simtex

Largest Bangladeshi
Sewing Thread Manufacturer

20 YEARS
OF EXCELLENCE

Annual Report 2019

www.simtexgroup.com

TABLE OF CONTENTS

Letter of Transmittal 01

Notice of the 12th Annual General Meeting 02

Corporate Information 03

Brief History of the Company 04

Vision & Mission Statement 05

Board of Directors and Management of the Company 06

Brief Profile of the Board of Directors 07

Message From The Chairman 09

Message From The Managing Director 11

Directors' Report to the Shareholders 13

Management Discussion and Analysis on Financial Position and Performance 19

Financial Highlights 20

Event Highlights & Photographs of New Machineries in Operation 22

CEO & CFO's Declaration to the Board of Directors 26

Certificate of Compliance of Corporate Governance Code 27

Report on Compliance of Corporate Governance Code 28

Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 41

Audit Committee Report 42

Report of the Nomination and Remuneration Committee 44

Information Relating to Capital Structure 46

Status of Credit Rating 47

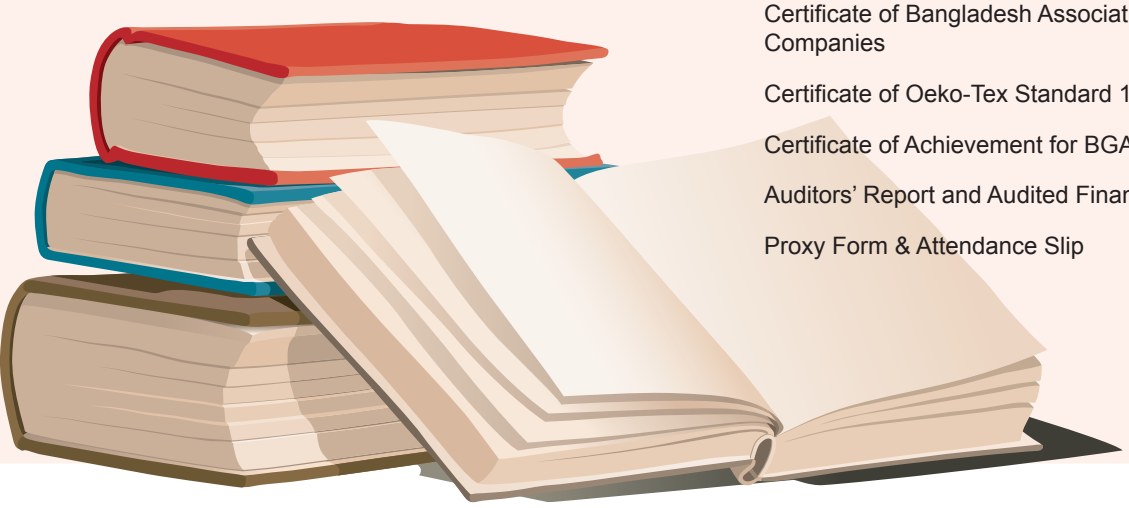
Certificate of Bangladesh Association of Publicly Listed Companies 48

Certificate of Oeko-Tex Standard 100 49

Certificate of Achievement for BGAPMEA 50

Auditors' Report and Audited Financial Statements 51

Proxy Form & Attendance Slip 73



LETTER OF TRANSMITTAL

The Shareholders
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSC)
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: Annual Report for the year ended 30 June 2019.

Dear Sir(s),

We are pleased to enclose herewith a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at 30 June 2019, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year ended on 30 June 2019, and along with notes thereon of Simtex Industries Limited for your kind information and record.

Thanking you

Sincerely Yours'

Ashis Kumar Saha
Company Secretary

Simtex Industries Limited

Khagan, Birulia, Savar, Dhaka-1341

NOTICE OF THE 12TH ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Simtex Industries Limited that the 12th Annual General Meeting (AGM) of the Company will be held on Thursday, 26 December 2019 at 10:30 a.m.at the RAOWA Convention Hall, Hall No. 3 (Eagle) VIP Road, Mohakhali, Dhaka-1206 to transact the following business:

AGENDA

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2019, together with the report of the Directors' and Auditors' thereon
02. To declare dividend as recommended by the Board of Directors.
03. To elect Directors as per Articles of Association of the Company and to approve retirement and appointment of Directors and fix their remuneration.
04. To appoint statutory Auditors of the Company and Professionals for compliance of corporate governance code and fix their remuneration

By order of the Board

Ashis Kumar Saha
Company Secretary

Dated, Dhaka
10 December 2019

Note:

01. The Shareholders whose names will appear in the Share Register of the Company or Depositary Register of CDBL as on the Record Date i.e. November 21, 2019 will be eligible to attend the 12th Annual General Meeting (AGM) and qualify for the dividend.
02. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. Proxy form, must be affixed with requisite revenue stamp and must be submitted at the registered office of the Company, not more than 48 hours before the time fixed for the meeting.
03. Admission to the meeting will be strictly depending on production of the attendance slip sent with the notice as well as verification of signature of Members/ (s) and/or Proxy holder/(s).
04. Shareholders are requested to update their BO account with ETIN in their respective Brokerage House to avoid deduction of 15% tax instead of 10% for individuals as per Section 54 of the amended Income Tax Ordinance, 1984.

N.B: In compliance with Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated October 24, 2013, no gift/gift coupon/food box/benefit in cash or in kind shall be distributed/paid to the Shareholders for attending the 12th Annual General Meeting.

CORPORATE PROFILE

Name of the Company	:	**Simtex Industries Limited**
Legal Status	:	A Public Company limited by shares registered under Companies Act,1994 and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Date of Incorporation	:	C-67047(4539)/2007 dated: 29.05.2007
Commencement of Commercial Operation	:	July 01, 2009
Production Capacity	:	43.20 Million Cones per year
Registered Office	:	Khagan, Birulia, Savar, Dhaka-1341, Bangladesh
Factory	:	Khagan, Birulia, Savar, Dhaka-1341, Bangladesh
Nature of Business	:	Manufacturer of Sewing Thread
Authorized Capital	:	BDT 1,000 Million
Paid Up Capital	:	BDT 758.05 Million
Date of Approval for IPO	:	July 23, 2015
Date of Listing with DSE	:	November 03, 2015
Date of Listing with CSE	:	October 29, 2015
Principal Bankers	:	Trust Bank Ltd., Millennium Corporate Branch, Dhaka. Southeast Bank Ltd., Principal Branch, Motijheel, Dhaka.
Auditors	:	Ahmed Zaker & Company, Chartered Accountants 89, Kakrail, Green City Edge (Level -10), Dhaka -1000
Professionals for Compliance of Corporate Governance Code	:	Mazumdar Sikder and Associates, Cost and Management Accountants 105/A (3rd Floor), Kakrail, Dhaka - 1000
Tax Consultants	:	Mandal & Company, Chartered Accountants Eastern Mansion (10th Floor), 67/9 Kakrail, Dhaka -1000
Credit Rating Agency	:	Credit Rating Information and Services Ltd. (CRISL). Nakshi Homes (1st, 4th & 5th Floor), 6/1/A Segun Bagicha, Dhaka-1000.
Company's Website	:	www.simtexgroup.com
E-mail	:	info@simtexgroup.com

BRIEF HISTORY OF THE COMPANY

Simtex Industries Limited started its long and prosperous journey in a small infrastructural facility at Mirpur, Dhaka with the vision to bring revolution in Sewing Thread business.

Since its launch Simtex has grown to become the country's leading Sewing Thread manufacturer with adequate production capacity to capture major market share.

The Company was registered as a private company limited by shares with the Registrar of Joint Stock Companies and Firms Bangladesh, Dhaka under Companies Act, 1994 and subsequently it was converted into a public limited Company and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. We moved to our current plant located at Khagan, Birulia, Savar to utilize a more sophisticated and modern facility and get improved productivity and quality. We started our commercial operation from the Savar plant in 2009. Our growth rate in terms of both financial and production capacity is enormous.

VISION STATEMENT

To become the market leader of the sewing thread industry through increased productivity, advanced technological application to attain quality and absolute customer satisfaction by leveraging on the strengths of our well experienced professionals and infrastructural advantages within this decade.

MISSION STATEMENT

To meet up the market needs through a closer working relationship with business partners, innovative manufacturing process and maintaining quality customer service

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Board of Directors

Ms. Hafiza Khanam	Chairman
Mr. Neaz Rahman Shaqib	Managing Director
Mr. Md. Ensan Ali Sheikh	Director
Mr. Md. Yunus Ali	Independent Director
Mr. Md. Akram Hossain	Independent Director

Audit Committee

Mr. Md. Yunus Ali Independent Director	Chairman
Mr. Md. Ensan Ali Sheikh Director	Member
Mr. Md. Akram Hossain Independent Director	Member
Mr. Ashis Kumar Saha Company Secretary	Member Secretary

Chief Financial Officer

Mr. Zafran Tareque Chowdhury, ACA

Company Secretary

Mr. Ashis Kumar Saha

PROFILE OF THE BOARD OF DIRECTORS

Ms. Hafiza Khanam
Chairman

Ms. Hafiza Khanam has been elected as Chairman of the Board of Directors of Simtex Industries Limited with effect of April 21, 2019. Prior to that she has been associated with the company as a director in the Board for very long period and acquired in-depth knowledge about the business of the Company. She will be able to provide guidance to the Company in the right direction while chairing the Board. Ms. Hafiza Khanam is a social entrepreneur creating opportunities to grow and make a difference in the arena where she lives in.

Mr. Neaz Rahman Shaqib
Managing Director

Mr. Neaz Rahman Shaqib has been appointed as a Director of the Board of Directors and also elected as the Managing Director of Simtex Industries Limited with effect from April 21, 2019 succeeding his beloved father and the founder of Simtex Industries Limited Mr. Md Siddiqur Rahman. The step has been taken for transition of Management of the Company to the young generation. Alongside playing his due role in the management of the Company as Managing Director, he is in the final stage of completion of his under graduation from a reputed University with a major in Economics, along with a double minor in Business Administration and communication. Mr. Shaqib has been gathering knowledge for long period of time regarding the management of Simtex alongside his father and former Managing Director to be able to lead the Company as and when needed. The company has trusts in him that he will lead Simtex to newer heights while keeping true to the company's mission & vision.

Md. Ensan Ali Sheikh
Director

Mr. Md. Ensan Ali Sheikh is one of the Directors of Simtex Industries Limited. He completed his graduation in science from the University of Rajshahi. He is a man of wisdom and an energetic business man. Mr. Ensan is involved with different social and charitable organizations.

Mr. Md. Yunus Ali
Independent Director

Mr. Md. Yunus Ali is the Independent Director of Simtex Industries Limited.He had long carrier for 41 years in Banking. During his carrier, he worked with Janata Bank Ltd., Sonali Bank Ltd., Jamuna Bank Ltd. and Social Islami Bank Ltd. in different capabilities including Chief Executive of Janata Bank Ltd. UAE Branch, Abu Dhabi, General Manager of Janata Bank Ltd. and Deputy Managing Director of Social Islami Bank Ltd. He obtained B.Com. (Hon's) & M.Com. (Major in Management) from the University of Rajshahi.

Mr. Md. Akram Hossain
Independent Director

Mr. Md. Akram Hossain is another one of our Independent Directors. Mr. Hossain obtained his Masters in Social Welfare from the University of Dhaka. He worked especially in credit management, documentary credit and also other departments of banking in Janata Bank Limited. He earned his professional qualification - PGD in Personnel Management from BIM, Diplomaed Associates of the Institute of Bankers Bangladesh (DAIBB) from the Institute of Bankers Bangladesh & LLB from Dhaka University. With over 32 years' experience in banking, he makes pragmatic contributions in Simtex's board meetings.

MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Respected Members, Shareholders and Other Stakeholders,

Assalamualaikum
It is a great pleasure for me to be here with you at the 12th Annual General Meeting of Simtex Industries Limited. On behalf of the Board of Directors and myself, I express my heartfelt thanks and profound gratitude to you for your support and confidence. It is also my privilege to present to you Company's Annual Report for the year ended June 30, 2019 along with our business performance.

Simtex Industries Limited performed well during the year 2018-2019. We believe that our endeavors and teamwork have enabled the Company to maintain its profitability under competitive industry scenario. Our relentless endeavor is to create value for investment of the shareholders who have pledged their trust on us over the years.

In 2019, the Company has maintained its stable profit from operation. It is expected that positive trend will continue in the coming years. Based on performance and business results the Board has recommended 9% Cash dividend for shareholders, excluding the Sponsors and Directors and 5% Stock dividend for all Shareholders totaling 14% for the year 2018-2019.

