974,920	**25,411,916**

10.00 Cash and Cash Equivalents : Tk. 18,666,147

This consists of :

(a)	In Hand:	**364,960**	**142,897**
(b)	At Banks in :	**18,301,187**	**16,152,326**
	(i) Current Account	15,013,121	10,480,768
	(ii) STD Account	2,074,695	4,456,687
	(iii) FDR Account	1,213,371	1,214,871
		18,666,147	**16,295,223**

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As at and for the year ended 30 June 2017

	Amount in Taka	
	30-Jun-17	30-Jun-16

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**

(c) Statement of Share Position:

Name of the Shareholders	30-June-17		30-June-16	
	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	24,215,135	16.48%	25,237,684	17.17%
General Public	49,267,907	33.52%	48,245,358	32.83%
	146,966,055	**100%**	**146,966,055**	**100.00%**

(d) Distribution Schedule:

Share holdings	30-Jun-17		
	No. of Shareholders	No.of Shares	Holding %
Less than 500 shares	9,841	1,299,178	0.88
500 to 5,000 shares	6,121	10,176,191	6.92
5001 to 10,000 shares	685	5,052,173	3.44
10,001 to 20,000 shares	397	5,691,871	3.87
20,001 to 30,000 shares	130	3,190,354	2.17
30,001 to 40,000 shares	75	2,547,937	1.73
40,001 to 50,000 shares	49	2,273,548	1.55
50,001 to 100,000 shares	73	5,218,273	3.55
100,001 to 1,000,000 shares	60	17,887,106	12.17
Over 1,000,000 shares	7	93,629,424	63.71
Total	**17,438**	**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 2016: Tk. 8.80) per share in the Dhaka Stock Exchange and Tk. 16.70 (in 30 June 2016: Tk. 8.80) per share in the Chittagong Stock Exchange on 29 June 2017.

(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.

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As at and for the year ended 30 June 2017

	Amount in Taka	
	30-Jun-17	30-Jun-16

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. 472,362,750

This represents loans from :

Bank Asia Ltd. - Term Loan	242,380,869	283,617,019
Southeast Bank Ltd. - Term Loan	-	37,343,934
Phoenix Finance & Investment Ltd.- Term Loan	229,981,881	254,650,911
	472,362,750	**575,611,864**

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.
(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.

14.00 Gratuity Payable : Tk. 109,631,647

This is arrived at as follows:

Opening Balance	101,599,302	101,240,828
Add: Addition during the year	9,625,474	686,474
	111,224,776	101,927,302
Less: Payment during the year	(1,593,129)	(328,000)
Closing Balance	**109,631,647**	**101,599,302**

15.00 Deferred Tax Liability : Tk. 90,161,950

Deferred Tax Liability is arrived at as follows:

Opening Deferred Tax Liabilities	99,102,928	158,653,050
Deferred Tax Expense /(Income): (Note-25 (b))	(8,940,978)	(59,550,122)
Closing Deferred Tax Liabilities	**90,161,950**	**99,102,928**

16.00 Short Term Loans From Banks (Secured) : Tk. 696,011,070

This is secured and consists of as follows:

Sonali Bank Ltd. - CC (H)	568,798,083	574,623,467
Sonali Bank Ltd. - LTR	127,212,987	74,382,775
Southeast Bank Ltd. - LTR	-	72,562,456
Sonali Bank Ltd. -EDF	-	39,557,890
	696,011,070	**761,126,588**

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	Amount in Taka	
	30-Jun-17	30-Jun-16

17.00 Long Term Loans - Current Maturity (Secured) : Tk. 215,632,213

This consists of as follows:

Sonali Bank Ltd. - Project Loan	-	20,236,264
Bank Asia Ltd. -Term Loan	81,242,926	34,999,722
Southeast Bank Ltd. - Term Loan	35,535,640	29,141,304
Phoenix Finance & Investment Ltd.- Term Loan	98,853,647	49,880,848
	215,632,213	**134,258,138**

Terms of Repayment :

Southeast Bank Ltd. - Term Loan :
In 21 (Twenty one) equal monthly installments commencing from 30 September 2016 as per revised sanction.

Sonali Bank Ltd. - Project Loan :
In 41 (Forty-one) equal quarterly installments commencing from 31 March 2005.

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.

