Annual Report 2020

simtex

Largest Bangladeshi
Sewing Thread Manufacturer

www.simtexgroup.com

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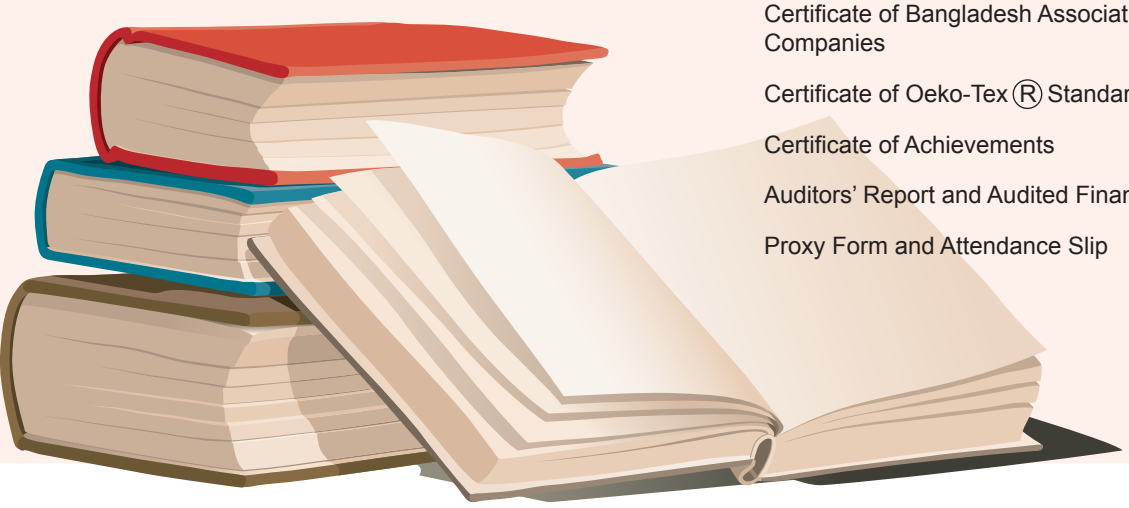


LETTER OF TRANSMITTAL

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 2020.

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 2020, 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 2020 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 13TH ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Simtex Industries Limited, that the 13th Annual General Meeting (AGM) of the Company will be held on Thursday, 24 December 2020 at 11:00 a.m. The AGM will be held virtually by using digital platform through the following link: http://simtex.digitalagmbd.net, 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 2020, 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.

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
09 December 2020

Note:

01. The Shareholders whose names will appear in the Depositary Register of CDBL as on the Record Date i.e. November 25, 2020 will be eligible to attend the 13th 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. The Proxy Form duly filled, signed and stamped with a revenue stamp of Tk.20, must be deposited at the registered office of the Company or through e-mail at companysecretary@simtexgroup.com 48 hours before the time fixed for the meeting.

03. The ensuing 13th AGM will be conducted via live webcast by using digital platform, pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Order No. SEC/SRMIC/94-231/25 dated 08th July, 2020.

04. The members will be able to submit their questions/comments, and vote electronically 24 hours before commencement of the AGM and during the AGM.For logging in to the system, the members need to enter their 16-degit Beneficial Owner (BO) ID number/ Folio Number and other credentials as proof of their identity by visiting the link http://simtex.digitalagmbd.net

05. Pursuant to the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006/ 158/ 208/Admin/81 dated 20 June 2018, the Company will send the Annual Report-2020 in soft formats to the respective e-mail address of the shareholders available in their BO account maintained with Depository Participants (DP). The soft copy of the Annual Report-2020 will be also available on the Company's website at: www.simtexgroup.com

06. We encourage the Members to login to the system prior to the meeting start time of 11.00 a.m. Bangladesh Stand ard Time (BST) on December 24, 2020. The Shareholders are requested to take ample time to login and establish their connectivity. The webcast will start at 11.00 a.m. Bangladesh Standard Time (BST). The Shareholders are requested to contact at +88 01955577534 if any technical difficulties in accessing the virtual meeting.

CORPORATE INFORMATION

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 May, 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 1,000.00 million
Paid Up Capital	: BDT 795.95 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-1206 Southeast Bank Ltd., Principal Branch, Motijheel, Dhaka-1000 International Leasing and Financial Services Limited, DR Tower (13th Floor), Dhaka-1000
Auditors	: Ahmed Zaker & Company, Chartered Accountants 89, Kakrail, Green City Edge (10th Floor), Dhaka-1000
Professionals for Compliance Report on Corporate Governance Code	: Podder and Associates, Cost and Management Accounts 6/A/1, Segunbagicha (Ground Floor), Dhaka-1000
Tax Consultants	: Mandal & Company, Chartered Accountants Eastern Mansion (10thFloor), 67/9 Kakrail,Dhaka-1000
Credit Rating Agency	: Credit Rating Information and Services Ltd. (CRISL) Nakshi Homes (1St,4th& 5th Floor), 6/1/A SegunBagicha 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 Limited Company 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. Company started the commercial operation in 2009 and the growth rate in terms of both financial and production capacity has been enormous with the exception in the financial year 2019-2020, due to impact of COVID-19.

VISION STATEMENT

To become a 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 the market needs through a closer working relationship with business partners, innovative manufacturing process and maintaining high 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. Akram Hossain Independent Director	Member
Mr. Md. Ensan Ali Sheikh Director	Member
Mr. Ashis Kumar Saha Company Secretary	Member Secretary

Chief Financial Officer

Mr. M A Shahjahan

Company Secretary

Mr. Ashis Kumar Saha

PROFILE OF THE BOARD OF DIRECTORS

Ms. Hafiza Khanam
Chairman

Ms. Hafiza Khanam is the Chairman of the Board of Directors of Simtex Industries Limited. Prior to that she has been associated with the Company as a Director in the Board for pretty long period and acquired in-depth knowledge about the business of the Company. She is providing guidance to the Company in the right direction while Chairing the Board.

Her higher education and professional qualification have encouraged her to own the business. She completed her Bachelor's and Master's under the University of Dhaka. She also completed her LLB and acquired name and fame while practicing the legal matters before starting her business.

Besidesher business areas, Ms. Hafiza Khanam is a social entrepreneur which has given her and opportunity to grow and make a difference in social life in which she lives.

Mr. Neaz Rahman Shaqib
Managing Director

Mr. Neaz Rahman Shaqib is the Managing Director of Simtex Industries Limited. Succeeding his father (Mr. Md Siddiqur Rahman, the founder of Simtex Industries Limited), he has been appointed as Director and elected as Managing Director since April 21, 2019.

He has had a brilliant academic career at home and abroad. After the completion of his IGCSE from Scholastica, Mr. Shaqib attended the United World College of the Atlantic in Wales, UK, where he completed his International Baccalaureate (IB) Diploma. He also graduated from Boston University pursuing a major in Economics, and a double minor in Business Administration and Communications.

Mr. Shaqib is a young, energetic and innovative businessman who has been gathering knowledge regarding the management of Simtex from a young age alongside the former Managing Director to be able to lead the Company as and when needed. The company entrusts him to lead Simtex to newer heights while keeping true to the company's mission statement.

He is a permanent member of Uttara Club Limited. Furthermore, he is also associated with numerous social and humanitarian organizations, and is also one of the founding fathers of the Boston based Greek organization, Phi Kappa Tau.

Md. Ensan Ali Sheikh
Director

Mr. Md. Ensan Ali Sheikh is one of the Directors of the Board of Simtex Industries Limited and also a member of the Board of NR committee. 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 one of the Independent Directors of the Board of Simtex Industries Limited and also the Chairman of the Board of Audit Committee. He had long career 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 positions, including Chief Executive of Janata Bank Limited, UAE operation, 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 University of Rajshahi.

Mr. Md. Akram Hossain
Independent Director

Mr. Md. Akram Hossain is one of theIndependent Directorsof the Board of Simtex Industries Limited and also a member of the Board of NR committee. 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 the 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 13th 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, 2020 along with our business performance.

During the year 2019-2020 Simtex Industries Limited performed moderate despite counter effects of Covid-19. We believe that our endeavors and teamwork will enable the Company to maintain its profitability under any competitive industry scenario. We expect that with the easing of Covid-19 situation, the market will return back to normal.

In 2020, we started our journey in a comfortable and positive manner while poising to reach the target. But during the later part of the year the Company observed a drastic fall of revenue and profitability due to effects of Covid-19, which was beyond our control like others. We are well organized in respect to manpower and technology to regain turnover and profitability in the coming year. However, it depends on normalization of the situation in the RMG export target markets in Europe and America as well as in Bangladesh, which is again dependent on successful combat of Covid-19 through vaccines and others. Despite the odd situation explained earlier, the Board has recommended 5% Cash dividend for general shareholders, excluding the Sponsors and Directors for the year 2019-2020.

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 policies to reward them accordingly.

At Simtex we are working for a better future for our stakeholders, buyers, employees and society. At this occasion, I would like to thank the employees, without who's 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 our positive communication towards the furtherance of our national economy.

Yours sincerely

Ms. Hafiza Khanam
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

Bismillahir Rahmanir Rahim

Ashalamualaikun and Good Mornings

It is my great pleasure and privilege to attend this 13th Annual General Meeting of Simtex Industries Limited along with our distinguished shareholders. Though you know the reasons well, I beg to mention that the Company faced sudden drastic fall in revenue and profitability due to the effect of Covid-19, like all others in the trade which offset our profitability in the preceding quarters. We are looking forward to the improvement of the Covid-19 situation, by application of vaccines, we will regain our export orders, sales and profitability.

Simtex Industries Limited is the largest national Sewing Thread Manufacturer and Exporter of Bangladesh. We shall continue to ensure perfection of our products in terms of Quality, Pricing Timeliness and service as before.