Simtex Industries Limited recognizes that its people are its most valuable asset. Accordingly, Company continued its programs for development of its human resources being the key contributor to Company's success. We value the contributions of our employees to the organization and adopted policy to reward them accordingly.

At Simtex we are working for a better future for our stakeholders, buyers, employees and society at large. At this occasion, I would like to thank the employees, without whose efforts and commitment we would not have earned such a strong position. I would like to extend my gratitude to the Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Central Depository Bangladesh Limited and our numerous shareholders for their valuable guidance, support and cooperation at the time of our needs. Our commitment is to attain our cherished mission through execution of prudent business strategies while ensuring that we contribute positively towards the furtherance of our national economy.

Yours sincerely

Ms. Hafiza Khanam
Chairman

MESSAGE FROM THE **MANAGING DIRECTOR**

Bismillahir Rahmanir Rahim

It is a great pleasure and privilege for me to attend this 12th Annual General Meeting of Simtex Industries Limited along with our distinguished shareholders. I am delighted to announce that 2018-2019 has been a successful year for the Company. During this year the Company has also maintained its volume of revenue and profitability under highly competitive industry scenario by means of improvement in the quality of products and customer satisfaction.

Simtex Industries Limited is the second largest Sewing Thread manufacturer and exporter of Bangladesh. We have to ensure perfection in terms of Quality, Pricing and Timeliness of our product as before and we are striving to stay likewise in the years ahead.

Though it is not very perceptible and comprises a very small fragment of the retail selling price of a garment, sewing thread is an integral component of the apparel product. Typically, the cost of thread is less than 5% of the retail selling price. As the vast majority of seams in garments are held together by sewing thread, it is important to recognize that 50% of the charisma of the garment's performance is derived from the sewing thread.

I believe that dedication and commitment of all our employees towards our customers have been the main driving force in our successful performance. Accordingly, I would thank our devoted workforce and would expect their similar dedication in future. At the same time, I would also like to thank the members of the Board of Directors for their continued support to the Management of the Company. I also acknowledge with gratitude the relentlessness backing and cooperation of our numerous stakeholders and earnestly thank them for their continued trust and confidence on us.

Thanking You

Neaz Rahman Shaqib
Managing Director

DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamualaikum

On behalf of the Board of Directors of Simtex Industries Limited, I welcome you all to the 12th Annual General Meeting. It is a pleasure to present to you the Audited Financial Statements of the Company for the year ended June 30, 2019, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies Act 1994, Listing regulations of DSE and CSE, the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), International Financial Reporting Statndards, International Accounting Standards, and other applicable rules & regulations.

Background

Simtex Industries Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) on May 29, 2007 and was converted to a Public Limited Company on November 15, 2012 under the Companies Act, 1994. The Company floated for Initial Public Offering of shares in July 2015 which was fully subscribed and issued. The Company was listed with Dhaka Stock Exchange Limited (DSE) on November 03, 2015 and Chittagong Stock Exchanges Limited (CSE) on 29 October 2015. The Authorized capital of the company is Tk. 1,000 million and paid-up capital 758.05 million.

Revenue

You are aware that the Company is a 100% deemed exporter, engaged solely in the business of manufacturing of Sewing Thread, used in the export-oriented garments industry. The turnover of the Company stood at Taka 144.85 Crore in 2018-19. The textile sector is passing through hard time in recent era internationally. Yet the efficient and prudent management has enabled the company to avoid financial adversity and has earned profit.

The operating financial results of the Company for the year 2018-2019 as compared to previous year are summarized hereunder:

Particulars	2018-2019	2017-2018
Turnover	1,448,580,502	1,402,761,909
Gross Profit	313,844,087	304,314,288
Financial Expenses	57,550,261	57,110,897
Other Income	2,415,226	9,943,391
Net Profit Before Tax (NPBT)	172,735,170	178,409,179
Provision for Taxation	20,671,701	32,154,411
Net Profit After Tax (NPAT)	152,063,469	146,254,768
Gross Margin (Turnover)	21.67%	21.69%
Net Margin Before Tax	11.92%	12.72%
Net Margin After Tax	10.50%	10.43%
Earnings Per Share (EPS) BDT.	2.01	1.93
Number of Shares used to compute EPS	75,805,125	75,805,125

The company has been operating in the market for a long time with reputation and commitment. With long experience in sewing thread manufacturing, we are confident and believe that we can hold on our reputation as a quality manufacturer. We have plans to add other items of sewing thread in our product line.

Segment Reporting

The company operates only in one segment, which is the manufacturing through the process of Dyeing & Conning/winding of Sewing Thread.

Risk and concerns

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to change in strategy in the international market might hamper the production and profitability. Changes in forex rates might also affect the pricing and thereby the profitability of the Company.

The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide.

Similarly, risks factors of the industry depend on the Government polices as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue to enjoy similar care and consideration from policymakers in the future. In the same way, sewing thread industry also will enjoy this benefit. Unless any policy change that may negatively and materially affect the industry as a whole, the business of the company is expected not to be affected in the short run.

A position on cost of goods sold, gross margin and net profit margin

Profit from Operation	2018-2019		2017-2018	
	Amount	Percentage	Amount	Percentage
Turnover	1,448,580,502	100%	1,402,761,909	100%
Cost of Goods Sold	1,134,736,415	78.33%	1,098,447,621	78.31
Gross Profit	313,844,087	21.67%	304,314,288	21.69%
Net Profit for the year	152,063,469	10.50%	146,254,768	10.43%

Discussion on continuity of extraordinary gain or loss

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. As for the Company, there was no such gain or loss during the year under reporting.

Related party transactions

Related party transactions are presented in note no. 2.16 of the notes to the financial statements.

Significant variance of financial statements

No significant variation occurred between quarterly and final results of the Company during the year ended 30 June 2019.

Investment Planning

Company is pursuing with a prudent plan for investment in capital assets and working capital in line with the goal of the company.

Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018:

Board Size:

The number of members in the Board of Directors of the Company is five including two Independent Directors in line with notification given by BSEC.

Independent Directors

In terms of the provision under CGG, the Board of Directors had appointed Mr. Md. Yunus Ali and Mr. Md. Akram Hossain as the Independent Directors of the company for a period of three years till 29 July 2021 and 14 April 2022 respectively. They are well versed and experienced persons.

Qualification of Independence Director

Mr. Md. Yunus Ali is a professional experienced in the corporate industry. He completed M.Com. and B.Com.(Hon's) major in Management from the University of Rajshahi. Mr. Md. Akram Hossain is also a retired banker and specialist in the field of credit management, documentary credit etc. They are vast experienced in Banking, Accounting, Company Law and other matters.

Chief Financial Officer, Company Secretary, Head of Internal Audit
As per corporate governance guidelines of BSEC, the company has allocated the responsibilities of the officials as follows:

Chief Financial Officer	: Mr. Zafran Tareque Chowdhury, ACA
Company Secretary	: Mr. Ashis Kumar Saha
Head of Internal Audit	: Mr. Kobirul Islam (CA CC)

Audit Committee
The Audit Committee, as a sub-committee of the Board has been constituted with an Independent Director as Chairman and two other Directors as members. The Company Secretary acts as Secretary to the Audit Committee. This committee assists the Board of the company in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The roles and functions of the Audit Committee have been stated in the annual audit committee report and it is annexed herewith.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee, as a sub-committee of the Board of Director has been constituted with three board of directors with one Independent director as a chairman. The company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee assists 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 of the company. NRC is responsible to the Board of Directors and its roles and responsibilities are clearly set forth.Since the corporate governance code has been adopted on 3 June 2018, we have been taking necessary steps to comply it.

External Statutory Auditors
The BSEC guidelines are being strictly followed in engaging statutory Auditors for the Company.

Maintaining a website
The company has been maintaining an official website www.simtexgroup.com which is linked with the website of the stock exchange.

Subsidiary Company
The company has no subsidiary company whatsoever.

Duties of CEO & CFO
The provision of BSEC regulations have been compiled in the Annual Report.

Directors' Appointment and Re-Appointment
With regard to the appointment, retirement and re-appointment of directors, the company is governed by its Articles of Association, the Companies Act 1994 and other related legislation. Accordingly, the following retired Directors and appointment of new directors will be approved in the annual general meeting:

Retired Directors:

1) Mr. Md Siddiqur Rahman
2) Ms. Mahfuza Rahman Baby

Newly Appointed Directors:

1) Mr. Neaz Rahman Shaqib
2) Mr. Md. Akram Hossain

Shareholding pattern

The shareholding of directors at the end of 30 June 2019 is shown as below:

	Name of the shareholders	Position	Shares held	%
a.	**Parent/Subsidiary/Associated companies and other related parties**	Nil	Nil	Nil
b.	**Directors, Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their Spouse and Minor Children:**			
	Ms. Hafiza Khanam	Chairman	1,419,330	2.15%
	Mr. Neaz Rahman Shaqib	Managing Director	2,275,000	3.00%
	Mr. Md. Ensan Ali Sheikh	Director	1,419,330	2.15%
	Mr. Md. Yunus Ali	Independent Director	Nil	Nil
	Mr. Md. Akram Hossain	Independent Director	Nil	Nil
	Mr. Zafran Tareque Chowdhury, ACA	Chief Financial Officer	Nil	Nil
	Mr. Ashis Kumar Saha	Company Secretary	Nil	Nil
	Mr. Kobirul Islam	Head of Internal Audit	Nil	Nil
c.	**Executives**	-	Nil	Nil
d.	**Shareholders holding 10% or more voting interest in the company**	Mr. Md. Siddiqur Rahman	16,728,739	25.38%

Directors involved in other Companies:

Name of Directors	Position in SIL	Involved in Other Company	Position
Ms. Hafiza Khanam	Chairman	-	-
Mr. Neaz Rahman Shaqib	Managing Director	-	-
Mr. Md. Ensan Ali Sheikh	Director	-	-
Mr. Md. Yunus Ali	Independent Director	-	-
Mr. Md. Akram Hossain	Independent Director	-	-

Board Meeting and Attendance

During the year, 11 (Eleven) nos. Board of Directors Meeting were held. The attendance record of the directors is as given below:

Name of Directors	Meeting Held During His/Her Duration	Attendance
Ms. Mahfuza Rahman Baby	07	07
Mr. Md Siddiqur Rahman	07	07
Ms. Hafiza Khanam	11	11
Mr. Neaz Rahman Shaqib	04	04
Mr. Md. Ensan Ali Sheikh	11	11
Mr . Md. Yunus Ali	11	11
Mr . Md. Akram Hossain	04	04

Director's remuneration

Directors' remuneration is shown in the note no. 21 of the notes to the Financial Statements.

Statement of Directors on Financial Reports

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018, the Directors are also pleased to confirm the following:

a) The financial statements together with notes thereon have been drawn up in conformity with the Companies Act., 1994 and The Securities and Exchange Rules, 1987. These statements present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements.

e) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholdersacting either directly or indirectly and have effective means of redress.

f) The system of internal control is sound and has been implemented and monitored effectively.

g) No bonus shares or stock dividend has been or shall be declared as interim dividend.

h) Management discussion and analysis signed by MD presenting detailed analysis of the company's position and operations along with a brief discussion on changes in the financial statements. Page No. 19

i) The key operating and financial data for the last five years. Page No.20

Going Concern

While approving the financial statements, the directors have made appropriate inquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the Company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the Company has adequate resources to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing the financial statements.

Significant deviation of Operating Result

There is no significant deviation from the last year's operating result of the Company.

Dividend

The Board of Directors has recommended 9% cash dividend for shareholders excluding Directors and Sponsors and 5% stock dividend for all shareholders.

Particulars	2018-2019	2017-2018
Profit availableProfit available for appropriation:	**Amount in Taka**	**Amount in Taka**
Profit/loss after Tax	152,063,469	146,254,768
Un-appropriated profit brought forward from previous year	360,937,434	346,517,666
Prior Adjustment (over provision of Tax)	-	-
Total Amount available for appropriation	513,000,903	492,772,434
Appropriation		
Closing Retained Earning at year end (Before proposed final dividend)	513,000,903	492,772,434
Proposed Dividend for the year 2019 (9% cash for shareholders excluding Directors and Sponsors and 5% stock for all shareholders) (in 2018: 5% cash and 15% stock)	85,189,034	131,835,000
Retained Earnings after proposed dividend	427,811,869	360,937,434

Statutory Auditors

The Auditors of the Company, Ahmed Zaker & Company, Chartered Accountants 89, Kakrail, Green City Edge (Level 10), Dhaka-1000 has carried out the audit of the company for the year ended 30 June 2019. They were appointed as Statutory Auditor in 11th AGM. As per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015 existing auditor is eligible for re-appointment. Accordingly, the Board of Directors has recommended re-appointment of Ahmed Zaker & Company, Chartered Accountants 89, Kakrail, Green City Edge (Level 10), Dhaka-1000. A proposal for appointment of M/S Ahmed Zaker & Company, Chartered Accountants as auditor for the year 2019-20 of the Company will be placed in the forthcoming 12th AGM for shareholder's approval and fixation of their fees.

