

**BEXIMCO SYNTHETICS LTD.**

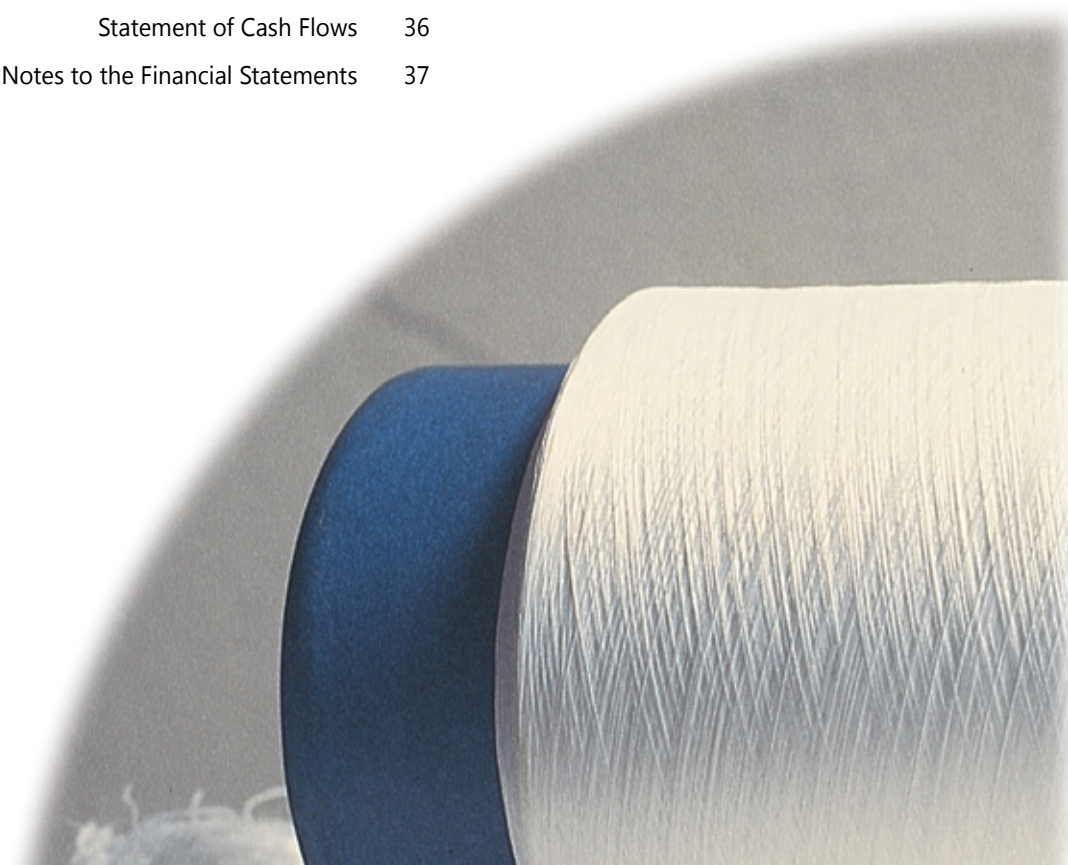
**ANNUAL REPORT**  
**2018-19**

## 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.

# TABLE OF CONTENTS

Operational & Financial Highlights	2
Company Profile	3
Corporate Directories	4
Notice of the 28 <sup>th</sup> Annual General Meeting	5
Chairman's Statement	6
Directors' Report to the Shareholders	8
Report of the CEO and CFO	11
Certification on Compliance on the Corporate Governance Code	12
Corporate Governance Code Compliance Status Report	13
Report on the Activities of the Audit Committee	21
Corporate Governance	25
27 <sup>th</sup> Annual General Meeting	27
Independent Auditors' Report	29
Statement of Financial Position	33
Statement of Profit or Loss and Other Comprehensive Income	34
Statement of Changes in Equity	35
Statement of Cash Flows	36
Notes to the Financial Statements	37



## OPERATIONAL & FINANCIAL HIGHLIGHTS

	<b>1 July 2018 to 30 June 2019</b>	<b>1 July 2017 to 30 June 2018</b>
Turnover	107,175	1,227,964
Gross Profit/(Loss)	(136,484)	(55,665)
Net Loss Before Tax	(299,515)	(264,206)
Net Loss After Tax	(299,673)	(270,698)
Earnings Per Share	(3.46)	(3.12)
Total Assets	3,006,329	3,312,380
Shareholders' Equity	1,225,613	1,525,287

*all figures in thousand Taka except indicate otherwise.*

# COMPANY PROFILE



## **Corporate Headquarters**

17 Dhanmondi R/A, Road No. 2

Dhaka-1205, Bangladesh

Phone : 880-2-58611891

Email : [beximchq@bol-online.com](mailto:beximchq@bol-online.com)

Web Site : [www.beximco.com](http://www.beximco.com)

## **Operational Headquarters**

Kabirpur, Savar, Dhaka-1344, Bangladesh

Email : [beximsyn@bol-online.com](mailto:beximsyn@bol-online.com)

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

## **Factory**

Kabirpur, Savar, Dhaka

## **Year of Establishment**

July 18, 1990

## **Commercial Production**

July 01, 1994

## **Nature of Activities**

Manufacturing & Marketing of Polyester

Filament Yarn, namely Partially Oriented

Yarn (POY) and Drawn Texturising Yarn (DTY).

## **Listing Status**

Public Listed Company

## **Stock Exchange Listing**

Dhaka & Chittagong

## **Authorized Capital**

2,000 million Taka

## **Paid up Capital**

867.123 million Taka

## **Number of Shareholders**

15,438



# CORPORATE DIRECTORIES



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

## BOARD OF DIRECTORS

**A S F Rahman**

*Chairman*

**Salman F Rahman**

*Vice-Chairman*

**Iqbal Ahmed**

*Director*

**O K Chowdhury**

*Director*

**Tipu Sultan Farazi**

*Director*

*Nominee of ICB (Representing  
Institutional Debenture Holders)*

**Barrister Faheemul Haq**

*Independent Director*

**Mohammad Asad Ullah, FCS**

*Executive Director &  
Company Secretary*

## MANAGEMENT COMMITTEE

**O K Chowdhury**

*Director, Group Finance &  
Corporate Affairs*

**Syed Naved Husain**

*Chief Executive Officer*

**Md. Rafiqul Islam**

*Chief Financial Officer*

# NOTICE OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING

## BEXIMCO SYNTHETICS LIMITED

17, Dhanmondi, Road No. 2, Dhaka-1205

### NOTICE OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Shareholders of **Beximco Synthetics Limited** will be held on Saturday, the 21<sup>st</sup> December, 2019 at 1.30 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 on 30<sup>th</sup> June, 2019 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year 2019-20 and to fix their remuneration.
4. To appoint Corporate Governance Compliance Auditor for the year 2019-20 and to fix remuneration.

*By order of the Board,*



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

Dated : November 18, 2019

#### NOTES :

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

# চেয়ারম্যানের প্রতিবেদন

শ্রীঃ কেদারচন্দ্রবন্দ্যোপাধ্যায়

কোম্পানীর ২৮তম বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদের পক্ষ থেকে আমি আপনাদের সকলকে স্বাগত জানাচ্ছি এবং একইসাথে কোম্পানীর ১লা জুলাই ২০১৮ইং হইতে ৩০শে জুন ২০১৯ইং সমাপ্ত বছরের নিরীক্ষিত আর্থিক বিবরণীসহ নিরীক্ষকের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করতে পেরে আমি খুবই আনন্দিত।

## কার্যক্রম

স্থানীয় বাজারে আমাদের পলিয়েস্টার ফিলামেন্ট সূতার চাহিদা ও মূল্য কম থাকায় এবং অন্যান্য প্রতিকূল অবস্থার কারণে আপনাদের কোম্পানী আরও একটি অত্যন্ত কঠিন বছর অতিক্রম করেছে। আমাদের সমস্ত আন্তরিক প্রচেষ্টা থাকা সত্ত্বেও বর্তমান অবস্থা আগের মত থেকে যাওয়ায় আমরা আমাদের আকাংখিত উৎপাদন ও মুনাফা অর্জন করতে পারি নাই। বাংলাদেশে এই ব্যবসার ভবিষ্যৎ নিয়ে আমরা খুবই উদ্বিগ্ন। তবে বর্তমান অবস্থা হইতে উত্তরণের জন্য আমাদের আন্তরিক প্রচেষ্টা অব্যাহত থাকবে।

