ANNUAL REPORT 2018-19



CONSOLIDATING PROGRESS SUSTAINING EXCELLENCE





CONSOLIDATING PROGRESS SUSTAINING EXCELLENCE





Table of

CONTENTS

06	Letter of Transmittal
07	Notice of the 17th Annual General Meeting
80	MSML at a Glance
09	Vision, Mission, Core Values
10	Strategic Objectives
12	Company Information
18	Key Milestones
20	Event Highlights
22	Our Recent Achievement
24	Contribution to Labour Welfare

25	Management Apparatus
26	Integrated Reporting
30	Brief Profile of the Directors
34	Statement on Corporate Governance
38	Code of Conduct
42	Risks & Risk Management
44	Our Human Capital
46	Message from the Chairman
48	Message from the Managing Director
50	Corporate Operational Results
51	Directors' Report to the Shareholders



56	Annexure to Directors' Report	85	Sustainability Initiatives
62	Declaration by Managing Director and Chief Financial Officer	89	Shareholding Information
	Report to the Shareholders of Matin	93	Auditors' Report
63 Spinning Mills Limited on compliance		98	Statement of Financial Position
	on the Corporate Governance Code	99	Statement of Profit or Loss
64	Status Report on Compliance with the Conditions Imposed by the BSEC	100	Statement of Other Comprehensive
77	Report of the Audit Committee		Income
	Report of the Nomination &	101	Statement of Changes in Equity
79	Remuneration Committee	102	Statement of Cash Flows
82	Corporate Social Responsibility	103	Notes to the Financial Statements
84	Environmental and Social Obligation: A Sustainable Future	139	Proxy Form and Attendance Slip



Letter of **Transmittal**

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, 2019

Please find enclosed a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at 30 June, 2019 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, 2019 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 17th

Annual General Meeting

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 17th ANNUAL GENERAL MEETING of the Company will be held on Thursday the 12 December, 2019 at 11.00 A.M at the Factory Premises of the Company at Sardaganj, Kashimpur, Gazipur to transact the following business:

Agenda

- 01. To receive and adopt the Audited Financial Statements for the year ended 30 June 2019 together with the Report of the Directors' and the Auditors' thereon.
- 02. To declare dividend for the year ended 30 June 2019.
- 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 appoint Auditors for the year 2019-2020 and to fix their remuneration.
- 05. To appoint professional for issuance of certificate on compliance of corporate governance code for the year 2019-2020 and to fix their remuneration.
- 06. To transact any other business with the permission of the chair.

By Order of the Board

(Md. Shah Alam Miah FCS)

Company Secretary

20 November, 2019

Dated: Dhaka

Notes:

- 1. The "Record Date" is Sunday, 24 November 2019. 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 17th 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 and 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. Annual Report and proxy form can be available on the website www.matinspinning.com
- 3. The shareholders are requested to notify the changes of address, if any, well in time. For BO A/C holders, the same to be notified through their respective Depository Participants.
- 4. Entrance into the Meeting Venue is restricted only to the eligible Shareholders and/or Proxy/Attorney holder. At the time of entrance into the Meeting Venue, attendance Slip /Proxy Form (duly signed) has to be deposited to the registration counter.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ধ বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

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.



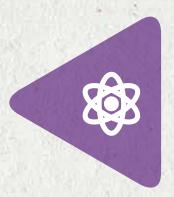
VISION

To be the leading quality yarn manufacturer at competitive price and have a sustainable contribution to all stakeholders to strengthen the community at large.

MISSION

To provide the best quality products through its competent workforce, innovation, state-of-theart technology and zero adverse impact on the environment.





CORE VALUES

- Integrity
- Trustworthiness
- Commitment
- Passion
- Innovation



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.







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

Manufacturing 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

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

1,882

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

WE PRODUCE









INNOVATION IN YARN PRODUCTION





Dedicated Yarn **Development Team** Present













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

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 pdn. / 2 (saving of cotton) * 10,000 lit * 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

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



2007

30TH MAYOeko-Tex Standard100 Certificate

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





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

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



8TH DECEMBER

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

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

2015

10TH NOVEMBER

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

2018















Our Recent

Achievement



Matin Spinning Mills Limited (MSML), a concern of DBL Group has won the ICMAB Best Corporate Award -2017 in the Textiles Manufacturing category. M. A. Jabbar, Managing Director of DBL Group received the award from the hands of the chief guest of the ceremony the Honorable Finance Minister, Abul Maal A. Muhith, Ministry of Finance, Government of the People's Republic of Bangladesh on 08 December 2018.



Contribution to

Labour Welfare Foundation



Cheque hand over by the Chief Financial Officer Ranjit Shil, FCA, CPA, CMA to Dr. A.M.M. Anisul Awwal, PhD, Director General, Bangladesh Labour Welfare Foundation as a contribution to Bangladesh Sramik Kallan Foundation. Company Secretary Md. Shah Alam Miah FCS was also present during the occasion.

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. M. Farhad Hussain FCA	Independent Director
Mr. M. Naser Alam, Barrister-at-law	Independent Director

AUDIT COMMITTEE

Mr. M. Farhad Hussain FCA	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,	Chairman
Barrister-at-Law	
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

2018-19 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 2019 with relevant comparative information. The financial statements consistently complying with the requirements of:

- International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)
- Companies Act 1994;
- ► The Securities & Exchange Commission Rules 1987;
- ▶ The Income Tax Ordinance 1984;
- The Income Tax Rules 1984:
- ▶ The Value Added Tax Act 1991;
- ▶ The Value Added Tax Rules 1991:

 And any other applicable law and regulations of the land

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 2018.

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.

SL No.	Description of report	External Assurance
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 2017-18 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://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.

manhot.

M. A. Jabbar Managing Director







Mr. Abdul Wahed
Chairman

Mr. Abdul Wahed is a renowned business personality in the Textile and RMG Sector of Bangladesh. After completion of Bachelor of Science, he started his professional life with construction business in the year 1982. Later in the year 1991, he along with his other three brothers ventured into Ready-Made Garments export business by setting up a factory named Dulal Brothers Ltd. His expertise in Textile technicality inspired Dulal Brothers Ltd. to invest in backward linkage industries of fabric knitting and dyeing which finally culminates into Matin Spinning Mills Ltd., a state-of-the-art spinning mill which is not only one of the best in Bangladesh but worth comparing with spinning mills across the world.

