

# ANNUAL REPORT

2018-19



**Standard Ceramic Industries Ltd.**

Manufacturer of Stoneware Tableware

# STANDARD CERAMIC INDUSTRIES LTD.

## ANNUAL REPORT 2018-19

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**Founder Chairman and Managing Director**  
**Late Al-Hajj Ansar Uddin Ahmed**  
**1922-2005**

# STANDARD CERAMIC INDUSTRIES LTD.

62-63 Motijheel C/A, Dhaka.

## Corporate Directory BOARD OF DIRECTORS



**Mr. A.K.M. Jahangir Khan**  
Chairman



**Mr. Helal Uddin Ahmed**  
Managing Director



**Mr. Lutfur Rahman**  
Director



**Mr. Nasir Uddin Ahmed**  
Director



**Mr. Enamul Maqsud**  
Director



**Mr. A.K.M. Alamgir Khan**  
Director



**Mr. M. Ismail**  
Independent Director



**Mr. A.Z.M. Nazrul Haque**  
Independent Director

Auditors : **M/s. FAMES & R,**  
Chartered Accountants  
House No.-424 (4th Floor)  
Road # 30 Mohakhali DOHS,  
Dhaka-1206.

Company Secretary : Jamal Uddin Bhuiyan.



# STANDARD CERAMIC INDUSTRIES LTD.

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

**Registered Office:**  
Saydana, K.B Bazar, Joydebpur  
Gazipur-1700.

## **Notice of the 35th Annual General Meeting**

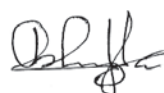
Notice is hereby given that the 35th Annual General Meeting of Standard Ceramic Industries Ltd. will be held on Saturday, December 28, 2019 at 10:00 A.M. at the Factory premises of the Company at Saydana, K.B Bazar, Joydebpur, Gazipur to transact the following business:

### **AGENDA**

1. To confirm the proceedings of the 34th Annual General Meeting held on December 27, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on June 30, 2019 together with reports of the Auditors and the Directors thereon.
3. To declare dividend for the year ended 30 June, 2019.
4. To elect Directors in place of those retiring by rotation.
5. To appoint Auditors of the company for the year 2019-20 and to fix their remuneration.
6. To approve the appointment of Independent Director.
7. To appoint Corporate Governance Compliance Auditor of the company for the year 2019-20 and to fix their remuneration.
8. To approve enhancement of remuneration and perquisites of Managing Director and Operative Director.
9. To transact any other business which may be transacted at an Annual General Meeting with the permission of the Chair

By order of the Board of Directors

Dated: November 18, 2019



**(Jamal Uddin Bhuiyan)**  
Company Secretary.

Notes:

- a) November 18, 2019, is the Record Date. Shareholder whose names will appear in the Members Register of the company or in the Depository Register on Record Date will be eligible to attend the Annual General Meeting and receive dividend.
- b) A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her behalf. The proxy form, duly stamped, must be deposited at the Head Office of the Company not later than 48 hours before the time fixed for the meeting.
- c) Admission to the venue of meeting shall be allowed only on presentation of the attendance slip sent with the Annual Report.
- d) No gift or benefit in cash or kind shall be paid to the shareholders of the company at the Annual General Meeting as per BSEC notification.

**STATISTICAL PERFORMANCE  
OF LAST FIVE YEARS**

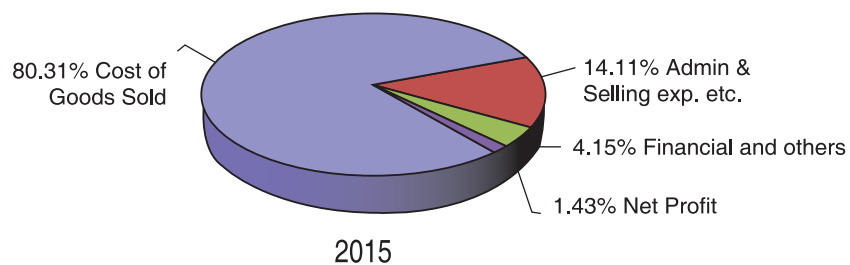
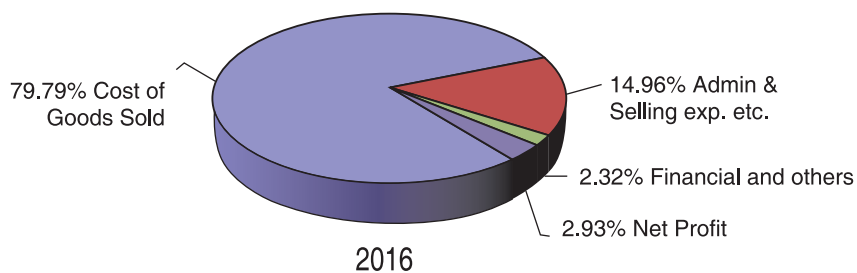
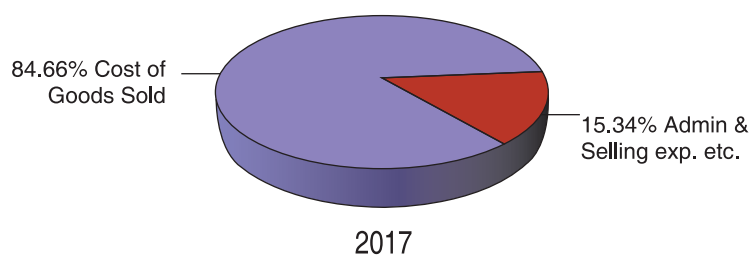
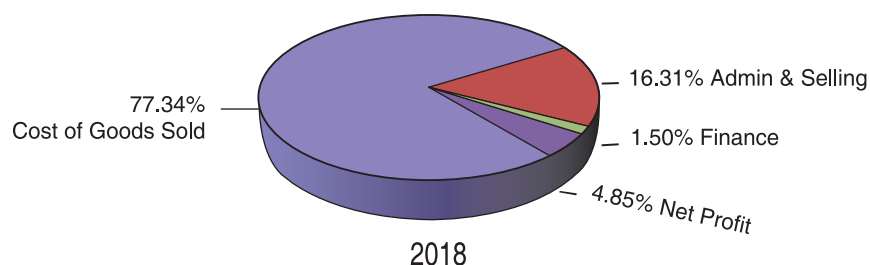
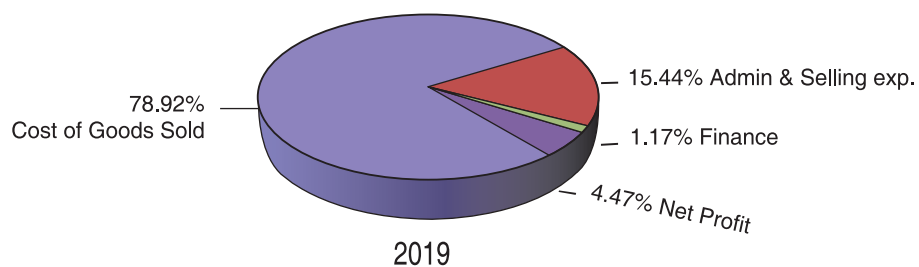
**Five Years Key Operating and Financial Data**

Items	As at 30 June Tk./000				
	2019	2018	2017	2016	2015
Property, Plant & Equipment	128,385	119,994	111,902	117,655	109,366
Deferred Exp.	0	0	0	0	3,910
Net Current assets	(10,183)	(11,726)	(14,180)	(9,864)	(5,455)
<b>Total Assets</b>	<b>118,202</b>	<b>108,268</b>	<b>97,722</b>	<b>107,791</b>	<b>107,821</b>
Paid-up-Capital	64,607	64,607	64,607	64,607	64,607
Share Premium	14,650	14,650	14,650	14,650	14,650
Retained Earnings	(125)	(9,251)	(19,437)	(10,446)	(10,024)
Tax Holiday Reserve	1,064	1,064	1,064	1,064	1,064
Revaluation reserve	25,592	25,592	26,384	26,384	26,384
<b>Total equity</b>	<b>105,788</b>	<b>96,662</b>	<b>87,268</b>	<b>96,259</b>	<b>96,681</b>
Deferred Tax Liabilities	12,415	11,607	10,454	11,532	11,140
<b>Share holders' equity &amp; Deferred Tax Liabilities</b>	<b>118,202</b>	<b>108,268</b>	<b>97,722</b>	<b>107,791</b>	<b>107,821</b>
<b>Current Assets</b>	<b>119,775</b>	<b>99,028</b>	<b>84,415</b>	<b>92,273</b>	<b>103,577</b>
<b>Current Liabilities</b>	<b>129,958</b>	<b>110,754</b>	<b>98,595</b>	<b>102,137</b>	<b>109,033</b>
Net Asset Value (NAV) per ShareTk.	<b>16.37</b>	<b>14.96</b>	<b>13.51</b>	<b>14.90</b>	<b>15.82</b>
Net Operating Cash Flow per share (NOCFPS)	<b>1.45</b>	<b>(0.65)</b>	<b>(0.29)</b>	<b>0.27</b>	<b>1.61</b>

**Face value of share Tk.10/=**

Items	Tk./000				
	2018-19	2017-18	2016-2017	2015-2016	2014-2015
Revenue	323,854	294,970	263,368	291,867	285,359
Less Cost of goods sold Items	(255,601)	(228,137)	(222,973)	(232,882)	( 229,167 )
<b>Gross profit</b>	<b>68,253</b>	<b>66,833</b>	<b>40,395</b>	<b>58,985</b>	<b>56,192</b>
Less: Administrative and Selling expenses	(50,009)	(48,054)	(40,606)	(43,665)	(40,253)
Interest charges & write off	(3,786)	(4425)	(2,814)	(6,758)	( 11,830)
Other income	1,053	712	997	2,647	3,101
	<b>(52,742)</b>	<b>(51,767)</b>	<b>(42,423)</b>	<b>(47,776)</b>	<b>( 48,982 )</b>
Net Profit/(Loss) before tax	15,511	15,067	(2,028)	11,209	7,210
Contribution of WPPF	(776)	(753)	0	(533)	( 344 )
	<b>14,735</b>	<b>14314</b>	<b>(2,028)</b>	<b>10,676</b>	<b>6,866</b>
Less: Provision for Income Tax & Deferred Tax	(4,686)	(4,128)	(502)	(3,802)	2,822
Net profit/(Loss)	10,049	10,186	(2,530)	6,874	9,688
Earnings per share(EPS) Tk.	1.56	1.58	(0.39)	1.06	1.50
Cash Dividend	5% only	2%(for Public Shareholder only)	nil	10% only	10%(for Public Shareholder only)

## SALES DISTRIBUTION



**STANDARD CERAMIC INDUSTRIES LTD.**

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

**DIRECTORS' REPORT AT THE  
35TH ANNUAL GENERAL MEETING**

Dear Shareholders,

We, on behalf of the Board of Directors, feel privileged to welcome you to the 35th Annual General Meeting of your Company and have the pleasure in presenting before you the Annual Report together with Annual audited financial statements for the year ended on 30<sup>th</sup> June 2019.

General Economics & Economic condition:

The Competition in the market increased due to which, the percentage of Gross Profit on Sales decreased. The Company increased sales volume by not increasing sales price; though cost of materials increased. Company could not increase product price due to unfavourable market conditions. Further the spending capacity of consumers during the year has not been accelerated.

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

Production capacity and Quality Improvement;

For enhancement of capacity and improvement of quality directors have decided to setup some new machineries.

Cost Reduction

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

Segment-wise or product-wise performance

No segmental reporting is applicable for the company as the Company operates in a single industry segment and it is very difficult to separation of Product wise performance reporting.

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 always adjusts exchange risk for imported raw materials through increasing products price but in 2018-19 from the profit margin.

(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.

**State of Company's Affairs (Analysis of Cost of goods sold Gross profit margin, Net profit margin) :**

Turnover amounted to Taka 323.85 million in the year 2018-2019 as against taka 294.97 million in the year 2017-2018. This year cost of goods sold Taka 255.60 million as against 228.14 million in the year 2017-2018. The gross profit for the year was Taka 68.25 million as against Taka 66.83 million of the previous year showing increase of 2.13%. The gross profit ratio decrease by 1.58%.

Particulars	Figure in Thousand ('000) Tk.	
	2018-2019	2017-2018
Net Profit/(Loss) before Tax etc.	15,511	15,067
Less: WPPF	(775)	(753)
Less: Provision for tax etc.	(3878)	(3,767)
Add: Deferred Tax (Exps)/Income	(808)	(362)
Net Profit /(Loss) after Tax etc.	10,050	10,185
Less: Previous years Retained Earnings/ Accumulated Profit/(Loss)	(10,175)	(19,436)
Dividend / Proposed Dividend	(3,230)	(924)
Retained Earnings)/Accumulated Profit / (Loss)	<u>(3,355)</u>	<u>(10,175)</u>

**Contribution to National Exchequer:**

Your company contributed a total amount of Taka 59.2 million to the National Exchequer in the form of Custom duty, AIT, VAT, except gas, electricity bill etc, during the year under report.

**Continuity of Extra-ordinary Gain or Loss:**

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

**Related party transaction**

Company was not connected to related party transactions except note no-38.

**Dividend**

Despite of the fact that the Company has a total negative Retained earnings of taka (10.175) million at the beginning of the year which decreased our reserve position, the Company earned a net profit of taka 10.05 million during the year. Board of Directors have given attention to adjust negative balance of Retained earnings. In this situation, the Board of Directors has recommended cash dividend @ 5% on face value of share for all the shareholders from the profit of this year.

**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 2018-2019. However, the company raised its capital in 1996. The proceeds of the issue have been utilized in repaying Long Term Loan

**Significant variance between Quarterly Financial performances and Annual financial statements**

There were no significant variances significant variance between Quarterly Financial performances and Annual financial statements.