Though it is not very perceptible and comprises only of 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 very few 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 the 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 13th Annual General Meeting. It is a pleasure to present you the Audited Financial Statements of the Company for the year ended June 30, 2020, 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 Standards, International Accounting Standards, and other applicable rules and 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 795.9 5 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 decreased compared to previous years as explained before, finally standing at Taka 119.08 Crore for the year ended on 30 June, 2020. Yet the efficient and prudent management has enabled the company to earn a moderate profit.

The operating financial results of the Company for the year 2019-2020 as compared to previous year are summarized hereunder:

Particulars	2019-2020	2018-2019
Turnover	1,190,877,276	1,448,580,502
Gross Profit	199,902,681	313,844,087
Financial Expenses	69,956,863	57,550,261
Other Income	1,388,841	2,415,226
Net Profit Before Tax (NPBT)	63,646,636	172,735,170
Provision for Taxation	19,178,355	20,671,701
Net Profit After Tax (NPAT)	44,468,281	152,063,469
Gross Margin (Turnover)	16.79%	21.67%
Net Margin Before Tax	5.34%	11.92%
Net Margin After Tax	3.73%	10.50%
Earnings Per Share (EPS) BDT.	0.56	1.91
Number of Shares used to compute EPS	79,595,381	79,595,381

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 in only 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 affects 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, risk 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 policy makers 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 beaffected in the short run.

In addition to the above conventional risk, we are going through most deadly risk that has ever been experienced before worldwide, i.e. the risk of Covid-19. Unless the researchers around the world find atruly useful vaccine against Covid-19, huge catastrophes are to be faced by humanity and we are also part of the group. However, we are hopeful about finding solution to fight back Covid-19 as done before for centuries against pandemics.

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

Profit from Operation	2019-2020		2018-2019	
	Amount	Percentage	Amount	Percentage
Turnover	1,190,877,276	100%	1,448,580,502	100%
Cost of Goods Sold	990,974,595	83.21%	1,134,736,415	78.33%
Gross Profit	199,902,681	16.79%	313,844,087	21.67%
Net Profit for the year	44,468,281	3.73%	152,063,469	10.50%

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

During the year 2019-2020 our sales has been reduced due to worldwide effect of COVID-19. As a result, Net profit after tax, Earnings per share (EPS), Net Assets Value (NAV) per share has been reduced as compared to previous years. Net Operating Cash Flows per Share (NOCFPS) has also reduced from the comparative period due to higher proportion of payments to the suppliers, employees and others as against cash collection from turnover and others.

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 03 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 CGC, the Board of Directors had appointed Mr. Md. Yunus Ali and Mr. 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 being a retired banker gathers experience in the corporate industry. He completed M.Com. and B.Com.(Hon's) majoring in Management from the University of Rajshahi. Mr. Akram Hossain is also a retired banker and specialist in the field of credit management, documentary credit etc. Both of them have vast experience in Banking, Accounting, Company Law and other matters.

Chief Financial Officer, Company Secretary, Head of Internal Audit

As per Corporate Governance Code of BSEC, the company has allocated the responsibilities of the officials as follows:

Chief Financial Officer	: Mr. M A Shahjahan
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 including one Independent Director. 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 including two Independent Directors among them one Independent director play roles 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 03 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 and 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 Director of the Board will retire at the annual general meeting and be eligible to offer them for re-election:

1) Ms. Hafiza Khanam

Shareholding pattern

The shareholding of directors at the end of 30 June, 2020 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	1,713,840	2.15%
	Mr. Neaz Rahman Shaqib	Managing Director	5,420,955	6.81%
	Mr. Md. Ensan Ali Sheikh	Director	1,713,840	2.15%
	Mr. Md. Yunus Ali	Independent Director	Nil	Nil
	Mr. Md. Akram Hossain	Independent Director	Nil	Nil
	Mr. M A Shahjahan	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	14,778,996	18.57%

Directors involved in other Companies:

Sl.	Name	Position in SIL	Involved in Other Company	Position
1	Ms. Hafiza Khanam	Chaiman	-	-
2	Mr. Neaz Rahman Shaqib	Managing Director	-	-
3	Mr. Md. Ensan Ali Sheikh	Director	-	-
4	Mr. Md. Yunus Ali	Independent Director	-	-
5	Mr. Md. Akram Hossain	Independent Director	-	-

Board Meeting and Attendance

10 (Ten) nos. of Board of Directors Meeting were held during the year. The attendance record of the directors is as given below:

Name of Directors	Meeting Held During His/Her Duration	Attendance
Ms. Hafiza Khanam	10	10
Mr. Neaz Rahman Shaqib	10	09
Mr. Md. Ensan Ali Sheikh	10	10
Mr . Md. Yunus Ali	10	10
Mr . Md. Akram Hossain	10	10

Director's remuneration

Directors' remuneration is shown in the note no. 24 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 03 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 shareholders acting 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 analysis 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 are significant deviation from the last year's operating result like sales, net profit, NAV and NOCPS due to Covid-19 pandemic.

Dividend

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

Particulars	2019-2020	2018-2019
Profit available for appropriation:	Amount in Taka	Amount in Taka
Profit/loss after Tax	44,468,281	152,063,469
Un-appropriated profit brought forward from previous year	427,811,871	360,937,434
Prior Adjustment	113,819	-
Total Amount available for appropriation	472,166,333	513,000,903
Appropriation		
Closing Retained Earning at year end (Before proposed final dividend)	472,166,333	513,000,903
Proposed Dividend for the year 2020 (5% cash for General shareholders excluding Directors and Sponsors) and in 2019 (9% cash for General shareholders excluding Directors and Sponsors and 5% stock for all shareholders)	27,583,776	85,189,032
Retained Earnings after proposed dividend	444,582,557	427,811,871

Basis for Qualified Opinion:

As disclosed in Note # 3.00 to the financial statements,the company recognized property, plant and equipment of BDT 1,331,884,307 in the statement of financial position. The company did not maintain fixed assets register properly with details containing information such as identification number of assets held, date of acquisition, cost of purchase, category of assets, accumulated depreciation, etc. Due to lack of such update records, completeness and accuracy of the said fixed assets was not traceable.

As disclosed in Note # 17.00, during the year 2016 the company was granted short-term loan facilities of BDT 300,000,000 from the International Leasing and Financial Services Limited against which BDT 185,800,000 was disbursed during the year 2017. The said amount of loan and interest left unrecognized in the financial statements from year ended June 30, 2017 onwards. However, the company recognized the above amount of loan along with corresponding assets bought, during the current financial year ended 30 June 2020.

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 2020. They were appointed as Statutory Auditor in 11th AGM and has completed 2nd year audit. Upon our mutual understanding, they will not continue further. As such, we received expression of interest from M/S Pinaki & Company, Chartered Accountants, Ahsandell, 2/A Mymensingh Road (2nd Floor), Shahbagh, Dhaka-1000. The Board of Directors has recommended to appoint M/S Pinaki & Company, Chartered Accountants, Ahsandell, 2/A Mymensingh Road (2nd Floor), Shahbagh, Dhaka-1000 as Auditor for the year 2020-2021.Accordingly, a proposal is being placedfor Shareholder's approval and fixation of their fees, subject to the approval by the Shareholders in 13th AGM.

Professionals for Compliance of Corporate Governance Code

The Board of Directors has recommended the re-appointment of Podder and Associates, Cost and Management Accounts, 6/A/1, Segunbagicha (Ground Floor), Dhaka-1000 as professional for Report on Compliance Governance Code for the year 2020-2021 on their willingness to certify the compliance of Corporate Governance Code as issued by the Bangladesh Securities and Exchange Commission, subject to the approval by the shareholders in the13th AGM.

Acknowledgment

The Company expresses its sincere thanks and gratitude to the respected shareholders, valued clients, banks and well-wishers home and aboardfor 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 of the Company for their excellent, sincere and dedicated efforts in achieving Company's result.

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's 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. However, since December 2019 the world has been facing Covid-19 which affected economic activities and human life as well. As of November 19, 2020, roughly 5.68 crore people around the world have been affected by Covid-19 and almost 13.6 lac people passed away because of Corona virus. Presently, the world has been recovering from the shock of Covid-19 that halted business and life. In this backdrop, Bangladesh has registered GDP growth of 5.24% in the FY 2019-2020. Per Capita Income has been increasing as well from the last year and it stands USD 2064 in FY 2019-2020. Because of Covid-19, both Export and Import have been shrunk in FY 2019-2020. Export is getting impetus since August 2020 after reopening the business in worldwide. Remittance has been gearing up with record amount in this pandemic period. This is happening because of initiatives taken earlier by the Government in providing different stimulus packages. Now, our foreign currency reserve crossed USD 40 billion, which is tremendous for the Country.

For the previous five financial years, the company generated moderate growth in sales. While sales in the year ended on 30 June 2016 was Tk. 1,380 million,it rose to Tk.1,448 million in 2019. But the year under review i.e., 2019-2020 the same trend was continued up to March 2020,after which we observed drastic fall from the month of April onwards for obvious reason known to you i.e. the effect of Covid-19 globally. Upon easing of the situation market improved a little, but we are still in the balance between fears and hopes. However, we are hopeful that the effects of Covid-19 will be brought under control by vaccine and treatments very soon.

As far as risks are concerned, Simtex Industries Limited is exposed to foreign exchange and inflation risk. Foreign exchange risk is the trade-off between export and import. As such foreign exchange risk is mitigated. In terms of inflation, this is adjusted in sales price. Hence the Company can easilymitigate this risk as well.

