

## STANDARD CERAMIC INDUSTRIES LTD.

Amin Court (3<sup>rd</sup> Floor), 62-63, Motijheel C/A,  
Dhaka- 1000, Bangladesh.

### DIRECTORS' REPORT AT THE 32ND ANNUAL GENERAL MEETING

#### **Dear Shareholders,**

We, on behalf of the Board of Directors, feel privileged to welcome you at the 32nd Annual General Meeting of your Company and have the pleasure in presenting before you the Annual Report together with audited financial statements for the year ended on 30<sup>th</sup> June 2016.

#### **General Economics & Environmental Situation:**

The economic conditions of the end users of our products during 2015-2016 were neither satisfactory nor unsatisfactory. Under this situation, our sales slightly increased. Due to International competitiveness, increase in export sales was not satisfactory. Expenses on account of depreciation increased due to addition of Fixed Assets. Tax expenses also increased. Yet the net operating result was positive.

#### **Industry outlook**

Directors are trying hard to expand and explore market not only in our country but also in the other countries.

#### **Possible future development**

##### Quality Improvement

For quality improvement and cost reduction, Decal machineries already installed and started production and Decal Plant Building was partly completed.

##### Cost Reduction

For reduction of cost, Directors are trying to set up new machinery in place of old machinery.

#### **State of Company's Affairs :**

Turnover amounted to Taka 291.87 million in the year 2015-2016 as against taka 285.36 million in the year 2014-2015. The gross profit for the year was Taka 58.99 million as against Taka 56.19 million of the previous year showing increase of 4.97 %. The gross profit ratio increased by 0.52 % .

<b>Particulars</b>	<b>Figure in Thousand ('000) Tk.</b>	
	<b><u>2015-2016</u></b>	<b><u>2014-2015</u></b>
Net Profit/(Loss) before Tax etc.	11,210	7,209
Less:WPPF	(534)	( 343)
Less:Provision for tax etc.	(3,410)	( 1,802 )
Add: Deferred Tax Exps/Income	(392)	4,624
<b>Net Profit /(Loss )after Tax etc.</b>	<b><u>6,874</u></b>	<b><u>9,688</u></b>
Less: Proposed Dividend	(6,461)	0
Less: Dividend declared	0	(3,385)
Less:Previous years Accumulated Profit/(Loss)	(13,409)	(17,319)
Prior Year's adjustment	<u>(3,910)</u>	
<b>Accumulated Profit / (Loss)</b>	<b><u>(16,906)</u></b>	<b><u>( 13,409)</u></b>

### **Contribution to National Exchequer:**

Your company contributed a total amount of Taka 48.92 million to the National Exchequer in the form of Custom duty, AIT, VAT, except gas, electricity bill etc, during the year under report.

### **Dividend**

The Company has a total accumulated loss of Taka 13.40 million at the opening, which lowered our reserve position. But the Company earned a net profit of Taka 6.87 million during the year. In this situation, the Board of Directors has recommended cash dividend @ 10% on face value of share for the shareholders from the profit of this year.

### **Retirement of Directors and their Re-election :**

(1) Mr. Nasir Uddin Ahmed (2) Mr. Enamul Maqsud, Directors of the company who retired by rotation as per Article 44 of the Articles of Association of the Company, offered themselves for re-appointment and being eligible may be re-appointment.

### **Brief resume of above Directors:**

#### **1. Mr. Nasir Uddin Ahmed - Director.**

Mr. Nasir Uddin Ahmed, a commerce graduate, is the Director of the company. He started his career in 1985 as management executive (now operative director) in Peoples Ceramic Industries Ltd., pioneer of ceramic sector in the country. He has acquired vast knowledge in technical and manufacturing during his service life and able to hold key position in the same field. He has got long 29 years experience as ceramic business expert. Long acquiring experience including various training from abroad like AOTS, Japan in respect of industrial concerns.