**Remuneration of Directors and Independent Director**

Remuneration of the Directors have been disclosed in the accounts note no.22. On the other hand, Independent Directors did not receive any remuneration except meeting fees.

### **Directors' Responsibilities Statement :**

Pursuant to BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June, 2018 the Directors confirm that:

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:

- \* The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994, Financial Reporting Act, 2015 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.
- \* Proper books of accounts of the Company have been maintained.
- \* Appropriate Accounting Policies have been consistently applied in the preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- \* The Financial Statements have been prepared in accordance with IAS/IFRS.
- \* The system of internal control is sound and has been effectively implemented and monitored.
- \* There are no significant doubts upon the Company's ability to continue as a going concern.
- \* The key operating and financial data for the last five years is disclosed in Page no.5
- \* No Bonus share or stock dividend has been declared as interim dividend.
- \* The majority shareholders did not oppress any minority shareholders. The interest of minority shareholders was protected as required by Companies Act.

### **Significant deviation in operating results compared to previous year**

There was no significant deviation in operating results compared to previous year. Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994 have been disclosed in page no-53.

### **Board Meetings and Attendance :**

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

The attendance record of the Directors is as follows:

Sl #	Name of the Directors	Position	Meeting attended	Remarks
01.	Mr. A.K.M. Jahangir Khan	Chairman	7	
02.	Mr. Helal Uddin Ahmed	Managing Director	7	
03.	Mr. Lutfur Rahman	Director	6	
04.	Mr. Enamul Maqsood	Operative Director	7	
05.	Mr. Nasir Uddin Ahmed	Director	7	
06.	Mr. A.K.M. Alamgir Khan	Director	7	
07.	Mr. A.K Mizanur Rahman, FCA	Independent Director	5	Retired
08.	Mr. M. Ismail	Independent Director	6	
09.	Mr. A.Z.M Nazrul Haque	Independent Director	0	Date of appointment: 06.11.2019

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

### **Subsidiary Company**

The Company has no subsidiary company.

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

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

### **Duties of CEO and CFO**

The provision of BSEC regulations has been complied.

### **Shareholding Structure:**

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 Magsud, Director	2,06,892
06.	Mr. A.K.M Alamgir Khan, Director	2,59,080
07.	Mr. A.Z.M Nazrul Haque (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 and Compliance.	nil
	Executives:	
12.	Mr. S.M Mamun Kabir, General Manager.	nil
13.	Mr. Md. Abu Taher, Senior Manager (Import).	10
14.	Mr. Mushfiqur Rahman, Manager Export	150
15.	Mr. Hedayet Hossain, Manager (Admin)	nil
16.	Mr. Kazal Or-Rashid, Dy. Manager (Custom )	nil

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

(1) Mr. A.K.M Jahangir Khan, (2) Mr. Lutfur Rahman and (3) Mr. A.K.M Alamgir Khan, 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. A.K.M Jahangir Khan - Director.**

Mr. A.K.M Jahangir Khan is a pioneer in the business world of Bangladesh. He is the sponsor Director of the company and also a Director of the Peoples Ceramic Industries Ltd.. His other business ventures include the first dry dock-yard called 'Delta Dockyard & Engineering Works Ltd.', an inland shipping company called 'Khatun Navigation Ltd.' and 'Alamgir Pictures Ltd.' which was a major entity in the entertainment industry in the 70's and 80's. Mr. Khan won national award in 1986.

##### **(2) Mr. Lutfur Rahman –Director.**

Mr. Luthfur Rahman is an honors graduate of Dhaka University and started his career with Peoples ceramic Industries Ltd (PCI Ltd.) in the 80's. He was also involved with Standard Ceramic Industries Ltd. in the early year of the Company. Mr. Rahman is the Managing Director of P.C.I Ltd. was general Secretary of Bangladesh Ceramic Wares Manufacturers' Association (BCWMA), life member of IBA of Dhaka University & AOTS, Japan.

##### **(3) Mr. A.K.M Alamgir Khan –Director.**

Mr. A.K.M Alamgir Khan is an M.B.A from IBA, DU. He is the director of the company. He was one of the earliest entries from the private sector in CNG through Delta CNG. Mr. Alamgir worked for 3 years as Consultant in Heidelberg Cement. He is a registered Professional Fellow with the US State Department. Mr. Alamgir also a life member of Dhaka Club, MBA Club etc.



### **Appointment of Independent Director**

The board of directors in its meeting held on 11.06.2019 unanimously appointed Mr. A.Z.M Nazrul Haque as independent director of the company for 3(three) years. The appointment is placed before the 35th Annual General Meeting for approval by the shareholders.

### **Brief resume**

#### **Mr. A.Z.M Nazrul Haque- Independent Director**

Mr. A.Z.M Nazrul Haque obtained B.Com (Hons) M.Com in Management in the year 1971 from Dhaka University. He was engaged in Teaching profession in the Department of Management of the then Govt. Jagannath University College. Mr. Haque also served in Ceramic Industries in different position and gathered vast experience.

### **Management discussion and analysis on company's position and operation**

Refer to Annexure -D, Page no-24

### **Report of the audit committee**

Refer to Annexure -E, Page no-25-26

### **MD & CFO'S Declaration on Financial Statements**

Refer to Annexure -A, Page no-13

### **Certificate on compliance with conditions of corporate governance code**

Refer to Annexure -B, Page no-14

Report of the Nomination and Remuneration the Nomination committee (NRC)

NRC committee was formed consisting of the following members.

Particulars	Position in the committee
1. Mr. A.Z.M Nazrul Haque, Independent Director.	Chairman
2. Mr. Lutfur Rahman, Director.	Member
3. Mr. A.K.M Alamgir Khan, Director.	Member

A meeting was held during the year, the committee was playing its role as per guide line of BSEC, No top level executive was appointed & no change was made for Directors remuneration

### **Corporate Governance Compliance Report:**

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

### **Appointment of Auditors :**

Presently M/s. FAMES & R, Chartered Accountants, House no-424 (4th Floor) Road # 30 Mohakhali DOHS, Dhaka-1206, Bangladesh is the auditors of the Company whose period of appointment will expire on 35th AGM as well as they will fulfill conditions of appointment of three consecutive years period. As per Bangladesh Securities and Exchange Commission notification the company shall not appoint any firm of Chartered Accountants as its statutory Auditors for a consecutive period exceeding three years. M/S. MABS & J Partners, Chartered Accountants, SMC Tower (7th Floor), 33 Banani C/A, Road No. 17, Dhaka-1213, Bangladesh offered themselves for appointment as auditors of the Company for the year 2019-20. Accordingly, the Board of Directors recommended that MABS & J Partners, Chartered Accountants, be appointed as Auditor for the financial year 2019-20 subject to the approval of the Shareholders in the AGM with Tk. 225,000/= (Taka.Two lacs twenty five thousand) only as their remuneration for audit works only.



### **Appointment of Corporate Governance Compliance Auditors**

Presently M/s. M Ahmed & Co , Chartered Accountants, "Shakila's Dream" House # 12-13 (Ground Floor), Suit # 103, Road # 5, Block # A, Kaderabad Housing Society, Mohammadpur, Dhaka-1207 Bangladesh is the Corporate Governance Compliance auditors of the Company. They offered themselves for re-appointment as compliance auditors of the Company for the year 2019-2020. Accordingly, the Board of Directors recommended that M/s. M Ahmed & Co, Chartered Accountants, be appointed as compliance Auditors for the financial year 2019-2020 subject to the approval of the Shareholders in the AGM.

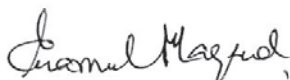
### **Acknowledgement :**

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, 2019  
Place: Dhaka

Date: 27 October, 2019

**The Board of Directors**

Standard Ceramic Industries Limited  
62-63 Motijheel C/A  
Dhaka-1000.

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

Dear Sirs,

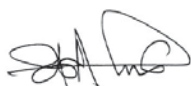
Pursuant to Condition No. 1 (5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated 03 June 2018 under Section 2CC of the Securities and Exchange Ordinance, 1969,

we do hereby declare that:

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

In this regard, we also certify that:-

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



**(Helal Uddin Ahmed)**  
Managing Director

Sincerely yours



**(Md. Abdur Rahim)**  
Chief Financial Officer

এম. আহমেদ এন্ড কোং  
চার্টার্ড একাউন্টেন্টস্  
**M. AHMED & Co.**  
**CHARTERED ACCOUNTANTS**

**Mob : 01713-032449**  
**E-Mail: mahmed\_co.1961@yahoo.com**

Shakila's Dream, House # 12-13,  
(Ground Floor), Suit # 103, Road # 5,  
Block# A, Kaderabad Housing  
Society, Mohammadpur, Dhaka-1207.

## **CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE CODE**

Report to the Shareholders of Standard Ceramic Industries Limited on compliance on the Corporate Governance Code.

We have examined the compliance status to the Corporate Governance Code by Standard Ceramic Industries Limited for the year ended 30<sup>th</sup> June, 2019. This Code relates to the Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated: 3rd June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place; Dhaka  
Dated: 27 October, 2019.



*Md Muzaffar Ahmed*  
Md. Muzaffar Ahmed, FCA  
M. Ahmed & Co.  
Chartered Accountants

# Annexure- C

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/ 2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:  
(Report under Condition No. 9.00)

Condition No.	Title	Compliance status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.	<b>Board of Directors(BoD)</b>			
1(1)	<b>Size of the Board of Directors</b>	✓		
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓	--	The Boards of Directors is comprised of 8 Directors including 02 Independent Directors
1(2)	<b>Independent Directors</b>			--
1(2) (a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		--
1(2) (b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		--
1(2) (b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		--
1(2) (b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		--
1(2) (b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		--
1(2) (b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director, or officer of any stock exchange;	✓		--
1(2) (b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		--
1(2) (b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		--
1(2) (b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓	--	--
1(2) (b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓	--	--
1(2) (b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓	--	--
1(2) (c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓	--	--
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	✓	--	
1(2) (e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	✓		

1(3)	Qualification of Independent Director	✓	--	
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓	--	--
1(3) (b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;		--	NA
1(3) (b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;		--	NA
1(3) (b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor's degree in economics or commerce or business or law;		--	NA
1(3) (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;		--	NA
1(3) (b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓	--	--
1(3) (c)	The independent director(s) shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓	--	--
1(3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.		--	NA
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer NA</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓	--	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓	--	--
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓	--	--
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/ or Chief Executive officer;	✓	--	--
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓	--	
1(5)	The Directors' Report to the Shareholders	✓	--	--
1(5)(i)	An industry outlook and possible future developments in the industry	✓	--	--
1(5)(ii)	The Segment-wise or product-wise performance;	✓	--	--
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓	--	--
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓	--	--
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓	--	--
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓	--	--

1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/ or through any other instruments;	--	--	N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Share Offer, Direct Listing, etc;	--	--	N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓	--	--
1(5)(x)	statement of remuneration paid to the directors including independent directors;	✓	--	--
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓	--	--
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	--	--
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓	--	--
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓	--	--
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	--	--
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓	--	--
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	--	--
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓	--	--
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓	--	--
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	--	--	N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓	--	NA
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	--	--
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	✓	--	--
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name -wise details);		--	NA
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);	✓	--	--
1(5)(xxiii)(c)	Executives;	✓	--	--
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓	--	--
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -	✓	--	--
1(5)(xxiv)(a)	a brief resume of the director	✓	--	--
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓	--	--
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓	--	--



1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓	—	—
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	--	—	N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	✓	—	—
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓	—	—
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓	—	—
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓	—	—
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓	—	—
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓	—	—
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓	—	—
1(6)	Meetings of the Board of Directors	✓	—	—
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓	—	—
1(7)	<b>Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company	--	—	Being formulated NRC
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company		—	Will be complied after finalization of the code of conduct
2	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	--	—	N/A
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	--	—	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	--	—	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	--	—	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	--	—	N/A
3	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓	—	—
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓	—	—

3(1)((c))	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓	–	--
3(1)((d))	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓	–	--
3(1)((e))	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓	–	Noted
3(2)	<b>Requirement to attend Board of Director' s Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓	–	--
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	✓	–	--
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓	–	--
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓	–	--
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	✓	–	--
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓	–	--
4	<b>Board of Directors Committee. For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4(i)	Audit Committee;	✓	–	--
4(ii)	Nomination and Remuneration Committee	✓	–	--
5	<b>Audit Committee</b>			
5(1)	Responsibility to the Board of Directors	✓	–	--
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓	–	--
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓	–	--
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓	–	--
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓	–	--
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	✓	–	--
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	✓	–	--
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓	–	--
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓	–	--
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓	–	--
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓	–	--



5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	✓	--	Noted
<u>5(3)(c)</u>	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	✓	--	
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓	--	
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓	--	--
5(5)	The Audit Committee shall:	✓	--	--
5(5)(a)	Oversee the financial reporting process;	✓	--	--
5(5)(b)	Monitor choice of accounting policies and principles;	✓	--	--
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓	--	--
5(5)(d)	Oversee hiring and performance of external auditors.	✓	--	--
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓	--	--
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓	--	--
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓	--	--
5.5(h)	Review the adequacy of internal audit function;	✓	--	--
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓	--	--
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓	--	--
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓	--	--
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓	--	--
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering (RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	--	--	N/A
5(6)(a)	Reporting of the Audit Committee			
5(6)	Reporting to the Board of Directors	✓	--	--
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓	--	--
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	report on conflicts of interests;	✓	--	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal internal audit and compliance process or in the financial statements; control system;	✓	--	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; -	✓	--	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓	--	No such Incidence arose

5(6)(b)	<b>Reporting to the Authorities: -</b>			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	✓	—	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓	—	—
6	<b>Nomination and remuneration Committee (NRC).</b>	Formed in the Board of Directors meeting held on 18/8/2018.		
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓	—	--
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓	—	--
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓	—	
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓	—	--
6(2)(b)	All member of the Committee shall be non-executive directors;	✓	—	--
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓	—	--
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	--	—	Noted
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	--	—	No such case in arise after formation of NRC
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/ or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	--	—	Noted
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓	—	--
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓	—	--
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓	—	--
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓	—	--
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓	—	Noted
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	--	✓	Will attend in upcoming AGM.