## বিপণন

প্রতিবেদনাদিন বছরে সার্বিক বিপণন কার্যক্রম অবস্থা ছিল গত বছরের মত খুবই প্রতিকূল। এর অন্যতম কারণ ছিল, স্থানীয় বাজারে পলিয়েস্টার সূতার তৈরী কাপড়ের চাহিদা কম থাকায় আমাদের সূতার মূল্য ব্যাপকভাবে হ্রাস পায় যা আমাদের উৎপাদন ও বিক্রয় লক্ষ্য অর্জনে নেতিবাচক ভূমিকা পালন করে। আমাদের বিপণন দল আমাদের পণ্যের বাজার পরিধি ধরে রাখতে সর্বদা সচেষ্ট, তবে ইহা ধরে রাখতে প্রতিদিন আরও কঠিন থেকে কঠিনতর হয়ে পরছে।

## উপসংহার

আমাদের পণ্যের উপর আস্থার জন্য আমি আমার ও পরিচালনা পর্ষদের পক্ষ থেকে সম্মানিত ক্রেতা সাধারণকে আন্তরিক ধন্যবাদ জানাচ্ছি। সেই সাথে আমাদের কর্মকর্তা ও কর্মচারীদেরকে তাদের অক্লান্ত প্রচেষ্টার জন্য, সরবরাহকারীদেরকে তাদের সমর্থনের জন্য, ব্যাংক, সরকারী সংস্থা ও অন্যান্য আর্থিক প্রতিষ্ঠানসমূহকে তাদের সহযোগিতার জন্য এবং সর্বোপরি সম্মানিত শেয়ারহোল্ডারদেরকে কোম্পানীর মঙ্গলে তাদের ক্রমাগত উৎসাহ প্রদানের জন্য আন্তরিক প্রশংসা ও সাধুবাদ জানাই।

আমি আবারো আমাদের সকল শুভাকাংখীকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাদের অব্যহত সমর্থন ও সহযোগিতা কামনা করি।

X. K. D. K. K. K.

এ এস এফ রহমান

চেয়ারম্যান

২৮শে অক্টোবর, ২০১৯

ঢাকা।

এ এস এফ রহমান, চেয়ারম্যান



# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

I take this opportunity to welcome you on behalf of the Board of Directors to this 28<sup>th</sup> Annual General Meeting of your company and to present before you the Audited Financial Statements and the Auditors' and Directors' Report thereon of the Company for the year ended 30<sup>th</sup> June 2019.

## Operations

During the period once again we have passed another extremely difficult year for your company as smooth business operation was hampered once again due to unavoidable circumstances like continuous decreasing of demand as well as price of polyester filament yarn in local market. Our total effort to overcome and improve the current situation remained same as previous year despite that we could not maintain our targeted production and profitability during the year under review. We are worried about the future of this business in Bangladesh. However, effort will continue to find ways to recover.

## Marketing

The overall market scenario was still very vulnerable like previous year due to continuous fall of yarn price as decrease of demand of finished fabrics of polyester yarn in the local market that ultimately played a negative role in our targeted production and sales achievement. Our marketing team is always concentrating on keeping the market share intact but it is becoming more & more difficult in each day.

## Conclusion

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

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



**A S F Rahman**  
Chairman

28 October, 2019  
Dhaka.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year 2018-2019

*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 on 30 June 2019 together with the Auditor's report thereon.

## 1. Principal Activity

The principal activity of the company was production & sales of high quality Polyester Filament Yarn namely, Partially Oriented Yarn (POY) and Drawn Texturising Yarn (DTY). Company operates in a single product segment-Polyester yarn. However, in relevant cases market segment performance has been analysed.

## 2. Financial Results

The financial results and recommended appropriations are stated below:

*Taka in Thousand*

Particulars	2018-2019	2017-2018
Revenue	107,175	1,227,964
Cost of Revenue	(243,660)	(1,283,629)
Gross Loss	(136,484)	(55,665)
Net Loss before Tax	(299,515)	(264,206)
Net Loss after Tax	(299,673)	(270,698)

## 3. Dividend

No interim/final dividend is possible based on the Company's accounts for the period.

## 4. Analysis of Operating Performance

### 4.1 Production and Sales

During the year, the Company has produced 569,661 kgs of POY 115 denier filament yarn and 557,595 kgs of DTY both in Intermingle and Non-Intermingle form. Gross turnover was Tk. 107.17 million..

### 4.2 Profitability

We have passed another extremely difficult year for smooth business operation. The major reason behind that was the continuous fall of Polyester yarn price due to tremendous decrease of demand of finished fabrics in the local market that ultimately played a negative role in achieving our targeted production as well as sales. As a result turnover and profitability of your company were badly affected like previous year and the Company has incurred losses.

## 5. Director - Retirement and Re-Election

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

## 6. Director - Remuneration

No remuneration has been paid to any Director during 2018-2019 except Independent Director.

## 7. 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 27<sup>th</sup> Annual General Meeting of the Company has carried out the audit for the period ending 30 June 2019.

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 2019-2020.

## 8. Board Audit Committee

The Board reconstituted the Audit Committee comprises the following members as per provision of Corporate Governance Code issued by BSEC dated 03 June 2018.

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

## 9. Nomination and Remuneration Committee

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission dated 03 June 2018 the Board of Directors constituted Nomination and Remuneration Committee as follows, in its meeting held on December 24, 2018.

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

A meeting of NRC was held on May 20, 2019 and all the Members were attended.

## 10. Board Meetings and Attendance

During the year, 2018-2019, 5 Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meeting Attended
Mr. A S F Rahman	5
Mr. Salman F Rahman	5
Mr. Iqbal Ahmed	4
Mr. O K Chowdhury	5
Mr. Tipu Sultan Farazi	3
Mr. Masud Ekramullah Khan *	3
Barrister Faheemul Huq **	2

\* Mr. Masud Ekramullah Khan ceased to be Independent Director with effect from December 20, 2018 due to expire his 2<sup>nd</sup> tenure of the office as per the provision of Corporate Governance Guidelines issued by BSEC dated 07 August 2012.

\*\* Barrister Faheemul Huq appointed as Independent Director of the Company with effect from December 20, 2018 for a period of three years upto December 19, 2021 in place of Mr. Masud Ekramullah Khan.

## 11. 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.

## 12. Key Operating and Financial Data

The summarized key operating and financial data for 2018-2019 and immediately preceding four years are presented below:

### Results of Operations

	2018 - 2019	2017-2018	2016-2017	2016 (upto June)	2015
Revenue (Turnover) Net	107,175	1,227,964	407,051	401,436	977,572
Gross Profit/(Loss)	(136,484)	(55,665)	(69,353)	38,709	83,822
Operating Profit/(Loss)	(146,218)	(70,557)	(86,868)	26,968	64,382
Net Loss before Tax	(299,515)	(264,206)	(226,348)	(30,348)	(67,182)
Net Loss after Tax	(299,673)	(270,699)	(227,459)	(32,438)	(69,932)
Basic Earnings per Share	(3.46)	(3.12)	(2.62)	(0.37)	(0.81)

### Financial Position

	2018 - 2019	2017-2018	2016-2017	2016 (upto June)	2015
Total Assets	3,006,329	3,312,380	3,241,016	3,376,774	3,329,702
Fixed Assets-Gross	2,401,960	2,401,960	2,401,960	2,401,578	2,400,869
Fixed Assets-Net	1,252,095	1,287,028	1,322,050	1,356,883	1,373,821
Gross Working Capital	1,749,126	2,020,244	1,913,858	2,014,783	1,950,774
Net Working Capital	867,916	1,396,518	720,481	996,544	1,039,658
Authorized Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Paid up Capital	867,123	867,123	867,123	867,123	867,123
Reserve & Surplus	358,490	658,163	928,862	1,156,321	1,188,760
Shareholders' Equity	1,225,613	1,525,287	1,795,985	2,023,444	2,055,883

