

# Annual Report 2012



**BEXIMCO SYNTHETICS 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.



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## OPERATIONAL & FINANCIAL HIGHLIGHTS

	2012	2011	Changes in 2012	
			Amount	%
Turnover	1,426,752	1,545,017	(118,265)	(7.65)
Gross Profit	265,334	244,861	20,473	8.36
Net profit before tax	100,396	133,058	(32,661)	(24.55)
Net profit after tax	80,444	108,176	(27,732)	(25.64)
Earnings per share	1.02	1.58	(0.35)	(25.55)
Stock dividend (%)	10.00	15.00	(5.00)	(33.33)
Total Assets	3,335,325	3,082,709	252,616	8.19
Shareholders' Equity	2,203,930	2,123,487	80,444	3.79

*all figures in thousand Taka except indicate otherwise.*

## COMPANY PROFILE

**Corporate Headquarters:** 17 Dhanmondi R/A, Road No. 2, Dhaka-1205, Bangladesh | **Phone:** 880-2-8618220 (7 lines) | **E-mail:** beximchq@bol-online.com | **Website:** www.beximco.com | **Operational Headquarters:** Kabirpur, Savar, Dhaka-1344 | **Phone:** 880-2-7789168-70 | **Factory:** Kabirpur, Savar, Dhaka | **Year of Establishment:** July 18, 1990 | **Commercial Production:** July 01, 1994 | **Nature of Activities:** Manufacturing & Marketing of Polyester Filament Yarn, namely Partially Oriented Yarn (POY) and Drawn Texturising Yarn (DTY) | **Listing Status:** Public Listed Company | **Stock Exchange Listing:** Dhaka & Chittagong | **Authorized Capital:** 2,000 Million Taka | **Paid up Capital:** 788.294 Million Taka | **Number of Shareholders:** 20,690

# CORPORATE DIRECTORIES

## Board of Directors

- A S F RAHMAN** : *Chairman & Managing Director*
- SALMAN F RAHMAN** : *Vice-Chairman*
- IQBAL AHMED** : *Director*
- M A QASEM** : *Director*
- O K CHOWDHURY** : *Director*
- MD. ALAUDDIN KHAN** : *Director*
- DR. ABDUL ALIM KHAN** : *Independent Director (Resigned on 20.12.2012)*
- MASUD EKRAMULLAH KHAN** : *Independent Director (Appointed on 20.12.2012)*
- 
- MOHAMMAD ASAD ULLAH, FCS** : *Executive Director & Company Secretary*



**A S F Rahman**, Chairman

**Salman F Rahman**, Vice-Chairman

# SHORT PROFILE

## Independent Director Profile

**Masud Ekramullah Khan** is an international corporate attorney, currently with The Legal Circle, a corporate law firm in Dhaka, Bangladesh. Prior to coming to Bangladesh in 2007, Masud was a corporate law partner in a US Mid-Western law firm (Reinhart Boerner Van Deuren) with 200 plus lawyers. Masud has been highlighted in the corporate advisory field in Bangladesh by the Chambers and Partners 2011, 2012 and 2013 publication. Masud obtained his Bachelors of Science in Economics and Political Science from the University of Wisconsin, Oshkosh, and his Juris Doctorate from Marquette University Law School. Masud's detailed profile can be found on <http://bd.linkedin.com/in/masudkhan>.



*Masud Ekramullah Khan*

# NOTICE

## Notice of the 22<sup>nd</sup> Annual General Meeting

Notice is hereby given that the **TWENTY-SECOND ANNUAL GENERAL MEETING** of the Shareholders of Beximco Synthetics Limited will be held on Saturday, the 29th June, 2013 at 2.00 p.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 31st December, 2012 together with reports of the Auditors and the Directors thereon.
2. To elect Directors.
3. To approve the appointment of Independent Director.
4. To declare 10% Stock Dividend.
5. To appoint Auditors for the year 2013 and to fix their remuneration.

By order of the Board,



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

Dated : 15 May, 2013

### 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. 20 May, 2013, will be entitled to attend at the Annual General Meeting and to receive the dividend.
- (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.

# চেয়ারম্যানের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি বেক্সিমকো সিনথেটিক্স লিমিটেড এর ২২তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাতে পেরে এবং কোম্পানীর ৩১শে ডিসেম্বর ২০১২ সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদনসহ নিরীক্ষকের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করতে পেরে খুবই আনন্দিত।







### কার্যক্রম

আপনাদের কোম্পানীর প্রতিবেদনাধীন বছরের কার্যক্রম উৎসাহব্যঞ্জক ছিল না। প্রতিবেদনাধীন বছরে, কোম্পানীর উৎপাদন, বিক্রয় ও মুনাফার পরিমাণ হ্রাস পেয়েছে। কোম্পানী এ বছর ৭,১৫৬,৬৩২ কেজি POY উৎপাদন করেছে। যা গত বছরে এর পরিমাণ ছিল ৭,৬৮৯,৮৭০ কেজি। ফলে গত বছরের তুলনায় উৎপাদন কমেছে ০৬.৯৩%। DTY Intermingled এবং Non-Intermingled মিলে মোট DTY-এর উৎপাদন ছিল ৬,৬৫৩,৩৮৭ কেজি যা পূর্ববর্তী বছরে ছিল ৭,৪১৭,১২২ কেজি অর্থাৎ এ ক্ষেত্রে উৎপাদন কমেছে ১০.৩০%। প্রতিবেদনাধীন বছরে পরিমাণ ও মূল্যের দিক দিয়ে বিক্রয়ও হ্রাস পায়। মোট বিক্রয় ১,৫৩৭.৯৭ মিলিয়ন টাকা হতে কমে ১,৩৯৬.৮৮ মিলিয়ন টাকায় এসে দাঁড়ায়। অন্যদিকে পরিমাণগত বিক্রয় গত বছরের তুলনায় ১২.৮৭% হ্রাস পায়। ফলে কোম্পানীর নিট মুনাফা গত বছরের তুলনায় ২৫.৬৪% হ্রাস পায়। আমাদের উৎপাদন ও মুনাফা কম হওয়ার প্রধান কারণ ছিল গ্যাসের সরবরাহের স্বল্পতা, আন্তর্জাতিক বাজারে কাচামালের মূল্যের ক্রমবর্ধমান বৃদ্ধি এবং আমাদের দেশের চলমান রাজনৈতিক অস্থিতিশীলতা।

### বিপণন

বর্তমান চলমান রাজনৈতিক অস্থিতিশীলতা এবং গার্মেন্টস শিল্পের চলমান বিরূপ পরিস্থিতি সত্ত্বেও আমরা এবছর ক্ষতি এড়াতে সক্ষম হয়েছি। আর এটা সম্ভব হয়েছে আমাদের পণ্যের প্রতি চূড়ান্ত ভোক্তা ও ব্যবসায়ী শ্রেণীর একটি দীর্ঘমেয়াদী অনুগত মনোভাব এবং পাশাপাশি কোম্পানীর একটি দক্ষ ও পরিশ্রমী বিপণন এবং অন্যান্য সংশ্লিষ্ট বিভাগের সম্মিলিত প্রচেষ্টার ফলে। ইনশাআল্লাহ, যে আস্থা এবং পেশাদারী মনোভাব আমরা বিগত বছরের খারাপ সময় গুলোতে কাজে লাগিয়েছি, তা আমাদের আসন্ন নতুন বছরে সবসময় অনুপ্রাণিত করবে আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দের মুনাফা বৃদ্ধিতে।

### মানব-সম্পদ ব্যবস্থাপনা

আমাদের কোম্পানীর মানবসম্পদ ব্যবস্থাপনা বিভাগের একটি স্বচ্ছ দিক

হচ্ছে, দক্ষ ও প্রশিক্ষিতকর্মী নিয়োগ দান করা যারা ব্যবসায়িক গতিশীলতার পাশাপাশি সামাজিক এবং দেশের ক্ষতি কমিয়ে আনে। আমাদের কোম্পানীতে প্রতিনিধি ও অপ্রতিনিধি উভয় শ্রেণীর কর্মী বিভিন্ন বিভাগে যেমন- টেকনিক্যাল, রক্ষনাবেক্ষণ, প্রশাসন এবং ব্যবস্থাপনার মত গুরুত্বপূর্ণ বিভাগে নিয়োজিত আছে। আমাদের মানব সম্পদ বিভাগ নানাবিধ কর্মমুখি এবং উন্নয়নমূলক প্রশিক্ষণ দিয়ে থাকে যা পরবর্তীতে কর্মীদের অধিক উৎপাদনশীলতা এবং সার্বিক কর্মপরিকল্পনা এবং উদ্দেশ্যের সহায়তা করে থাকে।

