

ANNUAL  
REPORT  
2 0 1 3

B E X I M C O  
**SYNTHETICS**  
L I M I T E D



## Mission

Each of our activities must benefit and add value to the common wealth of our society. We firmly believe that, in the final analysis we are accountable to each of the constituents with whom we interact; namely: our employees, our valued customers, our business associates, our fellow citizens and our Shareholders.



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# Operational & Financial Highlights

	2013	2012	Changes in 2013	
			Amount	%
Turnover	1,337,836	1,426,752	(88,916)	(6.23)
Gross Profit	134,148	265,334	(131,186)	(49.44)
Net Profit Before Tax	(27,910)	100,396	(128,306)	(127.80)
Net Profit After Tax	(35,086)	83,167	(118,253)	(142.19)
Earnings Per Share	(0.40)	0.96	(1.36)	(141.67)
Stock Dividend (%)	-	10.00	(10.00)	(100.00)
Total Assets	3,318,659	3,336,809	(18,150)	(0.54)
Shareholders' Equity	2,170,329	2,205,415	(35,086)	(1.59)

*all figures in thousand Taka except indicate otherwise.*





# Company Profile

## Corporate Headquarters

17 Dhanmondi R/A, Road No. 2, Dhaka-1205, Bangladesh  
Phone: 880-2-8618220 (7 lines)  
E-mail: beximchq@bol-online.com  
Website: www.beximco.com

## Operational Headquarters

Kabirpur, Savar, Dhaka-1344

## Factory

Kabirpur, Savar, Dhaka

## Year of Establishment

July 18, 1990

## Commercial Production

July 01, 1994

## Nature of Activities

Manufacturing & Marketing of  
Polyester Filament Yarn, namely Partially Oriented Yarn  
(POY) and Drawn Texturising Yarn (DTY)

## Listing Status

Public Listed Company

## Stock Exchange Listing

Dhaka & Chittagong

## Authorized Capital

2,000 Million Taka

## Paid up Capital

867.123 Million Taka

## Number of Shareholders

23,190



## CONDOLENCE MESSAGE



We are deeply shocked at the sad demise of Mr. M A Qasem, Director of Beximco Synthetics Limited, who passed away on April 19, 2014 at 11.15 am at the United Hospital, Dhaka (Inna Lillahe-Wa-Inna-Ilaihe Rajeun).

The Board of Directors of Beximco Synthetics Limited recalls with appreciation and gratitude his contribution towards the establishment and growth of Beximco. We have no words to console his nearest and dearest ones at this moment. We extend our deepest sympathy and sincerest condolences to the bereaved members of his family.

We pray to the Almighty Allah to grant him Jannah and salvation of the departed soul and to give the members of his family the strength to withstand the irreparable loss with courage and fortitude.

Board of Directors and all the Employees of  
**BEXIMCO SYNTHETICS LIMITED**

# Corporate Directories

## Board of Directors

A S F RAHMAN	Chairman & Managing Director
SALMAN F RAHMAN	Vice-Chairman
IQBAL AHMED	Director
O K CHOWDHURY	Director
MD. ALAUDDIN KHAN	Director-Nominee of ICB (Representing Institutional Debenture Holders)
MASUD EKRAMULLAH KHAN	Independent Director
MOHAMMAD ASAD ULLAH, FCS	Executive Director & Company Secretary



# Notice of the Twenty-Third Annual General Meeting

## **BEXIMCO SYNTHETICS LIMITED**

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

### NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Third Annual General Meeting of the Shareholders of Beximco Synthetics Limited will be held on Saturday, the 21<sup>st</sup> June, 2014 at 1.30 PM 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 31<sup>st</sup> December, 2013 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year 2014 and to fix their remuneration.
4. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



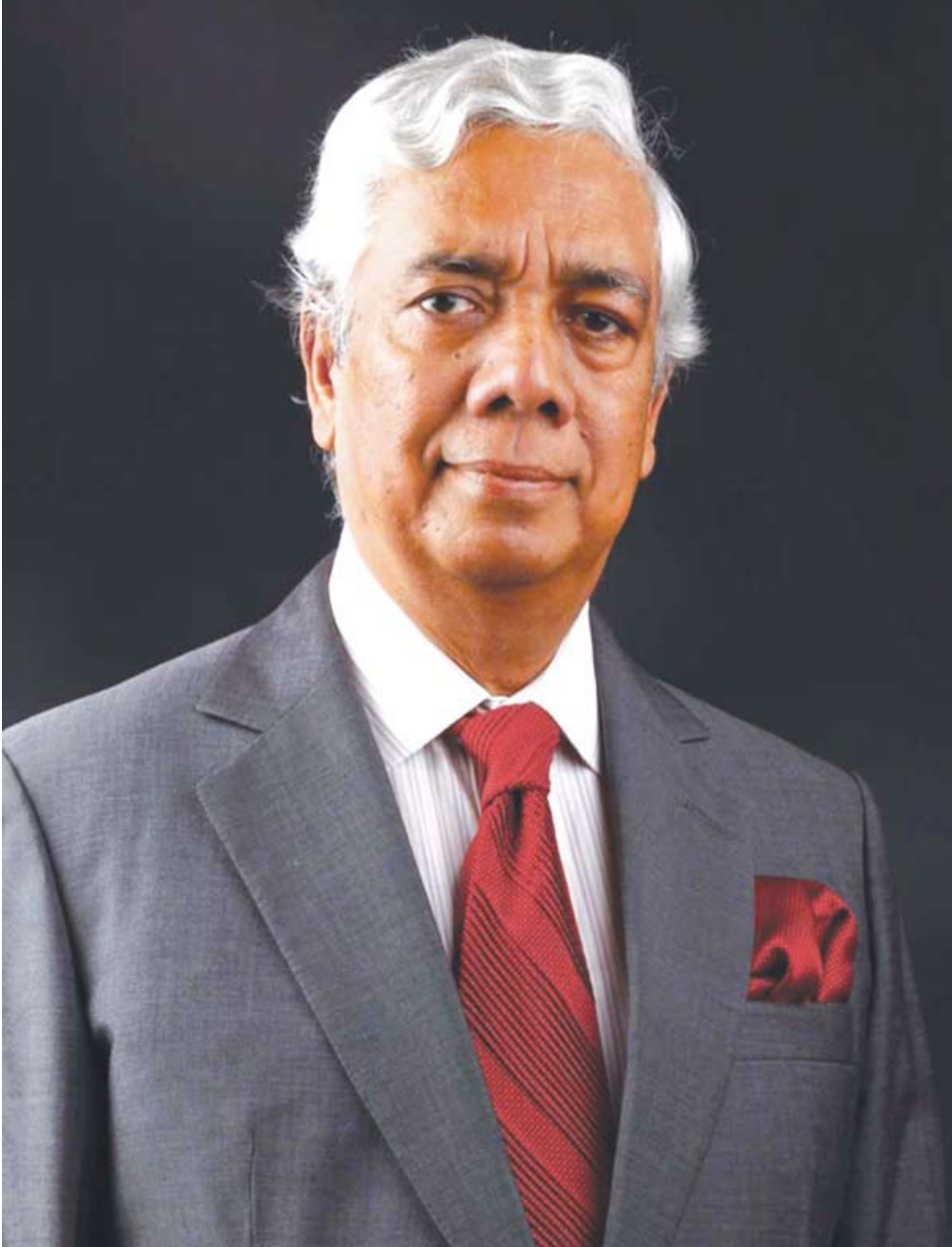
(MOHAMMAD ASAD ULLAH, FCS)  
Executive Director & Company Secretary

Dated : 8 May, 2014

#### NOTES:

- (1) The Record Date of the Company shall be on 18 May, 2014.
- (2) The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. 18 May, 2014, will be entitled to attend at the Annual General Meeting.
- (3) 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.
- (4) 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).
- (5) **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.**

## চেয়ারম্যানের প্রতিবেদন



প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি বেক্সিমকো সিনথেটিক্স লিমিটেড এর ২৩তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে আবারো স্বাগত জানাতে পেরে এবং কোম্পানীর ৩১শে ডিসেম্বর ২০১৩ সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদনসহ নিরীক্ষকের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করতে পেরে খুবই আনন্দিত।



## কার্যক্রম

রাজনৈতিক অস্থিরতা, গার্মেন্টস শ্রমিকদের আন্দোলন এবং গ্যাস সরবরাহের স্বল্পতার ফলে কোম্পানীর ব্যবসায়িক কার্যক্রম মারাত্মকভাবে ব্যাহত হওয়ার কারণে ২০১৩ সাল ছিল কোম্পানীর জন্য একটি কঠিন বছর। তাছাড়া ২০১৪ সালে জানুয়ারী মাসের সংসদীয় নির্বাচনকে ভিত্তি করে দীর্ঘকালব্যাপী রাজনৈতিক অস্থিরতা ভোক্তা ও বিনিয়োগকারীদের আত্মবিশ্বাসকে কমিয়ে দেয়। যার ফলে সূতার চাহিদা ও সূতার বিক্রয়মূল্য ব্যাপকভাবে কমে যায়। প্রতিবেদনাধীন বছরে কোম্পানী ৭,০১৯,০৯০ কেজি POY ১১৫ ডেনিয়ার সূতা উৎপাদন করেছে। গত বছরে এর পরিমাণ ছিল ৭,১৫৬,৬৩২ কেজি, যা গত বছরের তুলনায় ১.৯২% কম। DTY Intermingled এবং Non-Intermingled মিলে মোট DTY-এর উৎপাদন ছিল ৬,৪০৪,১৯৯ কেজি, যা পূর্ববর্তী বছরে ছিল ৬,৬৫৩,৩৮৭ কেজি অর্থাৎ এ ক্ষেত্রে উৎপাদন কমেছে ৩.৭৫%। সূতার চাহিদা ও বিক্রয়মূল্য কমে যাওয়ার কারণে মোট বিক্রয় ১,৩৯৬.৮৮ মিলিয়ন টাকা হতে কমে ১,৩২১.০৯ মিলিয়ন টাকায় এসে দাঁড়ায়, যা গত বছরের তুলনায় ৫.৪২% কম। প্রতিবেদনাধীন বছরে আমাদের উৎপাদন ও মুনাফা কম হওয়ার ইহাই হচ্ছে প্রধান কারণ।