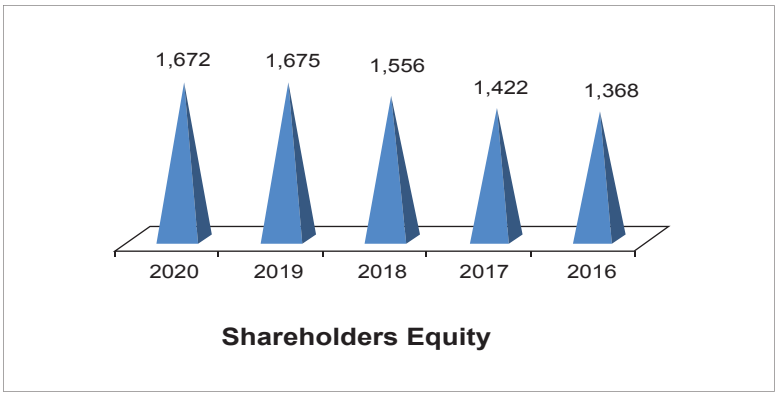
Neaz Rahman Shaqib
Managing Director

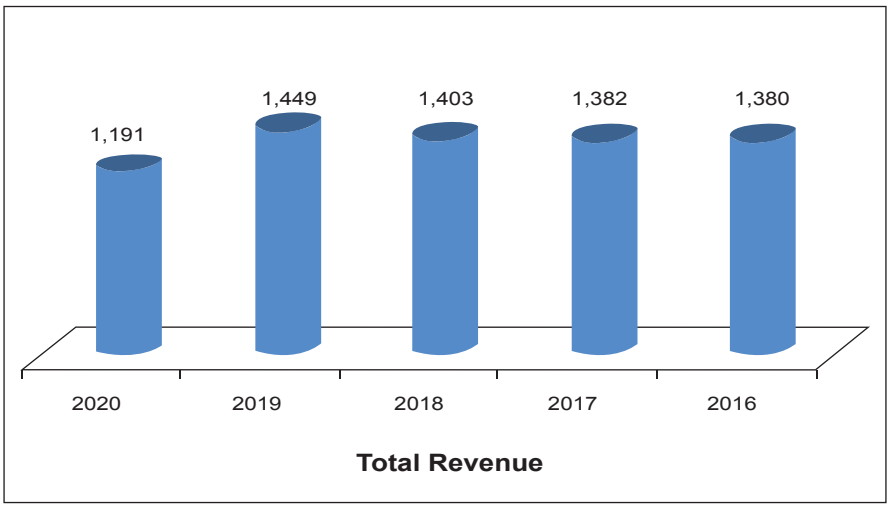
FINANCIAL HIGHLIGHTS

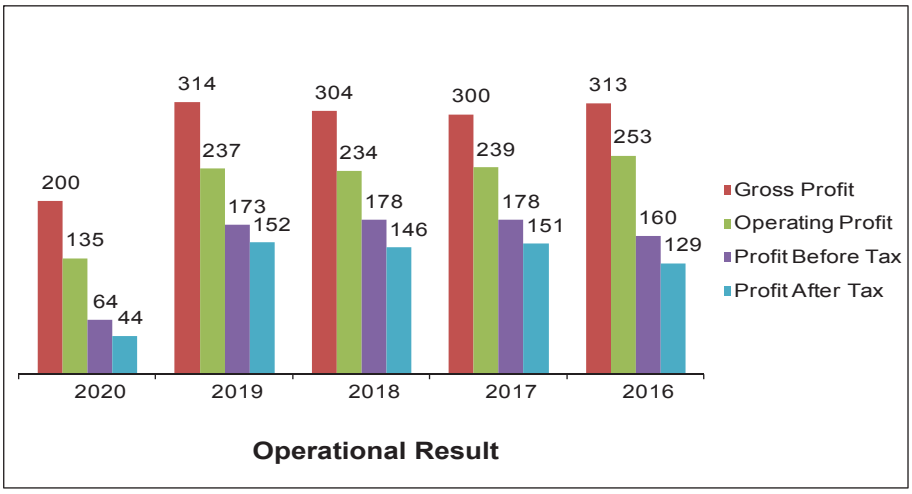
Operational Result	Amount in Taka				
	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Turnover	1,190,877,276	1,448,580,502	1,402,761,909	1,381,538,367	1,380,435,126
Gross Profit	199,902,681	313,844,087	304,314,288	299,831,797	313,087,748
Profit from Operation	134,525,411	237,184,015	234,408,292	238,640,497	252,534,564
Net Profit before tax	63,646,636	172,735,170	178,409,179	178,301,301	159,629,251
Net Profit after Tax	44,468,281	152,063,469	146,254,768	150,879,178	128,828,447
Net Operating Cash Flows per Share	(0.98)	2.30	2.13	4.36	1.08
Financial Position	**30 June 2020**	**30 June 2019**	**30 June 2018**	**30 June 2017**	**30 June 2016**
Non-Current Assets	1,346,853,549	1,252,610,395	1,120,342,267	936,399,361	831,396,032
Current Assets	1,297,847,163	999,517,585	951,186,899	961,649,838	1,038,728,639
Shareholder's Equity	1,671,789,042	1,674,721,052	1,555,562,166	1,422,233,924	1,368,246,302
Current Liability	737,409,924	271,631,356	240,793,631	200,915,340	157,811,096
Long Term Liability	235,501,746	305,775,572	243,955,690	248,342,860	323,382,992
Key Financial Ratio	**30 June 2020**	**30 June 2019**	**30 June 2018**	**30 June 2017**	**30 June 2016**
Current Ratio	1.76	3.67	3.95	4.79	6.58
Quick Ratio	1.15	2.42	2.34	3.53	5.09
Debt to Equity Ratio	0.48	0.26	0.24	0.26	0.37
Net Income Ratio (%)	3.73%	10.50%	10.43%	10.92%	9.33%
Return on Equity (%)	2.66%	9.41%	9.82%	10.81%	12.82%
Earnings Per Share	0.56	2.01	2.22	2.52	2.54

FINANCIAL HIGHLIGHTS IN THE FORM OF GRAPHICAL REPRESENTATION

Amount in Million







EVENT HIGHLIGHTS

12th Annual General Meeting

12th Annual General Meeting

Annual Picnic

Management Team

Sales and Marketing Team

Training Session Closing

ACHIEVEMENTS

BGAPMEA EXPORT TROPHY- 2019

BGAPMEA EXPORT TROPHY- 2018

BGAPMEA EXPORT TROPHY- 2017

New Machineries in Operation

Annexure-A
[Certificate as per condition No. 1(5) (xxvi)]

DECLARATION BY CEO AND CFO

Date: 28.10.2020

Board of Directors
Simtex Industries Limited.
Khagan, Birulia, Savar, Dhaka-1341

Subject: Declaration on Financial Statement for the year ended on 30 June 2020.

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 03 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 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, 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 2020 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members

Sincerely yours,

Neaz Rahman Shaqib
Managing Director

M A Shahjahan
Chief Financial Officer (CFO)

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

PODDER & ASSOCIATES
Cost and 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, 2020. 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 except under conditions number 1(4)(c) ;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws ; and

(d) The governance of the company is satisfactory.

Place: Dhaka
Dated: 3rd December 2020

Podder & Associates
Cost & Management Accountants

6/A/1 (Ground Floor), Segun Bagicha, Dhaka-1000. Phone : 02-57160360, 02-57160425, E-mail : podderassociates@yahoo.com, Web : www.thepodders.com

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

Simtex Industries Ltd.

Status of Compliance with the Corporate Governance Code (CGC)

For the year ended 30th June 2020

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

(Report under Condition No. 9.00)

Condition No.	Title	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)	√		The Board is comprised of 05 Directors including Managing Director.
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.	√		There are Two (02) Independent Directors in the SIL Board.
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;	√		Does not hold any share 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;	√		Independent Directors have declared their compliances.
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);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) 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	-	-	N/A
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;	-	-	N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-		N/A
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 deviation occurred
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.	-		No such event arose
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;			
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;	√		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;			Properly Described in Directors` Report.
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;			Properly Described in Directors` Report.
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;			Company has declared 5% Cash dividend for the year 2019-2020
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;	-		N/A
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);	-		N/A

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.	√		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.	√		

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;	√		Chairman of NRC is selected by the Board who is an Independent Director.
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
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.	√		
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 Contarcts with Customers	IFRS-15	Applied
Lease	IFRS-16	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

REPORT OF THE AUDIT COMMITTEE
(For the year ended on 30 June 2020)

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. Akram Hossain Independent Director	Member
Mr. Md. Ensan Ali Sheikh 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
Md. Akram Hossain	Member		4
Mr. Md. Ensan Ali Sheikh	Member		4

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 Code of Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 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 quarterly, half yearly and Annual Financial statements before submission to the Board of Directors for approval.
- Hold meeting with the external or statutory Auditors for review of the Financial Statements before submission to the Board of Directors 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.
- Review the Management's Discussion and Analysis before disclosing in the Annual Report.

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 of Directors 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, 2020. This review incorporated the accounting policies and key judgments and estimates under pinning 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 appointment of external auditors.

Audit Committee expressed their sincere thanks to all members of Board, team of Internal Audit, team of Accounts & Finance and Management of the Company for their support.

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 03 June 2018.
Members of NRC:

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

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

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 talents in order to maximize Stakeholders' value.

During this year, the Committee held 2 (Two) 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	2	2
Mr. Akram Hossain	Member		2
Mr. Md. Ensan Ali Sheikh	Member		2

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 is also applicable to members of the Board and Key Management Personnel andTop-Level Executives as adopted by the Board

b. Reviewed the available documents of the Company which underly all aspects of individual and collective performance and functioning of the Company

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

d. Reviewed Employee Benefit policies to attract the job seekers and retain internal talents. In addition, they also addressed succession planning of the Company to have our future leaders ready according to the requirements, whileensuring extensive training and development plans for the individualand/or group of people.

The NR Committee expressed its 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 through constant monitoring of the progress of such activities throughout the calendar year.

