



ANNUAL REPORT 2019-2020





ANNUAL REPORT 2019-2020



# Matin Spinning Mills Limited

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# TABLE OF CONTENTS

---

Letter of Transmittal **06**

---

Notice of the 18th Annual General Meeting **07**

---



## Company Information

---

MSML at a Glance **10**

---

Vision, Mission, Core Values **11**

---

Strategic Objectives **12**

---

Key Information **14**

---

Certifications **18**

---

Key Milestones **20**

---

Our Products **22**

---

Event Highlights **24**

---

Management Apparatus **25**

---

Integrated Reporting **26**

---

Brief Profile of the Directors **30**

---



## Statement on Corporate Governance

---

Guiding Philosophy and Governance Practices **38**

---

Code of Conduct **41**

---

Risks & Risk Management **45**

---

Our Human Capital **47**

---

Message from the Chairman **50**

---

Message from the Managing Director **52**

---

Corporate Operational Results **54**

---

Directors' Report to the Shareholders **55**

---

Annexure to Directors' Report **60**

---

Declaration by Managing Director and Chief Financial Officer **65**

---

Report to the Shareholders of Matin Spinning Mills Limited on compliance on the Corporate Governance Code **66**

---

Status Report on Compliance with the Conditions Imposed by the BSEC **67**

---

Report of the Audit Committee **81**

---

Report of the Nomination & Remuneration Committee **83**

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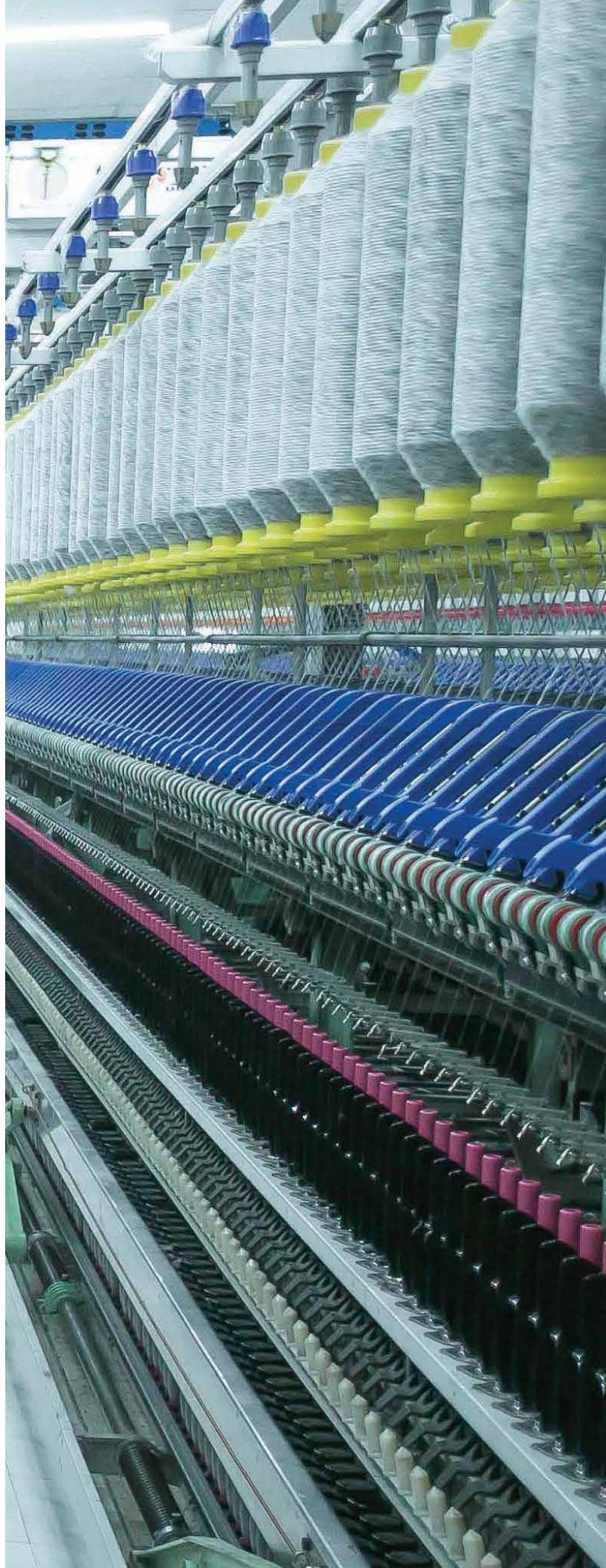
## Corporate Social Responsibility

Corporate Social Responsibility	<b>88</b>
Environmental and Social Obligation: A Sustainable Future	<b>89</b>
Sustainability Initiatives	<b>90</b>
Shareholding Information	<b>96</b>



## Auditors' Report and Financial Statements

Independent Auditors' Report	<b>100</b>
Statement of Financial Position	<b>105</b>
Statement of Profit or Loss	<b>106</b>
Statement of Other Comprehensive Income	<b>107</b>
Statement of Changes in Equity	<b>108</b>
Statement of Cash Flows	<b>109</b>
Notes to the Financial Statements	<b>110</b>
Proxy Form and Attendance Slip	<b>143</b>



# Letter of Transmittal

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The Shareholders,  
Registrar of Joint Stock Companies & Firms,  
Bangladesh Securities and Exchange Commission,  
Dhaka Stock Exchange Limited and  
Chittagong Stock Exchange Limited

Dear Sir(s)

## **ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE, 2020**

Please find enclosed a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at 30 June, 2020 and Statement of Profit or Loss, Statement of Other Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2020 along with notes thereon of Matin Spinning Mills Limited for your kind information and record.

Yours sincerely,



**Md. Shah Alam Miah FCS**  
Company Secretary

# Notice of the 18th Annual General Meeting

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 18th ANNUAL GENERAL MEETING of the Company will be held on Monday the **14 December, 2020 at 11.00 A.M through Digital (Virtual) Platform** pursuant to the BSEC's Oder No. SEC/SRMIC/94-231/25 dated 08 July 2020, to transact the following business:

## Ordinary Business:

01. To receive and adopt the Audited Financial Statements for the year ended 30 June 2020 together with the Report of the Directors' and the Auditors' thereon.
02. To declare dividend for the year ended 30 June 2020.
03. To elect Directors in place of those who shall retire by rotation in accordance with the provisions of Articles of Association of the Company.
04. To approve appointment of Independent Director.
05. To re-appoint Auditors for the year 2020-2021 and to fix their remuneration.
06. To re-appoint professional for issuance of certificate on compliance of corporate governance code for the year 2020-2021 and to fix their remuneration.
07. To transact any other business with the permission of the chair.

## Special Business:

01. To consider and if deem fit, to adopt the following resolution as a "Special Resolution" with or without any modification, addition, and alteration.

RESOLVED that the existing Article no. 91 of the Articles of Association of the Company be and is hereby amended as proposed below:

Existing	Proposed
91.The remuneration of directors shall be Tk. 10,000/= per meeting of the board or of the committee attended by him/her or as may be determined by the board of directors from time to time subject to the approval of the appropriate authority.	91.The remuneration of directors for attending Board of Directors meeting or the Committee meetings shall be Tk. 10,000/= per meeting or as may be determined by the Board of Directors from time to time.

By Order of the Board

(Md. Shah Alam Miah FCS)  
Company Secretary

Dated: Dhaka  
20 November, 2020

## Notes:

1. The "Record Date" is Thursday, 26 November 2020. The shareholders whose names would appear in the Register of Members of the Company and/or in the Depository Register on the 'Record Date' will be eligible to attend at the 18th AGM and be entitled to receive dividend.
2. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint any person as his/her proxy to attend & vote in his /her place. The proxy form, duly completed and duly stamped must be deposited at the Corporate Office not later than **48 hours before the time scheduled for holding the meeting**.
3. Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2019-20 will be sent to the Shareholder's respective email address as available with us. The Annual Report 2019-20 and proxy form can be available on the website at [www.matinspinning.com](http://www.matinspinning.com).
4. The Shareholders will join the virtual AGM through the link <https://matinspinn.bdvirtualagm.com>. The shareholders will be able to submit their questions/comments electronically before 24 hours of commencement of the AGM through this link and also during the Annual General Meeting in order to login for the virtual AGM. The shareholders need to click on the link and to provide their 16-digit Beneficiary Owner (BO) Account Number and other credentials as proof of their identity.
5. The shareholders are requested to login to the system prior to starting of the meeting at 11.00 AM on Monday 14 December 2020. Please contact at 01955538019 for any queries in accessing the virtual meeting.
6. No benefit or Gift in cash or kind shall be given to the shareholders for attending the 18th Annual General Meeting as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013.



COMPANY  
INFORMATION



MATIN SPINNING MILLS LIMITED (MSML), THE  
BRAINCHILD OF A CLUSTER OF DYNAMIC  
VISIONARIES SET OUT TO WIDENING THE  
HORIZON OF BANGLADESH WITH REGARD TO  
ITS COMMENDABLE CONTRIBUTION TO THE  
GLOBAL TRADE OF TEXTILE AND GARMENTS  
MANUFACTURING.

# Matin Spinning Mills Limited

## At a Glance

Matin Spinning Mills Limited (MSML), the brainchild of a cluster of dynamic visionaries set out to widening the horizon of Bangladesh with regard to its commendable contribution to the global trade of Textile and Garments manufacturing. Tiptoeing into the growing RMG sector of Bangladesh as a garments unit of DBL Group in 2002, the sponsors of the company have since steered the enterprise to exponential growth, establishing several other concerns within the same industry. To date, the authorized capital of the Company stands at BDT 1,500 million and paid up capital is BDT 974.90 million.

MSML is an export oriented company engaged in manufacturing and sale of combed, carded cotton, mélange and synthetic yarn from raw cotton, polyester and viscose fiber. Since its inception on September 15, 2002, MSML endeavored into arranging necessary financing, procure land, import machinery and set up the production facility. Following a four-year preparation period, the Company launched commercial operation on October 01, 2006. Eventually, MSML was converted into a Public Limited Company on November 04, 2010.

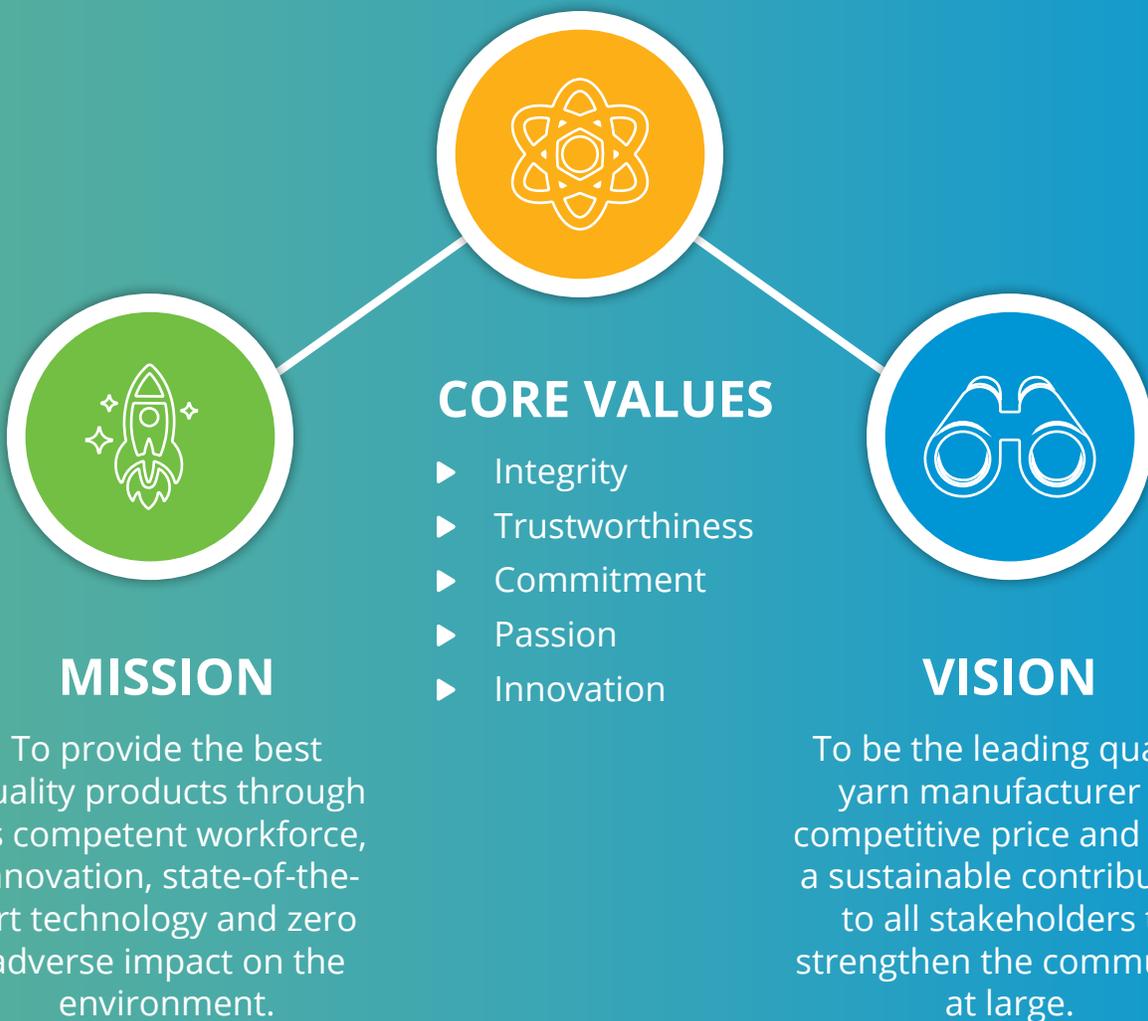
Essentially, MSML provides backward linkage to the Garment units under the DBL Group. It is equipped with state-of-the-art machineries mostly of US, German, Japan and Swiss origins. The Company is proficient in producing yarn of many different specifications and providing tailor-made service to a myriad of clientele. By virtue of contemporary machineries, affluent management team and efficient workforce, the Company has earned commendable reputation within the local spinning sector for its production and quality.

The Company's production facility is located at Sardaganj of Kashimpur Upazila in the district of Gazipur. MSML was enlisted in Chittagong Stock Exchange Limited on 27 March, 2014 and in Dhaka Stock Exchange Limited on 02 April, 2014. It started trading of shares in both bourses from 08 April 2014.

MSML has received license from Cotton U.S.A. issued by Cotton Council International, Washington DC, U.S.A. Currently, the total production capacity of the Company is 51 tons per day including Mélange unit and Synthetic unit with a capacity of 10 tons and 16 tons respectively.

# Matin Spinning Mills Limited

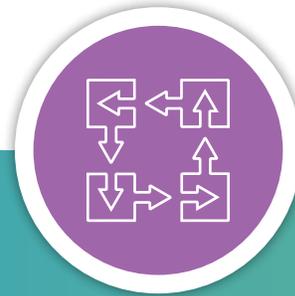
## **Mission, Vision and Core Values**



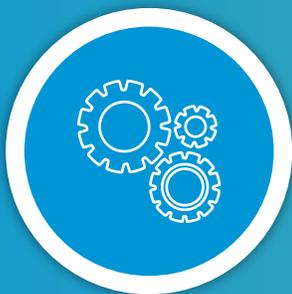
# Strategic **Objectives**



**Responding to digressive and distinctive global trends in garments manufacturing and shuffle priorities for sustainable trading.**



**Consolidating service processes and improve lead time for attaining superior performance in order processing and customer satisfaction.**



**Exploring capacity development options aided by innovative and contemporary techniques to tap new markets as well as to tackle new entrants.**



**Ensuring sustainable development and ethical practices at every sphere of operation, opt for value principles that upholds industry best practices and replicates global standards.**



**Concentrating on a reward composition that commemorates equitable performance and complements the organizational structure.**



**Leveraging financial functions to harness optimal efficiency and maximize resource mobilization to accomplish accurate inference of monetary participation.**



**Pursuing a policy of competitive pricing and categorical quality standard to sustain competitive advantage over the market.**

# Key Information

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## Entity Name

**MATIN SPINNING MILLS LIMITED**



### Legal Form

A Private Limited Company incorporated in Bangladesh on September 15, 2002 under the Companies Act, 1994, converted into Public Limited Company on November 04, 2010 and listed with Chittagong Stock Exchange Limited and Dhaka Stock Exchange Limited on March 27, 2014 and April 02, 2014 respectively.



### Corporate Office

Capita South Avenue Tower, 6th Floor  
House 50, Road 03, Gulshan Avenue  
Dhaka 1212, Bangladesh  
Phone: +880-2-58817735, Fax: +880-2-58817736



### Registered & Factory Office

Sardaganj, Kashimpur, Gazipur, Dhaka, Bangladesh. Phone: +880 2 7790070-72, Fax: +880 2 7790073



### Installed Capacity

73,184 spindles



### Authorized Capital

BDT 1,500 million



### Paid up Capital

BDT 974.90 million



### Company Registration Number

C-47083(3562)/2002



### Tax Identification Number (E-TIN)

479848138721



### VAT Registration Number

BIN: 0003165980103



### Nature of Business

Manufacturer of Combed, Carded, Cotton, Mélange & Synthetic yarn



### Statutory Auditor

A. Qasem & Co., Chartered Accountants  
Gulshan Pink City Suites # 01-03, Level : 7, Plot # 15, Road # 103, Gulshan Avenue, Dhaka-1212.



### Corporate Governance Code Compliance Professional

Suraiya Parveen & Associates,  
Chartered Secretaries, Razzak Plaza (5th Floor), Suite 6C, 01, New Eskaton Road, Ramna, Dhaka-1000.