## বিপণন

বিগত বছরের চলমান রাজনৈতিক অস্থিতিশীলতা, সর্বক্ষেত্রে অর্থনীতির নিম্নগতি এবং স্থানীয় বাজারে সূতার চাহিদা ও মূল্য হ্রাসের কারণে গত বছর আবার আমাদেরকে একটি অত্যন্ত প্রতিকূল অবস্থায় বিপণন কার্যক্রম অবস্থায় পরিচালনা করতে হয়েছে।

যাই হোক, আমাদের আন্তরিক ও বিরামহীন প্রচেষ্টায় কোম্পানী প্রতিকূল পরিস্থিতিতেও বাজারে অন্যান্য প্রতিদ্বন্দ্বীদের সাথে প্রতিযোগিতায় টিকে থাকতে সক্ষম হয়েছে। আর এটা সম্ভব হয়েছে গ্রাহকদের প্রতি আমাদের অঙ্গীকার এবং পণ্যের মান উন্নয়নে আমাদের আন্তরিক প্রচেষ্টার ফলে। আমাদের শক্তিশালী বিপণন দল যে কোন পরিস্থিতিতে বাজার শেয়ার ধরে রাখতে সর্বদা সচেষ্ট। আমরা আশা করি যে, ভবিষ্যতে যদি রাজনৈতিক পরিস্থিতি শান্ত থাকে এবং সামগ্রিক গার্মেন্টস ও বস্ত্রখাত একটি স্থিতিশীল অবস্থায় থাকে তাহলে আমরা বিগত বছরের ক্ষতি কাটিয়ে উঠতে পারব।

## মানব-সম্পদ ব্যবস্থাপনা

মানবসম্পদ আহরণে উন্নত মান বজায় রেখে এবং কোম্পানী তার কর্মকর্তা-কর্মচারীদের প্রয়োজনীয় আভ্যন্তরীণ ও আন্তর্জাতিক প্রশিক্ষণের ব্যবস্থা করে নতুন নতুন চ্যালেঞ্জ মোকাবেলা করেছে। কোম্পানী তার কর্মকর্তা ও কর্মচারীদের মধ্যে সুন্দর টিম ওয়ার্কের জন্য খুবই গর্বিত। তাদের কঠোর পরিশ্রম কোম্পানীর অনেক চ্যালেঞ্জ সফলভাবে মোকাবেলা করতে সহায়তা করেছে। একটি সুন্দর কাজের পরিবেশ, কোম্পানীর প্রতি কর্মকর্তা ও কর্মচারীদের সর্বোচ্চ বিশ্বস্ততা ও প্রতিশ্রুতি এবং নৈতিক সততার কারণে কোম্পানী তার দক্ষতা অর্জন ও পণ্যের মান উন্নয়নে সক্ষম হয়েছে।

## উপসংহার

পরিশেষে কোম্পানীর পণ্যের উপর আস্থার জন্য আমি আমার নিজের ও পরিচালনা পর্ষদের পক্ষ থেকে সম্মানিত ক্রেতা সাধারণকে আন্তরিক ধন্যবাদ জানাচ্ছি। সেই সাথে

আমাদের কর্মকর্তা ও কর্মচারীদেরকে তাদের অক্লান্ত প্রচেষ্টার জন্য, সরবরাহকারীদেরকে তাদের সমর্থনের জন্য, ব্যাংক, সরকারী সংস্থা ও অন্যান্য আর্থিক প্রতিষ্ঠানসমূহকে তাদের সহযোগিতার জন্য এবং সর্বোপরি সম্মানিত শেয়ারহোল্ডারদেরকে কোম্পানীর মঙ্গলে তাদের ক্রমাগত উৎসাহ প্রদানের জন্য আন্তরিক প্রশংসা ও সাধুবাদ জানাই।

আমি আশা করি আপনাদের সকলের অকুণ্ঠ সমর্থন ও সহযোগিতা নিয়ে আগামী বছরগুলিতেও আমরা আমাদের সকল সমস্যা কাটিয়ে উঠতে সক্ষম হব।

X. L. P. Laxman

এ এস এফ রহমান  
চেয়ারম্যান

ঢাকা, ২৯ এপ্রিল, ২০১৪

# Chairman's Statement

*Dear Shareholders,*

It is a great pleasure for me once again to welcome you all to this 23rd Annual General Meeting of Beximco Synthetics Limited and to present before you the Audited Financial Statements and the Auditors' and Directors' Report thereon of the Company for the year ended on 31 December 2013.



## Operations

The Year 2013 was a difficult year for your Company as smooth business operation was hampered badly due to political unrest, garments workers agitation, shortage of gas supply. The prolonged political unrest ahead of parliamentary election in January 2014 also dented consumer and investor confidence. As a result demand and sales price of the yarn decreased significantly. During the year under report, the Company has produced 7,019,090 kgs of POY 115 denier filament yarn as compared to 7,156,632 kgs of POY denier of last year representing 1.92% decrease. Total DTY production was 6,404,199 kgs both in Intermingle and Non-Intermingle form as against 6,653,387 kgs in the previous year a decrease of 3.75%. Gross turnover has decreased to Tk. 1,321.09 million from Tk. 1,396.88 million representing 5.42% fall compared to last year due to decrease of demand and sales price. These are the main reasons for hampering our production and profitability during the year under review.

## Marketing

This year once again we had to operate under very adverse scenario due to ongoing political turmoil and overall vulnerable economic down turn in every aspects of economy and decrease of demand and price for polyester

yarn in the local market. However, by virtue of sincere and continuous effort, we were able to cope up with other competitors under the present adverse scenario. It has become possible because of our commitment to the customers and consistent effort to produce quality yarn. Our strong marketing team is always concentrating on keeping the market share in tact under any circumstances. We hope that in the coming year if the political environment remain sound & overall Textile & RMG sector remain in a stable condition, we will be able to cover the losses we have experienced last year.

## Human Resource Management

By maintaining high recruitment standards and providing need based internal/external training to its staff, Company faces new challenges. Your Company is proud of the extra ordinary team work of its officials and workers. Their hard work helped the Company to successfully respond to many challenges. A good working environment, high level of loyalty and commitment and ethics of our employees enables to achieve efficiency and maintain the quality of its products.

## Conclusion

Finally, on behalf of the Board of Directors and on my own behalf, I

would like to express my deepest appreciation to all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their support, to the Banks, Govt. agencies and Financial Institutions for their co-operation and above all, to our most honoured shareholders for demonstrating their continued interest in the well-being of the Company.

I hope, we will be able to overcome all problems with continuous support and co-operation from all of you in the years to come



**A S F Rahman**  
Chairman

29 April, 2014  
Dhaka.

# Director's Report to the Shareholders

*Dear Shareholders,*

The Board of Directors of Beximco Synthetics Limited are pleased to present the Directors' Report and audited financial statements of the Company for the year ended 31 December 2013 together with the auditor's report thereon.

## 1. Principal Activity

The principal activity of the company was production & sales of high quality Polyester Filament Yarn namely, Partially Oriented Yarn (POY) and Drawn Texturising Yarn (DTY).

## 2. Financial Results and Appropriations

The financial results and recommended appropriations are stated below:

	<i>Taka in Thousand</i>	
	2013	2012
Net Profit/(Loss) after Tax	(35,086)	83,166
Profit Brought Forward	8,955	4,618
Profit / (Loss) Available	(26,131)	87,784
Proposed Dividend	-	(78,829)
Profit / (Loss) Carried Forward	(26,131)	8,955

## 3. Dividend Payment

No dividend is possible based on the Company's accounts for the year ended 31.12.2013

## 4. Analysis of Operating Performance

### 4.1 Business Outlook- a general overview

GDP growth is expected to be below targeted forecast, owing

to a decline in remittances and slowing of investment and overall economic activities. Domestic demand was depressed because of the prolonged political unrest ahead of parliamentary elections in January 2014. This is reflected in lower private credit growth, a decline in imports of consumer goods and capital machinery, and modest growth in imports of raw materials. In addition the garment industry faces challenges in adopting tough compliance and safety standards.

However, Growth is expected to rebound to 7.3% in FY2015, aided by higher remittance and export growth, as well as by prospects for continued economic recovery in the US and the euro area. A likely rise in consumer and investor confidence as the political situation stabilizes. Thus we are also hoping for a better result in 2014-2015.

### 4.2 Production and Sales

During the year under report, the Company has produced 7,019,090 kgs of POY 115 denier filament yarn as compared to 7,156,632 kgs of POY denier of last year representing 1.92% decrease. Total DTY production was 6,404,199 kgs both in Intermingle and Non-Intermingle form as against 6,653,387 kgs in the previous year a decrease by 3.75%. Gross turnover has decreased to Tk. 1,321.09 million from Tk. 1,396.88 million representing 5.42% fall compared to last year.