On behalf of the Committee,

Md. Yunus Ali
Chairperson of
Nomination and Remuneration Committee
& Independent Director

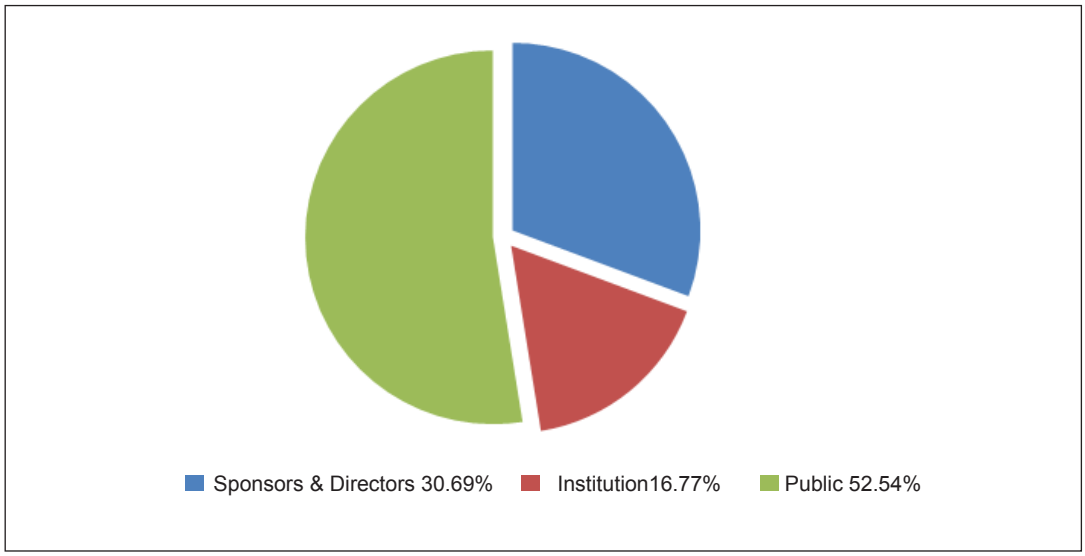
INFORMATION RELATING TO COMPANY CAPITAL

Simtex Industries 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 795.954 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
Sponsors & Directors	:	244,278,290/-	30.69%
Institution	:	133,496,520/-	16.77%
Public	:	418,179,000/-	52.54%
		795,953,810/-	**100%**

The Range of Shareholding as on 30 June, 2020:

Particulars of Investors	Number of Shareholders	Number of Shares	Percentage of Shareholders %
1 to 500 Shares	3,055	876,114	1.1010
501 to 5,000 shares	1,175	2,291,016	2.8780
5,001 to 10,000 shares	301	2,157,966	2.7110
10,001 to 20,000 shares	245	3,469,608	4.3590
20,001 to 30,000 shares	103	2,543,878	3.1960
30,001 to 40,000 shares	47	1,605,011	2.0160
40,001 to 50,000 shares	24	1,078,032	1.3540
50,001 to 100,000 shares	55	3,809,058	4.7860
100,001 to 1,000,000 shares	86	27,362,203	34.3770
Over 1,000,000	11	34,402,495	43.2220
Total	5,102	79,595,381	100.00



CREDIT RATING

Simtex Industries Limited has been rated as A (Pronounced as single A) for long-term credit rating and ST-3 forShort-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 29 April, 2020 and other available information up to the date of rating declaration. The date of rating was on 5 May, 2020. 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: 88-02-7173700 - 1, Fax: 88-02-9565783,
Email: crisl@bdonline.com

CRISL

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

Setting Global Standard at National Level

CRISL/CER/4290/2020

SIMTEX INDUSTRIES LIMITED

RATING SPECIFICS

DATE OF RATING	May 05, 2020	**EXPIRY ON:** May 04, 2021
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.302.90	*blr* A
	WCLL** TK.1,277.95	
Southeast Bank Limited	WCLL** TK.480.00	*blr* A
International Leasing and Finance Services Limited	WCLL** TK.300.00	*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, good infrastructure facilities and experienced management team etc. The above factors are however constrained to some extent by interruption on export due to epidemic risk, low production capacity utilization, exposure to price fluctuation risk and exposure to energy price hike 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.

Dr. Syed Abdulla Al Mamun, FCMA, CSRS
Deputy CEO

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/027

BAPLC

Date of issue : January 27, 2020

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 2020.

BAPLC

Secretary-General

HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schlosssteige 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 **20.0.22423**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
07.KA.53099 HOHENSTEIN HTTI
Tested for harmful substances
www.oeko-tex.com/standard100

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®, Annex 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 Annex 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 31.10.2021

Boennigheim, 19.10.2020

p.p. Kotuskin
Dipl.-Ing. (FH) Ivonne Schramm
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Genferstrasse 23 | CH-8002 Zurich

BGAPMEA

Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association

Certificate of Achievement for BGAPMEA Export Trophy-2019

SIMTEX INDUSTRIES LTD., Dhaka has specially awarded for BGAPMEA Export Trophy-2019 during January-December, 2018 as a recognition.

This Certificate has given for the contribution to the Naitonal Export as an **Direct Exporter** of Garments Accessories & Packaging Sector.

Md. Abdul Kader Khan
President
BGAPMEA

Dhaka, 18th January, 2020

Independent Auditors' Report

To the shareholders of Simtex Industries Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Simtex Industries Limited ("the Company"), which comprise the Statement of Financial Position as at 30 June 2020, 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, except for the effects of the matters described under the paragraph (01-02) in the Basis for Qualified Opinion section of our report, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion

1. As disclosed in Note # 3.00 to the financial statements,the company recognized property, plant and equipment of BDT1,331,884,307 in the statement of financial position. The company did not maintain fixed assets register properly with details containing information such as identification number of assets held, date of acquisition, cost of purchase, category of assets, accumulated depreciation, etc. Due to lack of such update records, completeness and accuracy of the said fixed assets was not traceable.

2. As disclosed in Note # 17.00,during the year 2016 the company was granted short-term loan facilities of BDT 300,000,000 from the International Leasing and Financial Services Limited against which BDT 185,800,000 was disbursed during the year 2017. The said amount of loan and interest left unrecognized in the financial statements from year ended June 30, 2017 onwards. However, the company recognized the above amount of loan along with corresponding assets bought, during the current financial year ended 30 June 2020.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 qualified opinion.

Emphasis of Matter

We draw attention on the matters as disclosed below:

1. During the year ended 30 June 2020 the company reported closing inventory of BDT 402,863,335 in the financial statements. At the attendance of year end physical inventory count of the company we noted that there were some raw materials which were obsolete and damaged nature held at the premises of the company for a long period of time. Due to non-consideration of writing off required against the cost of those items of inventories, closing inventories reported in the financial statements were overstated.

2. As disclosed in Note # 5.00, The company reported trade receivables of BDT 681,752,440 in the statement of financial position as on 30 June 2020. The above balances remained outstanding against letters of credit (LCs) denominated in USD and is subject to realization upon receipt of supporting documents from the banks following the reporting period.A portion of the amount remained unreconciled as of the reporting period.

3. At the end of the year dividend payable A/C shows Tk. 14,497,908 against which Tk.734,329 is available in Trust Bank ltd A/C and remaining amount has been maintaining in Trust Bank ltd as fixed deposit.

4. During the audit at the company, we noted that the company made some payments against purchase and expenses in cash mode instead of A/C payee cheque or bank transfer which indicates violation of Income tax ordinance 1984 guideline.

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
Carrying value of property, plant and equipment and results of impairment test	
Property, plant and equipment (PPE) were carried at BDT 1,331,884,307 representing over 50.36% of total assets of the company as on 30 June 2020 which includes addition of BDT 304,775,598 as shown in the assets schedule. PPE comprises both owned and assets procured under finance lease. Items of PPE are subject to recognition and measurement criteria only after satisfactorily meeting relevant requirement as per IAS 16: Property, plant and equipment, we identified this element of the assets as an area with higher risk of material misstatement which would require significant audit attention during our audit.	Our audit procedures performed during the audit to address the risks identified consist of the following: ■ Obtaining and documenting detailed understanding regarding procurement process of PPE and identified relevant control points and their implementation. ■ Reviewing recognition, measurement and valuation basis of PPE in compliance with requirement of IAS 16: Property, plant and equipment. ■ Inspecting supporting documents for the acquisition of PPE made during the year to test the accuracy. ■ Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 16 and other relevant IFRSs.
See note no. 3, property, plant and equipment in the financial statements	

Valuation of inventory	
The inventory of BDT 402,863,335 was carried as on 30 June, 2020 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. At the attendance of year end physical inventory count of the company we noted that there were some raw materials which were obsolete and damaged nature held at the premises of the company for a long period of time.	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 provi sioning 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	

Measurement of current year income tax and deferred tax	
During the year, the Company recognized current year income tax of BDT 7,933,009 and deferred tax BDT 11,245,346 respectively in the statement of profit or loss and other comprehensive income. Both of these expenses have increased significantly compared to corresponding expense recognized in the last year. Determination of both current year income tax and deferred tax involves compliance with the Income Tax Ordinance (ITO) 1984 and latest finance act along with IAS 12: Income Tax, there is a higher risk of material misstatement that amount charged in profit or loss might be over/understated.	Our audit responses adopted during the audit to address the risk identified comprise the following: ■ Obtained and documented management procedures involved in determining both current year income tax and deferred tax. ■ Obtained understanding and reviewed relevant section of the ITO and SRO to test the accuracy of rate applied by the Company. ■ Reviewed rate of depreciation used in determining tax depreciation in compliance with the latest finance act which is used to determine taxable profit and deferred tax. ■ Re-performed detailed calculation of current year income tax and deferred tax as given by the Company. ■ Inspected latest assessment order completed and compared amount of tax paid by the Company with amount recognized in the financial statements.
See note no. 28 & 29, income tax expenses in the financial statements	
Revenue Recognition	
During the year, the Company recognized sales revenue of BDT 1,190,877,276. Sales revenue recognized by the Company as per IFRS: 15, 'Revenue from Contracts with Customers' & Company Policy. The company adopted IFRS: 15 'Revenue from Contracts with Customers' for first time during the year. 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 translated 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 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 transaction recorded either side of year end to determine whether revenue was recognized in the current period. ■ Comparing sales revenue recognized in the Statement of profit or loss & other Comprehensive Income with sales revenue declared on monthly 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 22.00 to the financial statements.	