6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓	--	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	--	--	Noted
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓	--	—
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓	--	—
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓	--	—
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓	--	—
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓	--	—
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓	--	—
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓	--	—
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓	--	—
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓	--	—
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓	--	—
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓	--	—
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓	--	—
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓	--	—
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓	--	Noted
7	<b>External or Statutory Auditors</b>			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓	--	—
7 (1) (ii)	Financial information system design and implementation;	✓	--	—
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓	--	—
7 (1) (iv)	Broker –dealer services;	✓	--	—
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓	--	—
7 (1) (iv)	Broker –dealer services;	✓	--	—
7 (1) (v)	Actuarial services;	✓	--	—
7 (1) (vi)	Internal audit services or special audit services;	✓	--	—
7 (1) (vii)	Any services that the Audit Committee determines.	✓	--	—
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓	--	—

7 (1) (ix)	Any other service that creates conflict of interest	✓	--	--
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓	--	--
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓	--	--
8	<b>Maintaining a website by the Company</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓	--	--
8(2)	The company shall keep the website functional from the date of listing.	✓	--	--
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓	--	--
9	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓	--	--
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	--	--	Board recommended the Professional for due appointment by the Shareholders in 35th AGM on 28/12/2019
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓	--	--

## MANAGEMENT DISCUSSION AND ANALYSIS ON COMPANY'S POSITION AND OPERATION

In order to improve performances, the Management had formal & informal discussions on the affairs of the Company with specific reference to the following. If gas is sufficiently and regularly available with required pressure and raw materials are available, then performance of the company will improve.

### a. Preparation of Financial Statements:

These financial statements have been prepared on a going concern basis following accrual basis of accounting except for Cash Flow Statement in accordance with the applicable International Accounting Standards and International Financial Reporting Standards.

### ন) Changes in Accounting policies and Estimations

No change in accounting policies was recommended as the same were as per statutory requirement.

### c. Financial performance and position of the Company:

The profitability, performance, liquidity of the Company are gradually improving. Position of this year is better than previous year.

Turnover amounted to Taka 323.85 million in the year 2018-2019 as against taka 294.97 million in the year 2017-2018. The gross profit for the year was Taka 68.25 million as against Taka 66.83 million of the previous year showing increase of 2.12%. The gross profit ratio decreased by 1.58%. Note that detailed performance of the company is stated page no.8. Comparative analysis & presentation of comparative data are placed in the report. Inflation factor in expenses is compensated by increasing revenues.

### d) Financial performance and position with peer industries:

Comparative figures for each line item are presented in reports for better understanding of the readers. No similar industry of stoneware Tableware ( Listed Company) exists in the country. Therefore exact comparison is not possible.

### c) Global and Local Economic Scenario:

The economic activities suffered adversely due to Liquidity Crises. As a result the Purchasing power of customers reduced substantially.

### d) Risk and mitigation

No major risk is foreseen to remain as going concern if Financial and Trade policies remain unchanged and Gas & Electricity supply are sufficient. Risk and mitigation stated in the page no. 07.

### e) Future planning

The future plan is to sustain the progress and to keep the company as going concern. This will be explained to shareholders in the AGM.

### h) Financial & economic scenario of the Globe

Since the Ceramic Industries require 94% of Raw Materials to be imported, there is an uncertainty factor of substantiality of business and increasing capability of International competitiveness. Further Dollar Price is increasing every year which will adversely effect this business.



Helal Uddin Ahmed  
Managing Director

**REPORT OF THE AUDIT COMMITTEE**

For the year ended 30 June 2019.

Under Condition No. 5 (7) of the Corporate Governance Code as adopted on 3 June 2018 by Bangladesh Securities and Exchange Commission (BSEC)

Audit Committee in **Standard Ceramic Industries Limited (SCIL)** is a sub-committee of the Board of Directors, assists the Board in fulfilling its oversight responsibilities. The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee be and is responsible to the Board of Directors. The jurisdiction of the Audit Committee extends over the Company covering risk management with special emphasis on ensuring compliance with all applicable legislation and regulation.

**Composition and Meetings**

Mr. M. Ismail, Independent Director  
 Mr. Lutfur Rahman, Director  
 Mr. A.K.M Alamgir Khan, Director  
 Mr. Jamal Uddin Bhuiyan

Chairman  
 Member  
 Member  
 Company Secretary

A total of 4 (Four) meetings were held during the year. Company Secretary of the Company functioned as the Secretary to the Committee as per regulatory requirements. In addition to that the Chief Financial Officer, Head of Internal Audit and Compliance attended the meetings on invitation and other officials were invited to attend the meetings as and when the Committee required their presence.

The detail responsibilities of Audit Committee are well defined in the Terms of Reference (TOR). However, the major roles of the Audit Committee are mentioned below:

- (a) To review the quarterly and annual financial statements before submission to the Board for approval, adequacy of internal audit function, Management's Discussion and Analysis, statement of all related party transactions and Management Letters or Letter of Internal Control weakness issued by statutory auditors etc.;
- (b) To oversee the financial reporting process, hiring and performance of external auditors;
- (c) To monitor choice of accounting policies, principles, Internal Audit and Compliance process etc.;

The Audit Committee reports on its activities to the Board of Directors. Audit Committee also immediately reports to the Board of Directors on

- a) report on conflicts of interests,
- b) suspected or presumed fraud or irregularity or material defect in the internal control system,
- c) suspected infringement of laws, including securities related laws, rules and regulations,
- d) any other matter which shall be disclosed to the Board of Directors.

The Committee considered the scope and methodology of the audits, as well as the independence, objectivity and qualification of the external auditors. The Audit Committee reviewed the external audit works and concluded that the financial reporting was satisfactory and in compliance with generally accepted accounting principles in Bangladesh and that the audit was satisfactorily conducted. In connection with financial reporting, the Audit Committee also reviewed the Company's financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

The audit committee has recommended the Board to appoint new external auditor of the company - MABS & J Partners, Chartered Accountants, SMC Tower (7th Floor), 33 Banani C/A, Road No. 17, Dhaka-1213, Bangladesh as the statutory auditors for the year 2019-2020.

Moreover, the Audit Committee reviewed SCIL's self-assessment of Corporate Governance practices, based on a checklist provided by Bangladesh Securities and Exchange Commission (BSEC). The Committee concluded that Corporate Governance practices within SCIL to a greater extent exceeded the standards and also found few rooms to improve further which are already on process.



Besides these, the Audit Committee reviewed risk identification, assessment and mitigation methodologies, process and management. The Committee concluded that risk management was satisfactory, with the formulation of highly structured and well-defined risk categories, as well as the identification and review of the major risks affecting SCIL's flow of operations and their impact in upcoming years.

The Audit Committee will continue to monitor the progress made by Internal Audit Division for "Risk Based Audit" implementation by conducting random sampling of Corporate Governance and Ethics compliance issues, and ensuring the clearance of outstanding items from previous years.

### **Summary of activities during the year**

During the year under review the Committee, interalia, focused on the following activities:

- a) Reviewed and recommended the Annual Financial Statements for the year ended 30 June 2019 to the Board for approval.
- b) Reviewed the Management Letter from external auditors for the year under review along with management's responses on the findings.
- c) Reviewed the Auditors' Certification on Corporate Governance compliance for the year ended 30 June 2019.
- d) Reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective.
- e) Reviewed the periodical reports submitted by the Internal Auditors and recommended to the management regarding proper and prompt resolution of the irregularities/issues stated therein.
- f) Reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee reports.
- g) The Committee placed its reports regularly to the Board for reviewing and monitoring the activities recommended on internal control system, compliance with rules and regulation of the regulatory bodies.
- h) The Committee reviewed relevant quarterly Financial Statements during the year under review and recommended to the Board for their approval.
- i) Based on the above review and discussion, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company.



**M. Ismail**

Chairman of the Audit Committee and Independent Director

Dated: 17th October, 2019

# স্ট্যান্ডার্ড সিরামিক ইন্ডাস্ট্রিজ লিঃ

৬২-৬৩ মতিঝিল বা/এ, ঢাকা- ১০০০

## ৩৫তম বার্ষিক সাধারণ সভায় পরিচালক মন্ডলীর প্রতিবেদন

বিস্মিল্লাহির রাহমানির রাহিম

### সম্মানিত শেয়ারহোল্ডারবৃন্দ :

আসসালামু আলাইকুম। প্রথমে পরিচালনা পর্ষদের পক্ষ থেকে কোম্পানীর ৩৫তম বার্ষিক সাধারণ সভায় আপনাদেরকে সাদর আমন্ত্রণ জানাচ্ছি। এই সভায় ৩০শে জুন, ২০১৯ইং তারিখে সমাপ্ত বৎসরের নিরীক্ষিত আর্থিক প্রতিবেদন আমরা আনন্দের সহিত উপস্থাপন করছি।

### অর্থনীতি ও সামগ্রিক পরিস্থিতি পর্যালোচনাঃ

আলোচ্য বছরে বিক্রয়ের মোট পরিমাণ বৃদ্ধি সত্ত্বেও বাজারে প্রতিযোগিতা বেড়ে যাওয়ার কারনে মোট লাভের হার হ্রাস পেয়েছে। যদিও উৎপাদিত পণ্যের কাঁচামালের মূল্য বেড়েছে, প্রতিকূল বাজার পরিস্থিতির কারনে পণ্যের বিক্রয় মূল্য বাড়ানো যায়নি। তাছাড়া চলতি বছরে ভোক্তাদের ক্রয় ক্ষমতা বাড়েনি।

### ভবিষ্যৎ উন্নয়ন পরিকল্পনাঃ

পরিচালক পর্ষদ দেশে ও বিদেশে বিক্রয় বৃদ্ধির জন্য প্রচেষ্টা অব্যাহত রেখেছেন। উৎপাদন ক্ষমতা বৃদ্ধি এবং পণ্যের মান উন্নয়নের জন্য পরিচালক পর্ষদ পুরাতন মেশিনারীজের স্থলে কিছু নতুন মেশিনারীজ স্থাপনের সিদ্ধান্ত নিয়েছেন।

### ঝুঁকি ব্যবস্থাপনা :

৭ নং পাতায় দেওয়া হয়েছে।

### ব্যবসায়িক কার্যক্রম :

গত বৎসরে (২০১৭-২০১৮) ২৯ কোটি ৫০ লক্ষ টাকা বিক্রয়ের বিপরীতে আলোচ্য বৎসরে (২০১৮-২০১৯) বিক্রয় দাঁড়ায় ৩২ কোটি ৩৯ লক্ষ টাকা। গত বৎসরের ৬ কোটি ৬৮ লক্ষ টাকার মোট লাভের বিপরীতে আলোচ্য বৎসরে মোট লাভ দাঁড়ায় ৬ কোটি ৮২ লক্ষ টাকা। আলোচ্য বৎসরে মোট লাভ বৃদ্ধি পেয়েছে ২.১৩%।

### আর্থিক প্রতিবেদন ও মুনাফা বন্টন :

নিচে কোম্পানীর সামগ্রিক চিত্র দেওয়া হলো :

বিবরণ	উপাত্তগুলি ('০০০) হাজারে প্রকাশিত	
	২০১৮-২০১৯	২০১৭-২০১৮
আয়কর পূর্ব নিট মুনাফা/(ক্ষতি)	১৫,৫১১	১৫,০৬৭
বিয়োগঃ আয়কর বাবদ সঞ্চিতি	(৩,৮৭৮)	(৩,৭৬৭)
বিয়োগঃ WPPF বাবদ সঞ্চিতি	(৭৭৫)	(৭৫৩)
যোগ/(বিয়োগ)ঃ বিলম্বিত কর (আয়)	(৮০৮)	(৩৬২)
আয়কর ইত্যাদি উত্তর নিট মুনাফা	১০,০৫০	১০,১৮৫
বিয়োগঃ পূর্ববর্তী বৎসরের পুঞ্জীভূত লাভ/(লোকসান)	(১০,১৭৫)	(১৯,৪৩৬)
বিয়োগঃ প্রস্তাবিত লভ্যাংশ / লভ্যাংশ	(৩,২৩০)	(৯২৪)
পুঞ্জীভূত লাভ/(লোকসান)	(৩,৩৫৫)	(১০,১৭৫)



### রাষ্ট্রীয় কোষাগারে অবদান :

কোম্পানী আলোচ্য আর্থিক বৎসরে (২০১৮-২০১৯) রাষ্ট্রীয় কোষাগারে গ্যাস ও বিদ্যুৎ বাদে কাষ্টম ডিউটি, এ.আই.টি, ভ্যাট ইত্যাদি খাতে ৫ কোটি ৯২ লক্ষ টাকা প্রদান করে।