#### **(2) Mr. Enamul Maqsud –Director.**

Mr. Enamul Maqsud is a graduate from BUET in Mechanical Engineering. He is a Shareholder and Operative Director of the company. He is also a director of Peoples Ceramic Industries Ltd.. He has been working in ceramic sector since 1989. He has also gathered vast experience in ceramic production and quality. In addition to his business, he is a member of IEB, BUET-88 Club. Mr. Maqsud is also associated with some social organisations

#### **(3) Mr. A.K Mizanur Rahman FCA - Director**

##### **Appointment of Independent Director**

The board of directors in its meeting held on 27th April 2016 has unanimously re-appointed Mr. A.K Mizanur Rahman, FCA as independent director of the company after completion of first 3(three) years duration., The appointment is placed before the 32nd Annual General Meeting for approval by the shareholders.

##### **Brief resume**

#### **Mr. A.K Mizanur Rahaman, FCA- Independent Director**

Mr. A.K Mizanur Rahman, FCA is Managing Partner of Shafiq Mizan Rahman & Augustine, Chartered Accountants and Official Receiver, People's Republic of Bangladesh. He qualified as Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB) in the year 1983. Mr. Rahman is a life Member of Bangladesh Red Crescent Society, Diabetic Association of Bangladesh, Bangladesh Society of Hypertension, Bangladesh Lions Foundation and Member of Dhaka Chamber of Commerce and Industry (DCCI), Japan-Bangladesh Chamber of Commerce & Industry. He attended various seminar and conference at home & abroad. He was the Chairman of Dhaka Regional Council of the ICAB in the year 1997 and Past President of Lions Club of Dhaka Shahabagh and OISCA International Japan. At present, he is a Member of Standing Committee of ICAB, DCCI and International Director, OISCA International, Japan and Director, Sadharan Bima Corporation and Beach Hatchery Ltd.

## **Corporate & Financial Reporting :**

The Company has complied the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission.

Accordingly, the Directors are pleased to confirm the following:

- (a) The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- (b) Proper books of accounts of the Company have been maintained.
- (c) Appropriate Accounting Policies have been consistently applied in the preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- (d) The Financial Statement have been prepared in accordance with IAS/BAS/IFRS/BFRS.
- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) The key operating and financial data for the last five years are annexed.

## **(h)Board Meetings and Attendance :**

The Board of Directors consisted of 8 members and during the year six Board meetings were held.

The attendance record of the Directors is as follows:

Sl #	Name of the Directors	Position	Meeting attended	
01.	Mr. A.K.M. Jahangir Khan	Chairman	6	
02.	Mr. Helal Uddin Ahmed	Managing Director	6	
03.	Mr. Lutfur Rahman	Director	5	
04.	Mr. Enamul Maqsd	Operative Director	6	
05.	Mr. Nasir Uddin Ahmed	Director	6	
06.	Mr. A.K.M. Alamgir Khan	Director	6	
07.	Mr. A.K Mizanur Rahman, FCA	Independent Director	6	
08.	Mr.M.Ismail	Independent Director	6	

The Directors not attending the meetings were granted leave of absence.

## **I. Continuity of Extra-ordinary Gain or Loss:**

There is no extra- ordinary gain or loss during the year under report.

j. There were no significant deviations from last year in the operating results.

## **k. Utilisation of Proceeds from Public Issue, right issue and through any others instruments**

The Company did not raise share capital through Public Issue, right issue and through any other instruments during the year 2015-2016. However, the company raised its capital in 1996. The proceeds of the issue have been utilized in repaying Long Term Loan.

### **I. Remuneration of Managing Director and Independent Director**

Remuneration of the Managing Director has been disclosed in the accounts note no.20. On the other hand, Independent Directors did not receive any remuneration except meeting attendance fees.

### **m. Subsidiary Company**

The Company has no subsidiary company.

### **n. Chairman of the Board and Chief Executive Officer**

The position of the Chairman of the Board and Chief Executive Officer stand separated.

### **o. Duties of CEO and CFO**

The provision of BSEC regulations has been complied.

### **p. Risks and concerns**

#### **(a)Interest Rate Risk**

The Company has neither borrowed local fund at flexible rate nor borrowed any fund in foreign currency. Hence the increase in interest rate will not increase financial cost.