Bank Loan	
The company reported short-term and long-term loans of BDT 526,144,322 and BDT 184,377,874 respectively in the statement of financial position at the reporting date. The above borrowings were considered as key audit matter because this external form of credit facilities availed by the company require fulfillment of several terms and conditions as mentioned in loan sanction letter issued by lending bank. Any non-compliance with those stipulated terms and conditions might result in subsequent withdrawal and pose a threat to ongoing operation of the company. Besides, risk of material misstatement also lies due to non-disclosure of all those terms and conditions in the financial statements.	Our substantive audit procedures adopted during the audit includes the following test or details. • Inspecting relevant board minutes in support of bank loan reported in the financial statements. • Tracing existence and completeness of reported borrowings with supporting evidence such as sanction letters, loan certificates and statements. • Sending out and obtaining confirmation from the lenders. • Recalculating and testing accuracy and completeness of finance costs charged by the company during the year with corresponding loan statements provided by bank.
See note no 17.00 & 13.00 to the financial statements.	

Other Matter

Due to the outbreak of global pandemic "Covid-19" declared by the World Health Organization (WHO) and subsequent spread of the virus resulting in deteriorating situation in Bangladesh during the conduct of audit at the company, our audit procedures were mainly tailored to the material areas of the financial statements with more emphasis placed on obtaining documentary evidence from the company and testing their sufficiency and appropriateness using the online platforms and limited physical verification to avoid the risk of getting contacted the virus and safety of audit team members.

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 the Company.

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 exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such 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.

- Evaluated 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.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial statements. We are solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined 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 described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 and 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 purposes of the company's business.

e) The company adopted IFRS: 15 'Revenue from Contracts with Customers' & IFRS 16: 'Leases' for first time during the year.

Date: October 28, 2020.
Dhaka.

Ahmed Zaker & Co.
Chartered Accountants
(Zabed A Mirdha, FCA)
Partner.

Simtex Industries Limited
Statement of Financial Position
As at 30 June 2020

PARTICULARS	Notes	Amount in Taka	
		30.06.2020	30.06.2019
ASSETS			
A : NON-CURRENT ASSETS		**1,346,853,549**	**1,252,610,395**
Property, plant & equipment	3	1,331,884,307	1,113,032,652
Capital work in progress	4	14,969,242	139,577,743
B: CURRENT ASSETS		**1,297,847,163**	**999,517,585**
Accounts receivable	5	648,397,397	496,143,085
Advance, deposit & prepayments	6	143,399,804	137,925,740
Right-of-use assets	7	506,550	-
Inventory	8	402,863,335	285,665,190
Goods in transit	9	56,578,074	57,546,059
Investment in FDR	10	29,127,097	-
Cash & cash equivalent	11	16,974,906	22,237,511
TOTAL ASSETS (A+B)		**2,644,700,712**	**2,252,127,980**
SHAREHOLDERS EQUITY & LIABILITIES			
C : SHAREHOLDERS EQUITY		**1,671,789,042**	**1,674,721,052**
Share capital	12	795,953,810	758,051,250
Share premium		300,000,000	300,000,000
Revaluation reserve		103,668,899	103,668,899
Retained Earnings		472,166,333	513,000,903
D : NON-CURRENT LIABILITIES		**235,501,746**	**305,775,572**
Long term loan net off current portion	13	184,377,874	265,961,073
Lease liabilities net off current portion	14	64,028	-
Deferred tax	15	51,059,844	39,814,499
E : CURRENT LIABILITIES		**737,409,924**	**271,631,356**
Accounts payable	16	1,097,500	1,526,600
Short term loan from bank & others	17	526,144,322	75,605,897
Unclaimed IPO fund		317,782	323,782
Current portion of long term loan	18	96,901,720	91,572,984
Liabilities for expenses	19	17,134,092	23,040,140
Current portion of lease liabilities	14	675,605	-
Dividend payable	20	14,497,908	6,853,967
Provision for Income tax	21	80,640,995	72,707,986
TOTAL EQUITY & LIABILITIES (C+D+E)		**2,644,700,712**	**2,252,127,980**
Net Assets value (NAV) Per Share	32	**21.00**	**22.09**

The annexed notes (1-34) 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, 2020
Dhaka

Ahmed Zaker & Co.
Chartered Accountants

Simtex Industries Limited

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2020

PARTICULARS	Notes	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
(A)Turnover	22	1,190,877,276	1,448,580,502
(B) Cost of goods sold	23	990,974,595	1,134,736,415
(C) Gross Profit (A - B)		**199,902,681**	**313,844,087**
(D) Operating Expenses		**65,377,271**	**76,660,072**
Administrative expenses	24	56,927,083	66,377,283
Selling & distribution expenses	25	8,450,188	10,282,789
(E) Profit from Operation(C-D)		**134,525,411**	**237,184,015**
(F) Financial expenses	26	69,956,863	57,550,261
(G) Foreign exchange gain/(Loss)		871,579	(677,051)
(H) Other income/loss	27	1,388,841	2,415,226
(I) Net Profit Before WPPF(E-F+G+H)		**66,828,967**	**181,371,929**
(J) Workers profit perticipation fund		3,182,332	8,636,759
(K) Net Profit Before Tax(I-J)		**63,646,636**	**172,735,170**
Less: Provision for Tax:		**19,178,355**	**20,671,701**
Current tax	28	7,933,009	12,074,881
Deferred tax	29	11,245,346	8,596,820
Net Profit After Tax		**44,468,281**	**152,063,469**
Other comprehensive income		-	-
Total Comprehensive Income		**44,468,281**	**152,063,469**
Earnings Per Share (adjusted)	30	**0.56**	**1.91**

The annexed notes (1-34) 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, 2020
Dhaka

Ahmed Zaker & Co.
Chartered Accountants

Simtex Industries Limited
Statement of Changes in Equity
For the year ended 30 June 2020

PARTICULARS	Amount in Taka					
	Share Capital	Share Premium	Revaluation Surplus	Other Comprehensive income	Retained Earnings	Total
Balance as on 01.07.2019	758,051,250	300,000,000	103,668,899	-	513,000,903	1,674,721,052
Stock Dividend Issued (5%)	37,902,560	-	-	-	(37,902,560)	-
Cash Dividend Issued (9%)	-	-	-	-	(47,286,472)	(47,286,472)
Addition during the year	-	-	-	-	-	-
Adjustment of use of Lease Assets	-	-	-	-	(113,819)	(113,819)
Net Profit during the year	-	-	-	-	44,468,281	44,468,281
Balance as on 30.06.2020	**795,953,810**	**300,000,000**	**103,668,899**	**-**	**472,166,333**	**1,671,789,042**

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**

The annexed notes (1-34) 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, 2020
Dhaka

Simtex Industries Limited
Statement of Cash Flows
For the year ended 30 June 2020

PARTICULARS	Amount in Taka	
	01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Cash Flow from Operating Activities:		
Cash Collection From Turnover & Others	1,038,622,964	1,401,181,964
Cash Paid to Suppliers, Employee & Others	(1,099,535,428)	(1,204,457,635)
Cash Genarated from Operation	**(60,912,464)**	**196,724,329**
Income Tax Paid	(17,206,649)	(22,514,003)
Net Cash flow from Operating Activities:(A)	**(78,119,112)**	**174,210,326**
Cash Flows from Investing Activities:		
Investment in Share	-	95,615
Investment in FDR	(29,127,097)	-
Received from Interest and Dividend Income	1,388,841	2,477,209
Payment for Acquisition of Property, Plant & Equipment	(5,197,855)	(62,797,678)
Advance for Acquisition of Property, Plant & Equipment	15,572,240	(8,431,787)
Payment for Capital Work in Progress	(13,358,525)	(139,577,743)
Received from disposal of Property Plant & Equipment	-	2,120,000
Net Cash used in Investing Activities:(B)	**(30,722,397)**	**(206,114,384)**
Cash flow from Financing Activities		
Payment of Cash Dividend	(39,642,532)	(31,820,799)
Payment of IPO Subscription Fund	(6,000)	(114,000)
Payment of Interest	(69,956,863)	(57,550,261)
Lease payments	(360,525)	-
Net Long Term Loan Received/Payment	(76,254,462)	29,450,407
Net Short Term Loan Received/Payment	288,927,707	29,550,807
Net Cash flow from Financing Activities:(C)	**102,707,326**	**(30,483,846)**
Net increase/decrease in cash & Cash equivalents:(A+B+C)	**(6,134,183)**	**(62,387,903)**
Cash & Cash equivalents at the beginning of the year	22,237,511	82,848,439
Foreign Exchange Gain/(Loss)	871,578	1,776,975
Closing Cash & Cash equivalents at the end of the year	**16,974,906**	**22,237,511**
Net operating cash flows per share (NOCFPS) (Adjusted) 31.00	**(0.98)**	**2.19**

The annexed notes (1-34) 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, 2020
Dhaka

Simtex Industries Limited

Notes to the Financial Statements

For the year ended 30 June 2020

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 Exchange Limited (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 a going 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%
p)Fire Hydrent System	10%

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 637 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:

	2019-2020 Cones	2018-2019 Cones
Total Production Capacity in Cones	43,200,000	43,200,000
Capacity Utilization in Cones	23,408,284	28,043,628
Capacity Utilization for the year	54.19%	64.92%

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	455,000
Mr. Neaz Rahman Shaqib	Managing Director	350,000
Mr. Md. Ensan Ali Sheikh	Remuneration and Board Meeting Fees	437,500
Mr. Md. Yunus Ali	Board Meeting Fees	50,000
Mr. Md. Akram Hossain	Board Meeting Fees	50,000
Mr. Lt. Col. Md. Anisur Rahman	Loan	20,000,000

2.17 Event after the Balance Sheet Date:

As per IAS-10 “Event after the Balance Sheet Date” are those events 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, 2020 recommend 5% cash dividend for all shareholders excluding Directors and Sponsors held at record date for the year ended 30 June 2020. 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 Earnings per Share (EPS) in accordance with IAS-33 “Earnings per Share”. The Earnings 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, 2020.

