



36th Annual General Meeting of the Company held on 26th September, 2012



A partial view of the Shareholders at the 36th Annual General Meeting



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OUR VISION, MISSION, VALUES AND OBJECTIVES

Our Vision

Our vision is to attain 100 % customer satisfaction world wide through continual quality improvement of our products.

Our Mission

To understand and satisfy customer's wants and needs, we always try to add value, reduce costs and provide innovative thinking for improvement of our product quality, with world class compliance and working standards.

Our Values

To our customers we offer

- A commitment to provide best quality product and timely delivery
- Production of world-class quality leather, meet the requirements of customers with competitive price and up to date fashion trends
- Quick response to the expectations of our valued customers in terms of quality and product development

To our employees we offer

- A desirable and rewarding place to work
- Provide motivation for team work and career development
- The opportunity to grow to employee's maximum potential
- Sufficient offsite and on the job training

To our shareholders we offer

- Attractive return with minimum risk of their investment
- A commitment to continuous improvement and adding value through all activities and managing resources

To our suppliers we offer

- Easy terms of trade
- Payment within due time

Our Objectives

- 100 % on time delivery of the services to our valued customers
- 100 % accuracy in documentation
- 100 % customers acceptance of our services as valid and usable in accordance with their requirements
- Overall reduction of cost by 2% every year
- Reduction of customer complaints by 10 % every year.



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman

Syed Manzur Elahi

Managing Director

Md. Rahmatullah

Directors

Syed Nasim Manzur

Md. Hedayetullah

Md. Fayekuzzaman

Prof. Mohammed Farashuddin Ph.D.

AUDIT COMMITTEE

Chairman

Prof. Mohammed Farashuddin Ph.D.

Members

Syed Nasim Manzur

Md. Hedayetullah

MANAGEMENT COMMITTEE

Chairman

Syed Manzur Elahi

Members

Md. Rahmatullah

Md. Hedayetullah

Ansarul Islam

M. Abdul Majed

Anup Kumar Mukherjee

HUMAN RESOURCES COMMITTEE

Chairman

Md. Hedayetullah

Members

Ansarul Islam

M. Abdul Majed

Anup Kumar Mukherjee

Md. Golam Sarwar

COMPANY SECRETARY

Jagadish Kumar Bhanja

AUDITORS

Malek Siddiqui Wali

Chartered Accountants

CORPORATE GOVERNANCE AUDITOR

ARTISAN

Chartered Accountants

CHIEF FINANCIAL OFFICER

Anup Kumar Mukherjee

TAX ADVISER

Khandker Fazlul Quadir

LEGAL ADVISER

Mohsen Rashid

Advocate, Supreme Court

BANKERS

Agrani Bank

Amin Court Branch, Motijheel C/A

Dhaka-1000

REGISTERED OFFICE

127 Hazaribagh T/A

Dhaka-1209

FACTORY

Unit I

127 Hazaribagh T/A

Dhaka-1209

Unit II

Shafipur

Kaliakoir, Gazipur



DIRECTORS AND MANAGEMENT TEAM



Syed Manzur Elahi
Chairman



Md. Rahmatullah
Managing Director



Syed Nasim Manzur
Director



Md. Hedayetullah
Director



Prof. Mohammed Farashuddin Ph.D.
Independent Director



Md. Fayekuzzaman
Director



M. Abdul Majed
Executive Director



Ansarul Islam
Executive Director



Anup Kumar Mukherjee
Chief Financial Officer



Jagadish Kumar Bhanja
Company Secretary



পরিচালকমন্ডলীর প্রতিবেদন

সুধী শেয়ারহোল্ডারবন্দ,

আপনাদের পরিচালকমন্ডলীর পক্ষে আমি ৩০ জুন, ২০১৩ ইং সমাপ্ত আর্থিক বছরের প্রতিবেদন ও হিসাব আনন্দের সাথে উপস্থাপন করছি।

কার্যক্রম

		চলতি বছর	পূর্ববর্তী বছর	+ বৃদ্ধি - হ্রাস %
• বিক্রয়	(হাজার টাকায়)	৩,২৪৮,৭৯৯	৩,০৬৭,২০৮	০৫.৯২
• কাঁচা চামড়ার (গরু) ক্রয় মূল্য	(প্রতি বর্গফুট, টাকায়)	৯৯.৬৬	৯৮.৯৮	০.৭০
• কাঁচা চামড়ার (ছাগল) ক্রয় মূল্য	"	৭৪.১৯	৭৮.৭৫	(৫.৭৯)
• গরুর চামড়ার বিক্রয় মূল্য	"	১৬৬.৮৫	১৬৬.৮৭	(০.০১)
• ছাগলের চামড়ার বিক্রয় মূল্য	"	১১৮.৬৫	১২২.২৩	(২.৯৩)
• কেমিক্যাল ব্যয়	"	৩৯.৭৮	৩২.৬৩	২১.৯১
• মোট মুনাফা	(হাজার টাকায়)	২৫৩,৩০৯	২৭১,১৫৭	(৬.৫৮)
• স্থায়ী খরচ	"	১৫৩,২৭০	১২২,৩৪০	২৫.২৮

কাঁচামালের মজুদ

আমরা সাধারণত ঈদ-উল-আযহার সময় বিপুল পরিমাণ কাঁচা চামড়া ক্রয় করে থাকি। যার ফলে ঈদ-উল-আযহা ব্যতীত বছরের অন্যান্য সময়ে কাঁচা চামড়ার স্বল্প যোগান আমাদের উৎপাদনকে ব্যাহত করতে পারে না। কাঁচামালের মজুদ গত বছরের তুলনায় সন্তোষজনক ধারায় (পজিটিভ ট্রেন্ডে) রয়েছে কারণ এ বছর ৫০ দিনের উৎপাদন ব্যয়ের সমপরিমাণ টাকার কাঁচামাল মজুদ রয়েছে যা গত বছর ছিল ১০৫ দিনের।

আর্থিক ফলাফল

	সমাপনী বছর ৩০ জুন, ২০১৩ ইং	হাজার টাকায় সমাপনী বছর ৩০ জুন, ২০১২ ইং
নীট মুনাফা (কর পরবর্তী)	১০০,১৫৭	১০৭,৬৭৬
যোগঃ বিগত বছরের উদ্ধৃত	৩৩৪,০২৭	২৭৯,৬৯১
	৪৩৪,১৮৪	৩৮৭,৩৬৭
বন্টন সুপারিশ		
প্রদেয় লভ্যাংশ	৭০,৬০,৯৬০	৫৩,৩৪০
লভ্যাংশ পরবর্তী জের	৩৮৭,৩৭৩,২২৪	৩৩৪,০২৭
	৪৩৪,১৮৪	৩৮৭,৩৬৭



REPORT OF THE DIRECTORS

DEAR SHAREHOLDERS,

On behalf of your Directors, I have the pleasure in submitting the Report and Financial Statements for the year ended June 30, 2013.

