



ANNUAL REPORT
2018-19



SHINEPUKUR CERAMICS LIMITED



Mission

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

Vision

Our vision is to be one of the best Porcelain & Bone China Ceramic Table wares manufacturers in the World and to be leader in the Ceramics Tableware Industry in Bangladesh.

Goals

- To honor to all commitments
- To deliver the results

Objectives

- To follow and observe the principles of good manufacturing practices of the industry.
- To practice customer oriented service culture in selling & distribution activities.
- To keep trust and partnership and deal with the suppliers with professionalism.
- To achieve financial strength and to generate adequate revenue & income required for meeting the obligations to all stake holders upholding the 'going concern' principle.

Core Values

Core values are our fundamental beliefs and guiding principles which dictates the behavior and help our people to understand the right path in fulfilling our above mission, vision & goals. Our core values are;

Integrity & Ethical: We uphold the highest standards of integrity and committed to be ethical in all our activities & dealings.

Team Work : We work together across boundaries to meet the needs of our customers.

Respect : We value our people and encourage their development.

Discipline : We define job responsibility to make the people accountable in a work environment observing due diligence and discipline.

Positive Attitude : We encourage in developing positive attitude in our people negating fear and insecurity and focusing on survival in achieving the company goals in difficult circumstances.



Contents

Key Data	2
2018-'19 Highlights	3
Outline	4
Product Range	5
Corporate Directories	6
Brief Profiles	7
Code of Conduct	8
Management Team	9
Ride on Time: Chronology	10
National Recognition	12
Meeting with Customers at Ambiente Fair	14
Meeting with the EU & NDC delegates at Factory	15
Facility & Compliance	16
Notice of the 22nd Annual General Meeting	18
21st Annual General Meeting in Pictures	19
Chairman's Statements	20
Corporate Governance	24
Director's Report to the Shareholders	27
Graphical Presentation	34
Management Discussion and Analysis	36
Report of the CEO and the CFO	42
Certification on Compliance	43
Corporate Governance Compliance Status Report	44
Report on the Activities of the Audit Committee	52
Auditors' Report & Financials	57

Key Data

Year of Establishment (registration)	1997
Commercial Production	1999
Status	Public Limited Company
First Export	1999 (Porcelain in April & Bone China in November)
Business Lines	Manufacturing, Marketing and Exporting of Porcelain and Bone China tableware.
Current Export Markets	USA, Canada, UK, Germany, France, Italy, Romania, Norway, Sweden, Denmark, Poland, Spain, Turkey, Japan, Australia, New Zealand, Brazil, India, Chile, Egypt, Russia etc.
Authorized Capital (Taka)	5,000 million
Paid-up Capital (Taka)	1469.661 million
Number of Shareholders	15,934
Stock Exchange Listing	2008
Number of Employees	2976



2018-'19 Highlight

New Customers

- Zoom Art & Design, Qatar
- Khurana Sales Corporation, India
- Shishir K. Bhajoria, India
- Crockery Palace, India

Achievements

- Successfully accomplished periodic Review of Audit of ISO in two separate quarters and got recertification for ISO 9001:2015 up to August 2022.
- Successfully conducted C-TPAT audit.
- Successfully conducted BSCI audit.
- Successfully conducted Social Compliance & QMS audit.



Outline

Shinepukur Ceramics Ltd. (SCL) – a BEXIMCO Company is the leading Bone China & Porcelain tableware manufacturer and exporter of Bangladesh. Shinepukur Ceramics has been a successful brand thanks to its state-of-the-art manufacturing facilities, about 2976 highly skilled & motivated people and cutting-edge technology.

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

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

The Company is ISO 9001:2015 certified. It was awarded National Export Trophy (Gold) for six (6) times and National Export Trophy (Silver) for one (1) time by the Government of Bangladesh. SCL was also awarded 'Superbrands', 'D&B Corporate Award' and 'Asia's Most Promising Brands' in 2010, 2011 & 2013 respectively.



Product Range

Porcelain

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

Bone China

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

A Classic touch in life



Corporate Directories



Salman F Rahman, Vice Chairman (Left) and A S F Rahman, Chairman (Right)

BOARD OF DIRECTORS

Mr. A S F Rahman	Chairman
Mr. Salman F Rahman	Vice Chairman
Mr. Iqbal Ahmed	Director
Mr. O K Chowdhury	Director
Mr. Barrister Faheemul Huq	Independent Director
Mr. Mohammad Asad Ullah, FCS	Executive Director & Company Secretary

BOARD'S COMMITTEE

Audit Committee

Mr. Barrister Faheemul Huq	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

Nomination & Remuneration Committee

Mr. Barrister Faheemul Huq	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

MANAGEMENT COMMITTEE

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

Independent Auditors

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

Corporate Governance Compliance Certifier

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

Legal Advisers

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

Banker/Term Loan Provider

Sonali Bank Ltd.
Bank Asia Ltd
Phoenix Finance & Investment Ltd.
Southeast Bank Ltd.

Registered Office

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

Operational Head Office

Beximco Media Complex, Level 9
149-50 Tejgaon I/A, Dhaka 1208.

Plant

Beximco Industrial Park, Sarabo, Kashimpur, Gazipur

Showroom

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

Brief Profiles

of Chairman, Vice Chairman, Directors, CEO and CS



Mr. A S F Rahman
Chairman

Mr. ASF Rahman is the Chairman of the Companies under the flagship of BEXIMCO Group. He is the Member of Board of Trustee of North South University. He was Vice Chairman of IFIC Bank Limited, Director of Investment Corporation of Bangladesh (ICB) and IPDC Finance Limited.



Mr. Salman F Rahman
Vice Chairman

Mr. Salman F. Rahman is the Vice Chairman of the Companies under the flagship of BEXIMCO Group. He is the Chairman of IFIC Bank Limited. He was President of FBCCI and SAARC Chamber of Commerce & Industries. He is involved many social & Charitable organizations and is renowned for philanthropic works.



Mr. Iqbal Ahmed
Director

Mr. Iqbal Ahmed is a Director of companies under BEXIMCO Group since early seventies. He was Director of AB Bank Limited and associated with many social and business organizations including ICC, Bangladesh.



Mr. O K Chowdhury, FCA
Director

Mr. O K Chowdhury is a Fellow Chartered Accountant of ICEW. He is involved with the Companies under BEXIMCO Group in different capacities including as a Director since early eighties.



Mr. Barrister Faheemul Huq
Independent Director

Barrister Faheemul Huq is qualified as a Barrister-at-Law from Lincon's Inn, UK and is currently an Advocate in the Supreme Court Bangladesh, both in the High Court Division and Appellate Division and acted as Legal Advisor of different corporate bodies and enlisted lawyer of different Banks and Financial Institutions in Bangladesh.



Mr. Mohammed Humayun Kabir, FCA
CEO

Mr. Mohammed Humayun Kabir is a Fellow Chartered Accountant of ICAB. He is involved with the Companies under BEXIMCO Group in different capacities since mid eighties. He was the President of ICAB and is involved with different business & professional organizations including FBCCI. He was awarded 'National Paribesh Padak' (National Environmental Award) in 2010 by Government of Bangladesh and recognized as CIP – Export for a number of years.



Mr. Mohammad Asad Ullah, FCS
Executive Director & Company Secretary

Mohammad Asad Ullah has been serving as Executive Director-Corporate Affairs and Group Company Secretary of Beximco since 1998. He joined in Beximco Pharmaceuticals Ltd. in 1983 and served in different responsible positions. He is the Fellow Member of ICSB. He served as the President of ICSB for 4 Times. For his outstanding contributions he was awarded a Gold Medal by the ICSB in 2010. He is now the Council Member of ICSB. He was the Member of the Board of Directors of BICM for the terms 2008-'10 and 2013-'16. He is an active Member of a number of renowned professional and social organizations of the country.



Code of Conduct

for
Chairperson of the Board, other Board Members & CEO
of
Shinepukur Ceramics Limited

(approved by Nomination & Remuneration Committee (NRC) vide its meeting held on 16th April 2019)

Conduct & Behavior	Shall be prudent in conduct & behavior avoiding imprudence, extravagancy and indiscipline life causing disrespect or disrepute to the company.
Confidentiality	Shall keep confidentiality and secrecy of the information and documents which they have got access to or are informed of while they are in position.
Conflict of Interest	Shall disclose the situation if and when they come to a situation of conflict of interest and remain abstain from getting involved in that circumstance/decision making process.
Compliance with laws, rules & Regulations	Shall remain alert and committed to comply with the requirements of laws, rules & regulations of the countries where the company operates, buy and sell to avoid fines/penalties and litigations as far as possible and practicable.
Prohibition of insider trading	Shall not get involved in any form which might be construed as an activity of insider trading.
Environment protection	Shall take best endeavor to protect, preserve and maintain the environment by adopt policies & investments in this regard.
Relationship with employees, customers, suppliers	Respect and motivate the employees to observe the core values of the company, treat equally and be fair to employees, customers & suppliers without any discrimination and biasness for kinship, gender, race & religion.
Independency	Be independent while adopting & executing the policies in the operations of the company.

Management Team



Departmental Heads with CEO in Factory



Departmental Heads with CEO in Head Office



Operational Team with CEO in Head Office

Ride on Time: Chronology

1997

Shinepukur Ceramics Ltd. was registered in Bangladesh.



1999

Commercial production of Porcelain Tableware was started in April, 1999 with a Production capacity of 8MT per day. Commercial production of Bone China Tableware was started in November, 1999 with a Production capacity of 3MT per day.

Launching of Shinepukur's own brand - "SHINEPUKUR" in Bangladesh to establish strong domestic foothold.



2000

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



2001

Shinepukur received ISO 9001:2000 Certification from DNV (DET NORSKE VERITAS) of Netherlands on August 17, 2001, for design, manufacture and marketing of Ceramic Tableware.

Shinepukur started its own Design Studio and Decal Plant with a printing capacity of 120,000 sheets per month.



2003

In U.S.A., Shinepukur has set up a showroom to promote its own brand - "SHINEPUKUR", to have a strong footing in the vast USA market.

Shinepukur's own Packaging Plant started its Production with capacity of 120,000 sheets per day. Received "National Export Trophy (Gold)" for FY 2000-2001 by the Govt. of Bangladesh as recognition for highest export.



2005

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



2008

Received "National Export Trophy (Gold)" for FY 2002-2003 by the Govt. of Bangladesh as recognition for highest export.

Shinepukur was listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a Public Limited Company.



2009

In a major expansion move, Shinepukur signed MOU with a renowned German company to expand its Bone China unit, at worth of Tk. 80 crore.

Shinepukur was awarded 'Superbrands' - first and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.



2010

Shinepukur expanded its Decal Plant to the printing capacity of 180,000 sheets per month.

Received "National Export Trophy (Gold)" for FY 2005-2006 by the Govt. of Bangladesh as recognition for highest export.

Shinepukur was upgraded to its ISO 2008 version and was certified as ISO 9001:2008.



2011

Received 'National Export Trophy (SILVER)' for FY 2009-2010 by the Govt. of Bangladesh as recognition for highest export.

Shinepukur was awarded 'Dun & Bradstreet Corporate Award' - first and only listed Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.



2012

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

Supplied to London Olympic Games 2012 as Official Souvenir Products
Provided official dinnerware to Indian Rashtrapathi Bhavan.

Launched a new Porcelain body (whiter) – later termed as 'Satin China'.



2013

Awarded as "Asia's Most Promising Brand 2013" in the Brand & Leadership Summit 2013 (Dubai).

Received "Aurthokantha Business Award 2013".

Provided Bone China as official dinnerware to a number of overseas embassies of different countries (other than Bangladesh).

Successfully accomplished Recertification Audit of ISO 9001:2008 and extended for next 3 years.



2014

Successful completion of BSCI (Business Social Compliance Initiative) Audit, conducted at SCL facility.

Signed MoU with BUET for joint technical collaboration on research and innovation.

Restarted the construction works to complete 2nd unit of Bone China plant.



2015

Successfully conducted SMETA audit on SEDEX platform.

Close to finish construction works to complete the 2nd Unit of Bone China Plant.

Launched two new Bone China body (Cheaper than real Bone China) later termed as Fine Bone China & Fine China.



2016

Started the spray dryer project for Iso-static machine.

Shinepukur has conducted recertification audit & extend its validation upto 2018 of ISO 9001:2008.



2017

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



2018

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



2019

Shinepukur has set up a small scale 'waste recycling plant' to process the broken or otherwise rejected/defective outputs of different stages of production. This will reduce the process loss (as the recycling plant's output will be used as one of the ingredients of forming materials) and also help us to protect 'the Environment' from dumping of the wastes. SCL has got recertification for ISO 9001:2015 covering period up to August 2022.



National Recognition



CEO is receiving National Export Trophy (Gold) for 2016-'17 from H.E. Prime Minister Sheikh Hasina on 2nd September 2019.



CEO is receiving National Export Trophy (Gold) for 2015-'16 from H.E. Prime Minister Sheikh Hasina on 2nd December 2018.



CEO is receiving National Export Trophy (Gold) for 2014-'15 from Honorable Commerce Minister Tofayel Ahmed on 15th July 2018.

National Recognition



Chairman is receiving National Export Trophy (Gold) for 2005-'06 from H.E. Prime Minister Sheikh Hasina.



Chairman is receiving National Export Trophy (Gold) for 2000-'01 from the then Prime Minister Begum Khaleda Zia.



Director is receiving National Export Trophy (Gold) for 2002-'03 from the then Education & Commerce Advisor Hossain Zillur Rahman.



MD is receiving National Export Trophy (Silver) for 2009-'10 from H.E. Prime Minister Sheikh Hasina.

Meeting with Customers at Ambiente Fair



Meeting the EU & NDC delegates at Factory



Facility & Compliance

Audits & Certifications



SMETA

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



BSCI

The BSCI (Business Social Compliance Initiative), is an initiative of the Foreign Trade Association (FTA) that seeks a world of free trade and sustainable global supply chains. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. Shinepukur Ceramics Limited has been successfully conducted BSCI by SGS on April 2019. After completion successful BSCI audit it would be helpful for SCL to open to retailers, importers and brands engaged in improving working conditions in their global supply chain. BSCI also brings direct benefits to the other actors of the supply chain, including producers, stakeholders and ultimately, workers.

ISO 9001 : 2015
Certified Company



ISO 9001:2015

Shinepukur has been recertified with ISO 9001:2015 (Upgraded from ISO 9001:2008 version in 2017). In this regards Det Norske Veritas (DNV) conducted two periodic audits during 2018-'19 & got re-certification valid upto August 2022 . ISO 9001:2015 has implemented by over one million companies and organizations spreading over 170 countries. The aim of the standard is to confirm that the companies are meeting statutory and regulatory requirements relating to the product they are producing while achieving excellence in their customer service and delivery.



CTPAT

Customs Trade Partnership Against Terrorism (CTPAT) is U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security. CTPAT is a voluntary public-private sector partnership program with the principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers. Shinepukur Ceramics Limited has been successfully conducted CTPAT by TUV-SUD on September 2019.



Notice

SHINEPUKUR CERAMICS LIMITED

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

NOTICE OF THE 22ND ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 21st December, 2019 at 11.30 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 30th June, 2019 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year 2019-20 and to fix their remuneration.
4. To appoint Corporate Governance Compliance Auditor for the year 2019-20 and to fix remuneration.

By order of the Board,



(MOHAMMAD ASAD ULLAH, FCS)

Executive Director & Company Secretary

Dated : November 18, 2019

NOTES:

- (1) The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. 25 November, 2019, will be entitled to attend at the Annual General Meeting.
- (2) A Member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
- (3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).
- (4) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

21st Annual General Meeting in Pictures



চেয়ারম্যানের প্রতিবেদন



প্রিয় শেয়ারহোল্ডারবন্দ,

কোম্পানীর ২২তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাচ্ছি এবং কোম্পানীর ১লা জুলাই ২০১৮ ইং সাল থেকে ৩০শে জুন ২০১৯ ইং সালে এই সময়কালের সার্বিক কার্যক্রমের সার-সংক্ষেপ আপনাদের সামনে উপস্থাপন করছি।

রাজস্ব

রপ্তানী ২০১৮-’১৯ ইং অর্থবছরে কোম্পানী রপ্তানী খাত হতে বিগত অর্থ-বছরের টাকা ৮৯৩.৩৪২ মিলিয়ন-এর বিপরীতে টাকা ৮৭৭.৫১২ মিলিয়ন রাজস্ব আয় করে। বিগত অর্থ বছরের তুলনায় চলতি অর্থ-বছরের রপ্তানী আয় ১.৭৭% কম অর্জিত হয়েছে। উন্নত দেশের ধীর গতির অর্থনৈতিক প্রবৃদ্ধি এবং সিরামিকস টেবিলওয়্যারের চাহিদা ক্রমাগতভাবে কমছে এবং দেশ-বিদেশের সিরামিকস উৎপাদনকারীদের মাঝে তীব্র প্রতিযোগিতার কারণে বিশ্ব বাজারে সিরামিকস পণ্যের দাম ও রপ্তানী আয় ক্রমাগতভাবে কমছে।

অভ্যন্তরীণ বাজারঃ ২০১৮-’১৯ ইং অর্থ বছরে কোম্পানী অভ্যন্তরীণ বাজার থেকে বিগত অর্থবছরের তুলনায় ৩.২০% বেশী রাজস্ব আয় করে- যাতে অভ্যন্তরীণ বিক্রয় রাজস্ব টাকা ৬৫৫.৬০৯ মিলিয়নে উন্নীত হয়, বিগত বছরে যা ছিল টাকা ৬৩৫.৩০১ মিলিয়ন।

অন্যান্য খাতঃ কোম্পানী ২০১৮-’১৯ ইং অর্থ বছরে অন্যান্য খাত (আমদানী শুল্ক প্রত্যর্পণ, স্ক্র্যাপ বিক্রয় ও বিবিধ) থেকে টাকা ৯.৭৩২ মিলিয়ন রাজস্ব আয় করে- যা ২০১৭-’১৮ ইং অর্থবছরে ছিল টাকা ১৩.০৫৩ মিলিয়ন। রপ্তানীর বিপরীতে আমদানী শুল্ক প্রত্যর্পণ কম পাওয়াই ছিল এর একমাত্র কারণ।

সামগ্রিক রাজস্বঃ চলতি অর্থ বছরে সামগ্রিক (রপ্তানী, অভ্যন্তরীণ এবং অন্যান্য খাত) রাজস্ব আয় অর্জিত হয়েছে টাকা ১৫৪২.৮৫৪ মিলিয়ন- যা গত ২০১৭-’১৮ ইং অর্থ বছরের সামগ্রিক রাজস্ব আয় টাকা ১,৫৪১.৬৯৬ মিলিয়ন থেকে ০.০৮% বেশী।