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 30 June 2020.
b) Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2020
c) Statement of Changes in Equity for the year ended 30 June 2020.
d) Statement of Cash Flows for the year ended 30 June 2020.
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 01 July 2019 to 30 June 2020.
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 2020

	Amount in Taka	
	30.06.2020	**30.06.2019**
3.00 PROPERTY, PLANT AND EQUIPMENT: Tk. 1,331,884,307		
Opening Balance (at cost)	1,626,492,981	1,368,832,710
Add : Addition made during the year	304,775,598	261,260,271
Less: Disposal	-	(3,600,000)
Closing Balance	**1,931,268,579**	**1,626,492,981**
Less : Accumulated Depreciation	599,384,272	513,460,329
Written Down Value	**1,331,884,307**	**1,113,032,652**

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

Property, plant and equipment of BDT 1,331,884,307 in the statement of financial position. The company did not maintain fixed assets register properly identification number, Purchase date, cost, accumulated depreciation, WDV etc. against individual assets. The company also did not carry out any fixed assets physical inventory at the year end.

4.00 CAPITAL WORK IN PROGRESS: Tk. 14,969,242

This is made up as follows:

Opening Balance	139,577,743	198,462,593
Addition during the year	14,969,242	139,577,743
Transfer to Fixed Asset	(139,577,743)	(198,462,593)
	14,969,242	**139,577,743**

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. 648,397,397

This is made up as follows:

Particulars			
Accounts Receivable		681,752,440	598,216,328
Less: Adjustment of Inland Bill Purchase	Note: 5.01	33,355,043	102,073,243
		648,397,397	**496,143,085**

i) The company reported trade receivables of BDT 681,752,440 in the statement of financial position as at 30 June 2020. The above balances remained outstanding against number of letters of credit (LCs) denominated in USD and is subject to realization upon receipt of supporting documents from the banks following the reporting period a portion of which remained unreconciled as of the reporting period.

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

Aging of Accounts Receivable		
Dues within 6 months	681,752,440	598,216,328
Dues above 6 months	-	-
	681,752,440	**598,216,328**

5.01 ADJUSTMENT OF INLAND BILL PURCHASE (Net off Assets & Liabilities) : Tk. 33,355,043

This is made up as follows:

Particulars		
Trust Bank Limited Millennium Corporate Branch, Dhaka	33,355,043	102,073,243
	33,355,043	**102,073,243**

		Amount in Taka	
		30.06.2020	30.06.2019

6.00 ADVANCE, DEPOSITS & PREPAYMENTS: Tk. 143,399,804

This is made up as follows:

Particulars			
Advance, Deposit & Prepayments		**127,728,175**	**123,719,987**
Tax Deductions at Source	Note: 6.01	69,287,308	52,080,659
Advances against Expenses		25,832,590	26,513,211
Advances against Purchases		23,401,423	29,173,663
Prepaid Insurance Premium		1,306,854	1,306,854
Advance against Rent		150,000	195,000
Advance against Land Rent		3,700,000	-
Advance for Fixed Assets		-	9,800,000
Advanced against Salary		4,050,000	4,650,600
Deposit		**15,671,629**	**14,205,753**
L/C Margin Deposit		9,638,269	8,042,393
Security Deposit	Note: 6.02	6,033,360	6,163,360
		143,399,804	**137,925,740**

6.01 Tax Deductions at source: Tk. 69,287,308

This is made up as follows:

Particulars		
Opening Balance	52,080,659	49,401,982
Addition during the year	6,333,009	7,963,480
AIT through payment order for Assessment year 2020-2021	1,600,000	-
AIT through payment order for Assessment year 2019-2020	9,273,640	-
AIT through payment order for Assessment year 2016-2017	-	1,961,360
AIT through payment order for Assessment year 2018-2019	-	12,589,163
Adjustment during the year for Assessment year 2016-2017	-	(19,835,326)
	69,287,308	**52,080,659**

6.02 SECURITY DEPOSIT: Tk. 6,033,360

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

Particulars		
Bank Guarantee Margin for Titas Gas	553,210	553,210
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	3,750,350
Bank Guarantee Margin for Insurance	-	130,000
	6,033,360	**6,163,360**

7.00 RIGHT OF USE ASSETS: Tk. 506,550

This is made up as follows:

Particulars		
Opening	886,463	-
Less: Depreciation	(379,913)	-
	506,550	**-**

	Amount in Taka	
	30.06.2020	30.06.2019

8.00 INVENTORY: Tk. 402,863,335

The above balance is made up as follows:

Particulars	30.06.2020		30.06.2019	
	Qty.Kgs/ Pcs	Taka	Qty.Kgs/ Pcs	Taka
Raw material of Yarn	1,285,668.97Kgs	308,185,395	706721 kgs	188,149,122
Raw material of Dyes & Chemical	73,273 Kgs	46,678,002	93,981 Kgs	53,028,824
Packing Materials	91,164 kgs & 26,55,265 pcs	18,754,732	35,175 kgs & 3,101,736 pcs	13,578,866
Work-in-process	61,875 Kgs	18,533,389	70,153 Kgs	21,013,489
Finished goods	225,702 Cone	10,711,817	208,489 Cones	9,894,888
		402,863,335		**285,665,190**

During the year ended June 30, 2020 the company reported closing inventory of BDT 402,863,335 in the financial statements. At the attendance of year end physical inventory count of the company we noted that there were some raw materials which were obsolete and damaged nature held at the premises of the company for a long period of time. Due to non-consideration of writing up required against the cost of those items of inventories, closing inventories reported in the financial statements were overstated.

9.00 GOODS IN TRANSIT: Tk. 56,578,074

The above balance is made up as follows:

Raw Materials in Transit	**56,578,074**	**57,546,059**

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

10.00 INVESTMENT IN FDR:Tk. 29,127,097	**29,127,097**	**-**

Details of Investment in FDR are shown in the annexed Schedule -B/1.

11.00 CASH & CASH EQUIVALENT: Tk. 16,974,906

This is made up as follows:

Cash in Hand		4,257,680	3,272,337
Cash at Bank	Note: 11.01	12,717,226	18,965,174
		16,974,906	**22,237,511**

11.01 CASH AT BANK: Tk. 12,717,226

The above has been made up as follows:

Particulars

Name of Bank	A/C NO.		
Jamuna Bank Ltd.	CD-8310	-	92,683
Trust Bank Ltd.	CD-011882	812	1,157
Trust Bank Ltd.	CD-118	2,430,678	1,860,327
Trust Bank Ltd.	SND-53	734,329	48,253
BRAC Bank Ltd.	CD-002	11,179	12,214
BRAC Bank Ltd.	FC-003	287,722	293,862
BRAC Bank Ltd.	FC-005	29,781	29,780
Trust Bank Ltd.	FDR	2,965,000	13,983,855
Trust Bank Ltd.	DAD-0031	3,577,330	731,380
Trust Bank Ltd.	DAD-0059	552,382	-
Trust Bank Ltd.	SND-151	399,201	530,083
Trust Bank Ltd.	ERQ-0029	528,116	-
Mercantile Bank Ltd.	CD-3997	290,901	69,039
Southeast Bank Ltd.	CD-8059	238,392	384,496
Southeast Bank Ltd.	DAD-0592	361	19,123
NCC Bank Ltd.	CD-20020	84,486	210,108
Mercantile Bank Ltd.	CD-7632	586,557	698,815
		12,717,226	**18,965,174**

	Amount in Taka	
	30.06.2020	30.06.2019

The company make some payments against purchase and expenses in cash mode instead of A/C payee cheque or bank transfer which indicates violation of Income tax ordinance 1984 guideline. We have verified the above Bank balances with the Bank statements as at June 30, 2020 and found correct.

12.00 SHARE CAPITAL: Tk. 795,953,810

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
20,845,381 Ordinary shares of Tk. 10 each fully paid-up in bonus share	208,453,810	170,551,250
79,595,381 Ordinary Shares of Tk.10 each	**795,953,810**	**758,051,250**

Bonus Fraction share of 0.25 and its value of Tk. 2.50 are excluded from above share capital.

The Distribution Schedule showing the number of Shareholders and corresponding holding percentage under DSE & CSE Listing Regulation 37 on June 30, 2020:

Particulars of Investors	Number of Shareholders	Number of Shares	Percentage of Shareholding(%)
1 to 500 Shares	3,055	876,114	1.10%
501 to 5,000 shares	1,175	2,291,016	2.88%
5,001 to 10,000 shares	301	2,157,966	2.71%
10,001 to 20,000 shares	245	3,469,608	4.36%
20,001 to 30,000 shares	103	2,543,878	3.20%
30,001 to 40,000 shares	47	1,605,011	2.02%
40,001 to 50,000 shares	24	1,078,032	1.35%
50,001 to 100,000 shares	55	3,809,058	4.79%
100,001 to 1,000,000 shares	86	27,362,203	34.38%
Over 1,000,000	11	34,402,495	43.22%
Total	**5,102**	**79,595,381**	**100%**

13.00 LONG TERM LOAN FROM BANK & FINANCIAL INSTITUTION Tk. 184,377,874

Particulars		
Trust Bank Ltd.	281,279,594	357,534,056
Total Term Loan Outstanding	**281,279,594**	**357,534,056**
Less: Current Portion	96,901,720	91,572,984
	184,377,874	**265,961,073**

The loan sanctioned from Trust Bank Ltd against various Investment facilities through two BDT HPSM Loan bearing @9.00% interest and two USD Off-shore Loan bearing interest @4.50% . This Loans are secured by registered mortgage of 783.19 Decimal land and a Flat 1637.58 sft. located at Khagan, Gouripur, Bashaid, Aukpara , Ashulia and Uttra Dhaka, Capital Machineries and personal guarantee of all Directors of the Company. This Loan is repayable in monthly and quarterly installments as per sanction letter.