Professionals for Compliance of Corporate Governance Code

The Board has appointed Podder & Associates, Cost and Management Accountants, 6/A/1, Segunbagicha (Ground Floor), Dhaka-1000 as professional for report on Compliance Governance Code for the year 2019-20 and will be placed in the forthcoming 12th AGM for shareholder's approval and fixation of their fees.

Acknowledgment

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their wholehearted co-operation and active support.

We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Registrar of Joint Stock Companies & Firms (RJSC), Central Depository Bangladesh Limited (CDBL), Government and private sector Organization and many others for extending co-operation and support to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year.

I, on behalf of the board of the directors, take the opportunity to inform you that we welcome any suggestions and opinion to improve our Company performance and financial stability.

Thanking you

On behalf of the Board of Directors

Ms. Hafiza Khanam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND PERFORMANCE

Bangladesh has been enjoying a strong macroeconomic stability for a decade. Constant 6% plus economic growth has been witnessed in this decade. As per provisional estimate of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 8.13% in FY2018-19, which was 7.86% in previous fiscal year. It is forecasted 8% plus in this FY 2019-2020. Per capita income has been increasing constantly and it is predicted that it would be USD 1909 in the fiscal year 2018-2019. Earlier it was USD 1,751 in 2017-18, which was USD 1,610 in FY 2016-17. All are eyeing to be middle income country by 2027. In the fiscal year 2019-2020, in the first quarter, our export growth has been slumped due to low demand from our exporting countries and we hope in the coming months it will be recovered with the concerted effort by the government and business communities. Forex Reserve is around USD 32 billion and it is facing huge pressure because of high import as huge development works are underway in the country. However, government has taken new initiatives by providing 2% cash incentives for foreign remittance. We hope that it will boost up foreign reserve or at least manage the downward pressure on forex reserve because of high import.

For last five financial years the company generated moderate growth in sales. In 2015, sales stood Tk. 1,364 million and now in 2019 sales stand Tk. 1,449 million. In line with sales, net profit after tax had been increased from around Tk. 97 million in 2015 to Tk. 152 million in 2019. In the last five financial years, net operating cash flow per share was positive. In the backdrop of above scenario, it indicates the company is moving forward and it has good promise in the long run.

Accounting policy and estimation for preparing financial statements have been remained same as before. Hence, there is no effect in this regard.

As far as risks are concerned, Simtex Industries Limited. is exposed to foreign exchange risk, inflation risk. Foreign exchange risk is trade-off between export and import. As we have to make less payment against export earning, foreign exchange risk is mitigated. In terms of inflation, this is adjusted in sales price. Hence, Company can mitigate this risk as well.

Neaz Rahman

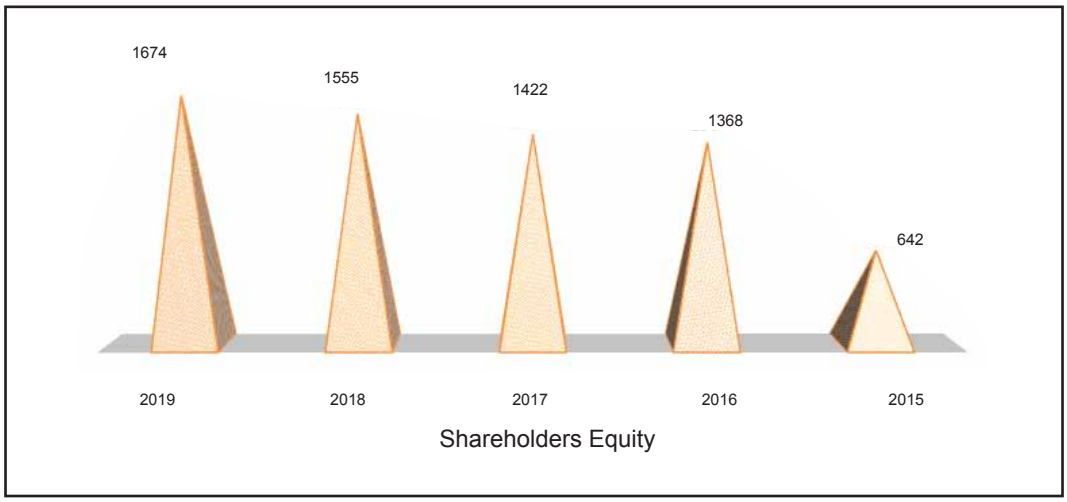
Neaz Rahman Shaqib
Managing Director

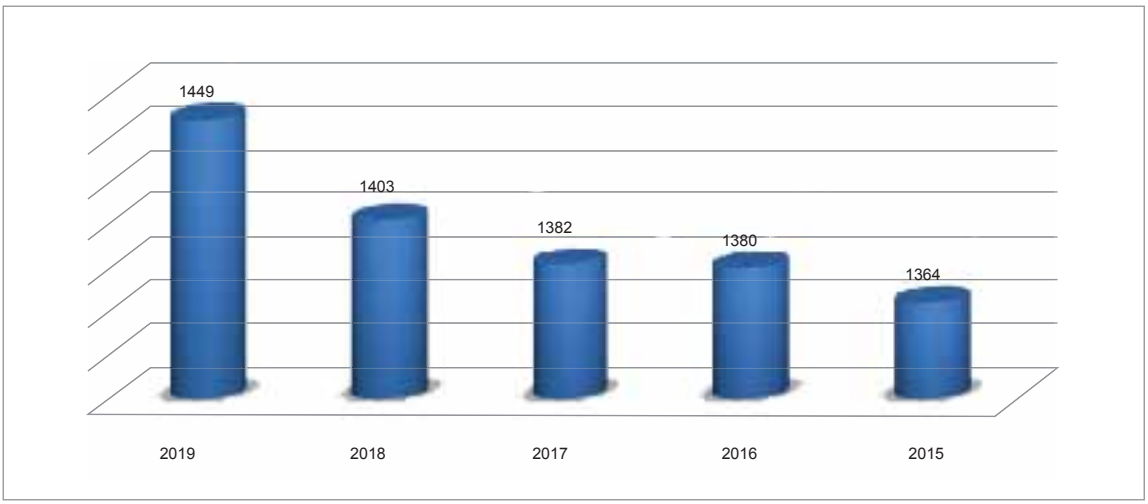
FINANCIAL HIGHLIGHTS

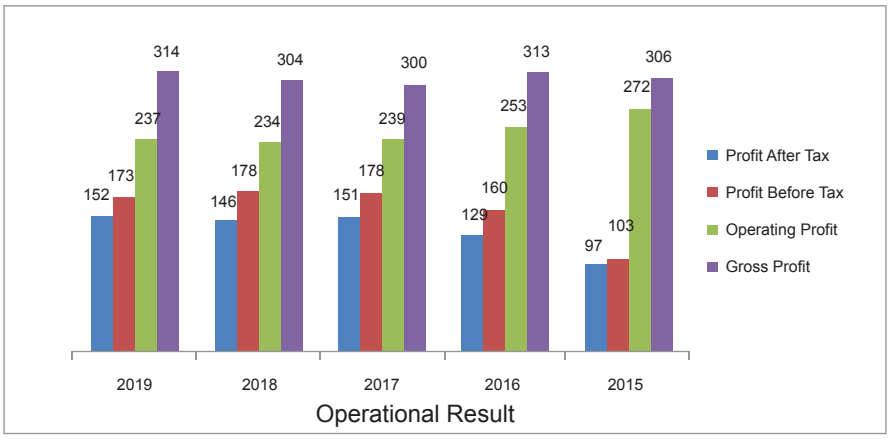
Operational Result	Amount in Taka				
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Turnover	1,448,580,502	1,402,761,909	1,381,538,367	1,380,435,126	1,364,024,239
Gross Profit	313,844,087	304,314,288	299,831,797	313,087,748	305,568,713
Profit from Operation	237,184,015	234,408,292	238,640,497	252,534,564	271,603,169
Net Profit before tax	172,735,170	178,409,179	178,301,301	159,629,251	103,260,237
Net Profit after Tax	152,063,469	146,254,768	150,879,178	128,828,447	96,617,480
Net Operating Cash Flows per Share	2.30	2.13	4.36	1.08	4.57
Financial Position	**30 June 2019**	**30 June 2018**	**30 June 2017**	**30 June 2016**	**30 June 2015**
Non-Current Assets	1,252,610,395	1,120,342,267	936,399,361	831,396,032	837,717,122
Current Assets	999,517,585	951,186,899	961,649,838	1,038,728,639	601,585,719
Shareholder's Equity	1,674,721,052	1,555,562,166	1,422,233,924	1,368,246,302	642,239,409
Current Liability	271,631,356	240,793,631	200,915,340	157,811,096	363,874,999
Long Term Liability	305,775,572	243,955,690	248,342,860	323,382,992	417,771,816
Key Financial Ratio	**30 June 2019**	**30 June 2018**	**30 June 2017**	**30 June 2016**	**30 June 2015**
Current Ratio	3.68	3.95	4.79	6.58	1.65
Quick Ratio	2.42	2.34	3.53	5.09	1.04
Debt to Equity Ratio	0.26	0.24	0.26	0.37	1.24
Net Income Ratio (%)	10.50%	10.43%	10.92%	9.33%	7.08%
Return on Equity (%)	9.41%	9.82%	10.81%	12.82%	16.03%
Earnings Per Share	2.01	2.22	2.52	2.54	3.36

Financial Highlights in the form of Graphical Representation

Amount in Million







Event Highlights

11th Annual General Meeting

Annual Picnic

Achievement

BGAPMEA EXPORT TROPHY- 2018

New Machineries in Operation

CEO & CFO'S DECLARATION

Date: 28.10.2019

Board of Directors
Simtex Industries Limited.
Khagan, Birulia, Savar, Dhaka

Subject: Declaration on Financial Statement for the year ended on 30 June 2019

Dear Sir,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/2017/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that

(1) The Financial Statements of Simtex Industries Limited for the year ended on 30 June 2019 have been prepared incompliance 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, inorder 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 presentedin 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 thatmight 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.

Sincerely yours,

Neaz Rahman Shaqib
Managing Director

Zafran Tareque Chowdhury ACA
Chief Financial Officer (CFO)

Annexure-B
[Certificate as per condition No. 1(5) (xxvii)]

MAZUMDAR SIKDER AND ASSOCIATES
Cost & Management Accountants

Report to the Shareholders of Simtex Industries Limited on compliance on the Corporate Governance Code

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

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

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

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

(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.

For Mazumdar Sikder and Associates
Cost & Management Accountants

Place -Dhaka.
Date- November 23 , 2019

Sd/-
Md. Salauddin Sikder FCMA
Senior Partner

105/A (3rd Floor), Kakrail, Dhaka - 1000, Phone: 02-8300376, Fax: 02-8300375

Annexure- C
[As per condition No. 1(5)(xxvii)]

Simtex Industries Ltd.