PERFORMANCE

		This Year	Previous Year	+ Increase - Decrease %
• Sales	(Taka in '000')	3,248,799	3,067,208	05.92
• Raw Cowhides purchase price	(Taka/sft)	99.66	98.98	0.70
• Raw Goatskins purchase price	(")	74.19	78.75	(5.79)
• Cow leather selling price	(")	166.85	166.87	(0.01)
• Goat leather selling price	(")	118.65	122.23	(2.93)
• Chemical cost	(")	39.78	32.63	21.91
• Gross profit	(Taka in '000')	253,309	271,157	(6.58)
• Operating expenses	(")	153,270	122,340	25.28

INVENTORIES

We normally purchase huge quantities of raw hides and skins during the Eid-ul-Azha festival, so that our production is not adversely affected due to low supply during the rest of the year. We feel that the inventory holding shows a positive trend because this year's inventory represents 50 days of production as compared to 105 days last year.

FINANCIAL RESULTS

	Taka in thousand	
	Year Ended June 30, 2013	Year Ended June 30, 2012
Net profit after tax	100,157	107,676
Add: Previous years' surplus	334,027	279,691
	434,184	387,367
Appropriation recommended		
Dividend payable	60,960	53,340
Balance	373,224	334,027
	434,184	387,367



লভ্যাংশ

এ বছর আপনাদের কোম্পানীর ইপিএস ছিল ৬.৫৭ টাকা। পরিচালক পর্ষদ ০৫ আগস্ট, ২০১৩ ইং তারিখের সভায় প্রতিটি ১০ টাকার শেয়ারে ৪.০০ টাকা হারে লভ্যাংশ প্রস্তাব করেছে। এই সাধারণ সভায় আপনাদের সম্মতিতে উক্ত লভ্যাংশ প্রদান করা হবে।

কর্মসংস্থান

চামড়া শিল্প প্রতিষ্ঠানে শ্রমিকদের সার্বিক পরিস্থিতি মোটামুটি শান্ত ও সন্তোষজনক ছিল, যদিও তৈরী পোশাক শিল্পে শ্রমিক অসন্তোষ বিরাজিত ছিল। আপনাদের কোম্পানীর শ্রমিক এবং কর্মচারীদের সাথে সৌহার্দ্যপূর্ণ সুসম্পর্ক ও উচ্চ নৈতিকতা বজায় রয়েছে। প্রতিষ্ঠানের শ্রম শক্তি নিম্নরূপ :

	বর্তমান বছরের	পূর্ববর্তী বছরের
	মোট	মোট
শ্রমিক	৬৫০	৬০৫
কর্মচারী	১৭০	১৭৫
ব্যবস্থাপনা	৩২	৩২

চামড়া শিল্পের ভবিষ্যত

ইউরোপে অর্থনৈতিক মন্দার পূর্বে আমাদের প্রধান বাজার ইতালিতে ছিল। গত দুই বছর যাবৎ ইতালিতে আমাদের পণ্য রপ্তানী ব্যাপকভাবে কমে যায় এবং অদ্যাবধি ইতালির বাজারে তেমন কোন সম্ভাবনা পরিলক্ষিত হচ্ছে না। বিষয়টি আমরা যথাসময়ে বুঝতে পেরে চীন এবং ভারতের বাজারের সম্ভাব্যতা অনুসন্ধান করে সৌভাগ্যক্রমে সন্তোষজনক ক্রেতার সন্ধান পাই। সেইসাথে জাপানেও আমাদের সুখম বাজার বর্তমান রয়েছে যদিও বিক্রয়ের পরিমাণ তেমন উল্লেখযোগ্য নয়।

আমরা উপলব্ধি করি যে পরবর্তী বছরসমূহে বাংলাদেশের চামড়া শিল্প চীন এবং ভারতের বাজারের উপর নির্ভর করবে। জুতা এবং চামড়াজাত পণ্যের অন্যতম উৎপাদক ও রপ্তানীকারক দেশ হলো চীন এবং ভারত, কিন্তু তাদের অভ্যন্তরীণ ফিনিশড চামড়ার যোগান একেবারেই অপরিপূর্ণ। উভয় দেশকে ফিনিশড চামড়ার জন্য বৈদেশিক যোগানের উপর নির্ভর করতে হয়। বাংলাদেশ উক্ত উভয় দেশের ফিনিশড চামড়া যোগান দেওয়ার ক্ষেত্রে গুরুত্বপূর্ণ যোগসূত্র স্থাপন করতে পারে।

ব্যবসায়িক ঝুঁকি এবং বিবেচ্য বিষয়

কাঁচা চামড়া মাংস উৎপাদনকারী শিল্পের একটি উপজাত দ্রব্য। মাংসের ব্যবহার হ্রাস পেলে কাঁচা চামড়ার যোগানও কমে যায় এবং সেইসাথে কাঁচা চামড়ার মূল্যও বৃদ্ধি প্রাপ্ত হয়। বিভিন্ন দেশে মাংসের ব্যবহার ভিন্নতার কারণে কাঁচা চামড়ার অনিয়মিত যোগান পরিলক্ষিত হয়। প্রতিমাসে মাংসের চাহিদার ভিন্নতার কারণে বাংলাদেশে কাঁচা চামড়ার যোগান ও মূল্য সম্পর্কে ভবিষ্যদ্বাণী করা দুঃসাধ্য। সুতরাং চামড়া শিল্পের সবচেয়ে বড় ঝুঁকি হল কাঁচা চামড়ার মূল্য স্থিতিস্থাপকতা।

বাংলাদেশে চামড়া শিল্পের প্রধান বিবেচ্য বিষয় হলো পরিবেশ দূষণগত সমস্যা। বর্তমানে বিশ্বের সর্বত্রই প্রধান আলোচিত বিষয় হলো পরিবেশ। কিন্তু বাংলাদেশে চামড়া শিল্পের দূষণরোধক কোন প্লান্ট নাই। এক্ষেত্রে প্রধান বিবেচ্য বিষয় যে, যদি বাংলাদেশ সরকার স্বল্প সময়ের মধ্যে ঢাকায় অবস্থিত চামড়া শিল্প হাজারীবাগ থেকে সাভারে স্থানান্তর করতে সক্ষম না হয়, তাহলে আমদানীকারক দেশসমূহ বাংলাদেশ থেকে চামড়া ক্রয়ের ক্ষেত্রে নিষেধাজ্ঞা আরোপ করতে পারে।



DIVIDENDS

During the year EPS of your Company was Taka 6.57. Directors decided in the Board Meeting held on August 05, 2013 to recommend dividend of Taka 4.00 per share of Taka 10/- each. After your approval in this General Meeting, the dividend will be paid to the Shareholders.

EMPLOYMENT

Although the labour situation in the RMG sector was unsatisfactory, if not violent sometimes, the labour environment in the leather sector was quiet. Labour relation in your Company was cordial and morale of the workers was high. The breakdown of your Company's human resources are:

	This Year	Previous Year
	Total	Total
Workers	650	605
Staff	170	175
Management	32	32

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS

Before the recession in Europe, our main market was Italy. For the past two years, our export to Italy has gone down tremendously and we do not see any prospects in this market. Fortunately, we were aware of this and explored the Chinese and Indian markets and were able to find good customers. Also, Japan is a steady market for us but the volume is not substantial.