14.00 LIABILITY FOR LEASE: Tk. 64,028

This is made up as follows:

Particulars		
Opening	1,000,282	-
Add: Interest	99,876	-
Less: Payment	360,525	-
Closing Balance	**739,633**	
Less: Current portion of Lease Libilities	675,605	-
Lease Liabilites Net off Current Portion	**64,028**	**-**

	Amount in Taka	
	30.06.2020	30.06.2019
15.00 DEFERRED TAX : Tk. 51,059,844		
Carrying Value	1,331,884,307	1,113,032,652
Tax Base	991,485,340	847,602,654
Temporary/(Deductible) Difference	**340,398,967**	**265,429,998**
Effective Tax Rate	15%	15%
Deferred Tax Liability/(Asset)	**51,059,844**	**39,814,499**
16.00 ACCOUNTS PAYABLE: Tk. 1,097,500		
This is made up as follows:		
Particulars		
Keya Packaging Industries.	-	149,000
M/S Simi Enterprise	165,600	553,000
Shaan Packaging Industries Ltd.	76,000	142,500
Tanim Plastic Industries	138,000	552,100
Hawa Enterprise	240,000	130,000
M/S Jewel Packaging	80,000	-
Arktek Communication	213,000	-
Olympic Accessories	184,900	-
	1,097,500	**1,526,600**
17.00 SHORT TERM LOAN FROM BANK & Others: Tk. 526,144,322		
This is made up as follows:		
Particulars		
Cash Credit Loan (CC) Note: 17.01	25,840,764	7,105,247
Deferred L/C	318,692,840	56,050,650
International Leasing and Financial Services Limited	161,610,717	-
Other Loan	20,000,000	12,450,000
	526,144,322	**75,605,897**

During the year 2016 the company was granted short-term loan facilities of BDT 300,000,000 from the International Leasing and Financial Services Limited against which BDT 185,800,000 was disbursed during the year 2017. The said amount of loan and interest left unrecognized in the financial statements from year ended June 30, 2017 onwards. However, the company recognized the above amount of loan along with corresponding assets bought during the current financial year ended June 30, 2020.

17.01 CASH CREDIT LOAN (CC): Tk. 25,840,764

Name of Bank	A/C NO.		
Southeast Bank Ltd.	CC-1717	1,217,914	2,741,914
Trust Bank Ltd. (Bai Muajjal Stimulus Package)		17,049,100	-
Trust Bank Ltd.	Bai Muajjal	7,573,750	4,363,333
		25,840,764	**7,105,247**

18.00 CURRENT PORTION OF LONG TERM LOAN: Tk. 96,901,720		
This is made up as follows:		
Particulars		
Trust Bank Limited	96,901,720	91,572,984
	96,901,720	**91,572,984**
19.00 LIABILITY FOR EXPENSES: Tk. 17,134,092		
This is made up as follows:		
Particulars		
Salary & Wages	9,427,520	9,627,180
Electricity Bill	177,684	85,816
Telephone and Mobile Bill	141,969	134,593
Internet Bill	41,498	42,809
Provident Fund	503,657	206,780
Provision for WPPF	4,046,007	10,420,312
Audit and Professional Fees	337,500	230,000
Gas bill	2458257	2,292,650
	17,134,092	**23,040,140**

	Amount in Taka	
	30.06.2020	30.06.2019

20.00 DIVIDEND PAYABLE: Tk. 14,497,908

This is made up as follows:

Particulars		
Opening	6,853,967	5,716,016
Addition during the year	47,286,472	32,958,750
Payment during the year	(39,642,532)	(31,820,799)
Closing Balance	**14,497,908**	**6,853,967**

At the end of the year didivend payable shows Tk. 14,497,908 against this Tk.734,329 available in Trust Bank ltd A/C & remaining amount has been maintaining in Trust bank LTD as fixed deposit.

21.00 PROVISION FOR INCOME TAX: Tk. 80,640,995

This is made up as follows:

Particulars			
Opening Balance		72,707,986	80,468,431
Add: Provision for Current year tax	Note: 28.00	7,933,009	12,074,881
Less: Adjustment during the year for Assessment year 2016-2017		-	(19,835,326)
Closing Balance as on June 30, 2020		**80,640,995**	**72,707,986**

22.00 TURNOVER: Tk. 1,190,877,276

This is made up as follows:

Sales	Note: 22.01	1,190,877,276	1,448,580,502
		1,190,877,276	**1,448,580,502**

22.01 SALES

Particulars	30.06.2020		30.06.2019	
	Qty (Kgs)	Taka	Qty (Kgs)	Taka
Sewing Thread	2,531,405	1,144,194,887	3,061,010	1,392,429,790
Poly Poly Core spun	4,780	5,597,123	5,549	6,526,859
Filament Thread	61,505	41,085,266	73,915	49,623,853
Total	**2,597,689**	**1,190,877,276**	**3,140,474**	**1,448,580,502**

23.00 COST OF GOODS SOLD: Tk. 990,974,595

Raw materials Consumption	Note: 23.01	660,425,175	801,681,490
Dyes & Chemical Consumption	Note: 23.02	62,957,395	67,549,472
Packing Materials Consumption	Note: 23.03	51,761,753	69,441,722
Factory Overhead	Note: 23.04	215,299,478	198,310,331
Cost of Production		**990,443,801**	**1,136,983,014**
		2,480,101	**(2,371,176)**
Opening work-in process		21,013,489	18,642,313
Closing work-in process		(18,533,389)	(21,013,489)
		(816,929)	**1,180,867**
Opening finished goods		9,894,888	11,075,755
Closing finished goods		(10,711,817)	(9,894,888)
Goods available for sale		**992,106,973**	**1,135,792,705**
Sample expense		(1,132,378)	(1,056,290)
Total Cost of Goods Sold		**990,974,595**	**1,134,736,415**

23.01 RAW MATERIALS CONSUMPTION: Tk. 660,425,175

Opening Inventory	188,149,122	177,456,878
Add: Purchased during the year	780,461,448	812,373,734
Less: Closing Inventory	308,185,395	188,149,122
	660,425,175	**801,681,490**

	Amount in Taka	
	30.06.2020	30.06.2019
23.02 DYES & CHEMICAL CONSUMPTION: Tk. 62,957,395		
Opening Inventory	53,028,824	45,788,957
Add: Purchased during the year	56,606,572	74,789,339
Less: Closing Inventory	46,678,002	53,028,824
	62,957,395	**67,549,472**
23.03 PACKING MATERIALS CONSUMPTION: Tk. 51,761,753		
Opening Inventory	13,578,866	14,277,321
Add: Purchased during the year	56,937,619	68,743,267
Less: Closing Inventory	18,754,732	13,578,866
	51,761,753	**69,441,722**
23.04 FACTORY OVERHEAD: Tk. 215,299,478		
This is made up as follows:		
Particulars		
Salary and Wages	89,736,165	90,243,189
Overtime	4,336,280	5,126,328
Tiffin Bill	1,522,813	1,874,227
Electricity Bill	1,384,230	1,079,206
Repair & Maintenance	2,115,248	2,214,195
Festival Bonus	3,297,743	3,316,375
Loading & Unloading-Labor	304,619	374,276
Fuel & Lubricant	3,025,250	3,727,083
Gas Bill	30,124,497	28,069,967
ETP. Operating Expense	880,395	824,172
Depreciation	78,572,238	61,461,313
	215,299,478	**198,310,331**
24.00 ADMINISTRATIVE EXPENSES: Tk. 56,927,083		
This is made up as follows:		
Particulars		
Salary & allowance	25,224,205	26,532,232
Director's Remuneration	892,500	2,030,000
Tours & Travelling Expenses	1,146,341	2,463,791
Board Meeting Attendance Fee	245,000	153,000
Festival Bonus	2,025,830	2,107,015
Telephone and Mobile Bill	1,646,922	1,745,756
Internet Bill	534,914	698,652
Electrical Expenses	520,327	1,115,208
Subscription and donation	114,235	234,518
Audit and Professional Fees	372,000	465,000
Provident Fund	1,338,876	1,174,778
Fees Forms and Renewal	2,005,638	2,309,717
Entertainment	1,125,235	1,937,225
Managing Director Remuneration	350,000	500,000
Office Rent	-	455,400
Interest charged for the Right-of-use Assets	99,876	-
Depreciation charged for the Right-of-use Assets	379,913	-
Land Rent	300,000	-
Canteen Subsidy	570,500	882,373
House Rent	450,000	1,770,000
Medical Expenses	1,006,452	1,422,400
Insurance	1,800,724	1,668,423
Office Maintenance	745,172	1,130,926
Miscellaneous Expenses	778,525	1,163,842
Staff Uniform	917,142	1,326,208

	Amount in Taka	
	30.06.2020	30.06.2019
Car Maintenance	975,521	1,361,472
News Papers & Periodical	189,805	263,190
Fuel & Lubricant	1,338,781	1,728,955
Conveyance	761,356	1,155,406
Postage & Courier	195,845	242,918
AGM Expenses	688,463	690,025
Stationery Expenses	835,281	1,135,271
Depreciation	7,351,705	6,513,583
	56,927,083	**66,377,283**

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	892,500	2,030,000
Managing Director Remuneration	350,000	500,000
Board Meeting fee	245,000	153,000

i) The Board of Directors have drawn Tk. 5,000/- 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) Ten (10) meeting of the Board of Directors were held during the Year.