Status of Compliance with the Corporate Governance Code (CGC)

"Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:"

(Report under Condition No. 9)

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1	**Board of Directors**			
1(1)	**Size of the Board of Directors**			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	√		
1(2)	**Independent Directors**			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1(2)(b)	**For the purpose of this clause 'independent director'means a director-**			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or 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 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 independent director in more than 5 (five) listed companies;	√		
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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 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 and approved by the shareholders in the Annual General Meeting (AGM);	√		Mr. Md. Akram Hossain, Independent director has been appointed on 15.04.2019 by the board of directors and to be placed before the shareholders for approval in the 12th AGM.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		No Such event occured
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) tenure 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 laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1(3)(b)	**Independent Director shall have following qualifications**			
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; or	-	-	
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;	√	-	
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	√	-	

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-	-	
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√	-	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission;			No such issue arose
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director 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 Shareholders:**			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-	√		
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 Extra-Ordinary activities and their implications (gain or loss);			No such issue arose
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			IPO proceed has been utilized within 30. 06. 2018
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;	√		No such issue arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;			No such matter to explain
1(5)(x)	A statement of remuneration paid to the directors including independent directors	√		
1(5)(xi)	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)	Proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	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)	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)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	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)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	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;			No such matter to explain
1(5)(xix)	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;			The BOD has declared dividend
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;	√		
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);	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiii)(d)	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 or 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)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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;	√		
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)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	**Governance of Board of Directors of Subsidiary Company**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	-	-	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	N/A

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**			
3(1)	**Appointment**			
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 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).	√		
3(2)	**Requirement to attend Board of Directors' Meetings:**			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.	√		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
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; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards 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 in violation of the code of conduct for the company's Board or its members	√		
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	**Board of Directors' Committee:-** For ensuring good governance in the company, the Board shall have at least following subcommittees:			

Condition No.	Title	Complied	Not Complied	Remarks (If any)
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	**Audit Committee**			
5(1)	**Responsibility to the Board of Directors**			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	**Constitution of the Audit Committee**			
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 member 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)	**Chairperson of the Audit Committee**			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such Incident arose

Condition No.	Title	Complied	Not Complied	Remarks (If any)
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√		
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee:** 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 purposes stated in relevant offer document or prospectus approved by the Commission:	√		
5(6)	**Reporting of the Audit Committee**			
5(6)(a)	**Reporting to the Board of Directors**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			

Condition No.	Title	Complied	Not Complied	Remarks (If any)
5(6)(a)(ii)(a)	report on conflicts of interests;			No such Incident arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incident arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incident arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such Incident arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such Incident arose
5(6)(b)	**Reporting to the Authorities:** 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 Incident 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 No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	**Nomination and Remuneration Committee (NRC)**			
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 members of the Committee shall be non-executive directors;	√		
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such Incident arose
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;			No such Incident arose
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;			No such Incident arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	**Meeting of the NRC**			
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;			No such Incident arose
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)	Role of the NRC	√		
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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;	√		
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.	√		
7	**External or Statutory Auditors**			
7(1)	The issuer company 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 systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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.	√		No such incident arose
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 (AGM or EGM) to answer the queries of the shareholders.	√		
8	**Maintaining a website by the Company**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	**Reporting and Compliance of Corporate Governance**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

Name of the Accounting Standards	Ref. No.	Status of Application
Financial Instruments : Disclosure	IFRS-7	Applied
Financial Instruments	IFRS-9	Applied
Fair Value Measurement	IFRS-13	Applied
Revenue from Contacts with Customers	IFRS-15	Applied
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition & Measurement	IAS-39	Applied

AUDIT COMMITTEE REPORT
(FOR THE YEAR ENDED 30 JUNE 2019)

Dear Shareholders
Simtex Industries Limited established an audit committee as a sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the financial statement reflects true and fair view.

Composition of Audit Committee
As per requirements of BSEC circular, The Board of Directors of Simtex Industries Limited formed an Audit Committee headed by Company's Independent Director Mr. Md. Yunus Ali. The Committee is composed of 3 (three) members of the Board. The members of the Audit Committee are as follows:

Mr. Md. Yunus Ali Independent Director	Chairman
Mr. Md. Ensan Ali Sheikh Director	Member
Mr. Md. Akram Hossain Independent Director	Member
Mr. Ashis Kumar Saha Company Secretary	Member Secretary

Audit Committee Meeting Attendance record of the Members

Name	Position	Meeting Held	Meeting Attended
Mr. Md. Yunus Ali	Chairman	4	4
Mr. Md. Ensan Ali Sheikh	Member		4
Ms. Hafiza Khanam (Retired)	Member		3
Mr. Md. Akram Hossain (Newly Appointed)	Member		1

The Role and Responsibilities of the Audit Committee
The Role and Responsibilities of the Audit committee are clearly mentioned in the Compliance of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 condition no 5.5. The key responsibilities of the Audit Committee are as follows.

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control Risk management process.
- Oversee hiring and performance of external auditors
- Review along with the Management, the Annual Financial Statements before submission to the board for approval.
- Review along with the management, the quarterly and half-yearly Financial Statements before submission to the Board for approval.
- Review the adequacy of internal Audit function.
- Review statement of significant related party transactions submitted by the management.
- Review Management letter/Letter of Internal Control weakness issued by statuary auditors.

During the period under report the committee met four times and its activities includes:

- The financial statements of the quarterly, half yearly and the full year were reviewed by the committee and subsequently recommended to the Board for adoption consideration and circulation as per the requirement of Bangladesh Securities & Exchange Commission.
- The committee also reviewed the audited financial statements of the Company for the year ended June 30, 2019 this reviews incorporated the accounting policies and key judgments and estimates underpinning financial statements as disclosed in Notes to the Accounts.
- The committee also reviewed the work of the internal audit department and made suggestionsfor improvement.
- The committee reviewed the compliance with existing laws and regulation.
- Approved the internal audit plan.
- Reviewed the effectiveness and independence of the Statuary auditors and recommended re-appointment of external auditors.

On behalf of the Committee
Md. Yunus Ali
Chairman, Audit Committee

Report of the Nomination and Remuneration Committee (NRC)

The Company has formed a Nomination and Remuneration Committee (NRC) as per notification no. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018.

Members of NRC:
The committee consists of 3 members; which is as follows:

1. Mr. Md. Yunus Ali	Chairperson
2. Mr. Md. Ensan Ali Sheikh	Member
3. Mr. Md. Akram Hossain	Member
4. Mr. Ashis Kumar Saha	Member Secretary

The main role of the Committee is to assist and advise the Board on the Company's remuneration policy for the Board and key management personnel, drive diversity and inclusion in the organization, guide standards of behavior and culture code, ensure appropriate processes for performance-related pay in order to motivate and retain executives and ensure that the Company is able to attract the best talent in the market in order to maximize shareholder value.
During this year, the Committee held 1 (One) meeting, complying with the requirement of at least one meeting to be held during the year.

NRC Meeting Attendance record of the Members

Name	Position	Meeting Held	Meeting Attended
Mr. Md. Yunus Ali	Chairman	1	1
Mr. Md. Ensan Ali Sheikh	Member		1
Mr. Md. Akram Hossain	Member		1

Terms of Reference:
The terms of reference of the Committee as set out by the Nomination & Remuneration Committee which was adopted by the Board during the year under review. The Committee shall oversee, among others, the following matters and shall recommend the following for review and/or approval of the Board, as the case may be:

i. the criteria for determining qualifications, positive attributes and independence of a director
ii. a policy relating to the remuneration of the directors, top level executive, considering the following:
   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
   b. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   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;
iii. a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
iv. the plan in relation to identification of 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;
v. the criteria for evaluation of performance of independent directors and the Board;
vi. the plan or proposal on company's needs for employees at different levels and the selection, transfer or replacement and promotion criteria/ principles; and
vii. the annual exercise on the developments, recommendations and review of the company's human resources and training policies;

Major Activities during the year:
During the year under review, the Committee carried out the following activities:

a. Reviewed and ratified the uniform Code of Conduct for the Company which would is also applicable to members of the Board and key management personnel or top-level executives which was adopted by the Board

b. Reviewed the available document of the Company which underlies all aspects of individual and collective perfor mance and functioning of the Company

c. Reviewed the core human resources principles and philosophy of the Company including recruitment, performance evaluation across all levels of members and talent value proposition of the Company

The NRC Committee expressed their sincere thanks to the members of the Board and Management of the company for their support in carrying out its duties and responsibilities effectively. The Committee will proceed to function by adopting and adhering to a calendar or plan for the year and monitor progress on the same.

On behalf of the Committee
Md. Yunus Ali
Chairperson
Nomination and Remuneration Committee

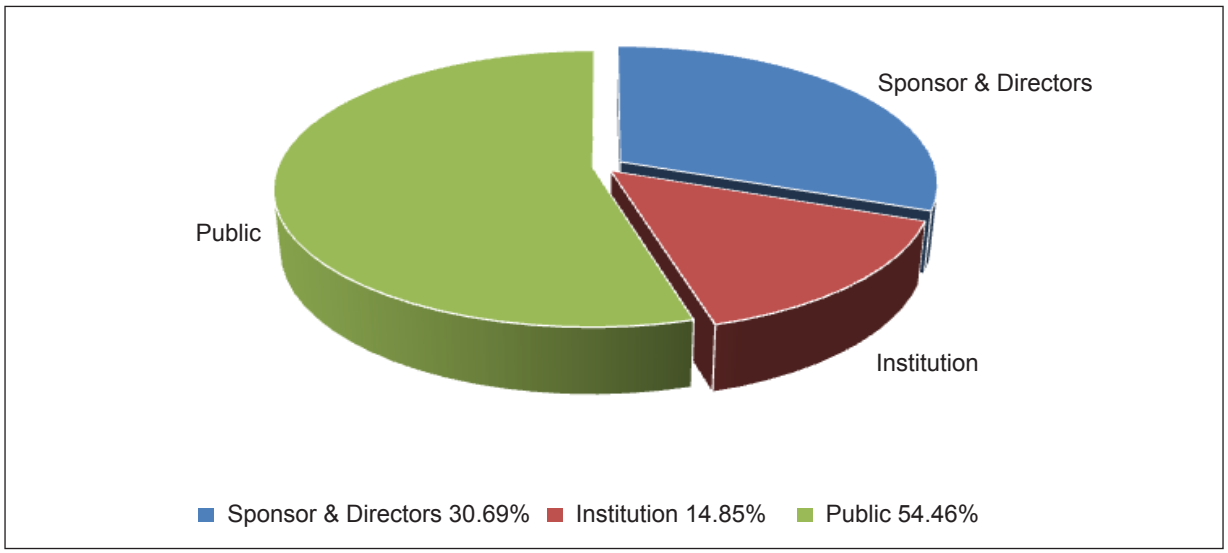
INFORMATION RELATING TO COMPANY CAPITAL

SimtexIndustries Limited is the second largest sewing thread manufacturer in Bangladesh. The Company started its business with paid-up Capital TK. 6.00 million and now it's existing paid-up capital stands at 758.051 million. Authorized Capital of the Company is TK. 1000 million. In 2015 the Company raised its paid-up capital by TK. 300 million through IPO. The Company is listed with DSE and CSE. The Capital Structure of the Company is the nominated as under:

Particulars	Amount in Taka	Percentage
Sponsor & Director:	232,646,010/-	30.69%
Institution:	112,603,640/-	14.85%
Public:	412,801,600/-	54.46%
	75,8051,250/-	**100%**

The Range of Shareholding as on 30 June, 2019

Particulars of Investors	Number of Shareholders	Number of Shares	Percentage of Shareholders %
1 to 500 Shares	3,091	889,655	1.17
501 to 5,000 shares	1,195	2,621,218	3.46
5,001 to 10,000 shares	304	2,351,594	3.10
10,001 to 20,000 shares	238	3,541,416	4.67
20,001 to 30,000 shares	132	3,424,973	4.52
30,001 to 40,000 shares	52	1,869,229	2.47
40,001 to 50,000 shares	31	1,409,821	1.86
50,001 to 100,000 shares	75	5,451,322	7.19
100,001 to 1,000,000 shares	78	25,384,899	33.49
Over 1,000,000	8	28,860,998	38.07
Total	**5,204**	**75,805,125**	**100.00**



CREDIT RATING

Simtex Industries Limited has been rated as A (Pronounced as single A) forlong-term credit rating and ST-3 for Short-term credit rating by Credit Rating Information and Services Ltd. (CRISL) based on audited financial statements up to 30 June, 2019, Bank liability position as on 30 April, 2019 and other available information up to the date of rating declaration. The date of rating was on 7 May, 2019. The outlook on the rating is Stable.

CREDIT RATING INFORMATION AND SERVICES LIMITED

CREDIT RATING REPORT - RATIONALE

Nakshi Homes (4th & 5th Floor)
6/1A, Segunbagicha, Dhaka 1000, Bangladesh
Tel: 88-02-9513700 - 1, Fax: 88-02-9565781,
Email: crisl@bdonline.com

CRISL

A Joint Venture Rating Agency of
Rating Agency Malaysia Berhad (RAM), Malaysia, JCR-VIS Credit Rating Company Ltd., Pakistan, Investment Corporation of Bangladesh, ABN Amro Pakistan and Sponsors of Bangladesh

Setting Global Standard at National Level

CRISL/CER/229/2019

SIMTEX INDUSTRIES LIMITED

RATING SPECIFICS

DATE OF RATING	May 07, 2019	**EXPIRY ON:** May 06, 2020
BASIS OF RATING	Financials and other relevant information up-to the date of rating	
RATING DETAILS	**Long Term**	**Short Term**
Entity Rating	A	ST-3
Outlook	Stable	
Bank Facilities Ratings		
Bank/FI	Mode Of Exposure (Figures in Million)	Rating
Trust Bank Limited	TLO* TK.266.09	*blr* A
	WCLL** TK.1,258.96	
Southeast Bank Limited	WCLL** TK.480.00	*blr* A
NCC Bank Limited	LTO* TK.9.56	*blr* A

**TLO- Term loan outstanding & **WCLL- Working capital loan limit*

CRISL has reaffirmed the Long Term rating to 'A' (pronounced as single A) and the Short Term rating to 'ST-3' of Simtex Industries Limited ('SIL') based on both relevant qualitative and quantitative information up to the date of rating. The above ratings have been reassigned based on some fundamentals of the company, which includes the rating affirmations reflect equity based capital structure, stability in financial performance, regular loan repayment history, experienced management team etc. The above factors are however constrained to some extent by moderate infrastructure facility, operational and maintenance risk exposure to price fluctuation risk etc.