মোট মুনাফা ও নীট আয়

বিগত অর্থ বছরের তুলনায় চলতি অর্থ বছরে Gross Profit Ratio ২২.৬৫% থেকে ২২.২০% তে হ্রাস পেয়েছে। একইভাবে, EBITDA দাঁড়িয়েছে ২৩.০৮% - যা গত অর্থ বছরে ছিল ২২.২১%। ২০১৮-’১৯ ইং অর্থ বছরে রপ্তানী-অভ্যন্তরীণ বিক্রয়ের অনুপাত ছিল ৫৭ঃ৪৩ - যা গত অর্থ বছরে ছিল ৫৮ঃ৪২। চলতি অর্থ বছরে GP ratio ঋণাত্মক হয়েছে মূলতঃ রপ্তানী বিক্রয় অভ্যন্তরীণ বিক্রয়ের তুলনায় কম হওয়া এবং অবচয়জনিত খরচ ও মজুরী বৃদ্ধির কারণে। যা হোক, ব্যয় সংকোচন নীতি এবং দক্ষ কার্যকরী মূলধন ব্যবস্থাপনার ফলে কোম্পানী চলতি অর্থ বছরে পরিচালন ব্যয় এবং আর্থিক খরচ কমাতে সক্ষম হয়েছে। ২০১৮-’১৯ ইং অর্থ বছরে মোট পরিচালন ব্যয় ছিল টাকা ১১৯.১২৭ মিলিয়ন- যা গত অর্থ বছরে ছিল টাকা ১২৩.০৯৫ মিলিয়ন অর্থাৎ গত অর্থ বছরের তুলনায় ৩.২২% কম খরচ করা হয়। একইভাবে, আর্থিক খরচ গত অর্থ বছরের তুলনায় ১১.১৮% কম ছিল। জুন ২০১৯ ইং সালে পুনঃমূল্যায়নজনিত ক্ষতি বিবেচনার পূর্বে কোম্পানীর Net profit after tax দাঁড়ায় টাকা ৬২.৭১২ মিলিয়ন- যা গত অর্থ বছরে ছিল টাকা ৬১.৫৪৮ মিলিয়ন। জুলাই ২০১৮ ইং - জুন ২০১৯ ইং সময়কালে শেয়ার প্রতি আয় দাঁড়ায় ০.৪৩ টাকা- যা ৩০শে জুন ২০১৮ ইং তারিখে সমাপ্ত অর্থ বছরে ছিল শেয়ার প্রতি ০.৪২ টাকা।

নগদ অর্থ সংস্থান ও তার ব্যবহার

চলতি অর্থ বছরে ক্রেতাদের পণ্য বিক্রি মূল্য পাওনা বিলম্বে পরিশোধ এবং আমদানীর বিপরীতে Duty Draw Back কম প্রাপ্তির ফলে turn over এবং বিবিধ আয় কমে টাকা ১৪৬৮.১৩৩ মিলিয়ন হয়েছে- যা গত অর্থ বছরে ছিল টাকা ১৫০৯.২৭০ মিলিয়ন। পক্ষান্তরে, খরচ এবং ব্যয় কমে দাঁড়িয়েছে টাকা ১২৪৭.২৩০ মিলিয়ন- যা গত অর্থ বছরে ছিল টাকা ১২৯১.৫২৭ মিলিয়ন। একইভাবে, চলতি অর্থ বছরে সুদ বাবদ ব্যয় কমে দাঁড়ায় টাকা ১৩৩০.৯৩০ মিলিয়ন- যা গত অর্থ বছরে ছিল টাকা ১৪৮.১২৩ মিলিয়ন।

ফলশ্রুতিতে, turn over এবং বিবিধ আয় আদায় কম হওয়া সত্ত্বেও অপারেটিং কার্যক্রম থেকে অর্থের সংস্থান বেড়ে দাঁড়িয়েছে টাকা ৬০.১৮২ মিলিয়ন- যা গত অর্থ বছরে ছিল টাকা ৪০.৫৭৩ মিলিয়ন। চলতি অর্থ বছরে অপারেটিং কার্যক্রম থেকে প্রাপ্ত অর্থের মধ্যে টাকা ১৩.৮১৭ মিলিয়ন ব্যবহৃত হয়েছিল property, plant, equipment ক্রয়ে এবং টাকা ৩১.৬১১ মিলিয়ন ব্যবহার করা হয়েছিল ব্যাংক লেনের কিস্তি পরিশোধের জন্য।

বছরের প্রারম্ভিক ব্যালেন্স টাকা ১০.৭৫৫ মিলিয়ন-এর সাথে চলতি বছরে টাকা ১৪.৭৫৪ মিলিয়ন যোগ হয়ে বছর শেষে cash & cash equivalents ব্যালেন্স টাকা ২৫.৫০৯ মিলিয়নে দাঁড়ায়।

বকেয়া ঋণ এবং দায়

৩০শে জুন ২০১৯ ইং তারিখে শাইনপুকুর সিরামিকস-এর বকেয়া ব্যাংক লেনের পরিমাণ দাঁড়ায় টাকা ১৩৬৪.৪৭৬ মিলিয়ন- যা ৩০শে জুন ২০১৮ ইং তারিখে ছিল টাকা ১৩৯৬.০৮৭ মিলিয়ন। ফলশ্রুতিতে, ৩০শে জুন ২০১৯ ইং তারিখে ব্যাংক লোন- ইকুইটি অনুপাত অনুকূলে কমে দাঁড়ায় ২০.৬০% - যা গত অর্থ বছরে ছিল ২১.৪৩%। তবে, deferred tax liability ব্যতীত মোট দায় (loans, gratuity, creditors, accruals & other payables) এবং মোট সম্পদ অনুপাত সামান্য বেড়ে দাঁড়িয়েছে ৩৪.৩৩% - যা গত অর্থ বছরে ছিল ৩৪.০৬%।

বোন চায়না ইউনিট

উন্নত বিশ্বের সামগ্রিক অর্থনীতিতে ধীরগতির প্রবৃদ্ধি এবং তুলনামূলকভাবে বোন চায়না দ্রব্যের দাম বেশি হবার কারণে বিশ্ব বাজারে বোন চায়না দ্রব্যের চাহিদা কমে যাচ্ছে। এই পরিস্থিতিতে, বাণিজ্যিক উৎপাদনের জন্য প্রস্তুত থাকা সত্ত্বেও পূর্ণভাবে বোন চায়না ‘ইউনিট-২’-এর উৎপাদন ক্ষমতা ব্যবহার করা যায় নাই। পক্ষান্তরে, উৎপাদন চুল্লী এবং যন্ত্রপাতির বয়স হবার কারণে বোন চায়না ‘ইউনিট-১’ থেকে পূর্বের ন্যায় উৎপাদনশীলতা অর্জন করা কঠিন হয়ে পড়ছে। বিশেষভাবে, সর্বোচ্চ উৎপাদন নিশ্চিতকল্পে বোন চায়না ‘ইউনিট-১’-এর ২০ বছর পুরাতন নির্মাণ কাঠামো সংস্কার করা অত্যন্ত জরুরী।

পোরসিলিন ইউনিট

নিজস্ব থ্রানুলেশন প্লাস্টসহ ISO Static Press Machine পূর্ণরূপে কার্যকরী হবার ফলে শাইনপুকুর সিরামিকস লিঃ এখন পণ্যের যথাযথ গুণগতমান বজায় রেখে তৈজসপত্রের বড় ক্রয়াদেশ নেওয়ার জন্য আরো ভাল অবস্থানে রয়েছে। তবে, হাই প্রেসার কাস্টিং (HPC) এবং glost firing সীমাবদ্ধতার কারণে “Platter” এবং big sized/square shaped তৈজসপত্রের বড় ক্রয়াদেশ নিতে সমস্যার সম্মুখীন হতে হয়। তদুপরি, পুরাতন চুল্লী এবং যন্ত্রপাতির বয়স উৎপাদনশীলতা এবং পণ্যের গুণগতমানের ধারাবাহিকতা রক্ষায় অন্তরায় হয়ে দাঁড়িয়েছে। সুতরাং, কাঙ্ক্ষিত উৎপাদনশীলতা প্রাপ্তির জন্য পুরাতন চুল্লী এবং যন্ত্রপাতি বিশেষ করে ডিকেল প্রিন্টিং মেশিনের যন্ত্রাংশ; যেমন- ইমেজ সেটার প্রতিস্থাপন অত্যন্ত জরুরী।

বিক্রয় ও বিপণন

শাইনপুকুর সিরামিকস লিঃ নিয়মিতভাবে দেশে ও বিদেশে অনুষ্ঠিত বিভিন্ন বাণিজ্য মেলায় সক্রিয়ভাবে অংশগ্রহণ করে আসছে। ২০১৮-’১৯ ইং অর্থ বছরে শাইনপুকুর সিরামিকস লিঃ মেসে ফ্রাংকফুর্ট (জার্মানী) এবং স্থানীয় একটি প্রদর্শনীতে অংশগ্রহণ করেছে। ঢাকার ওয়েস্টিনে এক্সকুসিভ শো-রুম ও বিক্রয় কেন্দ্র স্থানীয় ও বিদেশী গ্রাহকদের চাহিদা পূরণে কাজ করেছে। অভ্যন্তরীণ বাজারে বিক্রয় বাড়ানোর লক্ষ্যে হোটেল এবং রেস্তোরা, প্রোমোশনাল পণ্য এবং ঢাকা ও ঢাকার বাইরের খুচরা বিক্রেতা ও ডিলারদের মাধ্যমে সার্বিক জোর তৎপরতা অব্যাহত রেখেছে। তবে, তৈজসপত্র দীর্ঘমেয়াদি পণ্য বিধায়, বিশেষতঃ নিত্যপ্রয়োজনীয় পণ্যের অন্তর্ভুক্ত না হবার কারণে পুনরাবৃত্ত ক্রয়াদেশ প্রাপ্তি অপেক্ষাকৃত কম। অপরদিকে, উৎপাদনকারী ও আমদানীকারকদের মাঝে প্রতিযোগিতার কারণে উৎপাদনকারীরা বর্ধিত উৎপাদন খরচ (গ্যাস, বিদ্যুৎ, বেতন ইত্যাদি) পণ্য মূল্য বাড়িয়ে ভোক্তাদের থেকে আদায় করা দুরূহ। সিরামিকস পণ্যের বিকল্প যেমন- ওপাল, পাইরেক্স, মেলামাইন এবং স্টেইনলেস পণ্যও এই বাজারে একটি অংশ দখল করে আছে- যার ফলে, আন্তর্জাতিক এবং দেশীয় বাজারে সিরামিকস পণ্যের চাহিদা ক্রমান্বয়ে কমছে। উপরোক্ত হুমকির মধ্যেও আমাদের কোম্পানী দেশীয় ও আন্তর্জাতিক বাজারে বিক্রয় বাড়াতে সচেষ্ট আছে।



উল্লেখযোগ্য স্বীকৃতি

বিশ্বের শীর্ষস্থানীয় ব্র্যান্ডের নিকট রপ্তানীর ধারাবাহিকতা রক্ষার জন্য শাইনপুকুর সিরামিকস সকল ধরনের কমপ্লায়েন্স নীতিমালা অনুসরণ করে থাকে। যদিও এটি একটি কঠিন কাজ, তথাপি শাইনপুকুর সিরামিকস লিঃ তার উৎপাদিত পণ্যের গুণগতমান নিশ্চিত করে নিজের ব্র্যান্ড প্রতিষ্ঠিত করতে সক্ষম হয়েছে। শাইনপুকুর সিরামিকস লিঃ ইতোমধ্যে বিএসসিআই ৪র্থ বার এবং আইএসও ৯০০১:২০১৫-এর ২০১৮-’১৯ ইং সালের দুইটি ৬ মাসের পর্যায়ক্রমিক অডিট সফলভাবে সম্পন্ন করেছে। আমরা ইতোমধ্যে মার্কিন বাজারে পণ্য বিক্রয়ের জন্য C-TPAT সার্টিফিকেট অর্জন করেছি। পাশাপাশি EU/UK-এর ক্রেতাদের চাহিদা পূরণের জন্য SMETA (SEDEX Members Ethical Trade Audit) সক্ষমতা অর্জনের চেষ্টা করছি।

সরকারী স্বীকৃতি - টানা তৃতীয় বারের মতো জাতীয় রপ্তানী পদক (স্বর্ণ) প্রাপ্তি

আমি অত্যন্ত আনন্দের সাথে জানাচ্ছি যে, আমাদের কোম্পানী ২০১৬-’১৭ ইং অর্থ বছরে সর্বোচ্চ সিরামিকস জাতীয় পণ্য রপ্তানী করে গণপ্রজাতন্ত্রী বাংলাদেশ সরকার-এর বাণিজ্য মন্ত্রণালয় হতে জাতীয় রপ্তানী পদক (স্বর্ণ) লাভ করে। এ উপলক্ষে রপ্তানী উন্নয়ন ব্যুরো এবং বাণিজ্য মন্ত্রণালয়ের যৌথ উদ্যোগে আয়োজিত অনুষ্ঠানের মাধ্যমে ২রা সেপ্টেম্বর, ২০১৯ ইং সালে গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের মাননীয় প্রধানমন্ত্রী শেখ হাসিনা পদক হস্তান্তর করেন। উল্লেখ্য, শাইনপুকুর সিরামিকস লিঃ ২০১৪-’১৫, ২০১৫-’১৬ এবং ২০১৬-’১৭ অর্থ বছরের জন্য টানা তৃতীয় বার জাতীয় রপ্তানী পদক (স্বর্ণ) অর্জন করেছে। ইতোপূর্বে শাইনপুকুর সিরামিকস লিঃ ২০০০-’০১, ২০০২-’০৩ এবং ২০০৫-’০৬ অর্থ বছরসমূহেও স্বর্ণ এবং ২০০৯-’১০ অর্থ বছরে রৌপ্য পদকে ভূষিত হয়। অতএব, আমাদের কোম্পানী ১৯৯৯-’০০ ইং থেকে ২০১৬-’১৭ ইং মোট ১৮ বছরের সময়কালে সর্বমোট ৭ বার জাতীয় রপ্তানী পদক অর্জন করতে সক্ষম হয়।

জাতীয় রাজস্ব খাতে অবদান

আমি আনন্দের সাথে জানাচ্ছি যে, শাইনপুকুর সিরামিকস লিঃ ২০১৮-’১৯ ইং অর্থ বছরে ভ্যাট হিসাবে টাকা ১০৯.১৭২ মিলিয়ন, আমদানী শুল্ক হিসাবে টাকা ২৭.২২৭ মিলিয়ন এবং আয়কর হিসাবে টাকা ২৯.৭৬৬ মিলিয়ন সর্বমোট টাকা ১৬৬.১৬৫ মিলিয়ন এরও অধিক প্রদান করেছে যেখানে গত অর্থ বছরে ভ্যাট ছিল টাকা ১১১.৬৭১ মিলিয়ন, আমদানী শুল্ক ছিল টাকা ২৫.৬২৩ মিলিয়ন এবং আয়কর ছিল টাকা ২৯.০৪৬ মিলিয়ন অর্থাৎ সর্বমোট টাকা ১৬৬.৩৪০ মিলিয়ন। উল্লেখ্য, স্থানীয় বিক্রয় ও কাঁচামাল আমদানীর ক্ষেত্রে ১৫% ভ্যাট প্রদেয়। রপ্তানীকৃত টাকার উপর আয়কর ০.৭০% হারে এবং কাঁচামাল আমদানীর ক্ষেত্রে অগ্রীম আয়কর ৫% হারে এবং সরবরাহ মূল্যের উপর ২% থেকে ৭% হারে প্রাতিষ্ঠানিক গ্রাহকগণ আয়কর কর্তন করেন। ব্যবসায়িক আয়ের ক্ষেত্রে আয়কর হার ২৫%। তবে, দেশে সর্বনিম্ন করহার বিদ্যমান। যেহেতু রপ্তানী, আমদানী এবং সরবরাহ মূল্যের উপর মোট উৎসে কর কর্তন কোম্পানীর নিয়মিত আয়কর হতে বেশি হবার ফলে- উৎসে কর কর্তন কোম্পানীর সর্বনিম্ন কর প্রদান হিসাবে বিবেচিত। যার ফলে, ২০১৮-’১৯ ইং অর্থ বছরে কার্যকর করহার গত অর্থ বছরের ২৪.৩৯% থেকে বেড়ে ৩২.১৯% দাঁড়ায়।

মানব-সম্পদ

শাইনপুকুর সিরামিকস লিঃ তার কর্মীদের পেশা এবং ব্যক্তি উন্নতি সাধনকল্পে বিভিন্ন সুযোগ প্রদান করে। কর্মকর্তাদের বিশ্বস্ততা, পারস্পরিক সহযোগিতা এবং সমন্বয় সাধনের উপর গুরুত্বারোপ করে। কোম্পানীর লক্ষ্য বজায় রাখার জন্য এখানে কর্মীদের দক্ষতা এবং উৎসাহ বৃদ্ধির ক্ষেত্রে সার্বিক সহযোগিতা করা হয়। ৩০শে জুন ২০১৯ ইং-এ শাইনপুকুর সিরামিকস লিঃ-এর মানব-সম্পদের সংখ্যা দাঁড়ায় ২৯৭৬ জন- যা জুন ২০১৮ইং সালের শেষে ছিল ২৮৭১ জন।

সামাজিক প্রতিশ্রুতি

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

কৃতজ্ঞতা স্বীকার

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

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

X. L. P. Lalinda.

এ এস এফ রহমান

চেয়ারম্যান

তারিখ: ২৮শে অক্টোবর, ২০১৯ ইং

Chairman's Statements

Dear Shareholders,

I take this opportunity to welcome you on behalf of the Board of Directors to this 22nd Annual General Meeting of our Company, and to lay before you a brief resume of the affairs of the company for the period from 1st July 2018 to 30 June 2019.

Revenue

Export: During the FY 2018-'19 the company earned export sales of Tk. 877.512 million against Tk. 893.342 million in previous year, which indicates -1.77% growth over last year. Slower economic growth in advanced countries caused lower demand and stiff competition amongst the manufacturers from home & abroad resulting lesser unit price & lower revenue from export.

Domestic: Company earned Tk. 655.609 million from the domestic sales during the FY 2018-'19, 3.20% higher than that of previous FY 2017-'18.

Other Income: The company earned other income Tk. 9.732 million (from import duty drawback against export, scrap sales and miscellaneous) during the FY 2018-'19 which was Tk. 13.053 million in FY 2017-'18. Receipt of lesser amount of import duty draw back against export has caused the lower earnings from other income during the year.

Overall Revenue: Overall revenue (from export sales, domestic sales & other income) earned during the year was Tk. 1542.854 million, 0.08% higher than previous year when overall revenue earnings were Tk. 1,541.696 million.