Mr. Wahed is a freedom fighter. He is a proactive member of different social organizations working in the fields of education, health, orphanage, etc. He is also an eloquent speaker being able to enthral the audience in the various seminars he is participating on the social and business front. He was selected as Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2011, 2013, 2015, and 2017.



Mr. M. A. Rahim Vice Chairman

Mr. M. A. Rahim obtained his Masters Degree in Management and began his professional career as a banker. His work experience in bank greatly helped him in gaining insight into the commercial and finance aspect of businesses. He is the Head of Finance and Commercial Operations of DBL Group. By virtue of his academic background and passionate mindset, he has put the financial & commercial management of the Group on sound footings. Under his dynamic leadership and guidance, all the liability and term loan of DBL Group are being paid well ahead of schedule resulting in finance as being one of the key strengths for the group.

Mr. M. A. Rahim is a well known person in the RMG sector in Bangladesh. He is the current Vice President, Finance of BGMEA (Bangladesh Garments Manufacturers & Exporters Association). Mr. Rahim was director of Bangladesh Textiles Mills Association (BTMA) for the period of 2009-2010. He has been director of Bangladesh Garments Manufacturer and Exporters Association (BGMEA) for 2007-2008 and has been re-elected director of the same association for 2013-2014 & 2015-2016 period. 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, and 2017. Mr. Rahim is a philanthropist and actively involved in social development with various organizations throughout the country.

Mr. M. A. Jabbar is a distinguished personality in the RMG sector of Bangladesh. He is the main architect of DBL Group. He completed his graduation in Computer Science from U.S.A. Then he returned back to Bangladesh with a vision to make valuable contribution in the economy of the country. He has been instrumental in developing a good reputation of the company.

Accordingly, he joined Dulal Brothers Ltd. as a Marketing Director and was able to achieve increasing export orders for garments, in particular from buyers in UK. His dynamic leadership brought in growth opportunities for the company resulting in setting up of more industries for Dulal Brothers Ltd. and the birth of the acronym DBL Group. His vision's first accomplishment came in the form of DBL Group getting the HSBC Export Excellence Award 2009 in category A for business having export volume above USD 50 million. His passion for excelling and cultivating innovation has roped in professionals from different fields to join DBL Group and explore their hidden talents. He is the chief architect of Vision 2020 through which DBL Group has to achieve a visible contribution to the GDP of Bangladesh before it steps into 2021, the Golden Jubilee celebration year of the country independence. He has been selected as Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2014 and 2017.



Mr. M. A. Jabbar
Managing Director

Mr. M. A. Quader joined Dulal Brothers Limited after completing Bachelor of Commerce and worked in garments production department. With sincere efforts, he was able to quickly learn the garments manufacturing operations. This led him to become a Director of Production in the garments division of DBL Group. Among his many achievements in the production department, he is credited with reduction in lead time of garments manufacturing. At present, he is the Group CEO of DBL. He maintains a close & cordial relation with the buyers for furtherance of business. He regularly attends business seminars and workshops in Asia, Europe and USA. He has been selected as Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2015.



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

Director

Mr. Md. Hassan Imam joined in 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 Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2014 and 2016.



Mr. M. Farhad Hussain FCA Independent 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 multidisciplinary 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. 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 LLM. 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; LLM. 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.





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. M. Farhad Hussain FCA	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 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 longterm 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.

Wilful 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 and specialized training courses are offered to the company's officers and employees, as well as to the company's other stakeholders as part of the company's continuous professional education program.

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 2018-19 the macroeconomic trend of local market growth was challenging, 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 2019, Matin Spinning Mills Limited had outstanding short term and long term bank borrowing with banks to the tune of BDT 1,938.71 million. Interest rates on such loan is 4.50% 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 2019, 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 1,882 employees are working to achieve the vision of MSML. At MSML, total 997 female workers are working that is 53% of total workforce.

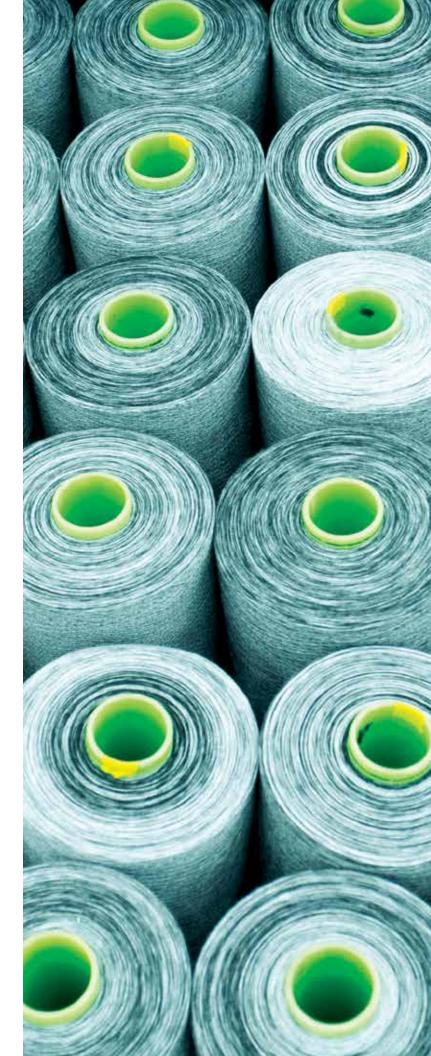
Human Resource Management & Development

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:

- 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.
- 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.

- 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.





Dear Shareholders

Ladies and Gentlemen

Assalamu Alaikum,

We have the pleasure to welcome you at the 17th 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 2019.

We would like to inform you that despite challenging local and international market and a highly competitive industry, during the year 2018-2019 the company achieved satisfactory level of sales revenue of Tk.4,325 million which is 7% higher than 2017-2018 (Tk. 4,051 million). Albeit revenue increased, net profit after tax decreased by 69%, from Tk. 303 million in 2017-2018 to Tk. 94 million in 2018-2019, mainly due to the effect of soared raw material price in the international market. However, it appears that raw material price become stable at the end of 2018-19 financial year.