The Long Term rating implies that entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The Short Term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to financial markets is good with small risk factors.

CRISL also views the company with "Stable Outlook" for its steady business growth and consistent fundamentals and believes that the company will able to maintain its fundamentals with the same trend in foreseeable future.

Sarwat Amina
EVP and Head of Operations

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2019/003

BAPLC

Date of issue : January 16, 2019

Renewed Certificate

This is to certify that

SIMTEX INDUSTRIES LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December **2019.**

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES BAPLC

Secretary-General

HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schlossstraße 1, 74357 Bönnigheim, Germany

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company

Simtex Industries Limited
Khagan, Birulia
Savar, Dhaka - 1341, BANGLADESH

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **19.0.87062**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
07.KA.53099 HOHENSTEIN HTTI

for the following articles:

Sewing, embroidery and filament thread made of 100 % polyester and 100 % polyamide, white, disperse and acid dyed; produced by using materials certified according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 07.KA.53099 is valid until 31.10.2020

Boennigheim, 01.10.2019

Dipl.-Ing. (FH) Monne Schramm
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Genferstrasse 23 | P.O. Box 2006 | CH-8027 Zurich

BGAPMEA

Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association

Certificate of Achievement for BGAPMEA Export Trophy-2018

*SIMTEX INDUSTRIES LTD., **Dhaka** has awarded for BGAPMEA Export Trophy-2018 for his outstanding contribution of export during January-December, 2017 as a recognition.*

*This Silver trophy has given as an exporter of **Direct Export** Category of Accessories & Packaging Sector.*

Md. Abdul Kader Khan
President
BGAPMEA

Dhaka, 20th January, 2019

Independent Auditors' Report

To the shareholders of Simtex Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Simtex Industries Limited ('The Company"), which comprise the Statement of Financial Position as at 30 June 2019, and Statement of profit or loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement 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 opinion on these matters.

Risk	Our response to the risk
Valuation of inventory	
The inventory of Tk. 285,665,190 was carried as on 30 June, 2019 in the statement of financial position and held in warehouses and across multiple product lines in factory. Inventories are carried at the lower of cost and net realizable value. As a result, the management applies judgment in determining the appropriate values for slow-moving or obsolete items.	We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by: ■ Evaluating the design and implementation of key inventory controls operating across the factory. ■ Attending & observing the physical inventory counts and reconciling the count results to the inventory listing to test the completeness of data. ■ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; and challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete. ■ 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;
See note no. 8.00 to the financial statements	

Revenue Recognition	
During the year, the Company recognized sales revenue of BDT 1,448,580,502. All of the Company's sales are made under sales invoice, delivery challan. Its products primarily comprise sale of Sewing thread. Revenue is recognized at the point of delivery from factory. Since sales revenue is used as one of the primary indicators of the Company in measuring its financial performance, we identified sales revenue as one of our key audit matters to be emphasized during our audit. As all sales are transferred from USD currency to BDT, there is a risk that foreign exchange gain/loss might not be correctly recognized in the Financial Statements.	We have tested the design and operating effectiveness of key controls focusing on the following: ■ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. ■ Segregation of duties in invoice creation and modification and timing of revenue recognition. ■ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. ■ Obtaining supporting documentation for sale transac tion recorded either side of year end to determine whether revenue was recognized in the current period. ■ Comparing sales revenue recognized in the state ment of profit or loss & other comprehensive income with sales revenue declared on VAT return submitted to VAT Authority. ■ Comparing few samples of revenue transactions recognized during the year with the sale invoices, Delivery Challan, Bank Certificate and other relevant underlying documentation. ■ Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
See note no 19.00 to the statement of profit or loss & other comprehensive income.	

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 auditor's 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 and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs where practicable, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The companies Act, 1994 requires the management to ensure effective internal audit, internal control and risk management factions of theCompany.

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.

Auditors' 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 circumstances.

- 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 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 disclosers 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 event in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statement we are responsible for the direction, supervision and performance of the Company audit. We solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations.

c) The statement of Financial Position, Statement of profit or loss & other Comprehensive Income, of the Company dealt with by the report are in agreement with the books of account and returns;

d) The expenditures incurred were for the purpose of the Company's business.

Place: Dhaka
Dated: 28 October, 2019

Ahmed Zaker & Co.
Chartered Accountants
(A.K.M. Mohitul Haq, FCA)
Senior Partner

Simtex Industries Limited
Statement of Financial Position
As at 30 June 2019

PARTICULARS	Notes	Amount in Taka	
		30.06.2019	30.06.2018
ASSETS			
A : NON-CURRENT ASSETS		**1,252,610,395**	**1,120,342,267**
Property, Plant & Equipment	3	1,113,032,652	921,879,674
Capital Work in Progress	4	139,577,743	198,462,593
B: CURRENT ASSETS		**999,517,585**	**951,186,899**
Accounts Receivable	5	496,143,085	448,744,547
Investment in Share	6	-	91,035
Advance, Deposit & Prepayments	7	137,925,740	119,816,533
Inventory	8	285,665,190	267,241,224
Goods in Transit	9	57,546,059	32,445,121
Cash & Cash Equivalent	10	22,237,511	82,848,439
TOTAL ASSETS (A+B)		**2,252,127,980**	**2,071,529,166**
SHAREHOLDERS EQUITY & LIABILITIES			
C : SHAREHOLDERS EQUITY		**1,674,721,052**	**1,555,562,166**
Share Capital	11	758,051,250	659,175,000
Share Premium		300,000,000	300,000,000
Revaluation Reserve		103,668,899	103,668,899
Other Comprehensive Income		-	(54,167)
Retained Earnings		513,000,903	492,772,434
D : NON-CURRENT LIABILITIES		**305,775,572**	**275,173,369**
Long term Loan Net off Current Portion	12	265,961,073	243,955,690
Deferred Tax	13	39,814,499	31,217,679
E : CURRENT LIABILITIES		**271,631,356**	**240,793,630**
Accounts Payable	14	1,526,600	1,654,800
Short term Loan from Bank & Others	15	75,605,897	45,524,433
Unclaimed IPO Fund		323,782	437,782
Current portion of Long Term Loan	16	91,572,984	82,204,590
Liabilities For Expenses	17	23,040,140	24,787,578
Dividend Payable		6,853,967	5,716,016
Provision For Income Tax	18	72,707,986	80,468,431
TOTAL EQUITY & LIABILITIES (C+D+E)		**2,252,127,980**	**2,071,529,166**
Net Assets value (NAV) Per Share	29	**22.09**	**23.60**

The annexed notes (1-30) form an integral part of these financial statements.

Chairman **Managing Director** **Director** **Chief Financial Officer**

Signed as per our annexed report of even date.

Company Secretary

Dated: October 28, 2019
Dhaka

Ahmed Zaker & Co.
Chartered Accountants

Simtex Industries Limited

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2019

	PARTICULARS	Notes	Amount in Taka 01.07.2018 to 30.06.2019	Amount in Taka 01.07.2017 to 30.06.2018
(A)	Turnover	19	1,448,580,502	1,402,761,909
(B)	Cost of Goods Sold	20	1,134,736,415	1,098,447,621
(C)	**Gross Profit (A - B)**		**313,844,087**	**304,314,288**
(D)	**Operating Expenses**		**76,660,072**	**69,905,996**
	Administrative Expenses	21	66,377,283	60,039,115
	Selling & Distribution Expenses	22	10,282,789	9,866,881
(E)	**Profit from Operation(C-D)**		**237,184,015**	**234,408,292**
(F)	Financial Expenses	23	57,550,261	57,110,897
(G)	Foreign Exchange Gain/(Loss)		(677,051)	88,852
(H)	Other Income/Loss	24	2,415,226	9,943,391
(I)	**Net Profit Before WPPF(E-F+G+H)**		**181,371,929**	**187,329,638**
(J)	Workers Profit Perticipation Fund		8,636,759	8,920,459
(K)	**Net Profit Before Tax(I-J)**		**172,735,170**	**178,409,179**
	Less: Provision for Tax:		**20,671,701**	**32,154,411**
	Current Tax	25	12,074,881	27,493,807
	Deferred Tax	26	8,596,820	4,660,604
	Net Profit After Tax		**152,063,469**	**146,254,768**
	Other Comprehensive Income		-	(941,526)
	Total Comprehensive Income		**152,063,469**	**145,313,242**
	Earnings Per Share	27	**2.01**	**1.93**

The annexed notes (1-30) form an integral part of these financial statements.

Chairman **Managing Director** **Director** **Chief Financial Officer**

Company Secretary

Signed as per our annexed report of even date.

Dated: October 28, 2019
Dhaka

Ahmed Zaker & Co.
Chartered Accountants

Simtex Industries Limited
Statement of Changes in Equity
For the year ended 30 June 2019

PARTICULARS	Amount in Taka					
	Share Capital	Share Premium	Revaluation Surplus	Other Comprehensive income	Retained Earnings	Total
Balance as on 01.07.2018	659,175,000	300,000,000	103,668,899	(54,167)	492,772,434	1,555,562,166
Stock Dividend Issued (15%)	98,876,250	-	-	-	(98,876,250)	-
Cash Dividend Issued (5%)	-	-	-	-	(32,958,750)	(32,958,750)
Addition during the year	-	-	-	54,167	-	54,167
Net Profit during the year	-	-	-	-	152,063,469	152,063,469
Balance as on 30.06.2019	**758,051,250**	**300,000,000**	**103,668,899**	**-**	**513,000,903**	**1,674,721,052**

Simtex Industries Limited
Statement of Changes in Equity
For the year ended 30 June 2018

PARTICULARS	Amount in Taka					
	Share Capital	Share Premium	Revaluation Surplus	Other Comprehensive income	Retained Earnings	Total
Balance as on 01.07.2017	599,250,000	300,000,000	103,668,899	887,359	418,427,666	1,422,233,924
Stock Dividend Issued (10%)	59,925,000	-	-	(59,925,000)	-	
Cash Dividend Issued (2%)	-	-	-	-	(11,985,000)	(11,985,000)
Addition during the year	-	-	-	(941,526)	-	(941,526)
Net Profit during the year	-	-	-	-	146,254,768	146,254,768
Balance as on 30.06.2018	**659,175,000**	**300,000,000**	**103,668,899**	**(54,167)**	**492,772,434**	**1,555,562,166**

The annexed notes (1-30) form an integral part of these financial statements.

Chairman **Managing Director** **Director** **Chief Financial Officer**

Company Secretary

Signed as per our annexed report of even date.

Dated: October 28, 2019
Dhaka

Simtex Industries Limited
Statement of Cash Flows
For the year ended 30 June 2019

PARTICULARS	Amount in Taka	
	01.07.2018 to 30.06.2019	01.07.2017 to 30.06.2018
Cash Flow from Operating Activities:		
Cash Collection From Turnover & Others	1,401,181,964	1,340,483,982
Cash Paid to Suppliers, Employee & Others	(1,204,457,635)	(1,178,677,290)
Cash Genarated from Operation	**196,724,329**	**161,806,692**
Income Tax Paid	(22,514,003)	(21,690,965)
Net Cash flow from Operating Activities:(A)	**174,210,326**	**140,115,727**
Cash Flows from Investing Activities:		
Investment in Share	95,615	8,911,715
Received from Interest and Dividend Income	2,477,209	8,145,988
Payment for Acquisition of Property, Plant & Equipment	(62,797,678)	(48,458,994)
Advance for Acquisition of Property, Plant & Equipment	(8,431,786)	(5,000,000)
Payment for Capital Work in Progress	(139,577,743)	(198,462,593)
Received from disposal of Property Plant & Equipment	2,120,000	-
Net Cash used in Investing Activities:(B)	**(206,114,383)**	**(234,863,884)**
Cash flow from Financing Activities		
Payment of Cash Dividend	(31,820,799)	(11,113,693)
Payment of IPO Subscription Fund	(114,000)	-
Payment of Interest	(57,550,261)	(57,110,897)
Net Long Term Loan Received/Payment	29,450,407	(15,403,103)
Net Short Term Loan Received/Payment	29,550,808	21,504,524
Net Cash flow from Financing Activities:(C)	**(30,483,845)**	**(62,123,169)**
Net increase/decrease in cash & Cash equivalents:(A+B+C)	**(62,387,902)**	**(156,871,326)**
Cash & Cash equivalents at the beginning of the year	82,848,439	239,630,912
Foreign Exchange Gain/(Loss)	1,776,975	88,852
Closing Cash & Cash equivalents at the end of the year	**22,237,511**	**82,848,439**
Net operating cashflows per share (NOCFPS)	**2.30**	**2.13**

The annexed notes (1-30) form an integral part of these financial statements.