### 4.3 Profitability

During the year the Company

has incurred loss mainly due to lower demand of yarn in the local market, shortage of gas supply, continuous price increase of raw materials in the international market, prolonged political unrest in the country and workers agitation.

## 5. Directors

### 5.1 Retirement and Re-election

Mr. O K Chowdhury, Director of the Company retires by rotation as per Articles 124 and 125 of the Articles of Association of the Company and being eligible offers himself for re-election.

### 5.2 Death

Mr. M A Qasem, Director of Beximco Synthetics Limited, have passed away during this time.

The Board of Directors of Beximco Synthetics Limited recalls with appreciation and gratitude his contribution towards the establishment and growth of Beximco Synthetics Limited.

## 6. Auditors

The existing Auditors, M/S M. J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C.R. Datta Road, Dhaka-1205 who were appointed as Auditors of the Company in the 22nd Annual General Meeting of the Company has carried out the audit for the year ended 31 December 2013.

M/S M.J. Abedin & Co., Chartered Accountants, the Auditors of the Company retire at this meeting and have expressed their willingness to continue in office for the year 2014.



## 7. Board Audit Committee

The Board constituted the Audit Committee comprises the following members as per provision of Corporate Governance Guidelines issued by BSEC dated 07.08.2012.

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

## 8. Board Meetings and Attendance

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

Name of Directors	Meetings attended
Mr. A S F Rahman	7
Mr. Salman F Rahman	7
Mr. Iqbal Ahmed	6
Mr. M A Qasem	5
Mr. O K Chowdhury	6
Mr. Md. Alauddin Khan	4
Mr. Masud Ekramullah Khan	7

## 9. Corporate and Financial Reports

Directors are pleased to report that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate Accounting Policies have been consistently

applied in the preparation of financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

- The International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

Directors also report that the Managing Director (MD) and the Chief Financial Officer (CFO) have certified to the Board that they have reviewed the Financial Statements for the year 2013 and to the best of their knowledge and belief:

- The Financial Statements present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards and applicable laws;
- There is no statement which is materially untrue or misleading and there is no omission of facts in such statements;
- No transaction has been entered into by the Company which are fraudulent, illegal or in violation of the Company's code of conduct.

## 10. Key operating and Financial Data

The summarized key operating and financial data for 2013 and immediately preceding four years are presented below:

	2013	2012	2011	2010	2009
<b>Results of Operations:</b>					
Revenue (Turnover) Net	1,337,836	1,426,752	1,545,017	1,009,552	792,782
Gross Profit	134,148	265,334	244,861	133,697	127,386
Operating Profit	113,813	244,915	225,273	117,842	114,194
Net Profit/(Loss) Before Tax	27,909	100,396	133,058	30,659	18,408
Net Profit/(Loss) After Tax	35,086	83,167	108,176	27,474	11,656
Basic Earning per Share(Tk.)	(0.40)	0.96	1.58	4.61	2.10
Cash Dividend per Share (Tk.)	-	-	-	-	7.50
Stock Dividend	-	10.00%	15.00%	15.00%	7.50%
<b>Financial Position:</b>					
Total Assets	3,318,658	3,336,809	3,082,709	2,859,699	2,919,075
Fixed Assets-Gross	2,376,705	2,363,245	2,339,500	2,319,605	2,310,227
Fixed Assets-Net	1,418,579	1,435,969	1,446,152	1,460,317	1,484,426
Gross Working Capital	1,890,964	1,894,248	1,631,449	1,394,275	1,429,542
Net Working Capital	770,154	791,793	739,050	668,177	718,881
Authorized Capital	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000
Paid up Capital	867,123	788,294	685,473	596,064	554,478
Reserve & Surplus	1,303,205	1,417,120	1,438,013	1,419,247	1,474,944
Shareholders' Equity	2,170,328	2,205,415	2,123,487	2,015,311	2,029,422
<b>Key Financial Ratios, Figures and Market Data:</b>					
Current Ratio	1.69	1.72	1.83	1.92	2.01
Return on Paid-up Capital	(4.05%)	10.55%	15.78%	4.61%	1.96%
Return on Investment	(1.62%)	3.77%	5.09%	1.36%	0.57%
Net Asset Value Per Share (Tk.)	25.03	27.96	30.98	338.10	366.01
Pay-out Ratio	-	94.78%	95.06%	325.38%	714.29%
Market Price of Share ( at DSE)(Tk.)	16.70	24.30	368.25	514.80	373.00
Market Price of Share ( at CSE)( Tk.)	16.70	24.30	369.00	514.30	376.25
Price Earning Ratio (DSE price)(Times)	(41.75)	25.31	233.07	111.67	177.62
Price Earning Ratio (CSE price)(Times)	(41.75)	25.31	233.54	111.56	179.17
<b>Others:</b>					
Number of Shares	86,712,359	78,829,418	68,547,320	5,960,637	5,544,779
Number of Shareholders	23,190	20,690	16,629	19,059	17,254

*all figures in thousand Taka except indicate otherwise*

## 11. The Pattern of Shareholding

Name wise details	Numbers of Shares held
i) Parent/Subsidiary/Associate Companies and other related parties:	
Beximco Holdings Ltd.	1,532,686
New Dacca Industries Limited	1,375,067
Shinepukur Ceramics Limited	65,716
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 & Managing Director	14,518,467
Mr. Salman F Rahman, Vice-Chairman	13,441,800
Chief Executive Officer, spouse and minor children	Nil
Company Secretary, spouse and minor children	Nil
Chief Financial Officer, spouse and minor children	Nil
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	
Mr. A S F Rahman, Chairman & Managing Director (mentioned in Sl. No. (ii) above)	14,518,467
Mr. Salman F Rahman, Vice-Chairman (mentioned in Sl. No. (ii) above)	13,441,800

## 12. Corporate Governance Compliance Report

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

## 13. Conclusion

The Directors wish to express their sincere appreciation to the valued Shareholders for their support and to the employees of the Company for their effort. We are also thankful to our customers, suppliers, Bankers, Government authorities and all concerned agencies.

Thank you all.

On behalf of the Board



**A S F Rahman**  
Chairman & Managing Director

29 April, 2014  
Dhaka.

# Corporate Governance Compliance 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	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
<b>1.2</b>	<b>Independent Directors</b>			
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 NBFIs	√		
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	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
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
<b>1.4</b>	<b>Appointment of Chairman and CEO, defining their roles</b>	√		There is no CEO in the Company
<b>1.5</b>	<b>The Director's Report to Shareholders shall include</b>			
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- Polyester Yarn. 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



Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	√		
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during 2013 except Independent Director.
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	√		
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
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	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
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	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
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	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
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
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
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	√		
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
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-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
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
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
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	√		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
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	√		

## **S. Abdur Rashid FCS**

BCom (Hons), MBS (Finance & Banking), MBA (Finance), PGD-HRM, AIPM

**Chartered Secretary in Practice**

**Private Practice Certificate No.: 003**

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## **SARashid & Associates**

**(Chartered Secretaries)**

Noakhali Tower (10th Floor, 11-F)

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### **Certificate on Compliance of Corporate Governance Guidelines**

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

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Beximco Synthetics Limited** ("the Company") for the year ended 31 December 2013. Such compliance is the responsibility the of Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that, the Company has complied with all the conditions of aforesaid Corporate Governance Guidelines of BSEC.

*Rashid*

**S. Abdur Rashid FCS**



Dhaka, 29 May 2014

# Report on the Activities of the Audit Committee

*Dear Shareholders,*

I am pleased to present the Report of the Audit Committee for the year 2013.

The Board of Directors of Beximco Synthetics Limited has constituted an Audit Committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee comprise of Mr. Masud Ekramullah Khan, Mr. O. K. Chowdhury, FCA and Mr. Iqbal Ahmed, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, function as the Secretary of the Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. 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 and, 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 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.

## 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.



## Main Activities and recommendations of the Audit Committee in 2013:

The Audit Committee met four times during the year 2013. All the Members were present in all meetings of the Committee.

The Committee held its first meeting of 2013 on April 20, to review the Audited Financial Statements of the Company for the year ended December 31, 2012. Detail discussions on the financial statements were held with the representatives of the Management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval.

The second meeting of the Committee was held on May 12, 2013 prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on March 31, 2013. 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 2013 was held on July 28, 2013 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 June 30, 2013.

The fourth meeting of the Committee was held on October 28, 2013 to release of the un-audited third

quarter financial statements of the Company for the quarter ended September 30, 2013. 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 Managing Director, Chief Executive Officer of concerned Divisions, 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 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 2014, subject to the approval of shareholders in the 23rd AGM of the Company, who had carried out the audit of the Company for the year 2013.



**(MASUD EKRAMULLAH KHAN)**  
Chairman  
Audit Committee

Date: 20 April, 2014

# Corporate Governance

The maintenance of effective Corporate Governance remains a key priority to the Board of Beximco Synthetics 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 Managing Director (MD) under whom there are Senior Managers for various departments and according to hierarchy, various senior & mid level management staffs. The Managing Director and the Senior 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 to the 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 judgements 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 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 ended 31 December 2013 stood at seven 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 (who is also Managing Director of the Company), Vice-Chairman, one Independent Director and other four directors. The name of the Directors appears on page 4.

*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.