## Key Financial Ratios, Figures and Market Data

	2018 - 2019	2017-2018	2016-2017	2016 (upto June)	2015
Current Ratio	1.98	3.29	1.60	1.98	2.14
Return on Paid-up Capital	(34.56%)	(31.22%)	(26.23%)	(3.74%)	(8.06%)
Return on Investment	(14.10%)	(10.06%)	(12.66%)	(1.60%)	(3.40%)
Net Asset Value Per Share (Tk.)	14.13	17.59	20.71	23.34	23.71
Market Price of Share (at DSE)(Tk.)	5.90	8.60	9.60	6.30	7.90
Market Price of Share (at CSE)(Tk.)	5.80	8.60	9.60	6.30	7.90
Price Earnings Ratio (DSE price)(Times)	(1.70)	(2.75)	(3.64)	17.02	(9.75)
Price Earnings Ratio (CSE price)(Times)	(1.67)	(2.75)	(3.64)	17.02	(9.75)

## Others

	2018 - 2019	2017-2018	2016-2017	2016 (upto June)	2015
Number of Shares	86,712,359	86,712,359	86,712,359	86,712,359	86,712,359
Number of Shareholders	15,438	15,961	16,582	18,224	19,051

all figures in thousand Taka except indicate otherwise

## 13. The Pattern of Shareholding

Name wise details	No. of Shares held
i) Parent/Subsidiary/Associate Companies and other related parties:	
Beximco Holdings Ltd.	1,532,686
New Dacca Industries Limited	1,375,067
Shinepukur Ceramics Limited	65,716
ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:	
Mr. A S F Rahman, Chairman	14,518,467
Mr. Salman F Rahman, Vice-Chairman	13,441,800
Chief Executive Officer, spouse and minor children	Nil
Company Secretary, spouse and minor children	Nil
Chief Financial Officer, spouse and minor children	Nil
Head of Internal Audit, spouse and minor children	Nil
iii) Executives:	Nil
iv) Shareholders holding ten percent (10%) or more voting interest in the company	
Mr. A S F Rahman, Chairman (mentioned in Sl. No. (ii) above	14,518,467
Mr. Salman F Rahman, Vice-Chairman (mentioned in Sl. No. (ii) above	13,441,800

## 14. Corporate Governance Compliance Report

In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is annexed as Annexure- "C".

## 15. 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 for their continued support.

Thank you all.

On behalf of the Board



**A S F Rahman**

Chairman

28 October, 2019

Dhaka.

# REPORT OF THE CEO AND CFO

Date: 28 October, 2019

## **The Board of Directors**

BEXIMCO SYNTHETICS LIMITED

### **Subject: Declaration on Financial Statements for the year ended on 30<sup>th</sup> June 2019.**

Dear Sirs,

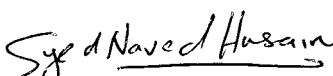
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated: 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

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

#### **In this regards, we also certify that:**

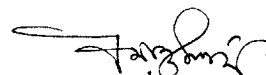
- i) We have reviewed the financial statements of the Company for the year ended on 30 June 2019 and to the best of their knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these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

Sincerely yours,



**Syed Naved Husain**  
Chief Executive Office

Date: 28 October 2019  
Dhaka.



**Md. Rafiqul Islam**  
Chief Financial Officer



# CERTIFICATION ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE



## Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

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

### Report to the Shareholders of Beximco Synthetics Limited on compliance on the Corporate Governance Code

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

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

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

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

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

Dhaka, Dated  
November 21, 2019



Suraiya Parveen & Associates  
Chartered Secretaries

Suraiya Parveen, FCS  
Chartered Secretary in Practice

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# CORPORATE GOVERNANCE CODE COMPLIANCE STATUS REPORT

## Annexure-C

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

### (Report under Condition No. 9.00)

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)(a)	Independent Director(s) (at least one fifth of total number of directors shall be Independent Director);	√		
1(2)(b)	Independent Director (ID) means a director:			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent(1%) shares of the total paid up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds 1% or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship , whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of the Code	√		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI); and	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the AGM;	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days; and	N/A		
1(2)(e)	The tenure of office on an independent director shall be for a period of 3(three) years, which may be extended for 1 tenure only.	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent director shall be a knowledgeable Individual with Integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or member of any national or international chamber of commerce or business association;	N/A		

Condition No.	Title	Compliance Status ("√"/"") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than CEO or MD or DMD or CFO or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company;	N/A		
1(3)(b)(iii)	Former official of Government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree In economics or commerce or business or law; or	N/A		
1(3)(b)(iv)	University teacher who has educational background in Economics or Commerce or Business Studies or Law; or	N/A		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or Equivalent qualification;	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the commission.	N/A		
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director(MD) and/or Chief Executive Officer(CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The MD and/or CEO of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the MD and/or CEO;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Boards meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
<b>1(5)</b>	<b>The directors' Report to Shareholders</b>			
1(5)(i)	Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment;	√		
1(5)(iv)	Discussion on COGS, Gross Profit and Net Profit Margins;	√		
1(5)(v)	Discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	N/A		
1(5)(vi)	Detail discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	N/A		
1(5)(vii)	Statement of utilization of proceeds raised through public issues, rights issues, and/or any other instruments;	N/A		
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;	N/A		
1(5)(ix)	Explanation on any significant variance that occurs between quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	Statement of remuneration paid to the directors including independent directors;	√		

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xi)	Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	Statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	Statement that appropriate accounting policies have been consistently applied In preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5) (xiv)	Statement that IAS or IFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	Statement that the system in internal control is sound in design and has been effectively Implemented and monitored;	√		
1(5)(xvi)	Statement that minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	Statement that there Is no significant doubt upon the issuer company's ability to continue a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	Statement where key operating and financial data of at least preceding 5 years shall be summarized;	√		
1(5)(xx)	Explanation on the reasons if the issuer company has not declared dividend (Cash or stock) for the year;	√		No dividend is possible based on the company's accounts for the period.
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as Interim dividend	√		No Interim dividend is possible based on the company's accounts for the period.
1(5)(xxii)	The total number of Board meeting held during the year and attendance by each director;	√		
1(5)(xxiii)	Report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	parent or subsidiary or associated companies and other related parties;	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, Head of Internal Audit and Compliance and their spouses and minor children;	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company;	√		
1(5)(xxiv)	in case of appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	Brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	√		
1(5)(xxiv)(c)	Names of company in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	Management's discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5) (xxv)(b)	changes in accounting policies and estimation, If any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		

Condition No.	Title	Compliance Status ("√"/"") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1.5 (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5) (xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e, actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure – A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per Annexure -B and Annexure –C.	√		
1(6)	<b>Meetings of the Board of Directors:</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, Other Board members and CEO			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other board members and CEO of the company;	√		
1(7)(b)	The Code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws; rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency.	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	N/A		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	N/A		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	N/A		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		
<b>3</b>	<b>MD or CEO, CFO, Head of Internal Audit &amp; Compliance and Company Secretary</b>			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and a Head of Internal Audit and Compliance;	√		
3(1)(b)	The position of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	√		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3 (1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, HIAC and CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
<b>3(3)</b>	<b>Duties of MD or CEO and CFO</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief :	√		



Condition No.	Title	Compliance Status ("√"/") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
<b>5</b>	<b>Audit Committee</b>			
5(1)	Responsibility to the Board of Directors:	√		
5(1)(a)	The company shall have an audit committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The audit committee shall be responsible to the Board; the duties of the audit committee shall be clearly set forth in writing.	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3(three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10(ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3(three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1(one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	-		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director.	√		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1(one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	N/A		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting(AGM).	√		
<b>5 (4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		

Condition No.	Title	Compliance Status ("√"/"") in appropriate column		Remarks (If any)
		Complied	Not Complied	
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor internal audit and compliance process to ensure that it is adequately resourced, including approval of the internal audit and compliance, plan and review of the internal audit and compliance report;	√		
5(5)(d)	Oversee hiring and performance of External auditor ;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	N/A		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	N/A		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	Oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	N/A		
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The audit committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	Report on conflicts of interests;	N/A		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	N/A		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		
5(6)(a)(ii)(d)	Any other matter which the audit committee deems necessary shall be disclosed to the Board immediately;	N/A		
5(6)(b)	<b>Reporting to the Authorities:</b> If the audit committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee find that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of six months from the date of first reporting to the Board, whichever is earlier.	N/A		
<b>5(7)</b>	<b>Reporting to the Shareholders and General investors:</b> report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the issuer company.	√		5(6)(a)(ii) N/A
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a NRC as a subcommittee of the Board;	√		

Condition No.	Title	Compliance Status ("√") in appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification or removal of any member of the Committee or in any other cases of vacancies, the Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staffs shall be required or valuable for the Committee;	N/A		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent Director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial Year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		

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

# REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

For the year ended on 30<sup>th</sup> June 2019

*Dear Shareholders,*

I am pleased to present the Report of the Audit Committee for the year ended on 30 June 2019. The Audit Committee Report presented under condition No. 5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code provides an insight on the functions of the Audit Committee for the year ended on 30<sup>th</sup> June 2019.