### অপ্রত্যাশিত লাভ/ ক্ষতি :

আলোচ্য বৎসরে কোন অপ্রত্যাশিত লাভ বা ক্ষতি নাই।

### সংশ্লিষ্ট পক্ষের সাথে লেনদেন :

৩৮নং নোটে বর্ণিত বিষয়টি ছাড়া আলোচ্য বৎসরে কোন সংশ্লিষ্ট পক্ষের লেনদেন নাই।

### লভ্যাংশ ঘোষণা :

আলোচ্য বৎসরের প্রথমে কোম্পানীর ১.০১ কোটি টাকা পুঞ্জীভূত ক্ষতি ছিল, যা প্রতিষ্ঠানের সঞ্চিতির পরিমাণকে নিম্নুখী করেছে। আলোচ্য অর্থ বৎসরে কোম্পানী কর পরবর্তী মুনাফা করেছে ১.০১ কোটি টাকা। এমতাবস্থায় পরিচালক মন্ডলি প্রতিটি ১০ টাকা মূল্যের সাধারণ শেয়ারের বিপরীতে ০.৫০ টাকা হারে (৫%) সকল শেয়ার হোল্ডারদেরকে নগদ লভ্যাংশ প্রদানের সুপারিশ করছেন। যা আপনাদের অনুমোদনের অপেক্ষায় রয়েছে। পরিচালকগণ পুঞ্জীভূত ক্ষতি সমন্বয়ের জন্য গুরুত্ব দিয়েছেন।

### শেয়ার ইস্যু /রাইট ইস্যু মাধ্যমে প্রাপ্ত টাকার ব্যবহার :

আলোচ্য বৎসরে কোম্পানী শেয়ার ইস্যু বা রাইট ইস্যুর মাধ্যমে কোন টাকা উত্তোলন করেনি। উল্লেখ্য যে, কোম্পানী ১৯৯৬ সালে শেয়ার ইস্যুর মাধ্যমে টাকা উত্তোলন করে। যাহা দীর্ঘমেয়াদি ঋণ পরিশোধে ব্যবহার করা হয়।

### ত্রৈমাসিক ও বার্ষিক প্রতিবেদনের মধ্যে উল্লেখযোগ্য বিচ্যুতি :

আলোচ্য বৎসরে কোম্পানীর ত্রৈমাসিক ও বার্ষিক প্রতিবেদনের মধ্যে উল্লেখযোগ্য বিচ্যুতি ঘটেনি।

### স্বতন্ত্র পরিচালকসহ সকল পরিচালকের বেতন :

এ সংক্রান্ত বিস্তারিত বিবরণ নোট নং-২২ এ দেখানো হয়েছে। উল্লেখ্য যে, স্বতন্ত্র পরিচালক সভার ফিস ছাড়া অন্য কোন ভাতা দেওয়া হয়নি।

### কোম্পানীর বিষয়াবলী ও আর্থিক প্রতিবেদন :

কোম্পানী কর্পোরেট গভর্নেন্সে প্রতিষ্ঠান বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের প্রয়োজনীয় দিক নির্দেশনার সাথে একাত্ম হয়েছে এবং তদানুযায়ী পরিচালকমন্ডলী আনন্দের সাথে নিশ্চিত করছেন যে:

ক. আর্থিক বিবরণী ও তদসংক্রান্ত টীকাসমূহ কোম্পানী আইন ১৯৯৪, ফাইন্যান্সিয়াল রিপোর্টিং আইন ২০১৫ এবং বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নীতিমালা ১৯৮৭ এর আলোকে প্রস্তুত করা হয়েছে। এই সকল বিবরণীসমূহে কোম্পানী সংক্রান্ত বিষয়াবলী, এর পরিচালন নীতিমালা, অর্থ প্রবাহ এবং তারল্যের পরিবর্তন সঠিকভাবে উপস্থাপিত হয়েছে।

খ. কোম্পানীর হিসাব বহি যথাযথভাবে রক্ষিত হয়েছে।

গ. আর্থিক বিবরণীসমূহ প্রস্তুতকালে হিসাব সংক্রান্ত নীতিমালা যথাযথভাবে প্রয়োগ করা হয়েছে এবং হিসাব সংক্রান্ত প্রাক্কলনসমূহ যৌক্তিকতা ও বিচক্ষণতার আলোকে করা হয়েছে।

ঘ. আর্থিক বিবরণী প্রস্তুতকালে আন্তর্জাতিক হিসাব মানসমূহ অনুসরণ করা হয়েছে।

ঙ. আভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা ছিল যথাযথ এবং এর কার্যকর প্রয়োগ নিশ্চিত করা হয়েছে।

চ. চলমান প্রতিষ্ঠান হিসাবে কোম্পানীর সক্ষমতা নিঃসন্দেহে প্রমাণিত।

ছ. কোন বোনাস/স্টক ডিভিডেন্ড অত্তবর্তীকালীন ডিভিডেন্ড হিসাবে ঘোষণা করা হয়নি।

জ. সংখ্যাগরিষ্ট শেয়ারহোল্ডারগণ ক্ষুদ্র শেয়ারহোল্ডারগণের উপর কোন প্রভাব বিস্তার করেনি। আইনানুযায়ী ক্ষুদ্র শেয়ারহোল্ডারগণের স্বার্থ সংরক্ষণ করা হয়েছে।

ঝ. বিগত পাঁচ বছরের পরিচালন ও আর্থিক ফলাফলসমূহ সংযুক্ত করা হয়েছে। (পাতা নং ৫)

### আগের বছরের তুলনায় কার্যক্রমে ও ফলাফলের উল্লেখযোগ্য বিচ্যুতি :

আলোচ্য বৎসরে কোম্পানীর বিগত বছরের তুলনায় উল্লেখযোগ্য বিচ্যুতি ঘটেনি।

পৃষ্ঠা নং ৫৩ এ কোম্পানী আইন ১৯৯৪ অনুযায়ী Disclosure গুলো দেওয়া হয়েছে।

### পরিচালনা পর্ষদের সভা ও উপস্থিতি

কোম্পানীর পরিচালনা পর্ষদ ৮ জন সদস্য দ্বারা গঠিত। আলোচ্য বছরে পরিচালনা পর্ষদের ৭টি সভা অনুষ্ঠিত হয়। উক্ত সভা সমূহে পরিচালকদের উপস্থিতি নিম্নরূপঃ

ক্রঃনং	পরিচালকদের নাম	পদবী	সভায় উপস্থিতি	মন্তব্য
০১.	জনাব এ.কে.এম. জাহাঙ্গীর খান	চেয়ারম্যান	৭	
০২.	জনাব হেলাল উদ্দিন আহমেদ	ব্যবস্থাপনা পরিচালক	৭	
০৩.	জনাব লুৎফর রহমান	পরিচালক	৬	
০৪.	জনাব এনামুল মাকছুদ	পরিচালক	৭	
০৫.	জনাব নাসির উদ্দিন আহমেদ	পরিচালক	৭	
০৬.	জনাব এ.কে.এম. আলমগীর খান	পরিচালক	৭	
০৭.	জনাব এ.কে.মিজানুর রহমান, এফ.সি.এ	স্বতন্ত্র পরিচালক	৫	অবসর গ্রহন করেন।
০৮.	জনাব এম. ইসমাইল	স্বতন্ত্র পরিচালক	৬	
০৯.	জনাব এ.জেড. এম নজরুল হক	স্বতন্ত্র পরিচালক	০	১১.০৬.২০১৯ইং তারিখে নিয়োগ প্রাপ্ত হন।

যে সকল পরিচালক সভায় উপস্থিত হতে পারেননি তাঁদের ছুটি মঞ্জুর করা হয়েছে।

### সাবসিডিয়ারি কোম্পানী :

প্রতিষ্ঠানের কোন সাবসিডিয়ারি কোম্পানী নাই।

### চেয়ারম্যান ও প্রধান নির্বাহী কর্মকর্তার অবস্থান :

কোম্পানীতে চেয়ারম্যান ও প্রধান নির্বাহী কর্মকর্তার অবস্থান সম্পূর্ণ আলাদা।

### সিইও ও সিএফও এর কর্তব্য :

কমিশনের (বিএসইসি) রেগুলেশন কমপ্লাই করা হয়েছে।

### কোম্পানীর শেয়ার হোল্ডিং প্যাটার্ন ছিল নিম্নরূপঃ

ক্রঃ নং	নামানুসারে বিবরণ	শেয়ারের পরিমাণ
০১.	জনাব এ.কে.এম. জাহাঙ্গীর খান, (চেয়ারম্যান)	২২৫,৪৫০
০২.	জনাব হেলাল উদ্দিন আহমেদ, (ব্যবস্থাপনা পরিচালক)	৩৭৩,৮৮০
০৩.	জনাব লুৎফর রহমান, (পরিচালক)	৩৭৩,৮৮০
০৪.	জনাব নাসির উদ্দিন আহমেদ, (পরিচালক)	৩৭৩,৮৮০
০৫.	জনাব এনামুল মাকছুদ, (পরিচালক)	২০৬,৮৯২
০৬.	জনাব এ.কে.এম. আলমগীর খান, (পরিচালক)	২,৫৯,০৮০
০৭.	জনাব এম. ইসমাইল, (স্বতন্ত্র পরিচালক)	নাই
০৮.	জনাব এ. জেড. এম নজরুল হক, (স্বতন্ত্র পরিচালক)	নাই
০৯.	জনাব জামাল উদ্দিন ভূঁইয়া, (কোম্পানী সেক্রেটারী)	নাই
১০.	জনাব আব্দুর রহিম পাটোয়ারী, (সি.এফ.ও)	নাই
১১.	জনাব সিরাজুল ইসলাম, (প্রধান আভ্যন্তরীণ নিরীক্ষক)	নাই
	নির্বাহীঃ	
১২.	জনাব এস.এম মামুন কবীর, জেনারেল ম্যানেজার	নাই
১৩.	জনাব মোঃ আবু তাহের, সিনিয়র ম্যানেজার (আমদানী)	১০
১৪.	জনাব মুশফিকুর রহমান, ম্যানেজার (রপ্তানী)	১৫০
১৫.	জনাব হেদায়েত হোসেন, ম্যানেজার (প্রশাসন)	নাই
১৬.	জনাব কাজল অর রশিদ, ডিপুটি ম্যানেজার	নাই

### পরিচালকদের অবসর গ্রহন ও নিয়োগ :

পরিচালক (১) জনাব এ.কে.এম জাহাঙ্গীর খান (২) জনাব লুৎফর রহমান এবং (৩) জনাব এ.কে.এম আলমগীর খান কোম্পানীর সংঘবিধির ৪৪ ধারা অনুযায়ী অবসর গ্রহন করেছেন এবং যোগ্য বিধায়, পুনঃনির্বাচনের জন্য ইচ্ছা প্রকাশ করেছেন।

### পরিচালকদের জীবন বৃত্তান্ত :

১০নং পাতায় বিস্তারিত দেওয়া হয়েছে।

### ব্যবস্থাপনা আলোচনা ও বিশ্লেষণ :

কোম্পানীর কার্যক্রম ও পরিস্থিতি নিয়ে আলোচনা ও বিশ্লেষণ রিপোর্টের ২৪ নং পাতায় দেওয়া হলো।

### অডিট কমিটির প্রতিবেদন :

প্রতিবেদনটি ২৫-২৬নং পাতায় দেওয়া হলো।

### সিইও ও সিএফও কর্তৃক প্রত্যয়ন :

প্রধান নির্বাহী কর্মকর্তা ও প্রধান অর্থ কর্মকর্তা দ্বারা পরিচালনা পর্ষদকে প্রদত্ত ৩(৩)(সি) শর্তানুযায়ী প্রয়োজনীয় ঘোষণা বা প্রত্যয়ন এ্যানেক্সার-এ তে সংযুক্ত করা হলো।

### নমিনেশন ও রিমুনারেশন কমিটি গঠন :

নিম্ন লিখিত পরিচালকগণের সমন্বয়ে Nomination and Remuneration Committee (NRC) গঠন করা হয়।

নাম	কমিটিতে অবস্থান
১। জনাব এ.জেড.এম নজরুল হক - সতন্ত্র পরিচালক	চেয়ারম্যান
২। জনাব লুৎফর রহমান- পরিচালক	সদস্য
৩। জনাব এ.কে.এম আলমগীর খান-পরিচালক	সদস্য

আলোচ্য বৎসরে কমিটির একটি সভা হয়। কমিটি কমিশনের (বিএসইসি) নির্দেশনা অনুযায়ী কার্যক্রম পরিচালনা করেন। কমিটি গঠনের পর কোন উচ্চ পদস্থ নির্বাহীর নিয়োগ কিংবা কোন পরিচালকের বেতন পরিবর্তন হয়নি।

### কর্পোরেট গভর্নেন্স কমপ্লায়েন্স রিপোর্ট :

বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের দিক নির্দেশনা অনুযায়ী “কর্পোরেট গভর্নেন্স কমপ্লায়েন্স রিপোর্ট” ১৫-২৩ নং পাতায় সংযুক্ত করা হল।

### সংশ্লিষ্ট নিরীক্ষক নিয়োগ:

বর্তমানে M/s. FAMES & R, Chartered Accountant, বাড়ি নং-৪২৪ (৫ম তলা), রোড নং-৩০, মহাখালী ডিওএইচএস, ঢাকা-১২০৬, বাংলাদেশ, কোম্পানীর নিরীক্ষক, যার মেয়াদ ৩৫তম বার্ষিক সাধারণ সভায় ৩ বৎসর পূর্ণ হবে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন অনুযায়ী কোন নিরীক্ষক পর পর তিন বৎসরের বেশি নিয়োগ প্রাপ্ত হতে পারে না। M/s. FAMES & R, Chartered Accountants পর পর তিন বৎসর সময়কাল পূর্ণ করেছেন। M/s. MABS & J Partners, Chartered Accountants, এসএমসি টাউয়ার (৮ম তলা), ৩৩ বনানী বা/এ, রোড নং-১৭, ঢাকা-১২১৩, বাংলাদেশ ২০১৯-২০ অর্থবৎসরের নিরীক্ষক হিসাবে নিয়োগের প্রস্তাব করেছেন। পরিচালক মণ্ডলী ২,২৫,০০০/- টাকা পারিশ্রমিকের বিনিময়ে M/s. MABS & J Partners, Chartered Accountant এর প্রস্তাবের প্রেক্ষিতে ২০১৯-২০ সালের নিরীক্ষক হিসাবে নিয়োগের জন্য শেয়ার হোল্ডারদের অনুমোদনের সুপারিশ করেছেন।