Chairman **Managing Director** **Director** **Chief Financial Officer**

Company Secretary

Signed as per our annexed report of even date.

Dated: October 28, 2019
Dhaka

SIMTEX INDUSTRIES LIMITED
Notes to the Financial Statements
For the year ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1.01 Legal form of the Enterprise:

The company namely Simtex Industries Limited was incorporated as private limited company with the issuance of certificate of incorporation bearing no.C-67047(4539)/2007 dated May 29, 2007 by the Registrar of Joint Stock Companies & Firms. Subsequently the company has been converted into Public Limited Company in 2012. The Company was listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchanges (CSE) in 2015.

1.02 Registered Office of the Company:

Registered Office of the Company is located at Khagan, Birulia, Savar, Dhaka, Bangladesh.

1.03 Principal activities and nature of the business:

The principal activities and nature of the business of the company is to carry on a Dyeing & Conning/winding of sewing thread.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Preparation of Financial Statements

The Financial Statements of the Company are prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities Exchange Rules 1987 and other applicable laws & regulation in Bangladesh.

2.01 Going Concern:

This financial statement has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation.

The company has adequate resources to continue its operation for the foreseeable future. As such, the directors intended to adopt the going concern basis is preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.02 Changes in Accounting Policies & Estimates:

The preparation of these financial statements is in conformity with IAS/IFRS which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

2.03 Cash Flow Statement:

Cash flow statement is prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method". A reconciliation of net profit with cash flows from operating activities making adjustment for non-cash items, for non-operating items and for the net changes in operating accruals is disclosed

2.04 Property, Plant, Equipment and Depreciation:

All Property, Plant and Equipment are stated at cost less accumulated depreciation except Land and land development as per IAS-16 “Property, Plant and Equipment”. The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non- refundable taxes.

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied with the item will flow to and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

Depreciation has been charged on Property, Plant and Equipment under reducing balance method and depreciation has been charged on addition of assets during the year when it is put in to available for use.
The annual rates of depreciation applicable to the principal categories of fixed assets are:

Kind of assets	Rate of Depreciation
a) Land & Developments	0%
b) Building & Fabricated Shade	10%
c) Plant & Machinery	10%
d) Trolley	10%
e) Gas and Electrical Line	10%
f) Electrical Equipment	10%
g) Spare parts and Tools	10%
h) Transport & Vehicle	10%
i) Office Equipment	10%
j) Furniture & Fixture	10%
k) Shade Book	15%
l) Int. Panton Book	15%
m) Air Condition	10%
n) Crockery	10%
o) Software	20%

2.05 Revaluation of Property, Plant and Equipment (Land):
Land of the company was revalued and certified by the valuer M/S Ata Khan & Co. Chartered Accountants in their valuation report dated December 31, 2012 and accordingly account for by the company. The Board of Directors of the company has approved the valuation report to incorporate in the accounts dated December 31, 2012.

2.06 Investment in Securities:
Investment in quoted shares is initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at market value at reporting date. Net of unrealized gain and loss has been recognized in the statement of Profit & Loss and other Comprehensive Income.

2.07 Revenue Recognition:
In compliance with the requirements of IFRS - 15 Revenue from Contacts with Customers, revenue from receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

2.08 Impairment:
In accordance with the provision of "IAS-36" Impairment of Assets the carrying amount of non financial assets other than inventories are reviewed to determine whether there is any indication of impairment. No such indication of impairment has risen till the date of audit.

2.09 Financial Instrument:
Derivative
According to IFRS-7, "Financial Instruments Disclosures" the company was not a party to any derivative contract (financial instruments) at the Balance Sheet Date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

Non-Derivative
Non-derivative financial instruments comprise of accounts and other receivable, borrowings and other payables and are shown at transaction cost as per IAS-39 "Financial Instruments: Recognition and Measurement".

2.10 Valuation of Current Assets:
Accounts Receivable:
These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount was provided for as bad debt in the current year accounts.

Inventories:
In compliance with the requirements of IAS 2 "Inventories" & with Schedule XI Part-II of the Companies Act 1994, the Inventories have been valued at Cost or Net Realizable value whichever is lower, which is consistent with the previous year practice. Net realizable value is based on estimated selling price in the ordinary course of business less any further cost expected to be incurred to make the sale.

2.11 Creditors and Accrued Expenses:
Liabilities are recognized for amounts to be paid in the future for goods and services received whether or not billed by the supplier.

2.12 Employee Benefit Plan:
The Company has Contributory Provident Fund plan which contribute both employer & employee an equal amount. The company has introduced Workers Profit Participation and Welfare Fund (WPPF) for the employees and made provision @5% on net profit before Tax accordingly.

2.13 Number of Employees:
During the year under review, the number of employees stands at 673 and each Employee has been receiving minimum remuneration of Tk. 5,710/= and above per month. There was no part-time employee in the Company during the Year under audit.

2.14 Capacity Utilization

	2018-2019 Cones	2017-2018 Cones
Total Production Capacity in Cones	43,200,000	37,500,000
Capacity Utilization in Cones	28,043,628	27,886,292
Capacity Utilization for the year	64.92%	73.24%

2.15 Capital expenditure commitment:
There was no capital expenditure commitment during the year.

2.16 Related party disclosure:
Related party is considered if the party is related to the company and exerts significant influence over the day to day transactions of the subject gain as per IAS-24. The following related party transactions have been appeared during the year.

NAME	TYPE OF TRANSACTION	AMOUNT (Tk.)
Mrs. Hafiza Khanam	Remuneration and Board Meeting Fees	813,000
Mr. Md. Siddiqur Rahman	Remuneration and Board Meeting Fees	521,000
Mrs. Mahfuza Rahman	Remuneration and Board Meeting Fees	521,000
Mr. Md. Ensan Ali Sheikh	Remuneration and Board Meeting Fees	783,000
Mr. Md. Yunus Ali	Board Meeting Fees	33,000
Mr. Md. Akram Hossain	Board Meeting Fees	12,000
Mr. Md. Siddiqur Rahman	Loan	12,450,000

2.17 Event after the Balance Sheet Date:
As per IAS-10 “Event after the Balance Sheet Date” are those event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Subsequent to the Statements of Financial Position date, the Board of Directors in their meeting held on October 28, 2019 recommended 9% cash dividend for shareholders excluding Directors and Sponsors and 5% stock dividend to all shareholders held at record date for the year ended 30 June 2019. The dividend proposal is subject to shareholders’ approval at the forthcoming Annual General Meeting.

2.18 Functional and Presentational Currency:
Realization and payments in foreign currency are converted into the local currency at the rate of exchange prevailing on the date of receives and payments respectively, as such any gain or loss arisen out of transactions in foreign currency is charged to the related items as per IAS-21.The financial statements are prepared in Bangladeshi Taka which is the Company’s functional currency.

2.19 Taxation:

Provision for Taxation:

Provision for current income tax has been made at the rate of 15% on business income and tax provision on other income as prescribed in the Income Tax ordinance, 1984 on the accounting profit made by the Company in compliance with IAS-12 “Income Taxes".

Deferred Tax:

Deferred tax is provided for all temporary differences comprising between the tax base of assets and liabilities and their carrying amounts in financial statements in accordance with the provision of IAS-12. During the year the Company has recognized for Deferred Tax as per provision of IAS-12.

2.20 Borrowing Cost:

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using effective interest method. Borrowing cost incurred against loan for expansion of project has been capitalized under effective interest rate method as per IAS-23 “Borrowing Cost”.

2.21 Earnings per share:

The company calculates Earning per Share (EPS) in accordance with IAS-33 “Earning per Share”. The Earning per share has been calculated using weighted average method.

Basic Earnings: This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, monetary interest or any extra other ordinary items. The net profit after tax for the year has considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year: The basis of computation of number of shares is in line with the provision of IAS-33: Earnings per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the year.

Diluted Earnings per Share: Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of IAS-33. As the company has no dilutive potential ordinary shares, so diluted earnings per shares was not calculated.

2.22 Responsibility for preparation and presentation of financial statements:

The company’s management and the Board of Directors are responsible for the preparation and presentation of Financial Statements as per section 183 of the companies Act 1994 and the corporate Governance guideline provided by Bangladesh Securities and Exchange Commission (BSEC).

2.23 Authorization date for issuing Financial Statements:

The financial statements were authorized by the Board of Directors on October 28, 2019.

2.24 Components of the Financial Statements:

According to IAS 1 “Presentation of the Financial Statements” the complete set of financial statement includes the following components:

a) Statement of Financial Position as at June 30, 2019.
b) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019.
c) Statement of Changes in Equity for the year ended June 30, 2019.
d) Statement of Cash Flows for the year ended June 30, 2019.
e) Explanatory notes to the financial statements.

2.25 Comparative Information

Comparative information has been disclosed as required by IAS 34 ‘Interim Financial Reporting’ In respect of the previous year for all numerical information in the current financial statements.

Narrative and descriptive information for comparative information have also been disclosed whenever it is relevant for understanding of the current year’s financial statement.

2.26 General:

i) The figure has been rounded off to the nearest taka.
ii) The financial Statements have been prepared covering one year from July 01, 2018 to June 30, 2019.
iii) To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or re-stated or reclassified whenever considered necessary to conform to current year presentation.

Simtex Industries Limited
Note to the Financial Statement
As at 30 June 2019

	Amount in Taka	
	30.06.2019	30.06.2018
3.00 PROPERTY, PLANT AND EQUIPMENT: Tk. 1,113,032,652		
Opening Balance (at cost)	1,368,832,710	1,320,373,716
Add : Addition made during the year	261,260,271	48,458,994
Less: Disposal	(3,600,000)	-
Closing Balance	**1,626,492,981**	**1,368,832,710**
Less : Accumulated Depreciation	513,460,329	446,953,036
Written Down Value	**1,113,032,652**	**921,879,674**

Details of Property Plant & Equipment and Depreciation are shown in the annexed Schedule -A/1.

4.00 CAPITAL WORK IN PROGRESS: Tk. 139,577,743

This is made up as follows:

Opening Balance	198,462,593	-
Addition during the year	139,577,743	198,462,593
Transfer to Fixed Asset	(198,462,593)	-
	139,577,743	**198,462,593**

The above amount includes Building and machinery which will be transferred to Fixed Asset when it is available for use.

