

## **DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2017**

Bismillahir Rahmaner Rahim

Dear Shareholders,  
Assalamu Alaikum,

It is a great pleasure and privilege of the Board of Directors of Bengal Windsor Thermoplastics Limited (BWTL) to present before you their report along with the Audited Financial Statements and Auditors' Report thereon for the year ended 30 June 2017.

### **PRINCIPAL ACTIVITIES**

The Company has been carrying out the business of manufacturing and exporting of garment hangers and accessories which facilitate the export of garments to the world's largest retailers like WalMart, K-Mart, Khol's, J C Penny etc. in the USA as well as in Europe.

### **INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT**

As per Bangladesh Bureau of Statistics, the Ready Made Garments (RMG) export has increased by Taka 41,655 Million in the year 2016-2017. RMG sector is the driver for growth of Bangladesh's economy. It contributes 13% to national GDP. As such, Garments accessories industry of the Country will continue its phenomenal growth same as before.

### **RISKS AND CONCERNS**

Risks and concerns of the industries solely depends on the exchange rate fluctuation, change of raw materials cost and upcoming changes of global and national policies, which may have negative impact on the cost structure and profitability of the Company.

### **OPERATIONAL PERFORMANCE**

The operational performance of the Company, such as Revenue, Cost of Goods Sold, Gross Profit and Net Profit after Tax for the last two years are given below:

(Figure in Thousand Taka)

<b>Year</b>	<b>Revenue</b>	<b>Cost of Goods Sold</b>	<b>Gross Profit</b>	<b>Net Profit after Tax</b>
2015-2016	923,749	600,205	323,544	211,694
2016-2017	904,792	646,810	257,982	153,492

### **FINANCIAL RESULT AND APPROPRIATION OF PROFIT**

The Directors of the Company are pleased to report its shareholders the financial results of the Company for the year ended on 30 June 2017 and their recommendations for appropriation of earnings for the year under review are as follows:

(Figure in Taka)

Particulars	As on 30 June 2017	As on 30 June 2016 (restated)
Opening Balance	818,171,947	681,154,521
Net Profit after Tax	153,521,353	211,617,426
Dividend Paid	83,160,000	75,600,000
Retained Earnings	888,533,300	818,171,947

## DIVIDEND

Considering the Company's profitability and the interest of the valued investors, the Board of Directors of the Company are pleased to recommended 10% Stock Dividend subject to the approval of the shareholders in the forthcoming Annual General Meeting.

## EXTRA-ORDINARY GAIN OR LOSS

There is no extra-ordinary gain or loss in the financial statements under report.

## BASIS FOR RELATED PARTY TRANSACTIONS

The detail lists of the related parties with whom transactions have been taken place and their relationship for the year 2016-2017 are as follows:

Particulars	Nature of relationship	Types of transaction	Amount of transactions for the year	Receivable/(p ayable) as at 30 June 2017
Bengal Corrugated Carton Ind. Ltd.	Common Directors	Purchase of packing materials	18,255,760	00
Hamilton Metal Corporation Ltd.	Common Directors	Purchase of Accessories	35,459,053	00

## SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

No significant variations have occurred between quarterly and final financial results of the Company during the year under report.

## BOARD SIZE

The Board of Directors of the Company is comprised of 9 (Nine) members including 2 (Two) independent directors.

## CODE OF CONDUCT OF ALL BOARD MEMBERS

In compliance with the corporate governance guidelines, the Board has laid down a code of conduct of all Board members and annual compliance of the code is recorded accordingly.

## BOARD MEETING AND ATTENDANCE

The Board of Directors of the Company met together 7 (Seven) times for meeting during the year. The attendance record of the Directors is as follows:

<b>Name of Directors</b>	<b>Position</b>	<b>Meeting Held</b>	<b>Attended</b>
Mr. Morshed Alam	Chairman	07	05
Mr. Md. Jashim Uddin	Vice Chairman	07	07
Mr. Humayun Kabir Bablu	Managing Director	07	04
Mrs. Bilqis Nahar	Director	07	05
Mr. Firoz Alam	Director	07	07
Mr. Shamsul Alam	Director	07	05
Mr. Saiful Alam	Director	07	06
Syed Javed Iqbal	Independent Director	07	06
Mr. Fayyaz Khundker	Independent Director	07	06

The Directors who could not attend the meetings were granted leave of absence.

### **REMUNERATION TO DIRECTORS**

The Company did not pay any remuneration to any director including independent director except board meeting attendance fee and Taka 200,000.00 as salary per month to Managing Director.

### **DIRECTORS PROPOSED FOR RE-ELECTION**

Mr. Morshed Alam (Chairman), Mrs. Bilqis Nahar (Director) and Mr. Shamsul Alam (Director) will retire from the Board by rotation as per Article-127 of the Articles of Association of the Company and as per Article 128 of the Articles of Association of the Company, being eligible, have offered themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.5(XXII) a, 1.5(XXII) b, and 1.5(XXII) c, of SEC notification No.SEC/CMRRCD/2006158/134/ Admin /44, dated, 07 August 2012 are depicted in Annexure-B in this Annual Report.