### কর্পোরেট গভর্নেন্স নিরীক্ষক নিয়োগ:

বর্তমানে এম. আহমেদ এন্ড কোং, চার্টার্ড একাউন্টেন্টস, শাকিলার ড্রীম, বাড়ি নং-১২-১৩ (নীচ তলা), স্যুট নং-১০৩, রোড নং-০৫, ব্লক নং-এ, কাদেয়াবাদ হাউজিং সোসাইটি, মোহাম্মদপুর, ঢাকা-১২০৭, বাংলাদেশ কোম্পানীর কর্পোরেট গভর্নেন্স কমপ্লায়েন্স নিরীক্ষক। তারা ২০১৯-২০ সালের জন্য নিরীক্ষক হিসাবে পুনঃ নিয়োগের প্রস্তাব করেছেন। যোগ্য বিধায় পরিচালনা পর্ষদ এম. আহমেদ এন্ড কোং, চার্টার্ড একাউন্টেন্টসকে পুনঃ নিয়োগের জন্য আপনাদের অনুমোদনের সুপারিশ করছে।

### কৃতজ্ঞতা স্বীকার ও উপসংহার :

কোম্পানীর পরিচালক মণ্ডলী, সম্মানিত শেয়ার হোল্ডার, বিনিয়োগকারী, ব্যাংক এবং আর্থিক প্রতিষ্ঠান, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, স্টক এক্সচেঞ্জ, আই.সি.বি, সরকারী প্রতিষ্ঠান, সংবাদ সংস্থা, সরবরাহকারী এবং ক্রেতা সাধারণ এর সাহায্য সহযোগিতার জন্য আন্তরিক ধন্যবাদ এবং কৃতজ্ঞতা জ্ঞাপন করছে। পরিচালকমণ্ডলী কোম্পানীর শ্রমিক, কর্মচারী ও কর্মকর্তাবৃন্দের আনুগত্য, একনিষ্ঠতা ও শ্রমের কথা কৃতজ্ঞতা সহকারে স্মরণ করছে এবং আস্থার সাথে আশা করে যে তাদের এই আন্তরিকতা কোম্পানীর ভবিষ্যত প্রবৃদ্ধি আনয়ন করবে।

পরিচালক পর্ষদের পক্ষে-

ঢাকা -১০০০

২৭.১০.২০১৯ইং



(এনামুল মাকসুদ)

পরিচালক



(হেলাল উদ্দিন আহমেদ)

ব্যবস্থাপনা পরিচালক

## Independent Auditor's Report To the Shareholders of Standard Ceramic Industries Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Standard Ceramic Industries Limited**, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended 30 June 2019, and a summary of significant accounting policies and other explanatory information.

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Going Concern

We draw attention to note # 2.04 to the financial statements describe the matters about Going Concern issue of the company where it has been mentioned that the credit facilities and resources of the company provides sufficient fund to meet the requirements of its business.

#### Key Audit Matters

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

Risk	Our response to the risk
<b>Valuation of Inventory</b>	
<p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by manual interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</p>	<p>We contested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>➤ evaluating the design and implementation of key inventory controls operating across the company;</li> <li>➤ attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>➤ comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>➤ reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year.</li> </ul>
<b>Reference note no 2.07 and 04 to the financial statements</b>	

<b>Impairment of Property, Plant and Equipment</b>	
<p>The economic climate and levels of competition remain challenging for the company. The company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. Therefore there is a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on</p>	<p>Our audit procedures included, among others, considering the impairment risk associated with the following different types of asset:</p> <ul style="list-style-type: none"> <li>➤ We critically assessed and checked the company's impairment model. This included consideration of discounted cash flow forecast.</li> <li>➤ We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumptions involved.</li> </ul>
<b>Reference note no 2.06 and 03 to the financial statements</b>	

<b>Measurement of Deferred Tax Liability</b>	
<p>The company reports net deferred tax liability to totaling BDT 12,415,401 as at 30 June 2019.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is probable that taxable profit will be reduced against which the taxable temporary differences can be recognized over a number of years.</p>	<ul style="list-style-type: none"> <li>➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the company's future taxable income.</li> <li>➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
<b>Reference note no 14 to the financial statements</b>	

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

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

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

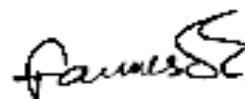
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 those books; and
- c) The Company's statement of financial position and statement of profit or loss and other comprehensive income with the report are in agreement with the books of account.
- d) The expenditure incurred was for the purpose of the Company's business.



Dated: Dhaka  
27 October 2019

**FAMES & R**  
Chartered Accountants

**STANDARD CERAMIC INDUSTRIES LTD.**  
"AMIN COURT", 62-63 MOTIJHEEL C/A, DHAKA-1000.

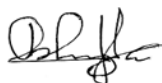
**STATEMENT OF FINANCIAL POSITION**

As at 30 June, 2019

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	3	128,385,016	119,994,568
<b>Current Assets</b>			
Inventories	4	79,403,960	66,231,617
Advances, Deposits and Pre-payments	5	25,117,768	14,744,439
Accounts Receivable	6	464,749	782,819
Short Term Investment	7	6,753,031	11,717,600
Cash and Cash Equivalents	8	8,035,420	5,551,544
<b>Total Current Assets</b>		<b>119,774,928</b>	<b>99,028,019</b>
<b>Total Assets</b>		<b>248,159,944</b>	<b>219,022,587</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholder's equity:</b>			
Share Capital	9	64,606,500	64,606,500
Revaluation Reserve	10	25,592,345	25,592,345
Tax Holiday Reserve	11	1,063,500	1,063,500
Share Premium	12	14,650,000	14,650,000
Retained Earnings	13	(125,507)	(9,250,640)
<b>Total Shareholders' Equity</b>		<b>105,786,838</b>	<b>96,661,705</b>
<b>Non Current Liabilities</b>			
Deferred Tax	14	12,415,401	11,606,914
<b>Current Liabilities</b>			
Cash Credit (Secured)	15	25,665,411	21,339,493
Bank Overdraft	16	4,142,370	3,153,107
Unclaimed Dividend	17	9,188,145	9,062,752
Creditors, Accrued expenses and Others	18	43,114,632	45,473,718
Liabilities for other finance	19	47,847,147	31,724,898
<b>Total Current Liabilities</b>		<b>129,957,705</b>	<b>110,753,968</b>
<b>Total Liabilities</b>		<b>142,373,106</b>	<b>122,360,882</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>248,159,944</b>	<b>219,022,587</b>

**Net Asset Value per share** 39 **16.37** **14.96**

The annexed notes form an integral part of these financial statements. These financial statements were authorized for issue by the Board of Directors on 27 October, 2019 and were signed on its behalf by:



(Jamal Uddin Bhuiyan)  
Company Secretary

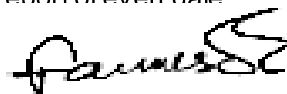


(Helal Uddin Ahmed)  
Managing Director



(Lutfur Rahman)  
Director

This is the Statement of Financial Position referred to in our separate report of even date



**FAMES & R**  
Chartered Accountants

**Dated: 27 October, 2019**  
**Place: Dhaka**

**STANDARD CERAMIC INDUSTRIES LTD.**  
 "AMIN COURT", 62-63 MOTIJHEEL C/A, DHAKA-1000.  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 For the year ended 30 June, 2019

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	<u>Amount in Taka</u>
		<u>30 June 2019</u>	<u>30 June 2018</u>
<b>Revenue</b>	20	323,854,117	294,970,264
Less: Cost of Goods Sold	21	255,600,803	228,137,429
<b>Gross Profit</b>		<b>68,253,314</b>	<b>66,832,835</b>
<b>Less: Operating Expenses:</b>		<b>50,009,184</b>	<b>48,053,855</b>
Administrative Expenses	22	39,639,108	37,072,882
Selling and Distribution Expenses	23	10,370,076	10,980,973
<b>Operating Profit/(Loss)</b>		<b>18,244,130</b>	<b>18,778,980</b>
Add: Other Income	24	1,053,013	712,472
Less: Finance cost	25	3,786,378	4,424,632
<b>Net Profit / (Loss) before WPPF</b>		<b>15,510,765</b>	<b>15,066,820</b>
Less: Workers Profit Participation Fund @ 5%		775,538	753,341
<b>Net Profit / (Loss ) before Tax</b>		<b>14,735,227</b>	<b>14,313,479</b>
<b>Less: Provision for Tax:</b>		<b>(4,686,178)</b>	<b>(4,127,913)</b>
Current Tax	26	(3,877,691)	(3,766,705)
Deferred Tax (Expenses)/Income	27	(808,487)	(361,208)
<b>Net Profit after Tax</b>		<b>10,049,049</b>	<b>10,185,566</b>
<b>Earning per share(EPS)</b>	35	<b>1.56</b>	<b>1.58</b>

The annexed notes form an integral part of these financial statements. These financial statements were authorized for issue by the Board of Directors on 27 October, 2019 and were signed on its behalf by:



(Jamal Uddin Bhuiyan)  
Company Secretary



(Helal Uddin Ahmed)  
Managing Director



(Lutfur Rahman)  
Director

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our separate report of even date.



**FAMES & R**  
**Chartered Accountants**

**Dated: 27 October, 2019**  
**Place: Dhaka**



**STANDARD CERAMIC INDUSTRIES LTD.**  
"AMIN COURT", 62-63 MOTIJHEEL C/A, DHAKA-1000

**Statement of Changes in Equity**  
**For the year ended 30 June, 2019**

Amount in Taka

Particulars	Share Capital	Revaluation Reserve	Tax Holiday	Share Premium	Retained Earnings	Total
As at July 1, 2018	64,606,500	25,592,345	1,063,500	14,650,000	(9,250,640)	96,661,705
Changes during the Year:						
Cash Dividend (2017-18)					(923,916)	(923,916)
Profit after tax	-	-	-	-	10,049,049	10,049,049
As at June 30, 2019	<b>64,606,500</b>	<b>25,592,345</b>	<b>1,063,500</b>	<b>14,650,000</b>	<b>(125,507)</b>	<b>105,786,838</b>

**STANDARD CERAMIC INDUSTRIES LTD.**

**Statement of Changes in Equity**  
**For the year ended 30 June, 2018**

Amount in Taka

Particulars	Share Capital	Revaluation Reserve	Tax Holiday	Share Premium	Retained Earnings	Total
As at July 1, 2017	64,606,500	26,383,861	1,063,500	14,650,000	(19,436,206)	87,267,655
Changes during the Year:						
Less: Deferred Tax on revaluation reserve		(791,516)				(791,516)
Profit after tax	-	-	-	-	10,185,566	10,185,566
As at June 30, 2018	<b>64,606,500</b>	<b>25,592,345</b>	<b>1,063,500</b>	<b>14,650,000</b>	<b>(9,250,640)</b>	<b>96,661,705</b>

The annexed notes form an integral part of these financial statements. These financial statements were authorized for issue by the Board of Directors on 27 October, 2019 and were signed on its behalf by:



(Jamal Uddin Bhuiyan)  
Company Secretary



(Helal Uddin Ahmed)  
Managing Director



(Lutfur Rahman)  
Director

This is the Statement of Changes in Equity referred to in our separate report of even date.

Dated: 27 October, 2019  
Place: Dhaka



**FAMES & R**  
Chartered Accountants

**STANDARD CERAMIC INDUSTRIES LTD.**

"AMIN COURT", 62-63 MOTIJHEEL C/A, DHAKA-1000.

**STATEMENT OF CASH FLOWS**

For the year ended 30 June, 2019

<u>Particulars</u>	<u>Note</u>	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and others		395,402,343	327,169,269
Paid to suppliers, employees & others		(378,273,541)	(323,981,734)
Finance cost paid		(3,786,378)	(4,424,632)
Income Tax paid and/or deducted at source etc.		(3,951,093)	(2,963,098)
<b>Net cash generated from operating activities</b>	36	<b>9,391,331</b>	<b>(4,200,195)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Property, Plant and Equipment		(17,441,695)	(16,444,871)
Interest Received		1,053,013	712,472
Short Term Investment		4,964,569	8,406,137
<b>Net cash used in investing activities</b>		<b>(11,424,113)</b>	<b>(7,326,262)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Credit Loan (Paid)/Received		4,325,918	7,339,970
Dividend Paid		(798,523)	(153,495)
Bank overdraft (Paid)/Received		989,263	2,764,430
<b>Net cash generated from financing activities</b>		<b>4,516,658</b>	<b>9,950,905</b>
Net increase/(decrease) in Cash and Cash Equivalents		2,483,876	(1,575,552)
Cash and Cash equivalents at beginning of the year		5,551,544	7,127,096
<b>Cash and Cash equivalents at end of the year</b>		<b>8,035,420</b>	<b>5,551,544</b>
<b>Net Operating Cash Flow Per Share</b>	40	<b>1.45</b>	<b>(0.65)</b>

The annexed notes form an integral part of these financial statements. These financial statements were authorized for issue by the Board of Directors on 27 October, 2019 and were signed on its behalf



(Jamal Uddin Bhuiyan)  
Company Secretary

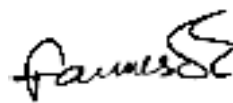


(Helal Uddin Ahmed)  
Managing Director



(Lutfur Rahman)  
Director

This is the Statement of Cash Flows referred to in our separate report of even date.