5.00 ACCOUNTS RECEIVABLE: Tk. 496,143,085

This is made up as follows:

Particulars			
Accounts Receivable		598,216,328	597,734,173
Less: Adjustment of Inland Bill Purchase	Note: 5.01	102,073,243	148,989,626
		496,143,085	**448,744,547**

i) The balance is represents dues from various parties against export sales. The balances are considered good and collectable. No bad debts were made during the year from the outstanding balances.

ii) No amount was due to managing partner, employees & Officers during the year

Aging of Accounts Receivable		
Dues within 6 months	598,216,328	597,734,173
Dues above 6 months	-	-
	598,216,328	**597,734,173**

5.01 ADJUSTMENT OF INLAND BILL PURCHASE (Net off Assets & Liabilities) : Tk. 102,073,243

This is made up as follows:

Particulars		
Trust Bank Limited Millennium Corporate Branch, Dhaka	102,073,243	148,989,626
	102,073,243	148,989,626

6.00 INVESTMENT : Tk. 0

The Investment is made up as under:

Investment in Shares (market value)	**-**	**91,035**

Simtex Industries Limited
Note to the Financial Statement
As at 30 June 2019

		Amount in Taka	
		30.06.2019	30.06.2018
7.00 ADVANCE, DEPOSITS & PREPAYMENTS: Tk. 137,925,740			
This is made up as follows:			
Particulars			
Advance, Deposit & Prepayments		**123,719,987**	**107,177,783**
Tax Deductions at Source	Note: 7.01	52,080,659	49,401,982
Advances against Expenses		26,513,211	21,325,420
Advances against Purchases		29,173,663	25,541,876
Prepaid Insurance Premium		1,306,854	1,232,805
Advance against Rent		195,000	240,000
Advance for Machineries		9,800,000	5,000,000
Advanced against Salary		4,650,600	4,435,700
Deposit		**14,205,753**	**12,638,750**
L/C Margin Deposit		8,042,393	6,441,486
Security Deposit	Note: 7.02	6,163,360	6,197,264
		137,925,740	**119,816,533**

7.01 Tax Deductions at source: Tk. 52,080,659

This is made up as follows:

Particulars		
Opening Balance	49,401,982	27,711,017
Addition during the year	7,963,480	10,236,839
AIT through payment order for Assessment year 2016-2017	1,961,360	11,454,126
AIT through payment order for Assessment year 2018-2019	12,589,163	-
Adjustment during the year for Assessment year 2016-2017	(19,835,326)	-
	52,080,659	**49,401,982**

7.02 SECURITY DEPOSIT: Tk. 6,163,360

This represents the amount deposit with utility provider in respect of:

Particulars		
Bank Guarantee Margin for Titas Gas	553,210	1,159,214
Electricity Demand note (REB)	1,713,800	1,713,800
Bangladesh Telegraph and Telephone Board (BTTB)	16,000	16,000
Titas Gas Transmission & Distribution Ltd.	3,750,350	3,258,250
Bank Guarantee Margin for Insurance	130,000	50,000
	6,163,360	**6,197,264**

8.00 INVENTORY: Tk. 285,665,190

Particulars	30.06.2019		30.06.2018	
	Qty.Kgs/ Pcs	Taka	Qty.Kgs/ Pcs	Taka
Raw material of Yarn	706,721 Kgs	188,149,122	692,924 Kgs	177,456,878
Raw material of Dyes & Chemical	93,981 Kgs	53,028,824	94,209 Kgs	45,788,957
Packing Materials	35,175 kgs & 3,101,736 pcs	13,578,866	24,385 kgs & 2,023,022 pcs	14,277,321
Work-in-process	70,153 Kgs	21,013,489	67,649 Kgs	18,642,313
Finished goods	208,489 Cones	9,894,888	233,509 cones	11,075,755
		285,665,190		**267,241,224**

9.00 GOODS in TRANSIT: Tk. 57,546,059

The above balance is made up as follows:

Raw Materials in Transit	**57,546,059**	**32,445,121**

The above balance represents goods in transit under various L/C.

Simtex Industries Limited
Note to the Financial Statement
As at 30 June 2019

			Amount in Taka	
			30.06.2019	30.06.2018
10.00	**CASH & CASH EQUIVALENT: Tk. 22,237,511**			
	This is made up as follows:			
	Cash in Hand		3,272,337	2,062,089
	Cash at Brokerage House (FAS Capital Management Limited)		-	1,455
	Cash at Brokerage House (IL Capital Limited)		-	(29,518)
	Cash at Bank	Note: 10.01	18,965,174	80,814,413
			22,237,511	**82,848,439**

10.01 CASH AT BANK: Tk. 18,965,174

The above has been made up as follows:

Particulars

Name of Bank	**A/C NO.**		
Jamuna Bank Ltd.	CD-8310	92,683	9,135
Trust Bank Ltd.	CD-011882	1,157	2,307
Trust Bank Ltd.	CD-118	1,860,327	639,090
Trust Bank Ltd.	SND-53	48,253	204,610
BRAC Bank Ltd.	CD-002	12,214	12,789
BRAC Bank Ltd.	FC-003	293,862	354,002
BRAC Bank Ltd.	FC-005	29,780	29,780
Trust Bank Ltd.	FDR	13,983,855	76,508,449
Trust Bank Ltd.	DAD-0031	731,380	2,441,675
Trust Bank Ltd.	SND-151	530,083	191,954
Mercantile Bank Ltd.	CD-3997	69,039	296,051
Southeast Bank Ltd.	CD-8059	384,496	-
Southeast Bank Ltd.	DAD-0592	19,123	-
NCC Bank Ltd.	CD-20020	210,108	2,812
Mercantile Bank Ltd.	CD-7632	698,815	121,759
		18,965,174	**80,814,413**

We have verified and reconciled the above Bank balances with the Bank statements as at June 30, 2019 and found correct.

11.00 SHARE CAPITAL: Tk. 758,051,250

This is made up as follows:

Particulars

Authorized Capital		
100,000,000 ordinary Shares of Tk.10 each	**1,000,000,000**	**1,000,000,000**
Issued, Subscribed & Paid up Capital		
58,750,000 Ordinary Shares of Tk.10 each fully paid-up in cash	587,500,000	587,500,000
1,7055,125 Ordinary shares of Tk. 10 each fully paid-up in bonus share	170,551,250	71,675,000
75,805,125 Ordinary Shares of Tk.10 each	**758,051,250**	**659,175,000**

The Distribution Schedule showing the number of Shareholders and corresponding holding percentage under DSE & CSE Listing Regulation 37 on June 30, 2019:

Simtex Industries Limited
Note to the Financial Statement
As at 30 June 2019

	Amount in Taka	
	30.06.2019	30.06.2018

Particulars of Investors	Number of Shareholders	Number of Shares	Percenage of Shareholding(%)
1 to 500 Shares	3,091	889,655	1.17
501 to 5,000 shares	1,195	2,621,218	3.46
5,001 to 10,000 shares	304	2,351,594	3.10
10,001 to 20,000 shares	238	3,541,416	4.67
20,001 to 30,000 shares	132	3,424,973	4.52
30,001 to 40,000 shares	52	1,869,229	2.47
40,001 to 50,000 shares	31	1,409,821	1.86
50,001 to 100,000 shares	75	5,451,322	7.19
100,001 to 1,000,000 shares	78	25,384,899	33.49
Over 1,000,000	8	28,860,998	38.07
Total	**5,204**	**75,805,125**	**100.00**

During the year the company Board has been reformed as per Board Meeting dated April 21, 2019.

12.00 LONG TERM LOAN FROM BANK & FINANCIAL INSTITUTION Tk. 265,961,073

Particulars		
Trust Bank Ltd.	357,534,056	313,862,687
NCC Bank Ltd.	-	12,297,593
Total Term Loan Outstanding	**357,534,056**	**326,160,280**
Less: Current Portion	91,572,984	82,204,590
	265,961,073	**243,955,690**

The loan sanctioned from Trust Bank Ltd against various Investment facilities through 6-year HPSM- Capital Machinery facility . This Loan is secured by registered mortgage of 695.19 Decimal land located at Khagan, Gouripur, Bashaid, Aukpara and Ashulia Dhaka, Capital Machineries and personal guarantee of all Directors of the Company. This Loan is repayable in 60 equal monthly installments as per sanction letter. The loan bears 11.50% interest which is subject to change time to time.

13.00 DEFERRED TAX : Tk. 39,814,499

Carrying Value	1,113,032,652	921,879,674
Tax Base	847,602,654	713,761,812
Temporary/(Deductible) Difference	**265,429,998**	**208,117,861**
Effective Tax Rate	15%	15%
Deferred Tax Liability/(Asset)	**39,814,499**	**31,217,679**

14.00 ACCOUNTS PAYABLE: Tk. 1,526,600

This is made up as follows:

Particulars		
Keya Packaging Industries.	149,000	149,000
Olympic Accessories Ltd.	-	626,500
M/S Simi Enterprise	553,000	204,000
Shaan Packeging Industries Ltd	142,500	-
Tanim Plastic Industries	552,100	22,400
Hawa Enterprise	130,000	460,000
M/S Jewel Packaging	-	192,900
	1,526,600	**1,654,800**

Simtex Industries Limited
Note to the Financial Statement
As at 30 June 2019

			Amount in Taka	
			30.06.2019	30.06.2018
15.00	**SHORT TERM LOAN FROM BANK & Others: Tk. 75,605,897**			
	This is made up as follows:			
	Particulars			
	Cash Credit Loan (CC)	Note: 15.01	7,105,247	21,724,544
	Deferred LC		56,050,650	23,799,889
	Other Loan (from Sponsors)		12,450,000	-
			75,605,897	**45,524,433**
15.01	**CASH CREDIT LOAN (CC): Tk. 7,105,247**			
	Name of Bank	**A/C NO.**		
	Southeast Bank Ltd.	CC-1717	2,741,914	16,956,210
	Trust Bank Ltd.	Bai Muajjal	4,363,333	4,768,334
			7,105,247	**21,724,544**
16.00	**CURRENT PORTION OF LONG TERM LOAN: Tk. 91,572,984**			
	This is made up as follows:			
	Particulars			
	Trust Bank Limited		91,572,984	77,740,590
	NCC Bank		-	4,464,000
			91,572,984	**82,204,590**
17.00	**LIABILITY FOR EXPENSES: Tk. 23,040,140**			
	This is made up as follows:			
	Particulars			
	Salary & Wages		9,627,180	9,012,992
	Electricity Bill		85,816	103,486
	Telephone and Mobile Bill		134,593	130,115
	Internet Bill		42,809	69,779
	Provident Fund		206,780	159,314
	Provision for WPPF		10,420,312	12,961,956
	Audit and Professional Fees		230,000	191,667
	Gas bill		2,292,650	2,158,269
			23,040,140	**24,787,578**
18.00	**PROVISION FOR INCOME TAX: Tk. 72,707,986**			
	This is made up as follows:			
	Particulars			
	Opening Balance		80,468,431	52,974,624
	Add: Provision for Current year tax	Note: 25.00	12,074,881	27,493,807
	Less: Adjustment during the year for Assessment year 2016-2017		(19,835,326)	-
	Closing Balance as on June 30, 2019		**72,707,986**	**80,468,431**
19.00	**TURNOVER: Tk. 1,448,580,502**			
	This is made up as follows:			
	Sales (19.01)	Note: 19.01	1,448,580,502	1,402,761,909
			1,448,580,502	**1,402,761,909**

Simtex Industries Limited
Note to the Financial Statement
For the year ended 30 June 2019

		Amount in Taka	
		30.06.2019	30.06.2018

19.01 SALES

Particulars	30.06.2019		30.06.2018	
	Qty(Kgs)	Taka	Qty(Kgs)	Taka
Sewing Thread	3,061,010	1,392,429,790	2,989,708	1,348,230,451
Poly Poly Core spun	5,549	6,526,859	5,419	6,358,051
Filament Thread	73,915	49,623,853	72,193	48,173,407
Total	**3,140,474**	**1,448,580,502**	**3,067,321**	**1,402,761,909**

20.00	**COST OF GOODS SOLD: Tk. 1,134,736,415**			
	Raw materials Consumption	Note: 20.01	801,681,490	782,237,998
	Dyes & Chemical Consumption	Note: 20.02	67,549,472	69,400,003
	Packing Materials Consumption	Note: 20.03	69,441,722	63,765,639
	Factory Overhead	Note: 20.04	198,310,331	192,710,500
	Cost of Production		**1,136,983,014**	**1,108,114,141**
			(2,371,176)	**(6,537,566)**
	Opening work-in process		18,642,313	12,104,747
	Closing work-in process		(21,013,489)	(18,642,313)
			1,180,867	**(1,600,744)**
	Opening finished goods		11,075,755	9,475,011
	Closing finished goods		(9,894,888)	(11,075,755)
	Goods available for sale		**1,135,792,705**	**1,099,975,831**
	Sample expense		(1,056,290)	(1,528,210)
	Total Cost of Goods Sold		**1,134,736,415**	**1,098,447,621**
20.01	**RAW MATERIALS CONSUMPTION: Tk. 801,681,490**			
	Opening Inventory		177,456,878	168,469,236
	Add: Purchased during the year		812,373,734	791,225,640
	Less: Closing Inventory		188,149,122	177,456,878
			801,681,490	**782,237,998**
20.02	**DYES & CHEMICAL CONSUMPTION: Tk. 67,549,472**			
	Opening Inventory		45,788,957	43,575,508
	Add: Purchased during the year		74,789,339	71,613,452
	Less: Closing Inventory		53,028,824	45,788,957
			67,549,472	**69,400,003**
20.03	**PACKING MATERIALS CONSUMPTION: Tk. 69,441,722**			
	Opening Inventory		14,277,321	8,785,686
	Add: Purchased during the year		68,743,267	69,257,274
	Less: Closing Inventory		13,578,866	14,277,321
			69,441,722	**63,765,639**
20.04	**FACTORY OVERHEAD: Tk. 198,310,331**			
	This is made up as follows:			
	Particulars			
	Salary and Wages		90,243,189	87,529,310
	Overtime		5,126,328	4,832,755
	Tiffin Bill		1,874,227	1,839,281
	Electricity Bill		1,079,206	1,554,851
	Repair & Maintenance		2,214,195	2,459,112
	Festival Bonus		3,316,375	4,046,839
	Loading & Unloading-Labor		374,276	385,190
	Fuel & Lubricant		3,727,083	3,674,902
	Gas Bill		28,069,967	28,279,396
	ETP. Operating Expense		824,172	894,000
	Depreciation		61,461,313	57,214,864
			198,310,331	**192,710,500**