We would like to inform you that despite challenging local and international market and a highly competitive industry, during the year 2018-2019 the company achieved satisfactory level of sales revenue of Tk.4,325 million which is 7% higher than 2017-2018 (Tk. 4,051 million).

It is my pleasure to inform you that all new projects undertaken in the last couple of years were run in full-fledge in the year 2018-19.

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



Dear Shareholders

Ladies and Gentlemen,

It is my great pleasure that I welcome you on behalf of the Board of Directors to the 17th Annual General Meeting of your Company and present before you the Annual Report for the year 2018-19 containing the Directors' Report and Audited Financial Statements for your kind perusal.

Our Business Performance

I am very pleased to inform you that 2018-19 marks the highest yearly volume of production in MSML's history. Adding new production line and maximum capacity utilization throughout the year have made it possible. We strongly believe that with no power interruption we could have achieved even more. Equipped with new units, MSML could now offer wide range of products to fulfill the increasing demand of RMG sector. Production of yarn during the year increased by 5% and sales volume increased by 4% compared to 2017-2018.

As indicated last year, our goal is to bring operational excellence through cost saving and to do so, we purchased and installed three gas generators for increasing captive power generation. The result is quite impressive – we expect, if no gas supply interruption, the company can save around Tk. 1.0 crore monthly starting from the second quarter of 2019-20.

I am very pleased to inform you that 2018-19 marks the highest yearly volume of production in MSML's history.

Adding new production line and maximum capacity utilization throughout the year have made it possible.

Production Capacity

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

Awards

I am delighted to inform you that MSML has achieved award from The Institute of Cost and Management Accountants of Bangladesh (ICMAB) "Best Corporate Award 2017" as 2nd position under the Textile and Manufacturing Sector.

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.

market.

M. A. Jabbar Managing Director

Corporate

Operational Results

No.	Description	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
1	Turnover	4,325	4,051	3,001	2,005	2,024
2	Gross Profit	375	609	447	375	391
3	Net Profit before Tax	128	356	320	374	518
4	Net Profit after Tax	94	303	261	294	437
5	Shareholder' Equity	4,183	4,253	4,093	4,060	4,024
6	Total Assets	6,569	6,722	7,076	6,092	5,718
7	Total Current Assets	2,334	2,488	2,672	1,783	3,040
8	Total Current Liabilities	1,814	1,906	2,262	1,214	1,454
9	Current Ratio	1.29	1.31	1.18	1.47	2.09
10	Ordinary Shares Outstanding	974,900,000	97,490,000	97,490,000	97,490,000	97,490,000
11	Face Value per Share	10	10	10	10	10
12	Shareholders' Equity Per Share	42.90	43.63	41.99	41.64	41.27
13	Earning Per Share (EPS)	0.97	3.10	2.68	3.02	4.49
14	Quoted Price per Share (DSE)	38.00	38.10	41.20	39.30	43.00
15	Quoted Price per Share (CSE)	37.30	36.10	40.30	38.50	42.60
16	Price Earning Ratio-DSE (Time)	39.17	12.29	13.64	13.02	9.58
17	Price Earning Ratio-CSE (Time)	38.45	11.65	19.38	13.34	9.49
18	Cash Dividend Declared per Share	1.5	1.7	1.5	2.3	2.7
19	Stock Dividend Declared	Nil	Nil	Nil	Nil	Nil
20	Total Dividend Declared (%)	15%	17%	15%	23%	27%
21	Number of Shareholders	5003	5747	7,288	9,019	13,384
22	Human Resources (Person)					
	Executives	130	108	133	91	56
	Non-Executives	325	257	225	200	164
	Workers	1,427	1476	1,647	1,201	764

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

Directors' Report to the

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 2019 in the following paragraphs:

Company Operations

(1) Capacity/Production

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

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
(1.1) Spindles					
a) No of Spindles installed	73,184	73,184	73,184	57,840	39,600
b) No. of Spindles in operation	69,484	67,539	67,411	51,759	38,744
(1.2) Production Capacity (Kg)					
At Equivalent 28s Count (Ring Yarn)	18,285,917	17,937,450	15,235,552	9,360,000	8,640,000
(1.3) Actual Production (Kg)					
At Equivalent 28s Count (Ring Yarn)	15,110,597	14,432,116	11,819,472	7,851,331	7,545,680
(1.4) Capacity Utilization (%)	82.64%	80.46%	77.58%	83.88%	87.33%

(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	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
(a) Output of Yarn(Kg)	15,228,908	14,555,869	12,118,266	7,731,885	7,444,818
(b) Cost of Major items (Tk):					
Raw Materials	2,920,514,283	2,451,816,408	1,915,204,897	1,142,200,784	1,274,710,763
Packing Materials	29,735,487	26,982,946	20,619,357	13,792,747	13,486,110
Fuel/Power	392,117,845	421,455,210	363,863,101	192,184,103	102,436,701
Spare Parts	54,298,317	37,310,871	20,625,350	27,625,350	27,430,710
Other Overhead	508,536,921	448,428,047	394,365,813	255,392,578	207,741,357
Total Cost	3,905,202,854	3,385,993,483	2,714,678,518	1,631,195,562	1,625,805,642

Unit Cost/Kg (TK)	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Raw Materials	200.64	168.44	158.04	147.73	171.22
Packing Materials	2.04	1.85	1.70	1.78	1.81
Fuel/Power	26.94	28.95	30.03	24.86	13.76
Spare Parts	3.73	2.56	1.70	3.57	3.68
Other Overhead	34.94	30.81	32.54	33.03	27.90
Unit Cost	268.29	232.62	224.02	210.97	218.38
Raw Material Cost as % of Total	74.79%	72.41%	70.55%	70.02%	78.40%





The chart reveals that overall unit cost increased by 15% in 2018-2019 over 2017-2018. Raw Material, Packing Material, Spare Parts, and Other Overhead increased by 19%, 10%, 45%, and 13% respectively. On the other hand, Fuel/Power cost decreased by 7%.