We feel that the leather industry of Bangladesh will have to depend on the Chinese and Indian markets for the next few years. China and India are big producers and exporters of shoes and leather goods, but their domestic supply of finished leather is totally inadequate. Both these countries have to depend on supply of finished leather from abroad and here Bangladesh can be an important link to their supply chain.

RISKS AND CONCERNS

Raw hides and skins is a by-product of the meat industry. If the consumption of red meat decreases, then correspondingly the supply of hides and skins goes down with increase in price. We have noticed that the supply of hides and skins have been erratic in the world because of the difference in consumption of red meat in different countries. It is very difficult to predict the supply and prices of raw hides and skins in Bangladesh because the demand for red meat varies from month to month. So the biggest risk of leather industry is the price elasticity of raw hides and skins.

The main concern of leather industry in Bangladesh is the problem of pollution. Environment is a big issue everywhere but very unfortunately, there is no pollution plant for the leather industry in Bangladesh. It is a matter of great concern that if the government is not able to shift the entire leather industry of Dhaka from Hazaribagh to Savar within a short time, then there is a great possibility that the importing countries may impose a ban of Bangladeshi leather.



পরিচালক

মোঃ রহমতউল্লাহ আর্টিকেলস্ অব এসোসিয়েশনের ধারা অনুযায়ী অবসর গ্রহন করেছেন এবং যোগ্য বিধায় পুনর্নির্বাচিত হওয়ার প্রস্তাব করেছেন।

পরিচালনা পর্ষদের সভা ও উপস্থিতি

আলোচ্য বছরে পরিচালনা পর্ষদের চারটি সভা অনুষ্ঠিত হয়। উক্ত সভাসমূহে পরিচালকগণের উপস্থিতি ছিল নিম্নরূপঃ

পরিচালকগণের নাম	সভায় উপস্থিতি
সৈয়দ মঞ্জুর এলাহী	৪
মোঃ রহমতউল্লাহ	৪
সৈয়দ নাসিম মঞ্জুর	১
মোঃ হেদায়েতউল্লাহ	৩
মোঃ ফায়েকুজ্জামান	৩
প্রফেসর মোঃ ফরাসউদ্দিন পিএইচ. ডি.	৪

যে সকল পরিচালকগণ সভায় উপস্থিত থাকতে পারেননি তাদের ছুটি মঞ্জুর করা হয়েছিল।

নিরীক্ষা কমিটি

কোম্পানীর আর্থিক অবস্থান, নিরীক্ষা এবং সংবিধিবদ্ধ ও নিয়ন্ত্রনকারী সংস্থাসমূহের প্রয়োজনীয় শর্তাবলী পরিপালনের লক্ষ্যে নিরীক্ষা কমিটি গঠিত হয়েছিল। কোম্পানীর নিরীক্ষক নিয়োগের ক্ষেত্রে কমিটি পরিচালনা পর্ষদকে সুপারিশ করেছেন এবং অভ্যন্তরীণ নিরীক্ষার ক্ষেত্রসমূহ মূল্যায়ন করেছেন। নিরীক্ষা কমিটির প্রতিবেদন সংযুক্ত করা হল।

নিম্নবর্ণিত পরিচালকগণের সমন্বয়ে নিরীক্ষা কমিটি গঠিত হয়েছিলঃ

১. প্রফেসর মোঃ ফরাসউদ্দিন পিএইচ. ডি.	ইন্ডিপেনডেন্ট পরিচালক	চেয়ারম্যান
২. সৈয়দ নাসিম মঞ্জুর	পরিচালক	সদস্য
৩ মোঃ হেদায়েতউল্লাহ	পরিচালক এবং অভ্যন্তরীণ নিরীক্ষা প্রধান	সদস্য

কোম্পানীর বিষয়াবলী ও আর্থিক প্রতিবেদন

কোম্পানীর কর্পোরেট গভর্নেন্স বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের প্রয়োজনীয় দিক নির্দেশনার সাথে একাত্ম হয়েছে এবং তদানুযায়ী পরিচালকমণ্ডলী আনন্দের সাথে নিশ্চিত করেছেন যেঃ

- আর্থিক বিবরণী ও তদসংক্রান্ত টীকাসমূহ কোম্পানী আইন ১৯৯৪ এবং বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের নীতিমালা ১৯৮৭ এর আলোকে প্রস্তুত করা হয়েছে। এই সকল বিবরণীসমূহে কোম্পানী সংক্রান্ত বিষয়াবলী, এর পরিচালনা নীতিমালা, অর্থ প্রবাহ এবং তারল্যের পরিবর্তন সঠিকভাবে উপস্থাপিত হয়েছে।
- কোম্পানীর হিসাববহি যথাযথভাবে রক্ষিত হয়েছে।
- আর্থিক বিবরণীসমূহ প্রস্তুতকালে হিসাবসংক্রান্ত নীতিমালা যথাযথভাবে প্রয়োগ করা হয়েছে এবং হিসাব সংক্রান্ত প্রাক্কলনসমূহ যৌক্তিকতা ও বিচক্ষণতার আলোকে করা হয়েছে।
- আর্থিক বিবরণী প্রস্তুতকালে বাংলাদেশে প্রযোজ্যতার ভিত্তিতে আন্তর্জাতিক হিসাব মানসমূহ অনুসরণ করা হয়েছে।
- অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা ছিল যথাযথ এবং এর কার্যকর প্রয়োগ নিশ্চিত করা হয়েছে।
- কোম্পানী সাধারণ ব্যবসায়িক কার্যক্রমের অংশ হিসাবে এপেক্স এডেলকি ফুটওয়্যার লিমিটেড, পাইওনিয়ার ইন্স্যুরেন্স কোম্পানী লিমিটেড এবং মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড এর সাথে লেনদেন করেছেন।
- চলমান প্রতিষ্ঠান হিসাবে কোম্পানীর সক্ষমতা নিঃসন্দেহে প্রমাণিত।
- পাঁচ বছরের কার্যকারিতা ও আর্থিক ফলাফলসমূহের উপাত্ত সংযুক্ত করা হয়েছে।



DIRECTORS

Mr. Md. Rahmatullah retires from the Board in terms of Articles of Association, and being eligible, offers himself for re-election.

BOARD MEETINGS AND ATTENDANCE

During the year four Board Meetings were held and the attendance by each Director was as follow:

Name of Directors	No. of Meetings Attended
Syed Manzur Elahi	4
Md. Rahmatullah	4
Syed Nasim Manzur	1
Md. Hedayetullah	3
Md. Fayekuzzaman	3
Professor Mohammed Farashuddin Ph.D.	4

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

AUDIT COMMITTEE

The Audit Committee was set up to review the financial results, audit and compliance with the statutory and regulatory requirements. The Committee recommended to the Board of Directors, the appointment of the Company's Auditors and reviewed the scope of internal audit. Audit committee report is annexed.