## Composition of the Audit Committee

The Audit Committee of Beximco Synthetics Limited, a prime Board sub-committee, assists the Board in discharging its governance responsibilities. The Board has formed the Audit Committee, required under Codes of Corporate Governance of BSEC with some specific assignments under its Terms of Reference. In 2019, the Committee is constituted as follows:

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

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

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

## The Role of Audit Committee

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

The role of the Audit Committee includes the following:

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

## Authority

In terms of Corporate Governance Code issued by BSEC, the



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

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

## Responsibilities and Duties

The responsibilities and duties of the Audit Committee are:

### Financial Reporting

The responsibilities and duties of the Audit Committee are:

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

### Related Party Transactions

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

### Audit Committee Reports

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

### Internal Control

- To consider annually the risk management framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis,

assessment, monitoring and communication of risks in a regular and timely manner that will allow the Company to minimize losses and maximize opportunities;

- To ensure that the system of internal control is thoroughly conceived and in place, effectively administered and regularly monitored;
- To review the extent of compliance with established internal policies, standards, plans and procedures, including, for example, the Company's Standards of Business Conduct;
- To obtain assurance that proper plans for control has been developed prior to the commencement of major areas of change within the Company; and
- To recommend to the Board about steps needed to improve the system of internal control derived from the findings of the internal and external auditors, and from the consultations of the Audit Committee itself.

### Internal Audit

- To be satisfied that the plan, methodology and resource for internal auditing are communicated down through the Company. Specifically :
- To review the internal audit plans and to be satisfied as to their consistency with the risk management framework used and adequacy of coverage;
- To be satisfied that Internal Audit has the competency and qualifications to complete its mandates and approved audit plans.
- To review status reports from internal audit and ensure that appropriate actions have been taken to implement the audit recommendations;
- To recommend any broader review deemed necessary as a consequence of the issues or concerns identified;
- To ensure that internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its activities; and
- To request and review any special audit which it deems necessary.

### External Audit

- To review the external auditor's audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one of its meetings;
- To review with the external auditor, the Statement on Risk Management and Internal Control of the Company for inclusion in the Annual Report;

- To review any matter concerning the appointment and re-appointment, audit fee and resignation or dismissal of the external auditor;
- To review and evaluate factors related to the independence of the external auditor and assist them in preserving their independence;
- To be advised of and decide to or not to make significant use of the external auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as auditor is not deemed to be compromised; and
- To review the external auditor's findings arising from audits, particularly and comments and responses in management letters, as well as the assistance given by the employees of the Company in order to be satisfied that appropriate action is being taken.

## Other Matters

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

## Reporting of the Audit Committee:

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

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

The Audit Committee further ensures that, in compliance with condition No. 5 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated 03 June 2018 the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 30th June 2019, and they state that:

- (i) They have reviewed the financial statements for the year ended on 30<sup>th</sup> December 2019 and that to the best of their knowledge and belief:
- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

- (b) These statement collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of their knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct of the Company's Board of Directors or its Members.

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

## Reporting to the Authorities

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

## Reporting to the Shareholders and General Investors:

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

## Meeting Attendance

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

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

Chairman and other Members for effective functioning of the Committee, as per its terms of reference as well as Corporate Governance Code of BSEC.

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

## Financial Reporting

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

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

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

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

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

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

for approval of the financial statements for release to the Shareholders of the Company.

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

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

## Annual Reporting

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

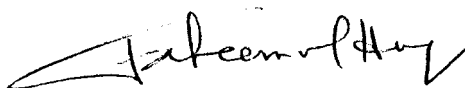
## External Auditors'

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. The Committee has considered the tenure, quality and fees of the auditors, considered and made recommendations to the Board on the appointment and remuneration of external Auditors, M/s. M. J. Abedin & Company, Chartered Accountants for the year 2019-20, subject to the approval of shareholders in the 28<sup>th</sup> AGM of the Company, who had carried out the audit of the Company for the year ended on 30 June 2019.

## Report Authorization

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

On behalf of Audit Committee,



**(BARRISTER FAHEEMUL HUQ)**  
Chairman

# CORPORATE GOVERNANCE

The maintenance of effective Corporate Governance remains a key priority to the Board of Beximco Synthetics Limited. 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 Director under whom there are CEO, CFO, Senior General Managers and according to hierarchy, various senior & mid level management staffs. The Director, CEO, CFO, Senior General Manager and the Senior Managers meet at regular interval represented also by Administration, Finance, Marketing & Production heads.

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

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

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

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

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

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

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

## Board Committees

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

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

*Board Structure and Procedure* – The membership of the board during the period ended 30 June 2019 stood at six directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business.

The Company's Board currently comprises the Chairman, Vice-Chairman, one Independent Director and other three Directors. The name of the Directors appears on page 4.

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

## Audit Committee

The Board of Directors of Beximco Synthetics Limited has constituted the Audit Committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended with the Compliance Report and also enclosed with the Director's report. The Committee comprised of Barrister Faheemul Huq, Mr. O.K. Chowdhury FCA and Mr. Iqbal Ahmed, of whom Barrister Faheemul Huq is an Independent Director and also the Chairman of the Committee. Mr. Md. Asad Ullah FCS is the secretary of the committee. The Audit Committee appointed by the main Board and all the members are non-executive Directors. All members of the Audit Committee are financially literate are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The details of the Audit Committee has been provided in "Report on the activities of the Audit Committee" on page 21.

## 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. BSEC/CMRRC/2006-158/207/Admin/80 dated 03 June, 2018 Corporate Governance Compliance and Status Report is attached in Annexure-C on page 13 to 20.



## TWENTY-SEVENTH ANNUAL GENERAL MEETING

The Twenty-Seventh Annual General Meeting of the Shareholders of Beximco Synthetics Limited. was held on 22<sup>nd</sup> December, 2018 at 1.30 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur. A good number of shareholders attended the meeting. Mr. O K Chowdhury presided over the meeting in absence of Chairman of the Board of Directors of the Company. 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 period of 12 months from 1 July 2017 to 30 June 2018 and also on other affairs.

Mr. O K Chowdhury, Chairman of the Meeting replied to the queries and explained various comments of distinguished Shareholders. He also gave the hints of future activities of the Company.

After electing director, approving the Audited Financial Statements, 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 Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under

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

#### Key Audit Matters

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

Risk	Our response to the risk
<b>Revenue Recognition</b>	
The Company manufactures and sells a number of products and provides numerous services to its customers. The Company has adopted the new accounting standard IFRS 15 as accordingly has reviewed its sales contracts for determining the principles for recognizing revenue in accordance with the new standard. Some of the sales contracts contain various performance obligations and management exercises judgement to determine timing of revenue recognition, i.e., over time or a point in time.	<p>Principal audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the various revenue streams and nature of sales contracts entered into by the Company.</li> <li>• Evaluated the design of internal controls relating to identification of performance obligations and determining timing of revenue recognition.</li> <li>• Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to the identification of performance obligations and timing of revenue recognition.</li> <li>• Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard.</li> </ul>

Risk	Our response to the risk
<p><b>Valuation of Property, Plant and Equipment (PPE)</b></p> <p>The carrying value of the PPE was Tk. 1,252,095,263 as at 30 June, 2019.</p> <p>Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 05 to the financial statements.</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none"> <li>• We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.</li> <li>• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> </ul> <p>We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.</p>
<p><b>Valuation of Inventory</b></p> <p>The inventory of Tk. 3,850,448 as at 30 June, 2019 held in factory, depots.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Since the value of Inventory is significant to the Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p> <p>See Note No. 3.6 to the financial statements.</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key inventory controls operating across the factory, depots.</li> <li>• Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data.</li> <li>• Reviewing the requirement of inventory provisioning and action there upon by the management.</li> <li>• Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.</li> </ul>
<p><b>IT Systems and Controls</b></p> <p>Our audit procedures have a focus on information technology systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p>	<ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (Logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</li> <li>• We tested the company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal 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.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that::

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's Statement of Financial Position (Balance sheet) and Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d) The expenditures incurred and payment made were for the purpose of the company's business for the year.