**FAMES & R**  
**Chartered Accountants**

**Dated: 27 October, 2019**  
**Place: Dhaka**

## STANDARD CERAMIC INDUSTRIES LTD.

### Notes to the financial statements

For the year ended 30 June, 2019

#### 1.0 Structure and Objects:

The company is a public limited company registered on 13-08-84 with authorized Share capital of Tk. 10 crores divided into 1 crore ordinary shares of Tk.10.00 each for manufacture of Ceramic Stone wares & Table wares. In addition to sponsors, the project was initially funded by BSB, IPDC & SABINCO. Production started in the later part of 1993. Approval of prospectus from Securities & Exchange Commission had been obtained on 14th September, 1996. The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 7th December, 1996 and on 4th December 1996 respectively.

#### 1.01 Nature of Business:

The company is a ceramic industry for manufacture of ceramic stone wares and table wares for local and foreign markets.

#### 2.00 Significant Accounting Policies:

##### 2.01 Basis of Preparation, Presentation and Disclosure of the Financial Statements:

The financial statements have been prepared and the disclosures of information are made in accordance with the requirements of the Companies Act, 1994, International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Statement of Financial Position and Statement of profit or loss and other Comprehensive Income have been prepared according to IAS and IFRS. "Presentation of Financial Statements" based on accrual basis of accounting following going concern assumption under generally accepted accounting principles and practices in Bangladesh and Statement of Cash Flows according to IAS.

##### 2.02 Legal Compliance:

The financial statements have been prepared and the disclosures of information were made in accordance with the requirements of the Companies Act, 1994, Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Limited (DSE) and other laws and regulations applicable in Bangladesh. On the basis of these regulations, International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS) were applied with the applicable standards.

##### 2.03 Accounting Estimates, Assumptions & Judgments:

The preparation of the financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

##### 2.04 Going Concern:

The Company has adequate resources to continue its operation for the foreseeable future. For this reason going concern basis has been adopted in preparing the financial statements.

##### 2.05 Components of the Financial Statements:

According to the International Accounting Standards (IAS) the complete set of Financial Statements includes the following components:

- Statement of Financial Position as at 30 June, 2019;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June, 2019;
- Statement of Changes in Equity for the year ended 30 June, 2019;
- Statement of Cash Flows for the year ended 30 June, 2019 and
- Notes, comprising a summary of significant Accounting Policies and Other Explanatory Information.

##### 2.06 Recognition of Property, Plant and Equipment and Depreciation:

Property, Plant and Equipment are stated at cost less accumulated depreciation in accordance with IAS 16 "Property, Plant & Equipment". Cost represents cost of acquisition of construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. No depreciation is charged on land and land development. Depreciation on all other Property, Plant and Equipment are computed using the reducing balance method in amount sufficient to write off depreciable assets over their estimated useful life. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the year. The annual depreciation rates applicable to the principal categories are

- |                                       |                                |
|---------------------------------------|--------------------------------|
| i) Building & Civil Construction 7.5% | vi) Car and Vehicles 20%       |
| ii) Plant & Machinery 10%             | vii) Tools 25%                 |
| iii) Deep Tube well 5%                | viii) Furniture & Fittings 10% |
| iv) Electric Equipment 10%            | ix) Office Equipment 15%       |
| v) Other Asset 20%                    |                                |

Depreciation is charged on Property, Plant and Equipment for full year on opening written down value and on addition during the year from the date of use. Depreciation has been charged to cost of goods sold & administrative expenses consistently.

### **Impairment of Assets**

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets exceeds the recoverable amount, the company recognises such impairment loss in accordance with IAS "Impairment of Assets"

## **2.07 Inventories:**

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process. Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of IAS. Costs including an appropriate portion of fixed and variable overhead expenses are assigned to inventories by the method most appropriate to the particular class of inventory. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale.

## **2.08 Cash and Cash Equivalents:**

Cash and cash equivalents include cash in hand and cash at banks of the Company. There is an insignificant risk of change in value of the same.

## **2.09 Creditors & Accrued Expenses:**

### **2.09.1 Trade & Other Payables:**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company. These include Advance against Sales, Security and Other Deposits and Other Current Liabilities.

### **2.09.2 Provisions:**

Necessary provision for the current assets which are seems to be doubtful of recovery are made in the financial statements in conformity with Bangladesh Accounting Standards.

## **2.10 Employee Benefits:**

The Company maintains defined contribution plan (provident fund) and Retirement benefits (Gratuity) for its eligible permanent employees as per applicable laws and regulations.

### **2.10.1 Defined contribution plan (Provident fund):**

The Company operates a contributory Provident fund for its eligible permanent employees. The fund is approved by the National Board of Revenue (NBR). The fund is administered by a Board of Trustee and is funded by contribution partly from the employee and partly from the Company as predetermined rates. The contribution is invested separately from the Company's assets.

### **2.10.1 Gratuity benefits:**

Gratuity benefits are incorporated when an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

## **2.11 Income Tax:**

**2.11.1 Current Tax:**

Provision for taxation has been made as per rates prescribed in the Finance Act, 2019, the Income Tax Ordinance, 1984 and as per IAS Income Tax.

**2.11.2 Deferred Tax:**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

**2.12 Related Party Transactions:**

Company is not connected to any related party transaction except as mentioned in note -38. Benefit of key management personnel includes officials in the ranks of Managing Director, Director, General Manager, Deputy General Manager, Company Secretary, CFO, Manager and Deputy Manager. The yearly salary involvement is Tk.18,415,635 as sort-term employee's benefit. No post-employment benefits, other long term benefits and termination benefits were paid during the year.

**2.13 Contingent Liabilities & Contingent Assets:**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with IAS Provision, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

**2.14 Revenue Recognition:**

Revenue has been recognized as per IFRS 15: Revenue from contract with customers under 05 (five) step approach of recognizing revenue. According to the core principal of IFRS 15, the entity has recognized revenue to depict the transfer of promise goods or service to custom in an amount that reflects the consideration (payment ) to which the entity expects to be entitled in exchanging for those goods or services.

05 (five) step approach applied are as follows :

- i. Identify the contract
- ii. Identify the separate performance obligation
- iii. Determine the transaction price
- iv. Allocate the price to the performance obligations
- v. Recognize revenue.

**2.15 Statements of Cash Flows:**

Statement of Cash Flows is prepared principally in accordance with IAS: Statement of Cash Flows and the cash flows from operating activities have been presented under direct method.

**2.16 Earnings per Share:**

The Company calculates Earning per Share (EPS) in accordance with IAS: "Earning per Share", which has been shown on the face of Statement of Comprehensive Income, and the computation of EPS is stated in the note. Earnings per Share has been calculated by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

**2.17 Segment Reporting:**

No segmental reporting is applicable for the company as required by IAS: "Segment Reporting" as the company operates in a single industry segment. Though the company has some export but this is very insignificant as such the geographical territory has also been considered single.

**2.18 Comparative:**

Financial statements are presented as IAS previous year's figures have been reclassified, re-arranged where found necessary to provide information that is reliable and more relevant and to conform to the current year's presentation.

**2.19 Reporting Period:**

The financial statements cover one year from 01July, 2018 to 30 June, 2019.

	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>3.00 Property, Plant and Equipment: Tk.128,385,016.</b>		
Details are as under:		
Opening Balance	365,555,656	349,110,785
Addition during the year	17,441,695	16,444,871
	<b>382,997,351</b>	<b>365,555,656</b>
Less: Accumulated Depreciation	(254,612,335)	(245,561,088)
<b>Net written down value as on 30 June 2019</b>	<b>128,385,016</b>	<b>119,994,568</b>

Details of Property, Plant and Equipment has been shown in schedule-1

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	<u>Qty in M.T</u>	<u>Value (Tk)</u>	<u>Qty in M.T</u>	<u>Value (Tk)</u>
<b>4.00 Inventories: Tk. 79,403,960.</b>				
Details are as follows:				
Raw Materials (4.01)		11,709,250		20,079,297
Work-in process	953 M.T	50,022,426	158 M.T	8,250,823
Finished products	61 M.T	4,167,457	301 M.T (Restated)	24,425,420
Stores & spares		12,994,047	(Restated)	12,905,957
Packing Materials	14,921 pcs	510,780	25,100 pcs	570,120
		<b>79,403,960</b>		<b>66,231,617</b>

The inventories were physically verified on 30 June 2019 and certified. Raw materials have been valued at Weighted Average Cost. Work-in-process have been valued at cost of raw materials with proportion of electricity, gas and factory overhead absorbed in production. Finished products have been valued at cost and realizable price which is lower and spare parts have been valued at cost. Inventories were mortgaged to Rupali Bank Ltd, Ramna Corporate Branch as security of working capital loan.

#### **4.01 Raw Materials:**

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	<u>Body, Glaze and Auxiliary M.T</u>	<u>Decorative Sheet (pcs)</u>	<u>Body, Glaze and Auxiliary M.T</u>	<u>Decorative Sheet (pcs)</u>
Opening Balance	468	19,808	389	104,148
Add: Purchase during the year	5,956	422,400	4506	279,835
Available for use	<b>6,424</b>	<b>442,208</b>	<b>4895</b>	<b>383,983</b>
Less: Issue for Production	6,260	377,208	4427	364,675
<b>Closing Balance</b>	<b>164</b>	<b>65,000</b>	<b>468</b>	<b>19,308</b>



	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>5.00 Advance Deposits and Pre-payment: Tk. 25,117,768,</b>		
i) Advances	2,449,830	775,646
ii) Security deposits	3,561,902	3,561,902
iii) Advance Income Tax	6,258,308	6,073,920
iv) Bank Margins	11,625,700	2,692,450
v) VAT (Value Added Tax)	1,222,028	1,640,521
	<b>25,117,768</b>	<b>14,744,439</b>
<b>I) Advances: Tk. 2,449,830</b>		
a) Advance against works	2,422,427	748,243
b) Other Advance	27,403	27,403
	<b>2,449,830</b>	<b>775,646</b>
<b>ii) Security deposits: Tk. 3,561,902</b>		
T&T Board	145,025	145,025
PDB	253,800	253,800
Bangladesh Oxygen Ltd.	8,000	8,000
Amin Mohiuddin Foundation	811,800	811,800
Titas Gas Transmission & Distribution Co. Ltd.	2,143,277	2,143,277
CDBL	200,000	200,000
	<b>3,561,902</b>	<b>3,561,902</b>
<b>iii) Advance Income-Tax: Tk. 6,258,308</b>		
Opening balance	6,073,920	4,691,029
Addition during the year	3,951,093	2,963,098
	10,025,013	7,654,127
Less: Adjustment against assessment year 2017-2018	(3,766,705)	(1,580,207)
<b>Total</b>	<b>6,258,308</b>	<b>6,073,920</b>
<b>iv) Bank Margins: Tk. 11,625,700.</b>		
L/C Margin	10,777,500	1,844,250
Bank Guarantee Margin	848,200	848,200
	<b>11,625,700</b>	<b>2,692,450</b>
<b>v) VAT (Value Added Tax): Tk. 1,222,028</b>		
Opening Balance	1,640,521	1,596,578
Add: Cash Deposit and Vat on Raw materials etc.	51,595,067	45,026,069
	53,235,588	46,622,647
Less: Adjustment on local sales	(52,013,560)	(44,982,126)
Closing Balance	<b>1,222,028</b>	<b>1,640,521</b>
a) The Company has no advances which may be classified as doubtful/bad.		
b) No amount was due by the Directors (including Managing Director) and officers of the Company or any of them severally or jointly with any other person.		
c) No amount was due by the Associated under-taking.		
<b>6.00 Accounts Receivable Tk. 464,749</b>		
The amount represents receivable against duty draw back. Age wise breakup is		
Exceeding six months	464,749	732,383
Below six months	-	50,436
<b>Total</b>	<b>464,749</b>	<b>782,819</b>

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>7.00 Short Term Investment: Tk. 6,753,031</b>	<b>6,753,031</b>	<b>11,717,600</b>

This represents investment in Fixed Deposit. Such fund has been accumulated for payment of expenses required for heavy repair and replacement of depreciable assets especially Kiln. Out of above balance fixed deposit of TK.451,104 has given to the bank as security.

<b>8.00 Cash &amp; Cash Equivalents: Tk. 8,035,420</b>		
Cash in hand	1,727,222	679,600
<b>Cash at Bank</b>		
NCC Bank CD A/C	-	-
Al-Arafah Islami Bank CD A/C No.-11866	12,392	4,488
Rupali Bank Ltd. CD A/C No.-1650	142,817	368,417
Rupali Bank Ltd. CD A/C No.-1595	3,780	3,780
Rupali Bank Ltd. CD A/C No.-7662	3,298,631	1,346,048
United Commercial Bank CD A/C No.-330	451	451
City Bank Ltd. CD A/C No.1402077	600,728	1,427,873
City Bank Ltd. CD A/C No.1102075735001	287,590	9,661
Agrani Bank Ltd. CD A/C No.-33005504	9,732	9,732
Agrani Bank Ltd. CD A/C No.-562	1,000	1,000
Agrani Bank Ltd. CD A/C No.-22303	1,444	1,444
Bangladesh Shilpa Bank CD A/C No.-113303653	1,743	1,743
Sonali Bank Ltd. CD A/C No.15609	240	240
Southeast Bank Ltd. CD A/C No.-47598	-	49,511
Mutual Trust Bank CD A/C No.-	1,317,394	597,353
Rupali Bank Ltd. CD A/C No.-158-7474	3,552	3,552
IFIC Bank CD A/C No.-00083325016	950	950
City Bank Ltd. STD A/C No.31000453/7001	18,106	2,906
City Bank Ltd. STD A/C No.31000490/7002	13,572	13,572
City Bank Ltd. STD A/C No.31000536/7003	15,085	15,085
City Bank Ltd. STD A/C No.3102075735001	808	808
City Bank Ltd. STD A/C No.7004	86,246	64,095
IFIC Bank Ltd. STD A/C No.000836000701	6,657	6,657
Rupali Bank Ltd. F/C A/C No.-95/05 (US\$ 7,411.91)	485,280	942,578
	<b>8,035,420</b>	<b>5,551,544</b>

Cash -in-hand has been verified and certified. Balances with Banks are confirmed by the certificates.