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

25.00 SELLING & DISTRIBUTION EXPENSES: Tk. 8,450,188

This is made up as follows:

Particulars		
Advertisement	291,870	1,162,928
Promotional Expenses	1,135,445	1,327,499
Conveyance	1,003,780	1,057,033
Collection and C & F Charges	945,320	1,020,981
Expenses for Product development	1,380,145	1,354,348
Sample Expenses	1,132,378	1,056,290
Fuel & Lubricant for Vehicle	1,165,460	1,374,254
Transport and Car Maintenance	1,395,790	1,929,456
	8,450,188	**10,282,789**

26.00 FINANCIAL EXPENSES: Tk. 69,956,863

This is made up as follows:

Interest	68,390,976	55,429,198
Bank Charges, Commission & Brokerage Fees	1,565,887	2,121,063
	69,956,863	**57,550,261**

27.00 OTHER INCOME: Tk. 1,388,841

This is made up as follows:

Particulars		
Interest Income	1,388,841	2,477,209
Realized Gain/Loss on sale of Share	-	(49,587)
Gain/(Loss) on disposal of Vehicle	-	(12,396)
	1,388,841	**2,415,226**

28.00 CURRENT YEAR TAX : TK. 7,933,009

This is made up as follows:

Particulars		
Current year Tax	7,933,009	17,772,694
Less: Over Provision for assessment year 2016-2017	-	5,697,813
	7,933,009	**12,074,881**

	Amount in Taka	
	30.06.2020	30.06.2019

29.00 CURENT YEAR DEFERRED TAX : Tk.11,245,345

This is made up as follows:

Particulars		
Total Deferred Tax	51,059,844	39,814,499
Less: Opening Balance	39,814,499	31,217,679
	11,245,345	**8,596,820**

30.00 EARNINGS PER SHARE

Net Profit after Taxes	44,468,282	152,063,469
Number of Shares for respected year	79,595,381	75,805,125
Earning per share (Taka) (Basic)	**0.56**	**2.01**
Net Profit after Taxes	44,468,282	152,063,469
Weighted Average Number of Share	79,595,381	79,595,381
Earning per share (Taka) (Adjusted)	**0.56**	**1.91**
Weighted average/Total existing number of share:		
Opening number of share outstanding		75,805,125
Add: Issued during the period (Stock dividend)		3,790,256
		79,595,381

31.00 NET OPERATING CASH FLOW PER SHARE (NOCFPS)

Cash Flows from Operating Activites	(78,119,112)	174,210,326
Number of Shares	79,595,381	79,595,381
Net Operating Cash Flows per Share (NOCFPS)	**(0.98)**	**2.19**

32.00 NET ASSET VALUE PER SHARE (NAVPS)

Net Asset Value	1,671,789,043	1,674,721,052
Number of Shares	79,595,381	75,805,125
Net Asset Value per Share	**21.00**	**22.09**

33.00 RECONCILIATION OF NET INCOME WITH CASH FLOWS FROM OPERATING ACTIVITIES

Profit Before Tax	63,646,636	172,735,170
Adjustment for:		
Depreciation on Property, Plant and Equipment	85,923,943	67,974,897
Depreciation charged for the Right-of-use Assets	379,913	-
Other Income	(1,388,841)	(2,415,226)
Workers Profit Participation Fund	3,182,332	8,636,759
Foreign Exchange Gain/Loss	(871,579)	677,051
Interest charged for the Right-of-use Assets	99,876	-
Financial Expenses	69,956,863	57,550,261
	220,929,142	**305,158,911**
Less: Increase in Accounts Receivable	(152,254,312)	(47,398,538)
Less: Increase in Inventory	(116,230,159)	(43,524,904)
Less: Decrease in Trade and Other Payables	(429,100)	(128,200)
Less: Increase in Advance, Deposit & Prepayments	(3,839,655)	(6,998,743)
Less: Decrease in Liabilities for Expenses	(9,088,379)	(10,384,197)
	(60,912,463)	**196,724,329**
Less: Income Tax Paid	(17,206,649)	(22,514,003)
Net Cash Generated from Operating Activities	**(78,119,112)**	**174,210,326**

34.00 Related party transactions

The company has entered into transactions that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures".

Particulars	Opening Balance	During the year	Payment	Closing Balance
Loan from Director (Mr. Lt. Col. Md. Anisur Rahman)	-	20,000,000	-	20,000,000
Total	**-**	**20,000,000**	**-**	**20,000,000**

Simtex Industries Limited

Schedule of Property, Plant & Equipment

As at 30 June 2020

Schedule-A/1
Amount in Taka

Particulars	Cost Value				Rate	Depreciation				W. D. V. As on 30.06.2020
	Opening Balance As on 01.07.2019	Addition during the Year	Disposal	Closing Balance As on 30.06.2020		Opening Balance As on 01.07.2019	Charged During the Year	Disposal	Closing Balance As on 30.06.2020	
Factory:										
Land & Development	225,763,520	1,518,100	-	227,281,620	0%	-	-	-	-	227,281,620
Building & Fabricated Shade	375,031,674	63,900,596	-	438,932,270	10%	151,009,323	24,442,706	-	175,452,030	263,480,240
Plant and Machinery	715,534,950	152,644,553	-	868,179,503	10%	279,201,017	47,856,571	-	327,057,588	541,121,915
Trolly	67,058	87,100	-	154,158	10%	47,429	9,221	-	56,650	97,508
Gas and Electrical Line	5,141,080	4,013,000	-	9,154,080	10%	2,746,813	272,868	-	3,019,681	6,134,399
Electrical Equipment	57,412,187	25,815,760	-	83,227,947	10%	27,238,884	3,247,558	-	30,486,441	52,741,506
Spare Parts & Tools	34,313,323	7,815,241	-	42,128,564	10%	17,077,240	1,788,735	-	18,865,976	23,262,588
Fire Hydrent System	1,505,400	28,771,842	-	30,277,242	10%	167,267	624,666	-	791,933	29,485,309
Furniture and Fixture	4,795,515	4,491,375	-	9,286,890	10%	2,138,271	329,912	-	2,468,184	6,818,706
Sub Total	**1,419,564,707**	**289,057,567**	**-**	**1,708,622,274**		**479,626,244**	**78,572,238**	**-**	**558,198,482**	**1,150,423,792**
Office:										
Transport & Vehicles	54,924,244	-	-	54,924,244	10%	17,302,599	3,762,164	-	21,064,764	33,859,480
Office Equipment	16,792,829	5,895,086	-	22,687,915	10%	6,658,741	1,216,393	-	7,875,134	14,812,781
Furniture and Fixture	17,415,909	366,045	-	17,781,954	10%	6,263,596	1,130,776	-	7,394,372	10,387,582
Shade Book	177,000	-	-	177,000	15%	115,263	9,261	-	124,524	52,476
Int. Panton Book	84,500	-	-	84,500	15%	68,382	2,418	-	70,800	13,700
Air Condition & Humidification	12,764,397	9,452,000	-	22,216,397	10%	2,751,983	1,158,775	-	3,910,758	18,305,639
Crockeries	228,352	4,900	-	233,252	10%	91,627	13,868	-	105,495	127,757
Software	872,144	-	-	872,144	20%	581,894	58,050	-	639,944	232,200
Sub Total	**103,259,375**	**15,718,031**	**-**	**118,977,406**		**33,834,085**	**7,351,705**	**-**	**41,185,790**	**77,791,616**

Revaluation Surplus :

Particulars	Cost Value				Rate	Depreciation				W. D. V. As on 30.06.2020
	Opening Balance As on 01.07.2019	Addition during the Year	Disposal	Closing Balance As on 30.06.2020		Opening Balance As on 01.07.2019	Addition during the Year	Disposal	Closing Balance As on 30.06.2020	
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	**1,626,492,981**	**304,775,598**	**-**	**1,931,268,579**		**513,460,329**	**85,923,943**	**-**	**599,384,272**	**1,331,884,307**

Factory	78,572,238
Administrative	7,351,705
Total	**85,923,943**

SIMTEX INDUSTRIES LIMITED

Registered Office: Khagan, Birulia, Savar, Dhaka

PROXY FORM

I/We ……
Of……being a member of Simtex Industries Limited and entitled to vote, hereby appoint Mr./Mrs./Miss……
of …… as my/our proxy to attend and vote for me/us and on my/our behalf at the 13th Annual General Meeting (AGM) of the Company tobe held through virtual participationon Thursday, December 24, 2020 at 11:00 a.m. under digital mode in view of the Corona pandemic.

Signature of Shareholder

Dated.....2020

Revenue Stamp 20.00

Signature of proxy

BO A/C No. | | | | | | | | | | | | | | | | |

No. of Shares:

Note:

1) The Proxy Formduly filled, signed and stamped with a revenue stamp of Tk.20, must be deposited at the registered office of the Companyor through e-mail at companysecretary@simtexgroup.com 48 hours before the time fixed for the meeting.

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 do hereby record my/our attendance at the 13th Annual General Meeting (AGM) of Simtex Industries Limited to be held virtually under digital participationon Thursday, December 24, 2020, at 11:00 a.m. Name of the Member/

Shareholder/ Proxy……

BO ID: | | | | | | | | | | | | | | | | |

Signature……... Date……....

N.B.: Shareholdersattending the Meeting in person or by Proxy under virtual platform are requested to complete the Attendance Slip and deposit the same at the Registered Office of the Company before the meeting.

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