### উপসংহার

আমি আমাদের সম্মানিত ক্রেতা, ব্যাংকার, সরবরাহকারী, সরকারী সংস্থাসমূহ, বিধিবদ্ধ প্রতিষ্ঠান, আর্থিক প্রতিষ্ঠান এবং আমাদের ব্যবসা পরিচালনার সাথে যারা জড়িত তাদের সকলকে আন্তরিক ধন্যবাদ জ্ঞাপন করছি। আমি কোম্পানীর শেয়ারহোল্ডারদের প্রতি কৃতজ্ঞ, যাদের সার্বক্ষনিক মূল্যবান সহযোগিতা এবং সমর্থন কোম্পানীকে আজকের এই অবস্থানে এনেছে। আমরা যে সাফল্য অর্জন করেছি তা সকলের সম্মিলিত প্রচেষ্টারই ফল।

আমি আবারো আমাদের সকল শুভাকাঙ্ক্ষীকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাদের অব্যাহত সমর্থন ও সহযোগিতা আশা করি।

*X. K. F. Lalinda*

এ এস এফ রহমান  
চেয়ারম্যান

ঢাকা, ৩০শে এপ্রিল, ২০১৩

# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

It is my great pleasure to welcome you on behalf of the Board of Directors to this 22nd Annual General Meeting of Beximco Synthetics Limited and to present before you the Audited Financial Statements and Auditors' and Directors' Report thereon of the company for the year ended 31 December 2012.

## OPERATIONS

The business performance of your Company during the year was not encouraging. During the year under review, the company has incurred a sustainable decrease in terms of production, turnover and profitability. The company has produced 7,156,632 kgs of POY 115 denier filament yarn as compared to 7,689,870 kgs of POY 115 denier of last year representing 06.93% decrease. Total DTY production was 6,653,387 kgs both in Intermingle and Non-Intermingle form as against 7,417,122 kgs in the previous year a decrease by 10.30%. During the year under report, turnover in terms of quantity as well as value has also decreased. Gross turnover has decreased to Tk. 1,396.88 million from Tk. 1,537.97 million. On the other hand, sales quantity has also decreased by 12.84% compared to last year. As a result, the net profit of the Company fell by 25.64% compared to last year. The reason for the above was reduced production and profitability due to the shortage of gas supply, continuous price increase of raw materials in the international market and also continuous political disturbances in the Country.





## MARKETING

In spite of having a vulnerable market movement due to political turmoil & on going crisis at the RMG Sector, we managed to avert losses for the year. A long term loyal end users & traders along with the professional attitude among the marketing & all the concerned departments of the Company made it possible to stay in the competition in this turbulent business environment. Inshaallah, the confidence and professional approach that we have applied to handle the crisis of 2012 will be a great inspiration for the coming year & thus we will be able to maximize the profit for our valuable stakeholders.

## HUMAN RESOURCE MANAGEMENT

The true focus of Human Resources Management of our Company is recruiting the best; sustaining a high performing workforce; providing for business continuity; and minimizing losses to the country and community through legal compliance. Our workforce includes both represented and non-represented employees who fill technical, safety, trade, administrative and managerial role. Human resources provides a variety of training and development opportunities aimed at building employees capacity to deliver more output, meet strategic needs and align with our values and overall mission.

## CONCLUSION

I take this opportunity to express my sincere thanks to our valued customers, bankers, suppliers, government

agencies, regulatory bodies, financial institutions, 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*

**A S F Rahman**  
Chairman

Dhaka,  
30 April, 2013

# Director's Report to the Shareholders

*Dear Shareholders,*

The Board of Directors of Beximco Synthetics Limited are pleased to present the Directors' Report and Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Auditor's Report thereon.

## 1. Principal Activity

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

## 2. Financial Results and Appropriations

The financial results and recommended appropriations are stated below:

	Taka in Thousand	
	2012	2011
Net Profit after Tax	80,444	108,176
Profit Brought Forward	5,856	501
Profit Available for Appropriations	86,300	108,677
Proposed Dividend	(78,829)	(102,821)
Profit Carried Forward	7,471	5,856

## 3. Dividend

The Board of Directors has recommended 10% stock dividend for the year ended 31 December 2012 for your approval in the Annual General Meeting.

## 4. Analysis of Operating Performance

### 4.1 Business Outlook- a general overview

Bangladesh economy maintained a growth of about 6% in last fiscal year in the face of weak global recovery from earlier economic down turn. Shortage of natural gas and upward price adjustment in fuel and power adversely affected growth in some sectors specially in the textile industry.

However, the political turmoil and ongoing crisis at the RMG sector that started by end of 2012 centering the upcoming election poses some degree of uncertainty in the overall economic environment of the country and is seen as an impediment to the growth of business. The first quarter of 2013 has already been affected for such instability in the political environment and continuous to remain as a risk factor.

### 4.2 Production and Sales

The year 2012 we had to operate under very adverse scenario. During the year under report, The Company has produced 7,156,632 kgs of POY 115 denier filament yarn as compared to 7,689,870 kgs of POY 115 denier of last year representing 06.93% decrease. Total DTY production was 6,653,387 kgs both in Intermingle and Non-Intermingle form as against 7,417,122 kgs in the previous year a decrease by 10.30%. Gross turnover has decreased to Tk. 1,396.88 million from Tk. 1,537.97 million representing 09.17% fall compared to last year.

### 4.3 Profitability

The net profit after tax of the company fall by 25.64% compared to last year. The reason for the above was reduced production and profitability due to the shortage of gas supply, continuous price increase of raw materials in the international market and also continuous political disturbances in the Country.

## 5. Directors

### 5.1 Appointment of Independent Director

We are pleased to inform that Mr. Masud Ekramullah Khan has been appointed as Independent Director of the Company for a period of 3 years w.e.f. 20 December, 2012 to 19 December 2015, subject to the approval of Shareholders in the 22nd Annual General Meeting.

Mr. Masud Ekramullah Khan is an international corporate attorney, currently with The Legal Circle, a corporate law firm in Dhaka, Bangladesh. Prior to coming to Bangladesh in 2007, Masud was a corporate law partner in a US Mid-Western law firm (Reinhart Boerner Van Deuren) with 200 plus lawyers. Masud has been highlighted in the corporate advisory field in Bangladesh by the Chambers and Partners 2011, 2012 and 2013 publication. Masud obtained his Bachelors of Science in Economics and Political Science from the University of Wisconsin, Oshkosh, and his Juris Doctorate from Marquette University Law School. Masud's detailed profile can be found on <http://bd.linkedin.com/in/masudkhan>. Mr. Masud is also an Independent Director of Shinepukur Ceramics Limited and a Director of Amadeyr Cloud Ltd. The Board of Directors hope that Mr. Khan would be able to contribute a lot for the development of the Company as its Independent Director from his long experience in professional field.

#### 5.2 Resignation, Retirement and Re-election

Dr. Abdul Alim Khan, Independent Director of the Company tendered his resignation on his personal ground. Dr. Khan's resignation was accepted by the Board of Directors on December 20, 2012, becoming effective immediately. We are thankful to Dr. Khan for his valuable contribution and guidance made by him during long tenure as an Independent Director of the Company.

Mr. Salman F Rahman and Mr. Iqbal Ahmed, Directors of the Company retire by rotation as per Articles 124 and 125 of the Articles of Association of the Company and being eligible offered themselves for re-election.

## 6. Auditors

The existing Auditors, M/S. M. J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C. R. Datta Road, Dhaka-1205 who were appointed as Auditors of the Company in the Twenty-First Annual General Meeting of the Company has carried out the audit for the year ended 31 December, 2012.

M/S. M. J. Abedin & Co., Chartered Accountants, the Auditors of the Company retire at this meeting and have expressed their willingness to continue in office for the year 2013.

