

# SHINEPUKUR

**2014** ANNUAL  
REPORT



The background of the page features a collection of white ceramic dishes with a black floral border. There are two large plates, one in the upper left and one in the lower left, and a smaller saucer in the lower right. A white cup sits on the saucer. A silver spoon is placed on the saucer. A black wooden chopstick rest with several yellow beads is positioned between the plates and the saucer. The word "MISSION" is written in a purple serif font in the upper right area of the image.

## MISSION

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





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## KEY DATA

- ▶ Year of Establishment (registration): 1997
- ▶ Commercial Production: 1999
- ▶ Status: Public Limited Company
- ▶ First Export: 1999 (Porcelain in April & Bone China in November)
- ▶ Business Lines: Manufacturing, Marketing and Exporting of Porcelain and Bone China tableware.
- ▶ Overseas Offices & Associates: USA and UK
- ▶ Current Export Markets: USA, Canada, UK, Germany, France, Italy, Romania, Norway, Sweden, Denmark, Poland, Spain, Turkey, Japan, Australia, New Zealand, Brazil, India, Chile, Egypt, Russia etc.
- ▶ Authorized Capital (Taka): 5,000 million
- ▶ Paid-up Capital (Taka): 966.34 million
- ▶ Number of Shareholders: 30,828
- ▶ Stock Exchange Listing: 2008
- ▶ Number of Employees: Around 3,000



# 2014 HIGHLIGHTS

## NEW CUSTOMERS

- ▶ Dunelm (UK)
- ▶ El Corte Ingles S.A (Spain)
- ▶ Korkmaz (Turkey)
- ▶ HM (Turkey)
- ▶ Parlak (Turkey)
- ▶ Seven Seas Hospitality (P) Ltd. (India)
- ▶ Nehru Place Hotels Ltd. (India)

## ACHIEVEMENTS

- ▶ Successfully accomplished periodic Review of Audit of ISO 9001:2008 in two separate quarters
- ▶ Successfully passed GMP audit of Costco (USA) and conducted review of CoC audit
- ▶ Successfully conducted BSCI (Business Social Compliance Initiative) audit
- ▶ Signed MoU with BUET (Bangladesh University of Engineering & Technology) for mutual collaboration on research and innovation
- ▶ Restarted construction works to complete the 2nd unit of Bone China plant



# OUTLINE...

## SHINEPUKUR CERAMICS LTD.

(A BEXIMCO COMPANY)

Shinepukur Ceramics Ltd. (SCL) is the leading Bone China & Porcelain tableware manufacturer and exporter of Bangladesh. Shinepukur Ceramics has been a successful brand, thanks to its state-of-the-art manufacturing facilities, about 2,700 highly skilled & motivated people and cutting-edge technology.

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

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

The Company is ISO 9001:2008 certified and awarded National Export Trophy for record four (4) times by the Government of Bangladesh. SCL was also awarded 'Superbrands' (2010), 'D&B Corporate Award' (2011) and 'Asia's Most Promising Brands' (2013).





'SHINEPUKUR' is the name of trust and elegance that brings *A Classic Touch in Life*

SCL's product range:

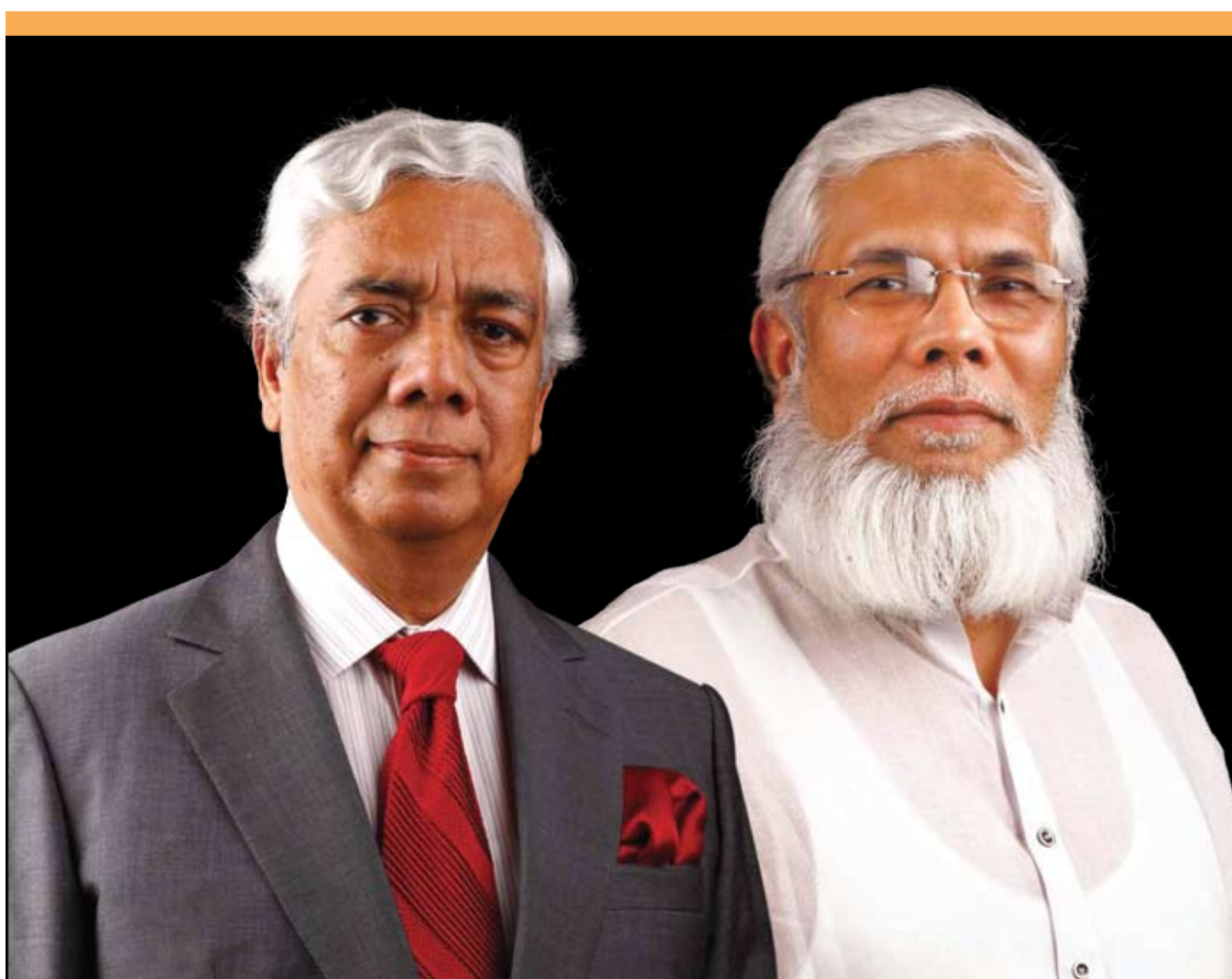
**1. Porcelain**

- a. Plain Porcelain (classical Porcelain, normally domestic use)
- b. Ivory China (creamy coloured Porcelain, domestic/hotel use)
- c. Hi-Alumina (Hotelware)
- d. Satin China (White Porcelain, suitable for hotel/domestic use)

**2. Bone China (52% Bone-ash containing, the 'Real Bone China')**



# CORPORATE DIRECTORIES



**A S F Rahman**  
Chairman

**Salman F Rahman**  
Vice Chairman



## Board of Directors

**A S F Rahman**

*Chairman*

**Salman F Rahman**

*Vice Chairman*

**Iqbal Ahmed**

*Director*

**O K Chowdhury**

*Director*

**Masud Ekramullah Khan**

*Independent Director*

**Mohammad Asad Ullah, FCS**

*Executive Director & Company Secretary*

## Management Committee

**Mohammed Humayun Kabir**

*Chief Executive Officer*

**Md. Faruque Ali**

*Executive Director*

**Md. Luthfor Rahman**

*Executive Director*

## 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

## Corporate Governance Compliance Certifier

Itrat Husain & Associates

Chartered Secretaries in Practice,

“Rhinstone” House 6, Road 104 -Lakeside, Gulshan 2, Dhaka-1212

## Legal Advisers

M/S Huq & Co.

Barristers & Advocate

47/1 Purana Paltan, Dhaka – 1000.

## Banker

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

## Registered Office

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

## Plant

Beximco Industrial Park, Sarabo, Kashimpur, Gazipur.

# RIDE ON TIME: Chronology

**1997**

Shinepukur Ceramics Ltd. was registered in Bangladesh

**2000**

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

**2003**

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

Shinepukur's own Packaging Plant started its Production with capacity of 120,000 sheets per day

Received "National Export Trophy (Gold)" for FY 2000-2001 by the Govt. of Bangladesh as recognition for highest export

**1999**

Commercial production of Porcelain Tableware was started in April, 1999 with a Production capacity of 8MT per day

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

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

**2001**

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

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

**2005**

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



## 2008

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

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

## 2010

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

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

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

## 2012

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

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

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

## 2014

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

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

Restarted the construction works to complete 2<sup>nd</sup> unit of Bone China plant

## 2009

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

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

## 2011

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

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

## 2013

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

Received "Aurthokantha Business Award 2013"

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

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

## MAGNIFICENT PRODUCTS









# MAGNIFICENT PRODUCTS







# BLUE-CHIP INTERNATIONAL CUSTOMERS





## STRONG LOCAL FOOTPRINT



### Shinepukur Signature Showroom, Dhanmondi (Dhaka)

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



# FACILITY AUDITS & CERTIFICATIONS



## BSCI

In November 2014, ITS ('Intertek') successfully completed Business Social Compliance Initiative (BSCI) audit at SCL facility. The BSCI is based on the labor standards of the International Labour Organization (ILO) and other important international regulations like the UN Charta for Human Rights, as well as on national regulations. This initiative aims at continuously improving the social performance of suppliers, ultimately enhancing working conditions in factories worldwide. This upholds SCL to a unique standard and opens up a new array of opportunities, very much suitable for mostly European customers to choose SCL as their supply partner.



## GMP

Good Manufacturing Practice (GMP) is a system for ensuring that products are consistently produced and controlled according to quality standards. Since SCL has been constantly supplying to Costco (USA) through its customer WWRD, GMP audit has been advised and done at SCL facility by SGS in 2014. The successful completion of this Audit at SCL facility resembles quality status in every production process available at SCL.

**ISO 9001 : 2008**  
Certified Company



## ISO 9001:2008

Shinepukur has been certified with ISO 9001:2008 (upgraded in 2010 from its 9001:2000 version), two periodic audits in 2014 conducted by Det Norske Veritas (DNV). In fact ISO 9001:2008 is implemented by over one million companies and organizations in over 170 countries. This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.

# CORPORATE SOCIAL RESPONSIBILITY



## CRP

CRP (Centre for the Rehabilitation of the Paralysed), the name itself has been contributing to Bangladesh on the highest humanitarian ground. Shinepukur has been indebted and delighted to be a part of its outstanding endeavours, once again in 2014.

## BUET

Shinepukur has signed MoU for joint collaboration on research and innovation, with the oldest institution for the study of engineering and architecture in Bangladesh, BUET.



## SEID TRUST

SEID-Trust is a non-government voluntary development organization working for social inclusion and promoting rights of underprivileged children with disabilities. Underprivileged children with disabilities specially autism, ID and MD are getting services including pre-primary and special education, physiotherapy service and assistive devices, medical, food, speech therapy, transport facilities and vocational training. Shinepukur becomes a partner of SEID-Trust, towards doing something special for the society.