Operating Result

Gross profit ratio for the year decreased to 22.20% compared to 22.65% of previous year. Similarly, EBITDA during the year went down to 23.08% on overall revenue earnings from 21.21% of previous year. During the year under review, export domestic sales ratio is 57:43. The said ratio in previous year was 58:42. The decline in export sales ratio & increased cost for increased depreciation and wages resulted negative growth in GP ratio. However, the company could save operating expenses (OPEX) & finance expense (FINEX) through cost control and efficient working capital management. For the FY 2018-'19, total OPEX was TK. 119.127 million against TK. 123.095 million of FY 2017 - '18, resulting 3.22% savings over last year. Similarly there were savings of 11.18% in finance cost during FY2018-'19 over last year. Net profit after tax (earnings) for the year before recognizing the fair value (revaluation) loss of investment in shares on 30th June 2019 stood at TK. 62.712 million which was TK. 61.548 million in previous year. Earnings for the year ending June 2019 stood at Taka 0.43 per share against Taka 0.42 per share of previous year.

Generated cash & utilization

During the year, collections from turn over & other income decreased to TK. 1468.133 million from previous year's TK. 1509.270 million due to delayed payment by the customers and lesser receipt of import duty draw back. However, costs & expenses were also decreased to TK. 1247.230 million which was 1291.527 million during the last year. Similarly interest payment was decreased to TK. 130.930

million from previous year's TK.148.123 million. As a result, despite decrease in collections from turn over & other income, net cash generated from the operating activities was increased to Tk. 60.182 million compared to TK. 40.573 million of last year. Out of the cash generated from the operations, Property, plant, equipment of Tk. 13.817 million was acquired and TK. 31.611 million was utilized for repayment of loans during the year. At the end of the year, balances of cash & cash equivalents were increased by TK.14.754 million from those balances of the beginning of the year.

Outstanding loan & Liabilities

SCL's Loan outstanding stood at Taka 1364.476 million as on June 30, 2019, which was Taka 1,396.087 million as on June 30, 2018. As a result, outstanding loan to total assets ratio stood at 20.60% on June 30, 2019 compared to 21.43% on June 30, 2018. However, total liabilities (loans, gratuity, creditors, accruals & other payables) excluding deferred tax liability to total assets ratio marginally increased to 34.33% on June 30, 2019 which was 34.06% at the end of last year due to increased liabilities on account of gratuity, creditors and accruals.

Bone China unit

Global demand for Bone China table wares has significantly come down, primarily because of slower economic growth in the advanced countries and comparative higher price of Bone China products. Under such circumstances, during the year although Bone China Unit-II was fully operational and ready for commercial production, but the capacity of Bone China Unit - II could not be utilized in full scale. Because of aged kilns and machineries getting optimum efficiency and quality consistency at Bone China unit -I has become more challenging than before. Particularly, factory building of Bone China Unit - I, which was constructed more than 20 years ago, is required to be renovated for sustainable atmosphere inside the factory building for better yield of production there.

Porcelain Unit

ISO Static Press machine with granule from our own production facility is now fully functional and SCL is, therefore, in a better position to take volume orders and to maintain the quality consistency of flat wares. However, limitation in High Pressure Casting (HPC) and glost firing capacity (volume) causing us to accept volume order for large sized "Platter" and big sized/square shaped flat wares items. Moreover, aged kilns and machineries are standing in the way for optimum efficiency and quality consistency. Therefore, renovation of kilns and replacement of machinery particularly decal printing machine is required for getting the desired yield of production.

Marketing and Sales

SCL continues to participate in trade fairs both home & abroad. In 2018-'19 SCL participated Messe Frankfurt, Germany, and at one local exhibition. The exclusive showroom & sales center at Westine Dhaka is functioning to cater the needs of the high end local & foreign visiting customers. Our efforts to increase the share of domestic market by increasing sales of hospitality wares

Chairman's Statements

for hotel & restaurants, promotional items for institutions and expanding distribution channel through retail dealers, both in Dhaka and outside Dhaka, are continuing. However, our products being durable and non-essentials house hold items, it's repeat purchases are minimum. Therefore, stiff competition amongst the manufacturers and importers is there, making it difficult to pass the increased cost of production (GAS, Electricity, Wages, etc) to the consumers. Substitute products like, Opal, Pyrex, Melamine & Stainless table wares are sharing the slice of the Global and Domestic stagnant/declining demand. Despite such challenges our company's management has been striving to increase our Global and Domestic market share.

Significant Accreditations

To keep the consistency in export sales performance, especially being a table ware manufacturer for the world's top brands, we have to ensure all the required tough compliance in-place in this regard. Although it is truly a difficult proposition, Shinepukur has been quite successful in excelling in its quality performance in every endeavor, crossing one benchmark to the other. Business Social Compliance Initiatives (BSCI) Audit fourth times and completed twice the thorough review of 6 months' periodic ISO audits from DNV (Det Norske Veritas) in 2018 -19. We have also obtained C-TPAT certification for marketing our products in USA market. We are also working for passing the new requirements of SMETA (SEDEX Members Ethical Trade Audit) for EU/UK customers who demand additional accreditation.

Government Recognition – Recipient of National Export Gold Trophy for third year in a row

I am pleased to inform you that our company has been awarded National Export Gold Trophy by Ministry of Commerce, Government of Bangladesh in recognition to our highest export performance in Ceramics products during the FY2016-'17. The trophy was handed over on 2nd September, 2019 by the His Excellency Honorable Prime Minister Sheikh Hasina in a befitting ceremony organized jointly by EPB & MOC for this purpose. This is the third year our company was recognized by the Government awarding "Gold" Export Trophy for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. It may be mentioned that the company had also received the National Export trophy in 2000-2001 (Gold), 2002 - 2003 (Gold), 2005 - 2006 (Gold) & 2009 - 2010 (Silver). Therefore, our company won National Export Trophy total for seven times during its 18 years operations (1999 – 2000 to 2016 – 2017).

Contribution to National Exchequer

I am pleased to report that SCL paid over Taka 166.165 million in the form of VAT TK. 109.172 million, Import Duty Tk. 27.227 million & Income tax TK. 29.766 million during the year. Last year the contribution to national exchequer was Taka 166.340 million of which, VAT TK. 111.671 million, Import Duty Tk. 25.623 million & Income tax TK. 29.046 million. VAT was payable @ 15% on Domestic sales & against Import of raw materials. Income tax was deducted on export proceeds @0.7%, on imported raw materials at import stage @ 5% and by the institutional customers at the applicable rates ranging 2% to 7%. Being listed company, the applicable

tax rate on business income is 25% and there is a rebate @ 50% on the business income proportionate to export sales. However, there are laws for minimum tax. Since the regular assessed income tax is lower than the tax deducted at source (TDS) against export, import and supplies, TDS amount is considered as the minimum tax payable by the company. As a result effective tax rate for FY 2018 – 2019 stood at 32.19% against 24.39% of last year.

Human Resources

SCL offers opportunities for both professional & personal development to its employees. It practices a work environment of trust, cooperation & collaboration. We do so to develop the skills & zeal and inspiration of our employees to achieve the company goals on a sustainable basis. SCL's Human Resources Strength at the end of June 2019 stood 2,882 Nos. against 2,871 Nos. of June 2018.

Social Commitment

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

Acknowledgement

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

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



A S F Rahman
Chairman

Dated: 28th October, 2019



Corporate Governance

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

Internal Financial Control

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

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

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

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

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

Statement of Director's Responsibilities for Preparation and Presentation of The Financial Statements

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

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

- to select suitable accounting policies and the apply them in a consistent manner;
- to make reasonable and prudent judgments and estimates where necessary;
- to state whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements;
- to take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;



- to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with disclosure requirements to the Companies Act 1994 and the Securities and Exchange Rules 1987; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business

Board of Directors and Committee

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

The board of directors is responsible for approving Company policy and responsible to the shareholders for the Company's financial and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board Structure and Procedure – The membership of the board during the year / period ended 30 June 2019 stood at five directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business. The Company's Board currently comprises the Chairman, Vice-Chairman and three Directors. The Board has two committee, namely, Audit Committee & Nomination & Remuneration Committee (NRC). The name of the Directors and Board's committee members stated in CORPORATE DIRECTORIES page in the beginning of the Annual Report.

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

Going Concern

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

Rights and Relations with Shareholders

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

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

The following information can be addressed through the secretarial department:

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

Transfer of Shares

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



Directors' Report to the shareholders

for the year ended June 2019

Dear Shareholders,

The Directors have pleasure in submitting hereunder "Director's Report" together with the Audited Accounts for the year ended June 2019 and "Auditors' Report" thereon.

Industry Outlook and Possible Future Development

Traditionally, the tableware industry is labor-intensive. During 1990's companies in developed countries experienced difficulties to remain competitive and began to search for alternative manufacturing destinations. Based on un-interrupted gas supply and low labor cost, Ceramic Tableware Industries was started flourishing in Bangladesh since late 1990's focusing towards export market. This situation has now changed; gas pressure has become erratic; supply of Bangladesh's own gas has become uncertain. A comparative picture of tariffs shows that gas has become costlier, almost treble for power generation and more than double for Kiln during the last five years. Electricity has become costlier, more than double since 2005. It is apprehended that electricity cost will go up further as the power distribution companies has meanwhile submitted application for increasing power tariffs from January 2020 to Bangladesh Energy Regulatory Commission (BERC). Similarly to adjust the higher imported LNG cost, in future gas tariffs may also increase further.

	Rate Increased over 2005	Effective from Jul'2019	Effective from Jun'2017	Effective from Mar'2017	Effective from Sep'2015	Effective from Aug' 2009	Effective from Feb' 2005
Gas Tariffs -Power generation, Taka per M3	371%	13.85	9.62	8.98	8.36	4.18	3.73
Gas Tariffs - Kiln, Taka per M3	205%	10.72	7.76	7.24	6.74	5.86	5.23
Electricity Taka per KW	268% peak 193% off peak	10.19 Peak/7.34 off peak Plus demand charge TK.50/kw per month	8.15 (DEC'17)	7.57 (Mar '15)	7.32 (Mar. '14)	3.91	3.80

Increased Gas price & labor costs have eroded the comparative advantages of Bangladesh for producing Ceramic Table wares to a great extent. Impact of economic slowdown in advanced economies and GSP withdrawal by USA has further impeded the growth in export of Ceramics table wares from Bangladesh. Comparative higher devaluation of currencies by competing countries like China, India, Indonesia, Vietnam etc. has made the "Bangladesh made table wares" costlier to the consumers of importing countries. Importantly, Bangladesh currency was appreciated in 2016 which drove away many buyers to the competing countries, especially to Thailand when its currency was devalued by 9.23% from THB32.4457/US\$ in 2014 to THB35.1305/US\$. Table below shows the devaluation scenario of competing currencies against US\$ and % change since 2014.

Compared to US\$

	% change	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
China	10.67%	6.8658	6.4411	6.7791	6.655	6.2032	6.2036
India	14.70%	68.9404	68.4403	64.5241	67.423	63.6324	60.1065
Vietnam	9.25%	23,275.00	22,956.54	22,734.78	22,299.58	21,821.59	21,305.00
Indonesia	18.71%	14,121.00	14,285.30	13,322.22	13,162.39	13,381.13	11,895.00
Bangladesh	8.87%	84.57	84.1437	79.1084	76.7832	77.7882	77.6832

For economic & financial feasibility of any ceramic table ware manufacturing plant availability of gas, consistency in gas pressure and competitive unit price of gas are critical & important. The uncertainty of availability of gas has some extent meanwhile been minimized by Govt. through allowing import of LNG. However, the unit price of the imported LNG is substantially higher than local natural gas. Therefore, imported LNG will push up the future gas price in the country. Besides, any increase in wage rate for RMG workers by the Govt. will also push up the wages in ceramic industries. Repair, maintenance, spares & consumables cost for keeping the aged kiln & PPE productive & operational will continue to increase. Importantly availability of original parts & spares to keep the kiln & PPE operational will become more challenging because of stopping of manufacturing of the same by the original manufacturers of the kiln & PPE due to updating of their model. As a result cost of production will be increased substantially and there by profitability will be under pressure.

Kiln, Decal Printing, HPC and Jiggering machines have become aged (over 20 years), in certain cases those have become out dated due to technological advancement. However, due to declining Global demand and saturated domestic market of table wares and increasing manufacturing costs for gas, electricity, wages and compliance cost for exporting to world reputed brands are debarring us to undertake a BMR&E plan for increasing productivity & quality of table wares further.

Directors' Report

Business Outlook- Export Sales

Ceramics Products	2018-'19	2017-'18	2016-'17	2015-'16
Bangladesh Export in US\$ In million (including ceramics, tiles & sanitary wares) (source: EPB)	68.97	51.94	39.14	37.69
Shinepukur Export in US\$ In million	10.57	11.04	11.58	10.11
Shinepukur Share to total BD Export	15.32%	21.26%	29.59%	26.82%

Increase in export of ceramics products from Bangladesh during 2018-'19 were Tiles, Sanitary wares & Terracotta driven. Export of table wares were under pressure. Although Shinepukur's export & its share to Bangladesh total ceramics export (including ceramics, tiles & sanitary wares) has decreased, our company continued to be the leader in Tableware export from Bangladesh.

Shinepukur's export has decreased in FY 2018 – 2019 due to comparatively higher devaluation of currencies of competing countries like China, India, Indonesia, Vietnam etc. Also demand for table wares has declined in Europe because of general economic conditions and cultural shifts.

	FY 2018-'19	FY 2017-'18	FY 2016-'17
SCL Export Sales (in Taka Million)	877.512	893.342	896.612
% of Export Sales over SCL total sales	57%	58%	62%
% increase or Decrease over previous FY	-1.77%	-0.36%	0.32%

During the current year export sales has decreased by -1.77% to Taka. 877.512 million & the contribution of export sales to total revenue to 57%. Despite stiff competition in export market, we could add a few new customers. We achieved this by improving the product quality involving cross-quality check on every production stages and improving the products & packaging in-line with up-to-date international standards. The most challenging part was to achieve reliability from the buyers' fraternity and to establish Shinepukur as the most compliant facility. Shinepukur has been proven quite successful in this field after series of Social Accountability audits from Business Social Compliance Initiatives (BSCI) and inspection by buyers themselves. These relentless & on-going endeavors will significantly & positively contribute in retaining customers. Export sales will continue to remain important driver to SCL's total revenue earnings. We are therefore focusing on buyers demand for developing new shapes, designs and new products ranges within shortest possible time and searching new markets and seizing inquiries from potential brands by faster response & close follow up. We are confident that, SCL will continue to be the leader in exporting table wares from Bangladesh, in the coming years as well.

Business Outlook- Domestic Sales

	FY 2018-'19	FY 2017-'18	FY 2016-'17
SCL Domestic Sales in Taka Million	655.609	635.300	541.254
% of Domestic Sales over SCL total sales	43%	42%	38%
% increase or Decrease over previous FY	3.20%	17.38%	13.89%

Increased product cost, increased wages and spares, stores, repairing & maintenance cost (for keeping the aged kiln, Plant, machinery & equipment operational) is reducing margin and is forcing us to increase the product price, making the products costlier and lowering the demand. Even under this challenging situation, SCL could earn Tk. 655.609 million from domestic sales during the year, almost 3.20% higher than that of previous year. This higher domestic sale has been achieved by focusing to hospitality (hotel wares) & other institutional (promotional wares) sales. In the wake of declining trend in export, domestic sales will be important contributor in SCL revenue basket in the coming years.

Product wise Reporting

Our company is an OEM facility producing only one product that is ceramic table wares. Therefore, segmental reporting is truly not applicable. It is also difficult to quantify the production data of table wares because number of pieces and the weights of the wares vary due to shape & size of the items produced. However, we produced two types of ceramic table wares, namely Bone China table wares & Porcelain table wares. Production and sold data in MT for the year 2018-'19, 2017-'18 and 2016-'17 were as follows;

Year	White ware Production QTY in MT			DFW Production QTY in MT			Sold QTY in MT		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2018-'19	4590	1180	5770	4540	1075	5645	4346	994	5340
2017-'18	4708	1032	5740	4570	906	5476	4149	900	5049
2016-'17	4409	751	5160	4378	791	5169	4004	667	4671

There is a consistent increasing trend in sold quantities of both Porcelain & Bone China, although white wares Porcelain production in MT was slightly lower due to maintenance works in the kilns.

Directors' Report

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

Year	Export Taka in million			Domestic Taka in million			Total Taka in million		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2018-'19	456.574	420.938	877.512	419.144	236.465	655.609	875.718	657.403	1533.121
2017-'18	512.584	380.758	893.342	434.059	201.242	635.301	946.643	582.000	1528.643
2016-'17	662.296	234.317	896.612	327.258	213.997	541.255	989.553	448.314	1437.867

Production value of Porcelain and Bone China was as follows:

Year	FG Value- opening Taka in million			FG Value- closing Taka in million			Production Value		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2018-'19	120.844	116.424	237.268	158.170	114.772	272.942	913.044	655.751	1568.795
2017-'18	122.899	98.468	221.367	120.844	116.424	237.268	944.588	599.956	1544.544
2016-'17	133.485	100.265	233.75	122.899	98.468	221.367	978.967	446.517	1425.484

After deducting direct Material cost, therefore, contribution to recover Wages & Factory Overhead [conversion Cost] and operating expenses (OPEX)] were as follows;

Year	Material Consumption Taka in million			Contribution to conversion Cost and OPEX			Contribution as a % of Production Value		
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total
2018-'19	286.935	135.435	422.370	626.109	520.316	1146.425	68.57%	79.35%	73.08%
2017-'18	261.870	183.355	445.225	682.718	416.601	1099.319	72.28%	69.44%	71.17%
2016-'17	270.940	113.699	384.639	708.027	332.818	1040.845	72.32%	74.54%	73.02%

Due to lower production/sales of Porcelain, its rate of contribution decreased in FY2018-2019. On the other hand, higher production/sales of Bone China has improved its contribution, which also pushed up the overall rate of contribution for the year FY2018-2019.

Risk & Concerns

The company is exposed to following risks & concerns;

- Internal:**
- (i) skilled manpower is critical to quality and quantitative production. Company is prone to high labor turnover.
 - (ii) Breakdown of aged kiln, plant & machinery and non availability of parts, spares & consumables.
- External:**
- (i) Inconsistent/erratic Gas pressure, disruption in gas supply & unit price of gas.
 - (ii) Devaluation of taka causing increased cost for imported material
 - (iii) Higher devaluation of foreign competing exporters' currencies making Bangladesh ceramics table wares costlier in importing countries.
 - (iv) Wage rate hike.
 - (v) Nonfunctioning of ports and highways.
 - (vi) Supply disruption due to stopping of production of imported materials or non availability of right quality raw materials due to change in layer/level of the mine.