Audit Committee was formed by the following Directors:

1. Professor Mohammed Farashuddin Ph.D.	Independent Director	Chairman
2. Mr. Syed Nasim Manzur	Director	Member
3. Mr. Md. Hedayetullah	Director & Head of Internal Audit	Member

CORPORATE & FINANCIAL REPORTING

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

Accordingly the Directors are pleased to confirm the following:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of financial statements.
- The systems of internal control are sound and have been effectively implemented and monitored.
- The company has carried on transactions with Apex Adelchi Footwear Limited, Pioneer Insurance Company Limited and Mutual Trust Bank Limited in the normal course of business.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The key operating and financial data for last five years is annexed.



শেয়ারহোল্ডিং

কোম্পানীর পরিচালকদের ৩০ জুন, ২০১৩ ইং তারিখে শেয়ারহোল্ডিং বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের দিক নির্দেশনা অনুযায়ী সংযুক্ত করা হল (Annexure - I)।

পরিচালকগণের পারিতোষিক

বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের প্রজ্ঞাপন অনুযায়ী ৩০ জুন, ২০১৩ ইং সমাপ্ত বছরের জন্য পরিচালকগণকে প্রদত্ত পারিতোষিক নোট নং ৩৬-এ দেখানো হলো।

কর্পোরেট গভর্নেন্স কমপ্লায়েন্স রিপোর্ট

বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশনের প্রজ্ঞাপন অনুযায়ী “কর্পোরেট গভর্নেন্স কমপ্লায়েন্স রিপোর্ট” সংযুক্ত করা হল।

নিরীক্ষক


নিরীক্ষক মালেক সিদ্দিকি ওয়ালী, চার্টার্ড একাউন্ট্যান্টস এর নিয়োগ মেয়াদ ৩৭ তম বার্ষিক সাধারণ সভায় শেষ হয়ে যাবে এবং চৌধুরী ভট্টাচার্য্য এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস যোগ্য বিধায় ২০১৩-২০১৪ ইং অর্থ বছরের জন্য পরবর্তী বার্ষিক সাধারণ সভা পর্যন্ত তারা নিয়োগ লাভের ইচ্ছা প্রকাশ করেছেন।

স্বীকৃতি

পরিচালনা পর্ষদ কোম্পানীর সকল সদস্য, গ্রাহক, সরবরাহকারী এবং অন্যান্য সংশ্লিষ্ট ব্যক্তিবর্গের অব্যাহত সমর্থন ও প্রচেষ্টা প্রদানের জন্য আন্তরিকভাবে ধন্যবাদ জানাচ্ছে। তাদের সমর্থন ছাড়া এই সাফল্য অর্জন করা কখনই সম্ভব হতো না।

পরিচালকমন্ডলীর পক্ষে,

আগষ্ট ০৫, ২০১৩ ইং
ঢাকা।


সৈয়দ মঞ্জুর এলাহী
চেয়ারম্যান।



SHARE HOLDING

In accordance with the Notification of the Bangladesh Securities and Exchange Commission, pattern of shareholding as of 30th June 2013 are given in Annexure I.

REMUNERATION OF DIRECTORS

In accordance with the Notification of the Bangladesh Securities and Exchange Commission, remuneration of directors for the year ended 30th June 2013 are given in note number 36.

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

AUDITORS

M/S. Malek Siddiqui Wali, Chartered Accountants, Auditors retires at this Annual General Meeting and Chowdhury Bhattacharjee & Co. Chartered Accountants, being eligible, offer themselves for appointment for the year 2013-2014.

ACKNOWLEDGEMENT

The Directors take this opportunity to acknowledge the continued support and efforts of all members of the company, as well as all customers, suppliers and associates during the past year. Our performance would not have been possible without their support.

On behalf of the Board,

August 05, 2013
Dhaka.


Syed Manzur Elahi
Chairman.



FINANCIAL HIGHLIGHTS

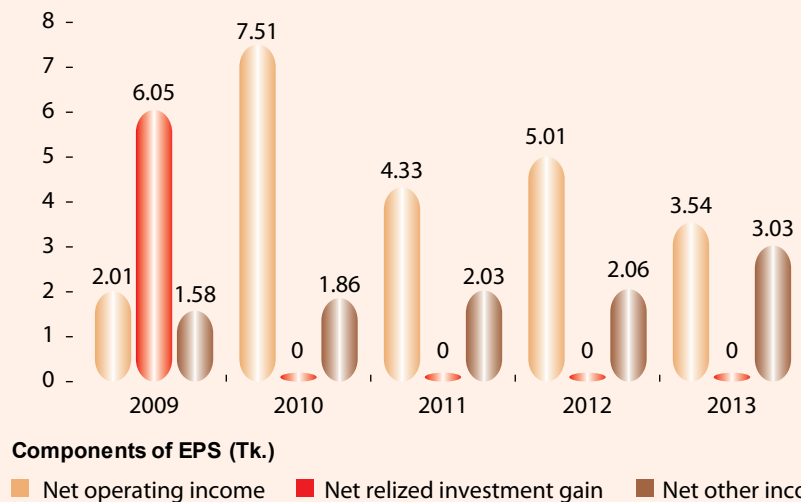
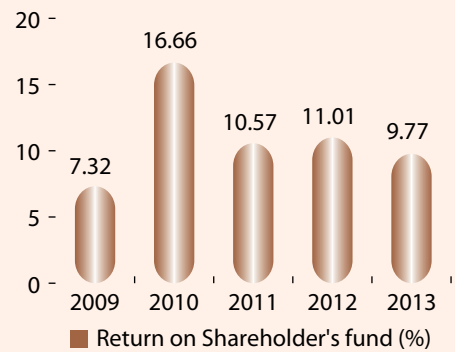
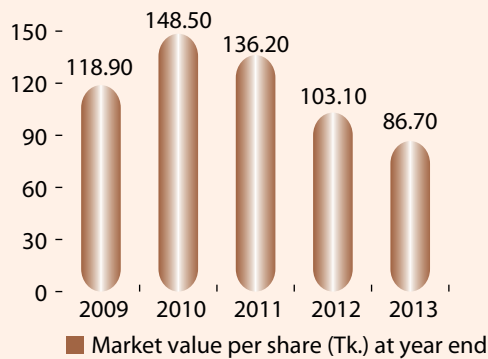
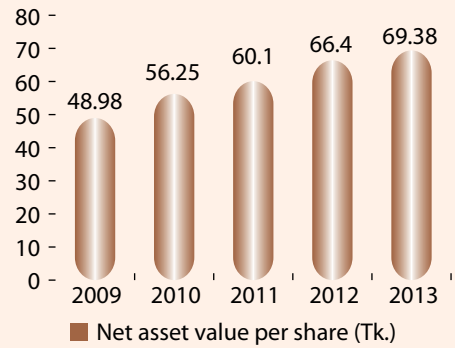
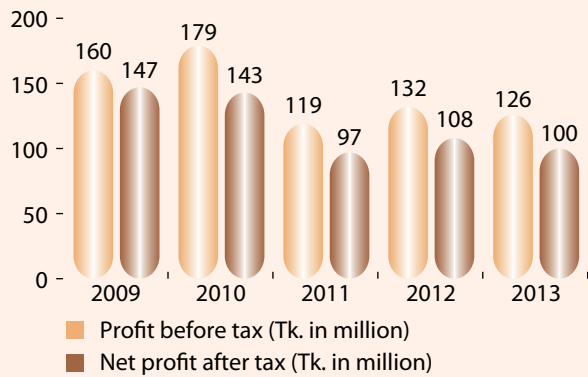
Taka in thousand