# POST 2014 ACTIVITIES

## Participation at Ambiente

Like every year, Shinepukur exhibited in Ambiente 2015 (February 13 - 17), the largest lifestyle show on earth and showcased its marvels of variety Ceramic Tableware. With extensive responses received in this particular fair from buyer communities across the globe-projects a shining future for Shinepukur.





# IMPORTANT VISITS



Moroccan Ambassador



Saudi Ambassador



Brunei Ambassador

## VISIT OF NATIONAL DEFENCE COLLEGE (NDC)





# NOTICE OF THE 18<sup>th</sup> ANNUAL GENERAL MEETING

## NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 13<sup>th</sup> June, 2015 at 12.00 noon at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2014 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year 2015 and to fix their remuneration.
4. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



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

Dated : 11 May, 2015

### NOTES

1. The Record Date of the Company shall be on 21 May, 2015.
2. The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. 21 May, 2015, will be entitled to attend at the Annual General Meeting.
3. A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
4. Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).
5. No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

শাইনপুকুর সিরামিকস্ লিমিটেড  
১৭ তম বার্ষিক সাধারণ সভা, ২০১৪  
SHINEPUKUR CERAMICS LIMITED  
17TH ANNUAL GENERAL MEETING, 2014







## চেয়ারম্যানের প্রতিবেদন

### প্রিয় শেয়ারহোল্ডারবন্দ,

আমি কোম্পানীর অষ্টাদশ বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাচ্ছি। আমি কোম্পানীর ২০১৪ সালের সার্বিক কার্যক্রমের বিবরণী এবং ভবিষ্যৎ পরিকল্পনা আপনাদের সামনে উপস্থাপন করছি।

#### ২০১৪ সালের কার্যক্রম ও সম্পাদন

এ বছর কোম্পানীর রপ্তানী আয়ের পরিমাণ ছিল ১,২৩৫.৬০৮ মিলিয়ন টাকা যা ২০১৩ সালে ছিল ১৫৪০.৯৫২ মিলিয়ন টাকা। গত ২০১৩ সালে রাজনৈতিক অস্থিরতার কারণে ২০১৪ সালের রপ্তানী প্রবৃদ্ধির হার ছিল ঋণাত্মক (-১৯.৮২%)। এই অস্থিরতা চরম অস্থিতিশীল অবস্থায় রূপ নেয় এবং ত্রয়াদেশের বিপরীতে সময়মত পণ্য প্রাপ্তির বিষয়ে বিদেশী ক্রেতাদের মনে নিদারুণ আস্থার সংকট সৃষ্টি করে। ফলশ্রুতিতে, কোম্পানী ২০১৪ সালের প্রথমার্ধে কম রপ্তানী আদেশ পায়, এতে ২০১৪ সালে কোম্পানীর সামগ্রিক অর্জন ক্ষতিগ্রস্ত হয়। তদুপরি ইউরো ও পাউন্ড স্টার্লিং এর বিপরীতে টাকার অতি মূল্যায়ন, বেশ কিছু ইউরোপীয় দেশের অর্থনৈতিক শ্লথগতি এবং স্থবিরতা ইত্যাদি বিষয়গুলো আমাদের কোম্পানীর পণ্যসমূহের চাহিদা ও বিক্রয়ে বিরূপ

প্রভাব ফেলে। যাহোক কোম্পানী ২০১৪ সালে স্থানীয় বিক্রি বাবদ ৪৪২.০৪৯ মিলিয়ন টাকা উপার্জন করে যা পূর্ববর্তী বছরের চেয়ে তিনগুণ বেশী। তাছাড়া অন্যান্য খাত বিশেষ করে (আমদানী) ডিউটি ড্র-ব্যাক (Duty draw-back) বাবদ কোম্পানী ২২.৬২৭ মিলিয়ন টাকা আয় করে, যা গত বছর ছিল ১২.২৪১ মিলিয়ন টাকা। কাজেই, ২০১৪ সালে অন্যান্য আয়সহ সার্বিক আয় ছিল ১,৭০০.২৮৪ মিলিয়ন টাকা যা ২০১৩ সালে ছিল ১,৭০৪.৬৮৬ মিলিয়ন টাকা। অর্থাৎ ২০১৩ সালের আয় থেকে এ বছরের আয় ০.২৬% কম ছিল।

মোট লাভের অনুপাত গত বছরের ২৬.৬৭% এর স্থলে ২০১৪ সালে কমে ২৫.২৯% এ দাঁড়ায়। একইভাবে পূর্ববর্তী বছর ২৭.৪৭% এর স্থলে সামগ্রিক আয়ের উপর EBITDA ২০১৪ সালে ২৩.৫০% এ নেমে আসে। এটি ঘটে বিশেষত রপ্তানী বিক্রির অনুপাত (sales mix) নিম্নমুখী পরিবর্তনের কারণে অর্থাৎ ২০১৩ সালের রপ্তানী আয় ৯১.০৫% এর তুলনায় ২০১৪ সালের আয় ছিল কম, যা ৭৩.৬৫%। ২০১৪ সালে নিম্ন EBITDA হওয়ার অন্যতম কারণ ছিল, কর্মচারীদের অবসরকালীন বকেয়া সুবিধাসমূহ (গ্র্যাচুয়িটি) খরচ হিসাবে লাভ-ক্ষতি হিসাবে অন্তর্ভুক্তকরণ। যাই হোক, দক্ষ কার্যকরী মূলধন ব্যবস্থাপনা

কৌশল অবলম্বন করে, কোম্পানী তার আর্থিক ব্যয় ২০১৩ সালের তুলনায় ২০১৪ সালে কম রাখতে সমর্থ হয়। ২০১৪ সালে কোম্পানী কর পূর্ববর্তী নীট মুনাফা ২১.৭৯৮ মিলিয়ন টাকা আয় করে (গত বছরে লোকসান এর পরিমাণ ছিল ৪৬.৯১২ মিলিয়ন টাকা)। কিন্তু কোম্পানীকে আগের বছরগুলোর জন্য আয়কর ব্যয়ের স্বল্পতা চলতি বছরের সংস্থানের কারণে উক্ত লাভ, নীট লোকসানে পরিণত হয়, যার পরিমাণ ২.৩৩৬ মিলিয়ন টাকা। ২০১৪ সালে শেয়ার প্রতি আয় (EPS) ঋণাত্মক, শেয়ার প্রতি -০.০২ টাকা যা ২০১৩ সালের শেয়ার প্রতি - ০.৩৯ টাকা ছিল।

### আর্থিক বিবরণী

নোটস টু দি ফিনান্সিয়াল স্টেটমেন্টস্ এ বিবৃতি ব্যখ্যা অনুসরনে ২০১২ এবং ২০১৩ সালের আর্থিক বিবরণী সমূহ পুনঃবিবৃত করা হয়েছে। এই পুনঃবিবরণীগুলো করা হয়েছে বাংলাদেশ ফিনান্সিয়াল রিপোর্টিং স্ট্যান্ডার্ডস (BFRSs) এবং বাংলাদেশ অ্যাকাউন্টিং স্ট্যান্ডার্ডস (BAS) অনুসরণ করে, বকেয়া ভিত্তিতে কর্মচারী অবসায়নের সুবিধাদি গ্র্যাচুয়িটি (যা পূর্ববর্তী বছরগুলোতে নগদ ভিত্তিতে হিসাব করা হতো) এবং বিলম্ব আয়কর দায়গুলো যথাক্রমে BAS ১৯ এবং BAS ১২ অনুযায়ী হিসাবভুক্ত করার জন্য। অধিক তুলনাযোগ্য করতে নিরীক্ষিত বিবরণীসহ আর্থিক বিবরণী পুনঃবিবৃত করা হয়েছে। যদিও ২০১৪ সালে শেয়ার প্রতি আয় (EPS) ঋণাত্মক (শেয়ার প্রতি -০.০২ টাকা) ছিল, তবুও এই বছরের শুরুর দিকের নীট সম্পদ মূল্য (NAV) শেয়ার প্রতি ২৮.৯১ টাকা থেকে বেড়ে বছরের শেষের দিকে তা ২৯.০২ টাকায় উন্নীত হয়। ২০১৩ সালের তুলনায় ২০১৪ সালের শেষের দিকে শেয়ার বিনিয়োগে ন্যায্য মূল্যক্ষয় কম হওয়ায় শেয়ার প্রতি NAV বেড়ে যায়।

### উৎপাদনক্ষেত্র সম্প্রসারণ কর্মসূচী - বোন চায়না ইউনিট

কোম্পানী ২০০৮ সালে বোন চায়না উৎপাদন ক্ষমতা বাড়ানোর জন্য প্রকল্প (বোন চায়না ইউনিট ২) গ্রহণ করে। পাঁচ বছর পর, আর্থিক সীমাবদ্ধতা সত্ত্বেও ২০১৫ সালের মধ্যে প্রকল্প সমাপ্ত করার লক্ষ্যে ২০১৪ সালের দ্বিতীয়ার্ধে কোম্পানী প্রকল্পের কাজ পুনরায় শুরু করে। আমরা আনন্দের সংগে জানাচ্ছি যে, এপ্রিল ২০১৫ পর্যন্ত প্রকল্প সমাপ্ত করার কাজ সময়সূচী অনুযায়ী ভালভাবেই এগিয়ে চলেছে।

ইতিমধ্যেই ভৌত কাজ সমূহের বেশীর ভাগই সম্পন্ন হয়েছে। ফ্যাক্টরী বিন্ডিং সম্পন্ন হওয়া অংশে মেশিনারী স্থাপন, উনান এবং সংশ্লিষ্ট বৈদ্যুতিক সরঞ্জামাদি লাগানোর জন্য জার্মানী ও জাপান থেকে আগত প্রকৌশলী এবং কারিগরি বিশেষজ্ঞগণ আমাদের নিজস্ব বিশেষজ্ঞ দলের সাথে একযোগে কাজ করে যাচ্ছেন। আশা করা যায় যে, জুলাই ২০১৫ সালের মধ্যে প্রতিস্থাপিত মেশিনারী এবং উনান যাচাইয়ের জন্য প্রস্তুত হয়ে যাবে এবং অক্টোবর ২০১৫ সালের মধ্যে পরীক্ষামূলকভাবে চালু করা যাবে। বিগত বছরগুলির প্রতিবেদনে যেমনভাবে উল্লেখ করা হয়েছে যে, সম্প্রসারণ কার্য্য পূর্ণাঙ্গ হওয়ার পর বোন চায়নার বার্ষিক উৎপাদন ক্ষমতা ৫ মিলিয়ন পিস এ উন্নীত হবে (বর্তমান বার্ষিক ক্ষমতা ২.৪ মিলিয়ন পিস)।

### জাতীয় রাজস্বখাতে অবদান

আমরা আনন্দের সাথে জানাচ্ছি যে, শাইনপুকুর সিরামিক্স লিঃ ২০১৪ সালে ৭৭.৫৬৩ মিলিয়ন টাকা ভ্যাট এবং আয়কর প্রদান করেছে, যেখানে ২০১৩ সালে ছিল ৭৬.৯৯১ মিলিয়ন। স্থানীয় বিক্রয়ের উপর ১৫% হারে ভ্যাট প্রদেয় এবং আয়কর কর্তৃপক্ষ দ্বারা আয়কর নির্ধারণ করা হয়।