### Principal Bankers

Hong Kong and Shanghai Banking Corporation Ltd., Dhaka, Bangladesh  
BRAC Bank Limited, Dhaka, Bangladesh



### Legal Advisor

Tanjib Alam & Associates, BSEC Bhaban (Level-11), 102, Kazi Nazrul Islam Avenue, Karwan Bazar,  
Dhaka-1215



### Credit Rating Agency

Credit Rating Information and Services Limited  
Nakshi Homes (4th Floor), 6/1A Segunbagicha, Dhaka-1000



### Number of Employees

1,933



### Insurer

Pioneer Insurance Company Limited  
Symphony (5th Floor), Plot # SE (F) 9, Road # 142, South Avenue, Gulshan, Dhaka-1212

Green Delta Insurance Company Limited  
Green Delta AIMS Tower (6th Floor), 51-52, Mohakhali C/A, Dhaka-1212



### Company Website

[www.matinspinning.com](http://www.matinspinning.com)

## We Produce



Cotton Yarn



Mélange Yarn



Synthetic Yarn



Recycled Yarn

## Innovation In Yarn Production



Creating Innovative  
Yarns Since 2012



Research on  
Production



Presence of  
Dedicated Yarn  
Development Team



Sample developed  
as per swatches  
provided by buyers



Analyzing special  
fabrics



Over 300 new  
samples created  
every month



## Capacity

51,000 kgs/day

## Uniqueness of These Innovations



Direct savings of imported raw materials: Spinning Mill imports cotton, viscose, modal, polyester staple fibre and linen



Annual saving of 16 billion liters of water from cotton production:

9,180 daily kg production / 2 (saving of cotton) \*  
10,000 liters 350 days



Can contribute to process elimination: appropriate usage of colored cutting waste reduces dyeing process



Resource saving as water, energy, dyes, chemicals, GHG emissions and waste are reduced from process elimination



Final product design being addressed from very beginning



Circular economy



Value addition to product range

## RCS and GRS Yarns



### RCS YARNS

**Recycled Claimed Standard (RCS):** Used as a chain of custody standard to track recycled raw materials through the supply chain



### GRS YARNS

**Global Recycle Standard (GRS):** Recycled polyester blended yarn produced to create a variety of sustainable products

# Certifications



ORGANIC  
COTTON



ISO 9001:2015



SUPIMA (USA)



RECYCLED CLAIMED  
STANDARD (RCS)



ORGANIC CONTENT  
STANDARD (OCS)



GLOBAL RECYCLE  
STANDARD (GRS)



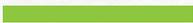
COTTON USA  
LICENSE



COTTON MADE IN  
AFRICA (CMiA)



GLOBAL ORGANIC TEXTILE  
STANDARD (GOTS)



BETTER COTTON  
INITIATIVE



OEKO-TEX  
STANDARD 100

# Key Milestones

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**2002**

**15TH SEPTEMBER**

Incorporation of the Company

**2010**

**5TH AUGUST**

Conversion of Denomination of Face value of shares

**4TH NOVEMBER**

Converted into Public Limited Company

**2007**

**30TH MAY**

Oeko-Tex Standard100 Certificate

**2006**

**1ST OCTOBER**

Commencement of Commercial Production

**2011**

**1ST JANUARY**

Cotton Council International USA Certificate

**22ND MARCH**

ISO 9001:2008 Certificate

**24TH MAY**

Control Union Certifications Netherlands

**10TH DECEMBER**

BTMA Membership Certificate

**2013**

**1ST FEBRUARY**

Supima Cotton Textile Products Certificate

**5TH JUNE**

Organic Exchange Blended Standard Textile Certificate

**2014**

**27TH MARCH**

Listed with Chittagong Stock Exchange Limited

**2ND APRIL**

Listed with Dhaka Stock Exchange Limited

**8TH APRIL**

Trading of Shares at Dhaka and Chittagong Stock Exchanges

**27TH APRIL**

Foundation Laying Ceremony of Mélange Unit

**2015**

**20TH JANUARY**

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Awards 2014

**31ST JANUARY**

Japan-Bangladesh Chamber of Commerce and Industry (JBCCI) Business Excellence Award 2014

**2019**

**8TH DECEMBER**

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Awards 2017

**2018**

**10TH NOVEMBER**

The Institute of Chartered Secretaries of Bangladesh (ICSB) for Corporate Governance Excellence Award 2017

**2017**

**7TH FEBRUARY**

Start of Commercial Operation of Synthetic Yarn Unit

**2016**

**28TH MARCH**

Start of Commercial Operation of Mélange Unit

**24TH DECEMBER**

The Institute of Chartered Secretaries of Bangladesh (ICSB) for Corporate Governance Excellence Award 2015

# Our Products



Multi Neppy Yarn



Multi Neppy Yarn



Multi Neppy Yarn



Fancy Injected Yarn



Metallic Yarn



Metallic Yarn



Metallic Yarn



Metallic Yarn



Metallic Yarn



Injected Yarn



Injected Yarn



Injected Yarn



Injected Yarn



Siro Yarn



Siro Yarn



Siro Yarn



Air Covered Yarn



Fancy Twisted Yarn



Fancy Twisted Yarn



Fancy Twisted Yarn



Fancy Twisted Yarn



Twisted Yarn

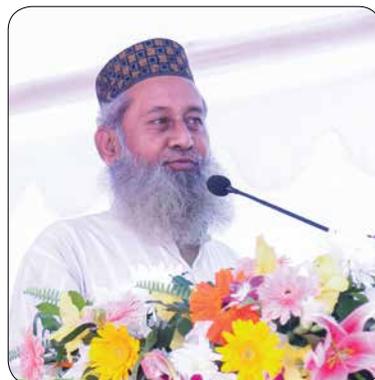


Twisted Yarn



Twisted Yarn

# Event Highlights



# Management Apparatus

## BOARD OF DIRECTORS

Mr. Abdul Wahed	Chairman
Mr. M. A. Rahim	Vice Chairman
Mr. M. A. Jabbar	Managing Director
Mr. M. A. Quader	Director
Ms. Selina Perveen	Director
Ms. Tanzeen Rahim	Director
Ms. Taslima Begum	Director
Mr. Md. Hassan Imam	Director
Mr. Md. Abdus Salam FCA, FCS	Independent Director
Mr. M. Naser Alam, Barrister-at-law	Independent Director

## AUDIT COMMITTEE

Mr. Md. Abdus Salam FCA, FCS	Chairman
Mr. M. A. Rahim	Member
Mr. M. A. Quader	Member
Ms. Selina Perveen	Member
Mr. Md. Hassan Imam	Member

## NOMINATION AND REMUNERATION COMMITTEE

Mr. M. Naser Alam, Barrister-at-Law	Chairman
Mr. M. A. Rahim	Member
Mr. M. A. Quader	Member
Ms. Selina Perveen	Member
Mr. Md. Hassan Imam	Member

## Chief Financial Officer

Mr. Ranjit Shil, FCA, CPA, CMA

## Company Secretary

Mr. Md. Shah Alam Miah FCS

# Integrated Reporting

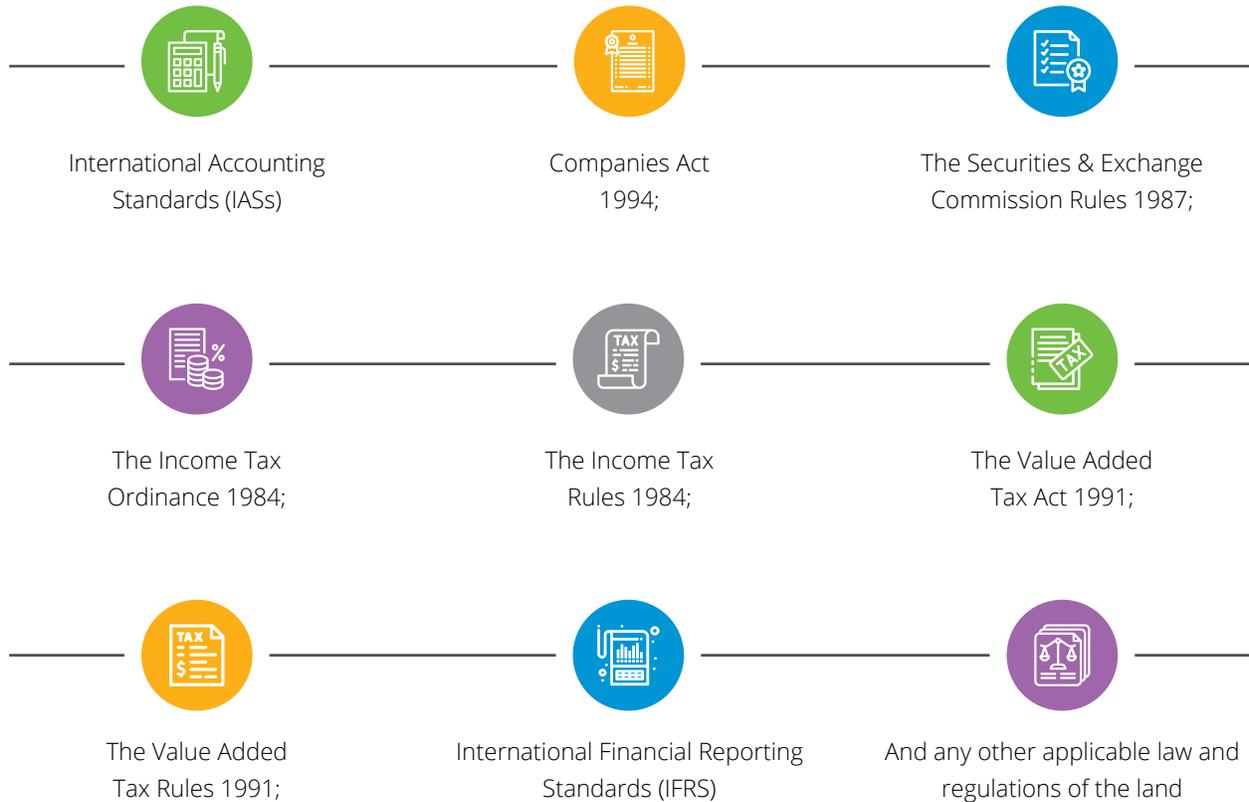
2019-20 Annual Report has been presented as an 'Integrated Report' with the aim of articulating how Matin Spinning Mills Limited, as an organization, has effectively managed its business to deliver consistent value to its stakeholders. It encompasses the efforts the company has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a brighter and more optimistic future.

## SCOPE AND REPORT BOUNDARY

As a forward-looking enterprise, in presenting the Integrated Report, we have referred to the guidelines

issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC).

In explaining the Company's operations and financial performance, financial information so disclosed has been extracted from the Audited Financial Statements for the financial year ended 30 June 2020 with relevant comparative information. The financial statements consistently complying with the requirements of:



The disclosure of non-financial information has been extracted from internally-maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source.

The Sustainability requirements, as elaborated separately in our Sustainability Report, adhere to the guidelines issued by the Global Reporting Initiative (GRI)-G4 Framework.

To report our Corporate Governance Practices, we have drawn reference from the revised Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission (BSEC).

The scope of our Annual Report comprises of activities that have been carried out within the geographical boundaries of Bangladesh, as Matin Spinning Mills Limited does not have operation or subsidiary in any other country. Further, there have not been any significant change to the scope, boundary and reporting basis since the last reporting date as on 30 June 2019.

#### EXTERNAL ASSURANCE

The Company has obtained external assurance on the following reports in the reporting period under consideration:

SL No.	Description of report	External Assurance
1	Financial Statements Audit Report	A. Qasem & Co., Chartered Accountants, an independent member firm of Ernst & Young Global Limited.
2	Corporate Governance	Suraiya Parveen & Associates, Chartered Secretaries.
3	Provident Fund	A. Qasem & Co., Chartered Accountants, an independent member firm of Ernst & Young Global Limited
4	Workers' Profit Participation and Welfare Fund	M. M. Rahman & Co., Chartered Accountants

#### COMPARABILITY

All the information presented in this report is on the same basis as the 2018-19 report in terms of the entities covered, the measurement methods applied and time frames used. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication with our stakeholders.

#### AVAILABILITY OF THE ANNUAL REPORT

The hard copy of the Annual Report has been sent to all shareholders, prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, the report has been made available in the website: <http://www.matinspinning.com>

#### RESPONSIBILITY OVER THE INTEGRITY OF THE INTEGRATED REPORT

I acknowledge the responsibility to ensure the integrity of the disclosure contained in the Integrated Report presented herewith which comprise the discussion and analysis, disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements.

In the opinion, the integrated report, incorporated in this annual report has been prepared in accordance with the IIRC's international integrated reporting framework and addresses the material matter pertaining to the long term sustainability of the Company and present fairly the integrated performance of Matin Spinning Mills Limited and the impacts thereof.



**M. A. Jabbar**  
Managing Director





BRIEF PROFILE  
OF THE  
DIRECTORS



## Mr. Abdul Wahed

Chairman

Mr. Abdul Wahed is the Chairman of a Family Business Conglomerate of Bangladesh, DBL Group, established in 1991. He is a renowned business personality in Bangladesh. He is a Science graduate.

In 1991, he along with his three brothers ventured into the apparel export business by setting up a factory named “Dulal Brothers Ltd”. His expertise in Textile technicality inspired Dulal Brothers Ltd. to invest in strong backward linkage industries of Spinning, Knitting, Dyeing, Finishing, Printing, Accessories, Washing and Packaging. Making use of state-of-the-art machineries, these factories are providing a strong backbone to DBL’s successes.

Mr. Wahed is actively engaged with the community supporting numerous educational institutions, health centers and hospitals, infrastructure improvement and overall community development. He is also in the management board of multiple schools in different communities.

Mr. Wahed is a freedom fighter. As an eloquent speaker, he enthalls audience in various programs he participates on the social and business fronts. He believes that good business is done with compassion towards humanity.

He was selected as Commercially Important Person (Export) by the Ministry of Commerce, Government of the People’s Republic of Bangladesh for the year 2011, 2013, 2015, 2017 and 2018.



## Mr. M. A. Rahim

Vice Chairman

Mr. M. A. Rahim is the Vice Chairman of a Family Business Conglomerate of Bangladesh, DBL Group, established in 1991. He has a master’s degree in Management.

Mr. M. A. Rahim has been able to bring in transformation in the financial market of Bangladesh. His vibrant leadership allowed DBL to receive low-cost finance from various Development Financial Institutions including the IFC of the World Bank Group and KfW-DEG (Germany). This motivated local banks to come up with more innovative lower cost financial products.

He has undertaken various sustainability initiatives that have created enormous impact on the society. He has distinctively led the first public-private partnership of a Mini Fire Station (MFS), between GIZ (Germany), the Bangladesh Fire Service and Civil Defence and DBL. The MFS is a pioneer initiative which is actively serving the community of Kashimpur, Gazipur since 2017. His leadership contributed to DBL in earning local and international recognitions including the HSBC Export Excellence Awards (five times), Textile Institute Sustainability Award (UK) and Carbon Performance Improvement Award (Germany).

Mr. M. A. Rahim is Vice-President, Finance of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). He is on the Trustee Board of CSR Centre Bangladesh. He envisions to take the Bangladesh apparel industry to the next level through innovation and transformation, contributing to making Bangladesh the leading apparel exporter in the world.

He was selected as Commercially Important Person (Export) by the Ministry of Commerce, Government of the People’s Republic of Bangladesh for the year 2010, 2016, 2017 and 2018.

Mr. M. A. Jabbar is the Managing Director of a Family Business Conglomerate of Bangladesh, DBL Group, established in 1991. He is a Computer Science graduate from University of Texas at Dallas, USA.

Mr. M. A. Jabbar is highly aware of and compliant to the changing flows in the global markets and is passionate about CSR and sustainability. He has been instrumental in developing a good reputation and continued success for DBL. His dynamic leadership brought in growth opportunities for the company resulting in the evolution of more diversified industries for DBL Group. In a span of three decades DBL has grown and diversified into Ceramic Tiles, Pharmaceuticals, Dredging, Telecom, VLSI and IT industry, beside its core business Garments and Textiles. DBL had annual turnover of \$600 million for the year 2018-19 and employs 38,000 people which includes business expansion in Ethiopia.

His enthusiasm for excelling, harvesting, and cultivating innovation has roped in professionals from different fields to join the business and articulate their talents to transcending lengths. Being a signatory to UN Global Compact, Jabbar has aligned the sustainability activities of DBL with the UN SDGs.

Mr. M. A. Jabbar is Vice Chairman of Bangladesh Economic Zone Investors Association (BEZIA) and Vice President of Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA). He is on the Board of Global Compact Network Bangladesh and represents DBL in the International Chamber of Commerce (ICC), Bangladesh, and World Economic Forum (WEF).

He has been selected as Commercially Important Person (Export) by the Ministry of Commerce, Government of the People's Republic of Bangladesh, for the year 2014, 2017 and 2018.

Mr. M. A. Quader is the Deputy Managing Director and Group CEO of a Family Business Conglomerate of Bangladesh, DBL Group, established in 1991. He is a graduate in Commerce.

With his dynamic leadership, he has been able to bring in a remarkable transformation in the operations of DBL Group. Among his many achievements, he is credited with effective utilization of technology which has helped in significant reduction of cost and lead times within the supply chain. He believes that operational excellence can be achieved through an integrated approach, engaging all stakeholders.

People is at the forefront of Mr. M. A. Quader's sustainability agenda. He has led from the front two of UNICEF's pilot programs: Mothers@Work focuses on the health of mothers and their children and the Better Business for Children focuses on the development of the community for the children. He believes in empowering a diversified workforce to reap the benefits of innovation. This has been reflected by the women empowerment program and the Quality Control Circle teams in DBL.

He maintains close and cordial relations with stakeholders for business sustainability. He frequently travels to countries in Europe, Asia, and North America for business meetings and seminars.

He has been selected as Commercially Important Person (Export) by the Ministry of Commerce, Government of the People's Republic of Bangladesh, for the year 2015.



**Mr. M. A. Jabbar**  
Managing Director



**Mr. M. A. Quader**  
Director



### **Ms. Selina Perveen**

Director

Ms. Selina Perveen has obtained her graduation as a Bachelor of Arts. She is wife of Mr. M. A. Jabbar, Managing Director of the company. She is the Director of Matin Spinning Mills Ltd.



### **Ms. Tanzeen Rahim**

Director

Ms. Tanzeen Rahim is wife of Mr. M. A. Rahim, Director of the company. She is the Director of Matin Spinning Mills Ltd. and also shareholder of Hamza Textiles Limited. She has completed graduation as a Bachelor of Arts.



### **Ms. Taslima Begum**

Director

Ms. Taslima Begum is wife of Mr. M. A. Quader, Director of the company. She is the Director of Matin Spinning Mills Ltd. and also a shareholder of Hamza Textiles Limited.

Mr. Md. Hassan Imam joined the company as a Director on June 17, 2010. He is elder son of Mr. Abdul Wahed, Chairman of the company. He has done his graduation from Ireland. Immediately after completing his studies he joined DBL Group as a trainee in merchandising department and later got trained in garments production and industrial engineering department. Presently, he is working on the Sustainability Development Programs of the company. He has been selected as Commercially Important Person (Export) by the Ministry of Commerce, Government of the People's Republic of Bangladesh for the year 2014 and 2016.



**Mr. Md. Hassan Imam**

Director

Mr. M. Farhad Hussain FCA is the Senior Partner of Hussain Farhad & Co. Chartered Accountants. He is a Fellow and past Council member of the Institute of Chartered Accountants of Bangladesh with thirty-eight years of experience in key positions of Finance and Accounts with multi-disciplinary business organizations. He is also Independent Director of Alhaj Textile Mills Ltd. and Prime Bank Ltd. Mr. M. Farhad Hussain is the former President of the Institute of Chartered Accountants of Bangladesh (2007). He is also former Director of WASA, Shadharan Bima Corporation, Dhaka Stock Exchange (DSE), Agrani Bank Limited and former Board Member of South Asian Federation of Accountants (SAFA), Confederation of Asia Pacific Accountants (CAPA) and former Advisor of Bangladesh Securities and Exchange Commission & Financial Consultant of Oriental Bank Ltd. Mr. M. Farhad Hussain completed two tenures from April 29, 2014 to April 28, 2020.