Sonali Bank Ltd. - Project Loan :
13% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

18.00 Creditors, Accruals and Other Payables : Tk. 718,236,255

This consists of as follows:

Gas & Electricity	127,528,037	132,087,539
Creditors for Goods	308,659,213	150,199,215
Other Payables	140,228,276	183,039,028
Income Tax Payable (Note - 18.01)	49,838,174	52,660,246
Salaries & Wages	34,173,533	34,343,924
Employees' Provident Fund	33,980,612	42,687,375
Interest due	12,447,958	79,189,272
Security Deposit	4,190,000	3,990,000
WPPF Payable	3,114,623	1,986,956
Tax Deducted at source (Employee Tax)	2,793,824	1,659,833
Group Insurance Payable	592,005	984,359
Audit Fee (Including VAT @15%)	690,000	1,035,000
	718,236,255	**683,862,747**

18.01 Income Tax Payable : Tk. 49,838,174

This is arrived at as follows :

Opening Balance	52,660,246	75,568,536
Add: Tax provided for the year (Note - 25 (a))	23,201,564	19,450,592
	75,861,810	**95,019,128**
Less: Adjustments of AIT for AY 2016-17	(15,939,833)	(42,358,882)
Less: Tax paid for the AY 2011-12 to 2015-16	(10,083,803)	-
Closing Balance	**49,838,174**	**52,660,246**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

Status of Tax Assessment & Provisions made there against are as follows:

Accounting Year/Period Ended	Net Profit/(Loss) Before Tax	Tax Provision	% of Provision on Net Profit/(Loss)	Remarks
31.12.2011	214,965,537	58,442,423	27.19%	-
31.12.2012	175,133,762	58,667,708	33.50%	-
31.12.2013	(29,072,368)	8,522,836	∞ (Infinity)	Appeal pending before Tribunal
31.12.2014	21,797,848	5,100,853	23.40%	-
31.12.2015	(78,686,189)	3,849,768	∞ (Infinity)	Appeal pending before Commissioner
30.06.2016	(897,064)	15,436,369	∞ (Infinity)	
30.06.2017	22,553,344	23,201,564	102.87%	Provision

	Amount in Taka			
	01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
	12 Months	18 Months	6 Months	12 Months
19.00 Revenue : Tk. 1,437,866,858				
This is made up as follows :				
A. Local Sales	541,254,450	712,839,735	258,469,656	454,370,079
B. Export Sales	896,612,408	1,340,660,195	383,158,569	957,501,626
	1,437,866,858	**2,053,499,930**	**641,628,225**	**1,411,871,705**
20.00 Cost of Goods Sold : Tk. 1,111,841,194				
This is arrived at as follows:				
Opening WIP	164,203,130	198,733,539	197,001,903	198,733,539
Raw Material Issued (Note- 20.01)	404,903,850	633,893,629	192,238,214	441,655,415
Material available for consumption	**569,106,980**	**832,627,168**	**389,240,117**	**640,388,954**
Closing WIP	(184,467,706)	(164,203,130)	(164,203,130)	(197,001,903)
Consumption	**384,639,274**	**668,424,038**	**225,036,987**	**443,387,051**
Manufacturing overhead (Note- 20.02)	714,818,883	928,367,134	320,185,398	608,181,736
Cost of production	**1,099,458,157**	**1,596,791,172**	**545,222,385**	**1,051,568,787**
Opening Finished Goods	233,750,502	237,113,748	216,201,210	237,113,748
Cost of Goods Available for Sale	**1,333,208,659**	**1,833,904,920**	**761,423,595**	**1,288,682,535**
Closing Finished Goods	(221,367,465)	(233,750,502)	(233,750,502)	(216,201,210)
Cost of Goods Sold	**1,111,841,194**	**1,600,154,418**	**527,673,093**	**1,072,481,325**
20.01 Raw Material Issued : Tk. 404,903,850				
This is arrived at as follows:				
Opening Stock of Raw Material	165,512,833	176,635,130	183,413,938	176,635,130
Purchased of Raw Material	362,265,468	622,771,332	174,337,109	448,434,223
	527,778,301	**799,406,462**	**357,751,047**	**625,069,353**
Closing Stock of Raw Material	(122,874,451)	(165,512,833)	(165,512,833)	(183,413,938)
Raw Material Issued	**404,903,850**	**633,893,629**	**192,238,214**	**441,655,415**

