

Matin Spinning Mills Limited

Independent Auditor's Report and

Financial statements

As at and for the year ended 30 June 2020

**Independent Auditor's Report
To the Shareholders of Matin Spinning Mills Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Matin Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, 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).

Basis for opinion

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

Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matters
1. Recognition of revenue with related parties	
The Company has reported a gross revenue of BDT 3,904,153,460 for the year ended 30 June 2020. 80% of Company's goods are sold to its group companies. As such the Company has a high level of related party transactions which is inherently subject to the risk of misappropriations and misstatements. There is a risk that revenue may not have been measured at the correct invoice price. Moreover, since the transactions are within group companies, there is also a risk that revenue which did not occur during the year, may have been reported in the accounts.	<p>We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included the following:</p> <ul style="list-style-type: none"> ▶ We assessed the external environment in which the client operates, and the policies and procedures related to the recognition of revenue as well as the policies implemented with regards to IFRS 15 and IAS 24. ▶ We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.

Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue has been disclosed in note 24 of the financial statements, and related party transactions and relationships have been disclosed in note 40 of the financial statements.</p>	<ul style="list-style-type: none"> ▶ We assessed the systems of invoicing and measurement of revenue up to entries in the general ledger. ▶ We examined customer invoices on a test basis and evaluated whether revenue recognised was consistent with contractual terms and related to transactions which occurred during the year. ▶ We performed cut off tests, on a sample basis, to assess whether reported related to transactions that occurred during the year. <p>With regards to related party transactions we gained an understanding of the Company's processes and procedures to account for and report related party transactions and relationships. Our procedures included among others:</p> <ul style="list-style-type: none"> ▶ We obtained a full list of the Company's transactions with related parties, nature and purpose of such transactions and outstanding balances. ▶ We obtained an understanding the Company's process for identifying related parties and disclosing related party transactions. ▶ We inspected supporting documentation to understand whether related party transactions have taken place on an arms' length basis. ▶ We obtained external confirmations to evaluate the accuracy and completeness of related party balances. ▶ We assessed whether related party disclosures comply with the requirements of IAS 24. ▶ We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.
<p>2. Valuation and existence of inventories</p> <p>At year end, the Company has inventories amounting to BDT 732,820,587 which amounted to 10% of the total assets. As per IAS 2, inventories are required to be valued at the lower to cost and net realisable value. Cost of inventories includes purchase cost and cost incurred in bringing inventories to its present location and condition. IAS 2 specifically prohibits certain costs from being excluded from the cost of inventories. The company values its inventories using the weighted average method which is a complex process and prone to errors and manipulation. Due to the complex nature of accounting for</p>	<p>With regard to appropriate valuation of inventories we adopted the following audit procedures:</p> <ul style="list-style-type: none"> ▶ We observed the company's year-end inventory count, performed test counts and reconciled count sheet records to inventory valuation report in order to verify the existence of inventories reported in the accounts. ▶ We tested the purchase costs of a sample of inventory items by inspecting invoices. ▶ We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2. ▶ We assessed the movement of inventories and analysed whether closing inventories were valued using the weighted average method.

Key Audit Matters	How our audit addressed the key audit matters
<p>inventories, there is an increased risk of misstatement in valuation of inventory items. IAS 2 defines inventories as assets which are: (a) held for sale in the ordinary course of business, (b) in the process of production for such sale, (c) in the form of materials or supplies to be consumed in the production process or rendering of services. There was therefore a risk that assets which do not meet the definition of inventories have been improperly classified as inventory items. Inventories has been disclosed in note 07 of the financial statements. The Company's policy with regards to the valuation of inventories has been disclosed in note 3.12.</p>	<ul style="list-style-type: none"> ▶ We tested on a sample basis, the net realisable value by comparing costs to recent selling prices. ▶ We assessed the listing of the nature of items presented within inventories and analysed whether they meet the definition of inventories. ▶ We read the disclosure made by the Company for compliance with disclosure requirements.

Other information included in the Company's 30 June 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the information read and reviewed, we have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) the expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.
Chartered Accountants

Partner: Mohammad Motaleb Hossain, FCA

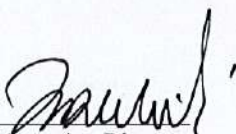
Dhaka, 31 October 2020

Matin Spinning Mills Limited
Statement of Financial Position
As at 30 June 2020

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
ASSETS			
Non - current assets			
Property, plant and equipment	04	4,624,173,559	3,996,190,404
Investment	05	28,003,186	36,413,499
Capital work-in-process	06	110,153,455	202,850,542
		138,156,641	239,264,041
Total non - current assets		4,762,330,200	4,235,454,445
Current assets			
Inventories	07	732,820,587	524,128,640
Accounts receivable	08	994,789,485	905,681,247
Advance, deposits and prepayments	09	222,842,805	253,812,258
Materials in transit	10	140,656,793	413,781,170
Cash and bank balances	11	243,576,752	236,181,930
		2,334,686,422	2,333,585,245
Asset held for sale	12	1,600,000	-
Total current assets		2,336,286,422	2,333,585,245
Total assets		7,098,616,622	6,569,039,690
EQUITY AND LIABILITIES			
Share capital	13	974,900,000	974,900,000
Share premium	14	920,700,000	920,700,000
Retained earnings	15	1,389,083,255	1,364,587,906
Revaluation reserve	16	1,520,826,225	922,470,313
Total equity		4,805,509,480	4,182,658,219
Non-current liabilities			
Long term bank loan	17	126,599,671	368,320,391
Deferred tax liability	18	255,290,759	204,333,813
Total non-current liabilities		381,890,430	572,654,204
Current liabilities			
Accounts payable	19	132,103,881	104,070,268
Short term bank loan	20	1,300,157,442	1,376,471,384
Current portion of long term loan	21	350,438,156	193,920,170
Share application money	22	4,553,160	4,553,160
Provision & accruals	23	123,964,072	134,712,284
Total current liabilities		1,911,216,711	1,813,727,266
Total equity and liabilities		7,098,616,622	6,569,039,690
NAV Per Share (With Revaluation reserves)	34	49.29	42.90

These financial statements should be read in conjunction with the annexed notes 1 to 48

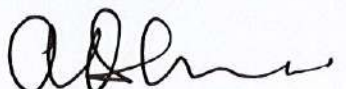

Chairman


Managing Director


Chief Financial Officer


Company Secretary

As per our report of same date


A. Qasem & Co.
Chartered Accountants


Dhaka, 31 October 2020



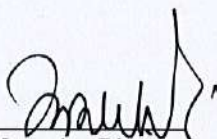
Matin Spinning Mills Limited
Statement of Profit or Loss
For the year ended 30 June 2020

	Notes	Amounts in Taka	
		2019-20	2018-19
Revenue	24	3,904,153,460	4,324,531,522
Cost of goods sold	25	(3,364,549,162)	(3,949,186,470)
Gross profit		539,604,298	375,345,052
Other income	26	42,769,434	79,937,673
Administrative expenses	27	582,373,732	455,282,724
Distribution expenses	28	(221,959,154)	(220,692,515)
Net profit before finance cost		353,849,623	227,380,935
Finance cost	29	(87,750,912)	(99,388,219)
Net profit before workers' profit participation funds & tax		266,098,711	127,992,716
Contribution to workers' profit participation funds	30	(12,671,367)	(6,094,891)
Net profit before taxation		253,427,344	121,897,825
Income tax	31	(44,925,245)	(17,787,989)
Deferred tax	32	1,709,287	(9,762,163)
Net profit after tax		210,211,386	94,347,672
Earnings Per Share (EPS)	33	2.16	0.97

These financial statements should be read in conjunction with the annexed notes 1 to 48



 Chairman



 Managing Director




 Chief Financial Officer



 Company Secretary

As per our report of same date

Dhaka, 31 October 2020




 A. Qasem & Co.
 Chartered Accountants



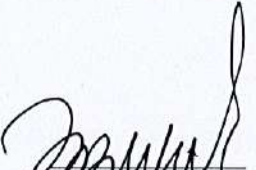
Matin Spinning Mills Limited
Statement of Other Comprehensive Income
For the year ended 30 June 2020

	Notes	Amounts in Taka	
		2019-20	2018-19
Net profit after tax for the year		210,211,386	94,347,672
Revaluation reserve of land and building		611,541,109	-
Deferred tax on other comprehensive income	32.01	(52,666,234)	844,523
Total comprehensive income for the year		769,086,261	95,192,195


These financial statements should be read in conjunction with the annexed notes 1 to 48




 Chairman



 Managing Director




 Chief Financial Officer



 Company Secretary

Dhaka, 31 October 2020



 A. Qasem & Co.
 Chartered Accountants



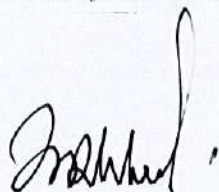
Matin Spinning Mills Limited
Statement of Changes in Equity
For the year ended 30 June 2020

	Amounts in Taka				
	Share Capital	Share Premium	Retained Earnings	Revaluation Reserves	Total
2019-20					
Balance at 01 July 2019	974,900,000	920,700,000	1,364,587,906	922,470,313	4,182,658,219
Net profit for the year	-	-	210,211,385	-	210,211,385
Dividend Paid	-	-	(146,235,000)	-	(146,235,000)
Revaluation surplus during the year	-	-	-	611,541,109	611,541,109
Depreciation on Revalued Assets	-	-	13,185,197	(13,185,197)	-
Deferred tax on other comprehensive income	-	-	(52,666,234)	-	(52,666,234)
Balance at 30 June 2020	<u>974,900,000</u>	<u>920,700,000</u>	<u>1,389,083,255</u>	<u>1,520,826,225</u>	<u>4,805,509,480</u>
Notes	13	14	15	16	
2018-19					
Balance at 01 July 2018	974,900,000	920,700,000	1,429,498,557	928,100,467	4,253,199,024
Net profit for the year	-	-	94,347,672	-	94,347,672
Dividend Paid	-	-	(165,733,000)	-	(165,733,000)
Depreciation on Revalued Assets	-	-	5,630,154	(5,630,154)	-
Other comprehensive income	-	-	844,523	-	844,523
Balance at 30 June 2019	<u>974,900,000</u>	<u>920,700,000</u>	<u>1,364,587,906</u>	<u>922,470,313</u>	<u>4,182,658,219</u>