**Mr. M. Farhad Hussain FCA**

Independent Director



## **Mr. M. Naser Alam**

Barrister-at-law

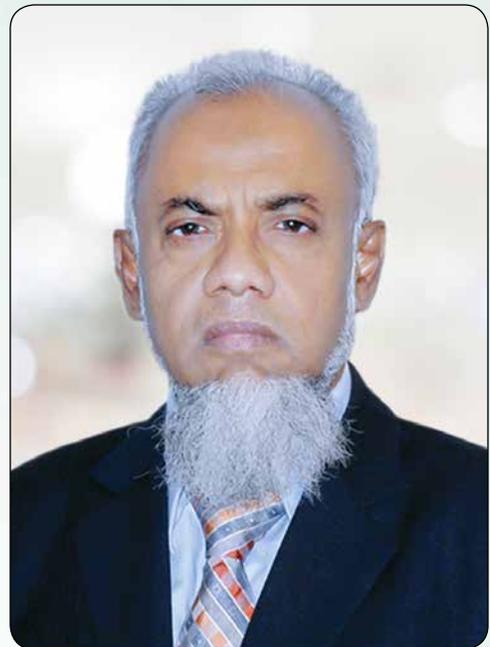
Independent Director

Mr. M. Naser Alam is an Advocate of the Supreme Court of Bangladesh since 1995 and a Barrister at the Bar of England and Wales since 1999. He is currently the Head of Chambers of MNA, Barristers & Advocates. He is an international arbitrator and mediator with specialization in corporate commercial, cross-border complex mergers and acquisition, telecommunication, aviation, oil and gas, electricity, intellectual property, shipping, mediation, and international commercial and investment arbitration. He previously worked with Huq & Co, a prestigious Bangladeshi corporate law firm; the Permanent Court of Arbitration, The Hague; international arbitration group of Freshfields Bruckhaus Deringer in their Paris office; and taught and supervised distance learning students of LL.M. in International Petroleum Law and Policy at the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee, UK. He acted as consultant for International Finance Corporation (IFC) and Department for International Development (DFID). He was the National Commissioner of International Chamber of Commerce Bangladesh. He provided legal advice and assistance towards establishing the Bangladesh International Arbitration Centre. Mr. Naser holds bachelor degrees in law from University of Dhaka and University of London; LL.M. from Queens' College, Cambridge and LL.M. in Energy Law and Policy, Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee. He regularly speaks nationally and internationally on mediation, arbitration, legal rights and other socio-political issues. He has special interests in disability rights, environmental issues, political economy and self-governance. He is currently the Chief Advisor of Physically Challenged Development Foundation (PDF), a charity working for the rights of physically challenged people. He is an Advisor of Bangladesh Youth Environmental Initiative (BEYI). He is also Independent Director of Trust Bank Ltd.

Mr. Md. Salam FCA, FCS is a Partner of ARTISAN, Chartered Accountants. Before starting Public Practice, Mr. Salam was the Technical Adviser of the World Bank and Finance Expert of ADB- for Primary Education Development Program-2 and Director Accounts (In charge) of Bangladesh Power Development Board (BPDB). Mr. Salam was the elected President of ICAB for year 2013 and served as the Vice President, (Education and Training) from 2010 to 2015. He was former Hon'y Secretary of Dhaka Regional Committee (DRC) of ICAB. He was the Member of Education Committee for the years 2010-2012 of South Asian Federation of Accountants (SAFA- a body of the SAARC) and was the Board Member of the SAFA for the year 2013.

Mr. Salam was one of the Council Member of the Institute of Chartered Secretaries of Bangladesh (ICSB) since its inception and served the Institute of Chartered Secretaries of Bangladesh in the elected capacity of Treasurer for the year 2004-2005 and the Vice President for the year 2005-2006. Mr. Salam is a life Member of Bangladesh Economic Association. He is an Independent Director of IBN Sina Pharmaceuticals Industry Ltd. and former Independent Director of Islami Bank Bangladesh Ltd, and Govt. Nominated Board Director of Coal Power Generation Company of Bangladesh and the Electricity Generation Company of Bangladesh.

He was the Board Director of BSEC Capital Market Development Institute, DSE, CSE and the SME Foundation for 2013, the Past President of Lions Club of Meghna. He is a regularly contributing writer in the National Dailies and professional Journal "The Bangladesh Accountant." He visited Australia, United Kingdom, Canada, Kingdom of Saudi Arabia (Hajj), Italy, Switzerland, Geneva, Thailand, India, Pakistan, and Srilanka as official Nominees.

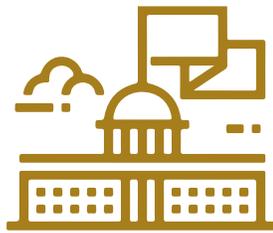


## **Mr. Md. Abdus Salam**

FCA, FCS

Independent Director





STATEMENT ON  
CORPORATE  
GOVERNANCE

# Guiding Philosophy and Governance Practices

The Board of Directors of Matin Spinning Mills Limited believes that good Corporate Governance is vital to strengthen the Company's sustainability, organizational effectiveness and foster a high-performance culture within the organization. Corporate Governance is a term that refers broadly to the rules, procedure and laws by which businesses are operated, regulated and controlled in order to ensure the interest of the stakeholders of a corporate body.

In accomplishment of the affairs of the company, the Board is guided by Corporate Governance Principles as stipulated by BSEC and in compliance with the rules and regulations of the Companies Act 1994, Memorandum and Articles of Association of the Company and the service rules of the Company and other relevant applicable laws and regulations. The Board also remains responsible for efficient and effective implementation of the policies and strategies adopted from time to time.

## BOARD OF DIRECTORS

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors holds the supreme authority of the Company. The Board is collectively responsible to the Company's shareholders for the success of the Company. The Board of Directors is reconstituted every year by the shareholders through retirement/re-election/election by one third of its members.

## COMPOSITION OF THE BOARD

The Board of Matin Spinning Mills Limited consists of 10 (ten) Directors, comprising of seven Non-Executive Directors, two Independent Directors, and one Managing Director having versatile knowledge, professional acumen and adequate skills and expertise.

## PROCEDURE OF THE BOARD

The Board is responsible for formulation of overall planning, policies and strategies and guidelines of the activities and implementation thereof in attaining the goals and objectives of the company and ultimately remains accountable to the shareholders.

To follow transparency, the Board follows the practice of advance planning on matters requiring discussion and decision. The Board appraise the presentation on finance, sales, marketing, major business segments and operations of the Company and other matters, as the members want. The Managing Director along with the Company Secretary finalizes the agenda papers for the Board meeting in consultation with the other persons concerned. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions.

The Board of Directors of Matin Spinning Mills Limited has laid down a Code of Conduct of all Board members and annual compliances of the code have been recorded.

## DISTINCTIVE ROLES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

The position of the Chairman of the Board and the Managing Director of the Company are filled by the different individuals who are members of the Board. The respective roles and the responsibilities of the Chairman and the Managing Director are explicitly defined by the Board of Directors of Matin Spinning Mills Limited to enable them in discharging their responsibilities aptly and effectively.

## COMMITTEES OF THE BOARD

In accordance with the requirement of corporate governance code of BSEC, Matin Spinning Mills Limited has an Audit Committee and a Nomination

and Remuneration Committee as sub-committee of the Board of Directors.

### AUDIT COMMITTEE

The Board has formed an Audit Committee comprising of 5 (Five) members having adequate versatile and financial competence as specified in the Terms of Reference (TOR) prescribed by the BSEC duly approved by the Board. The Committee is empowered, among other things, to examine any matter relating to the financial affairs of the company and to review all audit and inspection programs, internal policies and adherence to compliance requirements.

### MEMBERS OF THE AUDIT COMMITTEE

Mr. Md. Abdus Salam FCA, FCS	Chairman
Mr. M. A. Rahim	Member
Mr. M. A. Quader	Member
Ms. Selina Perveen	Member
Mr. Md. Hassan Imam	Member

Md. Shah Alam Miah FCS, Company Secretary is the Secretary to the Audit Committee.

The detail about Audit Committee including background, composition, responsibilities, meetings reporting and activities carried out by the Audit committee is disclosed in this annual report in "Report to the Audit Committee."

### NOMINATION AND REMUNERATION COMMITTEE

The Board has formed a Nomination and Remuneration Committee (NRC) comprising of 5 (five) members and approved Terms of Reference of the NRC as per condition no.6 (5) (b) of Corporate Governance Code, 2018 by BSEC. The Committee shall assist the Board in formulating of the nomination criteria or policy for determining qualification, positive attributes, experiences and independence of directors and top level executives of the Company.

### MEMBER OF THE NRC

Mr. M. Naser Alam, Barrister at law	Chairman
Mr. M. A. Rahim	Member

Mr. M. A. Quader	Member
Ms. Selina Perveen	Member
Mr. Md. Hassan Imam	Member

Md. Shah Alam Miah FCS, Company Secretary is the Secretary to the NRC.

### CHIEF FINANCIAL OFFICER

Matin Spinning Mills Limited has a Chief Financial Officer (CFO). He is a Chartered Accountant and a Certified Management Accountant. He is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) and an associate member of the Certified Management Accountants (CMA) of Ontario, Canada. He is responsible for accounting and financial activities of the Company. The Board of Directors clearly defined the roles, responsibilities and duties of the CFO. In compliance with the corporate governance code of the BSEC, the CFO attends meetings of the Board of Directors.

### COMPANY SECRETARY

As part of statutory requirement the Board of Directors of Matin Spinning Mills Limited has appointed a qualified Company Secretary. He is a Fellow Member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He is responsible for dealing with various corporate matters of the MSML and acts as officer of the Board, bridge in between Board and other Stakeholders, custodian of the Shareholders and also conducts the statutory functions pursuant to the applicable laws and regulations. The Board of Directors clearly defined the roles, responsibilities and duties of the Company Secretary.

### HEAD OF INTERNAL AUDIT & COMPLIANCE

Matin Spinning Mills Limited has a Head of Internal Audit and Compliance. He has completed his MBA in Finance and Banking from International Islamic University of Chittagong. He has also completed CA Course (Article ship) under the Institute of Chartered Accountant of Bangladesh (ICAB). He is responsible for internal control and internal audit of the Company. The Board of Directors clearly defined respective roles, responsibilities and duties of the Head of Internal

Audit & Compliance. In compliance with the corporate governance code of the BSEC, he attends meetings of the Board of Directors

### **STATUTORY AUDITORS**

A. Qasem & Co., Chartered Accountants is the statutory auditor of the Company. They have conducted the audit in accordance with International Standards on Auditing. In order to comply with the corporate governance, the Company did not involve its statutory auditors to perform the services other than statutory services as appointed for.

### **CORPORATE GOVERNANCE CODE COMPLIANCE PROFESSIONAL**

Suraiya Parveen & Associates, Chartered Secretaries have provided the certificate on compliance of corporate governance code issued by Bangladesh Securities and Exchange Commission.

### **INTERNAL AUDIT AND CONTROL**

Matin Spinning Mills Limited considers that internal audit is one of the important regular functions of the Company. The Company has an independent internal audit department under control of the Audit Committee of the Board. This department gives effort to bring a methodical and disciplined approach to evaluate and improve the effectiveness of the organization's risk management process, system of internal control and governance.

### **COMPLIANCE**

In order to ensure the effective functioning of the corporate governance for enhancing the confidence of investors, regulators, financiers and other stakeholders, the MSML is committed to comply with all the requirements of the Corporate Governance Code as required by the Bangladesh Securities and Exchange Commission (BSEC).

# Code of Conduct

## PURPOSE

The purpose of this code of conduct of Matin Spinning Mills Limited (hereafter referred to as the “Company”) is to:



Demonstrate the company's commitment to the highest standards of ethical behaviour



Encourage proper ethical conduct and sanction misconduct within the company



Develop an ethical culture based on such standards and conduct, led by the company's shareholders, directors and management, and followed by all employees

By adopting, following and updating this code of conduct on a regular basis, together with the company's corporate governance code and charters, the company confirms its desire to demonstrably lead and promote good ethical behaviour and corporate governance. In order to foster the confidence of its shareholders, employees, investors and the general public, this code of conduct goes beyond the legal and regulatory framework prevalent in Bangladesh today, and embraces both national and internationally recognized principles and practices.

The company's governing bodies and employees understand this code of conduct as their obligation and set forth to ensure that its spirit and provisions are respected and acted upon throughout the company [and its subsidiaries and dependent companies] and its business partners.

This code of conduct is reviewed and updated on an annual basis and published internally.

## THE COMPANY'S VALUES

In all internal and external relationships, the company demonstrates its commitment to:

- Integrity
- Commitment
- Passion
- Innovation
- Trustworthiness

## THE COMPANY'S ETHICAL PRINCIPLES

The company is committed to act ethically in all aspects of its business. The company's ethical standards are based on the following principles:

- Honesty
- Integrity
- Fairness
- Transparency

Similarly, the company expects the same in its relationships with all those with whom it does business. The company's ethical standards focus on the following areas: employees, customers, relations with its business partners, government, society and the wider community. These ethical standards shall also apply to all business areas.

## ALL OF THE COMPANY'S ETHICAL STANDARDS ARE BASED ON



Respecting the rule of law, Bangladesh laws and regulations, and showing respect for human rights;



Managing the company's financial and operational performance to maximize the long-term value for its shareholders;



Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under business custom, are immaterial and infrequent;



Creating mutual advantage in all the company's relationships to build and foster trust; and



Demonstrating respect for the community the company operates in, as well as for the natural environment.

The company's business plan will include specific, measurable targets for improving ethical behaviour.

### ETHICAL STANDARDS FOR THE COMPANY'S RELATIONSHIP WITH ITS STAKEHOLDERS

#### 1. Employees and Officers

The company values its employees as the keystone to success. The company is thus committed to treating all employees with dignity, trust and respect, and to build a long-term relationship based on Bangladesh labour law and the respect of human rights. The company will not employ child labour.

The company fosters teamwork, believing that diversity in talent, perspectives and opinions stimulate new and creative business opportunities and innovation. Similarly, the company renounces all forms of bureaucracy and excessive hierarchical structures that impede operational efficiency.

It is the company's policy to provide for and regularly improve upon a healthy, safe and secure working environment for its employees.

Conflict of interests can, or appear to, compromise the judgment or objectivity of the company's employees and officers. An appropriate policy and disclosure thereof has been developed to this extent.

The company is an equal opportunity employer. Its recruitment, promotion and compensation policy is based on merit and free of discrimination. Clear and transparent policies to this extent have been developed and put into practice.

Any kind of discrimination or harassment at the workplace will not be tolerated and contrary behaviour properly investigated and dealt with through the company's officer designated for this purpose by the company's board of directors.

Employees are recognized and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings. Rewards are given both

at the team and individual level. The company has in place a training program, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentoring and formal skill-enhancing trainings.

Under the authority of this code, it is incumbent upon Employees to 'speak up' or report any breaches identified or witnessed per the procedure under this code. The company sanctions the illegal use of confidential and insider information by all officers and employees, and has developed a detailed procedure to effectively deal with this matter.

A regular consultation process between the company's employees and managers has been put in place to effectively deal with employment conditions and other issues that affect the employees work environment.

These principles do not limit the right of the company to enforce discipline or to terminate workers in accordance with Bangladesh legislation.

## 2. Customers

Customer satisfaction is tantamount to the company. Safe and quality products and services, fair pricing and appropriate after-sales service shall define the company's relations with its customers. The company always seeks to deliver what it promises.

## 3. Relations with its Business Partners

The company believes that a long-term relationship with its business partners (suppliers, contractors and participants in joint ventures if any) founded on respect, trust, honesty and fairness is vital to its success. The company will put forth its best effort to only cooperate with those business partners that share the company's ethical standards.

The company will respect the sanctity of contracts and business relations.

- Contractual negotiations shall be conducted on the basis of mutual advantage.
- Business relations shall be based on high performance standards, delivering in a timely

and qualitative manner, and prompt settlement of bills.

- In case of a commercial dispute, the company will strive to negotiate and compromise in good faith in order to reach an amicable solution.

The company is committed to complying fully with the Bangladesh law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

## 4. Government

The company will pay all taxes that are owed and due, fully and in a timely manner.

The company abides by all federal and local regulations, including voluntary codes and guidelines, in both spirit as well as letter.

The company has also legally obtained all licenses required to do business.

The company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the government, administration or courts. Transparent procedures regarding transactions engaged in by the company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

## 5. Society, Environment and the Wider Community

The company views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty and fairness.

The company is committed to creating jobs and developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to the company. The company thus strives to minimize any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried-out according to the highest standards of care and in line with internationally recognized principles.

Company employees are encouraged to engage and commit part of their time to help the local community through a variety of charities and foundations, educational organizations and similar institutions.

Non-governmental organizations (NGOs) are a key element to any society and the company seeks to build constructive relationships with such organizations in building a better society and environment in an economically sustainable manner.

The company promise to engage and consider the specific developmental needs of communities in which it operates, through a process of regular and open dialogue.

## **IMPLEMENTATION**

### **1. Means to obtain advice**

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue is to be raised with a designated officer to obtain clarification.

All officers and employees have the right to make confidential reports directly to the designated officer who in turn shall decide whether to report the matter

to the audit committee to recommend appropriate action against any director or employee who acts in a manner inconsistent with this code of conduct.

### **2. Processes and responsibility**

Each individual is responsible for his or her ethical behaviour. Adherence to this Code is further made obligatory as it is referenced in all employee contracts and linked to disciplinary procedures.

Department heads are accountable to the Managing Director and/ or executives for implementing this code of conduct within their departments, ensuring that all officers and employees understand it, and for providing assurance on compliance. The Managing Director and/ or executives are in turn accountable to the board.

The principles and provisions in this code of conduct have been integrated into the company's system of internal control. Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified.

Willful or careless breach or neglect of this code of conduct will be treated as a serious disciplinary matter and can lead to the termination of employment.

The board's audit committee periodically reviews and updates compliance with these principles, and formulates proposals for the board's approval.

### **3. Training program**

Periodic training programs are offered to the employees of the company to orient them about the Code of the Conduct. Moreover, each manager is also responsible for raising awareness regarding the applications of the CoC.

# Risks and Risk Management

Effective risk management is crucial to the success and at the core of sustainable performance of an organization. Like all organizations, Matin Spinning Mills Limited is also exposed to risks – especially systemic risks that are beyond the Company's control. While in 2019-20 the macroeconomic trend of local market growth was challenging due to COVID-19, we perceive that proactive management of the risks associated is of fundamental significance to ensure our business growth. Over the years, we have put in place a strong framework through which we regularly identify and assess risks and take necessary measures to minimize their impact.

## RISK TYPES

### (a) Interest rate risks

As of 30 June 2020, Matin Spinning Mills Limited had outstanding short term and long term bank borrowing with banks to the tune of BDT 1,777.19 million. Interest rates on such loan is 1.91% plus LIBOR. LIBOR component of the interest rate is exposed to volatility of market-wide interest rates of bank loans. Due to several macroeconomic and market driven factors, interest rates on short term and long term bank loans may fluctuate over time. Inflationary pressure, increased demand for bank loan, increased volatility in money market, restrictive monetary policy, increased Government borrowing from banking sector, etc. may compel the company's loan giving institutions to increase their interest rates. If the interest rates are increased beyond what the company expects, then its cash flow and profitability will be affected adversely. This would also affect its value of shares. In addition, if the company has investment in tradable fixed income securities, then volatility of interest rates would affect the value of such investments. This would also affect the NAV per share of the company.

As of 30 June 2020, the company did not have any tradable fixed income securities other than some short term deposit accounts with several banks. Such short term instruments are not tradable and are not exposed to volatility of market-wide interest rates. As a result, market-wide volatility would not have any significant impact on the company's balance sheet.

### (b) Exchange rate risks

The major raw material the company uses is raw cotton, which the company procures entirely from foreign sources. Conversely, it sells most of its end products to export oriented garment manufacturing companies. It pays for its raw material in foreign currency, usually in US Dollars and also receives its sales proceeds in US Dollars. Hence, the company is directly exposed to the risks associated with exchange rate fluctuation of Taka against US Dollar. Any significant volatility in the exchange rates of Taka will increase the volatility of the company's cash flow and profitability. For a given depreciation of Taka against US Dollar, the company's import payment will increase. On the other hand, for a given appreciation of Taka against US Dollar, its export receipts will be lower in terms of Taka. Once the company finalizes a contract for purchases of raw materials at prevailing exchange rates, it would incur foreign currency losses if Taka depreciates against Dollar.