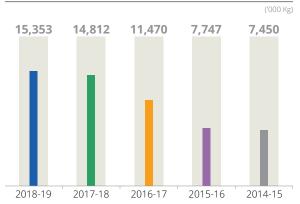
Marketing Operations

(i) Market Exposure

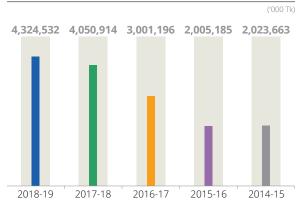
The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Details	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
(a) Sales Volume (Kg)	15,353,120	14,812,336	11,469,826	7,747,346	7,449,732
(b) Sales Revenue (Tk)	4,324,531,522	4,050,914,298	3,001,195,559	2,005,184,987	2,023,663,281

Sales Volume



Sales Revenue



The above figures show that compared to prior year, 2018-2019 sales volume increased by 4% and sales revenue increased by 7%. Sales volume has gone up due to increase production capacity (new vortex machine) and high capacity utilization. The Company's production facilities run on "made to order" basis, therefore, additional production volume from new units has mainly driven the higher sales revenue.

(ii) Selling Prices

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Average Selling Prices (Taka/Kg)	281.67	273.48	261.66	258.82	271.64
% Change- compare to prior year	3% up	5% up	1% up	5% down	12% down

It indicates that average selling price has been maintaining an upward trend since last three years.

Development Activities

During the year 2018-2019 the Company has also implemented few modules of comprehensive Oracle ERP system. This cutting-edge technology enables quick access to information and faster decision making.

Details of capital expenditure for development activities are shown below:

Capital Expenditures

Out of total Capital Expenditure of Tk. 329,307,444 during the year 2018-2019, Tk. 7,261,322 was spent for Civil Construction of the existing unit.

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Land	7,921,500	1,849,000	4,282,000	-	-
Civil construction					
Existing	7,261,322	29,002,128	34,803,999	31,303,966	10,318,279
Mélange Project	-	-	-	-	128,447,412
Synthetic Project	-	8,239,753	124,439,777	146,700,294	-
Plant and Machinery					
Existing	272,839,065	-	53,109,867	176,942,531	12,134,279
Mélange Project	-	-	-	587,869,268	590,898,720
Synthetic Project	37,124,914	25,407,830	214,184,330	810,887,909	-
Other Fixed Assets	4,160,643	21,282,816	8,438,712	57,750,382	3,746,894
Total	329,307,444	85,781,528	439,258,685	1,811,454,350	745,545,583

Contribution

1. Contribution to National Exchequer

The Company contributed Tk.29.64 million during 2018-2019 to the National Exchequer. Last five years comparative data are as follows:

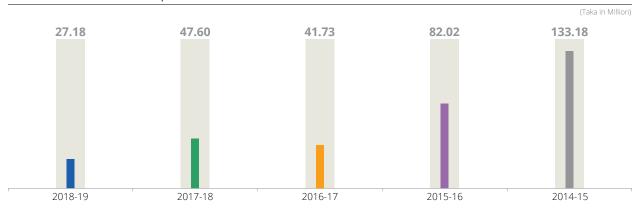
(Taka in Million)

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Corporate Tax*	25.09	44.85	39.20	79.34	129.14
Excise/VAT/Import Duties etc.	0.89	1.21	0.79	1.21	2.46
Duties/License Fees	1.20	1.54	1.73	1.47	1.59
Total	27.18	47.60	41.73	82.02	133.18

^{*} Prior year figures have been restated



Contribution to National Exchequer



2. Foreign Exchange Earned/Saved

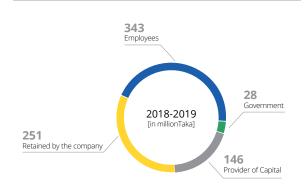
The Company contributed Tk. 1,673 million to the Foreign Exchange Reserve of the Country during the FY 2018-2019 through its export marketing operation. Last five years data are shown below:

(Taka in Million)

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Total Export Earnings	4,325	4,051	3,001	2,005	2,024
Less: Import Expenses					
Raw Cotton/Staple Fiber	(2,591)	(2,355)	(2,219)	(1,346)	(1,205)
Spare Parts	(61)	(99)	(54)	(34)	(23)
Net Foreign Exchange Earned	1,673	1,597	728	625	797

3. Value Added Statement

Particulars	2018-2019	2017-2018
Source of Funds		
Net Turnover	4,324,531,522	4,050,914,298
Less: Bought in Material and Services	(3,636,064,713)	(3,147,967,926)
Add: Other Income	79,937,673	85,155,064
Value Added	768,404,481	988,101,436
Applied in the following ways		
Employees	343,065,199	302,891,268
Salaries, Wages, Provident Fund & Other Benefits	336,970,308	285,103,861
Contribution to Workers' Profit Participation & Welfare Fund	6,094,891	17,787,407
Government	28,439,100	66,755,433
Corporate Tax	27,550,152	53,142,894
Other Government Dues	888,948	13,612,538
Provider of Capital	146,235,000	165,733,000
Dividend	146,235,000	165,733,000
Retained by the company	250,665,182	452,721,735
Depreciation	302,552,510	315,849,487
Retained Earnings	(51,887,328)	136,872,247
	768,404,481	988,101,436





Appropriation

The net profit after tax of Tk. 94,347,672 earned during the year 2018-2019 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 15% (Tk 1.50 per share) for 2018-19, total Tk.146,235,000. The shortfall amount will be funded from retained earnings.

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 2019-2020.

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

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 2019

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 23.

(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 have to maintain Diesel Generator as standby using high priced Diesel.

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, increased by 15%. Beside volume (increase by 4%) impact, cotton price mainly drives higher cost of goods sold. Gross Profit margin in 2018-2019 decreased by 6.4% [Gross Profit margin 2018-2019: 8.7%, 2017-2018: 15.0%]

Net Profit [after tax] margin in 2018-2019 is 2.2% compared to 7.3% in 2017-2018. Margin decreased mainly due to lower gross profit margin.

(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

Significant variance between Quarterly financial performances and annual financial statements are stated below: In Q3-2019, company incurred loss due to higher cost of raw cotton and increase salary & wages costs. Higher cotton price is beyond Company's control as it is traded in the international market.