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

28 October, 2019  
Dhaka



**BEXIMCO SYNTHETICS LIMITED**

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2019

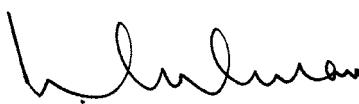
		Amount in Taka	
		As at 30 Jun 2019	As at 30 Jun 2018
Notes			
ASSETS			
Total Non-Current Assets		1,257,202,561	1,292,135,330
Property, Plant and Equipment - Carrying Value	5	1,252,095,263	1,287,028,032
Long Term Security Deposits	6	5,107,298	5,107,298
Current Assets		1,749,126,365	2,020,244,681
Inventories		3,850,448	3,110,071
Accounts & Other Receivables	7	1,739,282,686	2,011,351,479
Advances, Deposits & Prepayments	8	5,270,196	5,231,592
Cash and Cash Equivalents	9	723,035	551,538
Total Assets		3,006,328,926	3,312,380,011
EQUITY AND LIABILITIES			
Shareholders' Equity		1,225,613,285	1,525,286,752
Issued Share Capital	10	867,123,598	867,123,598
Revaluation Surplus	11	1,329,335,883	1,329,335,883
Retained Earnings		(970,846,196)	(671,172,729)
Non-Current Liabilities		899,506,256	1,163,364,272
Long Term Borrowing-Net off Current Maturity	12	285,020,549	386,141,057
Interest Bearing Long Term Blocked Account	13	607,120,764	769,373,232
Deferred Tax Liabilities	14	7,364,943	7,849,983
Current Liabilities		881,209,386	623,728,987
Debentures-Current Maturity (Secured)	15	40,160,096	40,160,096
Interest Free Block Account-Current Maturity	16	42,401,457	42,401,457
Short Term Loan from Banks (Secured)	17	17,941,344	17,941,344
Long Term Borrowing-Current Maturity	18	136,862,525	85,655,076
Long Term Interest Bearing Block Account-Current Maturity	19	273,846,720	111,594,252
Obligation under Finance Lease		27,519,974	27,519,974
Accounts & Other Payables	20	229,934,730	189,312,960
Accrued Expenses	21	112,542,540	109,143,828
Total Equity and Liabilities		3,006,328,926	3,312,380,011

The notes are an integral part of the Financial Statements..

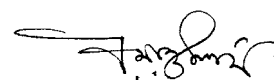
Approved and authorized for issue by the board of directors on 28 October, 2019 and signed for and on behalf of the Board:



**A S F Rahman**  
Chairman

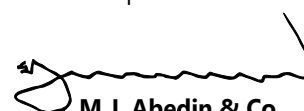


**Salman F Rahman**  
Vice Chairman



**Md. Rafiqul Islam**  
Chief Financial Officer

Per our report of even date.



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

28 October, 2019  
Dhaka.

**BEXIMCO SYNTHETICS LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE, 2019

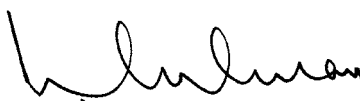
	Notes	Amount in Taka	
		Jul 2018-Jun 2019	Jul 2017-Jun 2018
<b>Revenue</b>	22	<b>107,175,179</b>	<b>1,227,964,151</b>
Cost of Revenue	23	(243,659,659)	(1,283,629,007)
<b>Gross (Loss)</b>		<b>(136,484,480)</b>	<b>(55,664,856)</b>
<b>Operating Expenses</b>		<b>(9,733,851)</b>	<b>(14,891,894)</b>
Administrative Expenses	24	(9,053,257)	(12,443,331)
Selling Expenses	25	(680,595)	(2,448,563)
<b>Loss from Operations</b>		<b>(146,218,331)</b>	<b>(70,556,750)</b>
Finance Cost	26	(153,297,125)	(193,649,286)
<b>Loss before contribution to WPPF</b>		<b>(299,515,456)</b>	<b>(264,206,036)</b>
Contribution to Workers' Profit Participation/Welfare Funds	27	-	-
<b>Net Loss before Tax</b>		<b>(299,515,456)</b>	<b>(264,206,036)</b>
Income Tax Expense	28	(158,012)	(6,492,746)
<b>Loss After Tax for the year</b>		<b>(299,673,467)</b>	<b>(270,698,782)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss for the year</b>		<b>(299,673,467)</b>	<b>(270,698,782)</b>
<b>Earning Per Share (EPS)</b>	29	<b>(3.46)</b>	<b>(3.12)</b>
Number of Shares used to compute Earning Per Share (EPS)		86,712,359	86,712,359

The notes are an integral part of the Financial Statements..

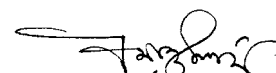
Approved and authorized for issue by the board of directors on 28 October, 2019 and signed for and on behalf of the Board:



**A S F Rahman**  
Chairman

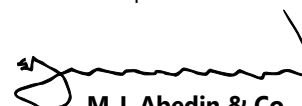


**Salman F Rahman**  
Vice Chairman



**Md. Rafiqul Islam**  
Chief Financial Officer

Per our report of even date.



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

28 October, 2019  
Dhaka.

**BEXIMCO SYNTHETICS LIMITED**

# STATEMENT OF CHANGES IN EQUITY

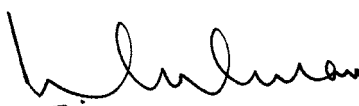
FOR THE YEAR ENDED 30 JUNE, 2019

Particulars	Amount in Taka			
	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
<b>Balance as on 01-07-2017</b>	<b>867,123,598</b>	<b>1,329,335,883</b>	<b>(400,473,947)</b>	<b>1,795,985,534</b>
Total Comprehensive Loss for the half year ended:				
Loss for the year	-	-	(270,698,782)	(270,698,782)
Other Comprehensive Income			-	-
Transaction with Share Holders:	-	-	-	-
<b>Balance on 30-06-2018</b>	<b>867,123,598</b>	<b>1,329,335,883</b>	<b>(671,172,729)</b>	<b>1,525,286,752</b>
Balance as on 01-07-2018	867,123,598	1,329,335,883	(671,172,729)	1,525,286,752
Total Comprehensive Loss for the half year ended:				
Loss for the year	-	-	(299,673,467)	(299,673,467)
Other Comprehensive Income			-	-
Transaction with Share Holders:	-	-	-	-
<b>Balance on 30-06-2019</b>	<b>867,123,598</b>	<b>1,329,335,883</b>	<b>(970,846,196)</b>	<b>1,225,613,285</b>
Total Number of Shares				86,712,359
Shareholders equity per share				Tk. 14.13

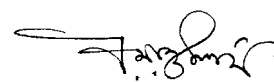
Approved and authorized for issue by the board of directors on 28 October, 2019 and signed for and on behalf of the Board:



**A S F Rahman**  
Chairman




**Salmán F Rahman**  
Vice Chairman



**Md. Rafiqul Islam**  
Chief Financial Officer

Per our report of even date.