For a given depreciation of Taka against a particular foreign currency like US Dollar, the company's both import payments and export proceeds will be higher in terms of Taka. In case of an appreciation of Taka against the same currency, the opposite will occur. Hence, the company has a natural hedge against exchange rate and is largely immune to fluctuation of exchange rates of Taka against US Dollar.

### **(c) Technology related risk**

The company's operation is highly capital intensive. The manufacturing process is mostly mechanized and requires negligible human involvement. The quality of the finished products is directly dependent on the sophistication of the machinery in place. Any fault in the technology of the machinery can result in significant overhauling cost and loss of production. In such cases, delivery deadlines would be missed and revenues will be lost. This would, in turn, affect the value of the company shares.

All the major machineries of the company are state-of-the-art and of Swiss and Japanese origin. Major machineries are of Swiss Reiter and Japanese Toyota and Murata Brands. Both Reiter and Toyota are regarded as owning the best technology of textile machineries in the world. Compared to other machineries of Chinese and Indian origins, Reiter and Toyota machineries are costlier but last longer

and require significantly lower maintenance costs. Till date, the machineries at the factory have been running smoothly. Since inception, there has not been any instance of serious breakdown or stoppage of production due to technical failure at the factory.

### **(d) Operational risk**

The company's operation can be hampered by human error, sudden breakdown of machinery, and incidents of natural calamity.

Operation of the factory is mostly automated and involves minimal manual input. The overall process adhere to highest international standards. The plant is run by experienced and professional personnel.

The workers and officers of the company are trained properly. Besides, the machineries are properly maintained and overhauled whenever necessary. The factory building is well constructed and has adequate fire control measures to minimize risk and hazard.

# Our Human Capital

Human capital is a measure of the economic value of an employee's skill set. This measure builds on the basic production input of labor measure where all labor is thought to be equal. The concept of human capital recognizes that not all labor is equal and that the quality of employees can be improved by investing in them; the education, experience and abilities of employees have economic value for employers and for the economy as a whole.

MSML believes that its human resources are critical in building and running the company. Effective human resources have also been linked to superior company performances. MSML's Human Resource Department continuously works toward attaining the goal of attracting, retaining, growing and inspiring talent. Currently 1,963 employees are working to achieve the vision of MSML. At MSML, total 1,052 female workers are working that is 53% of total workforce.



## EMPLOYMENT CONDITIONS

Matin Spinning Mills Ltd. is always committed to ensure a positive work environment for its valuable employees. The company believes that a healthy working environment is indispensable for its employees' mental and physical well-being. MSML ensures that its employees are operating in a comfortable, safe and hazard free working condition with convenient workload, latest state of the art technology, highly efficient coaches and a wonderful communication flow.

## HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

HR Department plays a pivotal role in the development of any organization. It is considered as the strategic business partner of the organization. MSML believes that, by utilizing the enormous potential within the people working for the organization, it is possible to achieve strategic business goal. Currently, HR Department of MSML is led by professional HR and Employee Relations practitioners. They are efficiently coordinating the entire HR and Administration activities. Their effective HR practice has brought significant development in the different areas of HR, Employee Relations and Welfare.

Members of HR department of MSML are continuously developing new ideas and adding valuable contribution to the organization. At MSML the basic HR approaches are very much in compliance with the guidelines of Bangladesh Labor Law (BLL) in the respective purpose particularly in:



## RESTRICTION ON ENGAGEMENT OF CHILD LABOR

MSML strictly follows the rules against engaging of child labor. No employee under the legal age of employment, as per the Bangladesh Labor Law 2006, is recruited in this company. Age confirmation is done during the interview by different physical and psychological test. Supporting document is received by the HR Department and preserved in the employee personal file as evidence.



### MATERNITY BENEFIT PROVISIONS

MSML respects a woman's motherhood. That is why all regular confirmed female employees of MSML are entitled for maternity benefits. They can enjoy a leave with pay of 112 calendar days in a year as Maternity Benefit.



### HEALTH & SAFETY COMPLIANCES

MSML ensures employees health and safety. The safety precautions are strictly followed here to stay away from any accident which may occur during work. MSML carries out the health and safety related to fire safety, electrical safety, building safety, chemical safety and others



### EMPLOYEE WELFARE MEASURES

MSML firmly believes that by ensuring measures for well being of its employees' is actually demonstrating that the company values its employees. A happy employee takes the ownership and tends to work with passion. By ensuring different welfare measures for employees of the company, it has improved the productivity of its employees and organization and also developed a healthy industrial relations thereby maintaining industrial peace.



### WORK HOUR & LEAVE FACILITIES

All the employees of MSML are working 8 productive working hours in a operating day. The condition is very comfortable for its employees to work and they can also enjoy leave when needed. A confirmed employee of MSML is eligible for Casual Leave, Sick Leave, Annual Leave and Maternity Leave.



### MINIMUM WAGE COMPLIANCE AND WAGE PAYMENTS

MSML ensures the timely payment of salary and wages for its employees and workers. No discrimination is allowed in reference to Race, Locality, Gender, Religion and Disability. The salary and wage structure well complies with the rules which has been determined by the Government of Bangladesh for the Cotton Industry.



### WORKERS' PARTICIPATION IN COMPANY'S PROFIT

Matin Spinning Mills Ltd ensures Workers' Participation in Company's Profit. It distributes 5% of its net profit among all the employees of Matin Spinning Mills Ltd as per labor law.





**Abdul Wahed**

## Message from **The Chairman**



I would like to take this opportunity to thank all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their quality cotton, to our honorable shareholders for their continuous support and interest for the welfare of the Company.

**Dear Shareholders**

**Ladies and Gentlemen**

**Assalamu Alaikum,**

We have the pleasure to welcome you at the 18th Annual General Meeting of Matin Spinning Mills Limited. It also gives me immense pleasure to place before you the Annual Report along with the Audited Financial Statements, Auditors' Report and Directors' Report thereon for the year ended on 30 June 2020.

We would like to inform you that during the year 2019-20 the company sales revenue is Tk. 3,904 million which is 5% lower than 2018-2019 (Tk. 4,325 million). The main reason behind the decline is due to the impact of COVID-19. Despite revenue dropped, net profit after tax increased by 122%, from Tk. 94 million in 2018-2019 to Tk. 210 million in 2019-2020, mainly due to lower raw material and utility cost.

I would also like to take this opportunity to thank all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their quality cotton, to our honorable shareholders for their continuous support and interest for the welfare of the Company, to the Regulatory Bodies including Bangladesh Securities and Exchange Commission, to the Stock Exchanges, to the Central Depository Bangladesh Limited, to the Bankers, to the Insurers for their cooperation and support to our Company. We hope that the same support from all stakeholders would continue in the coming years.

With best wishes.



**Abdul Wahed**

Chairman of the Board



**M. A. Jabbar**

## Message from the **Managing Director**



We believe that the Company will not have any significant issues on production capacity utilization in the foreseeable future. Moreover, management is positively considering expansion of production facility in order to meet Group's full demand of yarn.

## Dear Shareholders

### Ladies and Gentlemen,

It is my great pleasure that I welcome you on behalf of the Board of Directors to the 18th Annual General Meeting of your Company and present before you the Annual Report for the year 2019-20 containing the Directors' Report and Audited Financial Statements for your kind perusal.

### OUR BUSINESS PERFORMANCE

COVID-19 pandemic has made an unprecedented disruption in the global economy. Like others, we had to shut down production facility almost full month of April 2020 in line with Government declared general holiday. This disruption has wiped roughly 5% of annual production as well as sales volume. However, Company's operation has been running at normal capacity since withdrawal of government general holiday for textile industry.

As you are aware, our Company operates as a backward linkage industry to the RMG exporting companies largely within DBL Group and usually fulfills 50% demand of the Group. We believe that the Company will not have any significant issues on production capacity utilization in the foreseeable future. Moreover, management is positively considering expansion of production facility in order to meet Group's full demand of yarn.

If no significant variation on raw material price in the international market and impact of Covid remains at current level, we believe result of upcoming financial year will improve further.

### PRODUCTION CAPACITY

The Company's total installed production capacity is 51 tons per day with 73,184 spindles.

### OUR GRATITUDE

While concluding, I offer my gratitude to all the Employees, Shareholders, Stakeholders, Government Agencies, Banks & Financial Institutions, Customers, Consumers, Suppliers and other Service Agencies for their cooperation and support.

Thanking you all.



**M. A. Jabbar**

Managing Director

# Corporate Operational Results

No.	Description	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
1	Turnover	3,904	4,325	4,051	3,001	2,005
2	Gross Profit	539	375	609	447	375
3	Net Profit before Tax	266	128	356	320	374
4	Net Profit after Tax	210	94	303	261	294
5	Shareholder' Equity	4,806	4,183	4,253	4,093	4,060
6	Total Assets	7,099	6,569	6,722	7,076	6,092
7	Total Current Assets	2,335	2,334	2,488	2,672	1,783
8	Total Current Liabilities	1,911	1,814	1,906	2,262	1,214
9	Current Ratio	1.22	1.29	1.31	1.18	1.47
10	Ordinary Shares Outstanding	974,900,000	974,900,000	97,490,000	97,490,000	97,490,000
11	Face Value per Share	10	10	10	10	10
12	Shareholders' Equity Per Share	49.29	42.90	43.63	41.99	41.64
13	Earning Per Share (EPS)	2.16	0.97	3.10	2.68	3.02
14	Quoted Price per Share (DSE)	32.80	38.00	38.10	41.20	39.30
15	Quoted Price per Share (CSE)	33.00	37.30	36.10	40.30	38.50
16	Price Earning Ratio-DSE (Time)	33.89	39.17	12.29	13.64	13.02
17	Price Earning Ratio-CSE (Time)	14.65	38.45	11.65	19.38	13.34
18	Cash Dividend Declared per Share	1.8	1.5	1.7	1.5	2.3
19	Stock Dividend Declared	Nil	Nil	Nil	Nil	Nil
20	Total Dividend Declared (%)	18%	15%	17%	15%	23%
21	Number of Shareholders	4,754	5003	5747	7,288	9,019
22	Human Resources (Person)					
	Executives	128	130	108	133	91
	Non-Executives	323	325	257	225	200
	Workers	1,482	1,427	1476	1,647	1,201

Note: Item No. 1-8 in million Taka.

# Directors' Report to The Shareholders

## Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) as adopted by the ICAB (The Institute of Chartered Accountants of Bangladesh), it is a pleasure of the Board of Directors to submit its report to the Shareholders for the year ended 30 June 2020 in the following paragraphs:

## A] COMPANY OPERATIONS

### 1] Capacity/Production

Below table represents last five years production capacity and capacity utilization ratios:

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
<b>[1.1] Spindles</b>					
a) No. of Spindles installed	73,184	73,184	73,184	73,184	57,840
b) No. of Spindles in operation	66,394	69,484	67,539	67,411	51,759
<b>[1.2] Production Capacity ('000 Kg):</b>					
At Equivalent 28s Count (Ring Yarn)	17,225	18,286	17,937	15,236	9,360
<b>[1.3] Actual Production ('000 Kg):</b>					
At Equivalent 28s Count (Ring Yarn)	13,697	15,111	14,432	11,819	7,851
<b>[1.4] Capacity Utilization (%)</b>	79.52%	82.64%	80.46%	77.58%	83.88%

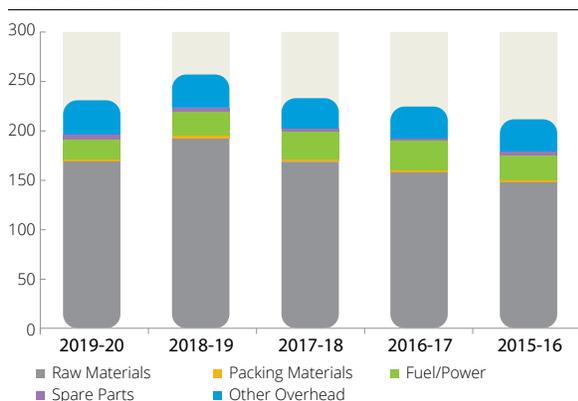
### 2] Cost of Production

The cost of production varied during the past years primarily due to wide price fluctuations of raw materials, packing materials, fuel & power, and spare parts. Price fluctuation being an external factor was beyond the control of Management. The level of costs and their incidences for last five years are given below:

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
(a) Output of Yarn ('000 Kg)	14,589	15,229	14,556	12,118	7,732
(b) Cost of Major items ('000Tk):					
Raw Materials	2,471,115	2,920,514	2,451,816	1,915,205	1,142,201
Packing Materials	28,473	29,735	26,983	20,619	13,793
Fuel/Power	284,210	392,118	421,455	363,863	192,184
Spare Parts	69,810	54,298	37,311	20,625	27,625
Other Overhead	510,005	508,537	448,428	394,366	255,393
<b>Total Cost</b>	<b>3,363,613</b>	<b>3,905,203</b>	<b>3,385,993</b>	<b>2,714,679</b>	<b>1,631,196</b>

Unit Cost/Kg (TK)	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Raw Materials	169.38	191.77	168.44	158.04	147.73
Packing Materials	1.95	1.95	1.85	1.70	1.78
Fuel/Power	19.48	25.75	28.95	30.03	24.86
Spare Parts	4.79	3.57	2.56	1.70	3.57
Other Overhead	34.96	33.39	30.81	32.54	33.03
<b>Unit Cost</b>	<b>230.55</b>	<b>256.43</b>	<b>232.62</b>	<b>224.02</b>	<b>210.97</b>
<b>Raw Material Cost as % of Total</b>	<b>73.47%</b>	<b>74.79%</b>	<b>72.41%</b>	<b>70.55%</b>	<b>70.02%</b>

### Cost of Production



The above chart reveals that overall unit cost decreased by 10% in 2019-2020 over 2018-2019. Raw Material and Fuel/ Power cost decreased by 12% and 24% respectively. On the other hand, Spare Parts and other overhead cost increased by 34% and 5% respectively.

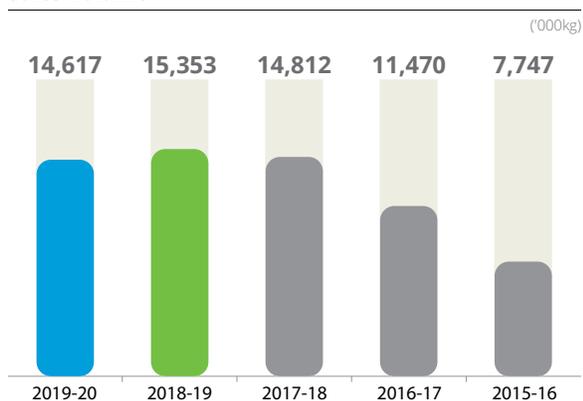
### BJ MARKETING OPERATIONS

#### 1] Market Exposure

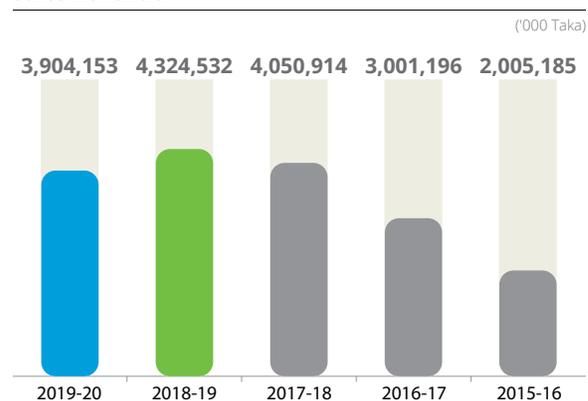
The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
(a) Sales Volume ('000 Kg)	14,617	15,353	14,812	11,470	7,747
(b) Sales Revenue ('000 Tk)	3,904,153	4,324,532	4,050,914	3,001,196	2,005,185

### Sales Volume



### Sales Revenue



The above figures show that compared to prior year, 2019-2020 sales volume and value decreased by 5% and 10% respectively. Volume decreased due to impact of COVID-19 in the month April 2020.

Production was completely shut down from April 06 to April 26, 2020. Compare to last year, average selling price also was lower due to aforesaid reason.

## 2] Selling Prices

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Average Selling Prices (Taka/Kg)	267.10	281.67	273.48	261.66	258.82
% Change - compare to prior year	5% down	3% up	5% up	1% up	5% down

It indicates that average selling price maintained an upward trend up to last year but declined in the current year due to COVID-19.

## C] DEVELOPMENT ACTIVITIES

During the year 2019-20, the Company started to implement Production, Order, and Asset Maintenance Modules in Oracle ERP system. These modules would help to determine product costing faster and assessing inventory valuation on real-time basis.