Simtex Industries Limited
Note to the Financial Statement
For the year ended 30 June 2019

	Amount in Taka	
	30.06.2019	30.06.2018
21.00 ADMINISTRATIVE EXPENSES: Tk. 66,377,283		
This is made up as follows:		
Particulars		
Salary & allowance	26,532,232	22,220,808
Director's Remuneration	2,030,000	2,130,000
Tours & Travelling Expenses	2,463,791	1,953,827
Board Meeting Attendance Fee	153,000	150,000
Festival Bonus	2,107,015	2,553,159
Telephone and Mobile Bill	1,745,756	2,080,449
Internet Bill	698,652	591,518
Electrical Expenses	1,115,208	1,029,480
Subscription and donation	234,518	256,006
Audit and Professional Fees	465,000	402,500
Provident Fund	1,174,778	1,068,872
Fees Forms and Renewal	2,309,717	2,288,746
Entertainment	1,937,225	2,072,135
Managing Director Remuneration	500,000	600,000
Office Rent	455,400	441,600
Canteen Subsidy	882,373	727,189
House Rent	1,770,000	1,320,000
Medical Expenses	1,422,400	1,028,419
Insurance	1,668,423	1,656,074
Office Maintenance	1,130,926	1,345,737
Miscellaneous Expenses	1,163,842	941,639
Staff Uniform	1,326,208	1,028,912
Car Maintenance	1,361,472	983,955
News Papers & Periodical	263,190	475,201
Fuel & Lubricant	1,728,955	1,530,849
Conveyance	1,155,406	1,446,326
Postage & Courier	242,918	219,283
AGM Expenses	690,025	729,392
Stationery Expenses	1,135,271	1,003,223
Depreciation	6,513,583	5,763,817
	66,377,283	**60,039,115**

Payment/Perquisites to Directors and officers

The aggregate amount paid/ provided during the year in respect of Directors and Officers of the Company as defined in the Securities and Exchange Rules 1987 are disclosed below:

Particulars		
Directors Remuneration	2,030,000	2,130,000
Managing Director Remuneration	500,000	600,000
Board Meeting fee	153,000	150,000

i) The Board of Directors have drawn Tk. 3,000/- Per Board meeting attendance fees during the year under review.

ii) No money was given to any directors for rendering special services to the Company.

iii) Eleven (11) meeting of the Board of Directors were held during the Year.

iv) The Company has provided car facilities to the Managing Director & Directors.

Simtex Industries Limited
Note to the Financial Statement
For the year ended 30 June 2019

		Amount in Taka	
		30.06.2019	30.06.2018
22.00	**SELLING & DISTRIBUTION EXPENSES: Tk. 10,282,789**		
	This is made up as follows:		
	Particulars		
	Advertisement	1,162,928	893,768
	Promotional Expenses	1,327,499	1,136,240
	Conveyance	1,057,033	1,032,276
	Collection and C & F Charges	1,020,981	903,344
	Expenses for Product development	1,354,348	1,162,480
	Sample Expenses	1,056,290	1,528,210
	Fuel & Lubricant for Vehicle	1,374,254	1,364,721
	Transport and Car Maintenance	1,929,456	1,845,842
		10,282,789	**9,866,881**
23.00	**FINANCIAL EXPENSES: Tk. 57,550,261**		
	This is made up as follows:		
	Interest	55,429,198	55,310,609
	Bank Charges, Commission & Brokerage Fees	2,121,063	1,800,289
		57,550,261	**57,110,897**
24.00	**OTHER INCOME: Tk. 2,415,226**		
	This is made up as follows:		
	Particulars		
	Interest Income	2,477,209	8,122,318
	Dividend Income	-	23,670
	Realized Gain/Loss on sale of Share	(49,587)	1,797,403
	Gain/(Loss) on disposal of Vehicle	(12,396)	-
		2,415,226	**9,943,391**
25.00	**CURRENT YEAR TAX : TK. 12,074,881**		
	This is made up as follows:		
	Particulars		
	Current year Tax	17,772,694	27,493,807
	Less: Over Provision for assessment year 2016-2017	5,697,813	-
		12,074,881	**27,493,807**
26.00	**CURENT YEAR DEFERRED TAX : Tk.8,596,820**		
	This is made up as follows:		
	Particulars		
	Total Deferred Tax	39,814,499	31,217,679
	Less: Opening Balance	31,217,679	26,557,075
		8,596,820	**4,660,604**
27.00	**EARNINGS PER SHARE**		
	Net Profit after Taxes	152,063,469	146,254,768
	Number of Shares for respected year	75,805,125	65,917,500
	Earning per share (Taka) (Basic)	**2.01**	**2.22**
	Net Profit after Taxes	152,063,469	146,254,768
	Weighted Average Number of Share	75,805,125	75,805,125
	Earning per share (Taka) (Adjusted)	**2.01**	**1.93**
	Weighted average/Total existing number of share:		
	Opening number of share outstanding		65,917,500
	Add: Issued during the period (Stock dividend)		9,887,625
			75,805,125

Simtex Industries Limited
Note to the Financial Statement
For the year ended 30 June 2019

		Amount in Taka	
		30.06.2019	30.06.2018
28.00	**NET OPERATING CASH FLOW PER SHARE (NOCFPS)**		
	Cash Flows from Operating Activites	174,210,326	140,115,727
	Number of Shares	75,805,125	65,917,500
	Net Operating Cash Flows per Share (NOCFPS)	**2.30**	**2.13**
29.00	**NET ASSET VALUE PER SHARE (NAVPS)**		
	Net Asset Value	1,674,721,052	1,555,562,166
	Number of Shares	75,805,125	65,917,500
	Net Asset Value per Share	**22.09**	**23.60**
30.00	**RECONCILIATION OF NET INCOME WITH CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit Before Tax	172,735,170	178,409,179
	Adjustment for:		
	Depreciation on Property, Plant and Equipment	67,974,897	62,978,681
	Other Income	(2,415,226)	(9,943,391)
	Workers Profit Participation Fund	8,636,759	8,920,459
	Foreign Exchange Gain/Loss	677,051	(88,852)
	Financial Expenses	57,550,261	57,110,897
		305,158,911	**297,386,973**
	Less: Increase in Accounts Receivable	(47,398,538)	(62,277,927)
	Less: Increase in Inventory	(43,524,904)	(46,478,074)
	Less: Decrease in Trade and Other Payables	(128,200)	(1,117,276)
	Less: Increase in Advance, Deposit & Prepayments	(6,998,743)	(18,928,406)
	Less: Decrease in Liabilities for Expenses	(10,384,197)	(6,778,598)
		196,724,329	**161,806,692**
	Less: Income Tax Paid	(22,514,003)	(21,690,965)
	Net Cash Generated from Operating Activities	**174,210,326**	**140,115,727**

Simtex Industries Limited

Schedule of Property, Plant & Equipment

As at 30 June 2019

Schedule-A/1
Amount in Taka

Particulars	Cost Value				Rate	Depreciation				W. D. V. As on 30.06.2019
	Opening Balance As on 01.07.2018	Addition during the Year	Disposal	Closing Balance As on 30.06.2019		Opening Balance As on 01.07.2018	Addition during the Year	Disposal	Closing Balance As on 30.06.2019	
Factory:										
Land & Development	223,499,139	2,264,381	-	225,763,520	0%	-	-	-	-	225,763,520
Building & Fabricated Shade	276,665,660	98,366,014	-	375,031,674	10%	131,844,472	19,164,851	-	151,009,323	224,022,351
Plant and Machinery	576,514,850	139,020,100	-	715,534,950	10%	242,151,986	37,049,031	-	279,201,017	436,333,933
Trolly	67,058	-	-	67,058	10%	45,248	2,181	-	47,429	19,629
Gas and Electrical Line	5,141,080	-	-	5,141,080	10%	2,480,783	266,030	-	2,746,813	2,394,267
Electrical Equipment	51,315,198	7,602,389	-	58,917,587	10%	24,637,300	2,768,851	-	27,406,151	31,511,436
Spare Parts & Tools	34,313,323	-	-	34,313,323	10%	15,162,120	1,915,120	-	17,077,240	17,236,083
Furniture and Fixture	4,795,515	-	-	4,795,515	10%	1,843,022	295,249	-	2,138,271	2,657,244
Sub Total	**1,172,311,823**	**247,252,884**		**1,419,564,707**		**418,164,931**	**61,461,313**	**-**	**479,626,244**	**939,938,463**
Office:										
Transport & Vehicles	58,524,244	-	3,600,000	54,924,244	10%	14,590,020	4,180,183	1,467,604	17,302,599	37,621,645
Office Equipment	15,854,489	938,340	-	16,792,829	10%	5,598,757	1,059,984	-	6,658,741	10,134,088
Furniture and Fixture	11,338,109	6,077,800	-	17,415,909	10%	5,490,704	772,891	-	6,263,596	11,152,313
Shade Book	177,000	-	-	177,000	15%	104,369	10,895	-	115,263	61,737
Int. Panton Book	84,500	-	-	84,500	15%	65,538	2,844	-	68,382	16,118
Air Condition	5,787,000	6,977,397	-	12,764,397	10%	2,351,498	400,485	-	2,751,983	10,012,414
Crockeries	214,502	13,850	-	228,352	10%	77,889	13,738	-	91,627	136,725
Software	872,144	-	-	872,144	20%	509,331	72,562.62	-	581,894	290,250
Sub Total	**92,851,988**	**14,007,387**	**3,600,000**	**103,259,375**		**28,788,106**	**6,513,583**	**1,467,604**	**33,834,085**	**69,425,290**

Revaluation Surplus :

Particulars	Cost Value				Rate	Depreciation				W. D. V. As on 30.06.2019
	Opening Balance As on 01.07.2018	Addition during the Year	Disposal	Closing Balance As on 30.06.2019		Opening Balance As on 01.07.2018	Addition during the Year	Disposal	Closing Balance As on 30.06.2019	
Land & Development	103,668,899	-	-	103,668,899	0%	-	-	-	-	103,668,899
Sub Total	**103,668,899**	**-**	**-**	**103,668,899**		**-**	**-**	**-**	**-**	**103,668,899**
GRAND TOTAL	**1,368,832,710**	**261,260,271**	**3,600,000**	**1,626,492,981**		**446,953,036**	**67,974,897**	**1,467,604**	**513,460,329**	**1,113,032,652**

Factory	61,461,313
Administrative	6,513,583
Total	**67,974,897**

SIMTEX INDUSTRIES LIMITED

Registered Office: Khagan, Birulia, Savar, Dhaka

PROXY FORM

I/We…….....….....……of being a shareholders of Simtex Industries Limited and entitle to vote, hereby appoint Mr./Mrs./Miss.....

…….....……....as my/our proxy to attend and vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be held on Thursday, 26th December, 2019 at 10.30 a.m. at the the RAOWA Convention Hall, Hall No. 3 (Eagle), VIP Road, Mohakhali,, Dhaka or at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this…….....……Signature of proxy …….....……..

day of ……2019

Tk. 20

(Signature Shareholder) (Signature of Proxy)

BO ID NO. | | | | | | | | | | | | | | | | |

No. of Shares

Note:

1) This form of proxy, duly completed and signed must be deposited at least 48 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.

2) Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.

SIMTEX INDUSTRIES LIMITED

Registered Office: Khagan, Birulia, Savar, Dhaka

ATTENDANCE SLIP

I hereby record my attendance at 12th Annual General Meeting of the Company being held on Thursday, 26th December, 2019 at 10.30 a.m. at the RAOWA Convention Hall, Hall No. 3 (Eagle), VIP Road, Mohakhali, Dhaka.

Name of the Member/Proxy : …….....……

BO ID NO. | | | | | | | | | | | | | | | | |

Signed this…… Signature of proxy …… day of ……2019

N.B. Shareholder attending meeting in person or by Proxy are requested to complete the Attendance slip and deposit the same at the entrance of the meeting.

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