## 7. Board Audit Committee

The Company had an Audit Committee in place with Dr. Abdul Alim Khan as Chairman, Mr. M A Qasem and Mr. O K Chowdhury as Members. The Board subsequently, reconstituted the Committee on 20 December 2012 as per provision of Corporate Governance Guidelines issued by BSEC dated 07.08.2012, as follows:

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

The detail of the activities of the Audit Committee has been provided in 'Audit Committee Report'.

## 8. Board Meetings and Attendance

During the year, 9 (nine) Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meetings attended
Mr. A S F Rahman	9
Mr. Salman F Rahman	9
Mr. Iqbal Ahmed	7
Mr. M A Qasem	9
Mr. O K Chowdhury	9
Mr. Md. Alauddin Khan	5
Dr. Abdul Alim Khan	5

## 9. Corporate and Financial Reports

Directors are pleased to report that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate Accounting Policies have been consistently applied in the preparation of financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

Directors also report that the Managing Director (MD) and the Chief Financial Officer (CFO) have certified to the Board that they have reviewed the Financial Statements for the year 2012 and to the best of their knowledge and belief:

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

## 10. Key operating and Financial Data

The summarized key operating and financial data for 2012 and immediately preceding four years are presented below:

	2012	2011	2010	2009	2008
<b>Results of Operations:</b>					
Revenue (Turnover) Net	1,426,752	1,545,017	1,009,552	792,782	932,832
Gross Profit	265,334	244,861	133,697	127,386	135,981
Operating Profit	244,915	225,273	117,842	114,194	122,656
Net Profit/(Loss) Before Tax	100,396	133,058	30,659	18,408	22,218
Net Profit/(Loss) After Tax	80,444	108,176	27,474	11,656	18,885
Basic Earning per Share(Tk.)	1.02	1.58	4.61	2.10	3.41
Cash Dividend per Share (Tk.)	-	-	-	7.50	-
Stock Dividend	10.00%	15.00%	15.00%	7.50%	15.00%
<b>Financial Position:</b>					
Total Assets	3,335,325	3,082,709	2,859,699	2,919,075	2,988,593
Fixed Assets-Gross	2,363,245	2,339,500	2,319,605	2,310,227	2,297,244
Fixed Assets-Net	1,435,969	1,446,152	1,460,317	1,484,426	1,504,424
Gross Working Capital	1,894,248	1,631,449	1,394,275	1,429,542	1,480,235
Net Working Capital	791,793	739,050	668,177	718,881	772,995
Authorized Capital	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000
Paid up Capital	788,294	685,473	596,064	554,478	482,155
Reserve & Surplus	1,415,636	1,438,013	1,419,247	1,474,944	1,535,612
Shareholders' Equity	2,203,930	2,123,487	2,015,311	2,029,422	2,017,766
<b>Key Financial Ratios, Figures and Market Data:</b>					
Current Ratio	1.72	1.83	1.92	2.01	2.09
Return on Paid-up Capital	10.20%	15.78%	4.61%	1.96%	3.92%
Return on Investment	3.65%	5.09%	1.36%	0.57%	0.94%
Net Asset Value Per Share (Tk.)	27.96	30.98	338.10	366.01	418.49
Pay-out Ratio	98.04%	95.06%	325.38%	714.29%	439.88%
Market Price of Share (at DSE)(Tk.)	24.30	368.25	514.80	373.00	164.50
Market Price of Share (at CSE)(Tk.)	24.30	369.00	514.30	376.25	163.25
Price Earning Ratio (DSE price)(Times)	23.82	233.07	111.67	177.62	48.24
Price Earning Ratio (CSE price)(Times)	23.82	233.54	111.56	179.17	47.87
<b>Others:</b>					
Number of Shares	78,829,418	68,547,320	5,960,637	5,544,779	4,821,547
Number of Shareholders	20,690	16,629	19,059	17,254	11,625

*all figures in thousand Taka except indicate otherwise*

## 11. The Pattern of Shareholding

Name wise details	Numbers of Shares held	
i) Parent/Subsidiary/Associate Companies and other related parties:		
Beximco Holdings Ltd.	1,393,351	
New Dacca Industries Limited	1,250,061	
Shinepukur Ceramics Limited	59,742	
ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:		
Mr. A S F Rahman, Chairman & Managing Director	13,198,607	
Mr. Salman F Rahman, Vice-Chairman	12,219,819	
Chief Executive Officer, spouse and minor children	Nil	
Company Secretary, spouse and minor children	Nil	
Chief Financial Officer, spouse and minor children	Nil	
Head of Internal Audit, spouse and minor children	Nil	
iii) Executives:		Nil
iv) Shareholders holding ten percent (10%) or more voting interest in the company		
Mr. A S F Rahman, Chairman & Managing Director (mentioned in Sl. No. (ii) above	13,198,607	
Mr. Salman F Rahman, Vice-Chairman (mentioned in Sl. No. (ii) above	12,219,819	

## 12. Corporate Governance Compliance Report

In accordance with the requirement of the Bangladesh Securities and Exchange Commission Notification No. SEC/ CMRRCD/ 2006-158/134/Admin/44, dated 07.08.2012 Report on, "Corporate Governance Compliance" is annexed.

## 13. Conclusion

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

Thank you all.

On behalf of the Board



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

Date: 30 April, 2013

## Annexure-I

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

### (Report under Condition No. 7.00)

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



Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	--	--	N/A
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during 2012
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	--	--	N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	--	--	N/A
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	√		
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	-	-	N/A
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	--	--	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	--	--	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	--	--	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	--	--	N/A
3.4.2	Reporting to BSEC	--	--	N/A
3.5	Reporting to the Shareholders and General Investors	√		
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Composition of BOD to be similar to holding company	--	--	N/A
5 (ii)	One ID to be in both holding and subsidiary company	--	--	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	--	--	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	--	--	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	--	--	N/A
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

## **S. Abdur Rashid FCS**

BCom (Hons), MBS (Fin & Banking), MBA (Fin), PGD-HRM, AIM

**Chartered Secretary in Practice**

Certificate of Practice No.: 003

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**(Chartered Secretaries)**

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

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

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Beximco Synthetics Limited** ("the Company") for the year ended 31 December 2012. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

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

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



S. Abdur Rashid FCS



Dhaka, 01 June 2013

# Report on the Activities of the Audit Committee to the Shareholders

I am pleased to present the Report of the Audit Committee for the year 2012.

The Board of Directors of Beximco Synthetics Limited has re-constituted an Audit Committee on 20th December 2012 in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee comprise of Mr. Masud Ekramullah Khan, Mr. O. K. Chowdhury, FCA and Mr. Iqbal Ahmed, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, function as the Secretary of the Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. All Members of the Audit Committee are financially literate and are able to analyse and interpret financial statement to effectively discharge their duties and responsibilities as Members of the Audit Committee.

## The Role of Audit Committee:

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the main Board on business risk, internal controls and compliance. The committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risk and that the Company's business is conducted in a proper and economically sound manner.

The role of the Audit Committee includes the following:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control and Risk Management process.

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

## Authority:

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.



### Main Activities in the year 2012:

The Audit Committee met four times during the year 2012. All the Members were present in all meetings of the Committee.

The Committee held its first meeting of 2012 on April 22, to review the Audited Financial Statements of the Company for the year ended December 31, 2011. Detail discussions on the financial statements were held with the representatives of the Management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval.

The second meeting of the Committee was held on May 10, 2012 prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on March 31, 2012. 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 2012 was held on July 24, 2012 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on June 30, 2012.

The fourth meeting of the Committee was held on October 23, 2012 to release of the un-audited third quarter financial statements of the Company for the quarter ended on September 30, 2012. 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.

At the meeting the Committee also held discussions on the notification issued by BSEC relating to the mandatory compliance of the Corporate Governance Guidelines issued on August 7, 2012. The Committee made relevant

recommendations to the Board based on the said Notification for necessary actions at their end.

The re-constituted Audit Committee held its first meeting on December 20, 2012. The Committee adopted its Terms Of Reference(TOR) in line with the new BSEC Notification on Corporate Governance Guidelines issued on August 7, 2012.

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

The Committee considered and made recommendation to the Board on the appointment and remuneration of external Auditors, M/s. M. J. Abedin & Company, Chartered Accountants for the year 2013 who carried out the audit of the Company for the year 2012.