### **AUDIT COMMITTEE MEETING AND ATTENDANCE**

As per stipulations of the Bangladesh Securities and Exchange Commission (BSEC) Guidelines, the Board has constituted an Audit Committee for the Company. The committee comprises of Syed Javed Iqbal, Mr. Firoz Alam, Mr. Shamsul Alam and Mr. Fayyaz Khundker of whom Mr. Fayyaz Khundker and Syed Javed Iqbal is Independent Director and Syed Javed Iqbal is also the Chairman of the Committee. All the members of the Committee are non-executives Directors. Mr. Darul Awam Tuhin FCS, Company Secretary served as the Secretary to the Audit Committee. The key terms of reference of the Audit Committee during the year were as follows:

- Reviewed and recommended to the Board the quarterly and annual financial statements for the year 2016-2017.
- Considered and recommended to the Board about appointment and remuneration of the statutory auditors of the Company.
- Reviewed and appraised the performance of the internal control system.
- Reviewed and recommended to the Board about the Internal Audit Plan and monitored the progress about the same.
- Reviewed and considered the report on matters as required under the BSEC Guidelines.

The audit committee has met four times this year and the committee members' attendance record is disclosed below:

<b>Name</b>	<b>Status</b>	<b>Meeting Held</b>	<b>Attended</b>
Syed Javed Iqbal	Chairman	04	04
Mr. Firoz Alam	Member	04	02
Mr. Shamsul Alam	Member	04	03
Mr. Fayyaz Khundker	Member	04	04

#### **APPOINTMENT OF AUDITORS**

The directors hereby report that the existing auditors, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, who were appointed as auditors of the Company in the last Annual General Meeting of the Company has carried out the audit for the year ended 30 June 2017, will retire and being eligible offered themselves for reappointment as Auditors of the Company for the year 2017-2018. The Board also accepted the proposal and recommended to appoint M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants as statutory auditors which will be placed before Annual General Meeting (AGM) for shareholders approval. Remuneration of the auditor will also be approved by the shareholders at the AGM.

#### **FINANCIAL REPORTING STANDARDS**

The Directors, in accordance with BSEC's notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012 confirms the following to the best of their knowledge:

- a) The financial statements prepared by the management of Company present fairly its state of affairs, the results 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 consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts of the Company's ability to continue as a going Concern.
- g) There are no significant deviations from the last year's operating results of the Company.

#### **PATTERN OF SHAREHOLDING**

In accordance with the condition of the corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) on 07 August 2012, the shareholding pattern of the Company is disclosed in Annexure-C in this annual report.

## FIVE YEAR'S FINANCIAL HIGHLIGHTS

The key operating and financial data for the last five years are as follows:

Figure in Thousand Taka

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Authorized Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Paid up Capital	700,000	756,000	756,000	831,600	831,600
Share Premium	465,600	465,600	465,600	465,600	465,600
Turnover	879,833	920,390	942,019	923,749	904,792
Gross Profit	322,468	310,080	329,989	325,296	257,982
Operating Profit	285,013	266,837	297,827	271,994	189,265
Net Profit after tax	238,762	230,605	199,166	211,694	153,492
Retained earnings	670,941	811,211	944,595	1,080,612	888,533
Tangible Fixed Assets	445,620	600,634	659,633	635,756	610,923
Net Asset Value	1,836,166	2,050,008	2,166,195	2,377,812	2,185,733
Dividend Proposed	90,395	61,026	75,600	831,600	83,160

Figure in Taka

Net Asset Value per Share	26.24	26.89	28.65	25.44	26.28
Earnings Per Share	2.87	2.77	2.34	2.54	1.85

## CONTRIBUTION TO THE NATIONAL EXCHAQUER

During the year under review, our Company paid Taka. 15,247,600.00 to the national exchequer in the form of corporate income tax, customs duties and value added tax.

## CORPORATE GOVERNANCE

Corporate Governance is the practice of good citizenship, through which the Company is governed by the Board, for inspiring confidence of all stakeholders. We have the pleasure to confirm that the Company has meanwhile complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012. The compliance report along with the necessary remarks/disclosures is appended in this Annual Report of the Company for the year 2016-2017 (Annexure-D). Further, a Certificate of Corporate Governance Compliance required under the said Guidelines, as provided by M/S Itrat Hossain & Associates, Chartered Secretary in Practice, is also annexed to this report in (Annexure- E).

## ACKNOWLEDGEMENT

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless effort helped increase the productivity of the Company despite the natural and unnatural adverse factors throughout the country and the world. The Board of Directors humbly expresses its gratitude and acknowledges with satisfaction the cooperation and unflinching support it has received from various regulatory bodies and financial institutions.

For and on behalf of the Board of Directors,

**Morshed Alam**  
Chairman  
26 October 2017