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

	Amount in Taka			
	01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
	12 Months	18 Months	6 Months	12 Months
20.02 Manufacturing Overhead : Tk. 714,818,883				
This consists of as follows :				
Depreciation	90,201,925	73,842,690	46,241,730	27,600,960
Salaries ,Wages,etc	293,307,318	441,553,876	132,712,176	308,841,700
Gratuity	7,832,271	9,986,602	552,399	9,434,203
Power & Fuel	102,835,240	130,198,479	54,673,391	75,525,088
Packing Materials	121,226,441	111,503,098	33,462,155	78,040,943
Consumable Store & Spares	41,851,517	60,199,510	19,445,585	40,753,925
Transport Expenses	33,663,363	50,282,280	17,432,218	32,850,062
Office Expenses	8,884,910	9,339,066	3,076,282	6,262,784
Welfare Expenses	6,561,959	20,030,334	6,773,593	13,256,741
Insurance Expenses	3,259,568	4,256,027	1,819,663	2,436,364
Communication Expenses	794,643	994,974	398,374	596,600
Occupancy Expenses	49,650	622,191	303,350	318,841
Travelling & Conveyance	1,170,839	2,706,384	504,828	2,201,556
Handling & Carrying Expenses	1,023,540	215,274	92,173	123,101
Repairs & Maintenances	2,155,699	12,586,357	2,697,481	9,888,876
Lease Rental	-	49,993	-	49,993
	714,818,883	**928,367,134**	**320,185,398**	**608,181,736**
21.00 Other Income: Tk. 17,254,287				
This consists of as follows :				
Duty Drawback	14,695,442	18,872,656	5,376,056	13,496,600
Misc. Income	299,693	1,436,496	1,436,496	-
Profit on Sale of Fixed Assets	-	186,484	-	186,484
Sale of Scrap	2,259,152	5,852,943	5,852,943	-
Interest Receipts	-	709,515	193,306	516,209
	17,254,287	**27,058,094**	**12,858,801**	**14,199,293**
22.00 Administrative Expenses : Tk. 57,711,599				
This consists of as follows :				
Depreciation	8,007,338	9,639,888	5,113,026	4,526,862
Salaries & Allowances	25,472,924	38,447,888	14,693,176	23,754,712
Gratuity	1,128,986	1,287,455	71,215	1,216,240
Office Expenses	12,471,396	21,935,947	11,871,022	10,064,925
Transport Expenses	4,040,805	8,910,088	2,998,994	5,911,094
Legal, Professional & Others Fees & AGM Expenses	977,884	2,248,654	317,350	1,931,304
Communication Expenses	400,121	686,273	254,383	431,890
Occupancy Expenses	1,646,563	2,652,824	1,046,984	1,605,840
Travelling & Conveyance Expenses	2,107,122	4,077,424	2,571,379	1,506,045
Utilities Expenses	683,570	905,664	365,675	539,989
Repairs & Maintenances	29,500	87,380	1,880	85,500
Audit Fee (Including VAT @15%)	690,000	1,035,000	345,000	690,000
General Expenses	45,540	42,515	12,565	29,950
Handling & Carrying Expenses	9,850	1,650	550	1,100
	57,711,599	**91,958,650**	**39,663,199**	**52,295,451**

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

	Amount in Taka			
	01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
	12 Months	18 Months	6 Months	12 Months
23.00 Selling & Distribution Expenses : Tk. 61,778,189				
This consists of as follows :				
Promotional Expenses	18,932,437	18,521,333	5,505,861	13,015,472
Salaries & Allowances	22,220,008	33,780,669	10,938,451	22,842,218
Gratuity	664,217	1,136,422	62,860	1,073,562
Advertising & Publicity	475,968	338,880	135,240	203,640
Occupancy Expenses	8,094,549	10,766,985	3,436,477	7,330,508
Office Expenses	5,036,870	6,762,319	2,165,412	4,596,907
Transport Expenses	1,881,056	2,935,394	875,816	2,059,578
Travelling & Conveyance Expenses	990,499	1,777,976	676,004	1,101,972
Communication Expenses	801,987	1,239,001	481,434	757,567
Utilities Expenses	677,144	1,027,150	365,683	661,467
Show Room Expenses	427,195	852,408	256,644	595,764
Handling & Carrying Expenses	44,310	939,101	292,585	646,516
Legal & Professional Fees	367,134	511,045	302,636	208,409
Product Research	1,164,815	186,684	98,750	87,934
Lease Rental	-	499,930	-	499,930
	61,778,189	**81,275,297**	**25,593,853**	**55,681,444**
24.00 Finance Cost : Tk. 200,109,152				
This consists of as follows :				
Interest on Loan from Banks & Others	195,696,698	356,352,732	137,288,710	219,064,022
Bank Commission & Charges	4,412,454	10,664,781	2,954,360	7,710,421
	200,109,152	**367,017,513**	**140,243,070**	**226,774,443**
25.00 Income Tax Expenses/(Income): Tk. 14,260,586				
This represents:				
(a) Current Tax:				
Tax for the year under review	23,201,564	15,436,369	3,849,768	11,586,601
Short Provision of Income tax for earlier periods	-	15,600,824	15,600,824	-
Current Tax	**23,201,564**	**31,037,193**	**19,450,592**	**11,586,601**
(b) Deferred Tax (Income) / Expenses	(8,940,978)	(59,221,186)	(59,550,122)	328,936
Total (a+b)	**14,260,586**	**(28,183,993)**	**(40,099,530)**	**11,915,537**
26.00 Earning Per Share (EPS):				
(a) Earning Attributable to the Ordinary Shareholders (Net Profit/(Loss) After Tax)	**8,292,758**	**(32,560,925)**	**(38,586,659)**	**6,025,734**
(b) Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13)	**146,966,055**	**146,966,055**	**146,966,055**	**146,966,055**
(c) EPS (a/b)	**0.06**	**(0.22)**	**(0.26)**	**0.04**