**(MASUD EKRAMULLAH KHAN)**  
CHAIRMAN  
AUDIT COMMITTEE

Date: 20 April, 2013

# Corporate Governance

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

## INTERNAL FINANCIAL CONTROL

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

**Management Structure** - The Company is operating through a well defined management structure headed by a Managing Director (MD) under whom there are Senior Mangers for various departments and according to hierarchy, various senior & mid level management staffs. The Managing Director and the Senior Mangers meet at regular interval represented also by Administration, Finance, Marketing & Production heads.

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

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

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

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

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

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

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

## BOARD COMMITTEES

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

The Board of Directors is responsible for approving Company policy and responsible to shareholders for the Company's financial



and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the Board to the management of the Company.

**Board Structure and Procedure** – The membership of the Board during the year ended 31 December 2012 stood at seven Directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business.

The Company's Board currently comprises the Chairman (who is also Managing Director of the Company), Vice-Chairman, one Independent Director and other four directors. The name of the Directors appears on page 3.

**Board Meeting**- The Board of Beximco Synthetics Limited met nine times in 2012. Board meeting held under section # 96 of Company Act 1994 AND Bangladesh Securities and Exchange Commission regulations regarding Board Meeting were compiled with. Director's attendance in the Board Meeting is shown in Report of the Director's.

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

#### AUDIT COMMITTEE

The Board of Directors of Beximco Synthetics Limited has re-constituted the Audit Committee on 20th December 2012 in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended with the Compliance Report and also enclosed with the Director's report. The Committee comprise of Mr. Masud Ekramullah Khan, Mr. O. K. Chowdhury FCA and Mr. Iqbal Ahmed, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. The Audit Committee appointed by the main Board and all the members are Non-Executive Directors. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The details of the Audit Committee has been provided in "Report on the Activities of the Audit Committee to the Shareholders".

#### GOING CONCERN

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable






expectation that the Company have adequate resources to continue operation for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

#### RIGHTS AND RELATIONS WITH SHAREHOLDERS

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

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

The following information can be addressed through the secretarial department:

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

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

#### CORPORATE GOVERNANCE COMPLIANCE REPORT

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

# Value Added Statement

For the year ended 31 December 2012

	2012		2011	
	Taka in '000	%	Taka in '000	%
<b>VALUE ADDED :</b>				
Turnover	1,426,752		1,545,017	
Bought in Materials & Services	(1,029,149)		(1,165,812)	
	<b>397,603</b>	<b>100.00%</b>	<b>379,206</b>	<b>100.00%</b>
<b>APPLICATIONS :</b>				
To National Exchequer-as Duty, Taxes, VAT etc.	89,597	22.53%	99,861	26.33%
To Employees-as Salary, Wages and Other Benefits	54,135	13.62%	51,547	13.59%
To Providers of Loan- as Interest	139,499	35.08%	85,562	22.56%
To Providers of Capital-as Dividend	78,829	19.83%	102,821	27.11%
	<b>362,060</b>	<b>91.06%</b>	<b>339,791</b>	<b>89.61%</b>
Depreciation & Retention	35,543	8.94%	39,415	10.39%
	<b>397,603</b>	<b>100.00%</b>	<b>379,206</b>	<b>100.00%</b>

*all figures in thousand Taka except indicate otherwise.*





বেক্সিমকো সিনথেটিকস্ লিমিটেড  
২১তম বার্ষিক সাধারণ সভা. ২০১২  
BEXIMCO SYNTHETICS LIMITED  
21ST ANNUAL GENERAL MEETING, 2012



## Twenty-first Annual General Meeting



The Twenty-first Annual General Meeting of Shareholders of Beximco Synthetics Ltd. was held on 30 June, 2012 at 2.30 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur. A good number of shareholders attended the AGM. Mr. A S F Rahman, Chairman of the Board of Directors of the Company presided over the meeting. Verses from Holy Quran along with its translation in Bengali were recited at the very outset of the meeting.

The Chairman welcomed the Shareholders in the AGM. With the permission of the Chair meeting started and the Shareholders expressed their valued opinion on the Audited Financial Statements of the Company for the year ended 31 December 2011 and also on other affairs.

Mr. Salman F Rahman, Vice-Chairman of the Company replied to the queries and explained various comments of distinguished Shareholders. He also gave the hints of future activities of the Company.

After electing Directors, approving the Audited Financial Statements, 15% stock dividend, appointing Auditors and fixing their remuneration by the Shareholders, the meeting ended with a vote of thanks to and from the chair.



# Financials

## INDEPENDENT AUDITORS' REPORT

To The Shareholders of **Beximco Synthetics Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of Beximco Synthetics Limited, which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.



**M. J. ABEDIN & CO.**  
Chartered Accountants

Dhaka,  
30 April, 2013

An independent member firm of  
**MOORE STEPHENS**  
INTERNATIONAL LIMITED

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

		Amount in Taka	
	Notes	2012	2011
<b>ASSETS</b>			
<b>Total Non-Current Assets</b>		<b>1,441,076,281</b>	<b>1,451,259,573</b>
Property, Plant and Equipment - Carrying Value	5	1,435,968,983	1,446,152,275
Long Term Security Deposits	6	5,107,298	5,107,298
<b>Current Assets</b>		<b>1,894,248,469</b>	<b>1,631,449,155</b>
Inventories	7	947,588,270	854,468,643
Accounts & Other Receivables	8	906,582,593	721,835,474
Advances, Deposits & Prepayments	9	36,799,733	40,451,219
Cash and Cash Equivalents	10	3,277,873	14,693,819
<b>Total Assets</b>		<b>3,335,324,750</b>	<b>3,082,708,728</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>2,203,930,372</b>	<b>2,123,486,690</b>
Issued Share Capital	11	788,294,180	685,473,200
Revaluation Surplus	12	1,329,335,883	1,329,335,883
Retained Earnings		86,300,309	108,677,607
<b>Current Liabilities</b>		<b>1,102,455,233</b>	<b>892,398,967</b>
Debentures-Current Maturity (Secured)	13	46,984,594	33,532,526
Interest Free Block Account-Current Maturity	14	32,281,492	19,184,102
Short Term Loan from Banks (Secured)	15	795,394,747	683,959,876
Accounts & Other Payables	16	66,103,676	75,948,201
Accrued Expenses	17	161,690,724	79,774,262
<b>Non-Current Liabilities</b>		<b>28,939,145</b>	<b>66,823,071</b>
Debentures-Net off Current Maturity (Secured)		-	21,542,388
Interest Free Block Account-Net off Current Maturity		-	16,341,538
Lease Obligation for Finance Lease		28,939,145	28,939,145
<b>Total Equity and Liabilities</b>		<b>3,335,324,750</b>	<b>3,082,708,728</b>

The notes are an integral part of the Financial Statements.

Approved and authorized for issue by the Board of Directors on 30 April, 2013 and signed for and on behalf of the Board:



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

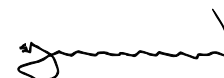


**Salman F Rahman**  
Vice-Chairman



**Iqbal Ahmed**  
Director

Per our report of even date.



**M. J. Abedin & Co.**  
Chartered Accountants

Dhaka,  
30 April, 2013

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

		Amount in Taka	
	Notes	2012	2011
<b>Revenue</b>	<b>18</b>	<b>1,426,752,263</b>	<b>1,545,017,437</b>
Cost of Revenue	19	(1,161,418,416)	(1,300,156,899)
<b>Gross Profit</b>		<b>265,333,847</b>	<b>244,860,538</b>
<b>Operating Expenses</b>		<b>(20,418,704)</b>	<b>(19,587,878)</b>
Administrative Expenses	20	(15,342,081)	(14,507,589)
Selling Expenses	21	(5,076,623)	(5,080,289)
<b>Profit from Operations</b>		<b>244,915,143</b>	<b>225,272,659</b>
Finance Cost	22	(139,499,076)	(85,562,149)
Profit before contribution to WPPF		105,416,067	139,710,510
Contribution to Workers' Profit Participation / Welfare Funds	23	(5,019,813)	(6,652,881)
<b>Net Profit before Tax</b>		<b>100,396,254</b>	<b>133,057,629</b>
Income Tax Expense	24	(19,952,572)	(24,881,457)
<b>Profit After Tax for the year</b>		<b>80,443,682</b>	<b>108,176,172</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>80,443,682</b>	<b>108,176,172</b>
<b>Earning per share (Adjusted EPS of 2011)</b>	<b>25</b>	<b>1.02</b>	<b>1.37</b>

The notes are an integral part of the Financial Statements.