## Audit Committee

The Board of Directors of Beximco Synthetics Limited has re-constituted the Audit Committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended with the Compliance Report and also enclosed with the Director's report. The Committee comprise of Mr. Masud Ekramullah Khan, Mr. O.K. Chowdhury FCA and Mr. Iqbal Ahmed, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. The Audit Committee appointed by the main Board and all the members are non-executive Directors. All members of the Audit Committee are financially literate are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The details of the Audit Committee has been provided in "Report on the activities of the Audit Committee to the shareholders".

## 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.

## Corporate Governance Compliance Report

In accordance with the requirement of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 Corporate Governance Compliance and Status Report is attached in Annexure-I on page 14 to 16.



# Value Added Statement

For the year ended 31 December 2013

	2013		2012	
	Taka in '000	%	Taka in '000	%
<b>VALUE ADDED :</b>				
Turnover	1,337,836		1,426,752	
Bought in Materials & Services	(1,059,547)		(1,029,148)	
	<b>278,289</b>	<b>100.00%</b>	<b>397,604</b>	<b>100.00%</b>
<b>APPLICATIONS :</b>				
To National Exchequer-as Duty, Taxes, VAT etc.	78,902	28.35%	89,597	22.53%
To Employees-as Salary, Wages and Other Benefits	61,900	22.24%	54,135	13.62%
To Providers of Loan- as Interest	141,723	50.93%	139,499	35.08%
To Providers of Capital-as Dividend	-	0.00%	78,829	19.83%
	<b>282,525</b>	<b>101.52%</b>	<b>362,060</b>	<b>91.06%</b>
Depreciation & Retention	(4,236)	(1.52%)	35,543	8.94%
	<b>278,289</b>	<b>100.00%</b>	<b>397,604</b>	<b>100.00%</b>

*all figures in thousand Taka except indicate otherwise.*





# Twenty-Second Annual General Meeting

The twenty-second Annual General Meeting of the Shareholders of Beximco Synthetics Ltd. was held on 29 June, 2013 at 2.00 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur. A good number of shareholders attended the AGM. In absence of Mr. A S F Rahman, Chairman of the Board of Directors of the Company, Mr. Salman F Rahman, Vice Chairman of the Company presided over the meeting. Verses from Holy Quran along with its

translation in Bengali were recited at the very outset of the meeting.

The Chairman welcomed the Shareholders in the AGM. With the permission of the Chair meeting started and the Shareholders expressed their valued opinion on the Audited Financial Statements of the Company for the year ended 31 December 2012 and also on other affairs.

Mr. Salman F Rahman, Vice Chairman of the Company

replied to the queries and explained various comments of distinguished Shareholders. He also gave the hints of future activities of the Company.

After electing directors, approving the Audited Financial Statements, 10% stock dividend, appointing Auditors and fixing their remuneration by the Shareholders, the meeting ended with a vote of thanks to and from the chair.





# Financials



## Independent Auditors' Report to the Shareholders of BEXIMCO SYNTHETICS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Beximco Synthetics Limited, which comprise the Statement of Financial Position as at 31 December 2013, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year 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 procedures 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 31 December 2013, 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 Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.

  
M. J. ABEDIN & CO.  
Chartered Accountants

29 April, 2014  
Dhaka.

# Statement of Financial Position


as at 31 December 2013


			Amount in Taka
	Notes	2013	2012
<b>ASSETS</b>			
<b>Total Non-Current Assets</b>		<b>1,427,694,248</b>	<b>1,442,560,539</b>
Property, Plant and Equipment - Carrying Value	5	1,418,578,950	1,435,968,983
Long Term Security Deposits	6	5,107,298	5,107,298
Deferred Tax Assets	7	4,008,000	1,484,258
<b>Current Assets</b>		<b>1,890,964,551</b>	<b>1,894,248,469</b>
Inventories	8	954,266,551	947,588,270
Accounts & Other Receivables	9	920,054,200	906,582,593
Advances, Deposits & Prepayments	10	13,711,306	36,799,733
Cash and Cash Equivalents	11	2,932,494	3,277,873
<b>Total Assets</b>		<b>3,318,658,799</b>	<b>3,336,809,007</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>2,170,328,580</b>	<b>2,205,414,630</b>
Issued Share Capital	12	867,123,598	788,294,180
Revaluation Surplus	13	1,329,335,883	1,329,335,883
Retained Earnings		(26,130,901)	87,784,567
<b>Current Liabilities</b>		<b>1,120,810,245</b>	<b>1,102,455,233</b>
Debentures-Current Maturity (Secured)	14	43,572,345	46,984,594
Interest Free Block Account-Current Maturity	15	42,401,457	32,281,492
Short Term Loan from Banks (Secured)	16	767,941,344	767,941,344
Accounts & Other Payables	17	71,624,897	66,103,676
Accrued Expenses	18	195,270,202	189,144,127
<b>Non-Current Liabilities</b>		<b>27,519,974</b>	<b>28,939,145</b>
Lease Obligation for Finance Lease		27,519,974	28,939,145
<b>Total Equity and Liabilities</b>		<b>3,318,658,799</b>	<b>3,336,809,007</b>

The notes are an integral part of the Financial Statements.

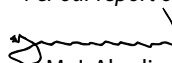
Approved and authorized for issue by the Board of Directors on 29 April, 2014 and signed for and on behalf of the Board:

  
A S F Rahman  
Chairman & Managing Director

  
Salman F Rahman  
Vice-Chairman

  
Iqbal Ahmed  
Director

Per our report of even date.

  
M. J. Abedin & Co.  
Chartered Accountants

Dhaka  
29 April, 2014

# Statement of Comprehensive Income

for the year ended 31 December 2013

			Amount in Taka
	Notes	2013	2012
<b>Revenue</b>	<b>19</b>	<b>1,337,835,656</b>	<b>1,426,752,263</b>
Cost of Revenue	20	(1,203,687,812)	(1,161,418,416)
<b>Gross Profit</b>		<b>134,147,844</b>	<b>265,333,847</b>
<b>Operating Expenses</b>		<b>20,334,684</b>	<b>20,418,704</b>
Administrative Expenses	21	(15,160,271)	(15,342,081)
Selling Expenses	22	(5,174,413)	(5,076,623)
<b>Profit from Operations</b>		<b>113,813,160</b>	<b>244,915,143</b>
Finance Cost	23	(141,723,001)	(139,499,076)
<b>Profit / (Loss) before contribution to WPPF</b>		<b>(27,909,841)</b>	<b>105,416,067</b>
Contribution to Workers' Profit Participation / Welfare Funds	24	-	(5,019,813)
<b>Net Profit / (Loss) before Tax</b>		<b>(27,909,841)</b>	<b>100,396,254</b>
Income Tax Expense	25	(7,176,209)	(17,229,458)
<b>Profit / (Loss) After Tax for the year</b>		<b>(35,086,050)</b>	<b>83,166,796</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>(35,086,050)</b>	<b>83,166,796</b>
<b>Earning per share (Adjusted EPS of 2012)</b>	<b>26</b>	<b>(0.40)</b>	<b>0.96</b>

The notes are an integral part of the Financial Statements.

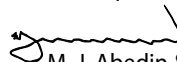
Approved and authorized for issue by the board of directors on 29 April, 2014 and signed for and on behalf of the Board:

  
A S F Rahman  
Chairman & Managing Director

  
Salman F Rahman  
Vice-Chairman

  
Iqbal Ahmed  
Director

Per our report of even date.

  
M. J. Abedin & Co.  
Chartered Accountants

Dhaka  
29 April, 2014



# Statement of Changes in Equity

for the year ended 31 December 2013

Particulars	Amount in Taka			
	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
Balance on 01-01-2012	685,473,200	1,329,335,883	108,677,607	2,123,486,690
Deferred Tax effect upto 2011	-	-	(1,238,856)	(1,238,856)
Restated Balance on 01-01-2012	685,473,200	1,329,335,883	107,438,751	2,122,247,834
<b>Total Comprehensive Income for 2012:</b>				
Profit for the year	-	-	83,166,796	83,166,796
Other Comprehensive Income	-	-	-	-
<b>Transaction with Share Holders:</b>				
15% Stock Dividend for prior period (2011)	102,820,980	-	(102,820,980)	-
Restated Balance on 01-01-2013	788,294,180	1,329,335,883	87,784,567	2,205,414,630
<b>Total Comprehensive Income for 2013:</b>				
Profit / (Loss) for the year	-	-	(35,086,050)	(35,086,050)
Other Comprehensive Income	-	-	-	-
<b>Transaction with Share Holders:</b>				
10% Stock Dividend for prior period (2012)	78,829,418	-	(78,829,418)	-
<b>Balance as on 31-12-2013</b>	<b>867,123,598</b>	<b>1,329,335,883</b>	<b>(26,130,901)</b>	<b>2,170,328,580</b>
Total number of shares				86,712,359
Shareholders equity per share				Tk. 25.03

Approved and authorized for issue by the Board of Directors on 29 April, 2014 and signed for and on behalf of the Board:

  
A S F Rahman  
Chairman & Managing Director

  
Salman F Rahman  
Vice-Chairman

  
Iqbal Ahmed  
Director

Per our report of even date.