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.

27.00 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) No remuneration was paid to CEO during the year.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

	Amount in Taka			
	01.07.2016 - 30.06.2017	01.01.2015 - 30.06.2016	01.01.2016 - 30.06.2016	01.01.2015 - 31.12.2015
	12 Months	18 Months	6 Months	12 Months
(c) Officers:				
Managerial Remuneration	59,209,728	77,741,051	23,016,749	54,724,302
Bonus	8,211,034	11,196,623	3,636,125	7,560,498
Perquisites:				
Housing	20,501,748	24,582,247	8,357,300	16,224,947
Transport	4,006,572	5,653,555	1,792,635	3,860,920
	91,929,082	**119,173,476**	**36,802,809**	**82,370,667**

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

	From 01 July 2016 to 30 June 2017(12 Months)				From 01 January 2016 to 30 June 2016(6 Months)			
	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	13,236,308	(1,163,692)	91.92%	7,200,000	5,117,814	(2,082,186)	71.08%
Bone China	3,240,000	2,720,281	(519,719)	83.96%	1,620,000	1,356,893	(263,107)	83.76%

Reason for Shortfall : Production as per market demand.

29.00 Capital Expenditure Commitment

There was capital expenditure contracted but not incurred or provided for as on 30 June 2017.

There was no material capital expenditure authorised by the board but not contracted for as on 30 June 2017.

30.00 Contingent Liabilities

There was no sums for which the company is contingently liable as on 30 June 2017 .

31.00 Claims not Acknowledged

There was no claim against the company not acknowledged as debt as on 30 June 2017.

32.00 Credit Facilities not Availed

There was no credit facilities available to the company but not availed of as on 30 June 2017 under any contract, other than trade credit available in the ordinary course of business.

33.00 Related Party Disclosure

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year ended 30 June 2017
Bangladesh Export Import Co. Ltd.	Investment in Shares	-	83,221,906
Beximco Synthetics Ltd.	Investment in Shares	-	630,874

34.00 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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

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.

Exposure to Currency Risk

Foreign Currency Denominated Assets	30-June-17		30-June-16	
Trade Debtors- Foreign	Foreign Currency	Equivalent Local Currency (Tk.)	Foreign Currency	Equivalent Local Currency (Tk.)
US$	1,147,219	92,454,346	276,309	21,552,113
EURO	75,112	6,914,660	39,385	3,426,495
GBP	-	-	-	-
Total Equivalent US$	**1,233,020**	**99,369,007**	**320,238**	**24,978,608**

(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.

35.00 Payments Made in Foreign Currency :

	01.07.2016-30.06.2017		01.01.2016-30.06.2016	
	12 Months		6 Months	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
Import of Machinery, Equipments & Spares:	-	-	-	-
	-	-	-	-
Import of Raw & Packing Material :				
	US$ 3,575,634	285,974,409	US$ 1,856,142	142,922,934
	Euro 417,915	36,205,998	Euro 175,230	15,245,010
	JP¥ 43,864,550	35,457,267	JP¥ 17,895,803	9,842,692
	GBP 214,478	21,427,364	GBP 100,673	10,937,115

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2017

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

	01.07.2016-30.06.2017		01.01.2016-30.06.2016	
	12 Months		6 Months	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
	US$ 9,488,354	764,666,469	US$ 5,482,026	427,418,230
	Euro 625,210	57,555,541	Euro 13,683	1,161,583
	-	-	GBP 2,284	263,673

37.00 Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the earliar periods:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit	Mode of Disposal	Name of Parties
Transport & Vehicle	1,090,000	586,484	503,516	690,000	186,484	Negotiation	Various Individuals

38.00 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 2017

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