These financial statements should be read in conjunction with the annexed notes 1 to 48



Chairman



Managing Director



Chief Financial Officer



Company Secretary

Dhaka, 31 October 2020




A. Qasem & Co.
Chartered Accountants



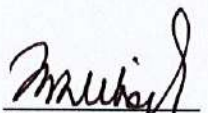
Matin Spinning Mills Limited
Statement of Cash Flows
For the year ended 30 June 2020

	Notes	Amounts in Taka	
		2019-20	2018-19
A. Cash flows from operating activities			
Collection from customers		3,819,995,162	4,491,871,317
Other Income		48,414,695	63,926,496
Cash generated from operations		3,868,409,857	4,555,797,813
Cash paid to employees		(339,409,522)	(329,202,410)
Cash paid to suppliers		(2,908,434,111)	(3,614,106,838)
Interest paid on loans		(54,666,750)	(106,851,156)
Income tax paid		(26,493,122)	(25,086,781)
Payment made to workers' profit participation funds	23.02	(6,094,891)	(17,787,407)
Net cash flows from operating activities		533,311,461	462,763,221
B. Cash flow from investing activities			
Acquisition of property, plant and equipment	4	(165,308,122)	(105,115,683)
Capital work-in-process	6	(25,235,365)	(7,009,738)
Dividend Income		-	418,902
Purchase of marketable securities	5	(133,596,040)	(68,098,782)
Proceeds from Sale of Marketable Securities		133,571,006	68,072,589
Interest on FDR and Bank Accounts		347,350	862,998
Net cash used in investing activities		(190,221,172)	(110,869,714)
C. Cash flows from financing activities			
Long term loan received	17	168,141,535	231,382,556
Long term loan (repaid)	17	(253,344,270)	(224,962,164)
Short term loan received from bank	20	2,645,061,569	3,574,556,327
Short term loan repaid to bank	20	(2,750,207,109)	(3,637,954,490)
Dividend Paid		(145,874,315)	(165,590,667)
Net cash from/(used in) financing activities		(336,222,589)	(222,568,437)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		6,867,700	129,325,069
E. Opening cash and cash equivalents		236,181,930	106,272,935
F. Effects of currency translation on cash and cash equivalents		527,122	583,926
G. Closing cash and cash equivalents (D+E+F)		243,576,752	236,181,930
Net Operating Cash Flow Per Share		5.47	4.75

These financial statements should be read in conjunction with the annexed notes 1 to 48



 Chairman



 Managing Director




 Chief Financial Officer



 Company Secretary

Dhaka, 31 October 2020



 A. Qasem & Co.
 Chartered Accountants



Matin Spinning Mills Ltd
Notes to the financial statements
For the year ended 30 June 2020

1 Reporting entity

1.01 Company Profile

Matin Spinning Mills Limited (the "Company") is a public limited company incorporated in Bangladesh on 15 September, 2002. Registered office of the Company is in Dhaka and manufacturing plant is at Sardagonj, Kashimpur, Gazipur. The company is listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1.02 Nature of Business

The company manufactures and sells all types of Cotton, Viscose, Polyester, CVC, Melange, and Vortex yarn.

2 Basis of preparation

2.01 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

2.02 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 31/10/2020.

2.03 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), unless otherwise stated, which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest integer.

2.04 Reporting period

Financial year of the company covers the period from 01 July 2019 to 30 June 2020.

3 Significant Accounting Policies

3.01 Basis of Accounting

The financial statements of the company have been prepared on an accrual basis, under historical cost convention, and in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

Components of financial statements

Statement of Financial Position
Statement of Profit or Loss
Statement of Other Comprehensive Income
Statement of Cash Flows
Statement of Changes in Equity
Notes to the Financial Statements



3.02 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

3.03 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized when invoice for products and services are made and the significant risk and reward of ownership are transferred to the customers. recovery of the consideration is probable. associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3.04 Use of estimates and judgments

In preparing these financial statements, management makes judgments, estimates and assumptions which affect the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year have been reported. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note – 07	Inventories
Note – 08	Accounts Receivable
Note – 18	Deferred Tax Liability
Note – 19	Accounts Payable
Note – 23	Provisions & accruals
Note – 31	Income Tax Expenses

3.05 Statement of Cash Flows

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard (IAS)-7 "Statement of cash flows" as required by the Securities and Exchange Rules, 1987. A reconciliation to cash flows from operating activities under indirect method has been shown in note 42.

3.06 Statement of Changes in Equity

Statement of Changes in Equity is prepared in accordance with IAS-1 " Presentation of Financial Statements". This statement reflects information about the increase or decrease in net assets or wealth.



3.07 Property, plant and equipment

(A) Recognition and Measurement

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use.

(B) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit or loss and other comprehensive income as incurred.

(C) Depreciation

Depreciation is calculated and charged under diminishing balance method on all fixed assets other than land and land development. Depreciation on current year's addition is charged on day basis as and when the assets are ready for operation. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in the income statement as incurred.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Itemised depreciation rates are as follows:

<u>Asset category</u>	<u>Rate of depreciation (%)</u>
Land and land development	Nil
Factory building	5
Godown	10
Plant and machinery	10
Furniture and fixtures	10
Sub Station (Machinery)	15
Gas Generator	15
Office equipment	15
Electric installation	15
Vehicles	20

Para-60 of IAS-16 does not specify any specific method of calculation of depreciation. However, para-62 specifies three methods of which diminishing balance has been used by the company consistently considering reducing future economic benefit of the assets.



(D) Impairment

The carrying value of the company's assets, other than inventories, are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss will be recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

(E) Revaluation of Asset

The Company initially conducted revaluation of certain class of assets during the year 2009-10 and 2010-11. During the year ended 30 June 2020, the Company conducted another revaluation of same class of assets (i.e. Land & land development, Factory building, and Godown) in compliance with IAS-16 para 34. An independent valuer was assigned to perform this task. Impact of revaluation has been recognised in the financial statements.

3.08 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

There was no material impact of adopting IFRS 9 on the company's statement of financial position as at 30 June 2020 and its statement of profit or loss and OCI for the year ended 30 June 2020 and the statement of cash flows for the year then ended.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

Investment in Marketable Securities

Investment is initially recognized at cost including acquisition charges with the investment. After initial recognition, the investment in marketable securities have been valued at market price and measured at fair value through profit or loss. Investment in non-marketable securities have been valued at cost.

3.09 Capital Work in Process:

Capital work-in-process comprises Godown and Bagan Bari staff quarter.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank including fixed deposits which are available for use by the Company without any restriction.



3.11 Accounts receivable

Accounts receivable at the Statement of Financial Position date is stated at amount which are considered realizable. Provision is made for receivable considered to be doubtful of recovery following expected credit loss model.

3.12 Inventories

Inventories are stated at the lower of cost and net realizable value in compliance to the requirement of Para 21 & 25 of IAS-2.

<u>Types of Stock</u>	<u>Basis of Valuation</u>
Raw Materials, Packing Materials and Work-in-process	At cost and net realizable value whichever is lower
Finished Goods	At cost and net realizable value whichever is lower
Spare & Parts	Weighted average cost and net realizable value whichever is lower
Diesel & Lube Oil	At cost and net realizable value whichever is lower
Stock of Bandhan	At cost and net realizable value whichever is lower

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock of abnormal losses are recognized as expenses.

3.13 Advance , Deposit and Prepayments

Advance, Deposit and Prepayments comprise salary advance, advance to supplier, security deposit to Titas Gas Transmission and Distribution Co. Ltd. which will be adjusted against their bills and refundable by the suppliers at the end of the service period.

3.14 Capital

Share Capital

Share capital is fully paid up by the shareholders. Details have been mentioned in note -13.

Share Application Money

The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money is in the process of being refunded to the unsuccessful applicants.

3.15 Retained Earning

Retained earning represents available distributable profit to the shareholders after making all necessary adjustment in the financial statements.



3.16 Deferred Tax

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

3.17 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the Statement of profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

3.18 Provisions

A provision is recognized in the Statement of Financial Position when the company has a present obligation (legal or constructive) of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.19 Finance costs

Finance costs comprise interest expenses on bank loan and other borrowings and are recognized in the income statement.

3.20 Finance income

Finance income comprises interest income on Fixed deposit receipts.

3.21 Workers' profit participation fund

Allocation for workers' profit participation funds has been made @ 5% of profit before charging such expenses as per provisions of the Labour Act 2006.

3.22 Provident Fund

Members, on confirmation, in regular employment of the company, are eligible to join the provident fund to which members contribute 7% of their basic salaries and the Company makes a matching contribution. The Fund is administered by a Board of Trustees.

3.23 Foreign currency translation

Transactions in foreign currencies are translated into BDT at the rate of exchange ruling on the dates when the transactions take place. Exchange currency differences, if any, arising on year end, translations are recognized in the income statement.



3.24 Materiality and Aggregation

Each material item as considered by management to be significant has been presented separately in financial statements. No amount has been set off unless the company has the legal right to set off the amounts and intends to settle on net basis. Income and expenditure are presented on a net off basis only when permitted by the relevant accounting standards.

3.25 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to the weighted average number of ordinary shares during the period.

3.26 Related party disclosure

As per IAS -24: Related Party Disclosures, the parties are considered to be related if one of the parties has the ability to control another party or exercise significant influence over the other party in making financial and operating

3.27 Financial Risk management

The Company has exposures to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Capital risk management
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a buyer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's major sales are made to the RMG exporting Companies having common directorship. A minor quantity of sales are made to the external parties. All sales are fully secured by Letters of Credit by local scheduled banks.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In general, Management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.



The requirement is determined in advance through cash flow projections and credit line facilities with banks are negotiated accordingly.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with optimum levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Operational Risk

Operation of the factory is mostly automated and involves minimal manual input. The overall process adheres to highest international standards. The plant is run by experienced and professional personnel. The workers and officers of the Company are properly trained. Besides, the machineries are properly maintained and repaired whenever necessary. The factory building is well constructed and has adequate fire control measures.