<b>9.00 Share Capital: Tk. 64,606,500.</b>		
<b>(a) Authorized Capital: Tk. 100,000,000</b>		
10,000,000 Ordinary share of Taka 10.00 each	<b>100,000,000</b>	<b>100,000,000</b>
<b>(b) Issued, Subscribed &amp; Paid-up Capital:</b>		
6,460,650 Ordinary shares of Tk. 10/= each fully paid up:		
1) 5,860,000 (2,930,000 ordinary shares before public issue i.e before 4.11.1996 and 2,930,000 ordinary shares public issue i.e 4.11.1996) ordinary shares of Tk.10/= each fully paid up in cash.	58,600,000	58,600,000
2) 600,650 (293,000 ordinary shares in 2010.	6,006,500	6,006,500
307,650 ordinary share in 2011) ordinary shares of Tk.10/= each issued as fully paid as Bonus Shares.		
	<b>64,606,500</b>	<b>64,606,500</b>

(c) The position of Shareholders as on 30th June, 2019 is as follows :

Description	30 June 2019			30 June 2018		
	No. of Share holder	No. of Shares	Share holding %	No. of Share holders	No. of Shares	Share holding %
Sponsors and directors	7	1,841,072	28.50	7	1,841,072	28.50
Financial Institutions(bank & Insurance)	10	30,210	0.47	7	27,200	0.42
Financial Institutions(others)	86	115,601	1.79	110	371,985	5.76
BSRS 1st Mutual Fund	1	1,000	0.02	1	1,000	0.02
ICB investor's A/c	193	13,190	0.20	193	13,190	0.20
IFIC investor's A/c	10	820	0.01	10	820	0.01
Other Investor's A/c	-	-	-	-	-	0.00
Foreign investor (company)	-	-	-	1	1,000	0.02
ICB Mutual Fund	2	2,020	0.03	2	2,020	0.02
ICB Capital Management	4	440	0.01	4	440	0.01
ICB Unit Fund	1	16,286	0.25	1	121,805	1.89
Others Mutual Fund and Unit Fund	1	270	0.00	1	270	0.00
General Public	7440	4,439,741	68.72	7100	4,079,848	63.15
	<b>7,755</b>	<b>6,460,650</b>	<b>100</b>	<b>7,437</b>	<b>6,460,650</b>	<b>100</b>

(d) The Shareholding pattern is as below :

Description	30 June 2019			30 June 2018		
	No. of Share holder	No. of Shares	Share holding %	No. of Share holders	No. of Shares	Share holding %
Upto 500 Shares	6755	406,452	6.29	6521	369,949	5.73
501 to 5000Shares	858	902,803	13.97	783	814,952	12.61
5001 to 10000 Shares	48	327,429	5.07	46	329,363	5.10
10001 to 20000 Shares	38	508,470	7.87	31	424,483	6.57
20001 to 30000 Shares	22	559,120	8.65	18	459,894	7.12
30001 to 40000 Shares	6	215,030	3.33	8	282,694	4.38
40001 to 50000 Shares	5	230,095	3.56	5	232,257	3.59
50001 to 100000 Shares	13	988,755	15.31	14	1,097,813	16.99
100001 to above Shares	10	2,322,496	35.95	11	2,449,245	37.91
	<b>7,755</b>	<b>6,460,650</b>	<b>100</b>	<b>7,437</b>	<b>6,460,650</b>	<b>100</b>

(e) There was no preference share issued by the company.

(f) Market Price:

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Quoted market price was TK 247.10 at Dhaka Stock Exchange Limited and TK.248.00 at Chittagong Stock Exchange Limited as on 30 June 2019.

**10.00 Revaluation Reserve : Tk. 25,592,345**

**Details is as follows:**

	30 June 2019	30 June 2018
Opening Balance	25,592,345	26,383,861
Less: Provision for Deferred Tax on revaluation reserve	-	791,516
	<b>25,592,345</b>	<b>25,592,345</b>

Revaluation Reserve represents revaluation surplus arising out of revaluation of land & land development of the company as of 29 Feb, 1996 by M/s. Golam Mostafa & Associates (professional valuers) following market rate.

		<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>11.00</b>	<b>Tax holiday Reserve: Tk.1,063,500.</b>	<b><u>1,063,500</u></b>	<b><u>1,063,500</u></b>
	The above amount represents balance carried forward since 1994-95		
<b>12.00</b>	<b>Share Premium: Tk.14,650,000</b>	<b><u>14,650,000</u></b>	<b><u>14,650,000</u></b>
<b>13.00</b>	<b>Retained Earnings: Tk. (125,507)</b>		
	Opening Balance	(9,250,640)	(19,436,206)
	Cash Dividend (2017-18)	(923,916)	-
	Profit /(Loss) after tax for the year	10,049,049	10,185,566
	<b>Closing Balance</b>	<b><u>(125,507)</u></b>	<b><u>(9,250,640)</u></b>
<b>14.00</b>	<b>Defferd Tax : TK. 12,415,401.</b>		
	Deferred Tax Liabilities (Note-14.01)	12,415,401	10,815,398
	Add: Deferred Tax on Revaluation Reserve (Note-10)	-	791,516
		<b><u>12,415,401</u></b>	<b><u>11,606,914</u></b>
<b>14.01</b>	<b>Deferred Tax</b>		
	Book Value of Depreciated Assets	97,829,415	89,438,967
	Tax Base of Depreciated Assets	(46,538,372)	(41,342,604)
		51,291,043	48,096,363
	Provision for Retirement benefits ( Gratuity ) (note-19.01)	(1,629,439)	(4,834,772)
	Net Taxable Temporary Difference	49,661,604	43,261,591
	Effective Rate	25%	25%
	<b>Deferred Tax Liability closing</b>	<b>12,415,401</b>	<b>10,815,398</b>
	<b>Deferred Tax Liability opening</b>	<b>(11,606,914)</b>	<b>(10,454,190)</b>
	<b>Deferred Tax Expenses / (Income)</b>	<b><u>808,487</u></b>	<b><u>361,208</u></b>
<b>15.00</b>	<b>Cash Credit (secured): Tk. 25,665,411</b>		
	Details are as under:		
	Cash Credit (Hypo)	7,618,874	6,651,884
	Cash Credit (Pledge)	16,718,429	14,687,609
	Loan Against Imported Merchandise (LIM)	1,328,108	-
		<b><u>25,665,411</u></b>	<b><u>21,339,493</u></b>
	The Company is enjoying cash credit facilities from Rupali Bank Ltd., Ramna Corporate Branch,Dhaka. Interest charged on all credit @ 9.00% to 11.00% . All the Property, Plant and Equipment( both present and future) furnished as collateral and floating assets and book debts (both present and future) charged out as primary securities.		
<b>16.00</b>	<b>Bank Overdraft: Tk.4,142,370</b>		
	This represents temporary overdrawn from current account	<b><u>4,142,370</u></b>	<b><u>3,153,107</u></b>

<b>17.00</b>	<b>Unclaimed Dividend : Tk. 9,188,145</b>	<b>Amount in Taka</b>	<b>Amount in Taka</b>
	Year wise break up of the above is as follows:	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>Year</b>		
	1996-97 To 2003-04	2,075,754	2,075,754
	2004-05	254,652	254,652
	2005-06	590,100	590,552
	2006-07	583,968	583,968
	2007-08	131,355	131,355
	2008-09	418,566	418,566
	2009-10	561,080	561,080
	2010-11	404,732	404,732
	2011-12	721,316	721,316
	2012-13	762,267	762,267
	2013-14	690,702	691,161
	2014-15	816,567	817,026
	2015-16	1,036,803	1,050,323
	2017-18	140,283	
	<b>Total Amount Tk.</b>	<b>9,188,145</b>	<b>9,062,752</b>
<b>18.00</b>	<b>Creditors, Accrued Exps and Others: Tk. 43,114,632.</b>		
	Details are as under:		
	Directors' remuneration	2,180,000	1,780,000
	Salary & O.T	11,103,512	12,573,981
	Gas bill	7,313,550	7,192,106
	Electric bill	1,310,041	2,068,864
	Audit fees	225,000	225,000
	Workers Profit Participation Fund	1,528,879	753,341
	Providend Fund	13,167,182	14,844,148
	Others payable	6,286,468	6,036,278
		<b>43,114,632</b>	<b>45,473,718</b>
<b>19.00</b>	<b>Liabilities for other finance: Tk. 47,847,147.</b>		
	Security money employees	1,010,187	1,024,987
	Security money (Agency) and advance etc.	41,086,683	21,568,186
	Provision for Income Tax	3,877,691	3,766,705
	Provision for Retirement benefits ( Gratuity ) (note-19.01)	1,629,439	4,834,772
	Other Provision	243,147	530,248
		<b>47,847,147</b>	<b>31,724,898</b>
Income Tax finalised upto Assessment year 2014-15. Assessment of tax for the year 2015-2016, 2016-2017, 2017-2018 and 2018-2019 remain under process of finalisation.			
<b>19.01</b>	<b>Provision for Retirement benefits ( Gratuity ) Tk. 1,629,439</b>		
	Opening balance	4,834,772	4,410,449
	Provision during the year	1,615,355	2,192,060
	Less: Payment during the year	(4,820,688)	(1,767,737)
	Closing balance	<b>1,629,439</b>	<b>4,834,772</b>

20.00 Revenue:Tk.323,854,117	Amount in Taka		Amount in Taka	
	30 June 2019		30 June 2018	
Break-up as follows				
	Quantity	Value Taka	Quantity	Value Taka
Net Local Sales	4,460.18 M.T	322,878,446	2,906.16 M.T	288,605,258
Export Sales	3.82 M.T	975,671	35.84 M.T	6,206,975
Duty Draw Back		-		158,031
Total		323,854,117		294,970,264

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>21.00 Cost of Goods Sold: Tk. 255,600,803.</b>		
<b>Materials Consumed:</b>		
Opening Stock	20,079,297	17,287,121
Purchased during the year	115,709,810	102,909,404
	135,789,107	120,196,525
Less: Closing stock	11,709,250	20,079,297
	124,079,857	100,117,228
Add: Opening Work-in -process	8,250,823	6,264,966
	132,330,680	106,382,194
Less: Closing Work-in-process	50,022,426	8,250,823
	<b>82,308,254</b>	<b>98,131,371</b>
<b>Factory Overhead:</b>		
Wages, Salaries, O.T & Bonus	63,508,290	64,341,131
P.F Contribution.	1,021,409	1,057,115
Packing Materials	20,677,428	17,149,899
Power, Water & Gas	43,021,799	36,713,198
Insurance	81,388	132,201
Consumable stores	5,059,147	6,262,162
Miscellaneous factory expenses	2,552,353	2,399,503
Repairs & Maintenance	8,359,834	10,334,903
Depreciation	8,960,735	8,269,244
	153,242,383	146,659,356
	<b>235,550,637</b>	<b>244,790,727</b>
Add: Opening Stock of finished goods	30,105,780	13,452,482
	265,656,417	258,243,209
Less: Closing Stock of finished goods	4,167,457	24,425,420
	<b>261,488,960</b>	<b>233,817,789</b>
Less: Closing stock of Mould & Sagger	5,888,157	5,680,360
	<b>255,600,803</b>	<b>228,137,429</b>
<b>Total production</b>	<b>4,224 M.T</b>	<b>3,143 M.T</b>

Repairs & Maintenance includes all factory building repairs & maintenance Tk. 194,342 factory machineries repairs Tk. 3,274,022, fuel vehicales Tk. 1,051,166 generator fuel Tk. 3,556,825 and vehicales maintainence Tk. 283,479 etc.



	<b>Amount in Taka</b> <b>30 June 2019</b>	<b>Amount in Taka</b> <b>30 June 2018</b>
<b>22.00 Administrative expenses: TK. 39,639,108.</b>		
Director's Emolument	10,010,000	10,010,000
Rent, Rates & Taxes	2,087,760	1,867,140
Postage, Telegram & Telephone	529,197	494,396
Office Salaries	19,577,564	19,341,277
P.F Contribution	211,390	159,390
Printing & Stationery	157,692	164,202
Religious & Festival Expenses	929,140	290,576
Legal & Professional and Other fees	258,000	334,000
Audit fees	258,750	258,750
Forms & Fees	2,236,745	846,561
Utility bill	302,619	307,875
Motor Vehicles maintenance	498,235	471,939
Petrol, Oil & Lubricant	633,631	259,886
Office Maintenance etc.	66,958	70,170
AGM & Other meeting Expenses etc	1,006,376	1,014,632
Entertainment expenses	431,939	399,277
Miscellaneous expenses	352,600	699,283
Depreciation	90,512	83,528
	<b>39,639,108</b>	<b>37,072,882</b>
<b>23.00 Selling and Distribution Expenses: TK. 10,370,076</b>		
Office Salaries	4,762,545	4,651,785
P.F. Contribution.	73,860	72,600
Travelling & Conveyance	614,507	625,530
Business Promotional expenses	1,389,754	2,436,258
Trade Fair expenses	973,005	1,064,765
Transport exps	2,556,405	2,130,035
	<b>10,370,076</b>	<b>10,980,973</b>
<b>24.00 Other Income: Tk. 1,053,013</b>		
Interest on STD Account	10,730	21,829
Interest on FDR	1,042,283	690,643
	<b>1,053,013</b>	<b>712,472</b>
<b>25.00 Finance cost: Tk. 3,786,378</b>		
Bank interest	2,129,446	2,489,721
Bank charges	1,656,932	1,934,911
	<b>3,786,378</b>	<b>4,424,632</b>

	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>26.00 Income Tax Expenses: Tk. 3,877,691</b>		
Current year tax	3,877,691	3,766,705
	<u><b>3,877,691</b></u>	<u><b>3,766,705</b></u>
<b>27.00 Deferred Tax Expenses/ Income Tk. 808,487.</b>		
Deferred Tax Expenses/(Income) (note-14.01)	<u><b>808,487</b></u>	<u><b>361,208</b></u>
<b>28.00 Credit facilities:</b>		
There was no credit facilities that has not been availed of at the date of Statement of Financial Position.		
<b>29.00 Trade Debtors Statement:</b>		
The company does not have credit sales. As such usual classification of debtors (good, bad, doubtful, secured/unsecured etc) was not needed.		
<b>30.00 Aggregate amount due by Directors &amp; Officers:</b>		
There was no such amount in the Statement of Financial Position.		
<b>31.00 Sales - Item-wise:</b>		
The company sales Stonewares approx. 123 different items with different shapes and different prices under the brand name Classic Stone.		
<b>32.00 Number of employees drawing more than Tk. 3000 &amp; less than Tk. 3000 per month:</b>		
The factory is labour intensive. There are permanent labours as well as daily labours. The daily labour frequently changes and as such it is not possible to keep correct track by name to count the number annually. However on an average the following is number of workers/employees (permanent, daily).		
i) Workers/Employees drawings Tk. 3000.00 or more per month 760 Nos.		
ii) Workers & Employees drawing less than Tk. 3000.00 per month nil.		
<b>33.00 Claims against the company not acknowledgement as debt:</b>		
There was no contractual claim against the company not acknowledged as debt.		
<b>34.00 Aggregate amount of contracts for capital expenditure:</b>		
There was contract for capital expenditure on 30-06-19 JP¥ 44,583,000.		