Particulars	2013	2012	2011	2010	2009
					Restated
Sales	3,248,799	3,067,208	2,515,867	1,723,639	1,625,358
Gross profit	253,309	271,157	225,046	253,519	169,998
Profit before tax	126,047	131,981	119,361	179,180	160,454
Net profit after tax	100,157	107,676	96,843	142,853	146,792
Property, plant & equipment	280,531	241,175	209,719	152,810	147,069
Authorized capital	500,000	500,000	500,000	500,000	500,000
Issued and paid up capital	152,400	152,400	152,400	152,400	152,400
Current assets	1,112,356	1,313,429	1,394,792	933,045	1,370,835
Current liabilities	311,474	525,849	651,702	195,850	742,687
Net current assets	800,882	787,580	743,090	737,195	628,148
Dividend	60,960	53,340	45,720	38,100	32,004
Earnings per share (Taka)	6.57	7.07	6.35	9.37	9.63
Dividend per share (Taka)	4.00	3.50	3.00	2.50	2.10
Market value per share at year end (Taka)	86.70	103.10	136.20	148.50	118.90
Net asset value per share (Taka)	69.38	66.44	60.10	56.25	48.98
Net operating cash flow per share (Taka)	31.12	9.35	(4.48)	22.68	18.30
Price earning ratio (Times)	13.20	14.58	21.43	15.84	12.34
Dividend yield ratio (%)	4.61	3.39	2.20	1.68	1.77
Current ratio	3.57	2.50	2.14	4.76	1.85
Quick ratio	2.28	1.00	0.99	1.94	0.73
Return on Shareholder's fund (%)	9.77	11.01	10.57	16.66	19.67
Interest coverage ratio	3.34	2.79	2.95	5.91	1.89



FINANCIAL HIGHLIGHTS (GRAPHICAL PRESENTATION)

FINANCIAL HIGHLIGHTS (GRAPHICAL PRESENTATION)





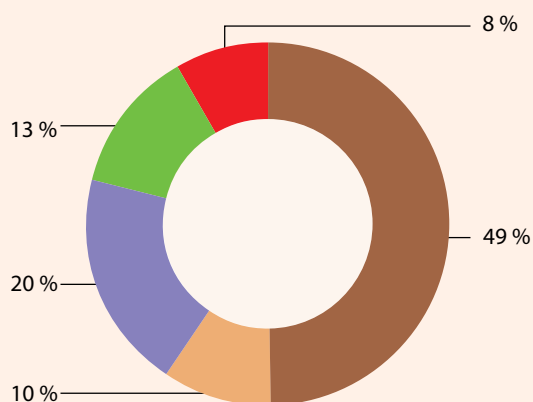
STATEMENT OF VALUE ADDITION

Taka in thousand

	Year Ended June 30, 2013	Year Ended June 30, 2012
Value added		
Sales	3,248,799	3,067,208
Bought in materials and services	(3,001,462)	(2,784,974)
	247,337	282,234
Other income	62,262	43,193
Available for distribution	309,599	325,427

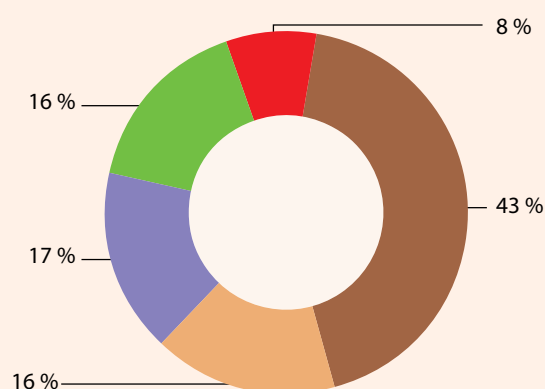
Distribution of value addition

To Government (Income tax)	26,114	08.43%	25,734	07.91%
To Employees & workers (Salary, wages and other benefits)	153,599	49.61%	140,013	43.02%
To Banks (Interest and charges)	29,954	09.68%	53,433	16.42%
To Shareholders (Dividend)	60,960	19.69%	53,340	16.39%
	270,627	87.41%	272,520	83.74%
Retained for reinvestment and future growth	38,972	12.59%	52,907	16.26%
	309,599	100.00%	325,427	100.00%



To Banks	10%
To Shareholders	20%
Retained for reinvestment	13%
To Government	8%
To Employees & workers	49%

2013



To Banks	16%
To Shareholders	17%
Retained for reinvestment	16%
To Government	8%
To Employees & workers	43%

2012



REPORT ON CORPORATE SOCIAL RESPONSIBILITIES



Managing Director of Apex Tannery Limited Mr. Md. Rahmatullah handing over a cheque worth Tk. 0.5 Million to the President of Comrade Farhad Community Hospital, Dhaka for health service to slum dwellers. Executive Director Mr. M A Majed among others was present on the occasion.

The Company distributed daily commodities among the burnt slum dwellers at Boubazar, Hazaribagh, Dhaka.



The Company donated Tk. 4,00,000/= for deep tube-well for pure drinking water for the Balurmath slum dwellers at Hazaribagh, Dhaka.





The Company distributed crockeries among the burnt slum dwellers at Boubazar, Hazaribagh, Dhaka.

The Company donated Tk. 30,000/= to Mr. Badal a worker of the company for cancer treatment.



লালমনিরহাটের শীতর্ত মানুষের মাঝে শীত বস্ত্র বিতরণ করেন সোনালী ব্যাংকের অবসর গ্রাণ্ড ম্যানেজার জনাব. মোঃ নরুল ইসলাম সৌজন্যে - এ্যাপেক্স ট্যানারী ঢাকা বাংলাদেশ ।

The Company distributed warm cloths among the shivering poor peoples at Lalmonirhat district Mr. Md. Nurul Islam Manager (Rtd.), Sonali Bank assisted the activities.



REPORT ON CORPORATE GOVERNANCE

Corporate Governance clearly defines the rights and responsibilities of the Board of Directors, Management, Shareholders and other Stakeholders. The Board supports Management, Internal and External Auditors and other related parties including the Shareholders. A good corporate reputation is the most valuable and competitive asset of a company. Apex Tannery Limited believes in the continued improvement of Corporate Governance. The Board of Directors and the Management Team of Apex Tannery Limited is committed to maintaining effective Corporate Governance through a culture of accountability and transparency.

Board of Directors

The Board of Directors comprises of 06 (Six) members including the Independent Director. All Directors have sound knowledge in the area of tannery, managerial expertise and sound academic and professional knowledge. They are well conversant with Corporate Governance.

Appointment of Board Members

The Directors of the Board are appointed by the Shareholders in the Annual General Meeting who are accountable to the Shareholders.