3.28 Segment reporting

A segment is a distinguishable component of the entity that engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision maker. The entity regards its Board of Directors as its Chief Operating decision maker, as the Board is responsible for allocating resources, assesses performance, and makes strategic decision.

The entity is primarily engaged in manufacturing and sale of cotton yarn and blended yarn to export oriented knit garments industries and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brand is not part of the regular internally reported financial information to the Chief Operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

3.29 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.



3.30 Non-current assets held for sale

The Company classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For the classification as held for sale to be made detailed criteria must be met:

- The asset must be available for immediate sale in its present condition.
- Its sale must be highly probable (i.e. significantly more likely than probable).

For the sale to be highly probable:

- Management must be committed to a plan to sell the asset.
- There must be an active programme to locate a buyer.
- The asset must be marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to take place within one year from the date of classification.
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A non-current asset held for sale is measured at the lower of:

- Its carrying amount
- Its fair value less costs to sell (i.e. its net selling price)

Impairment loss recognised in profit or loss at the time of classification as held for sale and subsequently.



		Amounts in Taka		
		Notes	30 June 2020	30 June 2019
4	Property, plant and equipment			
A	NON REVALUED ASSETS:			
	Cost			
	Opening balance (at cost)		5,354,335,617	5,224,460,800
	Add : Additions		337,613,660	129,874,816
			<u>5,691,949,277</u>	<u>5,354,335,617</u>
	Less: Disposal/Adjustment		(22,337,079)	-
	Closing balance (a)		<u>5,669,612,198</u>	<u>5,354,335,617</u>
	Accumulated Depreciation			
	Opening balance		2,328,577,088	2,031,654,733
	Add : Charges for the year		305,086,198	296,922,355
			<u>2,633,663,286</u>	<u>2,328,577,088</u>
	Less: Disposal/Adjustment		(19,436,859)	-
	Closing balance (b)		<u>2,614,226,427</u>	<u>2,328,577,088</u>
	Written Down Value (a-b)		<u>3,055,385,771</u>	<u>3,025,758,529</u>
B	REVALUED ASSETS :			
	Revalued amount:			
	Opening balance (at revalued cost)		1,033,677,512	1,033,677,512
	Add : Additions		611,541,109	-
			<u>1,645,218,621</u>	<u>1,033,677,512</u>
	Less: Disposal/Adjustment		-	-
	Closing balance (a)		<u>1,645,218,621</u>	<u>1,033,677,512</u>
	Accumulated Depreciation			
	Opening balance		63,245,637	57,615,483
	Add : Charges for the year		13,185,197	5,630,154
			<u>76,430,833</u>	<u>63,245,637</u>
	Less: Disposal/Adjustment		-	-
	Closing balance (b)		<u>76,430,833</u>	<u>63,245,637</u>
	Written Down Value of Revaluation Assets (a-b)		<u>1,568,787,788</u>	<u>970,431,875</u>
	Total Written Down Value (A+B)		<u>4,624,173,559</u>	<u>3,996,190,404</u>

Policy notes is mentioned in note 3.07 E

5 Investment

Investment in marketable securities	5.1	28,003,186	36,413,499
		<u>28,003,186</u>	<u>36,413,499</u>

5.01 Investment in marketable securities

Opening balance	36,413,499	34,336,067
Add: Addition during the year	-	-
	<u>36,413,499</u>	<u>34,336,067</u>
Realized gain /(loss)	1,479,296	11,253,083
Unrealized gain /(loss) for fair value adjustment	(9,889,610)	(9,175,651)
Closing balance	<u>28,003,186</u>	<u>36,413,499</u>

Name of securities	No. of Share	Rate	Cost Value	Market rate per share as on 30 June 2020	Market value as on 30 June 2020
Shurwid Industries	144,000	26.74	3,850,560	21.70	3,124,800
FAR Chem	100,000	9.54	954,000	9.80	980,000
IFIC	19,600	13.52	264,992	8.60	168,560
Dhaka Bank Ltd	100,000	16.23	1,623,000	10.00	1,000,000
Dragon Sweater	867,000	12.18	10,560,060	9.50	8,236,500
One Bank Ltd	67,750	16.21	1,098,228	9.10	616,525
FORTUNE SHOES	87,000	20.94	1,821,780	15.90	1,383,300
Kattali Tex	1,197,500	11.49	13,759,275	9.30	11,136,750
AB Bank Ltd	202,500	19.56	3,960,900	6.70	1,356,750
	<u>2,785,350</u>		<u>37,892,795</u>		<u>28,003,185</u>



		Amounts in Taka		
		Notes	30 June 2020	30 June 2019
6	Capital work-in-process			
	Godown - 2	6.01	3,147,131	3,147,131
	Staff Quarter	6.02	18,388,703	-
	Shuttering Materials Storage	6.04	2,967,406	-
	MSML- Special Yarn	6.05	1,318,987	-
	Machineries in Transit		84,331,228	199,703,411
			<u>110,153,455</u>	<u>202,850,542</u>
	6.01 Godown - 2			
	Opening Balance		3,147,131	-
	Add: Addition during the year		-	7,009,738
	Less: Transfer to Fixed Assets		-	(3,862,607)
	Closing Balance		<u>3,147,131</u>	<u>3,147,131</u>
	6.02 Staff Quarter			
	Opening Balance		-	3,417,914
	Add: Addition during the year		18,388,703	-
	Less: Transfer to Fixed Assets		-	(3,417,914)
	Closing Balance		<u>18,388,703</u>	<u>-</u>
	6.03 Temporary wastage store			
	Opening Balance			
	Add: Addition during the year		2,560,269	-
	Less: Transfer to Fixed Assets		(2,560,269)	-
	Closing Balance		<u>-</u>	<u>-</u>
	6.04 Shuttering materials storage			
	Opening Balance		-	-
	Add: Addition during the year		2,967,406	-
	Closing Balance		<u>2,967,406</u>	<u>-</u>
	6.05 MSML- Special Yarn Project			
	Opening Balance		-	-
	Add: Addition during the year		1,318,987	-
	Closing Balance		<u>1,318,987</u>	<u>-</u>
7	Inventories			
	Manufacturing Inventory	7.01	714,219,319	506,997,455
	Non Manufacturing Inventory	7.02	18,601,268	17,131,184
			<u>732,820,587</u>	<u>524,128,640</u>
	7.01 Manufacturing Inventory			
	Raw cotton	7.01.01	465,487,680	250,757,810
	Finished yarn	7.01.02	89,041,018	89,977,643
	Packing materials	7.01.03	2,208,327	3,226,100
	Work-in-process	7.01.04	43,535,277	40,794,490
	Spare parts	7.01.05	113,947,017	122,241,412
			<u>714,219,319</u>	<u>506,997,455</u>
	7.01.01 Raw cotton			
	Value (TK.)			
	Conventional Cotton		331,256,859	151,557,525
	Organic Cotton		65,660,534	-
	Synthetic Fiber		45,471,837	64,329,151
	Usable Waste Cotton		20,541,006	34,038,231
	Waste Cotton		2,557,444	832,904
	Total		<u>465,487,680</u>	<u>250,757,810</u>



	Amounts in Taka		
	Notes	30 June 2020	30 June 2019
Quantity (KG)			
Conventional Cotton		2,138,706	891,426
Organic Cotton		461,539	-
Synthetic Fiber		337,707	376,384
Usable Waste Cotton		350,148	400,166
Waste Cotton		145,646	37,954
Total		3,433,746	1,705,930
Cost Per Kg (TK.)			
Conventional Cotton		154.89	170.02
Organic Cotton		142.26	-
Synthetic Fiber		134.65	170.91
Usable Waste Cotton		58.66	85.06
Waste Cotton		17.56	21.95
7.01.02 Finished yarn			
Value (TK.)			
Carded		4,433,144	13,740,206
Combed		27,634,095	6,467,576
Slub		11,616,220	14,563,689
Synthetic		22,425,480	9,016,936
Melange		8,586,980	11,579,829
Vortex		3,242,751	4,962,643
Open End		8,515,908	29,504,122
Twisted yarn		2,586,440	142,641
Total		89,041,018	89,977,643
Quantity (KG)			
Carded		18,185	51,264
Combed		92,679	18,153
Slub		36,296	44,008
Synthetic		95,364	33,489
Melange		31,650	38,929
Vortex		14,849	20,147
Open End		63,146	181,910
Twisted yarn		8,565	530
Total		360,733	388,429
Cost Per Kg (TK.)			
Carded		243.78	268.03
Combed		298.17	356.29
Slub		320.04	330.93
Synthetic		235.16	269.25
Melange		271.31	297.46
Vortex		218.39	246.32
Open End		134.86	162.19
Twisted yarn		301.97	269.34
7.01.03 Packing materials Value (TK.)			
Opening balance		3,226,100	1,950,203
Add: Purchase during the period		27,455,602	31,011,384
Packing materials available for consumption		<u>30,681,702</u>	<u>32,961,587</u>
Less: Consumption during the period		28,473,374	29,735,487
Closing balance		2,208,327	3,226,100



	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
7.01.04 Work-in-process			
		Quantity (KG)	
		June 30, 2020	June 30, 2019
Particulars			
Blow Room		50,836	80,265
Carding		6,857	5,070
B. Drawing		4,222	7,875
Combing		2,924	957
F. Drawing		15,826	10,773
Simplex		50,057	41,414
Ring Frame		79,224	57,890
Winding		4,799	4,350
Packing		33,650	30,155
Rotor		12,300	4,504
Vortex		3,975	2,711
Total		264,670	245,964
		43,535,277	40,794,490

7.01.05 Spare parts

Opening Balance	122,241,412	115,163,206
Add: Addition during the period	120,424,943	142,085,776
	242,666,355	257,248,982
Less: Consumption during the period	69,809,787	54,298,317
Less: Transfer to other GL	58,909,551	80,709,253
Closing balance	113,947,017	122,241,412

7.02 Non Manufacturing Inventory

Stock of Bandhan	1,683,139	6,393,695
Stock of Stamp	17,418	51,400
Other Production Material	25,450	-
Construction Material	7,444,156	3,340,050
Store Materials under Inspection	9,431,104	7,346,039
	18,601,268	17,131,184

Quantity wise detailed breakup of Packing Materials, Spare Parts and Stock of Bandhan could not be given as it was difficult to quantify each item separately due to large variety of items.