Cost of Goods Sold & Gross Profit

Year	FY 2018-'19	FY 2017-'18	FY 2016-'17
Revenue taka in million	1533.121	1528.643	1437.867
Cost of Goods Sold taka in million	1192.697	1182.347	1111.841
Increase/(decrease) over previous year	0.88%	6.34%	4.23%
COGS to total revenue	77.80%	77.35%	77.33%
Gross Profit taka in million	340.424	346.296	326.026
Increase/(decrease) over previous year	-1.69%	6.21%	7.87%
Increase/(decrease) on the total revenue	22.20%	22.65%	22.67%

Gross profit ratios decreased due to increased cost of goods sold. Cost of goods sold increased over previous year due to increased wages, depreciation, consumable stores, spares, repair, maintenance and carrying cost. For keeping the aged kiln & plant operational, consumable stores, spares, repair and maintenance cost were increased.

Directors' Report

Impact on Environment

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

Net Profit

The Directors are pleased to report that the working results of the Company for 12 months from July 01, 2018 to June 30, 2019 are as follows:
Taka in million

	For the Year ended 30 June '19	For the year ended 30 June '18	For the year ended 30 June '17	For 18 Months ended 30 Jun '16	For 6 months ended 30 Jun '16	For the year ended 31 Dec '15
Net profit/(Loss) before tax	92.477	81.405	22.553	(60.745)	(78.686)	17.941
Less: Income tax (Expenses)/Income:	29.766	19.857	14.261	28.184	40.099	(11.915)
i. For the period under review	29.766	28.546	23.202	15.436	3.850	11.586
ii. Short provision for earlier years	-	-	-	15.600	15.600	-
iii. Deferred tax (Income)/Expenses	-	(8.689)	(8.941)	(59.221)	(59.550)	0.329
Net profit /(Loss) after tax	62.712	61.548	8.292	(32.561)	(38.587)	6.026
Prior year's adjustment-Depreciation	-	-	-	(76.147)	(76.147)	-
Add: Balance brought forward from previous year	(124.635)	(186.183)	(194.475)	(85.767)	(79.742)	(85.767)
Retained earnings balance carried forward	(61.923)	(124.635)	(186.183)	(194.475)	(194.475)	(79.742)
Fair Value Gain/Loss (on Investment in Share)	(10.031)	(15.352)	31.902	(27.032)	(10.842)	(16.190)
Comprehensive income for the year	52.681	46.196	40.194	(59.593)	(49.429)	(10.164)
Net profit % of paid up capital	4.27	4.19	0.56	(2.22)	(2.63)	0.41

Extra Ordinary Activities & their implications

Other Income: Income from import duty drawback (DDB) against export has decreased due to delayed disbursement. Upon introduction of subsidizing on export, DDB facility shall be discontinued.

Comprehensive Income: After recognizing the fair value loss of TK. 10.031 million on investment in shares, total comprehensive income for the year 2018-'19 stood Tk. 52.681 million for the year ending on that date against total comprehensive income of Tk. 46.196 million (including fair value loss of TK. 15.352 million) during the last year 2017-'18. Beside the investment in shares, there was no other extra ordinary activities causing gain or loss.

EPS and NAV per share

The company has earned net profit after tax 62.712 million during the FY 2018-'19 where as last year the company earned profit of taka 61.548 million. EPS comes to Tk. 0.43 per share for the period ended on June 30, 2019. EPS for the last year was TK. 0.42. During the year, EPS increased due to: i) increased domestic sales and ii) lesser finance cost.

NAV increased to Taka 29.04/per share as on June 30, 2019 from Taka 28.68/per share as on 30th June 2018 due to positive comprehensive income of TK. 52.681 million (net profit after tax 62.712 million less fair value loss TK. 10.031 million) for the year 2018-'19.

Related Party Transaction

The following related party transactions took place during the year;

Related party	Transaction nature	FY2018-2019		FY2017-2018		FY2018-2019	FY2017-2018
		Received	Paid	Received	Paid	Year end balance Taka million	
New Dacca Industries Ltd.	Short term loan	-	6	310	250	54	60

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

Related party	Transaction nature	Transaction value Taka million		Yearend balance Taka million	
		FY2018-2019	FY2017-2018	FY2018-2019	FY2017-2018
Bangladesh Export Import Companies Ltd	Investment in share	(9.854)	(15.286)	58.082	67.936
Beximco Synthetics Ltd	Investment in share	(0.177)	(0.066)	0.388	0.565

Directors' Report

Public/Right Issue

There was no public/right issue neither during the year nor preceding five years.

Quarterly Performance Variance:

Quarters	EPS		NAV/per share		NOCF/per share		Explanation
	FY 2018-'19	FY 2017-'18	FY 2018-'19	FY 2017-'18	FY 2018-'19	FY 2017-'18	
Q1 JUL-SEPT.	0.10	0.12	28.74	28.42	0.05	0.26	EPS: varies because of seasonality effect of the nature of the business. NOCF: varies due to payments to suppliers and accrued expenses changes on availability of fund after making payment of taxes, interest & installment of debt.
Q2 OCT - DEC	0.11	0.05	28.84	28.49	0.42	0.27	
Q3 JAN-MAR	0.09	0.10	28.91	28.48	0.10	0.23	
Q4 APR - JUN	0.13	0.15	29.04	28.68	0.41	0.28	
At the year end	0.43	0.42	29.04	28.68	0.41	0.28	

Remuneration to Directors

During the year no remuneration including Board attendance fee was paid to Directors except Independent director was paid Tk. 1, 00,000 as meeting attendance fee.

Corporate and Financial Reports

The Directors are pleased to confirm that:

- The financial statements together with the notes thereon have drawn up conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987. These statements presents fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and judgment.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored. Statement that minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress
- Minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress
- There is no significant doubt about the ability of the Company to continue as a going concern.
- Significant deviation in operating result compared to last year has been explained in the Chairman's Statements.
- The summarized key operating and financial data of last five preceding years is presented below.

Key operating and Financial Data

Particulars	2018-'19	2017-'18	2016-'17	For 18 months ended 30 Jun'16	For 6 months ended 30 Jun'16	2015	2014	2013
Paid Up Capital in Taka '000	1469.661	1469,661	1469,61	1469,661	1469.661	1469.661	1469,61	1469,661
Revenue in Taka '000	1533.121	1528,643	1437,867	2053,500	641.628	1411.872	1677,68	1692,445
Gross Profit in Taka '000	340.424	346,296	326,026	453,346	113.955	339.390	424,214	451,340
Profit/(Loss) Before Tax in Taka '000	92.477	81,404	22,553	(60,745)	(78.686)	17.941	21,798	(46,912)
Net Profit/(Loss) after Tax in Taka '000	62.712	61,548	8,293	(32,561)	(38.587)	6.026	(2,336)	(57,629)
PPE (Gross) in Taka '000	5269.337	7495,368	5984,548	5980,714	5980.714	5977.945	5967,244	5939,973
Cumulative Surplus in Taka '000	(61.923)	(124,634)	(186,183)	(194,476)	(194,476)	(79.742)	(85,768)	(83,432)
Dividend	-	-	-	-	-	-	-	-
Return on Paid up Capital	4.27%	4.19%	0.56%	-2.22%	-2.63%	0.41%	-0.16%	-3.92%
Shareholders' Equity	4267.927	4215,246	4169,050	4128,856	4128.856	4254.431	4264,595	4487,867
Earnings per Share (Taka)	0.43	0.42	0.06	(0.22)	(0.26)	0.04	(0.02)	(0.39)
Shareholders' Equity Per Share (Taka)	29.04	28.68	28.37	28.09	28.09	28.95	29.02	30.54
Number of Shareholders	15934	16,325	17,438	23,085	23,085	23,085	30,828	30,822

Directors' Report

Dividend

The Company could not earn adequate profit during the year to replenish the cumulative (earlier years') loss of TK. 124.634 million. After adjustment of current year's profit the retained earnings balance stood negative TK. 61.923 million as on 30 June, 2019. Since there is no available positive balance of retained earnings, the Directors recommend no dividend for FY 2018-2019.

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

Board & Committee Meeting and Attendance

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

Name of Directors	Number of Board Meetings attended	Number of Audit Committee Meetings attended	Number of NRC Meetings attended
Mr. A S F Rahman	5	Not Applicable	Not Applicable
Mr. Salman F Rahman	5	Not Applicable	Not Applicable
Mr. Iqbal Ahmed	4	4	1
Mr. O K Chowdhury	5	4	1
Mr. Masud Ekramullah Khan*	2	2	
Mr. Barrister Faheemul Huq**	3	2	1

* Mr. Masud Ekramullah Khan ceased to be Independent Director w.e.f. 20.12.2018 due to expire his 2nd Tenure of the office as per the provision of Corporate Governance Guidelines issued by BSEC dated 07.08.2012.

** Barrister Faheemul Huq appointed as Independent Director w.e.f. 20.12.2018 for a period three years upto 19.12.2021 in place of Mr. Masud Ekramullah Khan.

The Pattern of Shareholding

The Pattern of shareholding is as follows.

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

Directors

Retirement and Re-election

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

Mr. Chowdhury is a member of the Institute of Chartered Accountants of England and Wales and a Fellow member of the Institute of Chartered Accountants of Bangladesh. He is involved with Beximco Group for over 39 years and is currently the Director of Group Finance and Corporate Affairs, Chief Executive Officer of Beximco Power Ltd. and Beximco Engineering Ltd. He has over 13 years' experience working abroad, including the United Kingdom.

Mr. Chowdhury is a member of the Board of Directors of a number of listed and non-listed Companies including Bangladesh Export Import Company Ltd., Beximco Synthetics Ltd., Shinepukur Ceramics Ltd.

Directors' Report

Audit Committee

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

Mr. Barrister Faheemul Huq	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

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

Nomination and Remuneration Committee (NRC)

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission dated 03.06.2018 the Board of Directors constituted Nomination and Remuneration Committee as follows, in its meeting held on 24.12.2018:

Mr. Barrister Faheemul Huq	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

A meeting of NRC was held on 16.04.2019, all the Members were attended.

Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in twenty first Annual General Meeting had carried out the audit for the year ended on 30th June, 2019 at a fee of Tk. 6,90,000.00 including VAT.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the Company retire at this meeting and have expressed their willingness to continue in the office for the year 2019-2020.

Corporate Governance Compliance Status Report

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

Acknowledgement

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

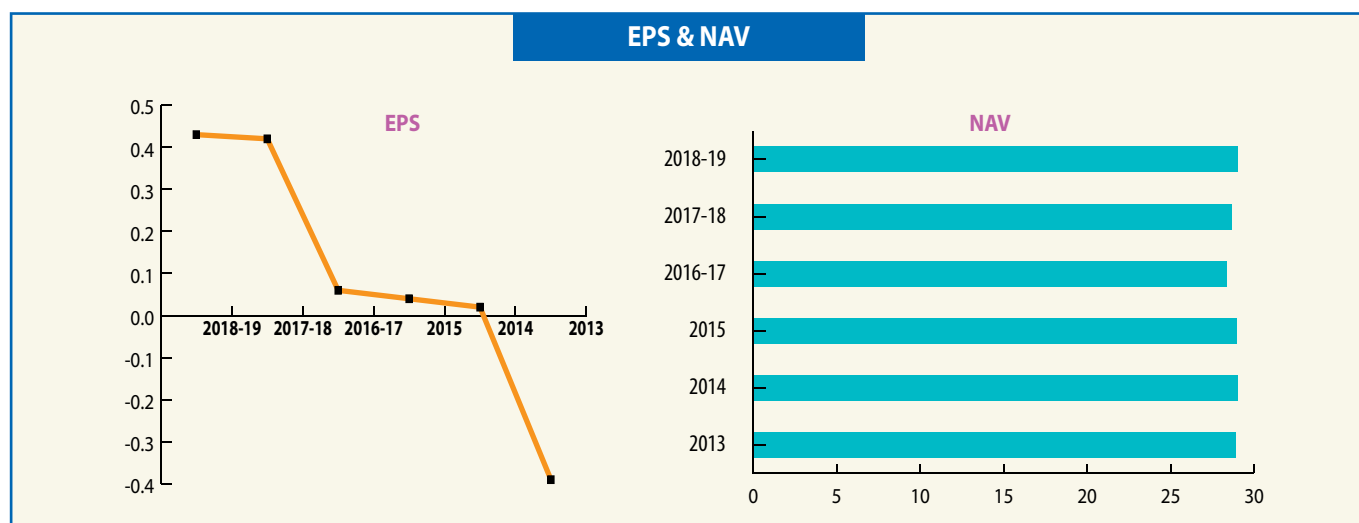
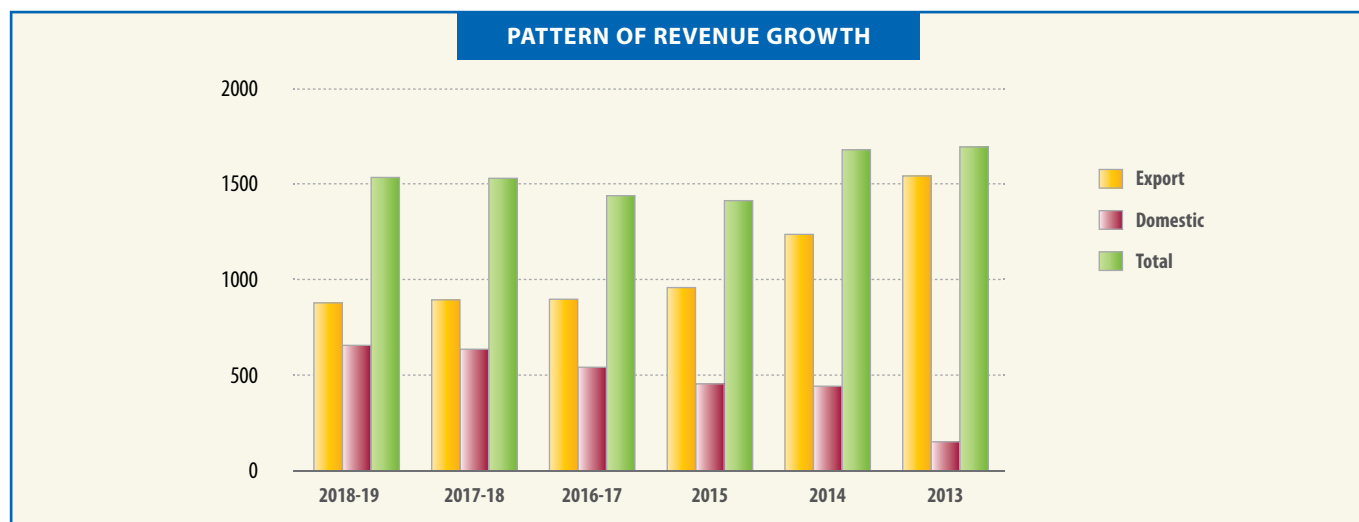
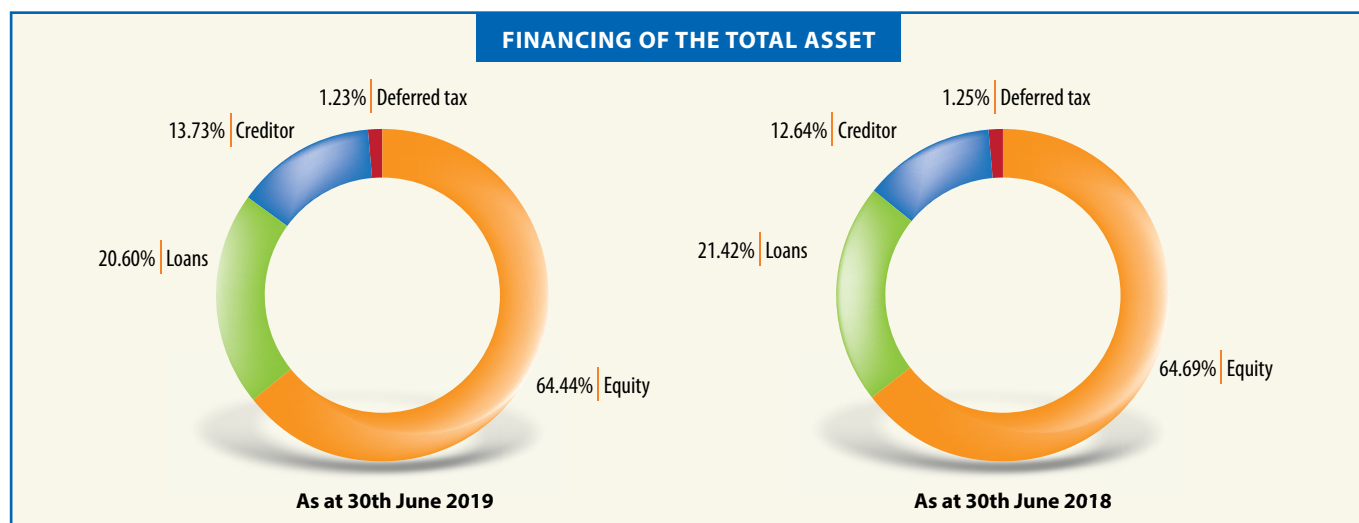
On behalf of the Board of Directors,



A S F Rahman
Chairman

28th October 2019, Dhaka

Graphical Presentation





Management's Discussion and Analysis

Company's Operational Position

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

Year	White ware QTY in M. pcs			DFW Production QTY in M. pcs			Packed & Sold QTY in M. pcs			No. of Decors' Design		No. of Shape (New)	
	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Total	Porcelain	Bone China	Porcelain	Bone China
2018-'19	11.688	4.511	16.199	11.385	4.170	15.555	11.040	3.870	14.910	2356	1936	12	12
2017-'18	12.348	3.728	16.076	11.928	3.305	15.233	11.960	3.33	15.29	2373	1923	16	15
2016-'17	13.236	2.720	15.956	13.001	2.851	15.852	12.702	2.43	15.132	2343	1895	17	16

Capacity Utilization

Based on the DFW output in pieces, capacity utilization during last three years were as follows:

Plant	Capacity in Mn. pcs	FY 2018 - 2019		FY 2017 - 2018		FY 2016 - 2017	
		Production in Mn. pcs	Capacity Utilization	Production in Mn. pcs	Capacity Utilization	Production in Mn. pcs	Capacity Utilization
Porcelain	14.400	11.385	79.06%	11.928	82.83%	13.001	90.28%
Bone China	5.400	4.170	77.22%	3.305	61.20%	2.851	52.78%
Total	19.800	15.555	78.56%	15.233	76.93%	15.852	77.20%

Production capacity utilization varies, primarily due to production of different shape, size, weight & decoration according to market demand. However, Porcelain production is declining over the years due aged kilns and Bone China production increased upon completion and becoming operational of Unit II.

Upvalue Recycling

During the year SCL has set up a small scale 'waste recycling plant' to process the broken or otherwise rejected/defective outputs of different stages of production. This will reduce the process loss (as the recycling plant's output will be used as one of the ingredients of forming materials) and also help us to protect 'the Environment' from dumping of the wastes

Accounting Policies & use of Estimates and Judgments

Accounting Policies, use of Estimates & Judgments have been disclosed in the notes 2 & 3 to the Financial Statements as at for the year ended 30th June 2019.