### বিপণন এবং বিক্রয়

রপ্তানী বৃদ্ধি সাধনের জন্য শাইনপুকুর সিরামিক্স লিঃ আন্তর্জাতিক বানিজ্য মেলায় অংশ গ্রহন করে আসছে। আভ্যন্তরীণ বাজারের চাহিদা পূরণের লক্ষ্যে এপ্রিল ২০১২ ইং ও'য়েস্টিন, ঢাকায় প্রথম এক্সক্লুসিভ শো-রুম এবং বিক্রয় কেন্দ্রের কার্যক্রম শুরু হয়। একই ভাবে এপ্রিল ২০১৫ ইং YELLOW, ধানমন্ডি ঢাকায় দ্বিতীয় এক্সক্লুসিভ শো রুম ও বিক্রয় কেন্দ্রের কার্যক্রম শুরু হয়।

### প্রধান নির্বাহী কর্মকর্তা নিয়োগ

বিগত বছরের প্রতিবেদন অনুযায়ী জনাব নাজমুল হাসান ব্যক্তিগত কারণে ব্যবস্থাপনা পরিচালক পদ থেকে অব্যহতির জন্য আবেদন পেশ করেন এবং বোর্ড কর্তৃক নভেম্বর ১৪, ২০১৩ ইং তারিখে তার পদত্যাগ গৃহীত হয়। ফলে প্রতিষ্ঠানটির প্রধান নির্বাহীর পদে শূন্যতা দেখা দেয়। আমি আনন্দের সাথে জানাচ্ছি যে, জনাব মোহাম্মদ হুমায়ুন কবির-কে ২৬শে মে, ২০১৪ ইং তারিখে প্রধান নির্বাহী পদে



নিয়োগ প্রদান করা হয়। তিনি একজন চার্টার্ড একাউন্ট্যান্ট এবং উর্ধ্বতন নির্বাহী হিসাবে (বেক্সিমকো গ্রুপে ২৭ বছর অভিজ্ঞতাসহ) দীর্ঘ ৩৫ বছরেরও বেশী সময়ে ব্যস্থাপনায় অভিজ্ঞতা সম্পন্ন।

#### মানব সম্পদ

শাইনপুকুর সিরামিকস লিঃ তার কর্মীবৃন্দ কে মূল্যবান মানব সম্পদ হিসেবে বিবেচনা করে এবং আকর্ষণীয় নিয়োগ কর্তা হিসেবে শ্রমবাজারে সুবিবেচিত। শাইনপুকুর সিরামিকস লিঃ তার কর্মীবৃন্দের পেশা এবং ব্যক্তি উন্নতি সাধন কল্পে বিভিন্ন সুযোগ প্রদান করে। কর্মকর্তাদের বিশ্বস্ততা, পারস্পরিক সহযোগিতা এবং সমন্বয় সাধন এর উপর গুরুত্ব দেওয়া হয়। কোম্পানীর লক্ষ্য বজায় রাখার জন্য এখানে কর্মীবৃন্দের দক্ষতা এবং উৎসাহ বৃদ্ধির ক্ষেত্রে সার্বিক সহযোগিতা করা হয়। ২০১৪ সালের শেষে শাইনপুকুর সিরামিকস লিঃ এর মানব সম্পদের সংখ্যা দাঁড়ায় ৩,২০৮ জন যা ২০১৩ তে ছিল ২,৯৪৬ জন।

#### পোরসলিন ইউনিটের উন্নতকরণ

কোম্পানীর পোরসলিন বার্ষিক উৎপাদন ক্ষমতা ১৮ মিলিয়ন পিস। ২০১৪ সালে হাই প্রেসার কাস্টিং (HPC) মেশিন চালু করায় আমরা বড় আকৃতিবিশিষ্ট এবং জটিল সামগ্রীর জন্য নিশ্চিত ফ্র্যাডেশ নিতে পারছি। ২০১৫ সালের মধ্যে গ্র্যানুলেশন প্ল্যান্ট স্থাপনের মাধ্যমে ISO স্ট্যান্ডার্ড প্রেস মেশিন চালু করার জন্য আমাদের পরিকল্পনা আছে। এই প্ল্যান্টটি চালু হলে বড় আকারের অর্ডার সময় মতো সরবরাহ এবং নন-কাস্টিং (জিগারিং) পণ্যসামগ্রীর মান নিশ্চিত হবে।

#### সামাজিক প্রতিশ্রুতি

শাইনপুকুর সিরামিকস-এ আমাদের কর্মকাণ্ড সমাজের প্রতি দায়িত্ব বোধ এর দৃষ্টিকোণ থেকে আমরা পরিচালনা করছি। সেজন্য আমাদের সকল কার্যক্রম সাধারণভাবে সমাজের মঙ্গলের দিকে লক্ষ্য করেই সম্পাদিত হয়ে থাকে। সামাজিক অঙ্গীকারের অংশ হিসাবে কোম্পানী সামাজিক গুরুত্ব সম্পন্ন অনুষ্ঠানাদি উপলক্ষে ক্রোড়পত্র প্রকাশনায় সহযোগিতা করে থাকে। বিভিন্ন প্রতিষ্ঠান ও পেশাদারিত্ব প্রতিষ্ঠানের আর্থ সামাজিক ও সাংস্কৃতিক উন্নয়ন কার্যক্রমে আমরা সক্রিয় সহযোগিতা ও সমর্থন যুগিয়ে থাকি। বিগত বছরগুলোর ন্যায়া এবং

এরই ধারাবাহিকতায় ২০১৪ সালেও আমরা সি আর পি (CRP) এবং এস ই আই ডি-ট্রাস্ট (SEID-Trust) কে সহায়তা দিয়েছি। তাছাড়া গত জানুয়ারী ২০১৫ আমরা বুয়েটের (BUET) সাথে সমঝোতা স্মারক (MoU) স্বাক্ষর করেছি এই মর্মে যে আমরা তিন বছরের জন্য তিন জন শিল্প গবেষণা কর্মীকে সহায়তা (support) করব এবং শিল্প গবেষণা উন্নতি ও সিরামিকস পণ্য সামগ্রীর উপর উচ্চ শিক্ষার জন্য আমাদের মান নিয়ন্ত্রণ গবেষণাগার যন্ত্রপাতি ব্যবহার করতে দেব।

#### কৃতজ্ঞতা স্বীকার

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

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

X. K. S. Lalinda

এ এস এফ রহমান

চেয়ারম্যান

তারিখ : ২৭ এপ্রিল ২০১৫

# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

I take this opportunity to welcome you on behalf of the Board of Directors to this 18th Annual General Meeting of your Company, and to lay before you a brief resume of the affairs of the company for the year 2014 and its future plan.

## OPERATIONS & PERFORMANCE IN 2014

During the year the company earned export sales of Tk. 1,235.608 million as against Tk. 1,540.952 million in 2013. During the year, the export sales had a negative growth (- 19.82%) primarily due to carryover effects of last year's political unrest. The unrest signaled instability and eroded foreign buyer's confidence in executing on time delivery against their orders. Consequently the company received less export orders in the first half of 2014 which affected overall performance of 2014. The impact of appreciation of taka against Euro & Pound Sterling as well as economic slowdown and stagnancy in most of the European countries had also negative impact on the demand of table wares & company's sales. However, the company earned Tk. 442.049 million from local sales in 2014, almost 3 times higher than that of previous year. Also, the company earned other income Tk. 22.627 million, against last year's Tk. 12.241 million, mainly against (import) Duty draw-back. Therefore, overall revenue including other income earned in 2014 was Tk. 1,700.284 million, only -0.26% less than 2013, which was Tk. 1,704.686 million.

Gross profit ratio in 2014 went down to 25.29% compared to last year's 26.67%. Similarly, EBITDA in 2014 went down to 23.50% on over all revenue earnings from previous year's 27.47%. This is mainly due to change in sales mix, i.e. in 2014 export sales was less, 73.65% compared to 91.05% in 2013. Charging of employees separation benefit (Gratuity) on accrual basis was a cause for lower EBITDA in 2014. However, by exercising efficient working capital management technique, company in 2014 could keep its finance cost lower than 2013. As a result company earned net profit before tax Tk. 21.798 million (compared to last year loss of Tk. 46.912 million). But the company has to account for short provisions for Income tax expenses of earlier years which turned the profit to net

loss of Tk. 2.336 million. Although EPS in 2014 was negative (Tk. -0.02 per share), yet it was better compared to 2013 when it was Tk. -0.39 per share.

## FINANCIAL POSITIONS

As disclosed in the notes to the financial statements, statement of financial position 2012 & 2013 have been restated. These restatements were done in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs) to recognize employees separation benefits - Gratuity on accrual basis (which were accounted for cash basis in earlier years) and Deferred income tax liabilities correctly as per BAS 19 & BAS 12 respectively. The restated statements of financial position have been presented along with the audited statement of financial position to conform better comparability. Although EPS was negative in 2014 (Tk. -0.02 per share) yet the NAV improved to Tk. 29.02 per share at the end of the year 2014 from NAV of Tk. 28.91 of beginning of the same year. This has increased due to lesser fair value loss on investment in share at the end of the year 2014 compared to that of 2013.

## PRODUCTION CAPACITY OF BONE CHINA UNIT - EXPANSION PROGRAM

The company took the project to expand the Bone China production capacity (Bone China Unit-2) in the year 2008. After 5 years, despite financial constraints, the company restarted works in the second half of 2014 to complete the project by end of 2015. We are pleased to report that up to April 2015, works to complete the project as per schedule is progressing well. Meanwhile, major parts of physical works have almost been completed. Engineering & technical experts from Germany & Japan are working with our own team of experts for erecting machinery, kiln and installing related electrical fittings in the completed part of the factory premises. It is expected that installed & erected machinery & kiln may be ready for testing by July 2015 and trial





operations expected to be commenced by October 2015. As reported in previous years, after completion of the expansion, Bone China production capacity will increase to 5 million pieces per annum (from existing 2.4 million pieces).

## PRODUCTION CAPACITY OF PORCELAIN UNIT - ADDITIONS OF HPC & ISOS STATIC PRESS MACHINE

Company's Porcelain capacity is around 18 million pieces per annum. High Pressure Casting (HPC) machine has been made operational in 2014 which ensured us to accept the orders for larger & critical wares. We have a plan for making ISO static press machine operational by setting up a granulation plant by 2015. This will ensure on time delivery of volume order s as well as quality of non-casting (jiggering) items.

## MARKETING AND SALES

To boost up export sales, SCL continues to participate in overseas trade fairs. To cater the needs of higher end of domestic market, first exclusive Showroom & Sales center was opened at Westin, Dhaka on April 2012. The second similar exclusive Showroom & Sales center was commissioned at YELLOW, Dhanmondi, Dhaka in April 2015.

## APPOINTMENT OF NEW CEO

As reported last year, Mr. Nazmul Hassan, Managing Director of the company tendered his resignation on his personal ground & his resignation was accepted by the Board on November 14, 2013. The position of Chief Executive Officer (CEO) of the company became vacant since then. I am pleased to report that Mr. Mohammed Humayun Kabir was appointed as CEO of the company on May 26, 2014. Mr. Kabir is a Chartered Accountant & carries senior level management experiences of more than 35 years including 27 years with BEXIMCO Group.

## CONTRIBUTION TO NATIONAL EXCHEQUER

We are pleased to report that SCL paid over Taka 77.563 million in the form of VAT & Income tax in 2014 which was Taka 76.991 million in 2013. VAT is payable @ 15% on Local sales & Income tax on taxable income as assessed by the authority.