#### **(b) Exchange rate risk**

Company adjusts exchange risk for imported raw materials through increasing products price.

#### **(c)Market Risk**

The company is continuously upgrading its quality to minimise the market risks.

#### **(d) Operational Risk (Non-availabilities of Materials /Mechanical Failure of Equipments)**

The Company has its scientific inventory management system and equipped with power backup which reduces operational risks.

#### **(e) Trade Policy risk**

Trade policy risk refers to the increase competition in the market due to change of trade policy. Increase of duty on imported raw-materials and decrease of duty on imported finished goods will increase risks The Company continuously carries out research and development activities according to the customer choice which reduces industry risk.

#### **(q)The pattern of shareholding is as follows:**

Sl #	Name wise details	Shares held
01.	Mr. A.K.M. Jahangir Khan, Chairman	2,25,450
02.	Mr. Helal Uddin Ahmed, Managing Director	3,73,880
03.	Mr. Lutfur Rahman, Director	3,73,880
04.	Mr. Nasir Uddin Ahmed, Director	3,73,880
05.	Mr. Enamul Maqsd, Director	2,03,960
06.	Mr. A.K.M Alamgir Khan, Director	2,59,080
07.	Mr. A.K Mizanur Rahman, FCA (Independent Director)	nil
08	Mr. M.Ismail (Independent Director)	nil
09.	Mr. Jamal Uddin Bhuiyan, Company Secretary.	nil
10.	Mr. Abdur Rahim, Chief Financial Officer.	nil
11.	Mr. Serajul Islam, Head of Internal Audit.	nil
	Executives:	
12	Mr. Md. Abu Taher, Senior Manager (Import).	10
13	Mr. Mushfiqur Rahman, Manager Export	150
14	Mr. Kazal Or-Rashid, Dy. Manager (Custom )	nil
15.	Mr. Ziaul Hoque, PPO.	nil
16.	Mr. Mustafizur Rahman ,Dy. Manager (Share)	10
17.	ICB, Unit Fund	10,63,630

**Corporate Governance Compliance Report :**

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

**Appointment of Auditors :**

As per Bangladesh Securities & Exchange Commission Notification, no auditors shall be appointed for more than three consecutive years. Presently M/s.Artisan, Chartered Accountants, Shah Ali Tower (6<sup>th</sup> & 7<sup>th</sup> Floor) 33, Kawran Bazar , Dhaka-1215, Bangladesh is the auditor of the Company whose period of appointment will expire on 32nd AGM as well as they will fulfill conditions of appointment of three consecutive years period. They are not eligible for re-appointment for the year 2016-17. M/s. FAMES & R, Chartered Accountants, House no-406 (1<sup>st</sup> Floor) Road # 29 Mohakhali DOHS, Dhaka-1206 offered themselves for appointment as auditors of the Company for the year 2016-17. Accordingly, the Board of Directors recommended that M/s. FAMES & R, Chartered Accountants, be appointed as Auditors for the financial year 2016-2017 subject to the approval of the Shareholders in the AGM with Tk 225,000/= as their remuneration for audit works only.

**Acknowledgement :**

We, on behalf of the Board of Directors of the company, express our sincere gratitude and thanks to all the respected Shareholders, Investors, Banks, Financial Institutions, Bangladesh Securities & Exchange Commission, Stock Exchanges, CDBL, ICB, Government Agencies, News & Press Media, Suppliers, Customers and employees of the company for their continued support & co-operation.

**Conclusion :**

Finally, we, on behalf of the Board of Directors express our deep appreciation to all workers, Staff and Officers, both in the Head Office and Factory for their dedicated hard work rendered during the year and hope that they will continue to maintain spirit of team work in the coming years for the continued growth of the Company.

On behalf of the Board of Directors



**(Enamul Maqsood)**  
Director



**(Helal Uddin Ahmed)**  
Managing Director

**Date: 27 October, 2016**  
**Place: Dhaka**