## D] CAPITAL EXPENDITURES

Details of capital expenditure for development activities are shown below (figures in '000 Taka):

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
<b>Land</b>	-	7,922	1,849	4,282	-
<b>Civil construction</b>					
Existing	27,395	7,261	29,002	34,804	31,304
Mélange Project	-	-	-	-	-
Synthetic Project	-	-	8,240	124,440	146,700
<b>Plant and Machinery</b>					
Existing	179,028	272,839		53,110	176,943
Mélange Project	-	-	-	-	587,869
Synthetic Project	31,701	37,125	25,408	214,184	810,888
Other Fixed Assets	99,489	4,161	21,283	8,439	57,750
<b>Total</b>	<b>337,614</b>	<b>329,307</b>	<b>85,782</b>	<b>439,259</b>	<b>1,811,454</b>

## E] CONTRIBUTION

### 1] Contribution to National Exchequer

The Company contributed Tk. 31.75 million during 2019-2020 to the National Exchequer. Last five years comparative data are as follows (figures in million Taka):

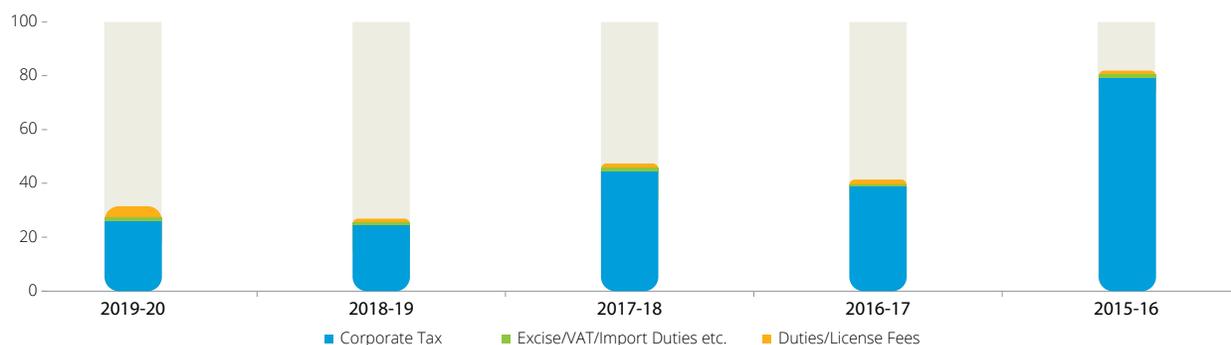
(Taka in Million)

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Corporate Tax	26.49	25.09	44.85	39.20	79.34
Excise/VAT/Import Duties etc.	1.20	0.89	1.21	0.79	1.21
Duties/License Fees	4.06	1.20	1.54	1.73	1.47
<b>Total</b>	<b>31.75</b>	<b>27.18</b>	<b>47.60</b>	<b>41.72</b>	<b>82.02</b>

\* Prior year figures have been restated

## Contribution to National Exchequer

Figures in million Taka



## 2] Foreign Exchange Earned/Saved

The Company contributed Tk.1,156 million to the Foreign Exchange Reserve of the country during the FY 2019-2020 through its export marketing operation. Last five years data are shown below (figures in million taka):

(Taka in Million)

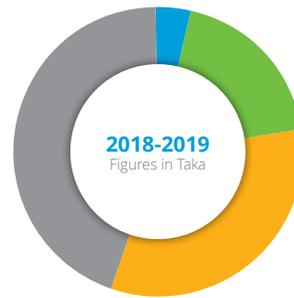
Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Total Export Earnings	3,904	4,325	4,051	3,001	2,005
Less: Import Expenses					
Raw Cotton/Staple Fiber	(2,686)	(2,591)	(2,355)	(2,219)	(1,346)
Spare Parts	(62)	(61)	(99)	(54)	(34)
Net Foreign Exchange Earned	1,156	1,673	1,597	728	625

## 3] Value Added Statement (figures in '000 Taka)

Particulars	2019-2020	2018-2019
<b>Source of Funds</b>		
Net Turnover	3,904,153	4,324,532
Less: Bought in Material and Services	(3,021,945)	(3,636,065)
Add: Other Income	42,769	79,938
<b>Value Added</b>	<b>924,978</b>	<b>768,404</b>
<b>Applied in the following ways</b>		
<b>Employees</b>		
Salaries, Wages, Provident Fund & Other Benefits	339,410	336,970
Contribution to Workers' Profit Participation & Welfare Fund	12,671	6,095
<b>Government</b>		
Corporate Tax	43,216	27,550
Other Government Dues	1,198	889
<b>Provider of Capital</b>		
Dividend	175,482	146,235
<b>Retained by the company</b>		
Depreciation	381,271	302,553
Retained Earnings	34,729	(51,887)
<b>Total Applied</b>	<b>924,978</b>	<b>768,404</b>



- Employees  
352,081
- Government  
44,414
- Provider of Capital  
175,482
- Retained by  
the company  
353,001



- Employees  
343,065
- Government  
28,439
- Provider of Capital  
146,235
- Retained by  
the company  
250,665

## F] APPROPRIATION

The net profit after tax of Tk. 210,211,385 earned during the year 2019-2020 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 18% (Tk 1.80 per share for 2019-2020, total Tk.175,482,000).

## G] AUDITORS

A. Qasem & Co., Chartered Accountants, have offered their willingness to be appointed as statutory auditors of the Company. The Board recommends their appointment as the statutory auditor of the Company for the year 2020-2021.

## H] MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the performance of management, the officers, staff and workers whose efforts helped to maintain the desired level of productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing throughout the country. It is expected that employees and management will continue to improve the results in the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The Directors express their gratitude and acknowledge with keen interest the cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, CDBL, RJSC, National Board of Revenue and other agencies of the public and private sector.

For and on behalf of Board of Directors

**Abdul Wahed**  
Chairman

# Annexure to Director's Report

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Additional statements by the Board of Directors as per notification dated 7 August 2012 from the Bangladesh Securities and Exchange Commission:

## **(i) Industry Outlook and possible future developments in the industry.**

The Company is operating as a backward linkage industry to the RMG exporting Companies largely within DBL Group. Along with continuing growth of RMG sector in the Country DBL Group is also in the continuing process of expansion of its capacity of RMG. Keeping in view of future growth potential of RMG sector in the country the Company has increased production capacity through establishment of new production units in order to meet the requirement of RMG. Currently total production capacity of the Company is 51 tons of yarn in a day which covers nearly 50% of DBL Group's total demand.

## **(ii) Segment-wise or product-wise performance**

The Company is domiciled in Bangladesh. The Company does not have any non-current assets that are located outside Bangladesh. There are also no revenue arising from transactions with a single external customer that comprises 10% or more of the Group's revenue for the years ended 30 June 2020.

The Company is primarily engaged in the manufacturing and sale of single product of yarn in Bangladesh 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 brands 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. However, yarn type and export sales has been provided in Note 24 in the Notes to the Financial Statements.

## **(iii) Risk and Concerns**

The company as other spinning sector in the country is confronted with the supply/price risk of raw cotton and staple fiber which are entirely imported from abroad. Beside the company is facing irregular supply of Gas. Price of gas is increasing continuously. To augment low pressure of Gas supply, the company maintains alternative power sources such as Diesel Generator, Rural Electrification Board, United Power Generation & Distribution Co. Ltd.

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific intervention, WTO Regulation and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.

## **(iv) Discussion on Cost of goods sold, Gross Profit Margin & Net Profit Margin.**

Cost of goods sold, compared to last year, decreased by 15% mainly because of raw material cost declined by 12% and loss of nearly a month production volume due to COVID-19. However, lower cost of raw material mainly drives higher gross and net profit margin in 2019-2020.

**(V) Discussion on continuity of any Extraordinary gain or loss.**

There was no extraordinary gain or loss in the financial statements under report.

**(VI) Basis of related party transactions.**

Related party transactions are depicted in Note-40 in the notes to the Financial Statements.

**(VII) Current Status and Utilization of proceeds from Public Issue**

Not applicable

**(VIII) Explanation if the financial results deteriorate after the company goes for IPO**

The Company's financial performance slightly deteriorated after IPO listing due to external factors, however, recent past years performances are quite consistent.

**(IX) Explanation of significant variance occurs between Quarterly financial performance and Annual Financial Statements**

No significant variances.

**(X) Remuneration to Directors including Independent Directors**

Remuneration of Directors has been shown in Note-37 in the notes to the financial statements. No such remuneration is given to the Independent Directors.

**(XI) Fairness of Financial Statement**

The financial statements prepared by the management of the Company present fairly its state of affairs, result of its operations, cash flows, and changes in equity.

**(XII) Maintenance of proper books of account**

Proper books of account of the Company have been maintained.

**(XIII) Adoption of appropriate accounting policies and estimates**

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

**(XIV) Compliance with IAS and IFRS in preparation of Financial Statements**

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.

**(XV) Soundness of Internal Control System**

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

**(XVI) Minority shareholder interest**

Not applicable

**(XVII) Ability to continue as a going concern**

There are no significant doubts upon the Company's ability to continue as a going concern.

**(XVIII) Significant deviations in Operating Results compared to last year**

Operating result showing increase in net profit after tax to Tk. 210 million during 2019-20 from Tk. 94 million for the year 2018-19 are mainly due to decrease of raw material cost by 12%

**(XIX) Key operating and financial data of at least preceding 5 (five) years**

The Company's operating financial results as compared to the previous years are summarized below. Numbers presented in SL# 1-13 are in '000 taka.

SL	Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
1	Revenue	3,904,153	4,324,532	4,050,914	3,001,196	2,005,185
2	Cost of sales	(3,364,549)	(3,949,186)	(3,441,942)	(2,553,849)	(1,630,537)
3	Gross Profit	539,604	375,345	608,972	447,346	374,648
4	Operating Expenses	(228,524)	(227,902)	(232,883)	(189,789)	(144,704)
5	Finance Cost	(87,751)	(99,388)	(87,709)	(56,569)	(32,940)
6	Operating Income	223,329	48,055	288,380	200,988	197,004
7	Other Income	42,769	79,938	85,155	135,956	196,135
8	Net Profit before WPPF	266,099	127,993	373,536	336,944	393,139
9	Workers' profit participation	(12,671)	(6,095)	(17,787)	(16,045)	(18,721)
10	Net Profit before Tax	253,427	121,898	355,748	320,899	374,418
11	Income Tax	(44,925)	(17,788)	(31,721)	(12,708)	(44,378)
12	Deferred Tax	1,709	(9,762)	(21,422)	(46,859)	(35,564)
13	Net profit (loss) after tax	210,211	94,348	302,605	261,333	294,475
14	Gross Margin (%)	13.8%	8.7%	15.0%	14.9%	18.7%
15	Net Margin after tax (%)	5.4%	2.2%	7.5%	8.7%	14.7%
16	Outstanding Shares ('000)	97,490	97,490	97,490	97,490	97,490
17	Face Value per share (Taka)	10.00	10.00	10.00	10.00	10.00
18	Earnings per share (Taka)	2.16	0.97	3.10	2.68	3.02
19	Return on Equity (ROE)	4.67%	2.24%	7.25%	6.41%	7.29%

**(XX) Reasons for not declaring dividend**

Not Applicable.

**(XXI) Interim dividend**

No bonus or stock dividend was declared during the period under review as interim dividend.

**(XXII) Number of Board meetings held during the year and attendance**

This has been narrated in Note-36 in the notes to the Financial Statements.

## (XXIII) Shareholding Pattern

Pattern of Shareholding as on 30 June 2020:

Name of the Shareholders	Status	Shares held	%
<b>a. Parent/Subsidiary/Associated Companies and other related parties</b>			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77
Flamingo Fashions Limited	Associate Company	2,448,000	2.51
Jinnat Knitwears Limited	Associate Company	1,760,376	1.80
Thanbee Print World Limited	Associate Company	857,670	0.87
Hamza Textiles Limited	Associate Company	281,200	0.27
Jinnat Fashions Limited	Associate Company	227,850	0.23
<b>b. Director:</b>			
Abdul Wahed	Chairman	5,849,250	5.99
M. A. Rahim	Vice Chairman	5,849,250	5.99
M. A. Jabbar	Managing Director	5,849,250	5.99
M. A. Quader	Director	5,849,250	5.99
Selina Perveen	Director	2,130,000	2.18
Tanzeen Rahim	Director	2,130,000	2.18
Taslina Begum	Director	2,130,000	2.18
Md. Hassan Imam	Director	2,130,000	2.18
<b>c) Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Children:</b>			
M. A. Jabbar	Managing Director and his spouse	7,979,250	8.18
Ranjit Shil FCA, CPA, CMA	Chief Financial Officer	Nil	Nil
Md. Shah Alam Miah FCS	Company Secretary	Nil	Nil
Md. Monirul Hasan	Head of Internal Audit	Nil	Nil
<b>d) Executives</b>			
Shamimul Haque	Chief Production Officer	Nil	Nil
D. M. Abul Hossain	GM-Utility	Nil	Nil
Azad Shahriar	Addl. GM-Maintenance	Nil	Nil
Golam Kibria	DGM-Admin	Nil	Nil
Farzana Hussain	DGM-Sourcing	Nil	Nil
<b>e) Shareholders Holding 10% or more voting interest in the Company</b>			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77

## (XXIV) Appointment/re-appointment of Directors

The Directors retiring as per Article 100 of the Company's Articles of Association are Mr. M.A. Rahim, Mr. M.A. Quader, and Mrs. Tanzeen Rahim being eligible to offer themselves for re-appointment. A brief resume of the directors has been provided in the "Brief Profile of Directors" section.

Directorship with other company and membership of committees of the Board:

SL	Entity	M. A. Rahim	M.A.Quader	Tanzeen Rahim
1	Dulal Brothers Limited	√	√	
2	Color City Limited	√	√	
3	DBL Ceramic Ltd	√	√	

SL	Entity	M. A. Rahim	M.A.Quader	Tanzeen Rahim
4	DB Tex Ltd	√	√	
5	Flamingo Fashions Ltd	√	√	
6	Jinnat Fashions Ltd	√	√	
7	Jinnat Apparels Ltd	√	√	
8	Jinnat Knitwears Ltd	√	√	
9	Hamza Textiles Ltd	√	√	
10	Mymun Textiles Ltd	√	√	
11	Parkway Packing & Printing Industries Ltd	√	√	
12	Mawna Fashions Ltd	√	√	
13	Textile Testing Services Ltd	√	√	
14	DBL Telecom LTd	√	√	
15	DBL Pharmaceutical Ltd	√	√	
16	DBL Dredging Ltd	√	√	
17	DBL Healthcare Ltd	√	√	
18	DBL Distributions Ltd	√	√	
19	DBL Sports Ltd	√	√	
20	Audit Committee, MSML	√	√	
21	Nomination and Remuneration Committee, MSML	√	√	

#### (XXV) Management Discussion and Analysis

Management's discussion and analysis has been highlighted in the Managing Director's Statement and in Directors' Report.

#### (XXVI) Declaration by the CEO and the CFO

Declaration by the Managing Director/CEO and CFO has been provided in **Annexure-A** (page 65).

#### (XXVII) Report on Compliance of the Corporate Governance Code

The Company also complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in **Annexure-C** (page 67-80).

Further in compliance with the BSEC notification dated June 3, 2019 Suraiya Parveen & Associates, Chartered Secretaries in practice issued the Corporate Governance Compliance Certificate which is shown in **Annexure-B** (page 66) of this report.



**Abdul Wahed**

Chairman of the Board

**MATIN SPINNING MILLS LIMITED**  
**DECLARATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER**

DATE: 31 OCTOBER, 2020

**ANNEXURE-A**

**THE BOARD OF DIRECTORS**

Matin Spinning Mills Limited

Capita South Avenue Tower, 6th Floor, House 50, Road 03, Gulshan Avenue, Dhaka 1212.

Subject: **Declaration on Financial Statements for the year ended on 30 June, 2020**

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Matin Spinning Mills Limited for the year ended on 30 June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 30 June 2020 and that to the best of our knowledge and belief;
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**M. A. Jabbar**  
Managing Director



**Ranjit Shil FCA, CPA, CMA**  
Chief Financial Officer



# Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

## Report to the Shareholders of Matin Spinning Mills Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Matin Spinning Mills Limited for the year ended on 30 June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dhaka, Dated  
November 03, 2020



For Suraiya Parveen & Associates  
Chartered Secretaries

Suraiya Parveen, FCS  
Chief Executive Officer

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# Status Report on Compliance with the Conditions Imposed by the BSEC

## ANNEXURE-C

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

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

**(Report under condition No.9) is presented below:**

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1(1)	<b>Board's Size:</b> The number of the board members of the Company shall not be less than 5(five) and more than 20(Twenty).	✓		
<b>1(2)</b>	<b>Independent Directors:</b>			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent director(s);	✓		
1(2)(b)(i)	Independent Director does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	Non connectivity with the company's any sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship;	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b) (viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
<b>1(3)</b>	<b>Qualification of Independent Director:</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1(3)(b)(i)	Independent director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an  unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law;	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			Not Applicable
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b>			
1(5)(i)	Industry outlook and possible future developments in the industry.	✓		
1(5)(ii)	Segment wise or product wise performance	✓		
1(5)(iii)	Risk and concerns.	✓		
1(5)(iv)	A Discussion on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin	✓		
1(5)(v)	Discussion on continuity of any Extra ordinary gain or loss			Not applicable
1(5)(vi)	Basis for related party transactions: A statement of all related party transactions should be disclosed in the annual report.	✓		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/or through any other instruments.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing etc.			Not Applicable
1(5)(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report.	✓		
1(5)(x)	Remuneration to directors including Independent Directors;	✓		
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	Proper books of account of the issuer company have been maintained	✓		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority share- holders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			Not Applicable
1(5)(xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	✓		
1(5)(xviii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained;	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized;	✓		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given;			Not Applicable
1(5)(xxi)	The number of Board meetings held during the year and attendance by each director shall be disclosed;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1(5)(xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-</b>			
1(5)(xxiii)(a)	Parent/subsidiary/Associated Companies and other related parties (name wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children ( name wise details);	✓		
1(5)(xxiii) c	Executives	✓		
1(5)(xxiii)d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	✓		
<b>1(5)(xxiv)</b>	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-</b>			
1(5)(xxiv) a	A brief Resume of the Director;	✓		
1(5)(xxiv) b	Nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv) c	Names of companies in which the person also holds the directorship and the membership of committees of the board;	✓		
<b>1(5)(xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM	✓		
1(5)xxvi	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>  The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not Inconsistent with any condition of this Code.	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, Employees, customers and suppliers; and independency;	✓		
<b>2</b>	<b>GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not Applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			Not Applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>3.</b>	<b>MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO) HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS);</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>  The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:  Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>4.</b>	<b>BOARD OF DIRECTOR'S COMMITTEE</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
<b>5</b>	<b>AUDIT COMMITTEE</b>			
5(1)(a)	The company shall have and Audit Committee as a sub-committee of the Board of Directors.	✓		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;			
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(30)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	Audit Committee shall conduct at least its four meetings in a financial year:	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:			Not Applicable
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	<b>The audit Committee shall immediately report to the Board on the following findings, if any:-</b>			
5(6)(a)(ii)(a)	Report on conflicts of interests;			Not Applicable
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Applicable
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			Not Applicable
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
5(6)(b)	<b>Report to the Authorities</b>  Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			Not Applicable
5(7)	<b>Reporting to the Shareholders and General Investors</b>  Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
<b>6</b>	<b>NOMINATION AND REMUNERATION COMMITTEE (NRC)</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(h)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	<b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
<b>7</b>	<b>EXTERNAL OR STATUTORY AUDITORS</b>			
7(1)(i)	Non-engagement of external/statutory auditors in appraisal or valuation services or fairness opinions.			Not Applicable
7(1)(ii)	Non-engagement of external/statutory auditors in financial information systems design and implementation.			Not Applicable
7(1)(iii)	Non-engagement of external/statutory auditors in Book-keeping or other services related to the accounting records or financial statements			Not Applicable
7(1)(iv)	Non-engagement of external/statutory auditors in Broker-dealer services.			Not Applicable
7(1)(v)	Non-engagement of external/statutory auditors in Actuarial services.			Not Applicable
7(1)(vi)	Non-engagement of external/statutory auditors in Internal audit services			Not Applicable
7(1)(vii)	Non-engagement of external/statutory auditors in any other service that the Audit Committee determines.			Not Applicable
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);			Not Applicable
7(1)(ix)	Any other service that creates conflict of interest.			Not Applicable
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8</b>	<b>MAINTAINING A WEBSITE BY THE COMPANY</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
<b>8(3)</b>	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). Complied 9 Reporting and Compliance of Corporate Governance.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>9</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE</b>			
<b>9(1)</b>	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
<b>9(2)</b>	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
<b>9(3)</b>	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	✓		

# Report of the Audit Committee

## FOR THE YEAR 2019-2020

The Audit Committee consists of the following persons:

Mr. Md. Abdus Salam FCA, FCS	Chairman
Mr. M. A. Rahim	Member
Mr. M. A. Quader	Member
Ms. Selina Perveen	Member
Mr. Md. Hassan Imam	Member
Mr. Md. Shah Alam Miah FCS	Secretary

### The Scope of the Audit Committee was defined as under

- (a) Oversee the financial reporting process.
- (b) Monitor choice of accounting policies and principles.
- (c) Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review the Internal Audit and Compliance Report.
- (d) Oversee hiring and performance of external auditors.
- (e) Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.
- (f) Review along with the management, the annual financial statements before submission to the Board for approval.
- (g) Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.

- (h) Review the adequacy of internal audit function.
- (i) Review the Management's discussion and Analysis before disclosing in the Annual Report.
- (j) Review statement of all related party transactions submitted by the management.
- (k) Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- (l) Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of the external auditors.
- (m) Review and consider the report of internal auditors and statutory auditors' observations on internal control.
- (n) Review the utilization report of Initial Public Offering (IPO) proceeds.
- (o) Any other requirement assigned by the Board of Directors.