## HUMAN RESOURCES

Shinepukur Ceramics consider its human resources as the most important assets and mobilize people as an attractive employer. SCL offers opportunities for both professional & personal development to its employees. It practices a work environment of trust, cooperation & collaboration. We do

so to develop the skills & enthusiasm of our employees to achieve the company goals on a sustainable basis. SCL's Human Resources Strength at the end of 2014 stood 3,208 Nos. against 2,946 Nos. of 2013.

## SOCIAL COMMITMENT

In Shinepukur Ceramics, we believe in our responsibilities towards the society we operate in. All our activities are therefore directed to the well being of the society in general. As part of the social commitment, the company sponsors news supplements on important social occasions. We also provided active co-operation and support to different organizations and professional institutions in their socio-cultural development programs. Accordingly, in 2014 we supported CRP & SEID as we did in the past years. Also in January 2015 we signed a MOU with BUET to support three Industry research fellows for three years & to allow the use of our QC laboratory equipments for advancement of Industry research & higher studies on Ceramic Table wares.

## ACKNOWLEDGEMENT

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

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



**A S F Rahman**  
Chairman

Dated: 27 April, 2015



# CORPORATE GOVERNANCE

The maintenance of effective Corporate Governance remains a key priority to the Board of Shinepukur Ceramics Ltd. Recognizing the importance of it, the board and other senior management remained committed to high standards of Corporate Governance. To exercise about clarity of director's responsibilities towards the shareholders, Corporate Governance must be dynamic and focus to the business objectives of the Company and create a culture of openness and accountability.

Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of Company's management, both in its day-to-day business and in the areas associated with internal control have been instituted.

## INTERNAL FINANCIAL CONTROL

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

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

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

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

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

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

The following statement is made with a view to distinguishing for shareholders the respective

responsibilities of the directors and the auditors in relation to the financial statements.

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

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

## BOARD COMMITTEES

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

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

**Board Structure and Procedure** – The membership of the board during the year ended 31 December 2014 stood at five directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business.

The Company's Board currently comprises the Chairman, Vice-

Chairman and three Directors. The name of the Directors appears on page 6.

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

## GOING CONCERN

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

## RIGHTS AND RELATIONS WITH SHAREHOLDERS

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

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

The following information can be addressed through the secretarial department:

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

## Transfer of shares

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



# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 31 December, 2014

*Dear Shareholders,*

The Directors have pleasure in submitting hereunder their report together with the Audited Accounts for the year ended on 31st December, 2014 and Auditors' Report thereon:

## Working Results

The Directors are pleased to report that the working results of the Company for the year 2014 are as follows:

	Taka in Thousand	
	For the year 2014	For the year 2013
Net profit before tax	21.80	(46.91)
Less: Income tax (Expenses)/ Income	(24.13)	(10.72)
Net profit / (Loss) after tax	(2.34)	(57.63)
Add: Balance brought forward from previous year	(83.43)	(25.80)
Balance carried forward	(85.77)	(83.43)

### Profitability / Loss

Loss incurred mainly due to : (i) lower export sales ( -19.82%) compared to last year; (ii) charging of gratuity expenses on accrual basis in compliance to accounting standard; & (iii) recognizing the short provisions for income tax expenses for previous years.

### EPS

EPS in 2014 comes to Tk. -0.02 per share.

## Dividend

The Directors recommended no dividend for the year as the Company incurred loss and there is no available retained earning for declaring dividend.

## Analysis of Operating Performance

### Business Outlook- a general overview

Though the Bangladeshi Ceramic Tableware manufacturing industry dates back to 1960's, but started to flourish from late 1990's, where all the manufacturing set-ups were mainly set up towards export oriented business. Traditionally, the tableware industry is labour-intensive and companies in developed countries experienced difficulties to remain competitive and began to search for alternative manufacturing destinations. Bangladesh, being a gas-rich and low labour-cost economy, has become perfectly positioned to be a strategic partner in production and supply of ceramic products to top-brands of Europe, USA, Japan etc.

Majority of export market for Bangladesh Ceramic Tableware have been Europe and the USA, where widespread economic recession

forced all Ceramics export businesses to slow down, or this trend is continuing from 2010 to this year. SCL for the first-time experienced a tougher reality in 2014 with a negative growth of export business. However, in Bangladesh, the political crisis that started during 2013 centering the election poses some degree of uncertainty in the overall economic environment of the country and is seen as an impediment to the growth of business. Continuous nation-wide strikes following confrontation between agitated political groups & law-enforcers etc. are directly impacting negatively towards on-time availability of imported raw-materials, manufacturing productivity, timely delivery to export destinations, cash-flow etc

### Export and Domestic Sales

There were various global reasons and internal political crisis that negatively put the performance down. Our Export Sales in 2014 has reduced by 19.82% and dropped down to Tk. 1,236 million as against Tk. 1,541 million of 2013. Export sales still continue to remain as the key driver with 74% of the total sales in 2014. This continuity has been maintained mainly through strengthening trusts with existing customers & manufacturing of more of their newer product ranges, quickly seizing opportunity with strong new brands through professional liaison & fast product development, and strategically focusing into markets that are less impacted by recession. Moreover, a thorough improvement of the product quality initiating cross-quality check on every production stages and innovating the products & packaging in-line with up-to-date international standards etc. also contributed towards export performance. The most challenging part to achieve reliability from among the buyers' fraternity has been to establish Shinepukur Ceramics Ltd. as the most compliant facility, into fast changing global mindset reality to this particular matter. Shinepukur has been proven quite successful in this field after series of Social Accountability audits from Sedex and buyers. These relentless & on-going endeavors will significantly & positively contribute in the upcoming confirmed export businesses.

Our Domestic Sales have been passing through hard times due to political dilemma and various country-specific socio-economic issues. The difficult political situation i.e. continued strikes compelled the dealer-shops to remain closed at a stretch, sometimes there was no sales as no customer was available and no physical distribution of products to desired sales locations was possible. Even under this difficult time SCL earned Tk. 442.049 million from domestic sales which is almost 3 times higher than last year. This we could achieve shifting our sales strategy specially focusing on domestic institutional sales.

### Significant Accreditations

To maintain consistency in the sales performance by ensuring all the required tough compliance in-place, is truly difficult proposition especially being a table ware manufacturer for the world's top brands. Shinepukur has been quite successful in excelling in its

quality performance in every endeavor, crossing one benchmark to the other. Shinepukur efficiently passed the 3rd phase of SMETA (Sedex Members' Ethical Trade Audit) in August 2013 and completed twice the thorough review of 6 months' periodic ISO audits from DNV (Det Norske Veritas) in 2014.

## Directors

### Retirement and Re-election

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

## Board Audit Committee

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

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

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

## Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3<sup>rd</sup> floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in Seventeenth Annual General Meeting carried out the audit for the year ended on 31 December, 2014.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3<sup>rd</sup> floor), Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the Company retire at this meeting and have expressed their willingness to continue in the office for the year 2015.

## Board Meetings and Attendance

During the year 10 (ten) Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meetings attended
Mr. A S F Rahman	10
Mr. Salman F Rahman	10
Mr. Iqbal Ahmed	10
Mr. O K Chowdhury	10
Mr. Masud Ekramullah Khan	10

## Corporate and Financial Reports

The Directors are pleased to confirm that:

- The financial statements together with the notes thereon have drawn up conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987. These statements presents fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and judgment.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- There is no significant doubts about the ability of the Company to continue as a going concern.
- There is no significant deviations in operating result compared to last year.
- The summarized key operating and financial data of last five preceding years is annexed as "Comparative Statistics" in the Annual Report.
- The related party transaction have been disclosed in preparation of the financial statement (Note 32)
- The Pattern of shareholding is as followings.



## The Pattern of Shareholding

Name	Shares held
i) Parent/Subsidiary/Associate Companies and other related parties:	
Bangladesh Export Import Co. Ltd.	
As on 31-12-2014	73,483,009
ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:	
Mr. A S F Rahman, Chairman	2
Mr. Salman F Rahman, Vice-Chairman	1
Mr. O K Chowdhury, Director	1
Chief Executive Officer, Spouse and minor children	Nil
Company Secretary, Spouse and minor children	Nil
Chief Financial Officer, Spouse and minor children	Nil
Head of Internal Audit, Spouse and minor children	Nil
iii) Executives:	Nil
iv) Shareholders holding ten percent (10%) or more voting interest in the company	
Bangladesh Export Import Co. Ltd (Mentioned in SL. No. (i) above.)	73,483,009

## Certification by the Chief Executive Officer and Chief Financial Officer

Chief Executive Officer and Chief Financial Officer have certified to the Board that-

- (i) They have reviewed the Financial Statements of the Company for the year ended 31 December 2014 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 transaction entered into by the Company during the year which are fraudulent, illegal or violation of the company's code of conduct.

## Key operating and Financial Data

Taka in '000

Particulars	2014	2013	2012	2011	2010
Paid Up Capital	1,469,661	1,469,661	1,277,966	1,111,275	966,326
Revenue	1,677,658	1,692,445	1,942,351	1,901,129	1,926,746
Gross Profit	424,214	451,340	674,038	653,104	659,097
Profit / (Loss) Before Income Tax	21,798	(46,912)	175,134	214,966	305,074
Net Profit / (Loss) after Income Tax	(2,336)	(57,629)	90,285	168,768	253,247
Tangible Assets (Gross)	5,967,244	5,939,973	5,920,505	5,905,581	4,190,249
Cumulative Surplus	(85,768)	(83,432)	358,761	435,167	411,348
Dividend	-	-	15% (B)	15% (B)	15% (B)
Return on Paid up Capital	(0.16)%	(3.92)%	7%	15%	26%
Shareholders' Equity	4,264,595	4,487,867	4,544,462	4,499,760	2,731,959
Earnings per Share (Taka)	(0.02)	(0.39)	0.71	1.52	2.62
Shareholders' Equity Per Share (Taka)	29	31	36	40	28
Number of Shareholders	30,828	30,822	27,040	28,730	24,172

*all figures in thousand Taka except indicate otherwise*

## Corporate Governance Compliance Status Report

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

## Acknowledgement

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

On behalf of the Board of Directors



**A S F Rahman**  
Chairman

27 April, 2015  
Dhaka.



# CORPORATE GOVERNANCE COMPLIANCE STATUS REPORT

## Annexure-I

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

### (Report under Condition No. 7.00)

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

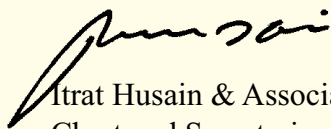
Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during 2014 except Independent Director.
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	<b>Significant deviations from last year's operating results</b>	--	--	Explained in Chairman's Statement / Directors' Report.
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	√		
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		



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

## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

1. We have examined the compliance of conditions of Corporate Governance by **Shinepukur Ceramics Limited** ("the Company") for the year ended 31 December, 2014 as per the Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the BSEC notification mentioned above.
4. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.



Itrat Husain & Associates  
Chartered Secretaries in Practice

Signed by : Itrat Husain FCMA, FCS  
Chief Executive

Dhaka, 14 May, 2015

# REPORT OF THE AUDIT COMMITTEE

to the Shareholders

*Dear Shareholders,*

I am pleased to present the Report of the Audit Committee for the year 2014.

The Audit Committee Report presented under condition No.3.5 of the Bangladesh Securities and Exchange Commission(BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee during 2014.