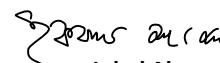
Approved and authorized for issue by the board of directors on 30 April, 2013 and signed for and on behalf of the Board:



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

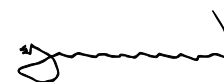


**Salman F Rahman**  
Vice-Chairman



**Iqbal Ahmed**  
Director

Per our report of even date.



**M. J. Abedin & Co.**  
Chartered Accountants

Dhaka,  
30 April, 2013

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

Amount in Taka

Particulars	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
<b>Balance on 01-01-2012</b>	<b>685,473,200</b>	<b>1,329,335,883</b>	<b>108,677,607</b>	<b>2,123,486,690</b>
<b>Total Comprehensive Income for 2012</b>				
Profit for the year	-	-	80,443,682	80,443,682
Other Comprehensive Income	-	-	-	-
<b>Transaction with Share Holders:</b>				
15% Stock Dividend for prior period (2011)	102,820,980	-	(102,820,980)	-
<b>Balance as on 31-12-2012</b>	<b>788,294,180</b>	<b>1,329,335,883</b>	<b>86,300,309</b>	<b>2,203,930,372</b>

Total number of shares	78,829,418
<b>Net Asset Value per share (NAV)</b>	<b>27.96</b>

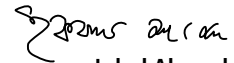
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**A S F Rahman**  
Chairman & Managing Director

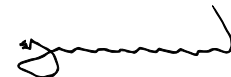


**Salman F Rahman**  
Vice-Chairman



**Iqbal Ahmed**  
Director

Per our report of even date.



**M. J. Abedin & Co.**  
Chartered Accountants

Dhaka,  
30 April, 2013

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Amount in Taka	
	2012	2011
<b>Cash Flows From Operating Activities :</b>		
Collections from Revenue- net	1,242,005,143	1,306,564,214
Cash Paid to Suppliers & Employees	(1,225,615,631)	(1,290,730,380)
<b>Cash Generated from Operations</b>	<b>16,389,512</b>	<b>15,833,834</b>
Interest Paid	(89,573,625)	(113,431,882)
Income Tax Paid	(17,831,103)	(721,780)
<i>Net Cash Used In Operating Activities</i>	<i>(91,015,216)</i>	<i>(98,319,828)</i>
<b>Cash Flows From Investing Activities :</b>		
Acquisition of Tangible Fixed Assets	(23,745,281)	(19,895,382)
<i>Net Cash Used in Investing Activities</i>	<i>(23,745,281)</i>	<i>(19,895,382)</i>
<b>Cash Flows from Financing Activities :</b>		
Payment of Debentures	(8,090,320)	(40,384,061)
Short Term Loan Received from Bank & Others	111,434,871	181,044,873
Payment of Lease Obligation	-	(12,983,365)
<i>Net Cash Generated from Financing Activities</i>	<i>103,344,551</i>	<i>127,677,447</i>
<b>(Decrease)/Increase in Cash &amp; Cash Equivalents</b>	<b>(11,415,946)</b>	<b>9,462,237</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>	<b>14,693,819</b>	<b>5,231,582</b>
<b>Cash &amp; Cash Equivalents at End of the Year</b>	<b>3,277,873</b>	<b>14,693,819</b>

The notes are an integral part of the Financial Statements.

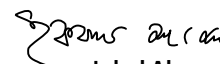
Approved and authorized for issue by the Board of Directors on 30 April, 2013 and signed for and on behalf of the Board:



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



**Salman F Rahman**  
Vice-Chairman



**Iqbal Ahmed**  
Director

Per our report of even date.



**M. J. Abedin & Co.**  
Chartered Accountants

Dhaka,  
30 April, 2013

# NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

## 1. The background and activities of the Company

### 1.1. Status of the Company

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

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

### 1.2. Principal Activities

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

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

### 2.1. Measurement Bases

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

Accordingly, historical cost is employed to determine the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and statement of comprehensive income.

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

### 2.2. Reporting Framework and Compliance thereof

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

### 2.3. Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at the end of the year 2012;
- (b) a statement of comprehensive income for the year 2012;
- (c) a statement of changes in equity for the year 2012;
- (d) a statement of cash flows for the year 2012; and
- (e) notes, comprising a summary of significant accounting policies and other explanatory information

### 2.4. Reporting Period

The financial statements cover one calendar year from *1st January 2012 to 31st December 2012* consistently.



## **2.5. Authorization for Issue**

The financial statements have been authorized for issue by the Board of Directors on April 30, 2012.

## **2.6. Functional and Presentation Currency**

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

## **2.7. Comparative Information**

Comparative information has been disclosed in respect of the year 2011 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

## **2.8. Use of Estimates and Judgments**

The preparation of financial statements in conformity with the Bangladesh Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by *BAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors*.

In 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**

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

### **3.1. Revenue Recognition**

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

Receipts from customers comprise sales price against domestic sales.

### **3.2 Property, Plant and Equipment**

#### **3.2.1 Recognition and Measurement**

Property, plant and equipment are capitalized at cost of acquisition except land, building and plant & machineries being revalued and subsequently stated at cost/revalued amount less accumulated depreciation in compliance with the requirements of *BAS 16: Property, Plant and Equipment*. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

#### **3.2.2 Pre-Operating Expenses and Borrowing Costs**

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

### 3.2.3 Subsequent Expenditure

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

### 3.2.4 Software

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

### 3.2.5 Disposal of Fixed Assets

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

### 3.2.6 Depreciation on Fixed Assets

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

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

### 3.3 Leased Assets

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

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

### 3.4 Financial Instruments

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

#### 3.4.1 Financial Assets

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

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

##### 3.4.1 (a) Accounts Receivables

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

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

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

Deposits are measured at payment value.

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

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

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

### 3.4.2 **Financial Liability**

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

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

### 3.5. **Impairment**

#### (a) *Financial Assets*

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

#### (b) *Non-Financial Assets*

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

### 3.6. **Inventories**

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

### 3.7. **Provisions**

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

### 3.8. **Income Tax Expense**

#### *Current Tax*

Current Tax has been provided for the year at the reduced tax rate of 15% applicable for textiles industries. It also includes earlier year's short provision.

#### *Deferred Tax*

Deferred tax asset is not recognized as it is probable that future taxable profit will not be available against which temporary differences can be utilized.

### **3.9. Borrowing Costs**

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

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

### **3.10. Employee Benefits**

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

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

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

The company's employee benefits include the following:

#### *(a) Defined Contribution Plan (Provident Fund)*

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

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

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

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour Law, 2006 and is payable to workers as defined in the said scheme.

#### *(c) Short-term Employee Benefits*

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

#### *(d) Group Insurance Scheme*

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

### **3.11 Proposed Dividend**

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of *Bangladesh Accounting Standard (BAS) 1 (Revised 2008): Presentation of Financial Statements*. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of *Bangladesh Accounting Standard (BAS) 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.

### **3.12 Earning Per Share (EPS)**

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

#### *Basic Earnings (Numerator)*

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

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

### *Current Year (2012)*

The Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the basic EPS of 2012, the total number of shares including the said bonus shares has been considered as the Weighted Average number of Shares outstanding during the year 2012.

### *Earlier Year (2011)*

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the Weighted Average Number of Shares outstanding during the year 2012.

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

### *Diluted Earnings Per Share*

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

### **3.13 Foreign Currency Transactions**

The financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in compliance with the provisions of BAS 21: *The Effects of Changes in Foreign Exchange Rates*.

### **3.14 Statement of Cash Flows**

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: *Statement of Cash Flows*.