Appointment of Independent Director

The Board of Directors in its 36th Annual General Meeting held on September 26, 2012 appointed an Independent Director. In selecting Independent Director, the Company always look for an individual who possesses experience, strong inter personal skills and independence. Independent Director is considered by the Board to be independent of the Company and free of any business or other relationship that could interfere with the exercise of his independent judgment. The Board believes that his experience and knowledge assists in providing both effective and constructive contribution to the Board.

The Role of the Chairman and Managing Director

Position of the Chairman and Managing Director (CEO) are clearly identified. The Chairman is responsible for leading the Board and its effectiveness. The Managing Director serves as the Chief Executive of the Company.

Audit Committee

The Audit Committee was established as a sub-committee of the Board and has jurisdiction over Apex Tannery Limited. The Audit Committee is comprised of three members of the Board including an Independent Director who is the Chairman of the Committee. The Audit Committee assists the Board.

Company Secretary

Jagadish Kumar Bhanja has been appointed as the Company Secretary of the Company. He provides legal matters to the Board. Among other functions, the Company Secretary:

- Bridges between the Board of Directors and Shareholders on strategic and statutory decision
- Acts as a quality assurance agent in all information towards the Shareholders and the Board
- Is responsible for ensuring that the appropriate Board procedures are followed
- Acts as the "Disclosure Officer" of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc issued by the Securities and Exchange Commission and Stock Exchange (s) applicable to the conduct of the business activities of the Company.

The Company Secretary keeps the records of the Company's compliance / noncompliance status of the conditions imposed by SEC which has been shown in the compliance report on SEC Notification.

Chief Financial Officer

Anup Kumar Mukherjee has been appointed as the Chief Financial Officer of the Company. He looks after the overall financial affairs of the Company. Among other functions, the Chief Financial Officer:

- Prepares Quarterly, Half yearly and Yearly financial statements
- Financial reporting procedures in line with the requirement of Bangladesh Accounting Standards
- Reports financial position of the Company in its Board meeting

Financial Reporting and Transparency

Financial Statements have been prepared in line with the International Accounting Standards, Bangladesh Accounting Standards and other legislations as applicable in Bangladesh. The timely publication of quarterly, half yearly and annual financial statements with comprehensive details beyond the statutory requirement.

Compliance with Applicable Rules and Regulations

The Company's business activities are guided and supervised by local laws and regulations:

- The Companies Act 1994
- The Securities and Exchange Commission
- Listing rules of Dhaka and Chittagong Stock Exchange Limited
- Bangladesh Accounting Standards

Purchase Committee

A purchase committee is functioning with a group of executives, headed by a senior most executive to examine the purchase proposal of goods. Among others, the followings are the main responsibilities of the Committee:

- To evaluate the received proposal and find out the effectiveness of each proposal
- To prepare a report on the basis of evaluation of the purchase proposal with recommendation and sent to concerned departments for obtaining approval from the competent authority
- To supervise the entire activities against procurement

Statutory Audit

Statutory Audit of the Company is governed by the Companies Act 1994. The Company Act provides guidelines for the appointment, scope of work and retirement of Auditors. Shareholders appoint Auditors and fix their remuneration in the Annual General Meeting.

Internal Audit

Internal Audit support the Company to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management and control. Internal Audit activity is governed by the Internal Team, which is approved by the Board.

Internal Control

The Company has an Internal Audit department consisting of five members and headed by the Head of Internal Auditor. The Internal control system is maintained and reviewed by an internal audit function that reports to Management and the Audit Committee.

Internal Control mechanism is built by the Company's systems and procedures to reduce the risk of error and fraud. It may be able to reduce the risk that financial statements contains. The Board of Directors ensure sound internal control to provide reasonable assurance regarding the achievement of the Company objectives in the areas of:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with laws and regulations



Codes of Conduct

Apex Tannery Limited adopted Codes of Conduct for securing good business ethics and conduct in all aspects of the Company's activities. The Codes of Conduct are properly communicated to and with all employees and other activities, and are strictly required to abide by it.

Management Committee

The day- to- day Management of the Company is entrusted with the Managing Director and the Management Committee. The Management Committee serves the interest of the Company and achieves sustainable growth. The members of the Management Committee are jointly accountable for the entire Management of the Company and decide on the basic issues of business policy and corporate strategies.

Restrictions on dealing in the Company's share by insiders

The Company has established policy relating to trading shares by Directors, Employees and other insiders. The securities laws also impose restrictions on similar sort of transaction.

Group Term Life Insurance Policy

The Board of Directors approved for Group Term Life Insurance Policy for employees of Apex Tannery Limited with Delta Life Insurance Company Limited.

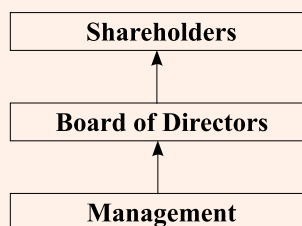
Going Concern

The Company has adequate resources to continue operational existence for the future. For this reason, the Company continues to adopt the going concern basis in preparing financial statements.

Communication with Shareholders

Accountable to

Accountable to



The Company encourages communication with Shareholders throughout the year and welcomes their participation at Shareholders meeting. The Company is transparent with the stakeholders, including the owners of the Company. Four times each year, Apex Tannery Limited reports to its Shareholders regarding its business, financial position and earnings. These include:

- 1st Quarterly , Half-yearly and 3rd Quarterly financial statements
- Annual General Meeting
- Price –sensitive disclosures and other disclosures to the BSEC and Stock Exchanges

In additional information, the Company is under a legal and regulatory requirement to publish via newspaper. Apex Tannery Limited believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance procedure.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Commissions Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07th August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (Report under Condition No. 7.00)

Condition No.	Title	Compliance status	Remarks (If any)
1	Board of Directors		
1.1	Board's Size The number of the Board members shall not be less than 5 (five) and more than 20 (twenty);	Complied	
1.2	Independent Director		
(i)	At least one fifth (1/5) of total number of directors shall be Independent Director;	Complied	
(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company;	Complied	
(ii) b)	Who is not a sponsor and not connected with any sponsor/director/ shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship;	Complied	
(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	Complied	
(ii) d)	Not a member, director or officer of any stock exchange;	Complied	
(ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied	
(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm;	Complied	
(ii) g)	Not be an independent director in more than 3 (three) listed companies;	Complied	
(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBF);	Complied	
(ii) i)	Not been convicted for a criminal offence involving moral turpitude;	Complied	
(iii)	Nominated by the Board of Directors and approved by the shareholders in the AGM;	Complied	
(iv)	The post of Independent Director can not remain vacant for more than 90 (ninety) days;	Complied	There was no vacancy in the position of Independent Director.
(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded;	Complied	
(vi)	Tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only;	Complied	