As mentioned in the Compliance Statement, the Board has formed an Audit Committee in terms of the conditions of BSEC Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee is comprised of Mr. Masud Ekramullah Khan, Mr. Iqbal Ahmed and Mr. O. K. Chowdhury, FCA, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors.

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

## Reporting to the Board of Directors:

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

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

## The Role of Audit Committee:

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

## The role of the Audit Committee includes the following:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control and Risk Management process.
- Oversee hiring and performance of external Auditors.
- Review along with the management, the annual financial statements before submission to the Board for approval.
- Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review statement of significant related party transactions submitted by the management.



- Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
- To review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc. framed/issued by the regulatory authorities have been complied with.
- Other matters as per Terms Of Reference (TOR) of the Audit Committee and also as directed by the Board.

### Authority:

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

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

### Main Activities and recommendations of the Audit Committee in 2014:

The Audit Committee met four times during the year 2014. All the Members were present in all meetings of the Committee.

The Committee held its first meeting of 2014 on April 24, to review the Audited Financial Statements of the Company for the year ended December 31, 2014. Detail discussions on the financial statements were held with the representatives of the Management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval.

The second meeting of the Committee was held on May 11, 2014 prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on March 31, 2014. 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 2014 was held on July 15, 2014 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on June 30, 2014.

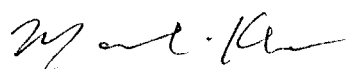
The fourth meeting of the Committee was held on October 23, 2014 to release of the un-audited third quarter financial statements of the Company for the quarter ended September 30, 2014. The detailed review of the financial statements was made by the Committee and recommended to the Board for approval of the financial statements for release to the Shareholders of the Company.

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

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

### External Auditors

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. The Committee has considered the tenure, quality and fees of the auditors, considered and made recommendations to the Board on the appointment and remuneration of external Auditors, M/s. M. J. Abedin & Company, Chartered Accountants for the year 2015, subject to the approval of shareholders in the 18<sup>th</sup> AGM of the Company, who had carried out the audit of the Company for the year 2014.



**(MASUD EKRAMULLAH KHAN)**

Chairman

Audit Committee

Date: 21 April, 2015

# Financials



**AUDITORS' REPORT**  
AND  
**AUDITED FINANCIAL STATEMENTS**  
OF  
**SHINEPUKUR CERAMICS LTD.**  
AS AT AND FOR THE YEAR 31 DECEMBER 2014



## Independent Auditors' Report

To The Shareholders of

### SHINEPUKUR CERAMICS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Shinepukur Ceramics Limited, which comprise the Statement of Financial Position as at 31 December 2014, the Statements of Profit or Loss & Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### Report on Other Legal and Regulatory Requirements

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

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

Dhaka, 27 April, 2015

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

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

**SHINEPUKUR CERAMICS LIMITED**

# Statement of Financial Position

as at 31 December 2014

Amount in Taka

	Notes	31-Dec-14	1-Jan-14 Restated	31-Dec-13	1-Jan-13 Restated	31-Dec-12
<b>ASSETS</b>						
<b>Non-Current Assets</b>		<b>5,644,821,352</b>	<b>5,163,868,663</b>	<b>5,163,868,663</b>	<b>5,323,600,351</b>	<b>5,323,600,351</b>
Property, Plant and Equipment - Carrying Value	4.00	4,204,123,208	4,284,727,821	4,284,727,821	4,384,003,402	4,384,003,402
Investment in Shares	5.00	78,982,952	61,221,686	61,221,686	121,705,206	121,705,206
Capital Work in Progress	6.00	1,361,715,192	817,919,156	817,919,156	817,891,743	817,891,743
<b>Current Assets</b>		<b>1,044,626,037</b>	<b>1,710,385,576</b>	<b>1,710,385,576</b>	<b>1,796,412,804</b>	<b>1,796,412,804</b>
Inventories	7.00	671,351,499	912,642,408	912,642,408	845,059,407	845,059,407
Accounts & Other Receivables	8.00	157,873,140	674,987,355	674,987,355	853,413,145	853,413,145
Advances, Deposits & Prepayments	9.00	193,770,311	108,267,477	108,267,477	81,930,381	81,930,381
Cash and Cash Equivalents	10.00	21,631,087	14,488,336	14,488,336	16,009,871	16,009,871
<b>Total Assets</b>		<b>6,689,447,389</b>	<b>6,874,254,239</b>	<b>6,874,254,239</b>	<b>7,120,013,155</b>	<b>7,120,013,155</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Shareholders' Equity</b>		<b>4,264,594,984</b>	<b>4,249,169,946</b>	<b>4,487,866,589</b>	<b>4,351,592,479</b>	<b>4,544,462,049</b>
Issued Share Capital	11.00	1,469,660,550	1,469,660,550	1,469,660,550	1,277,965,700	1,277,965,700
Revaluation Surplus on Property, Plant and Equipment	12.00	2,966,690,015	2,966,690,015	2,966,690,015	2,966,690,015	2,966,690,015
Fair Value Loss on Investment in Shares		(85,987,652)	(103,748,918)	(103,748,918)	(58,955,026)	(58,955,026)
Retained Earnings		(85,767,929)	(83,431,701)	155,264,942	165,891,790	358,761,360
<b>Non-Current Liabilities</b>		<b>627,017,777</b>	<b>868,094,576</b>	<b>629,397,933</b>	<b>996,353,559</b>	<b>803,483,989</b>
Long Term Loan - Net-off Current Maturity(Secured)	13.00	376,275,965	321,383,411	321,383,411	296,189,631	296,189,631
Long Term Loan (Unsecured)		-	301,584,151	301,584,151	498,837,779	498,837,779
Gratuity Payable	14.00	92,417,698	74,840,687	-	57,001,537	-
Deferred Tax Liability	15.00	158,324,114	170,286,327	6,430,371	144,324,612	8,456,579
<b>Current Liabilities</b>		<b>1,797,834,628</b>	<b>1,756,989,717</b>	<b>1,756,989,717</b>	<b>1,772,067,117</b>	<b>1,772,067,117</b>
Short Term Loan from Banks (Secured)	16.00	1,065,658,448	964,471,449	964,471,449	1,183,795,749	1,183,795,749
Long Term Loan-Current Maturity (Secured)	17.00	183,014,482	322,692,983	322,692,983	143,242,382	143,242,382
Creditors, Accruals and Other Payables	18.00	549,161,698	469,825,285	469,825,285	445,028,986	445,028,986
<b>Total Equity and Liabilities</b>		<b>6,689,447,389</b>	<b>6,874,254,239</b>	<b>6,874,254,239</b>	<b>7,120,013,155</b>	<b>7,120,013,155</b>
<b>Net Asset Value Per Share (Note 11.c)</b>		<b>29.02</b>	<b>28.91</b>	<b>30.54</b>	<b>34.05</b>	<b>35.56</b>

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

Approved and authorized for issue by the board of directors on 27 April, 2015 and signed for and on behalf of the Board:



A S F Rahman  
Chairman



Salman F Rahman  
Vice-Chairman



Md. Luthfor Rahman  
Chief Financial Officer

As per our separate report of even date annexed.



M. J. Abedin & Co  
Chartered Accountants

Dated, Dhaka  
27 April, 2015

**SHINEPUKUR CERAMICS LIMITED**

# Statement of Profit or Loss & Other Comprehensive Income

for the year ended 31 December 2014

	Notes	Amount in Taka 2014	2013
<b>Revenue</b>	19.00	<b>1,677,657,674</b>	<b>1,692,444,714</b>
Cost of Goods Sold	20.00	(1,253,443,603)	(1,241,105,073)
<b>Gross Profit</b>		<b>424,214,071</b>	<b>451,339,641</b>
<b>Other Income</b>	21.00	<b>22,626,755</b>	<b>12,241,422</b>
<b>Operating Expenses</b>		<b>(165,076,380)</b>	<b>(111,275,005)</b>
Administrative Expenses	22.00	(73,013,118)	(58,762,819)
Selling & Distribution Expenses	23.00	(92,063,262)	(52,512,186)
<b>Profit from Operations</b>		<b>281,764,446</b>	<b>352,306,058</b>
Loss on Sale of Shares		-	(6,191,823)
Finance Cost	24.00	(258,876,706)	(393,025,753)
<b>Profit/(Loss) before contribution to WPPF</b>		<b>22,887,740</b>	<b>(46,911,518)</b>
Contribution to Workers' Profit Participation/Welfare Funds		(1,089,892)	-
<b>Net Profit/(Loss) Before Tax</b>		<b>21,797,848</b>	<b>(46,911,518)</b>
Income Tax Expense	25.00	(24,134,076)	(10,717,123)
<b>Net Loss After Tax for the year</b>		<b>(2,336,228)</b>	<b>(57,628,641)</b>
<b>Other Comprehensive Income:</b>			
Fair Value Gain/(Loss) on Investment in Shares	5.00	17,761,266	(44,793,892)
<b>Total Comprehensive Profit/(Loss) for the year</b>		<b>15,425,038</b>	<b>(102,422,533)</b>
<b>Earning Per Share</b>	26.00	<b>(0.02)</b>	<b>(0.39)</b>

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

Approved and authorized for issue by the board of directors on 27 April, 2015 and signed for and on behalf of the Board:



**A S F Rahman**  
Chairman



**Salman F Rahman**  
Vice-Chairman



**Md. Luthfor Rahman**  
Chief Financial Officer

As per our separate report of even date annexed.

Dated, Dhaka  
27 April, 2015



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



# SHINEPUKUR CERAMICS LIMITED

## Statement of Changes in Equity

for the year ended 31 December 2014

	Share Capital	Revaluation Surplus on PPE	Fair Value Loss on Investment in Shares	Retained Earnings	Amount in Taka Total Equity
Balance as on 31 December 2012 before adjustment	1,277,965,700	2,966,690,015	(58,955,026)	358,761,360	4,544,462,049
Deferred Tax Liability	-	-	-	(135,868,033)	(135,868,033)
Gratuity Payable	-	-	-	(57,001,537)	(57,001,537)
Balance as on 31 December 2012 after Adjustment	1,277,965,700	2,966,690,015	(58,955,026)	165,891,790	4,351,592,479
Balance as on 1 January 2013	1,277,965,700	2,966,690,015	(58,955,026)	165,891,790	4,351,592,479
Net Loss after tax for the year	-	-	-	(57,628,641)	(57,628,641)
Fair Value Loss on Investment in Shares	-	-	(44,793,892)	-	(44,793,892)
Issue of Bonus Shares for the prior year (2012)	191,694,850	-	-	(191,694,850)	-
Balance as on 31 December 2013	1,469,660,550	2,966,690,015	(103,748,918)	(83,431,701)	4,249,169,946
Balance as on 1 January 2014	1,469,660,550	2,966,690,015	(103,748,918)	(83,431,701)	4,249,169,946
Net Loss after tax for the year	-	-	-	(2,336,228)	(2,336,228)
Fair Value Gain on Investment in Shares (Note - 5)	-	-	17,761,266	-	17,761,266
Total Balance as on 31 December 2014	1,469,660,550	2,966,690,015	(85,987,652)	(85,767,929)	4,264,594,984

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

Approved and authorized for issue by the board of directors on 27 April, 2015 and signed for and on behalf of the Board:



A S F Rahman  
Chairman



Salman F Rahman  
Vice-Chairman



Md. Luthfor Rahman  
Chief Financial Officer

As per our separate report of even date annexed.