Dhaka  
29 April, 2014

  
M. J. Abedin & Co.  
Chartered Accountants



# Statement of Cash Flows

for the year ended 31 December 2013

	Amount in Taka	
	2013	2012
<b>Cash Flows From Operating Activities :</b>		
Collections from Revenue- net	1,324,364,049	1,242,005,143
Cash Paid to Suppliers & Employees	(1,182,703,703)	(1,225,615,631)
<b>Cash Generated from Operations</b>	<b>141,660,346</b>	<b>16,389,512</b>
Interest Paid	(122,220,457)	(89,573,625)
Income Tax Paid	(1,494,361)	(17,831,103)
<b>Net Cash Generated from/(Used) In Operating Activities</b>	<b>17,945,528</b>	<b>(91,015,216)</b>
<b>Cash Flows From Investing Activities :</b>		
Acquisition of Tangible Fixed Assets	(13,459,487)	(23,745,281)
<b>Net Cash Used In Investing Activities</b>	<b>(13,459,487)</b>	<b>(23,745,281)</b>
<b>Cash Flows From Financing Activities :</b>		
Payment of Debentures	(3,412,249)	(8,090,320)
Short Term Loan received from Bank & Others	-	111,434,871
Payment of Lease Obligation	(1,419,171)	-
<b>Net Cash (Used) In/Generated from Financing Activities</b>	<b>(4,831,420)</b>	<b>103,344,551</b>
<b>Decrease in Cash &amp; Cash Equivalents</b>	<b>(345,379)</b>	<b>(11,415,946)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the Year</b>	<b>3,277,873</b>	<b>14,693,819</b>
<b>Cash &amp; Cash Equivalents at End of the Year</b>	<b>2,932,494</b>	<b>3,277,873</b>

The notes are an integral part of the Financial Statements.

Approved and authorized for issue by the Board of Directors on 29 April, 2014 and signed for and on behalf of the Board:

  
A S F Rahman  
Chairman & Managing Director

  
Salman F Rahman  
Vice-Chairman

  
Iqbal Ahmed  
Director

Per our report of even date.

  
M. J. Abedin & Co.  
Chartered Accountants

Dhaka  
29 April, 2014

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 1. The background and activities of the Company

### 1.1. Status of the Company

Beximco Synthetics Limited (the Company) is a Public Limited Company incorporated in Bangladesh in 1990 under the Companies Act, 1913. It launched its manufacturing operation in 1994. The company became a listed company in 1993. The shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and the debentures of the company were listed with Dhaka Stock Exchange of Bangladesh.

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 Kabirpur, Savar, Dhaka.

### 1.2. Principal Activities

The company operates in a single industry segment. It is engaged in manufacturing and marketing of Polyester Filament Yarn namely, Partially Oriented Yarn (POY) and Drawn Texturized Yarn (DTY) which it sells in the local market.

## 2. Bases of Financial Statements-Its Preparation and Presentation

### 2.1. Measurement Bases

The financial statements have been prepared on the Historical Cost basis, as modified to include the revaluation of land, building and plant & machinery which are stated at revalued amount.

Accordingly, historical cost is employed to determine the

monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and statement of comprehensive income.

Under the Historical Cost, assets are recorded at the amount of cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

### 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 the end of the year 2013;
- (b) a statement of comprehensive income for the year 2013;
- (c) a statement of changes in equity for the year 2013;
- (d) a statement of cash flows for the year 2013; and
- (e) notes, comprising a summary of significant accounting policies and other explanatory information

### 2.4. Reporting Period

The financial statements cover one calendar year from 1st January 2013 to 31st December 2013 consistently.

### 2.5. Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on April 29, 2014.

### 2.6. 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.

### 2.7. Comparative Information

Comparative information has been disclosed in respect of the year 2012 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

Figures for the year 2012 have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

## 2.8. Use of Estimates and Judgments

The preparation of financial statements in conformity with the Bangladesh Accounting Standards 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 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. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors.

In particulars, 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

The accounting principles and policies in respect of material items

of financial statements set out below have been applied consistently to all periods presented in these financial statements.

### 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 domestic sales.

### 3.2 Property, Plant and Equipment

#### 3.2.1 Recognition and Measurement

Property, plant and equipment are capitalized at cost of acquisition except land, building and plant & machineries being revalued 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 maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account 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 are generally charged off as revenue expenditure. Purchased 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 income statement, which is determined with

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

reference to the net book value of the assets and net sales proceeds.

## 3.2.6 Depreciation on Fixed Assets

Depreciation is provided to amortize the cost/revalued amount of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided on fixed assets except land for the period in use of the assets. Depreciation is provided at the following rates on straight line basis over the periods appropriate to the estimated useful lives of the different types of assets:

Factory Building and Other Construction	2.50-5%
Plant and Machinery	2.50-7.5%
Factory Equipment	10%
Furniture & Fixtures and Office Equipment	20%
Motor Vehicle	20%

## 3.3 Leased Assets

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

Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

## 3.4 Financial Instruments

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

### 3.4.1 Financial Assets

Financial assets of the company include cash equivalents, accounts receivable and other receivables.

The company initially recognizes receivables on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

#### 3.4.1 (a) Accounts Receivables

Accounts Receivables are recognized at cost which is the fair value of the consideration given for them.

#### 3.4.1 (b) Advances, Deposits and prepayments

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.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

#### 3.4.1 (c) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost and includes 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 expire.

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 that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

### (b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

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 Expense

### *Current Tax*

Minimum Tax of 0.50% of turnover has been provided U/S 16CCC of Income Tax Ordinance, 1984 as there is a net loss during the year 2013. It also includes earlier year's short provision.

### *Deferred Tax*

The Company's policy of recognition of deferred tax assets/liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purposes and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per share (EPS). Opening retained earnings of 2012 has been adjusted with effect upto 2011 and comparative figures for 2012 has been restated.

## 3.9. 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 year 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.

## 3.10. Employee Benefits

The Company maintains Contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the deed.

The company has accounted for and disclosed of employee benefits in compliance with the provisions of BAS 19: Employee Benefits.

The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate.

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 and the company also makes equal contribution.

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

### *(b) Contribution to Workers' Profit Participation/ Welfare Funds*

This represents 5% of net profit before tax contributed by the



# Notes to the Financial Statements

as at and for the year ended 31 December 2013

company as per provisions of the Bangladesh Labour Law, 2006 and is payable to workers as defined in the said scheme.

(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) *Group Insurance Scheme*

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

### 3.11 Proposed Dividend

No dividend has been proposed for the year 2013.

### 3.12 Earning Per Share (EPS)

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 period 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 (2013)*

The Bonus Shares issued during the

year 2013 were treated as if they always had been in issue. Hence, in computing the basic EPS of 2013, the total number of shares including the said bonus shares has been considered as the Weighted Average number of Shares outstanding during the year 2013.

*Earlier Year (2012)*

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2012), and accordingly, in calculating the adjusted EPS of 2012, the total number of shares including the subsequent bonus issue in 2013 has been considered as the Weighted Average Number of Shares outstanding during the year 2013.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: "Earnings Per Share". The logic behind this basis, as stated in the said BAS is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resource generating new earnings.

*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.

### 3.13 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 in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates.

### 3.14 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 generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules 1987 and as the benchmark treatment of BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### 3.15 Related Party Disclosures

The company did not carry out any transaction with related parties during the year under review.

Therefore, disclosure of information as required by BAS 24: Related Party Disclosures is not applicable.

### 3.16. Segmental Reporting

No segmental reporting is applicable for the company as required by BFRS 8 : Operating Segments as the company operates in a single industry segment and within a single geographical segment.

### 3.17. 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

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

and the company's activities. The company has exposure to the following risks its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

## *Credit risk*

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

## *Liquidity risk*

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically,

the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

## *Market risk*

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

### *(a) Currency risk*

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

### *(b) Interest rate risk*

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was 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.

## 4. Events after the Reporting Period

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 5. Property, Plant and Equipment: Tk. 1,418,578,950

The relevant information in respect of Property, Plant and Equipment as required by the laws, rules and the accounting standards is set out below:

Particulars	Amount in Taka						Total
	Land & Land Development	Factory Building & Other Construction	Plant & Machinery	Factory Equipment	Furniture & Office Equipment	Motor Vehicle	
<b>Cost/Revaluation</b>							
At 31 December, 2012	567,103,185	461,577,232	1,275,053,053	34,869,277	20,273,676	4,369,033	2,363,245,456
Addition in 2013	6,496,620	684,776	5,394,231	429,000	454,860	-	13,459,487
<b>At 31 December, 2013</b>	<b>573,599,805</b>	<b>462,262,008</b>	<b>1,280,447,284</b>	<b>35,298,277</b>	<b>20,728,536</b>	<b>4,369,033</b>	<b>2,376,704,943</b>
<b>Depreciation</b>							
At 31 December, 2012	-	134,774,054	744,789,768	23,598,290	19,745,329	4,369,033	927,276,474
For 2013	-	8,097,845	20,478,322	1,883,062	390,290	-	30,849,519
<b>At 31 December, 2013</b>	<b>-</b>	<b>142,871,899</b>	<b>765,268,090</b>	<b>25,481,352</b>	<b>20,135,619</b>	<b>4,369,033</b>	<b>958,125,993</b>
<b>Carrying Amount</b>							
At 31 December, 2013	573,599,805	319,390,109	515,179,194	9,816,925	592,917	-	1,418,578,950
<b>Carrying Amount</b>							
At 31 December, 2012	567,103,185	326,803,178	530,263,285	11,270,987	528,347	-	1,435,968,983

### A. DISCLOSURE ON REVALUATION IN THE YEAR 2004

In compliance with the requirements of Bangladesh Accounting Standard (BAS) - 16 "Property, Plant and Equipment, following information have been disclosed on revaluation of land:

- The effective date of revaluation is 27.12.2004
- An independent professional valuer, M/S G. K. Adjusters Ltd. (Insurance Surveyors, Loss Adjusters, Controllers and Valuers) of Chand Mansion (5th floor), 66, Dilkusha Commercial Area, was involved to carry out the said revaluation.