Effect of Changes in Accounting Policies & use of Estimates and Judgments

Capital works in progress amounting to Taka 1502.284 million was capitalized during the year FY 2017-2018 by transferring to property, plant & equipment (PPE). Therefore, depreciation- a non cash expense has gone up during the current year FY2018-2019 to Taka. 127.409 million compared to Taka 92.066 million of previous year. Consequently GP ratio has marginally gone down to 22.20% from last year's 22.65%.

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

Current year's financial performance, Financial position & Cash flows compared with those of preceding five years are tabulated in the attachment A & B. Also, a summarized vertical analysis of the cost and expenses for the FY 2018 – 2019 and FY 2017 - 2018 are tabled below;

SL	Particulars	FY 2018 - 2019		FY 2017 - 2018		Reason for increase
		Taka in million	Vertical %	Taka in million	Vertical %	
1	Revenue including other income	1542.853	100.00	1541.696	100.00	
2	Materials	542.963	35.19	572.542	37.14	
3	Depreciation	127.409	8.26	92.066	5.97	Due to last year's capitalization
4	Employee Cost	439.386	28.48	409.781	26.58	Due to yearly increments
5	Power, Fuel, Gas, Electricity, Utility	129.624	8.40	130.218	8.45	
6	Consumable Stores, Spares, Repair & Maintenance	60.999	3.95	54.4	3.53	To keep the aged kiln & machineries operational
7	Overheads	51.741	3.35	66.405	7.25	
8	Finance Cost	133.929	8.68	150.778	9.78	
9	Income Tax Expense	29.766	1.93	19.856	1.29	Statutory minimum tax

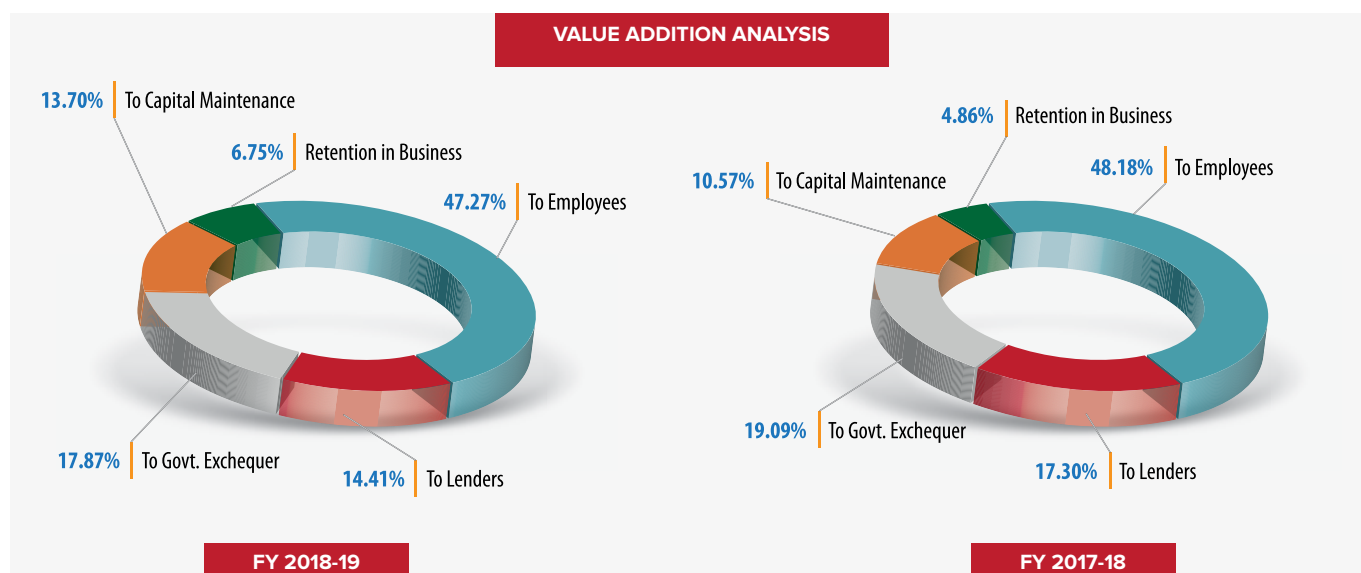
Management's efforts to control cost & expenses were yielding positive impact in reducing the costs & expenses, particularly other overhead expenses and the finance cost. Management will continue its focus on cost controlling in coming year as well.

Management's Discussion and Analysis

Value Addition Analysis

Value added statement for the FY2018-2019 and FY2017-2018 are attached in Attachment-C. During the year the company added value Taka 929.601 million (Taka 871.325 million in FY2017-2018) to the national economy which was utilized as follows:

	FY 2018 -2019	FY 2017 -2018
To Employees	47.27%	48.18%
To Lenders	14.41%	17.30%
To Govt. Exchequer	17.87%	19.09%
To Capital Maintenance	13.70%	10.57%
Retention in Business	6.75%	4.86%



Compare with the peer industry

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

	SCL		Industry average (General)
	Current Year (2018-'19)	Preceding 5 years average (Jan 2014 to Jun 2018)	
GP Ratio in percentage	22.20%	23.35%	+/-25%
EBITDA as a percentage Revenue	23.08%	21.12%	+/- 25%
OP Ratio in percentage	15.07%	16.03%	20%
NP Ratio in percentage	4.09%	0.66%	15%
Quick Asset Ratio	0.16:1	0.10:1	1:1
Current Asset Ratio	0.71:1	0.59:1	1.2:1
Debt. Equity Ratio	0.55:1	0.56:1	0.5:1
Total Liability to Total Asset Ratio	0.36:1	0.36:1	0.5:1
ROCE in percentage	1.47%	0.19%	5%
EPS in Taka	0.43	0.15	1.5
Debt. Servicing Coverage Ratio	1.1:1	0.92:1	1.5:1
Total Revenue to Total Asset	0.23:1	0.25:1	1:1
Total Revenue to Total Equity	0.36:1	0.39:1	2:1

Management's Discussion and Analysis

Financial & economic scenario of the Globe

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

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

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

SCL's Quick – Asset ratio is abnormally lower than industry average which indicates the company is under liquidity constraints. Higher profitability and reduction in expenses, specially financing cost, is the way to come out of the liquidity constraints. During the year 2018-'19 SCL perused this policy which is reflected in lower finance cost and better EPS.

Future Plan or projection

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

Conclusion

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



Mohammed Humayun Kabir FCA
Chief Executive officer (CEO)

Date: 28th October, 2019

Management's Discussion and Analysis

Attachment - A

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

	For the year ended 30 Jun'19	For the year ended 30 Jun'18	For the year ended 30 Jun'17	For 18 Months ended 30 Jun'16	For 6 months ended 30 Jun'16	For the year ended 31 Dec'15	For the year ended 31 Dec'14	For the year ended 31 Dec'13
Overall revenue Taka in Million	1,533.121	1,528.643	1,437.866	2,053.499	641.628	1,411.871	1,677.657	1,692.444
Inc/(dec) over previous year in %	0.29%	6.31%	5.03%	6.68%	(54.55%)	(15.84%)	(0.87%)	(12.20%)
Export Taka in Million	877.512	893.342	896.612	1,340.659	383.158	957.501	1,235.608	1,540.952
Inc/(dec) over previous year in %	(1.77%)	(0.36%)	0.32%	16.63%	(19.97%)	(22.51%)	(19.82%)	(8.67%)
% of total revenue	57.24%	58.44%	62.36%	65.29%	59.72%	67.82%	73.65%	91.05%
Domestic Taka in Million	655.609	635.301	541.254	712.84	258.47	454.37	442.049	151.492
Inc/(dec) over previous year in %	3.20%	17.38%	13.89%	(8.07%)	13.77%	2.79%	191.80%	(37.02%)
% of total revenue	42.76%	41.56%	37.64%	34.71%	40.28%	32.18%	26.35%	8.95%
Other income Taka in Million	9.732	13.053	17.254	27.058	12.859	14.199	22.627	12.241
Inc/(dec) over previous year in %	(25.44%)	(24.35%)	(4.35%)	(29.86%)	81.13%	(37.25%)	84.85%	(16.43%)
% of total revenue	0.63%	0.85%	0.84%	1.32%	0.63%	0.69%	1.10%	0.60%
Cost of goods sold Taka in Million	1192.696	1182.347	1111.841	1600.154	527.673	1072.481	1253.444	1241.105
Inc/(dec) over previous year in %	0.88%	6.34%	4.23%	1.08%	(1.60%)	(14.44%)	0.99%	(2.15%)
% of total revenue	77.80%	77.35%	77.33%	77.92%	82.24%	75.96%	74.71%	73.33%
Gross Profit (without O.I) Taka in Million	340.424	346.296	326.026	453.345	113.955	339.39	424.214	451.34
Inc/(dec) over previous year in %	(1.69%)	6.21%	7.87%	32.61%	(32.85%)	(20.00%)	(6.01%)	(33.04%)
% of total revenue	22.20%	22.65%	22.67%	22.08%	17.76%	24.04%	25.29%	26.67%
Operating Expense Taka in Million	(119.126)	(123.095)	(119.490)	(173.234)	(65.257)	(107.977)	(165.076)	(111.275)
Inc/(dec) over previous year in %	(3.22%)	3.02%	3.46%	(11.51%)	20.87%	(34.59%)	48.35%	5.10%
% of total revenue	7.77%	8.05%	8.31%	8.44%	10.17%	7.65%	9.84%	6.57%
Operating Profit Taka in Million	231.03	236.254	223.79	307.17	61.557	245.613	281.764	352.306
Inc/(dec) over previous year in %	(2.21%)	5.57%	9.28%	66.33%	(49.87%)	(12.83%)	(20.02%)	(37.99%)
% of total revenue	15.07%	15.46%	15.56%	14.96%	9.59%	17.40%	16.80%	20.82%
Finace Cost Taka in Million	(133.928)	(150.779)	(200.109)	(367.018)	(140.243)	(226.774)	(258.877)	(393.026)
Inc/(dec) over previous year in %	(11.18%)	(24.65%)	(18.22%)	(12.77%)	23.69%	(12.40%)	(34.13%)	7.79%
% of total revenue	8.74%	9.86%	13.92%	17.87%	21.86%	16.06%	15.43%	23.22%
Net Profit/(loss) before Tax Taka in Million	92.477	81.404	22.553	(60.744)	(78.686)	17.941	21.798	(46.911)
Inc/(dec) over previous year in %	13.60%	260.95%	(155.69%)	(74.27%)	(977.16%)	(17.69%)	(146.47%)	(126.79%)
% of total revenue	6.03%	5.33%	1.57%	2.96%	12.26%	1.27%	1.30%	2.77%
Net profit/(loss) after tax Taka in Million	62.712	61.548	8.293	(32.560)	(38.587)	6.026	(2.336)	(57.628)
Inc/(dec) over previous year in %	1.89%	642.17%	138.20%	(71.87%)	(1180.68%)	(357.96%)	(95.95%)	(163.83%)
% of total revenue	4.09%	3.00%	0.40%	(1.59%)	1.88%	0.29%	(0.11%)	(2.81%)
Fair Value Loss or Gain on Investment for the year	(10.031)	(15.352)	31.902	27.032	10.842	16.189	17.761	(44.794)
Comprehensive Income	52.681	46.196	40.194	(59.593)	(49.429)	(10.164)	15.425	(102.423)

Management's Discussion and Analysis

Attachment - B

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

	For the year ended 30 Jun'19	For the year ended 30 Jun'18	For the year ended 30 Jun'17	For 18 Months ended 30 Jun'16	For 6 months ended 30 Jun'16	For the year ended 31 Dec'15	For the year ended 31 Dec'14	For the year ended 31 Dec'13
Non Current Asset	5327.807	5451.430	5550.313	5595.370	5595.370	5712.745	5644.821	5163.868
Current Asset	1295.155	1064.735	920.773	889.047	889.047	971.05	1044.626	1710.385
Total Asset	6622.962	6516.165	6471.086	6484.417	6484.417	6683.795	6689.447	6874.253
Equity	4267.927	4215.246	4169.050	4128.855	4128.855	4254.431	4264.595	4487.866
Non Current Liability	526.777	578.613	672.156	776.314	776.314	925.453	627.018	629.398
Current Liability	1828.258	1722.306	1629.879	1579.247	1579.247	1503.911	1797.835	1756.990
Total Liability	2355.035	2300.919	2302.035	2355.561	2355.561	2429.364	2424.853	2386.388
Quick Ratio	0.16:1	0.13:1	0.11:1	0.07:1	0.07:1	0.08:1	0.10:1	0.39:1
Current Asset Ratio	0.71:1	0.61:1	0.56:1	0.56:1	0.56:1	0.65:1	0.58:1	0.97:1
Debt. Equity Ratio	0.55:1	0.53:1	0.55:1	0.57:1	0.57:1	0.57:1	0.57:1	0.53:1
Total Asset to Total Liability	2.81:1	2.87:1	2.80:1	2.75:1	2.75:1	2.75:1	2.75:1	2.92:1
Net Asst Value Per Share	29.04	28.68	28.37	28.09	28.09	28.95	29.02	28.91

Comparative Analysis of Cash Flows of Current Years with precedig 5 years

Net Cash Generated from Operating Activities	60.182	40.573	110.611	288.869	150.457	138.412	872.481	220.410
Cash Flow used for Investing Activities	-13.817	-8.536	-21.250	-137.023	-20.968	-116.055	-576.392	-9.998
Increased/Decreased in Cash & Cash Equivalent	14.754	-7.911	2.371	-5.335	0.290	-5.626	7.143	-1.521
Net Operating Cash Flows Per Share	0.41	0.28	0.75	1.96	1.02	0.94	5.94	1.50



Management's Discussion and Analysis

Attachment - C

Statement of Value Addition & Utilization

Taka in million

	2018 - 2019		2017 - 2018	
Total Revenue including Other Income	1,542.854		1,541.696	
Total VAT Paid	109.172		111.671	
Gross Value Addition	1,652.026		1,653.367	
Material, Packing Handling & Carrying	542.963		572.542	
Import Duty paid	(27.227)		(25.623)	
Material cost less import Duty	515.736		546.919	
Store and Spares	60.999		54.400	
Overheads	51.741		66.405	
Power, Fuel, Gas, Electricity	129.624		130.218	
Change in FG Value	(35.675)		(15.900)	
Goods & Services Used	(722.425)		(782.042)	
Net Value Addition	929.601		871.325	
To Employees	439.386	47.27%	419.781	48.18%
To Lenders	133.929	14.41%	150.779	17.30%
To Govt Exchequer (Duty, VAT & Tax)	166.165	17.87%	166.340	19.09%
To Capital Management	127.409	13.70%	92.067	10.57%
Retention in Business	62.712	6.75%	42.358	4.86%
Value Addition Used	929.601	100.00%	871.325	100.00%



Report of the CEO and the CFO

Date: 28th October, 2019

The Board of Directors
SHINEPUKUR CERAMICS LIMITED

Subject: Declaration on Financial Statements for the year ended on 30th June 2019.

Dear Sir,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated: 3ed June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Shinepukur Ceramics Limited for the year ended on 30th June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and adjustments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.


In this regards, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30th June 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Mohammed Humayun Kabir, FCA
Chief Executive Officer



Nargis Sultana
Head of Finance & Accounts

Certification on Compliance of Conditions of Corporate Governance



Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of Shinepukur Ceramics Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Shinepukur Ceramics Limited for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/ CMRRCD/ 2006-158/207/ Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is highly satisfactory.

Dhaka, Dated
November 21, 2019



Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chartered Secretary in Practice