Dated, Dhaka  
27 April, 2015



M. J. Abedin & Co  
Chartered Accountants

# SHINEPUKUR CERAMICS LIMITED

## Statement of Cash Flows

for the year ended 31 December 2014

	Amount in Taka	
	2014	2013
<b>Cash Flows From Operating Activities:</b>		
Collections from turnover and other income	2,217,078,717	1,882,993,023
Payments for costs, expenses & others	(1,070,864,322)	(1,213,006,959)
Interest Paid	(248,048,152)	(402,285,732)
Income-Tax paid and /or deducted at sources	(25,685,587)	(47,290,057)
<b>Net cash generated from operating activities</b>	<b>872,480,656</b>	<b>220,410,275</b>
<b>Cash Flows From Investing Activities:</b>		
Property, Plant and Equipment acquired	(10,615,917)	(19,468,655)
Disposal of Vehicle	3,096,207	-
Sale of Shares	-	9,497,805
Capital Work in Progress	(568,872,637)	(27,413)
<b>Net cash used in from investing activities</b>	<b>(576,392,347)</b>	<b>(9,998,263)</b>
<b>Cash Flows From Financing Activities:</b>		
Decrease in Loan	(285,183,099)	(211,933,547)
Gratuity Payment	(3,762,460)	-
<b>Net cash used in financing activities</b>	<b>(288,945,559)</b>	<b>(211,933,547)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>7,142,750</b>	<b>(1,521,535)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>14,488,336</b>	<b>16,009,871</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>21,631,087</b>	<b>14,488,336</b>
<b>Net Operating Cash Flow Per Share</b>	<b>5.94</b>	<b>1.50</b>

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

Approved and authorized for issue by the board of directors on 27 April, 2015 and signed for and on behalf of the Board:



A S F Rahman  
Chairman



Salman F Rahman  
Vice-Chairman



Md. Luthfor Rahman  
Chief Financial Officer

As per our separate report of even date annexed.

Dated, Dhaka  
27 April, 2015



M. J. Abedin & Co  
Chartered Accountants

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 1. The background and activities of the Company

### 1.1 Status of the Company

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

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

### 1.2 Principal Activities

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

## 2. Bases of Financial Statements – Preparation and Presentation

### 2.1 Measurement Bases

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

### 2.2 Reporting Framework and Compliance thereof

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

### 2.3 Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at the end of the year 2014;
- (b) a statement of profit or loss and other comprehensive income for the year 2014;
- (c) a statement of changes in equity for the year 2014;
- (d) a statement of cash flows for the year 2014;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information; and
- (f) a statement of financial position as at the beginning of the earliest comparative periods as the company applied accounting policies retrospectively and made a retrospective restatement of items in its financial statements.

### 2.4 Reporting Period

The financial statements cover one calendar year from 1 January 2014 to 31 December 2014.

### 2.5 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on 27 April 2015.

### 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 and Restatement of Financial Position as at 1 January 2014 & as at 1 January 2013

Comparative information has been disclosed in respect of the year 2013 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures prior to 2013 have been restated at 1 January 2013 and figures up to 2013 have been restated at 1 January 2014. These restatements were done to comply with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs) to recognized



# Notes to the Financial Statements

as at and for the year ended 31 December 2014

Employees Benefits – Gratuity (BAS-19) and Deferred Income Tax Liability (BAS-12). Accordingly comparative figures in Statement of Financial Position and Statement of Changes in Equity have been rearranged and restated. The restated Statement of Financial Position has been presented along with the audited statement of financial position of 2013 & 2012 to ensure better comparability with the current year.

## 2.8 Use of Estimates and Judgments

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors prescribes that the effects of the revision of accounting estimates has to be recognized in the period in which the estimates are revised. Accordingly, prior year's effects for revision of accounting estimates on Financial Cost (For unpaid liability to Titas Gas) and short provision for( earlier years') Income Tax has been recognized in the Statement of Profit or Loss and Other Comprehensive Income for the year 2014.

## 3. Significant Accounting Policies

### 3.1 Revenue Recognition

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

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

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

### 3.2.0 Property, Plant and Equipment

#### 3.2.1 Recognition and Measurement

Property, plant and equipment (including assets acquired under finance lease) are capitalized at cost of acquisition and subsequently stated at cost revalued amount less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The Cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

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

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

#### 3.2.3 Subsequent Expenditure

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

#### 3.2.4 Software

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

#### 3.2.5 Disposal of Fixed Assets

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 3.2.6 Depreciation on Fixed Assets

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

Building and Other Construction	2.5% to 5%
Plant and Machinery	5% to 7.5%
Furniture & Fixture	20%
Transport & Vehicle	20%
Office Equipment	20%

## 3.3 Leased Assets

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

## 3.4 Financial Instruments

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

### 3.4.1 Financial Assets

#### (a) Investment in Shares

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

#### (b) Accounts Receivable

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

#### (c) Advances and Deposits

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

Deposits are measured at payment value.

#### (d) Cash and Cash Equivalents

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

### 3.4.2 Financial Liability

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

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

## 3.5 Impairment

#### (a) Financial Assets

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

(b) *Non-Financial Assets*

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

## 3.6 Inventories

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

## 3.7 Provisions

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

## 3.8 Income Tax Expenses

### *Current Tax up to – 2012*

Income Tax Assessment has been completed by the Tax Authority up to assessment year 2013 -2014 (Accounting year 2012) and accordingly short provisions thereagainst has been provided during the year 2014. However, a Writ Petition No. 2659 Of 2015 against a letter dated 24-02-2015 signed by DCT for additional tax Tk. 90,822,873 for the accounting years 2011 & 2012 corresponding assessment years 2012 -2013 & 2013 – 2014 (originated from a C & AG – Local revenue audit observation) is pending with the Honorable High Court. Since the said letter has been served after finalization of the assessment under the Income Tax Ordinance 1984 (which was accepted by the assessee company), the company (SCL) contests the additional Tax claim for Tk. 90,822,873, and accordingly, no provision for the said additional tax claim of Tk. 90,822,873 has been made in the current year's Statement of Profit or Loss & Other Comprehensive Income.

### *Current Tax – 2013*

Against the tax provision of Taka 8,522,836, the tax authority made a provisional assessment order dated 31-08-2014 claiming total income tax of Taka 56,718,750 resulting an apparent short provision of Taka 48,195,914 for the accounting year 2013. Since it was a provisional assessment order & company expects that as per final assessment the said claimed tax of Taka 56,718,750 will reduce, no provision, therefore, for the said 'apparent short provisions' has been made during the year 2014.

### *Current Tax – 2014*

Applicable Income Tax Rate is 35% on taxable income. However, Company enjoys tax rebate @ 50% against profit on export sales. Considering the tax rebate on the profit against export sales, Income tax on the accounting profit becomes lower than minimum tax U/S 16CCC payable @ 0.30% on Gross receipts i.e., revenue & other income earned by the Company during the year. Accordingly, based on the minimum tax calculation, Income Tax provision for the year 2014 has been made. However, after final assessment by the authority, the said provision may be 'short' (as the tax assessing authority may disallow expenses at their discretion, thereby 'taxable income' may be higher than accounting profit).

### *Deferred Tax*

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

## 3.9 Interest Income

Interest Income is recognized on accrual basis.



# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 3.10 Borrowing Costs

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

Borrowing costs relating to projects in commercial operation are recognized as expenses in the 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.

## 3.11 Employee Benefits

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

The company's employee benefits include the following:

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

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

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

### (b) Defined Benefits Plan (Gratuity)

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

### (c) Short-term Employee Benefits

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

### (d) Contribution to Workers' Participation/Welfare Funds

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

### (e) Group Insurance Scheme

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

## 3.12 Proposed Dividend

No dividend was proposed for the year 2014.

## 3.13 Earnings per Share

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

### Basic Earnings (Numerator)

This represents earnings for the 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 (2014)

The total number of shares has been considered as the Weighted Average number of Shares outstanding during the year 2014.

#### Earlier Year (2013)

The total number of shares has been considered as the Weighted Average Number of Shares outstanding during the year 2013.

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

### Diluted Earnings per Share

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 3.14 Foreign Currency Transactions

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

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

## 3.15 Segmental Reporting

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

## 3.16 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as encouraged by BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

## 3.17 Events after the Reporting Period

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

## 4.00 Property, Plant and Equipment : Tk. 4,204,123,208

Amount in Taka

	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total
Cost or Valuation							
At 31 December 2013	1,697,029,503	1,376,492,711	2,751,794,186	55,503,266	27,931,913	31,221,869	5,939,973,448
Addition during the year	-	4,187,558	30,554,801	542,000	408,159	-	35,692,518
Disposal during the year	-	-	-	-	-	(8,422,390)	(8,422,390)
At 31 December 2014	1,697,029,503	1,380,680,269	2,782,348,987	56,045,266	28,340,072	22,799,479	5,967,243,576
Depreciation							
At 31 December 2013	-	271,794,925	1,291,127,702	47,198,862	22,985,324	22,138,814	1,655,245,627
Depreciation for the year	-	28,974,006	80,445,259	1,769,281	1,070,950	1,261,355	113,520,851
Disposal during the year	-	-	-	-	-	(5,646,110)	(5,646,110)
At 31 December 2014	-	300,768,931	1,371,572,961	48,968,142	24,056,274	17,754,059	1,763,120,368
Carrying Amount as at 31 December 2014	1,697,029,503	1,079,911,338	1,410,776,025	7,077,124	4,283,799	5,045,420	4,204,123,208
Carrying Amount as at 31 December 2013	1,697,029,503	1,104,697,787	1,460,666,483	8,304,404	4,946,589	9,083,055	4,284,727,821

Assets include Leased Assets of Tk. 7,750,000 at cost and Tk. 895,844 at written down value.

### Disclosure on Revaluation:

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

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

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

## 5.00 Investment in Shares : Tk. 78,982,952

The basis of valuation is stated in Note 3.4.1 (a).

This consists of Investment in Shares of listed Companies as follows :

	as at 31-Dec-14	Amount in Taka as at 31-Dec-13
(a) In 65,716 (2013: 65,716) Shares of Tk. 10 each Beximco Synthetics Ltd.	821,450	1,097,460
(b) In 1,867,292 (2013: 1,867,212) Shares of Tk. 10 each Bangladesh Export Import Co. Ltd.	78,161,502	60,124,226
	<b>78,982,952</b>	<b>61,221,686</b>

This is arrived at as follows:

	Beximco Synthetics Ltd.	Beximco Ltd.	Total
At Cost as on 31.12.13	1,097,460	60,124,226	61,221,686
Less: Quoted Price on 31.12.14	821,450	78,161,502	78,982,952
<b>Fair Value Gain on Investment in Shares in 2014</b>	<b>(276,010)</b>	<b>18,037,276</b>	<b>17,761,266</b>

## 6.00 Capital Work in Progress : Tk. 1,361,715,192

This represents as follows:

Opening Balance	817,919,156	817,891,743
Add: Addition during the year	568,872,637	27,413
	1,386,791,793	817,919,156
Less: Transferred to PPE during the year	(25,076,601)	-
<b>Closing Balance</b>	<b>1,361,715,192</b>	<b>817,919,156</b>

## 7.00 Inventories : Tk. 671,351,499

This represents as follows:

Raw Material & Chemical	176,635,130	359,070,527
Finished Goods	237,113,748	247,144,124
Work-In- Process	198,733,539	184,461,835
Stores & Spares	10,608,537	72,466,188
Packing Material	48,260,545	49,499,734
	<b>671,351,499</b>	<b>912,642,408</b>

## 8.00 Accounts & Other Receivables : Tk. 157,873,140

This is 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.