(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 there from 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 decrease in net profit after tax to Tk. 94,347,672 during 2018-19 from Tk. 302,605,247 for the year 2017-18 are mainly due to increase of raw cotton price by 15%

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

Financial Results

The Company's operating financial results as compared to the previous years are summarized below:

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Revenue	4,324,531,522	4,050,914,299	3,001,195,559	2,005,184,987	2,023,663,281
Cost of sales	(3,949,186,470)	(3,441,942,189)	(2,553,849,138)	(1,630,537,41)5	(1,632,998,934)
Gross Profit	375,345,052	608,972,110	447,346,421	374,647,572	390,664,347
Operating Expenses	(227,901,790)	(232,882,727)	(189,789,330)	(144,703,935)	(95,082,477)
Finance Cost	(99,388,219)	(87,708,897)	(56,569,312)	(32,940,067)	(28,158,251)
Operating Income	48,055,043	280,380,485	200,987,779	197,003,570	267,423,619
Other Income	79,937,673	85,155,064	135,956,483	196,135,347	276,995,469
Net Profit before WPPF	127,992,716	373,535,549	336,944,262	393,138,916	544,419,087
Workers' profit participation	(6,094,891)	(17,787,407)	(16,044,965)	(18,720,901)	(25,924,718)
Net Profit before Tax	121,897,825	355,748,142	320,899,298	374,418,015	518,494,369
Income Tax	(17,787,989)	(31,721,291)	(12,707,554)	(44,378,383)	(78,537,490)
Deferred Tax	(9,762,163)	(21,421,604)	(46,858,515)	(35,564,334)	(2,511,319)
Net profit (loss) after tax	94,347,673	302,605,247	261,333,229	294,475,299	437,445,559
Gross Margin (%)	8.68	15.03	14.91	18.68	19.3
Net Margin after tax (%)	2.18	7.47	8.71	14.69	21.62
Earnings per share	0.97	3.10	2.68	3.02	4.49
Return on Equity (ROE)	2.24	7.25	6.41	7.29	11.13
Outstanding Shares	97,490,000	97,490,000	97,490,000	97,490,000	97,490,000
Face Value per share (Taka)	10	10	10	10	10

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-35 in the notes to the Financial Statements.

(XXIII) Shareholding Pattern

Pattern of Shareholding as on 30 June 2019:

Name of the Shareholders	Status	Shares held	%	
a. Parent/Subsidiary/Associated Compa	nies and other related parties			
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	1,760,400	1.80	
Thanbee Print world limited	Associate Company	857,670	0.88	
Hamza Textiles Limited	Associate Company	2,81,200	.27	
Jinnat Fashions Limited	Associate Company	2,27,850	.23	
b. Director:				
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	
Taslima Brgum	Director	2,130,000	2.18	
Md. Hassan Imam	Director	2,130,000	2.18	
Managing Director, Chief Financial Officer, Minor Children:	Company Secretary, Head of Internal A	udit and their Spou	ses and	
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	
Mohammad Monirul Hasan	Head of Internal Audit	Nil	Nil	

Name of the Shareholders	Status	Shares held	%	
c. Executives				
Shamimul Haque	Chief Production Officer	Nil	Nil	
D. M. Abul Hossain	GM-Utility	Nil	Nil	
Azad Shahriar	DGM-Maintenance	Nil	Nil	
Golam Kibria	DGM-Admin	Nil	Nil	
Farzana Hussain	DGM-Sourcing	Nil	Nil	
d. Shareholders Holding 10% or more voting interest in the Company				
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. Jabbar, Ms. Taslima Begum, and Mr. Md. Hassan Imam 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. Jabbar	Ms. Taslima Begum	Md. Hassan Imam
1	Dulal Brothers Limited	V		
2	Color City Limited	√		
3	DBL Ceramic Ltd	√		
4	DB Tex Ltd	√		
5	Flamingo Fashions Ltd	√		
6	Jinnat Fashions Ltd	V		
7	Jinnat Apparels Ltd	√		
8	Jinnat Knitwears Ltd	V		
9	Hamza Textiles Ltd	√		
10	Mymun Textiles Ltd	V		
11	Parkway Packing & Printing Industries Ltd	V		
12	Mawna Fashions Ltd	V		
13	Textile Testing Services Ltd	V		
14	DBL Telecom Ltd	V		
15	DBL Pharmaceutical Ltd	V		

SL	Entity	M. A. Jabbar	Ms. Taslima Begum	Md. Hassan Imam
16	DBL Dredging Ltd	\checkmark		
17	DBL Healthcare Ltd	$\sqrt{}$		
18	DBL Distributions Ltd	V		
19	DBL Sports Ltd	V		
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 MD and the CFO

Declaration by the Managing Director and CFO has been given on page 62.

(XXVII) Report on Compliance of the Corporate Governance Code

MSML adheres to appropriate good Corporate Governance practices, as described on pages 64 to 76.

of the Annual Report. 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-I of the Annual Report.

Further in compliance with the BSEC notification dated June 3, 2018 Suraiya Parveen & Associates, Chartered Secretaries in practice issued the Corporate Governance Compliance Certificate which is shown on page 63 of this report.

(XXVIII) Directors' Compliance on Corporate Governance

This has been narrated in Statement on Corporate Governance part of the Annual Report.