### Activities carried out during the year

During the year 2019-2020, the Audit Committee of the Company held 04 meetings. Proceedings of the Audit Committee meetings were reported timely and regularly to the Board of Directors. During the year, the Committee performed amongst others, the following key functions:

01. The Committee reviewed the integrity of the quarterly, half yearly and annual financial statements and recommended to the Board for consideration.
02. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.

03. The Committee reviewed the Audit Plan for the year 2019-2020.
04. The Committee reviewed the performance and appointment of external auditors.
05. The Committee reviewed related party transactions.
06. The Committee reviewed the Management Letters or Letter of Internal Control weakness issued by statutory auditors.

07. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and didn't find any material deviation, discrepancies or any adverse finding/observation in the area of reporting.



**Md. Abdus Salam FCA, FCS**  
Chairman, Audit Committee

# Report of the Nomination & Remuneration Committee

The Board of Directors of MSML has duly constituted a Nomination and Remuneration Committee (NRC), as per the requirements of the BSEC Code of Corporate Governance. The NRC assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and other top-level executives. The NRC also assists the Board to formulate policy for formal and continued process of considering remuneration/honorarium of Directors and top-level executives. The NRC has a guiding role to the management to identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.

The Report of Nomination and Remuneration Committee is prepared according to the requirements of the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC). This Report covers nomination and remuneration policies, evaluation criteria and activities of NRC.

## 1. NOMINATION AND REMUNERATION POLICY

The Company follows nomination and remuneration policies, as on standards and recognizable in the market context and sufficient to meet the current and future needs of the Company. The broad criteria in that respect for Directors and top-level executives and all other employees of the Company are as follows:

### a) Nomination Criteria:

- i. Adhere with the Company policies as well as guidelines and applicable country regulations
- ii. Ensure a selection process that is transparent in all respects.

- iii. Following a process which is compatible to standards on best practices.
- iv. Recognize core competencies of the respective personnel for the different level of management and employees of the Company
- v. Consider diversity in age, maturity, qualification, expertise and gender disciplines.

### b) Recruitment and Selection Guidelines:

The NRC draws a broad outline of the Company needs for employees at different levels, as ascertained by the management. The recruitment and selection of Directors, top-level executives and other employees of the Company are made according to the following guidelines:

- **Director(s):** The NRC recommends the candidate(s) for Director(s), based on company Laws, BSEC guidelines, rules and regulations. The Board of Directors appoint the Director(s) upon nomination and recommendation of the NRC and subject to approval by the shareholders in General Meeting.
- **Independent Director:** The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the business. The Independent Director should have competence relevant to the sector in which the Company operates, and necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoint Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.

- **Top-level executives:** The NRC identifies and recommends candidate(s) for top-level executives upon thorough scrutiny by the Managing Director and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership, as required for the respective positions based on the Company's internal selection process.

**Explanation:** 'Top-level executives' of the Company include Managing Director, Chief Financial Officer, Head of Human Resources, Chief Production Officer, Company Secretary, Head of Internal Audit & Compliance, and same level/ ranked/ salaried officials of the Company.

**Other Employees:** The NRC sets a guideline to identify the Company's need for employees at different levels and empowers the relevant management of the Company's HRD for selection, transfer, replacement and promotion of respective employees based on the HR policy of the Company.

### c) Remuneration Criteria

- The structure, scale and composition of remuneration/ honorarium is reasonable and sufficient to attract, retain and motivate suitable Directors, top-level executives and other employees to run the Company efficiently and successfully;  
The context of packages, including remuneration/ benefits monthly, yearly and in the long run for all the employees are categorically laid down and meets the appropriate performance benchmarks;
- There is a clear balance in benefits between fixed and incentive pay of the Directors and senior management, reflecting short and long-term performance goals and objectives of the Company;
- The remuneration, including bonuses, compensation, benefits (or in whatever form) payable to the Directors, top-level executives and other employees are determined by the NRC based on the respective Company HR policies and guidelines, which shall be ratified by

the Board as and when required;

- The remuneration to be paid to the Directors is in accordance with the Company's HR policies and guidelines;
- Increments (if any) to the existing structure of remuneration are determined by the NRC based on the Company's HR policies and guidelines, which are ratified by the Board as and when required;
- The NRC will recommend the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

## 2. EVALUATION CRITERIA

### a) Executive Directors

The respective line authority of the Executive Director(s) sets the performance measurement criteria based on the respective role profile and responsibilities through a Company appraisal process at the beginning of each calendar year. The Executive Director(s) prepare the performance document (year-end). The respective line authority then evaluates the performance of the Executive Director(s) according to the measurement criteria.

### b) Independent Director & Non-Executive Director

The evaluation of performance of the Independent Directors (IDs) and Non-Executive Directors are carried out at least once a year by the Board of Directors, according to the following criteria:

- Attendance at the Board meetings and Committee meetings
- Participation in the Board meetings and committee meetings
- Contribution to improving the corporate governance practices of the Company

### c) Top-level Executives & other Employees

The respective line authority of top-level executives and other employees sets the performance measurement criteria based on the respective roles and responsibilities to achieve people and business objectives through Company appraisal processes at the beginning of each calendar year. The employees concerned prepare the performance document (half-year and year end). The respective line authority then evaluates the performance of the employee(s) according to the measurement criteria.

### 3. ACTIVITY SUMMARY OF NOMINATION AND REMUNERATION COMMITTEE DURING THE YEAR

#### Formation of NRC Committee and its Meetings

The Board formed the Nomination and Remuneration Committee (NRC) on 22 July 2018, as per the requirements of BSEC Corporate Governance Code with the following composition:

**01. Chairman:** Mr. M. Naser Alam, Barrister-at-law

**02. Members:** Mr. M. A. Rahim  
Mr. M. A. Quader  
Ms. Selina Perveen  
Mr. Md. Hassan Imam

In 2019-20, the Committee met once. Mr. M. Naser Alam, Barrister at Law, presided as the Chairman of the Committee.

#### The activities of the NRC during the year were as follows:

- i. Reviewed the terms of reference of NRC.
- ii. Formulated a policy relating to the remuneration of the Directors, top-level executives and all employees of the Company.
- iii. Formulated the criteria for determining qualifications, positive attributes and independence of a Director.
- iv. Formulated the criteria for evaluation of performance of Independent Directors and the Board Members.
- v. Identified criteria for selection, transfer or replacement and promotion at different levels of the Company.
- vi. Reviewed the HR Policy of the company.



**M. Naser Alam, Barrister-at-Law**  
Chairman





CORPORATE  
SOCIAL  
RESPONSIBILITY

# Corporate Social Responsibility

## **CENTRE FOR THE REHABILITATION OF THE PARALYSED (CRP)**

Matin Spinning Mills Limited realizes the frantic need of services for patients with spinal injuries and thus contributed BDT 3 million until this year to the Centre for the Rehabilitation of the Paralyzed (CRP). The CRP has developed into an internationally respected organisation. Matin Spinning Mills Limited choose CRP due to the organised and holistic approach to rehabilitation, having recognised the fact that all the aspects of the rehabilitation process are vital for its success. The services provided by CRP include: physical rehabilitation, psychological rehabilitation, economic rehabilitation and planned discharge. The apt nature of CRP's work is due to its work covering several areas of development including human rights, poverty alleviation, health care provision and education. In the future, Matin Spinning has an intention of recruiting physically challenged people as well.

## **DIABETIC ASSOCIATION OF BANGLADESH**

Matin Spinning Mills Limited (MSML) is an epitome of benevolence when it comes to serving the community for a just and noble cause. The risks associated with Diabetes are many and there is a continued increase in the number of diabetic patients every year. Hence, MSML has contributed BDT 15 million until this year to the Diabetic Association of Bangladesh in the form of financial assistance for the treatment of underprivileged people who are incapable of bearing such medical expenses. In addition to total healthcare of diabetics, the primary focus of the Diabetic Association of Bangladesh includes creating specialized quality manpower, developing leadership in healthcare through dedicated and transparent

management system and developing industries for manufacturing quality medicines and healthcare products. At Matin Spinning Mills Limited, we strongly believe that it is the duty of the private sector to come forward and extend all help to institutions like the Diabetic Association of Bangladesh to ensure total healthcare including rehabilitation for all diabetics irrespective of gender, economic, and social status.

## **DHAKA AHSANIA MISSION CANCER HOSPITAL**

The number of cancer patients has been rising quite significantly throughout the years. Matin Spinning Mills Limited acknowledges this and thereby contributed Dhaka Ahsania Mission Cancer Hospital with BDT 0.6 million until this year. The hospital is now a 42 bed Cancer Hospital with proper operation facilities, Chemotherapy, X-Ray and Imaging facilities. Matin Spinning has even been supporting for setting up an operation theatre since 2010. Experienced and dedicated cancer specialists and general physicians are working there to provide health service at a reasonably low cost and even no cost at times.

## **ANJUMAN MUFIDUL ISLAMI MISSION**

Matin Spinning Mills Limited has also contributed BDT 5 million until this year to Anjuman Mufidul Islami Mission. This will aid in catering to a variety of facilities as Anjuman Mufidul Islami Mission provides ambulance services, burial services, medical programmes, assistance, relief programmes, technical institute and even two orphanages. Thus, Matin Spinning Mills Limited supports not only healthcare but also health education and the proper upbringing of orphan children.

# Environmental & Social Obligation: **A Sustainable Future**

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All businesses having direct impact on the environment from their operations should work toward minimizing the increasing stress on the finite natural resources. It is high time that businesses operating in Bangladesh, the most vulnerable region to climate change, increase their business exposure to extreme climate related events on multiple levels, including their operations, supply chains and consumer base.

As a responsible corporate entity, Matin Spinning Mills Limited (MSML) is committed to reduce its carbon footprint and any adverse effect on the environment using state-of-the-art technology on a continuous basis. MSML strongly believes in balancing economic prosperity and social progress with care for the planet to ensure good quality of life for all. MSML has already taken environment management to another level from initially being a mere responsibility to transforming into a competency and performance issue.

The foundation of MSML's Sustainability is based on five pillars: People, Process, Product, Community, and Environment; thereby having a holistic approach towards environmental and social impacts. Our sustainable action programs are diversified accordingly and some of them are discussed here.

As an organization, Matin Spinning Mills Limited realizes its responsibility towards its people: our employees. Our company understands how the business practices impact our employees and we work to serve in their best interests.

Matin Spinning Mills Limited is committed to continuously improve all its business processes:

ranging from purchasing raw materials to transporting final finished goods. We give a strong emphasis on eliminating non value-added activities (waste) while delivering quality products on time with least effect on the environment and greater efficiency.

Matin Spinning Mills Limited continuously works towards improving the quality of the products, and all the processes that go into making the final finished product and ensures to minimize the negative impact on the environment and the consumers. The R&D department is actively involved in creating new and researching existing products and the processes associated with them

We believe that together with our employees, customers, business partners and other stakeholders, we can create real and long-term changes for the betterment of the community and the environment. And together with our thousands of employees we can extend this impact even further from improving the livelihood of our employees to the development of the society where we conduct our businesses.

Environment is a high priority for our company and we work to decrease carbon footprint, water consumption, and waste from our manufacturing processes. We dedicate ourselves in conserving energy, managing waste effectively and replenishing the environment to the best of our capacity. Matin Spinning Mills Limited recognizes that its own sustainability rests on its ability to work harmoniously in its social and environmental settings. So, with economic success we also want to balance social and environmental prosperity.

# Sustainability Initiatives

## PEOPLE



### BANDHAN FAIR PRICE SHOP

The Bandhan Fair Price Shop serves people with all the essentials and commodities at factory price of the manufactures. It reduces workers' monthly expenditure burden and shelters them from economic inflation. Goods are available at subsidized rates from 5% to 15%. "Bandhan" is the Bengali form of "Bonding"; it refers to the bonding between employer and employee. A total of BDT 7,754,042 sales took place in Bandhan in 2019-20.



### FUTURE LEADERS DEVELOPMENT PROGRAM (FLDP)

Under the FLDP, fresh graduates from reputed universities across the nation are recruited and trained and groomed to become the future leaders of our organization in a period of five years.



### WOMEN HEALTH PROGRAM INITIATIVE (WHPI)

The Women Health Program Initiative (WHPI) has a long-term objective to ensure good health and hygiene for all MSML's female workers. The initial activity was providing women with sanitary napkins at discounted price of only Taka 10: thus, not only limiting to teaching women but providing opportunities for safe health as well. As a result, women workers now have improved health condition and there is reduced absenteeism.



### SUPPORTING EMPLOYEE'S CHILDREN'S EDUCATION

A set of programs exist in MSML which focuses on affordability and accessibility to education for all the employees of DBL. These include: Sponsoring two children of each staff and worker whose monthly income is below BDT 25,000, recognition for meritorious students, providing career path counselling to students who have passed Higher Secondary education.



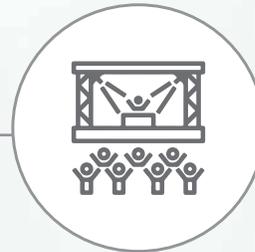
# PROCESS



## IDEA CLUB

MSML encourages ideas from any employee or worker, regardless of their designation.

Their efforts are recognized through a monthly recognition system: the "Employee of the Month". In addition, the "Employee of the Year" has also been initiated. This promotes employees to work at their full potential and gives them a feeling of fairness as every employee has an equal opportunity at obtaining this reward. Ideas provided by workers helped in increasing productivity and reducing wastage



## MSML QUALITY CONTROL (QC) CIRCLES

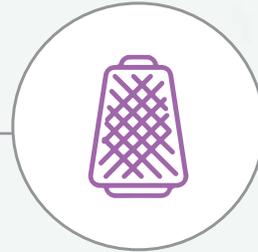
To promote employee engagement in workplace decision making, QC Circles have been set up in MSML. Currently MSML has seven QC Circles who periodically research different processes and activities and research on improving those using sophisticated methods of analysis. In-house QC Circle competitions are also taking place simulating the standards followed in the national level competition organized by the Bangladesh Standard for Total Quality Management (BSTQM).

# PRODUCT



## ORGANIC COTTON

As an initiative to reduce the negative impact on the environment and consumers, Organic Cotton is imported from India to process organic yarn. Organic Cotton contributes to replenishing and maintaining soil fertility, building biologically diverse agriculture and using less water. Use of harmful pesticides, insecticides, etc. is also eliminated here which otherwise would affect farmers and wildlife. Currently about 35% of the total yarn production comprises of Organic Cotton.



## SUSTAINABLE YARN PRODUCTION

As part of the 2020 Goal, our Spinning Mill now targets to have 20% of total production made from these recycled materials. Matin Spinning launched a series of innovated products in their production line such as yarns for loop and brush use, Cotton Neppy Mélange yarns, Snow yarns, etc. In raw material consumption, we are increasing sustainable and recycled fiber. The different innovations have allowed in reducing waste, reusing cotton and recycling to form new yarns.



## BETTER COTTON INITIATIVE (BCI)

The BCI has been undertaken by MSML to support the global standards for Better Cotton. BCI helps MSML in promoting its commitment to make global cotton production better for the producers, environment, and the sector. Over 60% of the total yarn production is from BCI cotton.



## OEKO-TEX STANDARD 100

Integrating the Oeko-Tex Standard (Product Class I) enables MSML to follow the Restricted Substances List (RSL) specified by the certificate.

# COMMUNITY



## COMMUNITY EDUCATION AND DEVELOPMENT PROGRAM

As a part of endorsing need for quality education in Bangladesh, MSML has undertaken multiple activities to promote education in the local community of Kashimpur. MSML created a four storied building in Hatimara School and College which accommodates 1,000 pupils. Furthermore, in 2015, 100 benches donated to Sardagonj Govt. Primary School as part of their request for facilitating them for the board examinations. A renovation work has also been done in the school to accommodate further students.



## MEDICAL SERVICES FOR WORKERS AND THEIR FAMILIES

An in-house medical facility in MSML is open to workers and their families. Apart from accidents or other emergencies, outdoor medical services are also provided. Health and nutrition tips are provided with special attention to children, nursing mothers, and pregnant women. Medicines in the in-house pharmacy are charged at manufacturers' price. Furthermore, financial and logistical supports offered to employees on need basis.



### COMMUNITY KNOWLEDGE EXCHANGE PROGRAMS

With the motto of "Sharing is Caring", MSML hosts Community Knowledge Exchange Programs to share learnings from the different Sustainability programs with the local community. The programs focus on:

- Empowering women through financial literacy
- Personal hygiene for women
- Sexual and Reproductive Health Rights (SRHR)
- Maternity protection and breastfeeding



### MINI FIRE STATION (MFS)

The Mini Fire Station is a public-private partnership between DBL Group, the German Cooperation through GIZ and the Bangladesh Fire Service and Civil Defence (BFSCD). The foundation stone was laid on 7 October 2015 by H.E. Dr. Gerd Müller, Honorable Federal Minister for Economic Cooperation and Development, Germany, and H.E. Mr. Tofail Ahmed, Honorable Minister of Commerce, Government of Bangladesh. The objective of the Mini Fire Station rapid response and risk reduction unit is to prevent fire in the industrial buildings around Kashimpur, Gazipur area. The facility is staffed 24 hours a day with a target to respond within the first critical 10-15 minutes to both industrial fire and building collapse.

The MFS has already completed more than 100 successful operations in Kashimpur since it went into operation.

# ENVIRONMENT



## TREES TO BE PLANTED TO OFFSET CARBON EMISSIONS

Creating industries has a direct relation with creating employment. At the same time, carbon emissions are associated with the industries. A method of offsetting these emissions is by planting trees. Trees, of course, have other benefits including restoring biodiversity. Recognizing all these, DBL has already started planting trees as part of the Tree Plantation Program. DBL aims to plant 100,000 trees in different regions of its operations and beyond within 2020.



## ENERGY EFFICIENT MACHINERIES

MSML always procures machines which provide high efficiency, production capacity, and machine longevity. These machines also have the advantages of less power consumption and noise level than other alternatives. For example, one of the production machines from Toyota uses Programmable Logic Control (PLC) which automatically adjusts with the revolutions per minute (RPM) thereby automatically contributing to optimum energy use and energy savings.



## ENEFLOW MAGNETIC DEVICES

From the Enecon Corporation, USA, the Eneflow devices are used in generators which helped reduce carbon footprints. They also provided significant cost savings: more than BDT 8 million per year, by investing only BDT 60,000. These devices allow efficient utilization of fuel: saving 514 liters every day and hence savings for the future is ensured given the limited natural resources available.



## ENERGY EFFICIENCY ENGAGEMENT (3E)

The 3e project was undertaken by the Nordic Chamber of Commerce and Industry (NCCI) in Bangladesh. A detailed energy assessment has been done and improvement areas have been identified. MSML will be implementing these improvements to further enhance the efficiency of its operations.