No amount was due by any associated undertaking.



# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 9.00 Advances, Deposits & Prepayments : Tk. 193,770,311

This is considered good and consists of as follows:

Advances (Note - 9.01)

Deposits (Note - 9.02)

	as at 31-Dec-14	Amount in Taka as at 31-Dec-13
Advances (Note - 9.01)	136,410,730	78,434,493
Deposits (Note - 9.02)	57,359,581	29,832,984
	<b>193,770,311</b>	<b>108,267,477</b>
<b>9.01 Advances : Tk. 136,410,730</b>		
This represents as follows:		
Suppliers	35,812,868	1,384,948
L/C-Margin & Others	35,162,612	16,805,663
Advance Income Tax (Note - 9.01.01)	30,553,696	37,805,998
Employees (other than officers)	20,652,956	8,296,114
Marketing Expenses	9,565,101	8,712,141
Trade Fair	4,353,717	4,715,657
Advance Travel	309,780	360,220
Advance against Construction	-	353,753
	<b>136,410,730</b>	<b>78,434,493</b>

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

No amount was due by any associated undertaking.

Advances to employees (other than officers) are realisable from monthly salary in installments.

## 9.02 Deposits : Tk. 57,359,581

This represents as follows:

The break -up of deposits is as follows:

VAT Deposit

Security Deposit

Lease Deposit

Bank Guarantee Margin

Earnest Money Deposit

VAT Deposit	39,495,468	12,170,211
Security Deposit	11,388,261	11,388,261
Lease Deposit	3,700,134	3,518,794
Bank Guarantee Margin	2,755,718	2,755,718
Earnest Money Deposit	20,000	-
	<b>57,359,581</b>	<b>29,832,984</b>

## 9.01.01 Advance Income Tax : Tk. 30,553,696

This has been arrived at :

Opening Balance

Add : Paid/Deducted during the year under review

Less : Adjustment made during the year under review

Opening Balance	37,805,998	20,515,941
Add : Paid/Deducted during the year under review	13,185,587	17,290,057
	<b>50,991,585</b>	<b>37,805,998</b>
Less : Adjustment made during the year under review	(20,437,889)	-
	<b>30,553,696</b>	<b>37,805,998</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 10.00 Cash and Cash Equivalents : Tk. 21,631,087

This consists of :

	as at 31-Dec-14	Amount in Taka as at 31-Dec-13
(a) In Hand	1,190,336	7,268,400
(b) At Banks in :	20,440,751	7,219,936
(i) Current Deposit	16,566,699	4,195,709
(ii) STD	2,938,898	2,324,785
(iii) FDR	935,154	699,442
	<b>21,631,087</b>	<b>14,488,336</b>

## 11.00 Issued Share Capital : Tk. 1,469,660,550

This represents :

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

### (c) Statement of Share Position:

Name of the Shareholders	31-Dec-14		31-Dec-13	
	No. Of Shares	Holding %	No. Of Shares	Holding %
Bangladesh Export Import Co.Ltd.	73,483,009	50.00%	73,483,009	50.00
Directors & Associates	4	0.00%	7	0.00%
ICB Including ICB Investors' Account	13,092,659	8.91%	12,748,072	8.67
General Public & Institution	60,390,383	41.09%	60,734,967	41.33
	<b>146,966,055</b>	<b>100.00%</b>	<b>146,966,055</b>	<b>100.00</b>

### (d) Distribution Schedule:

Share holdings	No. of Shareholders	No. of Shares	Holding %
Less than 500 shares	18,734	2,388,948	1.63
500 to 5,000 shares	10,216	16,320,787	11.11
5001 to 10,000 shares	1,022	7,310,600	4.97
10,001 to 20,000 shares	461	6,552,381	4.46
20,001 to 30,000 shares	148	3,638,625	2.48
30,001 to 40,000 shares	73	2,479,336	1.69
40,001 to 50,000 shares	42	1,889,531	1.29
50,001 to 100,000 shares	69	4,650,267	3.16
100,001 to 1,000,000 shares	60	16,532,441	11.25
Over 1,000,000 shares	3	85,203,139	57.97
	<b>30,828</b>	<b>146,966,055</b>	<b>100.00</b>

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

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 13.00 Long Term Loan - Net-Off Current Maturity (Secured) : Tk. 376,275,965

This represents loans from :

Sonali Bank Ltd. - PAD Blocked Loan  
Sonali Bank Ltd. - Project Loan  
Bank Asia Ltd. - Term Loan  
Southeast Bank Ltd. - Term Loan

	as at 31-Dec-14	Amount in Taka as at 31-Dec-13
	-	15,073,412
	-	41,970,046
	309,512,312	188,931,649
	66,763,653	75,408,304
	<b>376,275,965</b>	<b>321,383,411</b>

### Nature of Security :

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

### Terms of Repayment :

#### Sonali Bank Ltd. - Project Loan :

In 41 (Forty-one) equal quarterly installments commencing from 31 March 2005.

#### Sonali Bank Ltd. - PAD Blocked Loan :

In 64 (Sixty-four) equal monthly installments commencing from 31 March 2010, as per revised sanction.

#### Bank Asia Ltd. - Term Loan :

In 120 (One Hundred Twenty) equal monthly installments commencing from 31 January 2015, as per revised sanction.

#### Southeast Bank Ltd. - Term Loan :

In 47 (Forty-seven) equal monthly installments commencing from 31 July 2012, as per revised sanction.

Rate of interest :

Sonali Bank Ltd. - Project Loan :

15 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

#### Sonali Bank Ltd. - PAD Block Loan :

16% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

#### Bank Asia Ltd. - Term Loan :

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

#### Southeast Bank Ltd. - Term Loan :

18 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

## 14.00 Gratuity Payable : Tk. 92,417,698

This is arrived at as follows:

	2014	2013	2012
Opening Balance	74,840,687	57,001,537	-
Add: Addition during the year	21,339,471	17,839,150	57,001,537
	96,180,158	74,840,687	57,001,537
Less: Payment during the year	(3,762,460)	-	-
<b>Closing Balance</b>	<b>92,417,698</b>	<b>74,840,687</b>	<b>57,001,537</b>

## Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 15.00 Deferred Tax Liability : Tk. 158,324,114

Amount in Taka

	as at 31 Dec		
	2014	2013	2012
(a) Deferred Tax Liability is arrived at as follows:			
Book Value of Depreciable Fixed Assets	1,063,124,570	1,143,729,183	1,253,579,764
Less: Tax Base	158,415,349	170,664,457	203,946,222
Taxable Temporary Difference	904,709,221	973,064,726	1,049,633,542
Effective Tax Rate	17.50%	17.50%	13.75%
Deferred Tax Liability	158,324,114	170,286,327	144,324,612
(b) Deferred Tax Expense is arrived at as follows:			
Closing Deferred Tax Liabilities	158,324,114	170,286,327	144,324,612
Opening Deferred Tax Liabilities	170,286,327	144,324,612	9,965,449
Income Realized in Previous Years	-	-	(1,508,870)
Deferred Tax (Income)/Expense	(11,962,213)	25,961,715	135,868,033

## (c) Deferred Tax Liability up to 2012 : Tk. 135,868,033

This has been adjusted with opening balance of retained earnings of 01.01. 2013 in the Statement of Changes in Equity in compliance with the provisions of Bangladesh Accounting Standard (BAS)-8 "Net Profit or Loss for the period, Fundamental Error and Changes in Accounting Policies".

## (d) Deferred Tax Expenses of 2013 : Tk. 25,961,715

This represents the increase of Deferred tax Liability in 2013 in comparison to 2012 which has been shown by restating comparative figures of 2013 in the statement of profit or loss and other comprehensive income in accordance with the requirements of above referred BAS-8.

## (e) Deferred Tax Income of 2014 : Tk. 11,962,213

This represents the decrease of Deferred tax liability in 2014 in comparison to 2013.

## 16.00 Short Term Loan From Banks (Secured) : Tk. 1,065,658,448

This is secured and consists of as follows:

	as at 31-Dec-14	Amount in Taka as at 31-Dec-13
Sonali Bank Ltd. - CC (H)	569,701,310	579,719,862
Sonali Bank Ltd. - LTR	137,974,109	80,531,628
Southeast Bank Ltd. - LTR	66,335,972	51,953,529
Phoenix Finance & Investment Ltd.	291,647,057	252,266,430
	<b>1,065,658,448</b>	<b>964,471,449</b>

## 17.00 Long Term Loan - Current Maturity (Secured) : Tk. 183,014,482

This consists of as follows:

Sonali Bank Ltd. - Project	93,129,957	98,767,853
Southeast Bank Ltd. - Term Loan	71,700,000	76,660,764
Sonali Bank Ltd. - PAD Blocked	18,184,525	47,443,261
Sonali Bank Ltd. - CC Blocked	-	99,999
Bank Asia Ltd. - Term Loan	-	99,721,106
	<b>183,014,482</b>	<b>322,692,983</b>



# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 18.00 Creditors, Accruals and Other Payables : Tk. 549,161,698

This consists of as follows:

	Amount in Taka	
	as at 31-Dec-14	as at 31-Dec-13
Gas & Electricity	151,430,913	132,154,533
Creditors for Goods	140,723,838	13,301,054
Other Payables	112,133,805	96,149,510
Income Tax Payable (Note - 18.01)	87,481,935	84,323,535
Salary & Wages	26,058,899	38,391,465
Employees' Provident Fund	16,007,864	36,241,412
Interest due	3,942,336	62,426,975
L/C & Others	3,849,800	677,346
Security Deposit	3,315,000	3,315,000
Tax Deducted at source (Employee Tax)	2,374,106	2,062,512
Group Insurance Payable	850,201	82,944
Audit Fee (Including VAT @15%)	690,000	690,000
Provision for Legal Fees	303,000	9,000
	<b>549,161,698</b>	<b>469,825,285</b>

## 18.01 Income Tax Payable : Tk. 87,481,935

This is arrived at as follows :

Opening Balance	84,323,535	129,568,127
Add: Tax provided for the year (Note - 25)	36,096,289	8,522,836
	<b>120,419,824</b>	<b>138,090,963</b>
Less: Adjustments for earlier years' tax	(20,437,889)	(23,767,428)
Less: Tax paid	(12,500,000)	(30,000,000)
	<b>87,481,935</b>	<b>84,323,535</b>

**Status of Tax Assessment & Provisions made thereagainst and effective tax rate of 5 years are as follows:**

Accounting Year	Net Profit/Loss Before Tax	Total Tax Provision	Tax Liability as per Assessment (Note - 3.8)			Effective Income Tax Rate	Remarks
			Un-Disputed	Disputed	Total		
2010	305,074,085	88,060,317	88,060,317	-	88,060,317	28.87%	Final Assessed
2011	214,965,537	34,674,995	34,674,995	28,139,596	62,814,591	29.22%	Writ Petition
2012	175,133,762	58,667,708	58,667,708	62,683,277	121,350,985	69.29%	Submitted
2013	(29,072,368)	8,522,836	8,522,836	56,718,750	65,241,586	(Infinity)	Prov. Assessment
2014	21,797,848	5,100,853	N/A	N/A	N/A	23.40%	On Provision

## 19.00 Revenue : Tk. 1,677,657,674

This is made up as follows :

	Amount in Taka	
	for the year 2014	for the year 2013
A. Local Sales	442,049,371	151,492,335
B. Export Sales	1,235,608,303	1,540,952,379
	<b>1,677,657,674</b>	<b>1,692,444,714</b>