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Corporate Governance

Compliance Status Report

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1 (1)	Board's Size [number of Board members to be 5 – 20]	√		
1 (2)	Independent Directors			
1(2) (a)	Independent Director(s) (at least one fifth of total number of directors shall be Independent Director)	√		
1(2)(b)	Independent Director (ID)			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent(1%) shares of the total paid up shares of the company	√		
1(2)(b)(ii)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds 1% or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship , whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC holder, director or officer of any stock exchange;			
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of the Code	√		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies			
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter In payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI)	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;			
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the AGM.	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		
1(2)(e)	The tenure of office on an independent director shall be for a period of 3(three) years, which may be extended for 1 tenure only.	√		
1.3	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable Individual with Integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or member of any national or international chamber of commerce or business association	N/A		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than CEO or MD or DMD or CFO or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Hear of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company.	N/A		
1(3)(b)(iii)	Former official of Government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree In economics or commerce or business or law	N/A		
1(3)(b)(iv)	University teacher who has educational background in Economics or Commerce or Business Studies or Law	N/A		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(3)(b)(v)	Professional who is or was an advocate practicing at least In the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or Equivalent qualification	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the commission	N/A		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director(MD) and/or Chief Executive Officer(CEO) of the company shall be filled by different individuals	√		
1(4)(b)	The MD and/or CEO of a listed company shall not hold the same position in another listed company	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the MD and/or CEO	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Boards meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
1(5)	The directors' Report to Shareholders	√		
1(5)(i)	industry outlook and possible future developments in the industry	√		
1(5)(ii)	Segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns Including internal and external risk factors, threat to sustainability and negative impact on environment	√		
1(5)(iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1(5)(v)	Discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss)	√		
1(5)(vi)	Detail discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		
1(5)(vii)	Statement of utilization of proceeds raised through public issues, rights issues, and/or any other instruments	N/A		No public right issue during the year
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc	N/A		No public right issue during the year
1(5)(ix)	Explanation on any significant variance that occurs between quarterly Financial performances and Annual Financial Statements	√		
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		
1(5)(xi)	Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		
1(5)(xii)	Statement that proper books of account of the issuer company have been maintained	√		
1(5)(xiii)	Statement that appropriate accounting policies have been consistently applied In preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		
1(5) (xiv)	Statement that IAS or IFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xv)	Statement that the system in internal control is sound in design and has been effectively Implemented and monitored	√		
1(5)(xvi)	Statement that minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress	√		
1(5)(xvii)	Statement that there is no significant doubt upon the issuer company's ability to continue a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed	√		
1(5)(xviii)	Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	√		
1(5)(xix)	Statement where key operating and financial data of at least preceding 5 years shall be summarized	√		
1(5)(xx)	Explanation on the reasons if the issuer company has not declared dividend (Cash or stock) for the year	√		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as Interim dividend	√		
1(5)(xxii)	The total number of Board meeting held during the year and attendance by each director	√		
1(5)(xxiii)	Report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by	√		
1(5)(xxiii)(a)	parent or subsidiary or associated companies and other related parties	√		
1(5)(xxiii)(b)	Directors, COE, Company Secretary, CFO, Head of Internal Audit and Compliance and their spouses and minor children	√		
1(5)(xxiii)(c)	Executives,	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company	√		
1(5)(xxiv)	in case of appointment or reappointment of a director, a disclosure on the following information to the shareholders	√		
1(5)(xxiv)(a)	Brief resume of the director	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas	√		
1(5)(xxiv)(c)	names of company in which the person also holds the directorship and the membership of committees of the Board	√		
1(5)(xxv)	Management's discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, If any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1.5 (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe	√		
1(5) (xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e, actual position shall be explained to the shareholders in the next AGM	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure - A	√		
1(5)(xxvii)	the report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(6)	Meetings of the Board of Directors: The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	√		
1(7)	Code of Conduct for the Chairperson, Other Board members and CEO			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee at condition No.6, for the Chairperson of the Board, other board members and CEO of the company	√		
1(7)(b)	The Code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws; rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency,	√		
2	Governance of Board of Directors of Subsidiary Company			There is no subsidiary company
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	N/A		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company.	N/A		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	N/A		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	N/A		
3	MD or CEO, CFO, Head of Internal Audit & Compliance and Company Secretary			
3(1)	Appointment	√		
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and a Head of Internal Audit and Compliance	√		
3(1)(b)	The position of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals	√		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	√		
3 (1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, HIAC and CS.	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	√		
3(2)	Requirement to attend Board of Directors' Meetings			
3(3)	Duties of MD or CEO and CFO			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	√		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
5	Audit Committee			
5(1)	Responsibility to the Board of Directors	√		
5(1)(a)	The company shall have an audit committee as a subcommittee of the Board	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		
5(1)(c)	The audit committee shall be responsible to the Board; the duties of the audit committee shall be clearly set forth in writing	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3(three) members	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director.	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10(ten) years of such experience	√		
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3(three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1(one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		No such incident was occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director	√		No such incident was occurred
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1(one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting(AGM)	√		
5 (4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	√		
5(5)(b)	Monitor choice of accounting policies and principles	√		
5(5)(c)	Monitor internal audit and compliance process to ensure that it is adequately resourced, including approval of the internal audit and compliance, plan and review of the internal audit and compliance report	√		
5(5)(d)	Oversee hiring and performance of external auditors	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√		
5(5)(f)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		
5(5)(h)	Review the adequacy of internal audit function	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5(5)(j)	Review statement of all related party transactions submitted by the management	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		
5(5)(m)	Oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The audit committee shall report on its activities to the Board	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings if any:			
5(6)(a)(ii)(a)	Report on conflicts of interests			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			N/A
5(6)(a)(ii)(d)	Any other matter which the audit committee deems necessary shall be disclosed to the Board immediately	√		
5(6)(b)	Reporting to the Authorities: If the audit committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee find that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of six months from the date of first reporting to the Board, whichever is earlier.	√		No such matter arisen during the year
5(7)	Reporting to the Shareholders and General investors: report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6) (a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a NRC as a subcommittee of the Board	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	√		
6(1)(c)	The terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director	√		
6(2)(b)	All members of the Committee shall be non-executive directors	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(2)(e)	In case of death, resignation, disqualification or removal of any member of the Committee or in any other cases of vacancies, the Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.	√		No such incident was occurred
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staffs shall be required or valuable for the Committee	√		No such incident was occurred
6(2)(g)	The company secretary shall act as the secretary of the Committee	√		No such incident was occurred
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		No such incident was occurred
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial Year	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC	√		No such incident was occurred
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board	√		
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following	√		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks	√		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	√		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board	√		

Corporate Governance Compliance Status Report

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely	√		
7(1)(i)	appraisal or valuation services or fairness opinions	√		
7(1)(ii)	financial information systems design and implementation	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements	√		
7(1)(iv)	broker-dealer services	√		
7(1)(v)	actuarial services	√		
7(1)(vi)	internal audit services or special audit services	√		
7(1)(vii)	any service that the Audit Committee determines	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√		
7(1)(ix)	any other service that creates conflict of interest	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange	√		
8(2)	The company shall keep the website functional from the date of Listing	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	√		

Report on the Activities of the Audit Committee

for the year ended on 30 June 2019

Dear Shareholders,

I am pleased to present the Report of the Audit Committee for the year ended on 30 June 2019.

The Audit Committee Report presented under condition No.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code provides an insight on the functions of the Audit Committee for the year ended on 30th June 2019.

Composition of the Audit Committee:

The Audit Committee of Shinepukur Ceramics Limited, a prime Board sub-committee, assists the Board in discharging its governance responsibilities. The Board has formed the Audit Committee, required under Codes of Corporate Governance of BSEC with some specific assignments under its Terms of Reference. In 2018, the Committee is constituted as follows:

Barrister Faheemul Huq, Independent Director, Chairman of the Audit Committee, Mr. O. K. Chowdhury, FCA, Non-Executive Director, Member, and Mr. Iqbal Ahmed, Member, Non-Executive Director, Member Mohammad Asad Ullah, FCS, Company Secretary, Secretary of the Audit Committee.

The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors and the Chairman is an Independent Director.

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

Role of Audit Committee:

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

The role of the Audit Committee includes the following:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- Oversee hiring and performance of external Auditors.
- Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- 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 the Management's Discussion and Analysis before disclosing in the Annual Report;
- Review statement of all related party transactions submitted by the management;
- Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
- Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;
- To review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc. framed/issued by the regulatory authorities have been complied with.
- Other matters as per Terms of Reference (ToR) of the Audit Committee and also as directed by the Board, from time to time.

Authority:

In terms of Corporate Governance Code issued by BSEC, 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.

Report on the Activities of the Audit Committee

Responsibilities and Duties

The responsibilities and duties of the Audit Committee are:

Financial Reporting

- To review the quarterly and annual financial statements of the Company, focusing particularly on :
 - Any significant changes to accounting policies and practices;
 - Significant adjustments arising from the audits;
 - Compliance with applicable financial reporting standards and other legal and regulatory requirements, and
 - The going concern assumption.

Related Party Transactions

- To review any related party transactions and conflict of interest situations that may arise within the Company, including any transaction, procedure or course of conduct that may arise questions of management integrity.

Audit Committee Reports

- To prepare the annual Audit Committee Report and submit it to the Board which includes: the composition of the Audit Committee, its terms of reference, number of meetings held and attendance thereat, a summary of its activities and the performance of internal audit services for inclusion in the Annual Report, and to review the Board's statements on compliance with the BSEC Codes of Corporate Governance for inclusion in the Annual Report.

Internal Control

- To consider annually the risk management framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Company to minimize losses and maximize opportunities;
- To ensure that the system of internal control is thoroughly conceived and in place, effectively administered and regularly monitored;
- To review the extent of compliance with established internal policies, standards, plans and procedures, including, for example, the Company's Standards of Business Conduct;
- To obtain assurance that proper plans for control has been developed prior to the commencement of major areas of change within the Company; and
- To recommend to the Board about steps needed to improve the system of internal control derived from the findings of the internal and external auditors, and from the consultations of the Audit Committee itself.

Internal Audit

- To be satisfied that the plan, methodology and resource for internal auditing are communicated down through the Company. Specifically :
 - To review the internal audit plans and to be satisfied as to their consistency with the risk management framework used and adequacy of coverage;

- To be satisfied that Internal Audit has the competency and qualifications to complete its mandates and approved audit plans.
- To review status reports from internal audit and ensure that appropriate actions have been taken to implement the audit recommendations;
- To recommend any broader review deemed necessary as a consequence of the issues or concerns identified;
- To ensure that internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its activities; and
- To request and review any special audit which it deems necessary.

External Audit

- To review the external auditor's audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one of its meetings;
- To review with the external auditor, the Statement on Risk Management and Internal Control of the Company for inclusion in the Annual Report;
- To review any matter concerning the appointment and re-appointment, audit fee and resignation or dismissal of the external auditor;
- To review and evaluate factors related to the independence of the external auditor and assist them in preserving their independence;
- To be advised of and decide to or not to make significant use of the external auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as auditor is not deemed to be compromised; and
- To review the external auditor's findings arising from audits, particularly and comments and responses in management letters, as well as the assistance given by the employees of the Company in order to be satisfied that appropriate action is being taken.

Other Matters

- To act on any other matters as may be directed by the Board.

Reporting of the Audit Committee:

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

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter which the Audit Committee deems necessary shall be disclosed to the board immediately.

Report on the Activities of the Audit Committee

The Audit Committee further ensures that, in compliance with condition No.5 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated 3 June 2018 the Chief Executive Officer(CEO) and Chief Financial Officer(CFO) of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 30th June 2019, and they state that:

- (i) They have reviewed the financial statements for the year ended on 30th December 2019 and that to the best of their knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statement collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of their knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct of the Company's Board of Directors or its Members.

Such joint certificate of the CEO and CFO is thoroughly reviewed by the Audit Committee before submission to the Board.

Reporting to the Authorities

The Audit Committee reports to the Board of Directors about anything which has a material impact on the financial condition and results of operation. The Committee also discusses with the Board of Directors and the management if any rectification is necessary. If the Audit Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities and Exchange Commission upon reporting of such matters to the Board of Directors for three times or completion of a period of six months from the date of first reporting to the Board of Directors, whichever is earlier.

Reporting to the Shareholders and General Investors:

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition No.5(6) (a)(i) of the BSEC's Corporate Governance Code mentioned above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

Meeting Attendance

The Audit Committee met four times during the year ended on 30 June 2019. All the Members were present in all meetings of the Committee.

The Managing Director, Chief Financial Officer, Head of Internal Audit and Compliance of the Company and representatives of the external Auditors had attended the meetings upon invitation by the Audit Committee. From time to time, relevant stakeholders and other senior members of the management have also been invited by the Audit Committee to attend Audit Committee meetings. The Audit Committee met with the external Auditors separately, and with the Internal Auditors, on an annual basis without any

Executive Director being present. The Company Secretary, being the Secretary of the Audit Committee, facilitates the Chairman and other Members for effective functioning of the Committee, as per its terms of reference as well as Corporate Governance Code of BSEC.

Summary of activities and recommendations of the Audit Committee for the year ended on 30th June 2019:

Financial Reporting

In terms of reference, the Committee in its first meeting held on October 23, 2018 reviewed the Annual Financial Statements for the year ended on 30 June 2018. During the meeting the Chief Financial Officer presented the draft annual accounts along with the independent auditors' report to the Committee and briefed the committee regarding the financial performance of the Company.

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

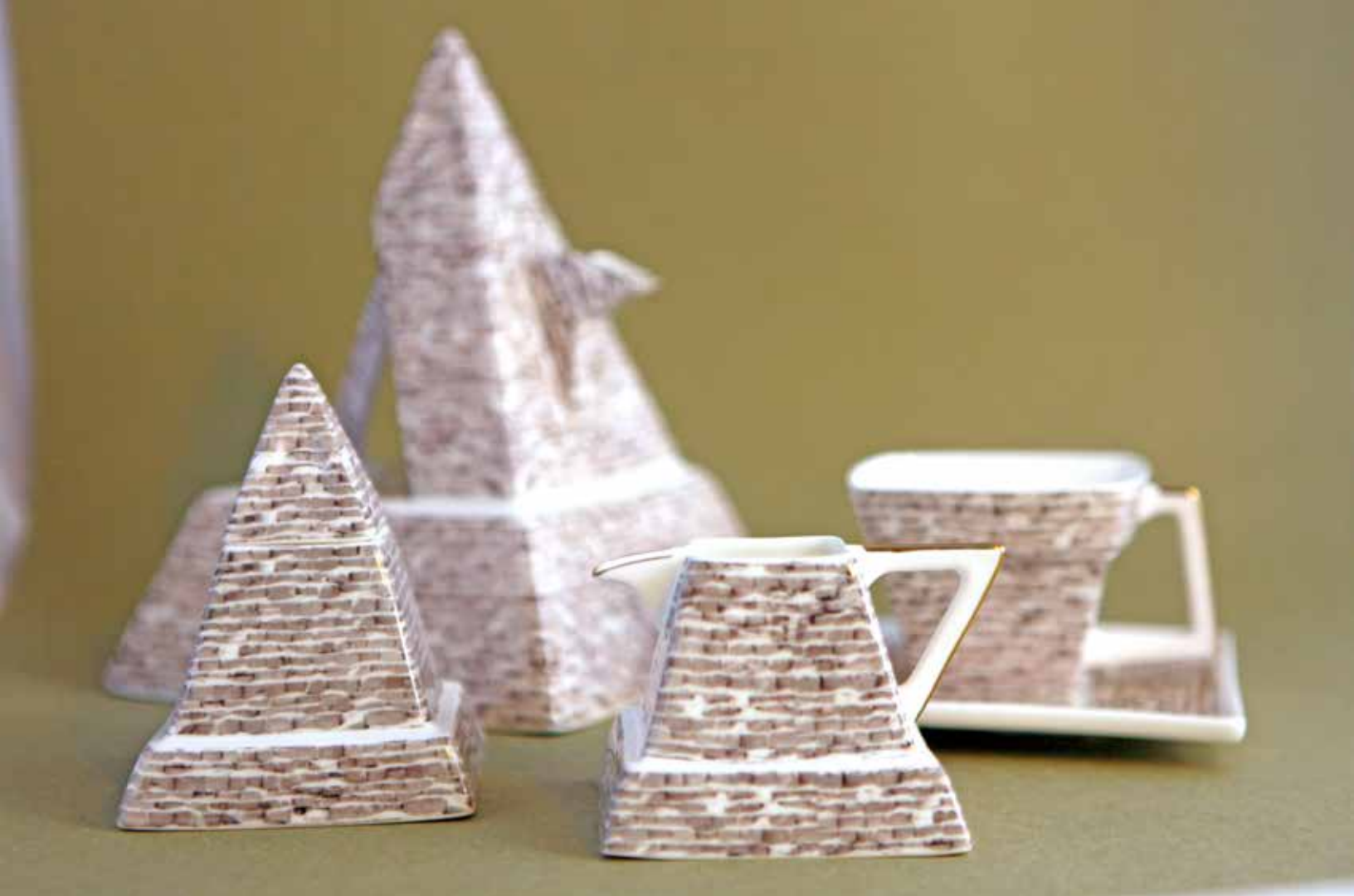
In addition to the above meeting, the Audit Committee met three times during the year ended on 30 June 2019. All the Members were present in all meetings of the Committee.

The second meeting of the Committee was held on November 11, 2018, prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on September 30, 2018. The Committee reviewed the financial progress during the first quarter and examined in detail and recommended the same for approval by the Board to release to the Shareholders of the Company.

The third meeting of the Committee was held on January 27, 2019 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on December 31, 2018.

The fourth meeting of the Committee was held on April 25, 2019 to release of the un-audited third quarter financial statements of the Company for the quarter ended March 31, 2019. The detailed review of the financial statements was made by the Committee and recommended to the Board for approval of the financial statements for release to the Shareholders of the Company.

The Chief Executive Officers 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 in the above Audit Committee meetings. The Audit Committee met with the External Auditors and separately, with the internal Auditors on an annual basis.

The Audit Committee also reviewed, approved and monitored the procedures and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/observation in the areas of reporting.

Annual Reporting

Reviewed disclosures required by the statement on corporate governance, audit committee report, standards of business conduct, statement on risk management and internal control for the financial year ended 30th June 2019 for inclusion in the Annual Report, 2018-19, and recommended their adoption to the Board.

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 2019-20, subject to the approval of shareholders in the 22nd AGM of the Company, who had carried out the audit of the Company for the year ended on 30 June 2019.

Report Authorization

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 28 October 2019.

On behalf of the Audit Committee

(BARRISTER FAHEEMUL HUQ)
Chairman

Financials



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shinepukur Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shinepukur Ceramics Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 and Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Revenue Recognition The Company manufactures and sells a number of products for customers. The Company has adopted the new accounting standard IFRS 15 accordingly has reviewed its sales contracts for determining the principles for recognizing revenue in accordance with the new standard. Some of the sales contracts contain various performance obligations and management exercises judgement to determine timing of revenue recognition, i.e., over time or a point in time. See Note No: 18 to the financial Statements	Principal audit procedures: <ul style="list-style-type: none"> Obtained an understanding of the various revenue streams and nature of sales contracts entered into by the Company. Evaluated the design of internal controls relating to identification of performance obligations and determining timing of revenue recognition. Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to the identification of performance obligations and timing of revenue recognition. Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard.
Valuation of Property, Plant and Equipment (PPE) The carrying value of the PPE was Tk. 5,269,337,376 as at 30 June, 2019. Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation. See Note No. 4.00 to the financial statements	Our audit included the following procedure: <ul style="list-style-type: none"> We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate. We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shinepukur Ceramics Limited

Valuation of Inventory

The inventory of Tk. 866,347,612 as at 30 June, 2019 held in factory and Showroom.
Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items. Since the value of Inventory is significant to the Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.

See Note No. 6.00 to the financial statements

We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:

- Evaluating the design and implementation of key inventory controls operating across the factory and Showroom.
- Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data.
- Reviewing the requirement of inventory provisioning and action there upon by the management.
- Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.

IT Systems and Controls

Our audit procedures have a focus on information technology systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.
Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.

- We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (Logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.
- We tested the company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Contingent Liabilities

The Company is subject to contingent liabilities on account of outstanding letter of credit and letter of bank guarantee as on the date of financial position. Letter of credit are issued for importing raw materials and the bank guarantee issued favoring Titas Gas Transmission and Distribution Company Ltd. The contingent liabilities will be turned to actual liability if and when the beneficiaries perform as per contract or the company fails to perform its obligations.
As per the management judgement there requires no provision against the contingent liabilities as of the date of financial position.

See Note No. 32.00 to the financial statements

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the contingencies process.

We enquired to those charged with governance to obtain their view on the status of the outstanding letter of credit and bank guarantee. We enquired of the Company's internal legal counsel for the bank guarantee and inspected internal notes and reports. We also reviewed formal confirmations in this regard from external counsel. We assessed the methodologies on which the provision amounts are required to be recalculated, and tested the completeness and accuracy of the underlying information.

We also assessed the Company's contingent liabilities disclosure.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT***To the Shareholders of Shinepukur Ceramics Limited*

Our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements

If, based on such work we perform, we conclude that there is a material misstatement of the other information, we shall communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shinepukur Ceramics Limited

a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also 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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's Statement of Financial Position(Balance sheet) and Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d) The expenditures incurred and payment made were for the purpose of the company's business for the year.