8 Accounts receivables

Receivable other than related party	8.01	426,846,629	588,686,323
Receivable from related party	8.02	565,072,289	319,074,297
Bank interest receivable on FDR		4,806,298	3,849,040
Claim Receivable		4,972,935	980,253
Provision for bad debts		(6,908,666)	(6,908,666)
		994,789,485	905,681,247

During the year, provision for bad debt has been presented under Accounts receivables for better presentation.

8.01 Receivable other than related party

Aboni Textile Ltd	-	27,162,317
Abonti Colour Tex. Ltd	52,499,083	12,755,080
A-One Polar Ltd.	11,690,751	-
Amber Denim Ltd	154,553,313	104,141,289
Apex Textile Mills Ltd	-	3,672,240
Asrotex Ltd.	16,838,337	41,782,581
Blue Planet Knitwear Ltd	1,742,382	16,426,894
Century Design & Fashion Ltd	1,919,881	3,443,782
Crony Apparels Ltd	1,766,585	3,755,012
Delta Composite Knitting Ind Ltd	-	6,721,688
Pantex Dress Ltd.	7,261,910	-
Essential Clothing Ltd	7,950,967	18,953,676
Fakir Apparels Ltd	17,954,967	86,466,803
Fakir Fashions Ltd	13,746,598	25,036,198



	Amounts in Taka		
	Notes	30 June 2020	30 June 2019
Fariha Knitex Ltd		26,651,159	34,819,969
Greenlife Knittex Ltd		-	26,512,541
Euro Knitwear Ltd.		7,810,289	-
Tropical Knitex Ltd.		4,079,603	-
Jointex Knit Wears Ltd.		18,312,650	31,487,931
Lithium Knit Fabrics Ltd		7,004,862	6,941,374
Megna Knit Composit Ltd.		26,469	25,797,880
Rizvi Fashions Ltd.		10,229,000	-
S.B Knitting Ltd.		640,759	6,851,268
Cute Dress Industry		6,111,376	-
Square Fashions Ltd.		4,056,692	-
Epyllion Knitex Ltd.		4,615,886	-
Tasniah Fabrics Ltd		-	1,039,500
Silken Sewing Ltd.		5,366,610	-
Viyellatex Ltd.		4,273,265	39,147,613
Others		39,743,232	65,770,689
		<u>426,846,629</u>	<u>588,686,323</u>

8.02 Receivable from related party

Flamingo Fashions Ltd	118,706,886	65,362,928
Jinnat Fashions Ltd	36,139,150	18,331,181
Mawna Fashions Ltd	24,997,731	13,334,759
Jinnat Apparels Ltd	14,467,517	60,585,629
Jinnat Knitwears Ltd	356,815,261	142,893,592
Hamza Textiles Ltd.	6,608,437	13,715,514
Parkway Packing and Printing Ltd	7,171,307	4,850,694
DB Trims Ltd	166,000	-
	<u>565,072,289</u>	<u>319,074,297</u>

Age analysis of Debtors:

	1-3 Months	4-6 Months	above 6 Months	Total	Total
Sale of yarn	739,533,352	212,431,914	39,953,652	991,918,918	907,760,620
Interest receivable on	4,806,298	-	-	4,806,298	3,849,040
Claim Receivable	4,972,935	-	-	4,972,935	980,253
	<u>749,312,585</u>	<u>212,431,914</u>	<u>39,953,652</u>	<u>1,001,698,151</u>	<u>912,589,913</u>

I. Accounts receivable considered good in respect of which the company is fully secured

Accounts receivable accrued in the ordinary course of business are considered good and secured against confirmed

II. Accounts receivable considered good for which the company holds no security other than the personal security

There is no such accounts receivable in this respect as on 30 June 2020

III. Accounts receivable considered doubtful or bad

Tk 7,004,862.13 receivable from Lithium Knit Fabrics Ltd has been considered doubtful for which full provision has been incorporated in financial statements.

IV. Accounts receivable from the Directors or other officers of the company

There is no such accounts receivable in this respect as on 30 June 2020

V. Accounts receivable from Related Parties

There has been an amount of Tk 565,072,289 due as accounts receivable from related parties under common management.

VI. Provision for doubtful or bad debts

A money suit case no. 14/13 dated 8 April 2013 has been lodged in the High Court Division for the recovery of the outstanding amount from Lithium Knit Fabrics Ltd. Honorable High Court issued summon to the defendants but they are untraced in their address.

VII. Interest receivable on FDR

Interest receivable on FDR shall be realized at the time of encashment of FDR from banks.



		Amounts in Taka		
		Notes	30 June 2020	30 June 2019
09	Advance, deposits and Prepayments			
	Advance			
	Salary & Allowances		2,023,100	1,889,057
	Construction	09.01	597,422	2,103,712
	Expenses	09.02	42,483,008	42,452,877
	Advance Income Tax	09.03	131,519,379	167,618,517
			176,622,910	214,064,163
	Deposits			
	Security deposit for Utilities	09.04	46,219,895	39,748,095
			46,219,895	39,748,095
			222,842,805	253,812,258
09.01	Construction			
	S.S Enterprise		593	593
	Energypac Engineering Ltd.		278,100	872,390
	Jawad Trading		87,449	87,449
	Shinpower		-	912,000
	Quantum Builders & Engineering Ltd		231,280	231,280
			597,422	2,103,712
09.02	Expenses			
	Groz-Beckert Carding (Wuxi) Co. Ltd.		-	485,857
	Lakshmiipur Card Cops Tecno Engineering		-	802,750
	Sakthi Associates		-	918,083
	Shamsuddin Engineering Works		6,719,915	-
	Marubeni Tekmatex Corporation		535,946	-
	Gardner Denver FZE		3,699,985	-
	Zaman & Sons		926,638	-
	QINSHI INDUSTRIAL INC.		857,341	-
	Bestair Engineering Co. Ltd		-	451,754
	DBL C&F		18,240,362	14,440,856
	Md. Azizur Rahman		2,280,403	3,202,500
	Rotorcraft AG		-	9,959,851
	Rieter Maschinenfabrik Rieter AG		1,976,613	1,687,715
	Trutzschler GmbH & Co. KG		450,517	539,276
	Mr. Rashid		1,185,402	2,615,139
	Mr. Sunny		217,107	-
	Sazzad Bin Yusuf		-	10,000
	Encon		682,879	950,000
	Mr. Siddik		-	301,598
	Rezaul Islam Tusku		-	1,048,312
	Mrs. Jabeen Noman		1,420,314	1,790,826
	MJL Bangladesh Ltd		53,040	1,185,686
	Local Purchase		1,556,598	449,611
	Others		1,679,949	1,613,064
			42,483,008	42,452,877
09.03	Advance income Tax			
	Income Tax on Export	09.03.1	53,106,216	96,356,461
	Tax on Interest Received (Bank)	09.03.2	34,765,500	34,237,065
	Advance income tax paid for tribunal	09.03.3	43,647,663	36,682,663
	Advance income tax	09.03.4	-	342,327
			131,519,379	167,618,517
09.03.1	Income Tax on Export			
	Opening Balance		96,356,461	77,844,702
	Add: Addition during the year (Section - 53 BBBB of ITO 1984)		17,499,688	18,511,759
	Less: Adjustment against provision for previous years AIT		(60,749,933)	-
	Closing Balance		53,106,216	96,356,461



	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
09.03.2 Tax on Interest Received (Bank)			
Opening Balance		34,237,065	33,662,044
Add: Addition during the year (Section - 53 F of ITO 1984)		528,435	575,022
Less: Adjustment against provision for previous years AIT		-	-
Closing Balance		<u>34,765,500</u>	<u>34,237,065</u>

Advance tax represents tax deducted at source @ 0.70 % on export proceed from 1.07.2016 till now as per SRO - 68 dated 22.04.2014 and @ 10 % on interest received from bank under section 53F dated 01.07.2012.

09.03.3 Advance income tax paid for tribunal			
Income tax paid for tribunal for the year 2011 -2012		1,682,663	1,682,663
Income tax paid for tribunal for the year 2012 -2013		-	1,500,000
Income tax paid for the year 2016 -2017		16,965,000	16,500,000
Income tax paid for the year 2017 -2018		11,000,000	11,000,000
Income tax paid for the year 2018 -2019		6,000,000	6,000,000
Income tax paid for the year 2019 -2020		8,000,000	-
		<u>43,647,663</u>	<u>36,682,663</u>

09.03.4 Advance income tax			
Deputy Commissioner of Taxes		-	342,327
		-	<u>342,327</u>

09.04 Security deposit for Utilities			
Margin Against Bank Guarantee (Titas Gas)		42,626,055	39,154,255
Central Depository Bangladesh Ltd (CDBL)		500,000	500,000
Security Deposit for Electricity		3,093,840	93,840
		<u>46,219,895</u>	<u>39,748,095</u>

Aging of the advances except Margin and deposit & Security deposit for Utilities is given below:

	1-3 Months	3-6 Months
Salary & Allowances	-	2,023,100
Construction	-	597,422
Expenses	-	42,483,008

- All the advances & deposit amount are considered good and recoverable
- Advances due from Employees are regularly being realized from their monthly salaries
- There is no advances due for payment for more than 6 months from the date of statement of financial position
- There is no amount due from any Directors of the company.
- Debts considered good in respect of which the company is fully secured.
- There are no debts due by directors or other officers of the company.