### B. DISCLOSURE ON REVALUATION IN THE YEAR 2008

In compliance with the requirements of Bangladesh Accounting Standard (BAS) - 16 "Property, Plant and Equipment, following information have been disclosed on revaluation of land, building and plant & machinery:

- The effective date of revaluation is 31.12.2008
- An independent professional valuer, M/S S. F. Ahmed & Co., Chartered Accountants, House 25, Road 13A, Block D, Banani, Dhaka-1213, Bangladesh have revalued the land, building and plant & machinery of the Company as of 31 December 2008.

## 6. Long-Term Security Deposits : Tk. 5,107,298

This represents the amount deposited with utility providers in respect of :

	2013	2012
Bangladesh Telegraph & Telephone Board for Telephone	864,000	864,000
Titas Gas Transmission & Distribution Co. Ltd. for Gas Connection	4,243,298	4,243,298
	<b>5,107,298</b>	<b>5,107,298</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 7. Deferred Tax Assets : Tk. 4,008,000

	2013	2012	2011
(a) Deferred Tax Assets are arrived at as follows:			
Book Value of Depreciable Fixed Assets	32,210,694	56,097,345	80,356,869
Less: Tax Base	58,930,697	65,992,395	72,097,832
<b>Taxable/(Deductible) Temporary Difference</b>	<b>(26,720,003)</b>	<b>(9,895,050)</b>	<b>8,259,037</b>
Effective Tax Rate	15%	15%	15%
<b>Deferred Tax (Assets)/Liability</b>	<b>(4,008,000)</b>	<b>(1,484,258)</b>	<b>1,238,856</b>
(b) Deferred Tax (Income)/Expense is arrived at as follows:			
Closing Deferred Tax (Assets)/Liabilities	(4,008,000)	(1,484,258)	1,238,856
Opening Deferred Tax (Assets)/Liabilities	(1,484,258)	1,238,856	-
<b>Deferred Tax (Income)/Expense</b>	<b>(2,523,743)</b>	<b>(2,723,114)</b>	<b>1,238,856</b>

### (c) Deferred Tax Liability upto 2011 Tk. 1,238,856

This has been adjusted with opening balance of retained earnings of 01.01. 2012 in the Statement of Changes in Equity in compliance with the provisions of Bangladesh Accounting Standard (BAS)-8 "Net Profit or Loss for the period, Fundamental Error and Changes in Accounting Policies".

### (d) Deferred Tax Income of 2012 Tk. 2,723,114

This represents the increase of Deferred tax assets in 2012 in comparison to 2011 which has been shown by restating comparative figures of 2012 in the profit and loss account in accordance with the requirements of above referred BAS-8.

### (e) Deferred Tax Income of 2013 Tk. 2,523,743

This represents the increase of Deferred tax assets in 2013 in comparison to 2012.

### (f) The effective income tax rate of 15% has been considered as this tax rate is applicable for Textile Industries.

## 8. Inventories : Tk. 954,266,551

This consists of :	2013	2012
(a) Raw Material :		
Chips	213,359,443	220,541,850
Others	10,218,731	1,977,368
	<b>223,578,174</b>	<b>222,519,218</b>
(b) Work-in-Process	6,610,212	9,827,722
(c) Finished Goods	447,932,178	441,460,301
(d) Packing Material	1,255,381	1,794,928
(e) Stores & Spares	236,425,149	238,873,381
(f) Stock-in- Transit	38,465,457	33,112,720
	<b>954,266,551</b>	<b>947,588,270</b>

## 9. Accounts & Other Receivables : Tk. 920,054,200

This is unsecured but considered good, and is falling due within one 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.

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 10. Advances, Deposits & Prepayments : Tk. 13,711,306 2013 2012

This consists of :

### Advances :

Duty, taxes & clearing charges

Advance Income Tax

VAT

Suppliers

Mill Expenses

3,968,513

2,218,454

596,411

2,245,533

431,043

9,459,954

7,565,514

18,555,196

-

627,119

279,735

27,027,564

### Deposits

### Prepayments

1,692,605

2,558,747

13,711,306

1,692,605

8,079,564

36,799,733

This is unsecured but considered good.

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.

## 11. Cash and Cash Equivalents : Tk. 2,932,494 2013 2012

This consists of :

(a) Cash in Hand

(b) Cash at Banks :

(i) In Current Accounts

(ii) In STD Accounts

392,461

547,962

1,534,056

1,005,977

2,540,033

2,932,494

927,656

1,802,255

2,729,911

3,277,873

## 12. Issued Share Capital : Tk. 867,123,598 2013 2012

### (a) Authorized :

200,000,000 ordinary shares of Tk. 10/- each

2,000,000,000

2,000,000,000

### (b) Issued, Subscribed and paid-up :

29,900,000 Ordinary Shares of Tk. 10/- each fully paid up in cash

100,000 Ordinary Shares of Tk. 10/- each issued in

consideration of value of land acquired (issued in 1993)

56,712,359.80 Bonus shares of Tk. 10 each

299,000,000

1,000,000

567,123,598

867,123,598

299,000,000

1,000,000

488,294,180

788,294,180



# Notes to the Financial Statements

as at and for the year ended 31 December 2013

(c) *Compositions of share holdings:*

	2013		2012	
	No. of Shares	%	No. of Shares	%
Sponsors:				
1. A S F Rahman	14,518,467	16.74	13,198,607	16.74
2. Salman F Rahman	13,441,800	15.50	12,219,819	15.50
Associates	2,973,469	3.43	3,018,438	3.83
Foreign Investors	13,607	0.02	12,372	0.02
ICB including ICB Investors Account	4,425,777	5.10	4,913,995	6.23
General Public & Institutions	51,339,239	59.21	45,466,187	57.68
	<b>86,712,359</b>	<b>100.00</b>	<b>78,829,418</b>	<b>100.00</b>

(d) *Distribution Schedule -Disclosures Under the Listing Regulations of the Stock Exchange :*

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the "Listing Regulations of the Dhaka and Chittagong Stock Exchanges":

Share holdings Range in number of shares	Number of holders		% of total holders		Number of Shares		% of Share Capital	
	2013	2012	2013	2012	2013	2012	2013	2012
1 to 499	13,341	12,641	57.53%	61.10%	1,845,856	2,005,111	2.13%	2.54%
500 to 5,000	8,153	6,643	35.16%	32.11%	13,184,660	11,515,390	15.21%	14.61%
5,001 to 10,000	935	777	4.03%	3.76%	6,777,525	5,642,275	7.82%	7.16%
10,001 to 20,000	429	347	1.85%	1.68%	5,845,453	4,782,429	6.74%	6.07%
20,001 to 30,000	145	112	0.63%	0.54%	3,565,718	2,789,344	4.11%	3.54%
30,001 to 40,000	44	51	0.19%	0.25%	1,538,308	1,798,577	1.77%	2.28%
40,001 to 50,000	35	23	0.15%	0.11%	1,589,020	1,040,152	1.83%	1.32%
50,001 to 100,000	66	53	0.28%	0.26%	4,490,206	3,616,831	5.18%	4.59%
100,001 to 1,000,000	34	34	0.15%	0.16%	7,993,584	7,392,419	9.22%	9.38%
Over 1,000,000	8	9	0.03%	0.04%	39,882,029	38,246,890	45.99%	48.52%
	<b>23,190</b>	<b>20,690</b>	<b>100.00%</b>	<b>100.00%</b>	<b>86,712,359</b>	<b>78,829,418</b>	<b>100.00%</b>	<b>100.00%</b>

(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 2012: Tk. 24.30) per share in the Dhaka Stock Exchange and Tk. 16.70 (in 2012: Tk. 24.30) per share in the Chittagong Stock Exchange on 30 December 2013.

(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.

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 13. Revaluation Surplus : Tk. 1,329,335,883

This represents the surplus on land revalued in the year 2004 Tk. 173,718,295 and surplus on land, factory building and plant & machinery revalued Tk. 1,155,617,588 in the year 2008.

## 14. Debenture- Current Maturity (Secured) Tk. 43,572,345

The debentures are secured by first pari-passu charge by way of an equitable mortgage on the fixed assets of the Company i.e. the debenture holders will rank senior along with Sonali Bank to other creditors on the assets of the company on liquidation/ winding up.

## 15. Interest Free Block Account-Current Maturity Tk. 42,401,457

This is payable as per decision of the Trustee to the Institutional Debentures Holders in a meeting held on 10.07.2005.

## 16. Short Term Loans From Banks (Secured) : Tk. 767,941,344

This consists of following Bank/Financial Institutions:

	2013	2012
Sonali Bank, Local Office, Dhaka- Cash Credit	450,000,000	450,000,000
IPDC of Bangladesh Ltd.	17,941,344	17,941,344
Phoenix Finance & Investments Ltd.	300,000,000	300,000,000
	<b>767,941,344</b>	<b>767,941,344</b>

Cash Credit (Hypothecation and Pledged) account is secured against hypothecation of inventories and accounts receivable to the bank and collateralised by pari-passu charge on Company's fixed assets.