Dhaka, 28 October 2019

M. J. ABEDIN & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Amount in Taka	
		30-June-19	30-June-18
ASSETS			
Non-Current Assets		5,327,807,561	5,451,430,431
Property, Plant and Equipment - Carrying Value	4.00	5,269,337,376	5,382,929,527
Investment in Shares	5.00	58,470,185	68,500,904
Current Assets		1,295,154,708	1,064,734,691
Inventories	6.00	866,347,612	747,054,319
Accounts & Other Receivables	7.00	272,949,292	198,228,498
Advances, Deposits & Prepayments	8.00	130,348,652	108,696,738
Cash and Cash Equivalents	9.00	25,509,152	10,755,136
Total Assets		6,622,962,269	6,516,165,122
EQUITY AND LIABILITIES			
Shareholders' Equity		4,267,926,974	4,215,245,981
Issued Share Capital	10.00	1,469,660,550	1,469,660,550
Revaluation Surplus on Property, Plant and Equipment	11.00	2,966,690,015	2,966,690,015
Fair Value Loss on Investment in Shares		(106,500,419)	(96,469,701)
Retained Earnings		(61,923,172)	(124,634,883)
Non-Current Liabilities		526,777,230	578,613,263
Long Term Loans - Net-off Current Maturity(Secured)	12.00	313,768,701	376,998,771
Gratuity Payable	13.00	131,536,452	120,142,415
Deferred Tax Liability	14.00	81,472,077	81,472,077
Current Liabilities		1,828,258,065	1,722,305,878
Short Term Loans from Banks & Other	15.00	863,635,578	832,979,996
Long Term Loans-Current Maturity (Secured)	16.00	187,071,590	186,108,052
Creditors, Accruals and Other Payables	17.00	777,550,897	703,217,830
Total Equity and Liabilities		6,622,962,269	6,516,165,122

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

Approved and authorized for issue by the board of directors on 28 October 2019 and signed for and on behalf of the board.



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Mohammed Humayun Kabir FCA
Chief Executive



Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
28 October 2019

STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2019

	Notes	Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
Revenue	18.00	1,533,121,181	1,528,643,124
Cost of Goods Sold	19.00	(1,192,696,859)	(1,182,346,853)
Gross Profit		340,424,322	346,296,271
Other Income	20.00	9,732,635	13,052,711
Operating Expenses		(119,126,800)	(123,095,345)
Administrative Expenses	21.00	(63,250,534)	(59,800,153)
Selling & Distribution Expenses	22.00	(55,876,266)	(63,295,192)
Profit from Operations		231,030,157	236,253,637
Finance Cost	23.00	(133,928,558)	(150,778,835)
Profit before WPPF		97,101,599	85,474,802
Workers' Profit Participation Fund		(4,623,886)	(4,070,229)
Net Profit Before Tax		92,477,713	81,404,573
Income Tax Income/(Expense)	24.00	(29,766,002)	(19,856,543)
Net Profit After Tax for the year		62,711,711	61,548,030
Earning Per Share	25.00	0.43	0.42

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

Approved and authorized for issue by the board of directors on 28 October 2019 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Mohammed Humayun Kabir FCA
Chief Executive



Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

Dated, Dhaka
28 October 2019



M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		01.07.2018-30.06.2019	01.07.2017-30.06.2018
Net Profit /(Loss) After Tax for the year		62,711,711	61,548,030
Fair Value Gain/(Loss) on Investment in Shares	5.00	(10,030,718)	(15,351,876)
Total Comprehensive Income/(Loss) for the year		52,680,993	46,196,154

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

Particulars	Amount in Taka				
	Share Capital	Revaluation Surplus on PPE	Fair Value Loss on Investment in Shares	Retained Earnings	Total Equity
Balance as on 1 July 2017	1,469,660,550	2,966,690,015	(81,117,825)	(186,182,913)	4,169,049,827
Net Profit after tax for the year ended 30 June 2018	-	-	-	61,548,030	61,548,030
Fair Value Gain on Investment in Shares (Note - 5)	-	-	(15,351,876)	-	(15,351,876)
Total Balance as on 30 June 2018	1,469,660,550	2,966,690,015	(96,469,701)	(124,634,883)	4,215,245,981
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share					28.68
Balance as on 1 July 2018	1,469,660,550	2,966,690,015	(96,469,701)	(124,634,883)	4,215,245,981
Net Profit after tax for the year ended 30 June 2019	-	-	-	62,711,711	62,711,711
Fair Value Gain/(Loss) on Investment in Shares (Note-5)	-	-	(10,030,718)	-	(10,030,718)
Total Balance as on 30 June 2019	1,469,660,550	2,966,690,015	(106,500,419)	(61,923,172)	4,267,926,974
Number of Shares					146,966,055
Net Assets Value (NAV) Per Share (Note: 26)					29.04

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

Approved and authorized for issue by the board of directors on 28 October 2019 and signed for and on behalf of the Board:


A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

As per our separate report of even date annexed.

Dated, Dhaka
28 October 2019

M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF CASH FLOWS


for the year ended 30 June 2019


	Notes	Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
Cash Flows From Operating Activities:			
Collections from turnover and other income		1,468,133,022	1,509,269,927
Payments for costs, expenses & others		(1,247,229,684)	(1,291,527,200)
Interest Paid		(130,955,318)	(148,123,479)
Income-Tax paid and /or deducted at sources		(29,766,002)	(29,046,111)
<i>Net cash generated from operating activities</i>	<i>27.00</i>	<i>60,182,018</i>	<i>40,573,137</i>
Cash Flows From Investing Activities:			
Property, Plant and Equipment acquired		(13,817,051)	(8,536,567)
Addition of Capital Work in Progress		-	-
<i>Net cash used in investing activities</i>		<i>(13,817,051)</i>	<i>(8,536,567)</i>
Cash Flows From Financing Activities:			
Decrease in Loan		(31,610,950)	(39,947,581)
<i>Net cash used in financing activities</i>		<i>(31,610,950)</i>	<i>(39,947,581)</i>
<i>Increase/(Decrease) in Cash and Cash Equivalents</i>		<i>14,754,016</i>	<i>(7,911,011)</i>
<i>Cash and Cash Equivalents at the beginning of the year</i>		<i>10,755,136</i>	<i>18,666,147</i>
<i>Cash and Cash Equivalents at the end of the year</i>	<i>9.00</i>	<i>25,509,152</i>	<i>10,755,136</i>
<i>Net Operating Cash Flows Per Share</i>	<i>28.00</i>	<i>0.41</i>	<i>0.28</i>

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

Approved and authorized for issue by the board of directors on 28 October 2019 and signed for and on behalf of the board.


A S F Rahman
 Chairman



Salmán F. Rahman
 Vice-Chairman


Mohammed Humayun Kabir FCA
 Chief Executive


Nargis Sultana
 Head of Finance & Accounts

As per our separate report of even date annexed.

Dated, Dhaka
 28 October 2019


M. J. ABEDIN & CO
 Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

1 The background and activities of the Company

1.1 Status of the Company

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

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

1.2 Principal Activities

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

2 Bases of Financial Statements – Preparation and Presentation

2.1 Measurement Bases

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

2.2 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws and regulations as applicable and in accordance with the applicable International Financial Reporting Standards (IFRSs) including International Accounting Standards (IASs)

2.3 Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at 30 June 2019;
- (b) a statement of profit or loss as at 30 June 2019;
- (c) other comprehensive income for the year from 01 July 2018 to 30 June 2019;
- (d) a statement of changes in equity for the year from 01 July 2018 to 30 June 2019;
- (e) a statement of cash flows for the year from 01 July 2018 to 30 June 2019; and
- (f) notes, comprising a summary of significant accounting policies and other explanatory information.

2.4 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on 28 October 2019.

2.5 Functional and Presentation Currency

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

2.6 Reporting Period and Comparative Information

The financial Statements have been prepared for 12 (Twelve) months (from 1st July 2018 to 30th June 2019).

Figures for the year ended 30 June 2018 have been re-arranged/restated wherever considered necessary to ensure better comparability with the current period. The company has recognized the bank payments against the goods shipped to the foreign supplier's (payment against documents-PAD) as liability during the year. Therefore Assets and liabilities of 30 June 2018 has been restated to conform the current year's presentation.

2.7 Use of Estimates and Judgments

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



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

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

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

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

3. Significant Accounting Policies

3.1 Revenue Recognition

In compliance with the requirements of IFRS 15 Revenue from Contracts with Customers, revenue receipts from customers against sales is recognized when all the performance obligation have been satisfied

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

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

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

Property, plant and equipment (including assets acquired under finance lease) are capitalized at cost of acquisition and subsequently stated at cost revalued amount less accumulated depreciation in compliance with the requirements of IAS 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 IAS 23: Borrowing Costs.

3.2.3 Subsequent Expenditure

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

3.2.4 Software

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

3.2.5 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

3.2.6 Depreciation on Fixed Assets

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

Building and Other Construction	2.5%
Plant and Machinery	4.5%
Furniture & Fixture	20%
Transport & Vehicle	20%
Office Equipment	20%

3.3 Leased Assets

Cost of assets (except rental building) acquired under lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made are apportioned between the finance expenses and the reduction of the outstanding liability. Therefore, the newly adopted IFRS 16: Leases has been complied with except for rental building.

3.4 Financial Instruments

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

3.4.1 Financial Assets

(a) Investment in Shares

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

(b) Accounts Receivable

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

(c) Advances and Deposits

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

Deposits are measured at payment value.

(d) Cash and Cash Equivalents

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

3.4.2 Financial Liability

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

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

3.5 Impairment

(a) Financial Assets

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



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

(b) Non-Financial Assets

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

3.6 Inventories

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

3.7 Provisions

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

3.8 Income Tax Expenses**Current Tax**

Applicable Income Tax Rate is 25% on taxable income. However, Tax deducted at source (TDS) as per Section 53BBBB under Income Tax Ordinance, 1984 is minimum tax u/s 82(C). The company enjoys the 50% tax rebate on their export sales.

Tax deducted at sources U/S 52 and rule 16 (against supply of local sales), U/S 53 (against imported materials) and U/S 53 BBBB (against export sales)

Deferred Tax

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

3.9 Interest Income

Interest Income is recognized on accrual basis.

3.10 Borrowing Costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

3.11 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

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

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

(b) Defined Benefits Plan (Gratuity)

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

(c) Short-term Employee Benefits

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

(d) Contribution to Workers' Participation/Welfare Funds

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

(e) Group Insurance Scheme

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

3.12 Proposed Dividend

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

3.13 Earnings per Share

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

Basic Earnings (Numerator)

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

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

Current Year

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

Earlier Periods

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

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

Diluted Earnings per Share

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

**NOTES TO THE FINANCIAL STATEMENTS***As at and for the year ended 30 June 2019***3.14 Foreign Currency Transactions**

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

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

There was no unrealized exchange gain/(loss) as there was no monetary asset and liabilities denominated in foreign exchange as on the date of financial position.

3.15 Segmental Reporting

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

3.16 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as encouraged by IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed. However, cash generation from operating activities using indirect method and also been calculated and disclosed in notes to the accounts (Note: 29)

3.17 Events after the Reporting Period

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

4.00 Property, Plant and Equipment-Carrying Value : Tk. 5,269,337,376

Particulars	Amount in Taka						
	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total
Cost or Valuation:							
At 30 June 2018	1,882,071,406	1,858,525,893	3,644,034,341	58,515,829	30,511,836	21,709,479	7,495,368,783
Addition during the year	-	2,915,900	10,537,119	230,000	134,032	-	13,817,051
Transferred in & Capitalized	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-
At 30 June 2019	1,882,071,406	1,861,441,793	3,654,571,460	58,745,829	30,645,868	21,709,479	7,509,185,834
Depreciation:							
At 30 June 2018	-	394,534,128	1,617,120,593	53,811,499	27,356,468	19,616,569	2,112,439,256
Depreciation for the year	-	33,660,585	91,685,289	986,866	657,880	418,582	127,409,202
Disposal during the year	-	-	-	-	-	-	-
At 30 June 2019	-	428,194,713	1,708,805,882	54,798,365	28,014,348	20,035,151	2,239,848,458
Carrying Amount:							
As at 30 June 2019	1,882,071,406	1,433,247,080	1,945,765,578	3,947,464	2,631,520	1,674,328	5,269,337,376
As at 30 June 2018	1,882,071,406	1,463,991,765	2,026,913,748	4,704,330	3,155,368	2,092,910	5,382,929,527

Disclosure on Revaluation:

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

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

- (b) M/S G.K.Adjusters Ltd.(Insurance Surveyors, Loss Adjusters, Controllers, Consultants and Valuers) of Chand Mansion (5th floor), 66, Dilkusha Commercial Area, was involved to carry out the revaluation of 2004.
- (c) SF Ahmed & Co, Chartered Accountants, House 25, Road 13A, Block - D, Banani, Dhaka - 1213 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2008, following “current cost method”. Such revaluation resulted in a revaluation surplus aggregating Tk. 1,161,818,681.
- (d) Ata Khan & Co, Chartered Accountants, 67 Motijheel Commercial Area, Dhaka - 1000 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2011, following “current cost method”. Such revaluation resulted in a revaluation surplus aggregating Tk. 1,612,405,062.



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

	Notes	Amount in Taka	
		30-June-19	30-June-18
5.00 Investment in Shares : Tk. 58,470,185			
The basis of valuation is stated in Note 3.4.1 (a).			
This consists of Investment in Shares of listed Companies as follows :			
(a) In 65,716 (30.06.2018: 65,716) Shares of Beximco Synthetics Ltd. (Face value Tk. 10.00),(Listed company, Market value Tk. 5.90 per share on 30 June 2019)		387,724	565,158
(b) In 2,592,967 (30.06.2018: 2592967) Shares of Bangladesh Export Import Co. Ltd.(Face value Tk. 10.00),(Listed company, Market value Tk. 22.40 per share on 30 June 2019)		58,082,461	67,935,746
		58,470,185	68,500,904

This is arrived at as follows:

	30.06.2019			30.06.2018		
	Beximco Synthetics Ltd.	Beximco Ltd.	Total	Beximco Synthetics Ltd.	Beximco Ltd.	Total
Opening Balance	565,158	67,935,746	68,500,904	630,874	83,221,906	83,852,779
Adjustment for Sales during the year	-	-	-	-	-	-
	565,158	67,935,746	68,500,904	630,874	83,221,906	83,852,779
Less: Quoted Price on year end	387,724	58,082,461	58,470,185	565,158	67,935,746	68,500,904
Fair Value Gain/(Loss) on Investment in Shares	(177,434)	(9,853,285)	(10,030,718)	(65,716)	(15,286,160)	(15,351,876)

6.00 Inventories : Tk. 866,347,612

This represents as follows:

Raw Material & Chemical	129,642,713	133,938,124
Packing Material	9,941,170	2,312,924
Material In Transit	46,584,126	52,028,367
Stores & Spares	105,441,509	96,501,337
Work-in-process	301,795,744	225,005,730
Finished Goods	161,933,423	122,008,953
Mould & Sagger	111,008,927	115,258,883
	866,347,612	747,054,319

Material in Transit amount Tk. 46,584,126 arisen due to amount payment against documents-PAD by the bank as per L/C term. Last year's payments has been restated to conform the current year presentations

7.00 Accounts & Other Receivables : Tk. 272,949,292

This is considered good and is falling due within the year.

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

No amount was due by any associated undertaking.



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

	Notes	Amount in Taka	
		30-June-19	30-June-18
8.00 Advances, Deposits & Prepayments : Tk. 130,348,652			
This is considered good and consists of as follows:			
Advances (Note - 8.01)		113,231,886	88,740,810
Deposits (Note - 8.02)		17,116,766	19,955,928
		130,348,652	108,696,738
8.01 Advances : Tk. 113,231,886			
This represents as follows:			
L/C-Margin & Others		27,478,387	32,702,698
Advance Income Tax (Note - 8.01.01)		85,162,356	55,396,353
Employees (other than officers)		205,890	74,865
Advance against Expenses		385,253	566,894
		113,231,886	88,740,810
No amount was due by the Directors (including Managing Director), Managing Agent, Managers and other Officers of the Company and any of them severally or jointly with any other person.			
No amount was due by any associated undertaking.			
Advances to employees (other than officers) are realisable from monthly salary in installments.			
8.01.01 Advance Income Tax : Tk. 85,162,355			
This has been arrived at :			
Opening Balance		55,396,353	26,350,242
Add : Paid/Deducted during the year under review		29,766,002	29,046,111
		85,162,355	55,396,353
Closing Balance		85,162,355	55,396,353
8.02 Deposits : Tk. 17,116,766			
This represents as follows:			
VAT Deposit		32,653	2,071,815
Security Deposit		10,608,261	11,408,261
Lease Deposit		3,700,134	3,700,134
Bank Guarantee Margin		2,755,718	2,755,718
Earnest Money Deposit		20,000	20,000
		17,116,766	19,955,928
9.00 Cash and Cash Equivalents : Tk. 25,509,152			
This consists of :			
(a) In Hand:		760,662	175,852
(b) At Banks in :		24,748,490	10,579,284
(i) Current Account		4,275,929	6,172,803
(ii) STD Account		18,815,187	2,746,607
(iii) FDR Account		1,657,374	1,659,874
		25,509,152	10,755,136



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

	Notes	Amount in Taka	
		30-June-19	30-June-18

10.00 Issued Share Capital : Tk. 1,469,660,550

This represents :

(a) Authorised :			
500,000,000 Ordinary Shares of Tk.10/-each		<u>5,000,000,000</u>	<u>5,000,000,000</u>
(b) Issued, subscribed and paid -up:			
66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash		660,600,000	660,600,000
61,736,571 Ordinary Shares of Tk.10/-each fully paid-up bonus shares		617,365,700	617,365,700
19,169,485 Ordinary Shares of Tk.10/-each fully paid-up bonus shares		191,694,850	191,694,850
Total 146,966,055 shares of Tk. 10/- each fully paid-up		<u>1,469,660,550</u>	<u>1,469,660,550</u>

(c) Statement of Share Position:

Name of the Shareholders	30-June-19		30-June-18	
	No. Of Shares	Holding %	No. of Shares	Holding %
Bangladesh Export Import Co.Ltd.	73,483,009	50.00%	73,483,009	50.00%
Sponsors & Directors	4	0.00%	4	0.00%
Institutions	25,097,978	17.08%	25,862,615	17.60%
General Public	48,385,064	32.92%	47,620,427	32.40%
	146,966,055	100%	146,966,055	100%

(d) Distribution Schedule:

Share holdings	30-June-2019		
	No. of Shareholders	No. of Shares	Holding %
Less than 500 shares	8,383	1,152,096	0.78
500 to 5,000 shares	5,774	10,046,785	6.84
5001 to 10,000 shares	851	6,292,904	4.28
10,001 to 20,000 shares	491	7,010,414	4.77
20,001 to 30,000 shares	163	4,091,733	2.78
30,001 to 40,000 shares	75	2,591,601	1.76
40,001 to 50,000 shares	41	1,901,635	1.29
50,001 to 100,000 shares	88	6,297,551	4.29
100,001 to 1,000,000 shares	61	15,910,824	10.83
Over 1,000,000 shares	7	91,670,512	62.38
Total	15,934	146,966,055	100

(e) Market Price:

The shares of the Company are listed with in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 13.40 & 14.00 (in 30 June 2019) per share in the Dhaka Stock Exchange and Tk. 13.40 per share in the Chittagong Stock Exchange Tk. 14.00 as on 30 June 2019.