10 Materials in transit

Margin and deposit (Raw Cotton)	10.01	140,656,793	413,781,170
		<u>140,656,793</u>	<u>413,781,170</u>

10.01 Margin and deposit (Raw Cotton)			
Margin against Cotton		9,426,724	3,773,098
Margin Against Bank Guarantee		11,062,108	10,316,718
Materials In Transit		120,167,962	399,691,354
		<u>140,656,793</u>	<u>413,781,170</u>



	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
11 Cash and bank balances			
Cash in hand		1,028,689	2,778,038
Balance in BO Account		38	1,943
Fixed Deposit	11.01	11,515,800	11,515,800
Bank balances with:			
Islami Bank Bangladesh Ltd			
Current account		156,432	5,619,047
Marginal deposit Account (Special)		52,531	52,531
Marginal deposit Account (Normal)		352,468	353,308
Marginal deposit Under Reserve		144,466	144,465
Foreign currency account		8,403	8,358
Exim Bank Ltd, STD account		28,858,997	8,004,537
Mercantile Bank Ltd			
STD account		45,933	47,313
Foreign currency account		70,634	70,255
HSBC Bank Ltd			
STD account		16,819,468	9,548,720
Foreign currency account		143,614,270	141,337,111
City Bank Ltd			
STD account		2,104,447	2,107,982
Foreign currency account		60,975	60,648
Prime Bank Ltd			
STD account		1,300,140	548,518
Foreign currency account		136,398	135,667
Standard Chartered Bank - STD account		212,308	799,153
Dutch-Bangla Bank Limited - STD account		2,534,919	1,270,831
BRAC Bank Ltd			
STD account		23,435,789	4,194,067
Foreign currency account		7,357,941	47,583,638
Jamuna Bank Limited - STD account		3,403,043	-
Mutual Trust Bank Ltd			
STD account		362,662	-
		<u>243,576,752</u>	<u>236,181,930</u>

11.01 Fixed Deposit

I/DATE	M/DATE	FDR NO.	NAME OF BANK	RATE OF INTEREST/ PROFIT	AMOUNT (Taka)
12-Nov-14	19-Jun-20	992761	IBBL	6.42%	10,000,000
23-Mar-17	21-Mar-20	0356010015559	Exim Bank	6.00%	1,515,800
					<u>11,515,800</u>

FDR No. 992761 is in lien against security deposit of Titas Gas Transmission and Distribution Co. Ltd.

12 Asset held for sale

Cost:		
Forklift	1,872,720	-
Generator	20,464,359	-
	<u>22,337,079</u>	-
Accumulated depreciation:		
Forklift	1,624,705	-
Generator	17,812,154	-
	<u>19,436,859</u>	-
WDV	2,900,220	-
Fair value less cost to sale	1,600,000	-
Asset held for sale (Lower of WDV and Fair value less cost to sale)	<u>1,600,000</u>	-



Amounts in Taka

13 Share capital

	Notes	30 June 2020	30 June 2019
Authorised			
150,000,000 ordinary shares of Taka 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued and paid-up			
97,490,000 ordinary shares of Taka 10 each fully paid up		<u>974,900,000</u>	<u>974,900,000</u>

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding
Sponsors/ Directors	8	31,917,000	32.74
Foreign Investors	89	26,863	0.03
Local Institutions	46	53,952,423	55.34
General Public	4,611	11,593,714	11.89
Total	4,754	97,490,000	100.00

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2020:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	4,281	805,532	0.83
500 to 5,000 shares	330	612,673	0.63
5,001 to 10,000 shares	45	349,796	0.36
10,001 to 20,000 shares	30	462,628	0.47
20,001 to 30,000 shares	13	325,771	0.33
30,001 to 40,000 shares	7	252,047	0.26
40,001 to 50,000 shares	1	48,624	0.05
50,001 to 100,000 shares	12	791,774	0.81
100,001 to 1,000,000 shares	17	7,453,607	7.65
Over 1,000,000 shares	18	86,387,548	88.61
Total	4,754	97,490,000	100

14 Share Premium

No. of Shares	Premium Amount		
34,100,000	Tk. 27	<u>920,700,000</u>	<u>920,700,000</u>

15 Retained earnings

Opening balance		1,364,587,906	1,429,498,557
Add: Profit made during the year		210,211,386	94,347,672
Less: Dividend Paid		(146,235,000)	(165,733,000)
Depreciation on Revalued Assets		13,185,197	5,630,154
Add: Deferred tax on revaluation reserve	31.01 (ii)	(52,666,234)	844,523
Balance at 30 June 2020		<u>1,389,083,255</u>	<u>1,364,587,906</u>



		Amounts in Taka	
		30 June 2020	30 June 2019
16	Revaluation reserves		
	This balance consists of as follows:		
	Balance at the beginning of the year	922,470,313	928,100,467
	Addition during the year	611,541,109	-
		<u>1,534,011,422</u>	<u>928,100,467</u>
	Depreciation on Revalued Assets	(13,185,197)	(5,630,154)
	Balance at 30 June 2020	<u>1,520,826,225</u>	<u>922,470,313</u>
17	Long Term bank loan		
	Off Shore Loan - HSBC	477,037,828	562,240,561
	Less: Current portion of long term loan	350,438,156	193,920,170
		<u>126,599,671</u>	<u>368,320,391</u>

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	Nature: One off Term Loan Limit: Tk.355 million Purpose: One-off term loan to retire machinery import documents. Tenure: 5 Years, including moratorium period of 1 year. Repayment Clause: Equal monthly instalments. Interest Rate:3.8% Plus LIBOR Security Agreement: For security arrangement kindly refer to note No. 20.

18 Deferred Tax Liability

Deferred tax assets and liabilities have been recognized and measured in accordance with the provision of IAS-12: Income taxes. Deferred tax assets and liabilities are attributable to the following:

A. Deferred tax liability on historical cost:

Carrying amount other than revaluation reserve	2,905,972,073	2,968,671,593
Tax base	<u>1,846,080,033</u>	<u>1,897,384,304</u>
Taxable Temporary difference	<u>1,059,892,041</u>	<u>1,071,287,289</u>
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
Deferred tax liability on historical cost	158,983,806	160,693,093

B. Deferred tax liability against revaluation reserve:

i) Deferred tax liability against revaluation reserve other than land

Carrying amount other than land	370,254,454	105,039,879
Tax base	-	-
	<u>370,254,454</u>	<u>105,039,879</u>
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector)	15%	15%
	<u>55,538,168</u>	<u>15,755,982</u>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
ii) Deferred tax liability on capital gain against revaluation of land			
Carrying amount other than building & others.		1,358,959,500	929,491,253
Tax base		-	-
		<u>1,358,959,500</u>	<u>929,491,253</u>
Applicable tax rate (3% As per section 53 H of ITO 1984)		3%	3%
		<u>40,768,785</u>	<u>27,884,738</u>
Deferred tax liability against revaluation reserve B (i + ii)		96,306,953	43,640,719
Total Deferred tax liability (A + B)		255,290,759	204,333,813

19 Accounts payable

Suppliers	19.01	70,148,878	42,988,340
Expenses	19.02	61,537,870	60,351,501
Others	19.03	417,134	730,428
		<u>132,103,881</u>	<u>104,070,268</u>

19.01 Payable for suppliers

This represents amount payable for supply of raw materials, packing materials, utilities and other services. The details of suppliers are given below:

Particulars

Meghna Edible Oils Refinery Ltd.	353,540	-
Berger Paints Bangladesh Ltd.	-	200,175
Pioneer Insurance Company Ltd	13,668,138	5,241,725
Bilal Trading PTE Ltd.	-	6,760
Mita Engineering Limited	30,750	30,750
Ebrahim & Sons	937,235	449,796
Chandpur Hardware Store	210,926	96,524
Shinpower	819,195	642,686
Color City Ltd.	8,099,861	3,090,021
DBL Ceramics Ltd.	124,945	629,614
Jinnat Apparels Ltd.	-	683,672
NPC Products	303,450	-
Ali Enterprise	568,841	568,841
Nusrat Packaging	501,075	-
Mukul Enterprise	870,969	-
M.B. Steel Corporation	411,976	-
S.R. Engineering (BD)	700,000	-
Rising Corporation	1,151,224	-
M.M. Paper Product	310,402	-
Lafarge Surma Cement Ltd.	291,840	291,840
H.M Transport Agency	491,040	559,500
Green Power Electric	382,776	196,214
Patway Trade & Co.	52,019	62,998
DBL Distribution Ltd	15,896,116	13,911,230
Kapita Auto Bricks Limited	254,664	254,664
Shamsuddin Engineering Works	98,068	750,257



		Amounts in Taka	
		30 June 2020	30 June 2019
	S.S Enterprise (Packaging)	307,350	-
	Arefin Motors	67,050	196,400
	Soronica Paper Products	1,260,975	646,650
	Motalab Iron Store	-	34,625
	L.R Trading	1,716,765	362,500
	Cross-Link Engineering Ltd.	150,000	819,000
	Rifa Paper Products	-	432,756
	BSRM Steels Ltd.	3,272,500	-
	Shah Ali Metal	154,702	150,579
	Rahman Enterprise	74,907	124,447
	Aqua Care Trading	1,030,401	742,003
	Siam City Cement (Bangladesh) Ltd.	468,000	312,000
	Bangladesh General Insurance Co. Ltd.	-	399,701
	Lafarge Holcim Bangladesh Limited	1,897,908	-
	Siemens Bangladesh Ltd.	620,000	620,000
	Legend Power Ltd.	-	355,000
	Rieter Maschinenfabrik Rieter AG	2,180,734	1,992,702
	Tyre & Battery Bazar	178,138	117,685
	Rafin Paper Tube	478,326	-
	Others	9,762,071	8,015,024
	Total	70,148,878	42,988,340
19.02	Payable for expenses		
	Salary & allowances	24,474,176	26,691,712
	Audit fees	805,000	747,500
	Gas bill	20,003,379	7,300,469
	Electricity bill	6,659,048	19,260,982
	Welfare Fund	449,072	449,072
	Provident Fund	477,385	494,284
	Dividend payable	4,027,296	3,666,611
	Provision for interest on Loan	4,252,567	-
	Un-Applied Receipts	389,947	1,740,871
		61,537,870	60,351,501
	During the year, provision for bad debt has been presented under Accounts receivables for better presentation.		
19.03	Payable for others		
	Tax deducted at source (Salary)	417,134	552,274
	VAT Deducted at source (on Suppliers bill)	-	178,154
		417,134	730,428
20	Short term bank loan		
	UPAS Loan (Raw Cotton)	1,300,157,442	1,310,481,273
	Liability against export bills	-	65,990,111
		1,300,157,442	1,376,471,384