Abdul Wahed

Chairman of the Board

Matin Spinning Mills Limited Declaration by Managing Director and Chief Financial Officer

Date: 02 November, 2019 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, 2019

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 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, 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 2019 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

Annexure-B



Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

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

Report to the Shareholders of Matin Spinning Mills Limited 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 2019. 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:

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

Dhaka, Dated November 02, 2019 Suraiya Parveen & Associates Chartered Secretaries

Suraiya Parveen, FCS Chartered Secretary in Practice

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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	Title	Compliance Status (Put √ in appropriate column)		Remarks
140.		Complied	Not Complied	(if any)
1	BOARD OF DIRECTORS:			
1(1)	Board's Size: The number of the board members of the Company shall not be less than 5(five) and more than 20(Twenty).	√		
1(2)	Independent Directors:			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent 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;	V		

Condition	Title	(Put√in a	nce Status appropriate umn)	Remarks
No.		Complied	Not Complied	(if any)
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:	√		
1(3)	Qualification of Independent Director:			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is a 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;	√		
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;	V		

Condition	Title	(Put√in a	nce Status appropriate umn)	Remarks
No.		Complied	Not Complied	(if any)
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
1(4)	Duality of Chairperson of the Board of Directors and Mana Director or Chief Executive Officer.	ging		
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;	V		
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;	V		
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;	V		
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;	V		
1(5)	The Directors' Report to Shareholders:		I	ı
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.	V		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/ or through any other instruments.	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights 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;	√		

Condition	Title	(Put√in a	nce Status appropriate umn)	Remarks (if any)
No.		Complied	Not Complied	
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;	V		
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;	V		
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;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the agg with name-wise details where stated below) held by:-	regate nu	mber of sha	res (along
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)(xxiiii)d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	$\sqrt{}$		
1(5)(xxiv)	In case of the appointment or reappointment of a director information to the shareholders:-	r, a disclos	ure on the f	ollowing
1(5)(xxiv) a	A brief Resume of the Director;	√		
1(5)(xxiv) b	Nature of his/her expertise in specific functional areas;	√		

			nce Status	
Condition	Title		appropriate umn)	Remarks
No.		Complied	Not Complied	(if any)
1(5)(xxiv) c	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or of the company's position and operations along with a brid financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	V		
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	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 hall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not Inconsistent with any condition of this Code.	V		
1(7)	Code of Conduct for the Chairperson, other Board membe and Chief Executive Officer	rs		
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;	√		

Condition	Title	(Put√in a	nce Status appropriate umn)	Remarks
No.		Complied	Not Complied	(if any)
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;	V		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			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
3.	Managing Director (MD) or Chief Executive Officer (CEO), Cof Internal Audit and Compliance (HIAC) and Company Sec			(CFO) Head
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);	V		
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;	V		
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;	\checkmark		
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).	V		
3(2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not	$\sqrt{}$		
	attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.			

Condition No.	Title	(Put√in a	nce Status appropriate umn)	Remarks
140.		Complied	Not Complied	(if any)
3(3)	Duties of Managing Director (MD) or Chief Executive Office Officer (CFO)	er (CEO) ar	nd Chief Fina	ıncial
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;	V		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	Board of Director's Committee			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
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.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;			
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	V		
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;	√		

Condition	Title	Compliance Status (Put √ in appropriate column)		e (Put √ in appropriate column)		(Put √ in appropriate column) (If a part)	
		Complied	Not Complied	(if any)			
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√					
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√					
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√					
5(3)	Chairperson of the Audit Committee						
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	V					
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.	V					
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√					
5(4)	Meeting of the Audit Committee						
5(4)(a)	Audit Committee shall conduct at least its four meetings in a financial year:	√					
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√					
5(5)	Role of Audit Committee The Audit Committee shall:-						
5(5)(a)	Oversee the financial reporting process;	√					
5(5)(b)	monitor choice of accounting policies and principles;	√					
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	V					
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;	V					

Condition	Title	Compliance Status (Put √ in appropriate column)		Remarks
No.		Complied	Not Complied	(if any)
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(1)	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
5(6)	Reporting of the Audit Committee		ı	
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The audit Committee shall immediately report to the Boa any:-	rd on the f	ollowing fin	dings, if
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)	Report to the Authorities 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

Condition No.	Title	(Put√in a	nce Status appropriate umn)	Remarks
NO.		Complied	Not Complied	(if any)
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	V		
6	Nomination and Remuneration Committee (NRC)	ı		
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	V		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
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;	V		
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;	V		
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.	√		

Condition No.	Title	(Put√in a	nce Status appropriate umn)	Remarks
IVO.		Complied	Not Complied	(if any)
6(3)	Chairperson of the NRC		•	
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters a recommendation to the Board:	nd make r	eport with	
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;	V		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		

Condition	Title	(Put√in a	nce Status appropriate umn)	Remarks (if any)
No.		Complied	Not Complied	
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	V		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	V		
7	External or Statutory Auditors			
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.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). Complied 9 Reporting and Compliance of Corporate Governance.	V		

Condition	Title	Compliance Status (Put √ in appropriate column)		Remarks
INU.		Complied	Not Complied	(if any)
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	V		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		



Report of the

Audit Committee

For the Year 2018-2019

The Audit Committee consists of the following persons:

Mr. M. Farhad Hussain FCA	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.
- (I) 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 2018-2019, the Audit Committee of the Company held 05 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:

- 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.

Matin Spinning Mills Limited

- 03. The Committee reviewed the Audit Plan for the year 2018-2019.
- 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.

M. Farhad Hussain, FCA

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:

 Adhere with the Company policies as well as guidelines and applicable country regulations

- ii. Ensure a selection process that is transparent in all respects.
- 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.
- 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;
- ii. There is a clear balance in benefits between fixed and incentive pay of the Directors and senior management, reflecting short and longterm performance goals and objectives of the Company;

- iii. 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;
- iv. 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
- vi. 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

- b) 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 2018-19, the Committee met twice. 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.
- 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.
- Identified criteria for selection, transfer or replacement and promotion at different levels of the Company.
- vi. Drafted a code of conduct for the Chairman, other Board members and Chief Executive Officer.

M. Naser Alam, Barrister-at-Law

Chairman

Mlany





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 Paralysed (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

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 8,297,041 sales took place in Bandhan in 2018-19.



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 Eight 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 8% of the total yarn production comprises of Organic Cotton.

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 90% of the total yarn production is from BCI 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 production. Matin Spinning launched a series of innovated products in their production line such as colour fiber injected yarn, Vario Siro yarn, Snow yarn, 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.