(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 30 June 2019

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

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

	Notes	Amount in Taka	
		30-June-19	30-June-18

12.00 Long Term Loans- Net-Off Current Maturity (Secured) : Tk. 313,768,701

This represents loans from :

Bank Asia Ltd. - Term Loan	125,879,124	177,000,071
Phoenix Finance & Investment Ltd.- Term Loan	187,889,577	199,998,700
	313,768,701	376,998,771

Nature of Security :

- (i) Equitable mortgage over the immovable property.
- (ii) Hypothecation by way of a floating charge on all other movable assets both present and future.
- (iii) First Charge over all the finished stock, Work-In-Process and current assets excluding book debts.

Terms of Repayment :*Bank Asia Ltd. - Term Loan :*

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

Phoenix Finance & Investment:

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

Rate of interest :*Bank Asia Ltd. - Term Loan :*

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

Phoenix Finance & Investment:

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

13.00 Gratuity Payable : Tk. 131,536,452

This is arrived at as follows:

Opening Balance	120,142,415	109,631,647
Add: Addition during the year	11,907,790	11,295,317
	132,050,205	120,926,964
Less: Payment during the year	(513,753)	(784,549)
Closing Balance	131,536,452	120,142,415

14.00 Deferred Tax Liability : Tk. 81,472,077

Deferred Tax Liability is arrived at as follows:

Opening Deferred Tax Liabilities	81,472,077	90,161,950
Deferred Tax Expense /(Income): Note-14.02	-	(8,689,873)
Closing Deferred Tax Liabilities	81,472,077	81,472,077



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

		Amount in Taka	
		30-June-19	30-June-18
14.01	Deferred Tax Expense/(Income) is arrived at as follows		
	Year end WDV of PPE including revalued amount	5,269,337,376	
	Less: Revalued amount of Building, Plant & Machinery	(1,443,969,135)	
	Less: Land and Land Development at Revalued amount	(1,882,071,406)	
	Year end WDV of PPE excluding revalued amount	1,943,296,836	
	Year end tax base WDV of PPE	1,139,004,897	
	Taxable Temporary Difference	804,291,938	
	Applicable Tax Rate	18%	
	Deferred Tax Liability before unabsorbed tax depreciation benefit	144,772,549	
	Less: Unabsorbed tax depreciation benefit	(63,300,472)	
	Deferred Tax Liability as on 30 June 2019	81,472,077	
SCL is a listed company and as per ITO 1984, tax rate for the year is 25%. However, it enjoys tax rebate @ 50% on the taxable income derived from export sales. During the year export sales to total sales comes to 57%. As such, if there were no minimum tax payable, applicable tax rate for the company comes to around 18%. Accordingly for deferred tax calculation applicable tax rate @ 18% has been considered. However, because of the charged 'Minimum Tax' the temporary differences arisen between accounting and tax depreciation remain 'unabsorbed' and therefore no provision for deferred tax expense/(income) is applicable for the year 2018-2019			
14.02	Deferred Tax Expense is arrived at as follows		
	Closing Balance of Deferred Tax Liability		81,472,077
	Opening Balance of Deferred Tax Liability		81,472,077
	Deferred Tax Expense for the year		-
15.00	Short Term Loans From Banks & Other : Tk. 863,635,578		
	This is secured and consists of as follows:		
	Sonali Bank Ltd. - CC (H) (Secured)	560,243,801	554,814,175
	Sonali Bank Ltd. - LTR (Secured)	202,807,651	166,137,454
	PAD Liability	46,584,126	52,028,367
	New Dacca Industries Ltd. (Unsecured interest Free)	54,000,000	60,000,000
		863,635,578	832,979,996
PAD liability has arisen for recognizing the payments against documents (PAD by the bank as per L/C term) to the foreign supplier's for shipment of the materials by them. Last year's payment has been restated to conform the current year presentations.			
16.00	Long Term Loans - Current Maturity (Secured) : Tk. 187,071,590		
	This consists of as follows:		
	Bank Asia Ltd. -Term Loan	90,702,300	68,025,025
	Phoenix Finance & Investment Ltd.- Term Loan	96,369,290	118,083,027
		187,071,590	186,108,052

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

		Amount in Taka	
		30-June-19	30-June-18
17.00	Creditors, Accruals and Other Payables : Tk. 777,550,897		
This consists of as follows:			
Gas & Electricity		42,060,001	62,230,049
Creditors for Goods		541,248,491	469,287,738
Income Tax Payable (Note-17.01)		108,150,592	78,384,590
Salary & Wages		43,640,296	52,873,933
Provident Fund Employee		17,966,737	24,141,745
Interest due		4,037,285	1,911,045
Security Deposit		4,390,000	4,190,000
WPPF Payable		11,808,739	7,184,852
Tax Payable Party		2,738,011	2,256,191
Group Insurance Payable		760,744	67,687
Audit Fees Payable		750,000	690,000
		777,550,897	703,217,830
17.01	Income Tax Payable : Tk. 108,150,592		
This is arrived at as follows :			
Opening Balance		78,384,590	49,838,174
Add: Tax provision for the year (Note-24)		29,766,002	28,546,416
		108,150,592	78,384,590
Closing Balance		108,150,592	78,384,590
		Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
18.00	Revenue : Tk. 1,533,121,181		
This is made up as follows :			
A. Export Sales		877,512,009	893,342,438
B. Local Sales		655,609,172	635,300,686
Distributors		447,142,748	439,801,085
Institutional		156,461,721	144,238,175
Show Room		13,027,018	13,515,126
Factory Sales		38,977,684	37,746,300
		1,533,121,181	1,528,643,124
19.00	Cost of Goods Sold : Tk. 1,192,696,859		
This is arrived at as follows:			
Raw Material Issued (Note- 19.01)		499,159,678	184,467,706
Opening WIP		225,005,730	485,762,684
Material available for consumption		724,165,408	670,230,390
Closing WIP		(301,795,744)	(225,005,730)
Consumption		422,369,663	445,224,660
Manufacturing overhead (Note- 19.03)		806,001,708	753,022,565
Cost of production		1,228,371,372	1,198,247,225
Opening Finished Goods		237,267,837	221,367,465
Cost of Goods Available for Sale		1,465,639,209	1,419,614,690
Closing Finished Goods		(272,942,350)	(237,267,837)
Cost of Goods Sold		1,192,696,859	1,182,346,853



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

		Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
19.01	Raw Material Issued : Tk. 499,159,678		
	This is arrived at as follows:		
	Opening Stock of Raw Material	133,938,124	122,874,451
	Purchased of Raw Material	494,864,267	496,826,357
		628,802,391	619,700,808
	Closing Stock of Raw Material	(129,642,713)	(133,938,124)
	Raw Material Issued	499,159,678	485,762,684
19.02	Quantity Information		
		Quantity in KG	Quantity in KG
	Opening Stock of Raw Materials in Quantity	1,856,738	1,470,426
	Add: Purchase fo Raw Materials in Quantity	8,635,488	9,839,050
	Availabe for Use	10,492,226	11,309,476
	Less: Raw Material Issued in Quantity	9,304,143	9,452,738
	Closing Raw Materials in Quantity	1,188,083	1,856,738
	The company manufactures tableware of different shapes, degins and sizes (more than three thousand) using both solid and liquide inputs, and therefore quantifying the WIP and finished goods in weight is very difficult. Quantitative information of the inputs in weight are stated value.		
19.03	Manufacturing Overhead : Tk. 806,001,708		
	This consists of as follows :		
	Wages,etc	357,121,052	345,218,733
	Depreciation	123,668,411	84,701,383
	Packing Materials	75,635,733	82,026,407
	Power & Fuel	127,939,797	128,738,820
	Consumable Stores & Spares	56,127,008	51,163,510
	Transport Expenses	34,632,740	34,890,419
	Welfare Expenses	11,474,091	7,891,200
	Repair & Maintenance	4,872,426	3,232,377
	Office Expenses	12,448,867	13,576,279
	Communication Expenses	998,073	924,518
	Handling & Carrying Expenses	1,083,510	658,919
		806,001,708	753,022,565
20.00	Other Income: Tk. 9,732,635		
	This consists of as follows :		
	Duty Drawback	502,913	9,751,933
	Dividend Income	1,296,484	-
	Sale of Scrap	7,792,892	661,889
	Misc. Income	140,346	2,638,889
		9,732,635	13,052,711



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

		Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
21.00	Administrative Expenses : Tk. 63,250,534		
This consists of as follows :			
Depreciation		3,740,791	7,365,337
Salaries & Allowances		34,563,132	27,935,082
Office Expenses		15,458,540	12,520,185
Transport Expenses		2,440,259	4,382,928
Legal, Professional & Others Fees & AGM Expenses		943,513	2,090,853
Communication Expenses		731,426	560,105
Occupancy Expenses		1,890,638	1,841,858
Travelling & Conveyance Expenses		1,895,332	1,631,388
Utilities Expenses		831,204	739,437
Repairs & Maintenances		-	4,500
Audit Fee (Including VAT @15%)		690,000	690,000
General Expenses		19,745	31,540
Handling & Carrying Expenses		45,955	6,940
		63,250,534	59,800,153
22.00	Selling & Distribution Expenses : Tk. 55,876,266		
This consists of as follows :			
Promotional Expenses		5,388,670	17,772,096
Salaries & Allowances		28,342,383	22,251,392
Occupancy Expenses		5,979,321	8,050,729
Transport Expenses		2,431,861	1,822,021
Office Expenses		5,542,808	5,804,256
Communication Expenses		875,599	707,700
Welfare Expenses		3,261,028	2,414,387
Travelling & Conveyance Expenses		2,334,159	1,818,387
Show Room Expenses		472,931	367,823
Utilities Expenses		853,203	739,429
Handling & Carrying Expenses		93,897	79,900
Legal & Prof.Expenses		97,141	301,216
Product Research & Sample		203,265	1,165,856
		55,876,266	63,295,192
23.00	Finance Cost : Tk. 133,928,558		
This consists of as follows :			
Interest on Loan from Banks & Others		130,955,318	148,123,479
Bank Commission & Charges		2,973,240	2,655,356
		133,928,558	150,778,835
24.00	Income Tax Expenses/(Income): Tk. 29,766,002		
This represents:			
(a) Current Tax:			
Tax for the year under review		29,766,002	28,546,416
Current Tax		29,766,002	28,546,416
(b) Deferred Tax (Income) / Expenses		-	(8,689,873)
Total (a+b)		29,766,002	19,856,543



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

- a) There are laws for minimum tax payable. Hence, provision for income tax expense of the company for the year has been determined based on the minimum tax payable by the company. Minimum tax payable by the company is higher of the following:
- Tax deducted at sources U/S 52 and Rule 16 (against supply of local sales), U/S 53 (against imported materials) and U/S 53BBBB (against export sales)
 - Turnover tax at the rate of 0.60% total gross receipts U/S 82C (4)
 - Tax payable under regular assessment
- Since tax deducted at sources were higher during the year, the company has charged the total amount of the tax deducted at sources as provision for income tax expenses in the profit and loss account.
- b) Since minimum tax payable U/S 82C (5) of ITO 1984 is higher than the tax payable under regular assessment, there is no room for adjustment of the 'Temporary Differences' arisen out of difference between accounting and tax depreciation during the year. In other words, the amount of temporary differences remain 'unabsorbed' and therefore no provision for deferred tax expense/(Income) is applicable for the year 2018-2019

		Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
25.00	Basic Earnings Per Share (EPS)		
(a)	Earning Attributable to the Ordinary Shareholders (Net Profit/(Loss) After Tax)	62,711,711	61,548,030
(b)	Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13)	146,966,055	146,966,055
(c)	EPS (a/b)	0.43	0.42
The calculation of the basic earnings per share is made in accordance with IAS 33 (Earning Per Share), dividing the Profit / (Loss) for the year by weighted average number of the shares outstanding during the year.			
No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.			
26.00	Net Asset Value (NAV) per share		
	Total Assets	6,622,962,269	6,516,165,122
	Less: Total Liabilities	(2,355,035,295)	(2,300,919,141)
	Net Assets	4,267,926,974	4,215,245,981
	Number of Ordinary Shares of Tk. 10 each at Financial Position date.	146,966,055	146,966,055
	Net Asset Value (NAV) per share	29.04	28.68
27.00	Reconciliation of Net profit with cash flows from operating activities.:		
	Net profit after tax	62,711,711	61,548,030
	Adjustments for noncash items, non-operating items and for the net changes in operating accruals		
	Depreciation	127,409,202	92,066,720
	(Increases)/Decreases in Inventories	(119,293,293)	(61,099,166)
	(Increases)/Decreases in Accounts & Other Receivables	(74,720,794)	(32,425,908)
	(Increases)/Decreases in Advances	(24,491,075)	(4,338,001)
	(Increases)/Decreases in Deposits	2,839,162	(1,981,008)
	Increases/(Decreases) in Creditors for goods and Other Payables	71,960,753	20,400,249
	Increases/(Decreases) Accruals	2,372,315	(35,418,674)
	Increases/(Decreases) Gratuity Payable	11,394,037	10,510,768
	Increases/(Decreases) Deferred Tax Liability	-	(8,689,873)
		60,182,018	40,573,137

During the year there is no unrealized gain or loss and as such no adjustment therefore is required while calculating of NOCF



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

		Amount in Taka	
		01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
28.00	Net Operating Cash Flows Per Share (NOCFPS)		
	Net cash flows from operating activities	60,182,016	40,573,137
	Number of Ordinary Shares of Tk. 10 each at Financial Position date	146,966,055	146,966,055
	Net Operating Cash Flows Per Share (NOCFPS)	0.41	0.28
29.00	Payments / Perquisites to Directors and Officers		
	(a) Directors		
	During the year no amount of money was expended by the company for compensating any member of the board for special services rendered.		
	During the year no board meeting attendance fee was paid to the directors of the company except the Independent Director of Tk. 100,000.		
	(b) During the year 2018-2019 an amount of Taka 7,050,000 paid as CEO's remuneration (FY 2017-18 was Tk. 5,400,000).		
	(c) Officers:		
	Managerial Remuneration	65,994,192	59,409,728
	Bonus	8,703,956	8,411,034
	Perquisites:		
	Housing	19,807,692	20,701,748
	Transport	4,279,212	4,206,572
		98,785,052	92,729,082

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

	From 01 July 2018 to 30 June 2019				From 01 July 2017 to 30 June 2018			
	Production Capacity (in Pieces)	Actual Production (in Pieces)	Shortfall (in Pieces)	Capacity Utilization	Production Capacity (in Pieces)	Actual Production (in Pieces)	Shortfall (in Pieces)	Capacity Utilization
Porcelain	14,400,000	11,385,355	(3,014,645)	79.06%	14,400,000	11,928,413	(2,049,828)	82.84%
Bone China	5,400,000	4,169,707	(1,230,293)	77.22%	5,400,000	3,305,053	(1,671,624)	61.20%

Reason for Shortfall : Production as per market demand.

31.00 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for as on 30 June 2019.

There was no material capital expenditure authorised by the board but not contracted for as on 30 June 2019.



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

	Amount in Taka	
	01.07.2018- 30.06.2019	01.07.2017- 30.06.2018
32.00 Contingent Liabilities		
This consists of as follows:		
(a) Outstanding letter of credit-	57,439,262	86,886,634
(b) Outstanding letter of (Bank) guarantee to (Titas Gas Transmission and distribution Company Ltd)	13,656,520	13,656,520
	71,095,782	100,543,154

No provision is required as on the date of financial position for contingent liabilities.

33.00 Claims not Acknowledged

There was no claim against the company not acknowledged as debt as on 30 June 2019.

34.00 Credit Facilities not Availed

There was no credit facilities available to the company but not availed of as on 30 June 2019 under any contract, other than trade credit available in the ordinary course of business.

35.00 Related Party Disclosure

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year ended 30 June 2019
Bangladesh Export Import Co. Ltd.	Investment in Shares	-	58,082,461
Beximco Synthetics Ltd.	Investment in Shares	-	387,724
New Dacca Industries Limited	Short Term Loan	6,000,000	54,000,000

36.00 Financial Risk Management

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

Credit risk
Liquidity risk
Market risk

Credit risk

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

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

Market Risk

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

(a) Currency Risk

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

Exposure to Currency Risk

Foreign Currency Denominated Assets	30-June-19		30-June-18	
	Foreign Currency	Equivalent Local Currency (Tk.)	Foreign Currency	Equivalent Local Currency (Tk.)
Trade Debtors- Foreign				
US\$	2,485,296	198,364,612	1,685,742	137,539,728
EURO	5,418	510,760	107,851	9,922,295
Total		198,875,372		147,462,023

(b) Interest Rate Risk

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

37.00 Payments Made in Foreign Currency :

	01.07.2018-30.06.2019		01.07.2017-30.06.2018	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
Import of Machinery, Equipments & Spares:				
US\$	26,864	2,291,917	US\$ 81,217	6,741,012
Import of Raw & Packing Material :				
US\$	3,678,004	311,405,915	US\$ 3,596,652	298,522,116
Euro	334,776	32,776,005	Euro 528,340	51,713,180
JP¥	40,122,690	32,365,242	JP¥ 45,228,810	34,229,163
GBP	585,114	64,747,687	GBP 239,478	26,494,361
Grand Total		441,294,849		410,958,820
Total		443,586,766		417,699,832

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



NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2019

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

	01.07.2018-30.06.2019		01.07.2017-30.06.2018	
	Amount in Foreign Currency	Equivalent in Tk.	Amount in Foreign Currency	Equivalent in Tk.
	US\$ 9,970,053	834,991,939	US\$ 9,685,444	794,206,399
	EURO 554,488	53,930,921	Euro 665,210	61,199,320
Total		888,922,860		855,405,719

39.00 Events After The Reporting Period

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

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

Dated, Dhaka
28 October 2019

Outline...

SHINEPUKUR CERAMICS LTD. (A BEXIMCO COMPANY)



Shinepukur Ceramics Ltd. (SCL) is the leading Bone China & Porcelain tableware manufacturer and exporter of Bangladesh. Shinepukur Ceramics Ltd. has been a successful brand, thanks to its state-of-the-art manufacturing facilities, about 3,000 highly skilled & motivated people and cutting-edge technology.

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

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

The Company is ISO 9001:2015 certified and awarded National Export Trophy for record seven (7) times by the Government of Bangladesh. SCL was also awarded Superbrands, D&B Corporate Award and Asia's Most Promising Brands 2010, 2011 & 2013 respectively.

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

A Classic Touch in Life...



Operational Head Office

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OPERATIONAL HEAD OFFICE

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PLANT

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SHINEPUKUR SIGNATURE SHOWROOM

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