28 October, 2019  
Dhaka.



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

**BEXIMCO SYNTHETICS LIMITED**

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE, 2019

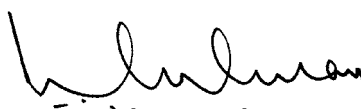
Notes	Amount in Taka	
	Jul 2018-Jun 2019	Jul 2017-Jun 2018
<b>Cash Flows From Operating Activities :</b>		
Collections from Revenue- net	379,243,972	153,384,934
Cash Paid to Suppliers & Employees	(181,463,953)	(272,818,713)
<b>Cash Generated from/(Used In) Operations</b>	<b>197,780,019</b>	<b>(119,433,779)</b>
Interest Paid	(147,695,464)	(169,671,331)
<b>Net Cash Generated from/(Used in) Operating Activities</b> 31	<b>50,084,555</b>	<b>(289,105,110)</b>
<b>Cash Flows From Investing Activities :</b>		
Acquisition of property, plant and equipment	-	-
<b>Net Cash Used In Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Financing Activities :</b>		
Increased in Long Term Interest Bearing Block Account	7,902,744	328,312,684.00
Long Term Loan Paid-Phoniex	(57,815,803)	(42,134,334.00)
<b>Net Cash (Used in) /Generated from Financing Activities</b>	<b>(49,913,059)</b>	<b>286,178,350</b>
<b>Increased/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>171,496</b>	<b>(2,926,760)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>551,538</b>	<b>3,478,298</b>
<b>Cash &amp; Cash Equivalents at End of the year</b> 9	<b>723,035</b>	<b>551,538</b>
<b>Net Operating Cash Flow Per Share</b> 32	<b>0.58</b>	<b>-3.33</b>
Number of Shares used to compute Net Operating Cash Flow Per Share	86,712,359	86,712,359

The notes are an integral part of the Financial Statements..

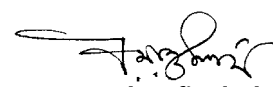
Approved and authorized for issue by the board of directors on 28 October, 2019 and signed for and on behalf of the Board:



**A S F Rahman**  
Chairman



**Salman F Rahman**  
Vice Chairman



**Md. Rafiqul Islam**  
Chief Financial Officer

Per our report of even date.

28 October, 2019  
Dhaka.

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

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## **1. The background and activities of the Company**

### *1.1. Status of the Company*

*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 International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs).

### *2.3. Presentation of Financial Statements*

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

The Financial Statements Comprises:

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

### *2.4. Reporting Period*

The financial statements cover one financial year from *1st July 2018 to 30th June 2019* consistently.

### *2.5. Authorization for Issue*

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

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## **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**

The financial Statements have been prepared for 12(Twelve) months (from 1st July 2018 to 30th June 2019) as per a directive of Bangladesh Securities & Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in compliance to the requirement of the National Board Of Revenue (NBR) to follow uniform financial year.

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

## **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 IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

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

## **3. Significant Accounting Policies**

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

### **3.1. Revenue Recognition**

In compliance with the requirements of IAS 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 *IAS 23: Borrowing Costs*.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 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 statement of profit or loss and other comprehensive income as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

## 3.2.4 Software

Software 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 statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

## 3.2.6 Depreciation on Fixed Assets

Depreciation is provided 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 *IAS 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 IAS 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.

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## **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 the statement of profit or loss and other comprehensive income.

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

## **3.7. Provisions**

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

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## **3.8. Income Tax Expense**

### *Current Tax*

Minimum Tax has been provided under Income Tax Ordinance, 1984 as there is a net loss during the year.

### *Deferred Tax*

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

## **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 IAS 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 irrevocable 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 (Amendment) Bill 2013 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 is not accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10:

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

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 IAS 33:Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

### *Basic Earnings (Numerator)*

This represents earnings for the 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*

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

#### *Earlier Year*

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

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

### *Diluted Earnings Per Share*

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

## **3.13 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 IAS 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 IAS 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 IAS 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 IAS 24: Related Party Disclosures is not applicable.

## **3.16 Segmental Reporting**

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

# **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## *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.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 5. Property, Plant and Equipment - Carrying Value: Tk. 1,252,095,263

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

As on June 30, 2019

Particulars	Amount in Taka						Total
	Land & Land Development	Factory Building & Other Construction	Plant & Machinery	Factory Equipment	Furniture & Office Equipment	Motor Vehicle	
<b>Cost/Revaluation</b>							
At 01 July 2018	583,658,435	466,289,887	1,280,447,284	45,683,253	21,512,206	4,369,033	2,401,960,098
Addition for the year 2018-19	-	-	-	-	-	-	-
<b>At 30 June, 2019</b>	<b>583,658,435</b>	<b>466,289,887</b>	<b>1,280,447,284</b>	<b>45,683,253</b>	<b>21,512,206</b>	<b>4,369,033</b>	<b>2,401,960,098</b>
<b>Depreciation</b>							
At 01 July 2018	-	195,181,201	856,515,045	37,404,165	21,462,621	4,369,033	1,114,932,065
for the year 2018-19	-	11,657,247	20,282,928	2,943,009	49,585	-	34,932,770
<b>At 30 June, 2019</b>	<b>-</b>	<b>206,838,448</b>	<b>876,797,973</b>	<b>40,347,174</b>	<b>21,512,206</b>	<b>4,369,033</b>	<b>1,149,864,835</b>
<b>Carrying Amount</b>							
<b>At 30 June, 2019</b>	<b>583,658,435</b>	<b>259,451,439</b>	<b>403,649,311</b>	<b>5,336,079</b>	<b>-</b>	<b>-</b>	<b>1,252,095,263</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 (5<sup>th</sup> floor), 66, Dilkusha Commercial Area, was involved to carry out the said revaluation.
- The revaluation surplus was Tk. 173,718,295.

### B. Disclosure on Revaluation in the year 2008

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

- The effective date of revaluation is 31.12.2008
- An independent professional valuer, M/S S. F. Ahmed & Co., Chartered Accountants, House-25, Road-13A, Block-D, Banani, Dhaka-1213, Bangladesh have revalued the land, building and plant & machinery of the Company as of 31 December 2008.
- The revaluation surplus was Tk. 1,155,617,588.

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

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

Bangladesh Telegraph & Telephone Board for Telephone  
Titas Gas Transmission & Distribution Co. Ltd. for Gas Connection

Amount in Taka	
As at 30 June 2019	As at 30 June 2018
864,000	864,000
4,243,298	4,243,298
<b>5,107,298</b>	<b>5,107,298</b>



# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 7. Accounts & Other Receivables : Tk. 1,739,282,686

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.

## 8. Advances, Deposits & Prepayments : Tk. 5,270,196

This consists of :

### Advances :

Duty, taxes & clearing charges  
Advance Income Tax  
Advance VAT  
Suppliers  
Mill Expenses

### Deposits

### Prepayments

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.

## 9. Cash and Cash Equivalents : Tk. 723,035

This consists of :

(a) Cash in Hand  
(b) Cash at Banks :  
    (i) In Current Accounts  
    (ii) In STD Accounts

## 10. Issued Share Capital : Tk. 867,123,598

### (a) Authorized :

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

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

29,900,000 Ordinary Shares of Tk. 10/- each fully paid up in cash  
100,000 Ordinary Shares of Tk. 10/- each issued in consideration of value of land acquired (issued in 1993)  
56,712,359.80 Bonus shares of Tk. 10 each

Amount in Taka	
As at 30 June 2019	As at 30 June 2018
63,326	55,414
2,619,741	2,619,741
191,698	191,698
161,865	140,970
42,951	33,154
<b>3,079,581</b>	<b>3,040,977</b>
<b>1,692,605</b>	<b>1,692,605</b>
<b>498,010</b>	<b>498,010</b>
<b>5,270,196</b>	<b>5,231,592</b>
16,926	7,531
272,750	111,040
433,359	432,967
<b>706,109</b>	<b>544,007</b>
<b>723,035</b>	<b>551,538</b>
<b>2,000,000,000</b>	<b>2,000,000,000</b>
299,000,000	299,000,000
1,000,000	1,000,000
567,123,598	567,123,598
<b>867,123,598</b>	<b>867,123,598</b>

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## (c) Compositions of share holdings:

	As at 30 June 2019		As at 30 June 2018	
	No. of Shares	%	No. of Shares	%
A. Sponsors:				
1. A S F Rahman	14,518,467	16.74	14,518,467	16.74
2. Salman F Rahman	13,441,800	15.50	13,441,800	15.50
B. Associates	2,973,469	3.43	2,973,469	3.43
	<b>30,933,736</b>	<b>35.67</b>	<b>30,933,736</b>	<b>35.67</b>
C. Governments	-	-	-	-
D. Foreign Investors	13,607	0.02	13,607	0.02
E. Institutions	10,983,140	12.67	10,959,269	12.64
F. General Public	44,781,876	51.64	44,805,747	51.67
	<b>86,712,359</b>	<b>100.00</b>	<b>86,712,359</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	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1 to 499	7,923	8,283	51.32%	51.90%	1,080,309	1,136,615	1.25%	1.31%
500 to 5,000	5,856	6,071	37.93%	38.04%	9,658,500	9,860,941	11.14%	11.37%
5,001 to 10,000	787	794	5.10%	4.97%	5,969,069	5,966,965	6.88%	6.88%
10,001 to 20,000	464	428	3.01%	2.68%	6,660,485	6,131,502	7.68%	7.07%
20,001 to 30,000	172	150	1.11%	0.94%	4,363,633	3,815,959	5.03%	4.40%
30,001 to 40,000	65	66	0.42%	0.41%	2,298,013	2,319,210	2.65%	2.67%
40,001 to 50,000	35	33	0.23%	0.21%	1,575,024	1,485,751	1.82%	1.71%
50,001 to 100,000	86	87	0.56%	0.55%	6,038,436	6,117,052	6.96%	7.05%
100,001 to 1,000,000	42	41	0.27%	0.26%	9,234,761	10,044,235	10.65%	11.58%
Over 1,000,000	8	8	0.05%	0.05%	39,834,129	39,834,129	45.94%	45.94%
	<b>15,438</b>	<b>15,961</b>	<b>100.00%</b>	<b>100.00%</b>	<b>86,712,359</b>	<b>86,712,359</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. 5.90 (in 2018: Tk. 8.60) per share in the Dhaka Stock Exchange and Tk. 5.80 (in 2018: Tk. 8.60) per share in the Chittagong Stock Exchange on 28 June 2019.

## (f) Option on unissued shares :

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

## (g) Voting Rights :

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

## 11. 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.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

	Amount in Taka	
	30 June 2019	30 June 2018
<b>12. Long Term Borrowings-Net off Current Maturity : Tk. 285,020,549</b>		
This represents loan from Phoenix Finance & Investments Ltd. Which is arrived as follows:		
Balance as on July 01, 2018	386,141,057	-
Amount capitalized & Restutruature as principal	7,902,744	513,930,467
	<b>394,043,801</b>	<b>513,930,467</b>
Less: Principal paid during the year	-	42,134,334
Balance as on June 30, 2019	<b>394,043,801</b>	<b>471,796,133</b>
Less: Tranferred to Current Maturity (N-18)	109,023,252	85,655,076
	<b>285,020,549</b>	<b>386,141,057</b>
<b>13. Long Term Interest Bearing Block Account- Net off Current Maturity: Tk. 607,120,764</b>		
This amount is consist as follows:		
Balance as on July 01, 2018	769,373,232	-
Transferred from CC (H) Account including Interest	-	532,963,793
Forced PAD Account including Interest	-	348,003,691
	<b>769,373,232</b>	<b>880,967,484</b>
Less: Transfer to Current Maturity Account	162,252,468	111,594,252
	<b>607,120,764</b>	<b>769,373,232</b>
The 10% Interest bearing Long Term Block Account has created by transferring of present outstanding CC (H) of Tk. 532,963,793 and Forced PAD of Tk. 348,003,691 including interest upto June 30, 2018. The scheme has been approved by the Board of Directors of Sonali Bank Ltd. on their Board Meeting held on April 22, 2018 to be paid by quaqrterly equal installment statred from December 31, 2018 with 6 months grace period.		
<b>14. Deferred Tax Liability : Tk. 7,364,943</b>		
<b>(a) Deferred Tax Assets are arrived at as follows:</b>		
Book Value of Depreciable Fixed Assets	73,397,157	85,471,810
Less: Tax Base	24,297,534	33,138,593
<b>Taxable Temporary Difference</b>	<b>49,099,623</b>	<b>52,333,217</b>
Effective Tax Rate	15%	15%
<b>Deferred Tax (Assets)/Liability</b>	<b>7,364,943</b>	<b>7,849,983</b>
<b>(b) Deferred Tax (Income)/Expense is arrived at as follows:</b>		
Closing Deferred Tax (Assets)/Liabilities	7,364,943	7,849,983
Opening Deferred Tax (Assets)/Liabilities	7,849,983	8,725,022
<b>Deferred Tax (Income)/Expense</b>	<b>(485,040)</b>	<b>(875,039)</b>

## 15. Debenture-Current Maturity (Secured) Tk. 40,160,096

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.

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

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

**BEXIMCO SYNTHETICS LIMITED**

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

		Amount in Taka	
		30 June 2019	30 June 2018
<b>17. Short Term Loans from Banks (Secured) : Tk. 17,941,344</b>			
Sonali Bank Limited	-	500,000,000	
IPDC of Bangladesh Ltd.	17,941,344	17,941,344	
	<b>17,941,344</b>	<b>517,941,344</b>	
Less: Transferred to Interest bearing Block Account	-	500,000,000	
	<b>17,941,344</b>	<b>17,941,344</b>	
<b>18. Long Term Borrowings-Current Maturity : Tk. 136,862,525</b>			
Opening Balance	85,655,076	163,757,266	
Less : Transferred to Long Term Loan Account for capitalised	-	163,757,266	
	<b>85,655,076</b>	-	
Add: Transferred from long term portion (Note-12)	109,023,252	85,655,076	
	194,678,328	85,655,076	
Less: Paid paid during the year	57,815,803	-	
	<b>136,862,525</b>	<b>85,655,076</b>	
<b>19. Interest Bearing Long Term Block Account-Current Maturity Tk. 273,846,720</b>			
Balance as on July 01, 2018	111,594,252		
Add: Transferred from Long term portion (Note No. 13)	162,252,468		
	<b>273,846,720</b>		
<b>20. Accounts &amp; Other Payables : Tk. 229,934,730</b>			
Goods Supplied	19,190,463	18,393,351	
Gas and Services	193,921,075	154,304,226	
Insurance	3,730,481	3,730,481	
Advance Against Sales	9,165	7,033	
Others	13,083,546	12,877,869	
	<b>229,934,730</b>	<b>189,312,960</b>	
<b>21. Accrued Expenses : Tk. 112,542,540</b>			
Accruals	31,843,970	34,048,143	
Provision for Taxation	51,311,891	51,153,879	
Workers' Participation / Welfare Funds	16,575,320	16,732,108	
Interest Payable -Cash Credit	5,601,661	-	
Interest Payable -Finance Lease	4,191,251	4,191,251	
Interest Payable -Short Term Loan (IPDC)	3,018,447	3,018,447	
	<b>112,542,540</b>	<b>109,143,828</b>	
<b>22. Revenue (Net) : Tk. 107,175,179</b>			
Sales	104,323,919	297,184,564	
Sales of Inventory	-	925,017,500	
	104,323,919	1,222,202,064	
Less : Sales Commission	-	-	
	104,323,919	1,222,202,064	
Sales of Wastage	2,851,260	5,762,087	
	<b>107,175,179</b>	<b>1,227,964,151</b>	

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 23. Cost of Revenue : Tk. 243,659,659

Raw Material Consumed (Note - 23.1 )  
 Packing Material Consumed (Note- 23.2 )  
 Manufacturing Overhead (Note - 23.3 )  
 Depreciation

### Manufacturing Costs for the year

Opening WIP

### Manufacturing Costs to date

Closing WIP

### Cost of Goods manufactured

Opening Finished Goods

### Cost of Goods available for revenue

Closing Finished Goods

### Cost of Revenue

## 23.1. Raw Material Consumed : Tk. 68,363,323

Opening Stock  
 Purchases

Closing Stock

## 23.2. Packing Material Consumed : Tk. 3,991,962

Opening Stock  
 Purchases

Closing Stock

## 23.3. Manufacturing Overhead : Tk. 136,501,826

Salary and wages  
 Power & Gas  
 Indirect Material (Stores & Spares)  
 Insurance  
 Other Manufacturing Overhead

Amount in Taka	
July 2018-June 2019	July 2017-June 2018
68,363,323	334,105,515
3,991,962	13,132,873
136,501,826	332,767,667
34,932,770	35,022,562
<b>243,789,881</b>	<b>715,028,617</b>
535,648	5,465,352
<b>244,325,529</b>	<b>720,493,969</b>
665,870	535,648
<b>243,659,659</b>	<b>719,958,321</b>
-	563,670,686
<b>243,659,659</b>	<b>1,283,629,007</b>
-	-
<b>243,659,659</b>	<b>1,283,629,007</b>
2,374,995	138,020,579
68,971,285	198,459,931
<b>71,346,280</b>	<b>336,480,510</b>
2,982,957	2,374,995
<b>68,363,323</b>	<b>334,105,515</b>
199,428	885,435
3,994,155	12,446,866
<b>4,193,583</b>	<b>13,332,301</b>
201,621	199,428
<b>3,991,962</b>	<b>13,132,873</b>
30,175,796	30,578,832
92,863,827	78,021,900
11,544,944	218,754,367
494,104	2,311,531
1,423,156	3,101,039
<b>136,501,826</b>	<b>332,767,667</b>

(a) Salary and Wages includes Provident Fund contribution.