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>35.00 Basic Earnings per Share (EPS) :</b>		
Basic earnings per shares has been calculated as follows:		
Earnings attributable to the Ordinary Shareholders Net		
Profit/(Loss) after tax	10,049,049	10,185,566
Number of Ordinary Shares outstanding during the year	6,460,650	6,460,650
<b>Basic EPS</b>	<b>1.56</b>	<b>1.58</b>

Due to higher cost of raw materials EPS slightly has decreased in the year 2018-19 compared to previous year 2017-18.

### 36.00 Reconciliation of Net Operating Cash Flow :

Net Profit /(Loss) after tax	10,049,049	10,185,566
Depreciation	9,051,247	8,352,772
Deferred Tax Expenses /(Income )	808,487	361,208
Other income	(1,053,013)	(712,472)
	<b>8,806,721</b>	<b>8,001,508</b>
(Increase)/ Decrease in inventories	(13,172,343)	(24,951,223)
(Increase)/ Decrease in Accounts Receivable	318,070	(158,030)
(Increase)/ Decrease in Advance Deposits Prepayment	(10,373,329)	514,244
(Increase/ Decrease) in Creditors Accrued Expense and Others	(2,359,086)	10,454,273
(Increase/ Decrease) in Liabilities for Others Finance	16,122,249	(8,246,533)
	<b>(9,464,439)</b>	<b>(22,387,269)</b>
Net cash inflow from operating activities	<b>9,391,331</b>	<b>(4,200,195)</b>

**37.00** During the year under review 7 (seven) board meeting and four audit committee meeting were held and each Director present was paid Tk. 8,000/= per meeting as Board Meeting. Fee.

### 38.00 Related party transactions

#### a)Key management personnel compansation

#### Short term employee benefits (Salary and allowances etc.)

	30.06.2019		30.06.2018	
	Directors	All managers	Directors	All managers
Remuneration & allowances	8,940,000	7,802,280	8,940,000	7,850,162
Bonus	1,070,000	603,355	1,070,000	547,564
	<b>10,010,000</b>	<b>8,405,635</b>	<b>10,010,000</b>	<b>8,397,726</b>

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>39.00 Net Asset value per share:</b>		
Net Asset(39.1)	105,786,838	96,661,705
Number of Ordinary shares out standing during the year.	6,460,650	6,460,650
Net asset value per share	<b>16.37</b>	<b>14.96</b>

**39.01 Net Asset:**

Total assets	248,159,944	219,022,587
Less: Total liabilities	142,373,106	122,360,882
<b>Net Asset</b>	<b>105,786,838</b>	<b>96,661,705</b>

**40.00 Net Operating cash flow per share**

Net cash generated from operating activities-	9,391,331	(4,200,195)
Number of ordinary share outstanding during the year.	6,460,650	6,460,650
<b>Net Operating cash flow per share</b>	<b>1.45</b>	<b>(0.65)</b>

**41.00** Increase in Net Operating Cash Flow per share (NOCFPS) for the year (2018-19) under review compared to that in the preceding year (2017-18) is due to the fact that the advance against sales has increased.

**42.00 Disclosure under IAS-10: Events after Reporting Period:**

- a) The Factory has been partial laid off since 14.08.2019 for more or less two months for rebuilding old Glost Kiln. After this rebuilding production loss will be minimized, product quality will be improved and fuel cost will be reduced. On the other hand Gas price has increased from July 2019 and Salaries & Wages are raising.
- b) The Board of Directors of the Company has approved the Financial Statements as on 27.10.2019 recommended Cash Dividend @ 5% ( Tk.0.50 per share of Tk.10 each ) for the year ended on June 30,2019 to the all shareholders. Except the fact stated above, neither any 'Non -adjusting Events' nor any 'Adjusting Events' took place after the reporting period.

**STANDARD CERAMIC INDUSTRIES LTD.**  
**SCHEDULE OF PROPERTY, PLANT & EQUIPMENTS AS AT 30TH JUNE, 2019**

**Schedule No- 1**

Amount in Taka

Particulars	COST				Rate of Depreciation	DEPRECIATION				Written down value on 30-06-19
	Balance as at 01-07-18	Addition during the year	Sales/ Adjustment	Total as at 30-06-19		Balance as at 01-07-18	Addition during the year	Sales/ Adjustment	Total as at 30-06-19	
Land and Land development	30,555,601	-	-	30,555,601	0%	-	-	-	-	30,555,601
Building & Civil constructions	93,577,095	2,925,701	-	96,502,796	7.5%	59,366,483	2,658,810	-	62,025,293.00	34,477,503
Plant & Machineries	210,574,861	12,937,689	-	223,512,550	10%	164,289,640	5,145,687	-	169,435,327.00	54,077,223
Deep Tube Well	1,105,519	0	-	1,105,519	5%	577,054	26,423	-	603,477.00	502,042
Electric & Security Equipment	9,671,946	1,366,275	-	11,038,221	10%	4,881,075	541,215	-	5,422,290.00	5,615,931
Car & other vehicles	15,617,549	-	-	15,617,549	20%	12,800,740	563,362	-	13,364,102.00	2,253,447
Tools	338,065	-	-	338,065	25%	337,911	38	-	337,949.00	116
Office Equipment	2,198,127	93,030	-	2,291,157	15%	1,784,009	70,387	-	1,854,396.00	436,761
Furniture & Fixture	1,872,421	119,000	-	1,991,421	10%	1,480,002	45,234	-	1,525,236.00	466,185
Other Assets	44,472	-	-	44,472	20%	44,174	91	-	44,265.00	207
<b>Total as on 30 June 2019</b>	<b>365,555,656</b>	<b>17,441,695</b>	<b>-</b>	<b>382,997,351</b>		<b>245,561,088</b>	<b>9,051,247</b>	<b>-</b>	<b>254,612,335</b>	<b>128,385,016</b>
<b>Total as on 30 June 2018</b>	<b>349,110,785</b>	<b>16,444,871</b>	<b>-</b>	<b>365,555,656</b>		<b>237,208,316</b>	<b>8,352,772</b>	<b>-</b>	<b>245,561,088</b>	<b>119,994,568</b>

**Notes:**

Depreciation is charged on fixed assets for full year on opening written down value and on addition during the year from the date of use . Depreciation is charged Tk.8,960735/= & Tk.90,512/= to Mfg AC & P/L AC respectively.

**Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994:****A. Disclosure as per requirement of Schedule XI, Part II, Para-3, Note 4 (i) and (ii)**

Employees position of the company as at 30 June, 2019:

Complied -Disclosed in Note No-32

**Disclosure as per requirement of Schedule XI, Part II, Para 3:**

Para		Compliance status of disclosure of Schedule XI, Part II, Para 3
3(i)(a)	The turnover	Complied -Disclosed in Note No- 20
3 (i)(b) t	Commission paid to the selling agent	Not Applicable
3(i)(c )	Brokerage and discount on sales, other than the usual trade discount.	Not Applicable
3(i)(d)(i)	The value of the raw materials consumed, giving item wise breakup as possible.	Complied -Disclosed in Note No-4.01 and 21
3(i)(d)(ii)	The opening and closing stocks of goods produced.	Complied - Disclosed in Note No-21
3(i)(e)	In the case of trading companies, the purchase made and the opening and closing stocks.	Not applicable
3(i)(f)	In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied.	Not Applicable
3(i)(g)	Opening and closing stocks, purchases and sales and consumption of raw materials with value and quantity break-up for the company, which falls under one or more categories i.e. manufacturing and/or trading.	Complied -Disclosed in Note No- 4.01 and 21
3(i)(h)	In the case of other companies, the gross income derived under different heads.	Not Applicable
3(i)(i)	Work-in-progress, which have been completed at the commencement and at the end of the accounting period.	Complied- Disclosed in Note No-21
3(i)(j)	Provision for depreciation, renewals or diminution in value of fixed assets.	Complied -Disclosed in Schedule No- 1
3(i)(k)	Interest on the debenture paid or payable to the Managing Director, Managing Agent and Manager.	Not Applicable
3(i)(l)	Charge of income tax and other taxation on profits.	Complied -Disclosed in Note No- 26 & 27
3(i)(m)	Revised for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i)	Amount set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up.	Not Applicable
3(i)(n)(ii)	Amount withdrawn from above mentioned reserve	Not Applicable



Para		Compliance status of disclosure of Schedule XI, Part II, Para 3
3(i)(o)(i)	Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(ii)	Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable
3(i)(p)	Expenditure incurred on each of the following items, separately for each item: (i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	Complied -Disclosed in Note From 21, 22, 23 and in Income Statement

**B. Disclosure as per requirement of Schedule XI, Part II, Para 4:**

**Payment/Perquisites to Directors & Managers**

Complied and Disclosed in Note- 38

**C. Disclosure as per requirement of Schedule XI, Part II, Para 7:**

Details of production capacity utilization:

Particulars	Installed Capacity (In MT)	Actual Production (In MT)	Capacity Utilization
<b>2018-2019</b> Annual Production capacity	6,200	4,224	68.13%
<b>2017-2018</b> Annual Production capacity	4,500	3,143	69.84%

Due to the operation of the newly installed Tunnel Kiln, the production and sales of the factory has increased.

**D. Disclosure as per requirement of Schedule XI, Part II, Para 8 (C) :**

Raw materials:

Items	Total Purchase (BDT)		Consumption (BDT)		% of consumption of total purchase	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Raw materials	115,709,810	102,909,404	124,079,857	100,117,228	107.23%	97.29%
Spare parts	4,939,440	9,680,709	5,059,147	6,262,162	102.42%	64.69%
Packing materials	20,618,088	17,251,244	20,677,428	17,149,899	100.29%	99.41%
<b>Total</b>	<b>141,267,338</b>	<b>129,841,357</b>	<b>149,816,432</b>	<b>123,529,289</b>		

**Value of export:**

Particulars	In foreign currencies (US\$)	In BDT
Export	11,742.60	975,671

i) The company has not incurred any expenditure in foreign currencies for the period from 01 July, 2018 to 30 June, 2019 on account of royalty, know-how, professional fees, consultancy fees and interest;

ii) The company has not earned any foreign exchanges for royalty, know-how, professional fees, consultancy fees and interest;

iii) The Company has not remitted any foreign currencies on account of dividend.

**STANDARD CERAMIC INDUSTRIES LTD.**  
Amin Court (3rd Floor), 62-63 Motijheel C/A, Dhaka-1000.

**PROXY FORM**

I .....  
of ..... being a member hereby appoint  
Mr. /Mrs. /Ms. ....  
of .....  
as my proxy to attend and vote for me and on my behalf at the 35<sup>th</sup> Annual General Meeting of the Company to be  
held on December 28, 2019 at 10:00 A.M and at any adjournment thereof. As witness my hand this  
.....  
..... day of 2019.

\_\_\_\_\_  
(Signature of the Proxy)

Date :

\_\_\_\_\_  
(Signature of the witness)

Register Folio/BO ID No.

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**Note:** A member entitles 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 Head Office of the Company not less than 48 hours  
before the time fixed for holding the meeting.

SIGNATURE VERIFIED

\_\_\_\_\_  
(AUTHORISED SIGNATURE)

**STANDARD CERAMIC INDUSTRIES LTD.**

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

Identification card to attend 35th AGM on 28.12.2019

I, the under signed ..... or my Proxy or Mr./Mrs./Ms.....  
hereby record(s) presence at the 35th Annual General Meeting of 2019.

Name of Shareholder: .....

Address : .....

Numbers of Share: .....

Register Folio/BO ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
Signature of the Shareholder

**Note:** Please fill -in the blanks & present the card at the entrance.



A Partial view of the Shareholders at the 34th Annual General Meeting.



## **Standard Ceramic Industries Ltd.**

**(Manufacturer of Stoneware Tableware)**

Amin Court (3rd Floor), 62-63 Motijheel Commercial Area, Dhaka, Bangladesh.

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**E-mail :** [info@standardceramic.net](mailto:info@standardceramic.net), **Web:** [www.standardceramic.net](http://www.standardceramic.net)

Factory : Saydana, K.B Bazar, Joydebpur, Gazipur-1700