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

### **3.15 Related Party Disclosures**

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

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

### **3.16. Segmental Reporting**

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

### **3.17. Financial Risk Management**

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

- Credit risk
- Liquidity risk
- Market risk

#### **Credit risk**

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

#### **Liquidity risk**

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

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

#### Market risk

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

#### (a) Currency risk

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

#### (b) Interest rate risk

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

## 4. Events after the Reporting Period

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

## 5. Property, Plant and Equipment: Tk. 1,435,968,983

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

Particulars	Land & Land Development	Factory Building & Other Construction	Plant & Machinery	Factory Equipment	Furniture & Office Equipment	Motor Vehicle	CWP	Total
<b>Cost/Revaluation</b>								
At 31 December, 2011	551,240,700	457,437,187	1,275,053,053	29,557,123	20,056,826	4,369,033	1,786,253	2,339,500,175
Addition in 2012	15,862,485	4,140,045	-	5,312,154	216,850	-	(1,786,253)	23,745,281
<b>At 31 December, 2012</b>	<b>567,103,185</b>	<b>461,577,232</b>	<b>1,275,053,053</b>	<b>34,869,277</b>	<b>20,273,676</b>	<b>4,369,033</b>	<b>-</b>	<b>2,363,245,456</b>
Depreciation								
At 31 December, 2011	-	123,234,623	724,383,660	22,002,286	19,416,306	4,311,025	-	893,347,900
For 2012	-	11,539,431	20,406,108	1,596,004	329,023	58,008	-	33,928,574
<b>At 31 December, 2012</b>	<b>-</b>	<b>134,774,054</b>	<b>744,789,768</b>	<b>23,598,290</b>	<b>19,745,329</b>	<b>4,369,033</b>	<b>-</b>	<b>927,276,473</b>
<b>Carrying Amount</b>								
<b>At 31 December, 2012</b>	<b>567,103,185</b>	<b>326,803,178</b>	<b>530,263,285</b>	<b>11,270,987</b>	<b>528,347</b>	<b>-</b>	<b>-</b>	<b>1,435,968,983</b>
<b>Carrying Amount</b>								
<b>At 31 December, 2011</b>	<b>551,240,700</b>	<b>334,202,564</b>	<b>550,669,393</b>	<b>7,554,837</b>	<b>640,520</b>	<b>58,008</b>	<b>1,786,253</b>	<b>1,446,152,275</b>

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

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

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

## B. DISCLOSURE ON REVALUATION IN THE YEAR 2008

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

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

6. Long-Term Security Deposits : Tk. 5,107,298	2012	2011
This represents the amount deposited with utility providers in respect of :		
Bangladesh Telegraph & Telephone Board for Telephone	864,000	864,000
Titas Gas Transmission & Distribution Co. Ltd. for Gas Connection	4,243,298	4,243,298
	<b>5,107,298</b>	<b>5,107,298</b>

7. Inventories : Tk. 947,588,270		
This consists of :		
(a) Raw Material :		
Chips	220,541,850	212,583,963
Others	1,977,368	9,793,153
	<b>222,519,218</b>	<b>222,377,116</b>
(b) Work-in-Process	9,827,722	11,928,050
(c) Finished Goods	441,460,301	355,660,851
(d) Packing Material	1,794,928	539,536
(e) Stores & Spares	238,873,381	228,451,565
(f) Stock-in-Transit	33,112,720	35,511,524
	<b>947,588,270</b>	<b>854,468,643</b>

8. Accounts & Other Receivables : Tk. 906,582,593		
This is unsecured but considered good, and is falling due within one year.		
No amount was due by the directors (including Managing Director), Managing Agent, Managers and other officers of the Company and any of them severally or jointly with any other person.		

9. Advances, Deposits & Prepayments : Tk. 36,799,734		
This consists of :		
Advances :		
Duty, taxes & clearing charges	7,565,514	22,523,889
Advance Income Tax	18,555,196	724,093
Suppliers	627,119	1,490,302
Mill Expenses	279,735	343,153
	<b>27,027,564</b>	<b>25,081,437</b>
Deposits	1,692,605	6,692,605
Prepayments	8,079,564	8,677,177
	<b>36,799,733</b>	<b>40,451,219</b>

This is unsecured but considered good.

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

No amount was due by any associated undertaking.

10 Cash and Cash Equivalents : Tk. 3,277,873

This consists of :

	2012	2011
(a) Cash in Hand	547,962	273,700
(b) Cash at Banks :		
(i) In Current Accounts	927,656	1,365,710
(ii) In STD Accounts	1,802,255	13,054,409
	<b>2,729,911</b>	<b>14,420,119</b>
	<b>3,277,873</b>	<b>14,693,819</b>

11. Issued Share Capital : Tk. 788,294,180

(a) Authorized :

200,000,000 ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
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(b) Issued, Subscribed and paid-up :

29,900,000 Ordinary Shares of Tk. 10/- each fully paid up in cash	299,000,000	299,000,000
100,000 Ordinary Shares of Tk. 10/- each issued in consideration of value of land acquired (issued in 1993)	1,000,000	1,000,000
48,829,418 Bonus shares of Tk. 10 each	488,294,180	385,473,200
	<b>788,294,180</b>	<b>685,473,200</b>

(c) Compositions of share holdings:

	2012		2011	
	No. of Shares	%	No. of Shares	%
Sponsors:				
1. A S F Rahman	13,198,607	16.74	11,477,050	16.74
2. Salman F Rahman	12,219,819	15.50	10,625,930	15.50
Associates	3,018,438	3.83	2,624,730	3.83
Foreign Investors	12,372	0.02	10,760	0.02
ICB including ICB Investors Account	4,913,995	6.23	4,310,550	6.29
General Public & Institutions	45,466,187	57.68	39,498,300	57.62
	<b>78,829,418</b>	<b>100.00</b>	<b>68,547,320</b>	<b>100.00</b>

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

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

Share holdings Range in number of shares	Number of holders		% of total holders		Number of Shares		% of Share Capital	
	2012	2011	2012	2011	2012	2011	2012	2011
1 to 499	12,641	11,258	61.10%	67.70%	2,005,111	1,645,250	2.54%	2.40%
500 to 5,000	6,643	4,480	32.11%	26.94%	11,515,390	7,499,150	14.61%	10.94%
5,001 to 10,000	777	456	3.76%	2.74%	5,642,275	3,381,160	7.16%	4.93%
10,001 to 20,000	347	208	1.68%	1.25%	4,782,429	2,965,280	6.07%	4.33%
20,001 to 30,000	112	80	0.54%	0.48%	2,789,344	1,955,680	3.54%	2.85%
30,001 to 40,000	51	37	0.25%	0.22%	1,798,577	1,298,940	2.28%	1.89%
40,001 to 50,000	23	30	0.11%	0.18%	1,040,152	1,376,090	1.32%	2.01%
50,001 to 100,000	53	38	0.26%	0.23%	3,616,831	2,538,850	4.59%	3.70%
100,001 to 1,000,000	34	32	0.16%	0.19%	7,392,419	8,896,660	9.38%	12.98%
Over 1,000,000	9	10	0.04%	0.06%	38,246,890	36,990,260	48.52%	53.96%
	<b>20,690</b>	<b>16,629</b>	<b>100.00%</b>	<b>100.00%</b>	<b>78,829,418</b>	<b>68,547,320</b>	<b>100.00%</b>	<b>100.00%</b>



(e) *Market Price:*

The shares of the Company are listed with in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 24.30 (in 2011: Tk. 36.82) per share in the Dhaka Stock Exchange and Tk. 24.30 (in 2011: Tk. 36.90) per share in the Chittagong Stock Exchange on 30 December 2012.

(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.