(b) The value of imported stores and spares consumed is 70% of total stores and spares consumed.

(c) Other manufacturing overhead does not include any item exceeding 1% of total revenue.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 24. Administrative Expenses: Tk. 9,053,257

	Amount in Taka	
	July 2018-June 2019	July 2017-June 2018
Salary	5,298,024	7,732,785
Repairs & Maintenance	45,420	22,312
Entertainment	151,680	364,688
Stationery Items	29,628	97,547
Books, News Papers & Periodicals	27,304	28,730
Medical Expenses	37,260	205,300
Renewals, Rates & Registrations	23,220	126,380
Subscription & Membership Fees	1,226,824	1,039,766
Travelling and Conveyance	120,712	125,185
Telephone, Telex, Fax	33,908	131,436
Vehicles Fuel & Maintenance Cost	592,582	113,652
Bank Charges & Commission	17,820	75,420
Utilities-Electricity, Water & Gas	85,420	84,688
Audit Fee	450,000	450,000
Independent Directors Fees	100,000	100,000
Group Insurance Premium	224,873	231,384
A G M Expenses	562,433	480,000
Security Guard Hire Expenses	16,679	5,440
Other Administrative Overhead	9,470	5,750
	<b>9,053,257</b>	<b>12,443,3315</b>

(a) Salary includes Provident Fund contribution.

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

(c) Remuneration was paid to Independent Director for attending board, Audit Committee and other meetings.

## 25. Selling Expenses : Tk. 680,595

Transport	669,235	2,433,143
Market Research	11,360	15,420
	<b>680,595</b>	<b>2,448,563</b>

## 26. Finance Cost : Tk. 153,297,125

Interest on Cash Credit & Forced PAD	-	123,129,197
Interest on Long Term Loan	-	70,520,089
Interest on Long Term Interest Bearing Block Account	85,101,661	-
Interest on Long Term Loan-Phoenix	68,195,464	-
	<b>153,297,125</b>	<b>193,649,286</b>

## 27. Contribution to Workers' Profit Participation / Welfare Funds :

No contribution is provided as per provisions of the Bangladesh Labour Law, 2006 as there is net loss for the period.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

		Amount in Taka	
		July 2018-June 2019	July 2017-June 2018
<b>28. Income Tax Expenses : Tk. 158,012</b>			
This represents current tax expense & consist of:			
(i) Current Tax			
Tax for the year		643,051	7,367,785
(ii) Deferred Tax Income	Note 14(b)	(485,040)	(875,039)
		<b>158,012</b>	<b>6,492,746</b>
<b>29. Earnings Per Share (Eps)</b>			
The relevant accounting policies have been stated in Note 3.12			
(a) Net loss after tax (Numerator)		(299,673,467)	(270,698,782)
(b) Weighted average number of shares in issue (Denominator)		86,712,359	86,712,359
(c) Earning Per Share (EPS)		(3.46)	(3.12)
<b>30. Net Assets Value (NAV) per share</b>			
Total Assets		3,006,328,926	3,312,380,011
Less: Total Liabilities		1,780,715,642	1,787,093,259
<b>Net Assets</b>		<b>1,225,613,284</b>	<b>1,525,286,752</b>
Number of Ordinary Share of Tk. 10 each at Financial Position date.		86,712,359	86,712,359
<b>Net Assets Value (NAV) per share</b>		<b>14.13</b>	<b>17.59</b>
<b>31. Reconciliation of net profit with cash flow from operating activities:</b>			
<b>Net Loss After Tax</b>		<b>(299,673,467)</b>	<b>(270,698,782)</b>
Adjustments for non-cash item, Non-operating items and for the net changes in operating accruals:			
Depreciation		34,932,770	35,022,562
(Increase)/Decrease in Inventories		(740,377)	965,122,412
(Increase)/Decrease in Accounts & other Receivables		272,068,793	(1,074,579,216)
(Increase)/Decrease in Advances, Deposits & Pre-payments		(38,604)	143,514
Increase/(Decrease) in Deffered Tax Liability		(485,040)	(875,039)
Increase/(Decrease) in Accrued Expenses		3,398,712	(262,811)
Increase/(Decrease) in Accounts & Other Payables		40,621,770	57,022,251
		<b>50,084,555</b>	<b>(289,105,110)</b>
<b>32. Net Operating Cash Flows Per Share (NOCFPS):</b>			
Cash Flows From Operating Activities		50,084,555	(289,105,110)
Number of Ordinary Share of Tk. 10 each at Financial Position date.		86,712,359	86,712,359
		<b>0.58</b>	<b>(3.33)</b>
<b>33. Contingent Liabilities</b>			
There was no contingent liability as on 30 June, 2019.			
<b>34. Capital Expenditure Commitment</b>			
(a) There was no capital expenditure commitment but not incurred or provided at 30 June, 2019.			
(b) There was no material capital expenditure authorized by the Board but not contracted for at 30 June, 2019.			

# NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE, 2019

## 35. Un-availed Credit Facility

There was no credit facility available to the Company under any contract, but not availed of as on 30 June, 2018 and 2019 other than trade credit available in the ordinary course of business.

## 36. Foreign Exchange Received & Paid

No foreign exchange was received and paid by the Company during the year.

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

	July 2018-June 2019	July 2017-June 2018
(a) POY 115/230 Denier (Qty. in tons)		
Installed capacity	8,400	8,400
Actual Production	570	1,846
(b) DTY 75 (NI) Equivalent Denier (Qty. in tons)		
Installed capacity	8,336	8,336
Actual Production	558	1,753

## 38. 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 :

	Amount in Taka	
	July 2018-June 2019	July 2017-June 2018
Basic Salary	2,478,000	3,640,100
House Rent Allowance	1,239,000	1,820,050
Conveyance & Other Allowances	688,510	688,510
Provident Fund Contribution	247,800	364,010
<b>Total</b>	<b>4,653,310</b>	<b>6,512,670</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.

## 39. Events after the Reporting Period

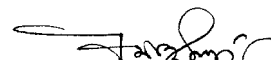
No circumstances have arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



**A S F Rahman**  
Chairman



**Salman F Rahman**  
Vice Chairman



**Md. Rafiqul Islam**  
Chief Financial Officer

28 October, 2019  
Dhaka.

## COMPANY PROFILE



### **CORPORATE HEADQUARTERS**

17 Dhanmondi R/A, Road No. 2  
Dhaka-1205, Bangladesh  
Phone : 880-2-58611891  
Email : beximchq@bol-online.com  
Web Site : www.beximco.com

### **FACTORY & OPERATIONAL HEADQUARTERS**

Kabirpur, Savar, Dhaka-1344, Bangladesh  
Email : beximsyn@bol-online.com  
Web Site : www.beximcosynthetics.com

### **INDEPENDENT AUDITORS**

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

### **DAY, DATE & TIME OF AGM**

Saturday, 21 December, 2019 at 1.30 p.m.

### **COMPLIANCE AUDITORS**

Suraiya Parveen & Associates  
Chartered Secretaries  
Razzak Plaza (5<sup>th</sup> Floor), Suite-6C  
01, New Eskaton Road, Ramna  
Dhaka-1000

### **LEGAL ADVISERS**

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

### **BANKERS**

Sonali Bank Limited  
IFIC Bank Limited.