## 17. Accounts & Other Payables : Tk. 71,624,897

This is unsecured and represents creditors for:

	2013	2012
Goods Supplied	13,808,064	11,087,287
Gas and Services	30,457,782	25,192,771
Insurance	11,838,796	11,206,543
Others	15,520,255	18,617,075
	<b>71,624,897</b>	<b>66,103,676</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 18. Accrued Expenses : Tk. 195,270,202

	2013	2012
This is falling due within one year and represents :		
Accruals	30,826,851	22,894,027
Provision for Taxation	38,261,605	46,392,756
Workers' Participation / Welfare Funds	19,288,642	22,346,819
Interest Payable -Finance Lease	19,096,574	27,453,403
Interest Payable -Debenture (Current)	4,191,251	4,668,710
Interest Payable -Short Term Loan (Phoenix)	-	10,119,965
Interest Payable -Short Term Loan (IPDC)	80,586,832	52,250,000
	3,018,447	3,018,447
	<b>195,270,202</b>	<b>189,144,127</b>

## 19. Revenue (Net) : Tk. 1,337,835,656

	2013	2012
This is made-up as follows :		
Sales of DTY ( 6,326,434 kgs.) ( in 2012 : 6,617,102 kgs)	1,321,097,927	1,396,881,567
Less : Sales Commission	23,630,189	19,559,771
	1,297,467,738	1,377,321,796
Sales of Wastage	40,367,918	49,430,466
	<b>1,337,835,656</b>	<b>1,426,752,263</b>

## 20. Cost of Revenue : Tk. 1,203,687,812

	2013	2012
This is made-up as follows :		
Raw Material Consumed (Note - 20.1 )	958,704,131	1,001,685,361
Packing Material Consumed (Note- 20.2 )	38,125,437	39,186,219
Manufacturing Overhead (Note - 20.3 )	179,263,092	170,317,384
Depreciation	30,849,519	33,928,574
<b>Manufacturing Costs for the year</b>	<b>1,206,942,179</b>	<b>1,245,117,538</b>
Opening WIP	9,827,722	11,928,050
<b>Manufacturing Costs to date</b>	<b>1,216,769,901</b>	<b>1,257,045,588</b>
Closing WIP	6,610,212	9,827,722
<b>Cost of Goods manufactured</b>	<b>1,210,159,689</b>	<b>1,247,217,866</b>
Opening Finished Goods	441,460,301	355,660,851
<b>Cost of Goods available for revenue</b>	<b>1,651,619,990</b>	<b>1,602,878,717</b>
Closing Finished Goods	447,932,178	441,460,301
<b>Cost of Revenue</b>	<b>1,203,687,812</b>	<b>1,161,418,416</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

(a) Item wise quantity and value of Finished Goods Stock are as follows :

Item	2013		2012	
	Quantity in Kgs.	Value in Taka	Quantity in Kgs.	Value in Taka
Opening Stock				
POY	135,536	21,630,173	199,757	27,017,135
DTY	2,039,220	419,830,128	2,002,936	328,643,716
	<b>2,174,756</b>	<b>441,460,301</b>	<b>2,202,693</b>	<b>355,660,851</b>
Closing Stock				
POY	134,770	21,630,173	135,536	21,630,173
DTY	2,116,984	426,302,005	2,039,220	419,830,128
	<b>2,251,755</b>	<b>447,932,178</b>	<b>2,174,756</b>	<b>441,460,301</b>

(b) Item wise quantity and value of Work-In-Process are as follows :

Item	2013		2012	
	Quantity in Kgs.	Value in Taka	Quantity in Kgs.	Value in Taka
Opening Stock				
POY	5,000	748,350	5,000	662,000
DTY	59,149	9,079,372	79,060	11,266,050
	<b>64,149</b>	<b>9,827,722</b>	<b>84,060</b>	<b>11,928,050</b>
Closing Stock				
POY	5,000	748,350	5,000	748,350
DTY	38,027	5,861,862	59,149	9,079,372
	<b>43,027</b>	<b>6,610,212</b>	<b>64,149</b>	<b>9,827,722</b>

## 20.1. Raw Material Consumed : Tk. 958,704,131

This is made-up as follows :

	2013	2012
Opening Stock	222,519,218	222,377,116
Purchases	959,763,087	1,001,827,463
	1,182,282,305	1,224,204,579
Closing Stock	223,578,174	222,519,218
	<b>958,704,131</b>	<b>1,001,685,361</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

(a) Item wise quantity and value of Raw Material Stock are as follows :

Items	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Opening Stock				
Chips (tons)	1,667	220,541,850	1,642	212,583,963
Spin Finish (kgs.)	-	-	19,200	5,152,591
Conning Oil (kgs.)	9,821	1,655,019	12,755	1,800,263
Antiseptics (kgs.)	-	-	100	83,167
Paper Tube-POY-Imported (Nos.)	4,338	322,349	37,104	2,757,132
		<b>222,519,218</b>		<b>222,377,116</b>
Closing Stock				
Chips (tons)	1,664	213,359,443	1,667	220,541,850
Spin Finish (kgs.)	18,600	5,688,570	-	-
Conning Oil (kgs.)	19,161	3,239,149	9,821	1,655,019
Antiseptics (kgs.)	100	90,097	-	-
Paper Tube-POY-Imported (Nos.)	13,008	1,200,915	4,338	322,349
		<b>223,578,174</b>		<b>222,519,218</b>

(b) Item wise quantity and value of Raw Material Imported/Purchased are as follows :

Item	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Chips (tons)	7,030	894,914,041	7,220	959,658,001
Spin Finish (kgs.)	57,600	17,616,218	19,200	5,994,120
Conning Oil (kgs.)	126,110	21,323,783	89,791	15,480,310
Antiseptics (kgs.)	300	270,292	150	137,142
Paper Tube-POY-Imported (Nos.)	53,584	5,025,082	-	-
Paper Tube-DTY (Nos.)	3,593,138	20,613,671	3,230,876	20,557,890
		<b>959,763,087</b>		<b>1,001,827,463</b>

(c) Item wise quantity and value of Raw Material consumed are as follows :

Item	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Chips (tons)	7,034	902,096,448	7,195	951,700,114
Spin Finish (kgs.)	39,000	11,927,647	38,400	11,146,711
Conning Oil (kgs.)	116,770	19,739,653	92,725	15,625,553
Antiseptics (kgs.)	200	180,195	250	220,309
Paper Tube-POY-Imported (Nos.)	44,914	4,146,517	32,766	2,434,784
Paper Tube-DTY (Nos.)	3,593,138	20,613,671	3,230,876	20,557,890
		<b>958,704,131</b>		<b>1,001,685,361</b>

Raw material consumed are fully imported except DTY Paper Tube.



# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 20.2. Packing Material Consumed : Tk. 38,125,437

This is made-up as follows :

	2013	2012
Opening Stock	1,794,928	539,536
Purchases	37,585,890	40,441,611
	39,380,818	40,981,147
Closing Stock	1,255,381	1,794,928
	<b>38,125,437</b>	<b>39,186,219</b>

(a) Item wise quantity and value of Packing Material Stock are as follows :

Items	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Opening Stock				
Cartons (Set)	10,684	1,493,890	711	88,336
HDPE Bag (Nos.)	103,600	84,378	61,303	51,832
Louis tape (Rolls)	2,174	63,754	2,504	72,857
P.P. Band and clip (Kgs.)	7	1,014	7	1,014
Adhesive Sticker (Nos.)	566,335	134,650	832,518	307,414
Packing Slip(Nos.)	20,480	17,242	21,480	18,083
		<b>1,794,928</b>		<b>539,536</b>
Closing Stock				
Cartons (Set)	6,863	971,949	10,684	1,493,890
HDPE Bag (Nos.)	187,808	179,369	103,600	84,378
Louis tape (Rolls)	563	20,980	2,174	63,754
P.P. Band and clip (Kgs.)	7	1,014	7	1,014
Adhesive Sticker (Nos.)	321,869	64,828	566,335	134,650
Packing Slip(Nos.)	20,480	17,241	20,480	17,242
		<b>1,255,381</b>		<b>1,794,928</b>

(b) Item wise quantity and value of Packing Material Purchased are as follows :

Item	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Cartons (Set)	236,588	33,525,175	258,886	36,209,811
HDPE Bag (Nos.)	3,054,438	2,931,748	3,147,681	2,561,764
Louis tape (Rolls)	24,835	942,744	42,500	1,246,925
Adhesive Sticker (Nos.)	1,026,800	186,223	2,240,064	423,111
		<b>37,585,890</b>		<b>40,441,611</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

(c) Item wise quantity and value of Packing Material consumed are as follows :

Item	2013		2012	
	Quantity	Value in Taka	Quantity	Value in Taka
Cartons (Set)	240,409	34,047,116	248,913	34,804,256
HDPE Bag (Nos.)	2,970,230	2,836,758	3,105,384	2,529,218
Louis tape (Rolls)	26,446	985,518	42,830	1,256,028
Adhesive Sticker (Nos.)	1,271,266	256,045	2,506,247	595,875
Packing Slip(Nos.)	-	-	1,000	841
		<b>38,125,437</b>		<b>39,186,219</b>

Packing material consumed are fully local purchased.