# SHINEPUKUR CERAMICS LIMITED

## Notes to the Financial Statements

as at and for the year ended 31 December 2014

### 20.00 Cost of Goods Sold : Tk. 1,253,443,603

This is arrived at as follows:

Opening WIP  
Raw Material Issued (Note- 20.01)  
Material available for consumption  
Closing WIP  
Consumption  
Manufacturing overhead (Note- 20.02)  
Cost of production  
Opening Finished Goods  
Cost of Goods Available for Sale  
Closing Finished Goods  
Cost of Free Distribution of Sample

### 20.01 Raw Material Issued : Tk. 551,007,502

This is arrived at as follows:

Opening Stock of Raw Material  
Purchase of Raw Material

Closing Stock of Raw Material

### 20.02 Manufacturing Overhead : Tk. 709,214,583

This consists of as follows :

Depreciation  
Salaries, Wages, etc  
Gratuity  
Power & Fuel  
Packing Materials  
Consumable Store & Spares  
Transport Expenses  
Office Expenses  
Welfare Expenses  
Insurance Expenses  
Communication Expenses  
Occupancy Expenses  
Travelling & Conveyance  
Handling & Carrying Expenses  
Repairs & Maintenances  
Lease Rental  
General Expenses

### 21.00 Other Income : Tk. 22,626,755

This consists of as follows :

Duty Drawback  
Profit on Sale of Fixed Assets  
Bank Interest and Others

	Amount in Taka for the year 2014	for the year 2013
	184,461,835	175,298,714
	551,007,502	663,584,171
	735,469,337	838,882,885
	(198,733,539)	(184,461,835)
	536,735,798	654,421,050
	709,214,583	616,092,602
	1,245,950,381	1,270,513,652
	247,144,124	218,653,144
	1,493,094,505	1,489,166,796
	(237,113,748)	(247,144,123)
	(2,537,154)	(917,600)
	<b>1,253,443,603</b>	<b>1,241,105,073</b>
	359,070,527	316,644,315
	368,572,105	706,010,383
	<b>727,642,632</b>	<b>1,022,654,698</b>
	(176,635,130)	(359,070,527)
	<b>551,007,502</b>	<b>663,584,171</b>
	103,603,436	107,228,972
	261,263,040	228,459,920
	17,763,096	14,208,883
	116,162,827	83,759,786
	89,808,900	77,836,523
	48,063,776	42,364,520
	30,817,626	30,991,407
	7,007,405	5,617,503
	17,852,244	13,445,127
	3,731,059	4,629,539
	807,246	900,816
	57,350	358,790
	1,442,004	1,788,499
	105,845	371,355
	9,397,944	3,973,393
	1,328,990	149,979
	1,795	7,590
	<b>709,214,583</b>	<b>616,092,602</b>
	21,923,527	12,122,520
	319,927	-
	383,301	118,902
	<b>22,626,755</b>	<b>12,241,422</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 22.00 Administrative Expenses : Tk. 73,013,118

This consists of as follows :

	for the year 2014	Amount in Taka for the year 2013
Depreciation	9,917,415	11,515,264
Salaries & Allowances	24,169,471	20,664,266
Gratuity	1,966,028	2,185,296
Welfare Expenses	9,352,554	6,998,525
Office Expenses	10,791,006	3,169,493
Transport Expenses	5,925,242	4,943,634
Legal Fees, Prof. & Others Fees	329,400	1,535,000
AGM Expenses	1,206,246	1,007,433
Communication Expenses	900,476	1,703,679
Occupancy Expenses	1,419,983	1,189,122
Travelling & Conveyance Expenses	5,688,101	2,404,339
Utilities Expenses	541,786	654,113
Repairs & Maintenances	17,460	32,850
Audit Fees	690,000	690,000
General Expenses	86,650	38,745
Training & Conference	-	24,900
Handling & Carrying Expenses	11,300	6,160
	<b>73,013,118</b>	<b>58,762,819</b>

## 23.00 Selling & Distribution Expenses : Tk. 92,063,262

This consists of as follows :

Promotional Expenses	47,916,768	18,605,027
Salaries & Allowances	20,692,369	17,054,528
Gratuity	1,610,347	1,444,971
Advertising & Publicity	627,724	321,895
Occupancy Expenses	5,032,352	3,153,600
Office Expenses	4,761,613	2,353,631
Transport Expenses	3,518,339	2,377,248
Travelling & Conveyance Expenses	2,111,261	2,110,194
Welfare Expenses	2,648,927	1,966,101
Communication Expenses	889,552	977,492
Utilities Expenses	534,481	654,113
Show Room Expenses	637,564	706,714
Handling & Carrying Expenses	144,290	156,135
Repairs & Maintenances	17,000	28,800
Legal & Professional Fees	94,153	403,758
Product Research	171,318	48,000
Lease Rental	655,204	149,979
	<b>92,063,262</b>	<b>52,512,186</b>

## 24.00 Finance Cost : Tk. 258,876,706

This consists of as follows :

Interest on Loan from Banks & Others	248,048,152	278,574,325
Interest on Long Term Loan from a Related Party	-	104,687,260
Bank Commission & Charges	10,828,554	9,764,168
	<b>258,876,706</b>	<b>393,025,753</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 25.00 Income Tax Expenses : Tk. 24,134,076

	Amount in Taka for the year 2014	for the year 2013
This represents:		
(a) Current Tax		
Tax for the year under review	5,100,853	8,522,836
(Excess)/Short Provision for earlier years	30,995,436	(23,767,428)
Current Tax	36,096,289	(15,244,592)
(b) Deferred Tax (Income)/Expenses	(11,962,213)	25,961,715
	<b>24,134,076</b>	<b>10,717,123</b>

## 26.00 Earning Per Share (EPS)

(a) Earning Attributable to the Ordinary Shareholders (Net Profit After Tax)	(2,336,228)	(57,628,641)
(b) Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13)	146,966,055	146,966,055
(c) EPS (a/b)	(0.02)	(0.39)

The calculation of the basic earnings per share is made in accordance with BAS 33 (Earning Per Share), dividing the Profit / (Loss) for the year by weighted average number of the shares outstanding during the year.

At the end of 3rd Quarter, EPS was Tk. 0.29 before considering certain provision (Note - 2.8) amounting Tk. 30,995,436 for Short Provision for Income Taxes and Tk. 17,349,355 for Interest of Titas Gas being provided at the year end.

## 27.00 Payments / Perquisites to Directors and Officers

### (a) Directors

During the year no amount of money was expended by the company for compensating any member of the board for special services rendered. (2013 - Nil)

During the year no board meeting attendance fee was paid to the directors of the company except the Independent Director of Tk. 140,000. (2013 - Tk. 120,000)

### (b) No remuneration was paid to CEO in 2014. (2013 - Nil)

### (c) Officers

Managerial Remuneration	56,169,732	43,805,768
Bonus	7,819,375	6,981,860
<b>Perquisites</b>		
Housing	19,773,934	19,371,464
Transport	3,682,995	1,838,756
	<b>87,446,036</b>	<b>71,997,848</b>

## 28.00 Capital Expenditure Commitment

There was capital expenditure contracted but not incurred or provided for as on 31 December 2014.

There was no material capital expenditure authorised by the board but not contracted for as on 31 December 2014.

## 29.00 Contingent Liabilities

There was no sums for which the company is contingently liable as on 31 December 2014 (2013 - Nil), except the facts as stated in Note-3.8.

## 30.00 Claims not Acknowledged

There was no claim against the company not acknowledged as debt as on 31 December 2014. (2013 - Nil)



# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## 31.00 Credit Facilities not Availed

There was no credit facilities available to the company but not availed of as on 31 December 2014 under any contract, other than trade credit available in the ordinary course of business.

## 32.00 Related Party Disclosure

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year end
Bangladesh Export Import Co. Ltd.	Investment in Shares	-	78,161,502
Bangladesh Export Import Co. Ltd.	Short Term Loan	301,584,151	-
Beximco Synthetics Ltd.	Investment in Shares	-	821,450

## 33.00 Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

### Credit risk

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

### Liquidity risk

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

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

### Market Risk

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

### (a) Currency Risk

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

### Exposure to Currency Risk

Foreign Currency Denominated Assets	31-Dec-14		31-Dec-13	
	Foreign Currency	Equivalent Local Currency (Tk.)	Foreign Currency	Equivalent Local Currency (Tk.)
Trade Debtors- Foreign				
US\$	1,190,107	92,173,808	7,184,577	555,942,550
EURO	10,322	966,002	941,970	99,693,099
GBP	13,065	1,566,981	67,120	8,533,733
<b>Total Equivalent US\$</b>	<b>1,222,812</b>	<b>94,706,791</b>	<b>8,583,218</b>	<b>664,169,381</b>

# Notes to the Financial Statements

as at and for the year ended 31 December 2014

## (b) Interest Rate Risk

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

## 34.00 Payments Made in Foreign Currency

	Amount in Foreign Currency	Equivalent in Taka
Import of Machinery, Equipments & Spares	US\$ 44,805	3,523,653
	Euro 60,000	6,133,423
Import of Raw & Packing Material	US\$ 2,324,797	182,729,019
	Euro 676,114	64,832,259
	JP¥ 36,502,854	24,059,031
	GBP 297,376	36,373,792

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

## 35.00 Foreign Exchange Earned / Received against Collection from Export Sales

	Amount in Foreign Currency	Equivalent in Taka
	US\$ 15,583,591	1,198,205,432
	Euro 350,449	34,704,244
	GBP 20,928	2,698,627

## 36.00 Events After The Reporting Period

No circumstances have arisen since this Statement of Financial Position date which would require adjustments to, disclosure in, the financial statements or notes thereto.



**A S F Rahman**  
Chairman



**Salman F. Rahman**  
Vice-Chairman



**Md. Luthfor Rahman**  
Chief Financial Officer

Dated, Dhaka  
27 April, 2015



# Shinepukur Ceramics

Signature Showroom at The Westin Dhaka & YELLOW Dhanmondi



## Shinepukur *Signature* Showroom



**THE WESTIN**  
DHAKA

**YELLOW**  
Dhanmondi

**The Westin Dhaka:** Main Gulshan Avenue, Plot # 1, Road # 45, Gulshan-2, Dhaka-1212, Bangladesh  
Phone: 88 02 58815093, 01199804018 • E-mail: [display@bol-online.com](mailto:display@bol-online.com)

**YELLOW Dhanmondi:** 17 Dhanmondi R/A, Road # 02, Dhaka-1205, Bangladesh  
Phone: 88 02 9670616, 01777744342



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E-mail : spclint@bol-online.com • Web : www.shinepukur.com

### **PLANT**

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Sarabo, Kashimpur, Gazipur, Bangladesh  
Phone : +880 2 7789756-8 • Fax : +880 2 7789821 • E-mail : sclfit@sclbd.net

### **SHINEPUKUR SIGNATURE SHOWROOM**

The Westin Dhaka  
Main Gulshan Avenue, Plot # 1, Road # 45, Gulshan-2, Dhaka-1212, Bangladesh  
Phone : +880 2 58815093, +88 011 998 04018 • Fax : + 88 02 9661678, 58613470  
E-mail : display@bol-online.com

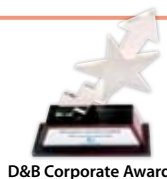
YELLOW Dhanmondi  
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[www.shinepukur.com](http://www.shinepukur.com)