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 Brigade

The Mini Fire Brigade 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 Brigade 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 MFB has already completed more than 80 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 everyday 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:

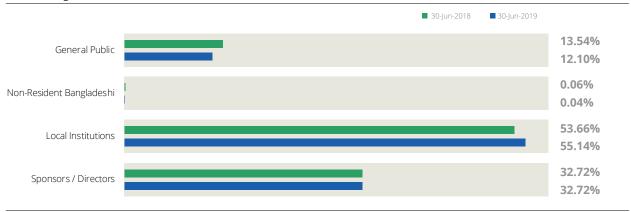
Financial Calendar

Events for the year	2018-19	2017-18
Publication of unaudited 1st Quarter Financial Statements	04-Nov-18	06-Nov-17
Publication of unaudited Half year Financial Statements	17-Jan-19	27-Jan-18
Publication of unaudited 3rd Quarter Financial Statements	29-Apr-19	25-Apr-18
Annual Financial Statements approved by the Board	02-Nov-19	04-Nov-18
Record Date	24-Nov-19	29-Nov-18
Dispatching notice for the Annual General Meeting	20-Nov-19	22-Nov-18
Dispatching of Annual Report	27-Nov-19	29-Nov-18
Holding of Annual General Meeting	12-Dec-19	13-Dec-18
Transfer/Payment of Dividend	04-Jan-20	03-Jan-19

Comparative Shareholding Structure

Events for the year	30 June, 2019 30 June, 2018		30 June, 2019 30 June, 2	
	Number of shares	% of Shares	Number of shares	% of Shares
Sponsors / Directors	31,917,000	32.72	31,917,000	32.72
Local Institutions	53,752,286	55.14	52,318,702	53.66
Non-residential Bangladeshi	37,599	0.04	60,050	0.06
General Public	11,783,115	12.10	13,194,248	13.54
Total Shares Held	97,490,000	100.00	97,490,000	100.00

Shareholding Structure



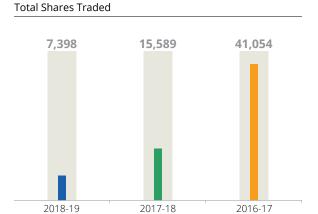
Stock Detail

Particular	DSE	CSE
Stock Symbol	MATINSPINN	MATINSPINN
Listing Year	2014	2014
Market Category	А	А
Face Value (Taka)	10	10
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	2018-19	2017-2018	2016-2017
Year End Closing (Taka)	38.00	38.10	41.20
Year High (Taka)	43.30	43.60	49.70
Year Low (Taka)	35.80	35.50	35.30
Total number of Trade	7,398	15,589	41,054





Share Information

Particulars	30 June, 2019	30 June, 2018	30 June, 2017
Number of shares	97,490,000	97,490,000	97,490,000
Net Asset Value per share(Taka)	42.90	43.63	41.99
Earnings per share	.97	3.10	2.68
Dividend (Cash) %	15	17	15

Shares held by directors/executives and relatives of directors /executives (Pattern of Shareholding as on 30 June 2019 provided on page 59).

Redressal of Investor Complaints

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

- i) Investors are encouraged to address their queries via E-mail: secretary@msml.dbl-group. com. Investor can also register their complaints and queries through an application addressed to the Company Secretary.
- ii) Investor Relations Department acknowledges the complaint and contacts the investor to confirm their identity regarding
 - ▶ Shareholder's BO ID &
 - ▶ Shareholder's Name
- iii) Investor Relations 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.





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 2019, 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key Audit Matters

How our audit addressed the key audit matters

Recognition of revenue with related parties and the initial application of IFRS 15

The Company has adopted IFRS 15 in recognizing revenue in the current year which increased the risk that revenue may not have been recognised in accordance with the requirements of IFRS 15 with respect to measurement.

The Company has reported a gross revenue of BDT 4,324,531,522 for the year ended 30 June 2019. 90% 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.

Revenue has been disclosed in note 23 of the financial statements, impact of adoption of IFRS 15 in note 3.03 and related party transactions and relationships have been disclosed in note 40 of the financial statements.

We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included the following:

- 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 the initial application of IFRS 15 and IAS 24.
- We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.
- We assessed the systems of invoicing and measurement of revenue up to entries in the general ledger.
- We examined customer invoices on a test basis and evaluated whether revenue recognised was consistent with contractual terms and related to transactions which occurred during the year.
- We performed cut off tests, on a sample basis, to assess whether reported related to transactions that occurred during the year.

With regard to the impact of the initial application of IFRS 15 from the current financial year, we assessed the impact after the implementation of the new standard. Our audit approach included, among other items:

- We assessed the design of the processes set up to account for the transactions in accordance with the new standard.
- We assessed the s disclosures as required by the new standard have been met.
- We assessed whether any adjustments was required to be made to opening balances due to the adoption of the new standard by reconciling the recognition and measurement principles of the standard with the client's policies.

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:

- We obtained a full list of the Company's transactions with related parties, nature and purpose of such transactions and outstanding balances.
- We obtained an understanding the Company's process for identifying related parties and disclosing related party transactions.
- We inspected supporting documentation to understand whether related party transactions have taken place on an arms' length basis.
- We obtained external confirmations to evaluate the accuracy and completeness of related party balances.
- We assessed whether related party disclosures comply with the requirements of IAS 24.
- We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.

Key Audit Matters

How our audit addressed the key audit matters

Valuation and existence of inventories

At year end, the Company has inventories amounting to BDT 524,128,640 which amounted to 8% 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.

IAS 2 defines inventories as assets which are: (a) held for sale in the ordinary course of business, (b) in the process of production for such sale, (c) in the form of materials or supplies to be consumed in the production process or rendering of services. There was therefore a risk that assets which do not meet the definition of inventories have been improperly classified as inventory items.

Inventories has been disclosed in note 09 of the financial statements. The Company's policy with regards to the valuation of inventories has been disclosed in note 3.12.

With regard to appropriate valuation of inventories we adopted the following audit procedures:

- We observed the company's year-end inventory count, performed test counts and reconciled count sheet records to inventory valuation report in order to verify the existence of inventories reported in the accounts.
- We tested the purchase costs of a sample of inventory items by inspecting invoices.
- We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2.
- We assessed the movement of inventories and analysed whether closing inventories were valued using the weighted average method.
- We tested on a sample basis, the net realisable value by comparing costs to recent selling prices.
- We assessed the listing of the nature of items presented within inventories and analysed whether they meet the definition of inventories.
- We read the disclosure made by the Company for compliance with disclosure requirements.