# Shareholding Information

The following historical information will hold our current and potential investors for their decision making:

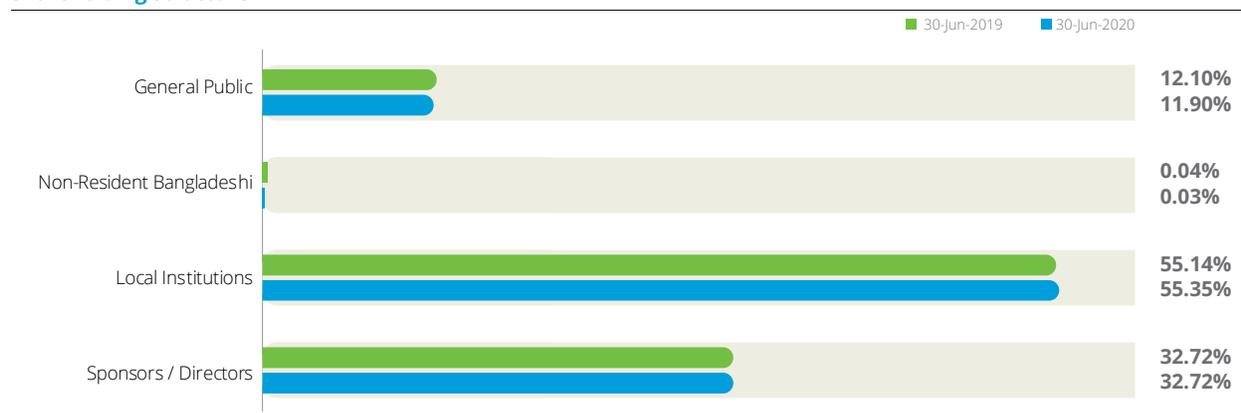
## FINANCIAL CALENDAR

Events for the year	2019-2020	2018-2019
Publication of unaudited 1st Quarter Financial Statements	13 Nov-19	4-Nov-18
Publication of unaudited Half year Financial Statements	15-Jan-20	17-Jan-19
Publication of unaudited 3rd Quarter Financial Statements	08-Jun-20	25-Apr-19
Annual Financial Statements approved by the Board	31-Oct-20	02-Nov-19
Record Date	26-Nov-20	24-Nov-19
Dispatching notice for the Annual General Meeting	20-Nov-20	20-Nov-19
Dispatching of Annual Report	22-Nov-20	27 Nov-19
Holding of Annual General Meeting	14-Dec-20	12-Dec-19
Transfer/Payment of Dividend	07-Jan-21	04-Jan-20

## Comparative Shareholding Structure

Type of Shareholder	30 June, 2020		30 June, 2019	
	Number of shares	% of Shares	Number of shares	% of Shares
Sponsors / Directors	31,917,000	32.72	31,917,000	32.72
Local Institutions	53,952,423	55.35	53,752,286	55.14
Non-residential Bangladeshi	26,863	0.03	37,599	0.04
General Public	11,593,714	11.90	11,783,115	12.10
Total Shares Held	<b>97,490,000</b>	<b>100.000</b>	<b>97,490,000</b>	<b>100.000</b>

## Shareholding Structure



## Stock Detail

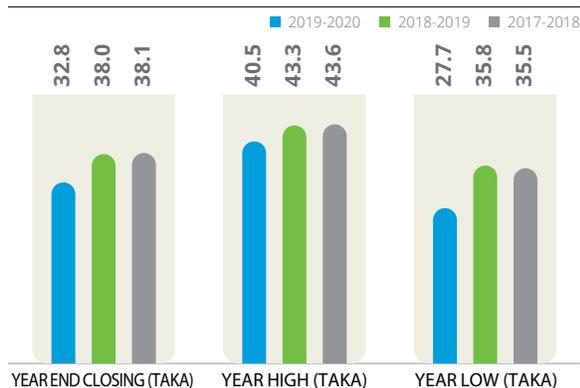
Particulars	DSE	CSE
Stock Symbol	MATINSPINN	MATINSPINN
Listing Year	2014	2014
Market Category	A	A
Face Value (Taka)	10	10

Particulars	DSE	CSE
Paid -up- Capital	974,900,000	974,900,000
Market Lot	1	1
Total Number of Securities	97,490,000	97,490,000

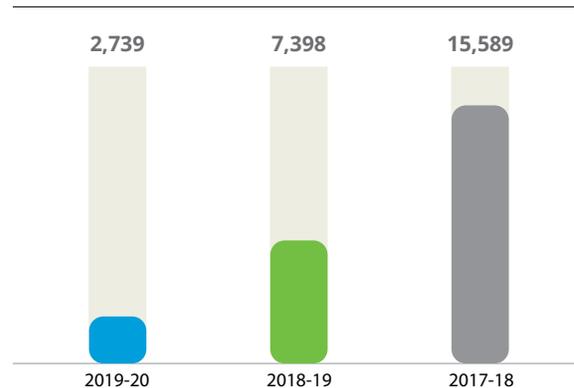
### Price Trend in DSE

Period	2019-2020	2018-2019	2017-2018
Year End Closing (Taka)	32.80	38.00	38.10
Year High (Taka)	40.50	43.30	43.60
Year Low (Taka)	27.70	35.80	35.50
Total number of Trade	2,739	7,398	15,589

### Share Prices



### Total Shares Traded



### Share Information

Particulars	30 June, 2020	30 June, 2019	30 June, 2018
Number of shares	97,490,000	97,490,000	97,490,000
Net Asset Value per share (Taka)	49.29	42.90	43.63
Earnings per share	2.16	.97	3.10
Dividend (Cash) %	18	15	17

Shares held by directors/executives and relatives of directors /executives (Pattern of Shareholding as on 30 June 2020 provided on page no. 63)

### REDRESSAL OF INVESTOR COMPLAINTS

Matin Spinning Mills Limited places high degree of importance to investor queries and as such has established an Investors' Relation Department headed by the Company Secretary. The mechanism of the Investor Complaints process is given below:

- Investors are encouraged to address their queries via E-mail: [secretary@msml.dbl-group.com](mailto:secretary@msml.dbl-group.com). Investor can also register their complaints and queries through an application addressed to the Company Secretary.
- Investors' Relation Department acknowledges the complaint and contacts the investor to confirm their identity regarding
  - Shareholder's BO ID &
  - Shareholder's Name
- Investors' Relation Department, after confirming the shareholders identity, addresses their queries and provides required information/guidance.

Any complaints received at the AGM or throughout the year pertaining to service offering, delivery, compliance, or other issues are resolved lawfully. The Company Secretary acts as the key point of contact in resolving such issues.





AUDITORS'  
REPORT  
AND FINANCIAL  
STATEMENTS

# 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 informing 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
<b>1. Recognition of revenue with related parties</b>	
<p>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> <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>	<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"> <li>● 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.</li> <li>● We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.</li> <li>● We assessed the systems of invoicing and measurement of revenue up to entries in the general ledger.</li> <li>● 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.</li> <li>● We performed cut off tests, on a sample basis, to assess whether reported related to transactions that occurred during the year.</li> </ul> <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"> <li>● We obtained a full list of the Company's transactions with related parties, nature and purpose of such transactions and outstanding balances.</li> <li>● We obtained an understanding the Company's process for identifying related parties and disclosing related party transactions.</li> <li>● We inspected supporting documentation to understand whether related party transactions have taken place on an arms' length basis.</li> <li>● We obtained external confirmations to evaluate the accuracy and completeness of related party balances.</li> <li>● We assessed whether related party disclosures comply with the requirements of IAS 24.</li> <li>● We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.</li> </ul>

Key Audit Matters	How our audit addressed the key audit matters
<b>2. Valuation and existence of inventories</b>	
<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 inventories, there is an increased risk of misstatement in valuation of inventory items.</p> <p>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.</p> <p>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>	<p>With regard to appropriate valuation of inventories we adopted the following audit procedures:</p> <ul style="list-style-type: none"> <li>● 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.</li> <li>● We tested the purchase costs of a sample of inventory items by inspecting invoices.</li> <li>● We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2.</li> <li>● We assessed the movement of inventories and analysed whether closing inventories were valued using the weighted average method.</li> <li>● We tested on a sample basis, the net realisable value by comparing costs to recent selling prices.</li> <li>● We assessed the listing of the nature of items presented within inventories and analysed whether they meet the definition of inventories.</li> <li>● We read the disclosure made by the Company for compliance with disclosure requirements.</li> </ul>

### 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

**Statement of Financial Position**

as at 30 June 2020

Particular	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>Assets</b>			
<b>Non - current assets</b>			
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
<b>Total non - current assets</b>		<b>4,762,330,200</b>	<b>4,235,454,445</b>
<b>Current assets</b>			
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	-
<b>Total current assets</b>		<b>2,336,286,422</b>	<b>2,333,585,245</b>
<b>Total assets</b>		<b>7,098,616,622</b>	<b>6,569,039,690</b>
<b>EQUITY AND LIABILITIES</b>			
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
<b>Total equity</b>		<b>4,805,509,480</b>	<b>4,182,658,219</b>
<b>Non-current liabilities</b>			
Long term bank loan	17	126,599,671	368,320,391
Deferred tax liability	18	255,290,759	204,333,813
<b>Total non-current liabilities</b>		<b>381,890,430</b>	<b>572,654,204</b>
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>1,911,216,711</b>	<b>1,813,727,266</b>
<b>Total equity and liabilities</b>		<b>7,098,616,622</b>	<b>6,569,039,690</b>
<b>NAV Per Share (With Revaluation reserves)</b>	34	<b>49.29</b>	<b>42.90</b>

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

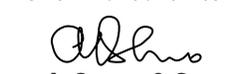
  
Chairman

  
Managing Director

  
Chief Financial Officer

Dhaka,  
31 October 2020

  
Company Secretary

  
**A. Qasem & Co.**  
Chartered Accountants

MATIN SPINNING MILLS LIMITED

**Statement of Profit or Loss**

For the year ended 30 June 2020

Particular	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)
<b>Gross profit</b>		<b>539,604,298</b>	<b>375,345,052</b>
Other income	26	42,769,434	79,937,673
		<b>582,373,732</b>	<b>455,282,724</b>
Administrative expenses	27	(221,959,154)	(220,692,515)
Distribution expenses	28	(6,564,955)	(7,209,275)
<b>Net profit before finance cost</b>		<b>353,849,623</b>	<b>227,380,935</b>
Finance cost	29	(87,750,912)	(99,388,219)
<b>Net profit before workers' profit participation funds &amp; tax</b>		<b>266,098,711</b>	<b>127,992,716</b>
Contribution to workers' profit participation funds	30	(12,671,367)	(6,094,891)
<b>Net profit before taxation</b>		<b>253,427,344</b>	<b>121,897,825</b>
Income tax	31	(44,925,245)	(17,787,989)
Deferred tax	32	1,709,287	(9,762,163)
<b>Net profit after tax</b>		<b>210,211,386</b>	<b>94,347,672</b>
<b>Earnings Per Share (EPS)</b>	<b>33</b>	<b>2.16</b>	<b>0.97</b>

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

  
Chairman

  
Managing Director

  
Chief Financial Officer

Dhaka,  
31 October 2020

  
Company Secretary

  
**A. Qasem & Co.**  
Chartered Accountants

MATIN SPINNING MILLS LIMITED

## Statement of Other Comprehensive Income

For the year ended 30 June 2020

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

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

  
Chairman

Dhaka,  
31 October 2020

  
Managing Director

  
Company Secretary

  
Chief Financial Officer

  
**A. Qasem & Co.**  
Chartered Accountants

MATIN SPINNING MILLS LIMITED

## Statement of Changes in Equity

For the year ended 30 June 2020

Amounts in Taka

Particular	Share Capital	Share Premium	Retained Earnings	Revaluation Reserves	Total
<b>2019-20</b>					
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)
<b>Balance at 30 June 2020</b>	<b>974,900,000</b>	<b>920,700,000</b>	<b>1,389,083,255</b>	<b>1,520,826,225</b>	<b>4,805,509,480</b>
<b>Notes</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	
<b>2018-19</b>					
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
<b>Balance at 30 June 2019</b>	<b>974,900,000</b>	<b>920,700,000</b>	<b>1,364,587,906</b>	<b>922,470,313</b>	<b>4,182,658,219</b>

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

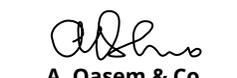
  
Chairman

Dhaka,  
31 October 2020

  
Managing Director

  
Company Secretary

  
Chief Financial Officer

  
**A. Qasem & Co.**  
Chartered Accountants

**Statement of Cash Flows**

For the year ended 30 June 2020

Particular	Notes	Amounts in Taka	
		2019-20	2018-2019
<b>A. Cash flows from operating activities</b>			
Collection from customers		3,819,995,162	4,491,871,317
Other Income		48,414,695	63,926,496
<b>Cash generated from operations</b>		<b>3,868,409,857</b>	<b>4,555,797,813</b>
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)
<b>Net cash flows from operating activities</b>		<b>533,311,461</b>	<b>462,763,221</b>
<b>B. Cash flow from investing activities</b>			
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
<b>Net cash used in investing activities</b>		<b>(190,221,172)</b>	<b>(110,869,714)</b>
<b>C. Cash flows from financing activities</b>			
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)
<b>Net cash received from/(used in) financing activities</b>		<b>(336,222,589)</b>	<b>(222,568,437)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>6,867,700</b>	<b>129,325,069</b>
<b>E. Opening cash and cash equivalents</b>		<b>236,181,930</b>	<b>106,272,935</b>
<b>F. Effects of currency translation on cash and cash equivalents</b>		<b>527,122</b>	<b>583,926</b>
<b>G. Closing cash and cash equivalents (D+E+F)</b>		<b>243,576,752</b>	<b>236,181,930</b>
<b>Net Operating Cash Flow Per Share</b>		<b>5.47</b>	<b>4.75</b>

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

  
Chairman

  
Managing Director

  
Chief Financial Officer

Dhaka,  
31 October 2020

  
Company Secretary

  
**A. Qasem & Co.**  
Chartered Accountants

## 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:

Asset category	Rate of depreciation (%)
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.

<b>Types of Stock</b>	<b>Basis of Valuation</b>
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 decisions. The company carried out transactions in the ordinary course of business on an arm's length basis with its related parties.

### 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.

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>04 Property, plant and equipment</b>			
<b>A NON REVALUED ASSETS:</b>			
<b>Cost</b>			
Opening balance (at cost)		5,354,335,617	5,224,460,800
Add: Additions		337,613,660	129,874,816
		5,691,949,277	5,354,335,617
Less: Disposal/Adjustment		(22,337,079)	-
Closing balance (a)		5,669,612,198	5,354,335,617
<b>Accumulated Depreciation</b>			
Opening balance		2,328,577,088	2,031,654,733
Add: Charges for the year		305,086,198	296,922,355
		2,633,663,286	2,328,577,088
Less: Disposal/Adjustment		(19,436,859)	-
<b>Closing balance (b)</b>		<b>2,614,226,427</b>	<b>2,328,577,088</b>
<b>Written Down Value (a-b)</b>		<b>3,055,385,771</b>	<b>3,025,758,529</b>
<b>B REVALUED ASSETS:</b>			
<b>Revalued amount:</b>			
Opening balance (at revalued cost)		1,033,677,512	1,033,677,512
Add: Additions		611,541,109	-
		1,645,218,621	1,033,677,512
Less: Disposal/Adjustment		-	-
<b>Closing balance (a)</b>		<b>1,645,218,621</b>	<b>1,033,677,512</b>
<b>Accumulated Depreciation</b>			
Opening balance		63,245,637	57,615,483
Add: Charges for the year		13,185,197	5,630,154
		76,430,833	63,245,637
Less: Disposal/Adjustment		-	-
<b>Closing balance (b)</b>		<b>76,430,833</b>	<b>63,245,637</b>
<b>Written Down Value of Revaluation Assets (a-b)</b>		<b>1,568,787,788</b>	<b>970,431,875</b>
<b>Total Written Down Value (A+B)</b>		<b>4,624,173,559</b>	<b>3,996,190,404</b>
<b>Policy notes is mentioned in note 3.07 E</b>			
<b>05 Investment</b>			
Investment in marketable securities	5.1	28,003,186	36,413,499
		<b>28,003,186</b>	<b>36,413,499</b>
<b>5.01 Investment in marketable securities</b>			
Opening balance		36,413,499	34,336,067
Add: Addition during the year		-	-
		36,413,499	34,336,067
Realized gain /(loss)		1,479,296	11,253,083
Unrealized gain /(loss) for fair value adjustment		(9,889,610)	(9,175,651)
<b>Closing balance</b>		<b>28,003,186</b>	<b>36,413,499</b>

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
	<b>2,785,350</b>		<b>37,892,795</b>		<b>28,003,185</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>06 Capital work-in-process</b>			
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
		<b>110,153,455</b>	<b>202,850,542</b>
<b>6.01 Godown - 2</b>			
Opening Balance		3,147,131	-
Add: Addition during the year		-	7,009,738
Less: Transfer to Fixed Assets		-	(3,862,607)
Closing Balance		3,147,131	3,147,131
<b>6.02 Staff Quarter</b>			
Opening Balance		-	3,417,914
Add: Addition during the year		18,388,703	-
Less: Transfer to Fixed Assets		-	(3,417,914)
Closing Balance		18,388,703	-
<b>6.03 Temporary wastage store</b>			
Opening Balance		-	-
Add: Addition during the year		2,560,269	-
Less: Transfer to Fixed Assets		(2,560,269)	-
Closing Balance		-	-
<b>6.04 Shuttering materials storage</b>			
Opening Balance		-	-
Add: Addition during the year		2,967,406	-
Closing Balance		2,967,406	-
<b>6.05 Special Yarn Godown</b>			
Opening Balance		-	-
Add: Addition during the year		1,318,987	-
Closing Balance		1,318,987	-

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>07 Inventories</b>			
Manufacturing Inventory	7.01	714,219,319	506,997,455
Non Manufacturing Inventory	7.02	18,601,268	17,131,184
		<b>732,820,587</b>	<b>524,128,640</b>
<b>7.01 Manufacturing Inventory</b>			
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
		<b>714,219,319</b>	<b>506,997,455</b>
<b>7.01.01 Raw cotton</b>			
<b>Value (Taka)</b>			
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
<b>Total</b>		<b>465,487,680</b>	<b>250,757,810</b>
<b>Quantity (KG)</b>			
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
<b>Total</b>		<b>3,433,746</b>	<b>1,705,930</b>
<b>Cost Per Kg (TK.)</b>			
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
<b>7.01.02 Finished yarn</b>			
<b>Value (Taka)</b>			
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
<b>Total</b>		<b>89,041,018</b>	<b>89,977,643</b>

	Notes	Amounts in Taka		
		30 June 2020	30 June 2019	
<b>Quantity (KG)</b>				
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	
<b>Total</b>		<b>360,733</b>	<b>388,429</b>	
<b>Cost Per Kg (Taka)</b>				
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	
<b>7.01.03 Packing materials Value (TK.)</b>				
Opening balance		3,226,100	1,950,203	
Add: Purchase during the period		27,455,602	31,011,384	
Packing materials available for consumption		30,681,702	32,961,587	
Less: Consumption during the period		28,473,374	29,735,487	
Closing balance		<b>2,208,327</b>	<b>3,226,100</b>	
<b>7.01.04 Work-in-process</b>				
Particular	Quantity (KG)		Amounts in Taka	
	June 30,2020	June 30,2019	June 30,2020	June 30,2019
Blow Room	50,836	80,265	6,432,856	10,419,845
Carding	6,857	5,070	943,387	608,959
B. Drawing	4,222	7,875	608,997	1,282,927
Combing	2,924	957	517,371	183,594
F. Drawing	15,826	10,773	2,407,704	1,680,608
Simplex	50,057	41,414	8,139,815	7,027,174
Ring Frame	79,224	57,890	14,217,967	10,927,480
Winding	4,799	4,350	1,003,673	956,405
Packing	33,650	30,155	6,781,833	6,587,390
Rotor	12,300	4,504	1,928,025	706,002
Vortex	3,975	2,711	553,649	414,107
<b>Total</b>	<b>264,670</b>	<b>245,964</b>	<b>43,535,277</b>	<b>40,794,490</b>
<b>7.01.05 Spare parts</b>				
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			<b>113,947,017</b>	<b>122,241,412</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>7.02 Non Manufacturing Inventory</b>			
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
		<b>18,601,268</b>	<b>17,131,184</b>

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.