12. *Revaluation Surplus : Tk. 1,329,335,883*

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

13. *Debenture- Current Maturity (Secured) Tk. 46,984,594*

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

14. *Interest Free Block Account-Current Maturity Tk. 32,281,492*

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

15. *Short Term Loans From Banks (Secured) : Tk. 795,394,747*

This consists of following Bank/Financial Institutions:

	2012	2011
Sonali Bank, Local Office, Dhaka- Cash Credit	477,453,403	466,018,532
IPDC of Bangladesh Ltd.	17,941,344	17,941,344
Phoenix Finance & Investments Ltd.	300,000,000	200,000,000
	<b>795,394,747</b>	<b>683,959,876</b>

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

16. *Accounts & Other Payables : Tk. 66,103,676*

This is unsecured and represents creditors for:

Goods Supplied	11,087,287	12,724,505
Gas and Services	25,192,771	28,822,479
Insurance	11,206,543	11,653,744
Others	18,617,075	22,747,473
	<b>66,103,676</b>	<b>75,948,201</b>

17. *Accrued Expenses : Tk. 161,690,724*

This is falling due within one year and represents :

Accruals	22,894,027	15,519,548
Provision for Taxation	46,392,756	26,440,184
Workers' Participation / Welfare Funds	22,346,819	20,927,006
Interest Payable -Finance Lease	4,668,710	2,401,085
Interest Payable -Debenture (Current)	10,119,965	5,867,992
Interest Payable -Short Term Loan (Phoenix)	52,250,000	8,000,000
Interest Payable -Short Term Loan (IPDC)	3,018,447	618,447
	<b>161,690,724</b>	<b>79,774,262</b>

18. Revenue (Net) : Tk. 1,426,752,263	2012	2011
This is made-up as follows :		
Sales of DTY ( 6,617,102 kgs.) ( in 2011 : 7,592,259 kgs)	1,396,881,567	1,537,972,430
Less : Sales Commission	19,559,771	21,921,038
	<b>1,377,321,796</b>	<b>1,516,051,392</b>
Sales of Wastage	49,430,466	28,966,044
	<b>1,426,752,263</b>	<b>1,545,017,437</b>

19. Cost of Revenue : Tk. 1,161,418,416

This is made-up as follows :

Raw Material Consumed (Note - 19.1)	1,001,685,361	1,060,601,654
Packing Material Consumed (Note- 19.2)	39,186,219	39,608,224
Manufacturing Overhead (Note - 19.3)	170,317,384	166,485,719
Depreciation	33,928,574	34,060,203
<b>Manufacturing Costs for the year</b>	<b>1,245,117,538</b>	<b>1,300,755,799</b>
Opening WIP	11,928,050	7,976,563
<b>Manufacturing Costs to date</b>	<b>1,257,045,588</b>	<b>1,308,732,362</b>
Closing WIP	9,827,722	11,928,050
<b>Cost of Goods manufactured</b>	<b>1,247,217,866</b>	<b>1,296,804,312</b>
Opening Finished Goods	355,660,851	359,013,438
<b>Cost of Goods available for revenue</b>	<b>1,602,878,717</b>	<b>1,655,817,750</b>
Closing Finished Goods	441,460,301	355,660,851
<b>Cost of Revenue</b>	<b>1,161,418,416</b>	<b>1,300,156,899</b>

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

Items	2012		2011	
	Quantity in Kgs.	Value in Taka	Quantity in Kgs.	Value in Taka
Opening Stock				
POY	199,757	27,017,135	197,325	20,507,480
DTY	2,002,936	328,643,716	2,178,073	338,505,958
	<b>2,202,693</b>	<b>355,660,851</b>	<b>2,375,398</b>	<b>359,013,438</b>
Closing Stock				
POY	135,536	21,630,173	199,757	27,017,135
DTY	2,039,220	419,830,128	2,002,936	328,643,716
	<b>2,174,757</b>	<b>441,460,301</b>	<b>2,202,693</b>	<b>355,660,851</b>

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

Items	2012		2011	
	Quantity in Kgs.	Value in Taka	Quantity in Kgs.	Value in Taka
Opening Stock				
POY	5,000	662,000	5,000	556,550
DTY	79,060	11,266,050	59,522	7,420,013
	<b>84,060</b>	<b>11,928,050</b>	<b>64,522</b>	<b>7,976,563</b>
Closing Stock				
POY	5,000	748,350	5,000	662,000
DTY	59,149	9,079,372	79,060	11,266,050
	<b>64,149</b>	<b>9,827,722</b>	<b>84,060</b>	<b>11,928,050</b>

19.1. Raw Material Consumed : Tk. 1,001,685,361

This is made-up as follows :

	2012	2011
Opening Stock	222,377,116	162,847,604
Purchases	1,001,827,463	1,120,131,166
	<b>1,224,204,579</b>	<b>1,282,978,770</b>
Closing Stock	222,519,218	222,377,116
	<b>1,001,685,361</b>	<b>1,060,601,654</b>

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

Items	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Opening Stock				
Chips (tons)	1,642	212,583,963	1,631	153,872,412
Spin Finish (kgs.)	19,200	5,152,591	20,600	4,696,039
Conning Oil (kgs.)	12,755	1,800,263	17,919	2,351,381
Antiseptics (kgs.)	100	83,167	200	154,056
Paper Tube-POY-Imported (Nos.)	37,104	2,757,132	28,094	1,773,716
		<b>222,377,116</b>		<b>162,847,604</b>
Closing Stock				
Chips (tons)	1,667	220,541,850	1,642	212,583,963
Spin Finish (kgs.)	-	-	19,200	5,152,591
Conning Oil (kgs.)	9,821	1,655,019	12,755	1,800,263
Antiseptics (kgs.)	-	-	100	83,167
Paper Tube-POY-Imported (Nos.)	4,338	322,349	37,104	2,757,132
		<b>222,519,218</b>		<b>222,377,116</b>

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

Item	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Chips (tons)	7,220	959,658,001	7,767	1,062,373,924
Spin Finish (kgs.)	19,200	5,994,120	38,400	11,137,444
Conning Oil (kgs.)	89,791	15,480,310	143,814	20,475,593
Antiseptics (kgs.)	150	137,142	150	137,028
Paper Tube-POY-Imported (Nos.)	-	-	53,278	4,272,896
Paper Tube-DTY (Nos.)	3,230,876	20,557,890	3,872,439	21,734,281
		<b>1,001,827,463</b>		<b>1,120,131,166</b>

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

Item	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Chips (tons)	7,195	951,700,114	7,756	1,003,662,374
Spin Finish (kgs.)	38,400	11,146,711	39,800	10,680,892
Conning Oil (kgs.)	92,725	15,625,553	148,978	21,026,710
Antiseptics (kgs.)	250	220,309	250	207,918
Paper Tube-POY-Imported (Nos.)	32,766	2,434,784	44,268	3,289,478
Paper Tube-DTY (Nos.)	3,230,876	20,557,890	3,872,439	21,734,282
		<b>1,001,685,361</b>		<b>1,060,601,654</b>

Raw material consumed are fully imported except DTY Paper Tube.

19.2. Packing Material Consumed : Tk. 39,186,219

2012

2011

This is made-up as follows :

Opening Stock	539,536	1,218,688
Purchases	40,441,611	38,929,072
	40,981,147	40,147,760
Closing Stock	1,794,928	539,536
	<b>39,186,219</b>	<b>39,608,224</b>

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

Items	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Opening Stock				
Cartons (Set)	711	88,336	4,875	500,731
HDPE Bag (Nos.)	61,303	51,832	51,394	41,943
Louis tape (Rolls)	2,504	72,857	2,028	42,870
P.P. Band and clip (Kgs.)	7	1,014	10	1,449
Adhesive Sticker (Nos.)	832,518	307,414	942,034	604,486
Packing Slip (Nos.)	21,480	18,083	32,320	27,209
		<b>539,536</b>		<b>1,218,688</b>
Closing Stock				
Cartons (Set)	10,684	1,493,890	711	88,336
HDPE Bag (Nos.)	103,600	84,378	61,303	51,832
Louis tape (Rolls)	2,174	63,754	2,504	72,857
P.P. Band and clip (Kgs.)	7	1,014	7	1,014
Adhesive Sticker (Nos.)	566,335	134,650	832,518	307,414
Packing Slip (Nos.)	20,480	17,242	21,480	18,083
		<b>1,794,928</b>		<b>539,536</b>

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

Items	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Cartons (Set)	258,886	36,209,811	276,884	34,505,446
HDPE Bag (Nos.)	3,147,681	2,561,764	3,467,855	2,933,602
Louis tape (Rolls)	42,500	1,246,925	42,556	1,254,362
Adhesive Sticker (Nos.)	2,240,064	423,111	1,333,200	235,662
		<b>40,441,611</b>		<b>38,929,072</b>

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

Items	2012		2011	
	Quantity	Value in Taka	Quantity	Value in Taka
Cartons (Set)	248,913	34,804,256	281,048	34,917,842
HDPE Bag (Nos.)	3,105,384	2,529,218	3,457,946	2,923,713
Louis tape (Rolls)	42,830	1,256,028	42,080	1,224,375
P.P. Band and clip (Kgs.)	-	-	3	435
Adhesive Sticker (Nos.)	2,506,247	595,875	1,442,716	532,734
Packing Slip (Nos.)	1,000	841	10,840	9,125
		<b>39,186,219</b>		<b>39,608,224</b>

Packing material consumed are fully local purchased.