Details of bank terms and conditions for Short Term Loan are given below:

Bank	Loan Account	Particulars
HSBC	Export Development Fund (EDF)	Lender: HSBC Nature: EDF Limit: Tk 2,500 million Purpose: Import of Raw Cotton Tenure: 180 days for Clean Import Loan (CIL) & 30 days for sight (SGT) Rate of interest: @ 1.5% plus LIBOR
	UPAS	Lender: HSBC Nature: UAPS Limit: Tk 2,500 million Purpose: To import raw materials and accessories on sight and/or deferred basis. Tenure: 180 days for Deferred Payment Bill (DPB) and 30 days for SGT Rate of interest: @ LIBOR + 1.91% per annum
HSBC	UPAS	Lender: HSBC Nature: UAPS Limit: Tk 400 million Purpose: One-off line to import machineries and other project related items for the ongoing capacity expansion program of the borrower on sight and /or deferred basis. Tenure: 360 days Rate of interest: @ LIBOR + 3.25% per annum
	UPAS	Lender: HSBC Nature: UPAS Limit: Tk 400 million Purpose: To import spare parts and machineries on sight and/or deferred basis. Tenure: 120 days Rate of interest: @ LIBOR + 1.91% per annum
	Bill Discounting	Lender: HSBC Nature: Bill Discounting Limit: USD 10 million Purpose: To discount maximum 90% of export bills against local bank acceptance (acceptable to HSBC) with recourse to the borrower(s) Tenure: 120 days Rate of interest: Interest will be charged on daily balances @1.92% per annum



Security Arrangement:

1. Demand promissory note for Tk 4,487,500,000 with letter of continuity & revival.
2. Personal guarantees executed by Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M.A. Rahim and Mr. M.A. Quader for Tk 2,225,000,000 each supported by personal net worth/wealth statements.
3. Corporate guarantees to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for Tk 4,208,600,000 each with supporting Board Resolutions.
4. First charge over the borrower's stocks of Raw Materials, Work – in – process and Finished Goods and Book Debts / Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on pari passu basis with other lender(s). HSBC's share is Tk 2,945,000,000.
5. Power of Attorney on Hypothecated Goods.
6. Specific first charge over the borrower's Plant and Machinery for Tk 1,410,000,000 with the Registrar of Joint Stock Companies & Firms (RJSC). In this regard Power of Attorney for hypothecated goods obtained.
7. Blanket Counter Indemnity for Guarantee facility.
8. Trade Financing General Agreement for Trade facility.
9. Power of Attorney for Back to Back facility.
10. 'Letter of Lien over Deposits with Authority to Encash' obtained.
11. Registered Mortgage for Tk 1,210,000,000.00 over 802.50 decimals land and structure thereon situated at Mouza: Gobindabari, PS. & Sub-registry office: Sadar, Gazipur, in the name of Matin Spinning Mills Limited held for the term loan facilities extended to Matin Spinning Mills Limited. In this regard, Irrevocable General Power of Attorney to be obtained.



Bank	Loan Account	Particulars
BRAC BANK	Export Development Fund (EDF)	Lender: BRAC BANK Nature: EDF Limit: Tk 400 million Purpose: Import of Raw Cotton Tenure: 180 days & extendable up to 270 days subject to prior approval from Bangladesh Bank. Rate of interest: @ 2.5% plus LIBOR
	Security Arrangement: 1. 1st ranking charge over present and future floating assets of the company on Pari-Passu security sharing basis covering full facility amount with HSBC for BDT 510,000,000. 2. Corporate Guarantee of Jinnat Knitwears Ltd. in conformity with their Memorandum of Association supported by their Board Resolution to be provided for BDT 510,000,000. 3. Insurance coverage over the company's stocks & receivables against the risk of Fire & RSD 4. Cheque(s) covering approved limit of BDT 510,000,000. 5. Other basis documents which includes but not limited to Demand Promissory Note, Letter of Continuity, Letter of Arrangement, Letter of Disbursement, Letter of Counter Guarantee, Letter of Undertaking, Letter of Authority, Letter of Trust Receipts, Letter of Revival, Letter of Lien & set off over deposit account, General Loan Agreement, etc. supported by necessary Board Resolution for BDT 510,000,000.	

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
21 Current portion of long term loan			
Off Shore Loan - HSBC		350,438,156	193,920,170
		350,438,156	193,920,170
22 Share Application Money		4,553,160	4,553,160
The share application money received against IPO applicants who were unsuccessful in lottery. The money is being refunded to the unsuccessful applicants as per BSEC guidelines.			
23 Provision & accruals			
Provision for Income Tax	23.01	111,884,559	129,209,246
Provision for workers' profit participation and welfare funds	23.02	12,079,513	5,503,037
		123,964,072	134,712,284

		Amounts in Taka	
		30 June 2020	30 June 2019
23.01	Provision for Income Tax		
	Opening Balance	129,209,246	111,421,257
	Add: Provision for taxation for the year (Note - 30)	34,904,271	26,355,748
	Less: Adjustment provision for previous years AIT	(60,749,933)	-
	Excess/(Short) provision for taxations after final assessment order as below:		
	Less: Final adjustment for the year 2014 -2015		
	Less: Adjustment of excess provision for the year 2011-2012	(9,402,553)	(938,862)
	Add: Adjustment of short provision for the year 2012-2013	(376,992)	-
	Less: Adjustment of excess provision for the year 2013-2014	(3,965,392)	(7,628,897)
	Add: Adjustment of short provision for the year 2015-2016	22,265,911	
		111,884,559	129,209,246
23.02	Provision for workers' profit participation and welfare funds		
	Opening Balance	5,503,037	17,195,553
	Add: Addition during the year	12,671,367	6,094,891
	Less: Paid during the year	(6,094,891)	(17,787,407)
	Closing Balance	12,079,513	5,503,037

This represents 5% on net income before charging income tax as per provision of the Labour Law-2006, and it shall be allocated among the eligible workers as defined in the said Act.

24	Revenue		
	Carded Yarn	104,175,411	437,636,449
	Combed Yarn	1,235,090,327	1,196,592,410
	Slub Yarn	446,300,531	499,049,128
	Synthetic Yarn	904,851,371	867,434,060
	Melange Yarn	676,942,370	656,665,428
	Vortex	229,063,703	259,170,082
	Open End	234,377,943	372,266,216
	Twist	72,316,941	33,509,124
	Twisting Services Charges	1,034,863	2,208,625
		3,904,153,460	4,324,531,522

Quantitative details of sales (KG)

2019-2020

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	51,264	466,293	18,185	499,372
Combed Yarn	18,153	4,240,884	92,679	4,166,358
Slub Yarn	44,008	1,456,607	36,296	1,464,319
Synthetic Yarn	33,489	3,500,939	95,364	3,439,064
Melange Yarn	38,929	2,393,525	31,650	2,400,804
Vortex	20,147	883,992	14,849	889,291
Open End	181,910	1,394,739	63,146	1,513,503
Twisted Yarn	530	252,286	8,565	244,251
Total	388,429	14,589,265	360,733	14,616,961



Turn over in Quantity (Kg)
2018-2019

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	100,456	1,648,825	51,264	1,698,018
Combed Yarn	121,717	3,642,008	18,153	3,745,572
Slub Yarn	31,556	1,610,974	44,008	1,598,522
Synthetic Yarn	67,315	3,031,898	33,489	3,065,724
Melange Yarn	51,566	2,113,271	38,929	2,125,908
Vortex	50,748	877,369	20,147	907,970
Open End	77,842	2,211,287	181,910	2,107,219
Twisted Yarn	11,442	93,277	530	104,189
Total	512,641	15,228,908	388,429	15,353,120

		Amounts in Taka	
		30 June 2020	30 June 2019
25	Cost of goods sold		
	Raw Material consumption (Note-25.01)	2,471,114,887	2,920,514,283
	Packing materials consumption (Note-25.02)	28,473,374	29,735,487
	Fiber Dyeing	12,187,362	5,254,083
	Manufacturing overhead (Note-25.03)	854,577,701	929,216,807
	Cost of goods manufacturing	3,366,353,324	3,884,720,660
	Opening work-in-process	40,794,490	61,276,684
	Closing work-in-process	(43,535,277)	(40,794,490)
	Cost of production	3,363,612,537	3,905,202,854
	Opening stock of finished yarn	89,977,643	133,961,259
	Closing stock of finished yarn	(89,041,018)	(89,977,643)
		3,364,549,162	3,949,186,470

25.01 Raw Material consumption

Quantity (KG)

Opening Stock	1,267,810	3,333,822
Purchase during the year	18,578,712	15,399,268
Raw Material available for consumption	19,846,522	18,733,090
Closing Stock	2,937,952	1,267,810
Raw Material Consumed	16,908,570	17,465,280

Value (Taka)

Opening balance	250,757,810	620,865,486
Purchase during the year	2,685,844,757	2,591,145,889
Raw Material available for consumption	2,936,602,567	3,212,011,375
Sale of cotton- local	-	(40,739,281)
Closing balance	(465,487,680)	(250,757,810)
	2,471,114,887	2,920,514,283



		Amounts in Taka	
		Notes	
		30 June 2020	30 June 2019
25.02	Packing materials consumption		
	Opening balance	3,226,100	1,950,203
	Purchase during the year	27,455,602	31,011,384
	Packing materials available for consumption	<u>30,681,702</u>	<u>32,961,587</u>
	Closing balance	<u>(2,208,327)</u>	<u>(3,226,100)</u>
		<u><u>28,473,374</u></u>	<u><u>29,735,487</u></u>