## 08 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)
		<b>994,789,485</b>	<b>905,681,247</b>

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
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
		<b>426,846,629</b>	<b>588,686,323</b>

	Notes	Amounts in Taka				
		30 June 2020	30 June 2019			
<b>8.02 Receivable from related party</b>						
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	-			
		<b>565,072,289</b>	<b>319,074,297</b>			
<b>Age analysis of Debtors:</b>						
		<b>1-3 Months</b>	<b>4-6 Months</b>	<b>above 6 Months</b>	<b>Total</b>	<b>Total</b>
Sale of yarn		739,533,352	212,431,914	39,953,652	991,918,918	907,760,620
Interest receivable on FDR ( Vii)		4,806,298	-	-	4,806,298	3,849,040
Claim Receivable		4,972,935			4,972,935	980,253
		<b>749,312,585</b>	<b>212,431,914</b>	<b>39,953,652</b>	<b>1,001,698,151</b>	<b>912,589,913</b>

**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 L/c.

**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.

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>09 Advance, deposits and Prepayments</b>			
<b>Advance</b>			
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
<b>Deposits</b>			
Security deposit for Utilities	09.04	46,219,895	39,748,095
		46,219,895	39,748,095
		<b>222,842,805</b>	<b>253,812,258</b>
<b>09.01 Construction</b>			
S.S Enterprise		593	593
Energytac Engineering Ltd.		278,100	872,390
Jawad Trading		87,449	87,449
Shinpower		-	912,000
Quantum Builders & Engineering Ltd		231,280	231,280
		<b>597,422</b>	<b>2,103,712</b>
<b>09.02 Expenses</b>			
Groz-Beckert Carding (Wuxi) Co. Ltd.		-	485,857
Lakshmipur 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
		<b>42,483,008</b>	<b>42,452,877</b>
<b>09.03 Advance income Tax</b>			
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
		<b>131,519,379</b>	<b>167,618,517</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>09.03.1 Income Tax on Export</b>			
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		<b>53,106,216</b>	<b>96,356,461</b>
<b>09.03.2 Tax on Interest Received (Bank)</b>			
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		<b>34,765,500</b>	<b>34,237,065</b>
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.			
<b>09.03.3 Advance income tax paid for tribunal</b>			
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	-
		<b>43,647,663</b>	<b>36,682,663</b>
<b>09.03.4 Advance income tax</b>			
Deputy Commissioner of Taxes		-	342,327
		-	<b>342,327</b>
<b>09.04 Security deposit for Utilities</b>			
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
		<b>46,219,895</b>	<b>39,748,095</b>

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.

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>10</b>	<b>Materials in transit</b>		
	Margin and deposit (Raw Cotton)	140,656,793	413,781,170
		<b>140,656,793</b>	<b>413,781,170</b>
	<b>10.01 Margin and deposit (Raw Cotton)</b>		
	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
		<b>140,656,793</b>	<b>413,781,170</b>
<b>11</b>	<b>Cash and bank balances</b>		
	<b>Cash in hand</b>	1,028,689	2,778,038
	Balance in BO Account	38	1,943
	Fixed Deposit	11,515,800	11,515,800
	<b>Bank balances with:</b>		
	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	-
		<b>243,576,752</b>	<b>236,181,930</b>

#### 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	03560100155597	Exim Bank	6.00%	1,515,800
					<b>11,515,800</b>

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

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>12</b>	<b>Asset held for sale</b>		
	Cost:		
	Forklift	1,872,720	-
	Generator	20,464,359	-
		<b>22,337,079</b>	<b>-</b>
	<b>Accumulated depreciation:</b>		
	Forklift	1,624,705	-
	Generator	17,812,154	-
		<b>19,436,859</b>	<b>-</b>
	WDV	2,900,220	-
	Fair value less cost to sale	1,600,000	-
	<b>Asset held for sale (Lower of WDV and Fair value less cost to sale)</b>	<b>1,600,000</b>	<b>-</b>

<b>13</b>	<b>Share capital</b>		
	Authorised		
	150,000,000 ordinary shares of Taka 10 each	<b>1,500,000,000</b>	<b>1,500,000,000</b>
	Issued and paid-up		
	97,490,000 ordinary shares of Taka 10 each fully paid up	<b>974,900,000</b>	<b>974,900,000</b>

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
<b>Total</b>	<b>4,754</b>	<b>97,490,000</b>	<b>100.00</b>

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
<b>Total</b>	<b>4,754</b>	<b>97,490,000</b>	<b>100</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>14 Share Premium</b>			
No. of Shares	Premium Amount		
34,100,000	Tk. 27	<b>920,700,000</b>	<b>920,700,000</b>
<b>15 Retained earnings</b>			
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
<b>Balance at 30 June 2020</b>		<b>1,389,083,255</b>	<b>1,364,587,906</b>
<b>16 Revaluation reserves</b>			
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	-
		1,534,011,422	928,100,467
Depreciation on Revalued Assets		(13,185,197)	(5,630,154)
Balance at 30 June 2020		<b>1,520,826,225</b>	<b>922,470,313</b>
<b>17 Long Term bank loan</b>			
Off Shore Loan - HSBC		477,037,828	562,240,561
Less: Current portion of long term loan		350,438,156	193,920,170
		<b>126,599,671</b>	<b>368,320,391</b>

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	1,846,080,033	1,897,384,304
Taxable Temporary difference	1,059,892,041	1,071,287,289
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
<b>Deferred tax liability on historical cost</b>	<b>158,983,806</b>	<b>160,693,093</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>B. Deferred tax liability against revaluation reserve</b>			
<b>i) i) Deferred tax liability against revaluation reserve other than land</b>			
Carrying amount other than land		370,254,454	105,039,879
Tax base		-	-
		370,254,454	105,039,879
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector)		15%	15%
		<b>55,538,168</b>	<b>15,755,982</b>
<b>ii) Deferred tax liability on capital gain against revaluation of land</b>			
Carrying amount other than building & others.		1,358,959,500	929,491,253
Tax base		-	-
		1,358,959,500	929,491,253
Applicable tax rate (3% As per section 53 H of ITO 1984)		3%	3%
		<b>40,768,785</b>	<b>27,884,738</b>
<b>Deferred tax liability against revaluation reserve B ( i + ii )</b>		<b>96,306,953</b>	<b>43,640,719</b>
<b>Total Deferred tax liability ( A + B )</b>		<b>255,290,759</b>	<b>204,333,813</b>
<b>19 Accounts payable</b>			
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
		<b>132,103,881</b>	<b>104,070,268</b>

#### 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	-

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
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
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
<b>Total</b>		<b>70,148,878</b>	<b>42,988,340</b>
<b>19.02 Payable for expenses</b>			
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
		<b>61,537,870</b>	<b>60,351,501</b>
During the year, provision for bad debt has been presented under Accounts receivables for better presentation.			
<b>19.03 Payable for others</b>			
Tax deducted at source (Salary)		417,134	552,274
VAT Deducted at source (on Suppliers bill)		-	178,154
		<b>417,134</b>	<b>730,428</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>20 Short term bank loan</b>			
UPAS Loan (Raw Cotton)		1,300,157,442	1,310,481,273
Liability against export bills		-	65,990,111
		<b>1,300,157,442</b>	<b>1,376,471,384</b>

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: UPAS 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
	UPAS	Lender: HSBC Nature: UPAS 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

HSBC	<p><b>Security Arrangement:</b></p> <ol style="list-style-type: none"> <li>1. Demand promissory note for Tk 4,487,500,000 with letter of continuity &amp; revival.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>5. Power of Attorney on Hypothecated Goods.</li> <li>6. Specific first charge over the borrower's Plant and Machinery for Tk 1,410,000,000 with the Registrar of Joint Stock Companies &amp; Firms (RJSC). In this regard Power of Attorney for hypothecated goods obtained.</li> <li>7. Blanket Counter Indemnity for Guarantee facility.</li> <li>8. Trade Financing General Agreement for Trade facility.</li> <li>9. Power of Attorney for Back to Back facility.</li> <li>10. 'Letter of Lien over Deposits with Authority to Encash' obtained.</li> <li>11. Registered Mortgage for Tk 1,210,000,000.00 over 802.50 decimals land and structure thereon situated at Mouza: Gobindabari, PS. &amp; 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.</li> </ol>	
Bank	Loan Account	Particulars
	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
BRAC BANK	<p><b>Security Arrangement:</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. Insurance coverage over the company's stocks &amp; receivables against the risk of Fire &amp; RSD</li> <li>4. Cheque(s) covering approved limit of BDT 510,000,000.</li> <li>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 &amp; set off over deposit account, General Loan Agreement, etc. supported by necessary Board Resolution for BDT 510,000,000.</li> </ol>	

	Notes	Amounts in Taka		
		30 June 2020	30 June 2019	
<b>21</b>	<b>Current portion of long term loan</b>			
	Off Shore Loan - HSBC	350,438,156	193,920,170	
		<b>350,438,156</b>	<b>193,920,170</b>	
<b>22</b>	<b>Share Application Money</b>	<b>4,553,160</b>	<b>4,553,160</b>	
	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.			
<b>23</b>	<b>Provision &amp; accruals</b>			
	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
			<b>123,964,072</b>	<b>134,712,284</b>
	<b>23.01 Provision for Income Tax</b>			
	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	
			<b>111,884,559</b>	<b>129,209,246</b>
	<b>23.02 Provision for workers' profit participation and welfare funds</b>			
	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		<b>12,079,513</b>	<b>5,503,037</b>
	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.			
<b>24</b>	<b>Revenue</b>			
	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
			<b>3,904,153,460</b>	<b>4,324,531,522</b>

**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
<b>Total</b>	<b>388,429</b>	<b>14,589,265</b>	<b>360,733</b>	<b>14,616,961</b>

**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
<b>Total</b>	<b>512,641</b>	<b>15,228,908</b>	<b>388,429</b>	<b>15,353,120</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>25</b>	<b>Cost of goods sold</b>		
	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)
		<b>3,364,549,162</b>	<b>3,949,186,470</b>
	<b>25.01 Raw Material consumption</b>		
	<b>Quantity (KG)</b>		
	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	<b>16,908,570</b>	<b>17,465,280</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>Value (Taka)</b>			
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)
		<b>2,471,114,887</b>	<b>2,920,514,283</b>
<b>25.02 Packing materials consumption</b>			
Opening balance		3,226,100	1,950,203
Purchase during the year		27,455,602	31,011,384
Packing materials available for consumption		30,681,702	32,961,587
Closing balance		(2,208,327)	(3,226,100)
		<b>28,473,374</b>	<b>29,735,487</b>
<b>25.03 Manufacturing overhead</b>			
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
		<b>854,577,701</b>	<b>929,216,807</b>
<b>26 Other income</b>			
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)	2,814,840	-
		<b>42,769,434</b>	<b>79,937,673</b>
<b>26.01 Raw Cotton Sale</b>			
Sale of Cotton		-	41,792,934
Cost of Cotton		-	(40,739,281)
		-	<b>1,053,653</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>27</b>	<b>Administrative expenses</b>		
	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	-
		<b>221,959,154</b>	<b>220,692,515</b>
<b>28</b>	<b>Distribution expenses</b>		
	Sales Promotion	-	-
	Carriage outward	6,564,955	7,209,275
		<b>6,564,955</b>	<b>7,209,275</b>
<b>29</b>	<b>Finance cost</b>		
	<b>Interest expenses</b>		
	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
		<b>87,750,912</b>	<b>99,388,219</b>

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>30 Contribution to workers' profit participation funds:</b>			
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.			
<b>31 Computation of Taxable Income &amp; Tax Liability thereon</b>			
<b>A. Tax Payable on Total Taxable Income</b>		<b>34,904,271</b>	<b>1,876,252</b>
<b>B. Minimum Tax Payable u/s 82C(4)(a)</b>			
Gross receipts during this year [Schedule-B]		3,948,036,457	4,392,624,660
Tax Rate		0.60%	0.60%
<b>Minimum Tax u/s 82C(4)(a) of ITO 1984</b>	<b>Taka</b>	<b>23,688,219</b>	<b>26,355,748</b>
<b>C. Minimum Tax Payable u/s 82C(4)(a)</b>			
Tax deducted at Source under section 52 BBBB		17,499,688	18,511,759
	<b>Taka</b>	<b>17,499,688</b>	<b>18,511,759</b>
<b>Gross Tax Liability (higher of A, B and C)</b>		<b>34,904,271</b>	<b>26,355,748</b>
<b>(Excess)/Short provision for taxations after final assessment order as below:</b>			
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	-
<b>Total Current Tax</b>		<b>44,925,245</b>	<b>17,787,989</b>
<b>32 Deferred tax for Income Statement</b>			
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)
		<b>(1,709,287)</b>	<b>9,762,163</b>
<b>32.01 Deferred tax for Statement of Other Comprehensive Income</b>			
<b>(i) Deferred tax liability against revaluation reserve other than land</b>			
Carrying amount other than land		370,254,454	105,039,879
Tax base		-	-
		370,254,454	105,039,879
Applicable tax rate (As per SRO - 193 dated 30 June 2015 for Textile Sector)		15%	15%
		55,538,168	15,755,982

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>(ii) Deferred tax liability on capital gain on revaluation of land</b>			
Carrying amount other than building & others		1,358,959,500	929,491,253
Tax base		-	-
		1,358,959,500	929,491,253
Applicable tax rate (3% As per section 53 H of ITO 1984)		3%	3%
		40,768,785	27,884,738
<b>Deferred tax liability against revaluation reserve ( i + ii )</b>		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		<b>52,666,234</b>	<b>(844,523)</b>
<b>Deferred tax has been provided on Taxable Temporary difference.</b>			
* 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.			
<b>33 Earnings Per Share (EPS)</b>			
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)		<b>2.16</b>	<b>0.97</b>
<b>33.1 Diluted earnings per share</b>			
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.			
<b>34 Net Assets Value (Per Share)</b>			
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)
		<b>4,805,509,480</b>	<b>4,182,658,219</b>
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		<b>49.29</b>	<b>42.90</b>
<b>35 Net Operating Cash Flow Per Share</b>			
Cash flows from operating activities as per statement of cash flows		533,311,461	462,763,221
Number of Ordinary Share at statement of financial position date		97,490,000	97,490,000
Net Operating Cash Flow - Per Share		<b>5.47</b>	<b>4.75</b>

## 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:

Name of Directors	Position	Meeting Held	Attended	Remarks
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, 2020
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

Particular	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
<b>Total Salary and allowances</b>	<b>8,400,000</b>	<b>133,705,601</b>	<b>142,105,601</b>	<b>8,400,000</b>	<b>138,143,855</b>	<b>146,543,855</b>

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

### 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 Ltd	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
Hamza Textiles Ltd	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:

Particular	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	-	-
<b>Total</b>	<b>27,455,602</b>	<b>2,900,659,348</b>	<b>2,928,114,950</b>	<b>2,628,307,599</b>	<b>100.00%</b>

**FOB Value of export**

The FOB value of export is as follows:

Particular	2019-20		2018-19	
	In foreign currency \$	In Taka	In foreign currency \$	In Taka
Export	46,616,758	3,904,153,460	51,636,197	4,324,531,522

	Notes	Amounts in Taka	
		30 June 2020	30 June 2019
<b>42 Reconciliation of net operating cash flow</b>			
<b>Cash Flow from Operations</b>			
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)
<b>Cash flow from operating activities</b>		<b>533,311,461</b>	<b>462,763,221</b>

**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"> <li>• Amendments to references to conceptual framework in IFRS standards</li> <li>• Amendments to IFRS 3: Business Combinations of definition of business</li> <li>• Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors of definition of material.</li> </ul>
Effective for year beginning 1 January 2021	<ul style="list-style-type: none"> <li>• IFRS 17: Insurance Contracts</li> </ul>
Effective date deferred indefinitely/available for optional adoption	<ul style="list-style-type: none"> <li>• Amendments to IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures on sale or contribution of assets between an investor and its associate or joint venture</li> </ul>

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

MATIN SPINNING MILLS LIMITED

**Details of property, plant and equipment**

for the year ended 30 June 2020

ANNEX I

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

Name of the assets	B) Revalued Assets (Revaluation Reserve Component)			Depreciation			Written down value at 30 June 2020
	Revaluation		Rate %	At 01 July 2019	Charge for the year	Adjustment during the year	
	At 01 July 2019	Addition during the year					
Land and land development	865,391,996	333,141,338	0%	-	-	-	1,198,533,334
Factory building	163,805,258	241,226,486	5%	60,505,125	11,236,334	-	333,290,285
Godown	4,480,258	37,173,285	10%	2,740,512	1,948,862	-	36,964,169
Total at 30 June 2020	1,033,677,512	611,541,109		63,245,637	13,185,197	-	1,568,787,788
<b>Total (A + B) at 30 June 2020</b>	<b>6,388,013,129</b>	<b>949,154,769</b>		<b>2,391,822,725</b>	<b>318,271,395</b>	<b>19,436,859</b>	<b>4,624,173,559</b>

**Allocation of depreciation:**

Manufacturing overhead @ 90%  
Administrative overhead @ 10%

**Period ended 30 June 2020**  
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.

**Matin Spinning Mills Limited**

Capita South Avenue Tower  
(6th Floor) House 50, Road 03,  
Gulshan Avenue, Dhaka 1212



**Proxy Form**

I/We.....

of.....

Being a member of Matin Spinning Mills Limited and holder of.....

Shares hereby appoint Mr/Ms.....

as my/ our proxy to attend and vote for me/us on behalf of me/us at the 18th Annual General Meeting of the Company to be held on Monday the 14 December, 2020 at 11.00 A.M through Digital Platform.

Signature of Proxy  
Registered Folio/BO

Revenue Stamp  
Tk. 20.00

Signature of Shareholder  
Registered Folio/BO

**Note:** The Proxy Form, duly completed and stamped, must be submitted at Capita South Avenue Tower, 6th Floor House 50, Road 03, Gulshan Avenue, Dhaka 1212, at least 48 hours before the meeting.

**Matin Spinning Mills Limited**

Capita South Avenue Tower  
(6th Floor) House 50, Road 03,  
Gulshan Avenue, Dhaka 1212



**Attendance Slip**

I hereby record my attendance at the 18th Annual General Meeting of the Company to be held on Monday the 14 December, 2020.

Name of the Member/Proxy .....

Registered Folio/BO ID .....

Signature .....

Date: .....

**Note:** Please note that no gift/gift coupon/food box/benefit in cash or kind shall be distributed/paid at the AGM as per BSEC Notification No. SEC/CMRRCD/2009-193/154 dated 24th October 2013.







**CORPORATE OFFICE**

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