Condition No.	Title	Compliance status	Remarks (If any)
1.3	Qualification of Independent Director		
(i)	Shall be a Knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business;	Complied	
(ii)	Should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries. Must have at least 12 (twelve) years of corporate management/professional experiences;	Complied	
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;	Not applicable	
1.4	Chairman of the Board and CEO		
	Chairman and CEO shall be filled by different individuals. Chairman shall be elected from among the Directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	Complied	
1.5	The Directors' Report to Shareholders		
(i)	Industry outlook and possible future developments in the industry;	Complied	
(ii)	Segment-wise or product-wise performance;	Complied	
(iii)	Risks and Concerns;	Complied	
(iv)	Discussion on Cost of goods sold, Gross profit margin and Net profit margin;	Complied	
(v)	Discussion on continuity of any extra-ordinary gain or loss;	Not applicable	
(vi)	Disclosure for related party transactions;	Complied	
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others;	Not applicable	
(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer and Direct Listing;	Not applicable	
(ix)	Explanation about significant variance occurs between quarterly financial performance and annual financial statements;	Not applicable	
(x)	Remuneration to directors including independent directors;	Complied	
(xi)	Fairness of financial statements;	Complied	
(xii)	Maintenance of proper books of account;	Complied	
(xiii)	Application of appropriate accounting policies and estimates;	Complied	
(xiv)	Followed IAS, BAS, IFRS, and BFRS in preparation of the financial statements;	Complied	
(xv)	Soundness of internal control system;	Complied	
(xvi)	Ability to continue as a going concern;	Complied	
(xvii)	Significant deviations from the last year;	Complied	
(xviii)	Key operating and financial data of at least preceding 5(five) years;	Complied	
(xix)	Reasons for not declared dividend;	Not applicable	

Condition No.	Title	Compliance status	Remarks (If any)
(xx)	Number of Board meetings held during the year and attendance;	Complied	
(xxi)	Pattern of shareholding and name wise details disclosing aggregate number of shares;	Complied	
(xxi) a)	Parent/subsidiary/associated companies and other related parties (Name wise details);	Complied	
(xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children (Name wise details);	Complied	
(xxi) c)	Executives (Name wise details);	Complied	
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest (Name wise details);	Complied	
(xxii)	Directors appointment/re-appointment;	Complied	
(xxii) a)	A brief resume of the director;	Complied	
(xxii) b)	Expertise in specific functional areas;	Complied	
(xxii) c)	Holding the directorship and the membership of committees of the board other than this company;	Complied	
2	Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS)		
1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of CFO, The Head of Internal Audit and the CS;	Complied	
2	The Chief Financial Officer (CFO) and the Company Secretary (CS) of the Company shall attend the meetings of the Board of Directors;	Complied	
3	Audit Committee		
(i)	The company shall have an Audit Committee as a sub- committee of the Board of Directors;	Complied	
(ii)	Assistance of the Audit Committee to Board of Directors;	Complied	
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.;	Complied	
3.1	Constitution of the Audit Committee		
(i)	Compositions (At least three members should be in Audit Committee);	Complied	
(ii)	Appointment of Members of the Audit Committee (Members should be appointed by the Board with at least one Independent Director);	Complied	
(iii)	Qualification of Members of the Audit Committee (Members should be "financially literate" and at least one (01) member shall have accounting or related financial management experience);	Complied	
(iv)	Casual vacancy in Audit Committee shall be filled by the Board;	Complied	
(v)	The Company Secretary shall act as the Secretary of the committee;	Complied	



Condition No.	Title	Compliance status	Remarks (If any)
(vi)	The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director;	Complied	
3.2 Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairmen of the Audit Committee, who shall be an Independent Director;	Complied	
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM);	Complied	
3.3 Role of Audit Committee			
(i)	Oversee the financial reporting process;	Complied	
(ii)	Monitor choice of accounting policies and principles;	Complied	
(iii)	Monitor internal control risk management process;	Complied	
(iv)	Oversee hiring and performance of external auditors;	Complied	
(v)	Review the annual financial statements before submission to the board for approval;	Complied	
(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval;	Complied	
(vii)	Review the adequacy of internal audit function;	Complied	
(viii)	Review statement of significant related party transactions;	Complied	
(ix)	Review management letters/letter of internal control weakness issued by statutory auditors;	Complied	
(x)	Disclosure about the uses/ applications of funds raised by IPO/ RPO/ Right Issue;	Complied	
3.4.1 Reporting of the Audit Committee			
(i)	The Audit Committee shall report on its activities to the Board of Directors;	Complied	
(ii) a)	Report on conflicts of interest to the Board of Directors;	Not applicable	
((ii) b)	Will report any suspected or presumed fraud or irregularities or material defect in the internal control system to the Board;	Complied	
((ii) c)	Will report any suspected infringement of laws, including securities related laws, rules and regulations to the Board;	Not applicable	
((ii) d)	Will report any other matters which shall be disclosed to the Board of Directors immediately;	Not applicable	
3.4.2 Reporting to the Authorities (BSEC)		Not applicable	
If any materials impact on the financial condition & results of operation, unreasonably ignored by the management;			
3.5 Reporting to the Shareholders and General Investors		Complied	
Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company;			

Condition No.	Title	Compliance status	Remarks (If any)
4. Engagement of external/ statutory auditors			
(i)	Non-engagement of appraisal or valuation services or fairness opinions;	Complied	
(ii)	Non-engagement in designing financial information systems and implementation;	Complied	
(iii)	Non-engagement in Book-keeping;	Complied	
(iv)	Non-engagement in Broker-dealer services;	Complied	
(v)	Non-engagement in Actuarial services;	Complied	
(vi)	Non-engagement in Internal audit services;	Complied	
(vii)	Non-engagement in services that the Audit Committee determines;	Complied	
(viii)	No partner or employees of the external audit firm's shall possess any share of the company they audit at least during the tenure of their audit assignment of that company;	Complied	
5. Subsidiary Company			
(i)	Composition of the Board of Directors;	Not applicable	
(ii)	At least 1 (one) Independent Director to the subsidiary company;	Not applicable	
(iii)	Submission of minutes to the holding company ;	Not applicable	
(iv)	Review of minutes by the holding company ;	Not applicable	
(v)	Review of financial statements by holding company;	Not applicable	
6. Certification of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the Board			
(i) a)	Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
(i) b)	Financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	Complied	
(ii)	No transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct;	Complied	
7. Reporting and compliance of Corporate Governance			
(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines;	Complied	
(ii)	Directors shall state in the Directors' report about the compliance with the conditions of the Corporate Governance Notification;	Complied	



Apex Tannery Limited

ARTISAN

Chartered Accountants

BSEC BHABAN (Level-10),
102, Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka-1215
Tel: 028189885
Mobile # 01922 797851

**Certificate of Compliance to the Shareholders of
APEX TANNERY LIMITED
On the Conditions of Corporate Governance Guidelines**

We have reviewed the statement of compliance of Conditions of Corporate Governance guidelines prepared by the Management of **APEX TANNERY LIMITED** to comply with the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC), where the company is listed.

The responsibility for compliance with the Conditions of Corporate Governance Guideline is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the conditions of Corporate Governance guidelines and report if it does not.