25.03	Manufacturing overhead		
	Salary and allowances	195,052,427	188,209,073
	Repair and maintenance	5,295,844	9,987,119
	BTMA certificate charges	331,125	655,375
	Store and spare parts	69,809,787	54,298,317
	Travelling & Conveyance	384,165	360,394
	Crockeries and Canteen Expenses	522,190	595,950
	Fire Fighting Expenses-factory	874,908	1,171,335
	Factory stationeries	1,455,390	1,150,869
	Fuel and lubricants	1,676,052	592,535
	Fuel and lubricants- Generator	16,006,198	22,916,281
	Fuel and lubricants- Vehicles	630,378	1,052,012
	Electricity bill	80,265,779	279,944,464
	Gas bill	187,937,645	89,257,100
	Insurance premium	7,218,743	6,721,314
	Testing fee	24,010	7,409
	Workshop expenses	648,806	-
	Depreciation	286,444,255	272,297,259
		<u>854,577,701</u>	<u>929,216,807</u>

		Amounts in Taka	
		Notes	
		30 June 2020	30 June 2019
26	Other income		
	Foreign currency exchange gain/(loss)	9,625,147	26,803,015
	Gain /(Loss) on Investment in marketable securities	(8,410,314)	2,079,375
	Raw Cotton Sale	26.01	1,053,653
	Bank interest received	1,304,609	1,668,365
	Sales of wastage	38,548,714	34,504,298
	VAT adjustment	(1,113,562)	10,134,065
	Cash Dividend (received on marketable securities)	-	418,902
	Rental Income	4,021,200	3,276,000
	Less: Repair and maintenance	(1,206,360)	-
		<u>42,769,434</u>	<u>79,937,673</u>

26.01	Raw Cotton Sale		
	Sale of Cotton	-	41,792,934
	Cost of Cotton	-	(40,739,281)
		<u>-</u>	<u>1,053,653</u>

		Amounts in Taka		
27	Administrative expenses	Notes	30 June 2020	30 June 2019
	Salary and allowances		133,705,601	138,143,855
	Audit fees		805,000	747,500
	AGM Expenses		2,223,839	2,116,941
	Board Meeting Expenses		1,001,000	1,035,000
	Business promotion expenses		13,171,446	7,450,044
	Bank charges and commission		5,521,196	11,641,037
	Ceremonial expense		-	9,796
	Certificate and membership fees		3,665,348	2,641,597
	Computer repair maintenance		-	150,000
	Credit rating expenses		145,125	144,450
	Garden Expenses		19,244	26,837
	Advertisement		1,237,581	814,000
	Contribution to Provident Fund		2,251,494	2,217,380
	Managing Directors Remuneration (Note -38)		8,400,000	8,400,000
	Entertainment		1,477,127	1,996,686
	Internet charges		152,456	143,550
	Legal expenses		851,508	259,542
	Medicine and medical expenses		150,832	132,506
	News paper and periodicals		4,360	5,310
	Office maintenance		285,884	950,000
	Photocopy and type expenses		338,760	82,826
	Office Stationery		116,421	427,062
	Rates and taxes		1,198,202	888,948
	Office Rent		4,260,935	807,303
	Registration and renewal		4,058,335	1,203,420
	Religious expenses		49,000	57,925
	Staff welfare		86,793	183,133
	Travelling expenses		85,168	435,848
	Uniform and liveries		17,850	89,591
	Miscellaneous expenses		1,539,809	5,337,253
	Power and fuel - vehicles		2,011,480	1,897,924
	Depreciation		31,827,139	30,255,251
	Impairment loss on asset held for sale		1,300,220	-
			<u>221,959,154</u>	<u>220,692,515</u>
28	Distribution expenses			
	Sales Promotion		-	-
	Carriage outward		6,564,955	7,209,275
			<u>6,564,955</u>	<u>7,209,275</u>

		Amounts in Taka	
		30 June 2020	30 June 2019
29	Finance cost		
	Interest expenses		
	Bank Interest on Offshore loan	16,780,080	32,041,735
	Bank Interest on term loan	12,929,589	-
	Bank interest on Export Development Fund/Upas Cotton	54,200,369	57,940,709
	Bank Interest on OD loan	1,494,920	3,294,402
	Bank Interest on loan against export bills	2,345,954	6,111,373
		<u>87,750,912</u>	<u>99,388,219</u>

30 **Contribution to workers' profit participation funds:**

Allocation for workers' profit participation funds Tk.12,671,367 (2019: Tk. 6,094,891). This represents 5% of net income before charging income tax as per provision of the Labour Law - 2006 and it shall be allocated as defined in the said Act.



	Amounts in Taka	
	2019-2020	2018-2019
31 Computation of Taxable Income & Tax Liability thereon		
A. Tax Payable on Total Taxable Income	34,904,271	1,876,252
B. Minimum Tax Payable u/s 82C(4)(a)		
Gross receipts during this year [Schedule-B]	3,948,036,457	4,392,624,660
Tax Rate	0.60%	0.60%
Minimum Tax u/s 82C(4)(a) of ITO 1984	23,688,219	26,355,748
C. Minimum Tax Payable u/s 82C(4)(a)		
Tax deducted at Source under section 52 BBBB	17,499,688	18,511,759
	17,499,688	18,511,759
Gross Tax Liability (higher of A, B and C)	34,904,271	26,355,748
(Excess)/Short provision for taxations after final assessment order as below:		
Less: Adjustment of excess provision for the year 2011-2012	(9,402,553)	(938,862)
Add: Adjustment of short provision for the year 2012-2013	1,123,008	-
Less: Adjustment of excess provision for the year 2013-2014	(3,965,392)	(7,628,897)
Add: Adjustment of short provision for the year 2015-2016	22,265,911	-
Total Current Tax	44,925,245	17,787,989



		Amounts in Taka	
		2019-2020	2018-2019
32	Deferred tax for Income Statement		
	Fixed assets:		
	Carrying amount *	2,905,972,073	2,968,671,593
	Tax base	(1,846,080,033)	(1,897,384,304)
	Taxable Temporary difference	1,059,892,041	1,071,287,289
	Tax rate	15%	15%
	(Tax rate is 15% on Textile sector as per SRO - 193 dated 30 June 2015)		
	Deferred tax liabilities as on 30 June 2020	158,983,806	160,693,093
	Deferred tax liabilities 30 June 2019	(160,693,093)	(150,930,930)
		<u>(1,709,287)</u>	<u>9,762,163</u>

32.01 Deferred tax for Statement of Other Comprehensive Income

(i) Deferred tax liability against revaluation reserve other than land

Carrying amount other than land	370,254,454	105,039,879
Tax base	-	-
	<u>370,254,454</u>	<u>105,039,879</u>
Applicable tax rate (As per SRO - 193 dated 30 June 2015 for Textile Sector)	15%	15%
	<u>55,538,168</u>	<u>15,755,982</u>

(ii) Deferred tax liability on capital gain on revaluation of land

Carrying amount other than building & others	1,358,959,500	929,491,253
Tax base	-	-
	<u>1,358,959,500</u>	<u>929,491,253</u>
Applicable tax rate (3% As per section 53 H of ITO 1984)	3%	3%
	<u>40,768,785</u>	<u>27,884,738</u>
Deferred tax liability against revaluation reserve (i + ii)	96,306,953	43,640,719
Deferred tax liabilities 30 June 2019	(43,640,719)	(44,485,243)
Deferred tax for Statement of Other Comprehensive Income	<u>52,666,234</u>	<u>(844,523)</u>

Deferred tax has been provided on Taxable Temporary difference.

* This amount include adjustment for permanent difference related to sedan cars, not plying for hire, owned by company. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

33 Earnings Per Share (EPS)

The computation of EPS is given below:

Earnings attributable to ordinary shareholders	210,211,386	94,347,672
Weighted average number of ordinary shares outstanding at the year end	97,490,000	97,490,000
Earnings per share (EPS)	<u>2.16</u>	<u>0.97</u>

33.1 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

34 Net Assets Value (Per Share)

Total assets	7,098,616,622	6,569,039,690
Less: Total current liabilities	(1,911,216,711)	(1,813,727,266)
	5,187,399,911	4,755,312,423
Deduct:		
Long Term & deferred liabilities	(381,890,430)	(572,654,204)
	<u>4,805,509,480</u>	<u>4,182,658,219</u>
Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000
NAV - Per Share at statement of financial position date	<u>49.29</u>	<u>42.90</u>



Amounts in Taka	
2019-2020	2018-2019
533,311,461	462,763,221
97,490,000	97,490,000
5.47	4.75

35 Net Operating Cash Flow Per Share

Cash flows from operating activities as per statement of cash flows
Number of Ordinary Share at statement of financial position date
Net Operating Cash Flow - Per Share

36 Board Meetings

During the period from 01.07.2019 to 30.06.2020 seven board meetings were held. The attendance status is as follows:

<u>Name of Directors</u>	<u>Position</u>	<u>Meeting Held</u>	<u>Attended</u>	<u>Remarks</u>
Abdul Wahed	Chairman	7	7	
M.A. Jabbar	Managing Director	7	6	
M.A. Rahim	Director	7	7	
M.A. Quader	Director	7	7	
Md. Hassan Imam	Director	7	7	
Selina Parvin	Director	7	7	
Tanzeen Rahim	Director	7	7	
Taslima Begum	Director	7	7	
M. Farhad Hussain FCA	Independent Director	7	6	Tenure expired on 29 April,
M. Naser Alam, Barrister-at-law	Independent Director	7	6	
Mr. Md. Abdus Salam FCA, FCS	Independent Director	7	1	Joining date on 29 April 2020

37 Number of employees & Payments to Directors and Officers

37.1 Number of employees

Disclosure as per requirement of schedule XI part II of Company Act 1994

	Officer & Staff		Worker	Total Employee	Amount in Taka
	Head Office	Factory			
2019-20	25	426	1,482	1,933	339,409,522
2018-19	25	430	1,427	1,882	336,970,308

There is no Salary/ Wages/Remuneration below Tk. 3,000/- per month or annually Tk. 36,000. Minimum Salary/ Wages/Remuneration has started from Tk. 5,300/- per month.