## 20.3. Manufacturing Overhead : Tk. 179,263,092

	2013	2012
This is made-up as follows :		
Salary and wages	46,739,972	41,837,805
Power & Gas	65,678,303	61,262,946
Indirect Material (Stores & Spares)	52,454,264	52,288,261
Insurance	2,413,198	1,699,450
Other Manufacturing Overhead	11,977,355	13,228,922
	<b>179,263,092</b>	<b>170,317,384</b>

- (a) Salary and Wages includes Provident Fund contribution of Tk. 1,276,920 ( in 2012 : Tk. 1,091,730).
- (b) The value of imported stores and spares consumed is Tk. 36,717,984 ( in 2012 : Tk. 36,591,325) which is 70% of total stores and spares consumed.
- (c) Other manufacturing overhead does not include any item exceeding 1% of total revenue.

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

21. Administrative Expenses: Tk. 15,160,271	2013	2012
This Consists of :		
Salary	7,922,736	7,277,750
Entertainment	543,415	517,798
Stationery Items	426,713	273,701
Books, News Papers & Periodicals	44,088	22,916
Medical Expenses	266,207	230,806
Renewals, Rates & Registrations	152,410	261,211
Subscription & Membership Fees	696,196	1,577,212
Travelling and Conveyance	399,008	326,658
Telephone, Telex, Fax	250,021	289,857
Vehicles Fuel & Maintenance Cost	1,721,008	1,360,870
Bank Charges & Commission	144,459	144,943
Utilities-Electricity, Water & Gas	102,771	74,987
Remuneration to Independent Director	110,000	-
Audit Fee	400,000	300,000
Trustee Fees	-	125,737
Group Insurance Premium	424,188	345,132
A G M Expenses	1,390,065	1,966,934
Security Guard Hire Expenses	81,000	123,120
Other Administrative Overhead	85,986	122,449
	<b>15,160,271</b>	<b>15,342,081</b>

(a) Salary includes Provident Fund contribution of Tk. 335,388 ( in 2012 : Tk. 323,983).

(b) The audit fee represents the fees for auditing the accounts of the Company for the year 2013. No other fee was paid to the auditor for any other services.

(c) Remuneration is paid to Independent Director for attending Board, Audit Committee and other Meetings.

22. Selling Expenses : Tk. 5,174,413	2013	2012
This Consists of :		
Transport	5,099,211	4,925,428
Market Research	75,202	151,195
	<b>5,174,413</b>	<b>5,076,623</b>

23. Finance Cost : Tk. 141,723,001	2013	2012
This is made up as follows :		
(a) Debenture interest	-	4,251,973
(b) Interest on Cash Credit	75,976,575	73,579,477
(c) Interest on Short Term Loan-IPDC	-	2,400,000
(d) Interest on Short Term Loan-Phoenix Finance & Investment	65,746,426	57,000,000
(e) Interest on Finance Lease	-	2,267,626
	<b>141,723,001</b>	<b>139,499,076</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 24. Contribution To Workers' Profit Participation / Welfare Funds :

This represents 5% of net profit before tax after charging the contribution and such contribution is provided as per provisions of the Bangladesh Labour Law, 2006 and is payable to workers as defined in the said Law.

## 25. Income Tax Expenses : Tk.7,176,209

This represents current tax expense & consist of:

	2013	2012
(i) Current Tax (Note-3.8)		
Tax for the year	6,689,178	15,059,438
Prior Year Adjustment	3,010,774	4,893,134
	<b>9,699,952</b>	<b>19,952,572</b>
(ii) Deferred Tax Income	(2,523,743)	(2,723,114)
	<b>7,176,209</b>	<b>17,229,458</b>

## 26. Earnings Per Share (EPS)

The relevant accounting policies have been stated in Note 3.12

	2013	2012
(a) Net Profit / (Loss) after tax (Numerator)	(35,086,050)	83,166,796
(b) Weighted average number of shares in issue (Denominator) (Note-26.1)	86,712,359	86,712,359
(c) Earning Per Share (EPS) (Adjusted EPS of 2012)	(0.40)	0.96

### 26.1 This is arrived as follows:

Number shares outstanding as on 01.01.2013	78,829,418
Add: Number of Bonus Share issued in 2013 (for 2012)	7,882,941
	<b>86,712,359</b>

## 27. Contingent Liabilities

There was no contingent liability as on 31 December, 2013.

## 28. Capital Expenditure Commitment

- (a) There was no capital expenditure commitment but not incurred or provided at 31 December, 2013.  
 (b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December, 2013.

## 29. Un-availed Credit Facility

There was no credit facility available to the Company under any contract, but not availed of as on 31 December, 2013 and 2012 other than trade credit available in the ordinary course of business.

## 30. Foreign Exchange Earned

No foreign exchange was earned against sales. No other foreign exchange was earned or received by the Company during the year 2013.

# Notes to the Financial Statements

as at and for the year ended 31 December 2013

## 31. Payments in Foreign Currency

In 2012, the Company remitted foreign currency in respect of the following:

- (a) Payment against imported Raw Material & Spares

2013		2012	
Foreign Currency in US\$	In Taka	Foreign Currency in US\$	In Taka
10,863,289	858,354,942	10,760,505	886,686,167

- (b) No other expenses including royalty, technical expert and professional advisory fees, etc. was incurred or paid by the Company in foreign currency, during the year 2013.

## 32. Commission, Brokerage or Discount Against Sales

- (a) Distribution commission of Tk. 23,630,189 ( in 2012 : Tk. 19,559,771) was incurred and paid during the year 2013 to the distributors of the Company.
- (b) No other commission, brokerage or discount was incurred or paid by the Company against sales during the year 2013.

## 33. Production Capacity, Actual Production and Reason of Shortfall

	2013	2012
(a) POY 115/230 Denier (Qty. in tons)		
Installed capacity	8,400	8,400
Actual Production	7,019	7,157
(b) DTY 75 (NI) Equivalent Denier (Qty. in tons)		
Installed capacity	8,336	8,336
Actual Production	6,404	6,653

## 34. Payment/ Perquisites to Directors and Officers

- (a) Directors

No amount of money was spent by the Company for compensating any member of the Board for special services rendered. No Board Meeting attendance fee was paid to the Directors of the Company except Tk. 110,000 to the Independent Director.

	2013	2012
Basic Salary	3,723,720	2,859,960
House Rent Allowance	1,861,860	1,429,980
Conveyance & Other Allowances	1,332,550	1,011,650
Provident Fund Contribution	372,372	249,996
<b>Total</b>	<b>7,290,502</b>	<b>5,551,586</b>



# Notes to the Financial Statements

as at and for the year ended 31 December 2013


## 35. Post Closing Events

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No circumstances have arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



A S F Rahman  
Chairman & Managing Director



Salman F Rahman  
Vice-Chairman



Iqbal Ahmed  
Director

Dhaka  
29 April, 2014



# BEXIMCO SYNTHETICS LIMITED

Registered Office : 17 Dhanmondi R/A, Road # 2, Dhaka-1205

## PROXY FORM

I/We ..... of ..... being a member of **BEXIMCO SYNTHETICS LIMITED** hereby appoint Mr./Mrs./Miss ..... of ..... as my Proxy to attend and vote for me on my behalf at the **23rd ANNUAL GENERAL MEETING** of the Company to be held on **Saturday the 21st June, 2014 at 1:30 PM** at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur and at any adjournment thereof.

As witness my hand this ..... day of June, 2014. Signed by the said in presence of.....

.....  
(Signature of the Proxy)  
Date .....

Revenue  
Stamp  
Tk. 20.00

.....  
(Signature of witness)

.....  
Signature of the Shareholder(s)

Register BO ID/Folio No. ....

Dated .....

**NOTE :** 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 appointed for the meeting.

Signature verified

.....  
Authorized Signatory

✍

# BEXIMCO SYNTHETICS LIMITED

Registered Office : 17 Dhanmondi R/A, Road # 2, Dhaka-1205

## SHAREHOLDERS' ATTENDANCE SLIP

I hereby record my attendance at the **23rd ANNUAL GENERAL MEETING** being held on **Saturday the 21st June, 2014 at 1:30 PM** at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur.

Name of Member/Proxy .....

Register BO ID/Folio No. .... holding of ..... ordinary Shares of Beximco Synthetics Limited.

.....  
Signature of Shareholder(s)

**N. B.** Please present this slip at the reception desk. Children and non-members will not be allowed at the meeting.



# Shareholders Information

## Corporate Headquarters

17 Dhanmondi R/A, Road # 2, Dhaka 1205, Bangladesh  
Phone : 880-2-8618220 (7 lines),  
Fax : 880-2-8613470  
Email : [bximchq@bol-online.com](mailto:bximchq@bol-online.com)  
Website : [www.beximco.com](http://www.beximco.com)

## Operational Headquarters

Kabirpur, Savar, Dhaka-1344, Bangladesh  
Phone : 880-2-7789167-69  
Fax : 880-2-7789170

## Factory

Kabirpur, Savar, Dhaka

## Auditors

M/S. M. J. Abedin & Co.  
Chartered Accountants  
National Plaza (3rd floor)  
109 Bir Uttam C.R. Datta Road  
Dhaka-1205

## Compliance Auditors

SARashid & Associates  
Chartered Secretaries  
Noakhali Tower (10th Floor, 11-F)  
55/B Purana Paltan, Dhaka-1000, Bangladesh  
E-mail: [sarashidnasso@gmail.com](mailto:sarashidnasso@gmail.com)

## Legal Advisers

M/S. Huq & Co.  
47/1 Purana Paltan, Dhaka-1000

## Bankers

Sonali Bank Limited  
IFIC Bank Limited

## Day, Date & Time of AGM

Saturday 21<sup>st</sup> June, 2014 at 1.30 PM





[www.beximcosynthetics.com](http://www.beximcosynthetics.com)