19.3. Manufacturing Overhead : Tk. 170,317,384

This is made-up as follows :

	2012	2011
Salary and wages	41,837,805	37,645,889
Power & Gas	61,262,946	72,038,671
Indirect Material (Stores & Spares)	52,288,261	42,723,193
Insurance	1,699,450	1,172,630
Other Manufacturing Overhead	13,228,922	12,905,336
	<b>170,317,384</b>	<b>166,485,719</b>

- (a) Salary and Wages includes Provident Fund contribution of Tk. 1,091,730 ( in 2011 :Tk. 999,774).
- (b) The value of imported stores and spares consumed is Tk. 36,591,325 ( in 2011 :Tk. 29,906,235) which is 70% of total stores and spares consumed.
- (c) Other manufacturing overhead does not include any item exceeding 1% of total revenue.

20. Administrative Expenses: Tk. 15,342,081

This Consists of :

Salary	7,277,750	7,248,261
Entertainment	517,798	497,762
Stationery Items	273,701	278,230
Books, News Papers & Periodicals	22,916	53,914
Medical Expenses	230,806	143,565
Renewals, Rates & Registrations	261,211	703,660
Subscription & Membership Fees	1,577,212	729,496
Travelling and Conveyance	326,658	256,110
Telephone, Telex, Fax	289,857	276,029
Transport Expenses	1,360,870	1,274,648
Bank Charges & Commission	144,943	159,951
Utilities-Electricity, Water & Gas	74,987	51,704
Audit Fee	300,000	200,000
Trustee Fees	125,737	230,532
Group Insurance Premium	345,132	359,123
AGM Expenses	1,966,934	1,805,186
Security Guard Hire Expenses (CC)	123,120	156,191
Other Administrative Overhead	122,449	83,227
	<b>15,342,081</b>	<b>14,507,589</b>

- (a) Salary includes Provident Fund contribution of Tk. 323,983 ( in 2011 :Tk. 350,532).
- (b) The audit fee represents the fees for auditing the accounts of the Company for the year 2012. No other fee was paid to the auditor for any other services.

21. Selling Expenses : Tk. 5,076,623

This Consists of :

Transport	4,925,428	4,896,037
Market Research	151,195	184,252
	<b>5,076,623</b>	<b>5,080,289</b>

22.	Finance Cost : Tk. 139,499,076	2012	2011
	This is made up as follows :		
	(a) Debenture Interest	4,251,973	5,867,992
	(b) Interest on Cash Credit	73,579,477	61,443,352
	(c) Interest on Short Term Loan-IPDC	2,400,000	4,325,796
	(d) Interest on Short Term Loan-Phoenix Finance & Investment	57,000,000	8,000,000
	(e) Interest on Finance Lease	2,267,626	5,925,009
		<b>139,499,076</b>	<b>85,562,149</b>

23. Contribution To Workers' Profit Participation / Welfare Funds : Tk. 5,019,813

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

24. Income Tax Expenses : Tk. 19,952,572

This represents current tax expense & consist of:

Tax for the year	15,059,438	19,958,644
Prior Year Adjustment	4,893,134	4,922,813
	<b>19,952,572</b>	<b>24,881,457</b>

25. Earnings Per Share (EPS)

The relevant accounting policies have been stated in Note 3.12

(a) Net profit after tax (Numerator)	80,443,682	108,176,172
(b) Weighted average number of shares in issue (Denominator) (Note-25.1)	78,829,418	78,829,418
<b>(c) Earning Per Share (EPS) (Adjusted EPS of 2011)</b>	<b>1.02</b>	<b>1.37</b>

**25.1 This is arrived as follows:**

Number of shares outstanding as on 01.01.2012	68,547,320
Add: Number of Bonus Share issued in 2012 (for 2011)	10,282,098
	<b>78,829,418</b>

26. Contingent Liabilities

There was no contingent liability as on 31 December, 2012.

27. Capital Expenditure Commitment

- (a) There was no capital expenditure commitment but not incurred or provided at 31 December, 2012.  
(b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December, 2012.

28. Un-availed Credit Facility

There was no credit facility available to the Company under any contract, but not availed of as on 31 December, 2012 and 2011 other than trade credit available in the ordinary course of business.

29. Foreign Exchange Earned

No foreign exchange was earned against sales. No other foreign exchange was earned or received by the Company during the year 2012.

### 30. Payments in Foreign Currency

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

- (a) Payment against imported Raw Material & Spares

2012		2011	
Foreign Currency in US\$	In Taka	Foreign Currency in US\$	In Taka
10,760,505	886,686,167	13,448,897	996,158,612

- (b) No other expenses including royalty, technical expert and professional advisory fees, etc. was incurred or paid by the Company in foreign currency, during the year 2012.

### 31. Commission, Brokerage or Discount Against Sales

- (a) Distribution commission of Tk. 19,559,771 ( in 2011 :Tk. 21,921,038) was incurred and paid during the year 2012 to the distributors of the Company.

- (b) No other commission, brokerage or discount was incurred or paid by the Company against sales during the year 2012.

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

- (a) POY 115/230 Denier (Qty. in tons)

	2012	2011
Installed capacity	8,400	8,400
Actual Production	7,157	7,690

- (b) DTY 75 (NI) Equivalent Denier (Qty. in tons)

	2012	2011
Installed capacity	8,336	8,336
Actual Production	6,653	7,417

### 33. Payment/ Perquisites to Directors/Officers

- (a) The aggregate amounts paid/provided during the year in respect of Officers of the Company as defined in the Security and Exchange Rules, 1987 are disclosed below :

Basic Salary	3,399,060	2,859,960
House Rent Allowance	1,699,530	1,429,980
Conveyance & Other Allowances	1,239,275	1,011,650
Provident Fund Contribution	339,906	249,996
<b>Total</b>	<b>6,677,771</b>	<b>5,551,586</b>

- (b) No compensation was allowed by the Company to the Managing Director of the Company.

- (c) No amount of money was spent by the Company for compensating any member of the Board for special services rendered.

### 34. Post Closing Events

The directors recommended 10% stock dividend on 30 April, 2013.

The dividend proposals are subject to shareholders approval at the forthcoming Annual General Meeting.

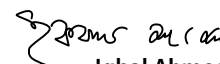
Except the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



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



**Salman F Rahman**  
Vice-Chairman



**Iqbal Ahmed**  
Director

Dhaka,  
30 April, 2013





# BEXIMCO SYNTHETICS LIMITED

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

## PROXY FORM

I/We ..... of ..... being a member of **BEXIMCO SYNTHETICS LIMITED** hereby appoint Mr./Mrs./Miss ..... of ..... as my Proxy to attend and vote for me on my behalf at the **22<sup>nd</sup> ANNUAL GENERAL MEETING** of the Company to be held on Saturday the 29th June, 2013 at 2:00 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur and at any adjournment thereof.

As witness my hand this ..... day of June, 2013. Signed by the said in presence of.....

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



.....  
(Signature of witness)

.....  
Signature of the Shareholder(s)  
Register BO ID/Folio No. ....  
Dated .....

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

Signature verified

.....  
Authorized Signatory

# BEXIMCO SYNTHETICS LIMITED

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

## SHAREHOLDERS' ATTENDANCE SLIP

I hereby record my attendance at the **22<sup>nd</sup> ANNUAL GENERAL MEETING** being held on Saturday the 29th June, 2013 at 2:00 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur.

Name of Member/Proxy .....

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

.....  
Signature of Shareholder(s)

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



# Shareholders Information

## Corporate Headquarters :

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

## Operational Headquarters :

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

## Factory :

Kabirpur, Savar, Dhaka.

## Auditors :

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

## Legal Advisers :

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

## Bankers :

Sonali Bank Limited  
IFIC Bank Limited

## Day, Date & Time of AGM :

Saturday 29th June, 2013 at 2.00 pm

## Proposed Dividend :

10% Stock Dividend

**BEXIMCO SYNTHETICS LIMITED**

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Dhaka-1205, Bangladesh

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