37.2 Payments to Directors and Officers

Disclosure as per requirement of schedule XI, Part II, Para 4 of Company Act 1994

Particulars	2019-2020			2018-2019		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	73,470,746	78,610,706	5,139,960	75,909,551	81,049,511
House Rent	2,569,980	36,735,373	39,305,353	2,569,980	37,954,775	40,524,755
Conveyance	690,060	9,863,739	10,553,799	690,060	10,191,158	10,881,218
Bonus/ incentives	-	13,635,743	13,635,743	-	14,088,371	14,088,371
Total						
Salary and allowances	8,400,000	133,705,601	142,105,601	8,400,000	138,143,855	146,543,855

* Directors represent Managing Director only.

* No benefits other than the monthly emoluments is given to the Managing Director.

38 Contingent Liabilities:

a As on 30 June 2020, Contingent Liability of the Company was Tk. 373,676,432 (Tk. 684,340,664.97 as at 30 June 2019) for opening of LCs by the banks in favour of foreign suppliers for raw materials and spares.

b There was no facts and figures for which the company has contingent liability to any party other than Bank as on 30 June 2020.



39 Disclosure as per requirement of schedule XI, part II, para 7 of Companies Act 1994

	MSML Unit	Melange Unit	Synthetic Unit	Total	
				2019-2020	2018-2019
Capacity Installed:					
No. of Spindles Installed	39,600	18,240	15,344	73,184	73,184
Capacity Utilized:					
No. of Spindles Operated	35,807	16,241	14,346	66,394	69,484
Production Capacity: (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	8,375,000	3,330,000	5,519,500	17,224,500	18,285,917
Actual Production : (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	6,596,894	2,642,359	4,458,089	13,697,342	15,110,597
% of Capacity Utilization	76.07	78.87	95.15	79.52	82.64

40 Related party disclosure

During the year, the Company carried out a numbers of transactions with related parties in the normal course of business. The names of the related parties and nature of these transaction have been set out in accordance with the provisions of IAS -24:

Name of the related party	Relationship	Nature of transaction	Value of transactions (Taka)	Closing balance as of June 30, 2020 (Taka)	Status as of June 30, 2020	Closing balance as of June 30, 2019 (Taka)
Flamingo Fashions	Sister Concern	Sale of yarn	1,109,675,004	118,706,886	Debtor	65,362,928
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	320,388,915	36,139,150	Debtor	18,331,181
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	875,740,225	356,815,261	Debtor	142,893,592
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	459,239,993	14,467,517	Debtor	60,585,629
Mawna Fashions Ltd	Sister Concern	Sale of yarn	145,936,296	24,997,731	Debtor	13,334,759
Hanza Textiles I td	Sister Concern	Sale of yarn	72,235,459	6,608,437	Debtor	13,715,514
Parkway Printing & Packaging Ltd.	Sister Concern	Sale of yarn	13,878,138	6,291,636	Debtor	3,971,023
		Godown Rent & Others	13,798,499	879,671	Debtor	879,671
DBL Distribution Ltd	Sister Concern	Fuel & Lubricant	9,830,791	15,896,116	Creditor	13,911,230
Color City Ltd	Sister Concern	Fiber Dyeing	11,947,962	8,099,861	Creditors	3,090,021
DBL Ceramics Ltd	Sister Concern	Tiles	124,947	124,945	Creditors	629,614

41 Disclosure as per requirement of schedule XI, part II, para 8 of the Companies Act 1994

Disclosure requirement of schedule XI, part II, para 8 (b&d) of the Companies Act 1994

CIF Value of Raw Cotton, Spare Parts, Packing Materials and Capital Machinery (BDT) and Consumption:

Particulars	Local Purchase	Import	Total Purchase	Consumed	% of Consumption
Raw Cotton	-	2,685,844,757	2,685,844,757	2,471,114,887	94.02%
Stores and Accessories	-	120,424,943	120,424,943	128,719,338	4.90%
Packing Materials	27,455,602	-	27,455,602	28,473,374	1.08%
Capital Machinery	-	94,389,648	94,389,648	-	-
Total	27,455,602	2,900,659,348	2,928,114,950	2,628,307,599	100.00%



FOB Value of export

The FOB value of export is as follows:

<u>Particulars</u>	<u>2019-20</u>		<u>2018-19</u>	
	<u>In foreign currency S</u>	<u>In Taka</u>	<u>In foreign currency S</u>	<u>In Taka</u>
Export	46,616,758	3,904,153,460	51,636,197	4,324,531,522

Amounts in Taka

<u>2019-20</u>	<u>2018-19</u>
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42 Reconciliation of net operating cash flow**Cash Flow from Operations**

Net income	210,211,386	94,347,672
Less: Dividend Income transfer to investing activities	-	(418,902)
Less: Interest on FDR and Bank Accounts transfer to investing activities	(1,304,609)	(1,668,365)
Less: Effects of foreign currency translation gain /(loss)	(527,122)	(583,926)
Depreciation and amortization	318,271,395	302,552,510
Decrease (increase) in current assets	4,693,644	277,838,622
Decrease (increase) in current liabilities	16,924,716	(27,279,154)
Deferred tax liability	50,956,946	8,917,640
Unrealized gain/(loss)	28,831,598	(561,151)
Capital expenditure	(182,590,515)	(24,759,134)
Decrease (increase) in Revaluation Reserve	(39,481,037)	844,524
Gain /(Loss) on Investment in marketable securities	8,435,348	(2,051,239)
Accrued Interest shown in investing activities	957,258	805,367
Capital work-in-process	117,932,452	(165,221,242)
Cash flow from operating activities	533,311,461	462,763,221



- 43 Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation .
- 44 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 45 Figures are rounded off to the nearest Taka.
- 46 **Event after the reporting period**

The Board of Directors of Matin Spinning Mills Limited, at its 119 meeting held on October 31,2020 proposed Tk. 1.8 per share amounting to a total of Tk. 175,482,000 as cash dividend for the year ended 30 June 2020, which represents 18% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

COVID 19

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. These measures included imposing nationwide general holidays from 26 March until 30 June 2020. However, the Company operation was completely disrupted from April 06 - 26, 2020. Revenue was reduced during this time which results decreasing in revenue near the end of reporting period. Subsequent to the reporting period there were no significant impact as a result of COVID 19 since general holidays withdrawn and the Company is operating as usual.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

47 IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.


The Company has assessed the potential impact on its financial statements resulting from the application of IFRS 16 on its financial statements. There is no impact of IFRS 16 for the Company since the Company is exempted from lease due to short term lease. The entity has only lease item of office rent and as per agreement both party has right to terminate the agreement.

48 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Effective for year beginning 1 January 2020	<ul style="list-style-type: none"> • Amendments to references to conceptual framework in IFRS standards • Amendments to IFRS 3: <i>Business Combinations</i> of definition of business • Amendments to IAS 1: <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> of definition of material.
Effective for year beginning 1 January	<ul style="list-style-type: none"> • IFRS 17: <i>Insurance Contracts</i>
Effective date deferred indefinitely / available for optional adoption	<ul style="list-style-type: none"> • Amendments to IFRS 10: <i>Consolidated Financial Statements</i> and IAS 28: <i>Investments in Associates and Joint Ventures</i> on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.


Chairman


Managing Director


Chief Financial Officer


Company Secretary



Main Spinning Mills Ltd

Details of property, plant and equipment for the year ended 30 June 2020

Annex i

A) Non Revalued Assets (Cost Component)

Amounts in Taka

Name of the assets	Cost			Depreciation			Written down value at 30 June 2020			
	At 01 July 2019	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2020	Rate %	At 01 July 2019		Charge for the year	Adjustment during the year	Total at 30 June 2020
Land and land development	160,426,166	-	-	160,426,166	0%	-	-	-	-	160,426,166
Factory building	665,552,623	2,159,418	-	667,712,041	5%	171,764,352	24,671,500	-	196,435,852	471,276,189
Godown	85,481,417	2,560,469	-	88,041,886	10%	27,920,647	5,777,064	-	33,697,711	54,344,175
Plant and machinery	3,814,477,828	94,389,648	1,872,720	3,906,994,756	10%	1,778,387,449	206,671,559	1,624,705	1,983,434,303	1,923,560,453
Furniture and fixtures	3,607,434	263,860	-	3,871,294	10%	2,017,714	549,148	-	2,566,861	1,304,433
Sub Station (Machinery)	354,730,401	31,701,097	-	386,431,498	15%	160,907,148	31,284,785	-	192,191,933	194,239,565
Gas Generator	133,391,309	200,010,627	20,464,359	312,937,576	15%	113,622,477	24,983,578	17,812,154	120,793,901	192,143,675
Office equipments	69,025,091	6,528,542	-	75,553,633	15%	25,944,331	7,222,489	-	33,166,820	42,386,813
Vehicles	67,643,349	-	-	67,643,349	20%	48,012,971	3,926,076	-	51,939,047	15,704,302
Total at 30 June 2020	5,354,335,617	337,613,660	22,337,079	5,669,612,198		2,328,577,088	305,086,198	19,436,859	2,614,226,427	3,055,385,771

B) Revalued Assets (Revaluation Reserve Component)

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2020			
	At 01 July 2019	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2020	Rate %	At 01 July 2019		Charge for the year	Adjustment during the year	Total at 30 June 2020
Land and land development	865,391,996	333,141,338	-	1,198,533,334	0%	-	-	-	-	1,198,533,334
Factory building	163,805,258	241,226,486	-	405,031,744	5%	60,505,125	11,236,334	-	71,741,459	333,290,285
Godown	4,480,258	37,173,285	-	41,653,543	10%	2,740,512	1,948,862	-	4,689,374	36,964,169
Total at 30 June 2020	1,033,677,512	611,541,109	-	1,645,218,621		63,245,637	13,185,197	-	76,430,833	1,568,787,788
Total (A + B) at 30 June 2020	6,388,013,129	949,154,769	22,337,079	7,314,830,819		2,391,822,725	318,271,395	19,436,859	2,690,657,260	4,624,173,559

Allocation of depreciation:

Period ended

30 June

2020

Manufacturing overhead @ 90%

Administrative overhead @ 10%

286,444,255

31,827,139

318,271,395

-Part A of the above note includes the cost base of all assets owned by the Company. Part B includes the increase in value of assets arising out of revaluation of assets.