Based on our review, we certify that nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Conditions of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

Md. Selim/Reza FCA FCS

Partner

ARTISAN

Chartered Accountants

PATTERN OF SHAREHOLDING

As of June 30, 2013

Annexure – I

(a) Parent/Subsidiary/Associated companies and other related parties (name wise details):
N/A

(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor childrens (name wise details):

SL No.	Name	Number of Shareholding	Name of Spouse	Shares held by the Spouse/ Children
01	Directors			
i	Mr. Syed Manzur Elahi	3,85,550	Mrs. Niloufer Manzur	-
ii	Mr. Md. Rahmatullah	3,04,800	Mrs. Halima Rahmatullah	1,43,500
iii	Mr. Syed Nasim Manzur	3,24,100	Mrs. Samia Huq	-
iv	Mr. Md. Hedayetullah	3,04,950	Mrs. Afia Hedayetullah	-
v	Mr. Md. Fayekuzzaman (MD of ICB)	64,34,550	Mrs. Munira Begum	-
vi	Mr. Prof. Mohammed Farashuddin Ph.D.-Independent Director	-	Mrs. Suraiya Farashuddin	-
02	Chief Executive Officer Mr. Md. Rahmatullah	3,04,800	Mrs. Halima Rahmatullah	1,43,500
03	Head of Internal Audit and Director Mr. Md. Hedayetullah	3,04,950	Mrs. Afia Hedayetullah	-
04	Chief Financial Officer Mr. Anup Kumar Mukherjee	-	Mrs. Swapna Mukherjee	-
05	Company Secretary Mr. Jagadish Kumar Bhanja	-	Mrs. Nanda Bhanja	-

(c) Executives (Top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit):

Name	Designation	Shares held
Mr. M. A. Majed	Executive Director	4,200
Mr. Ansarul Islam	Executive Director	--
Mr. Syed Abdul Matin	General Manager (Finance)	50
Mr. Md. Sayeed Hossain	General Manager (Commercial)	--
Mr. Md. Nazrul Islam Khan	General Manager (Production)	--



AUDIT COMMITTEE REPORT

Background

In accordance to the best practices of Corporate Governance, the Board of Directors of Apex Tannery Limited established an Audit Committee on April 24, 2006 in its 19th Board Meeting as per Circulation of SEC Vide order no SEC/CMRRCD/2006-158/ Admin/02-06 dated 9th January, 2006 and status of compliance with the conditions imposed by the Commissions Notification No. SEC/CMRRCD/2006-158/129/Admin/43 dated 03 July 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969. The Audit Committee supports the Board in fulfilling its responsibilities more efficiently.

Composition of the Audit Committee

The Audit Committee is now composed of the following members:

Professor Mohammed Farashuddin Ph.D, Independent Director	Chairman of Audit Committee
Mr. Syed Nasim Manzur, Director	Member of Audit Committee
Mr. Md. Hedayetullah, (Director & Head of Internal Audit)	Member of Audit Committee
Mr. Jagadish Kumar Bhanja	Company Secretary

The Chief Financial Officer attends the meeting by invitation only as and when necessary. The Company Secretary functions as the Secretary of the Audit Committee.

Meeting

During the year ended 30th June 2013, the Audit Committee held two meetings. Proceedings of the Audit Committee Meetings were reported regularly to the Board of Directors. The details of attendance of the Audit Committee Members have been shown as below:

Audit committee meeting and attendance during the year ended 30th June 2013

Name of Members	No. of Meeting Held	No. of Meeting attended
Mr. Md. Hedayetullah	2	2
Mr. Syed Nasim Manzur	2	1
Professor Mohammed Farashuddin Ph.D.	2	2

Role of the Audit Committee

The Audit Committee assisted the Board of Directors in fulfilling its responsibilities regarding the Company's accounting and financial reporting process by monitoring the following:

- the integrity of the Company's financial statements
- the independence, qualifications and performance quality of its external auditors
- the Company's system of internal controls
- the performance of the Company's internal audit process
- the Company's compliance with laws, regulations and codes of conduct with a view to safeguard the interest of all stakeholders of the Company

Summary of Activities

The Audit Committee carried out the following activities during the financial year ended June 30, 2013

Regulatory Compliance

The Committee examined whether the Company's procedures are in place to ensure compliance with

- The laws and regulations framed by the regulatory Authorities (BSEC, DSE, CSE and RJSC)
- Internal regulations approved by the Board of Directors.

The Company is duly following the rules and regulations of the Regulatory bodies and also strictly follows areas with conflict of interest. The Committee was satisfied that the Company substantially complied with these regulatory requirements

Approval of Financial Policy & Procedures

Financial policy & procedures have been approved by the Board of Directors.

Financial Reporting

The Committee assisted the Board of Directors and the management to carryout their responsibilities of preparing true and fair financial statements in accordance with the books of accounts and Bangladesh Accounting Standards by:

- Reviewing the adequacy and effectiveness of the internal control system and procedures in order to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account.
- Reviewing the integrity of the process by which financial statements are prepared from the books of account
- Reviewing the process by which compliance of provision of Bangladesh Accounting Standards

The Committee also reviewed

- The quarterly, half yearly and interim financial statements of the Company prior to recommending them for the approval by the Board.
- The annual audited financial statements of the company with external auditors prior to submission to the Board for approval. The review focused particularly on changes of accounting policy and compliance with applicable accounting standards as adopted in Bangladesh and other legal & regulatory requirements.

Internal Control

The Committee examined whether the management has set up the appropriate compliance culture across the Company in order to ensure that all employees have a clear understanding of their roles and responsibilities. The Committee reviewed the arrangements made by the Management for building up a suitable Management Information System (MIS) including computerized systems and its applications thereof.

Internal Audit

The Committee reviewed and discussed the relevant reports of special investigations which were submitted by the Audit Team are as follows:

- The annual audit plan for adequacy of scope and comprehensive coverage of these activities of the Company
- The audit programs resource requirements for the year and assessed the performance of the internal audit functions
- The internal audit reports, audit recommendations and management responses to these recommendations and actions taken to improve the system of internal control and procedures.



- Exercise Internal Audit of Apex Tannery Limited. Review the effectiveness of Internal Audit function including performance and compliance with professional standards. Examine audit findings and material weakness and monitor implementation of audit action plans.

The Committee advised the management to take effective steps for rectification of all the lapses and weaknesses identified by internal audit and to take utmost care, so that such weaknesses and lapses shall not be repeated in future. Department heads attended the meetings when their reports were discussed.

External Audit

The Committee met with the external auditors at the conclusion of the annual audit and exchanged views on their Audit Report. The Committee reviewed the findings and recommendations made by the external auditors in order to remove the weaknesses as detected in the external auditing process.

The Committee reviewed the performance of the External Auditors and recommended to the Board on their appointment and fees.

Approval of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements 2013 prepared by the Management and audited by the External Auditors Malek Siddiqui Wali and recommended to place the same before the Board for consideration. The Board approved the same at its 266th meeting held on 5th August .2013

Acknowledgement

The Board of Audit Committee expressed its sincere thanks to the Chairman and members of the Board, management and the Auditors for their support in carrying out its duties and responsibilities effectively.

On behalf of the Audit Committee,

Professor Mohammed Farashuddin, Ph.D.
Chairman of Audit Committee