Emphasis of Matter on Restatement

We draw attention to note no. 14 and 15 wherein the basis for restatement of opening balance as on 1 July 2017 date and the financial statements for the year ended 30 June 2019 has been given by the management. Hitherto the Company had not transferred the difference between depreciation on revalued assets and the depreciation on original costs of assets to retained earnings which was not in compliance with paragraph 41 of IAS 16. Upon such restatement depreciation of BDT 51,751,302 has been charged against opening revaluation reserves as at 1 July 2017 and the same amount has been transferred to retained earnings.

Our opinion is not qualified in respect of this matter.

Other information included in the Company's 30 June 2019 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.

Other matter

The financial statements of the Company for the year ended 30 June 2018 were audited by another auditor who expressed an unqualified opinion adding emphasis of matter paragraph on those statements on 04 November 2018.

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

Dhaka, 2 November 2019

Statement of Financial Position as at 30 June 2019

Particular	Notos	Amounts in Taka			
Particular	Notes	30 June 2019	30 June 2018	1 July 2017	
			(Restated)	(Restated)	
Assets					
Non - current assets					
Property, plant and equipment	04	3,996,190,404	4,168,868,097	4,352,495,520	
Investment	05	36,413,499	34,336,067	35,414,179	
Capital work-in-process	06	202,850,542	30,619,562	70,232,487	
		239,264,041	64,955,629	105,646,666	
Total non - current assets		4,235,454,445	4,233,823,726	4,458,142,186	
Current assets					
Inventories	07	524,128,640	947,835,529	346,387,853	
Accounts receivable	80	905,681,247	1,072,215,675	749,144,849	
Advance, deposits and prepayments	09	253,812,258	207,967,996	1,038,590,042	
Materials in transit	10	413,781,170	147,222,736	319,954,756	
Cash and bank balances	11	236,181,930	106,272,934	164,507,885	
Total current assets		2,333,585,245	2,481,514,870	2,618,585,385	
Total assets		6,569,039,690	6,715,338,596	7,076,727,571	
Equity and liabilities	•				
Share capital	12	974,900,000	974,900,000	974,900,000	
Share premium	13	920,700,000	920,700,000	920,700,000	
Retained earnings	14	1,364,587,907	1,429,498,557	1,263,787,809	
Revaluation reserve	15	922,470,313	928,100,467	933,964,648	
Total equity	ľ	4,182,658,220	4,253,199,024	4,093,352,457	
Non-current liabilities					
Long term bank loan	16	368,320,391	367,459,542	543,516,886	
Deferred tax liability	17	204,333,813	195,416,173	177,470,888	
Total non-current liabilities	Ì	572,654,204	562,875,715	720,987,774	
Current liabilities					
Accounts payable	18	104,070,268	137,302,562	120,497,736	
Short term bank loan	19	1,376,471,384	1,436,478,545	4,582,760	
Current portion of long term loan	20	193,920,170	192,312,780	1,775,310,925	
Share application money	21	4,553,160	4,553,160	231,867,632	
Provision & accruals	22	134,712,284	128,616,810	130,128,287	
Total current liabilities		1,813,727,266	1,899,263,857	2,262,387,340	
Total equity and liabilities		6,569,039,690	6,715,338,596	7,076,727,571	
NAV Per Share (With Revaluation reserves)	33	42.90	43.63	41.99	

These financial statements should be read in conjunction with the annexed notes 1 to 47.

Managing Director

Chief Financial Officer

Dated, Dhaka 02 November 2019



Statement of Profit or Loss for the year ended 30 June 2019

	Notes	Amounts in Taka	
Particular		2018-19	2017-18
Revenue	23	4,324,531,522	4,050,914,298
Cost of goods sold	24	(3,949,186,470)	(3,441,942,189)
Gross profit		375,345,052	608,972,110
Other income	25	79,937,673	85,155,064
		455,282,725	694,127,174
Administrative expenses	26	(220,692,515)	(226,488,125)
Distribution expenses	27	(7,209,275)	(6,394,603)
Net profit before finance cost		227,380,935	461,244,446
Finance cost	28	(99,388,219)	(87,708,897)
Net profit before workers' profit participation funds & tax		127,992,716	373,535,550
Contribution to workers' profit participation funds	29	(6,094,891)	(17,787,407)
Net profit before taxation		121,897,825	355,748,142
Income tax	30	(17,787,989)	(31,721,291)
Deferred tax	31	(9,762,163)	(21,421,604)
Net profit after tax		94,347,673	302,605,247
Earnings Per Share (EPS)	32	0.97	3.10

These financial statements should be read in conjunction with the annexed notes 1 to 47.

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Managing Director

Dated, Dhaka 02 November 2019 **Chartered Accountants**

Chief Financial Officer

Statement of Other Comprehensive Income for the year ended 30 June 2019

Particular	Notes	Amounts in Taka	
		2018-19	2017-18
Net profit after tax for the year		94,347,673	302,605,247
Deferred tax on other comprehensive income	31.01	844,523	3,476,319
Total comprehensive income for the year		95,192,196	306,081,567

These financial statements should be read in conjunction with the annexed notes 1 to 47.

Dated, Dhaka 02 November 2019 Managing Director

Chief Financial Officer

Statement of Changes in Equity for the year ended 30 June 2019

Amounts in Taka

Particular	Share Capital	Share Premium	Retained Earnings	Revaluation Reserves	Total
2018-19					
Balance at 01 July 2018	974,900,000	920,700,000	1,429,498,557	928,100,467	4,253,199,024
Net profit for the year	-	-	94,347,673	-	94,347,673
Dividend Paid	-	-	(165,733,000)	-	(165,733,000)
Depreciation on Revalued Assets			5,630,154	(5,630,154)	-
Other comprehensive income	-	-	844,523		844,523
Balance at 30 June 2019	974,900,000	920,700,000	1,364,587,907	922,470,313	4,182,658,220
2017-18					
Balance at 01 July 2017	974,900,000	920,700,000	1,212,036,507	985,715,950	4,093,352,457
Effect of para 41 of IAS 16	-	-	51,751,302	(51,751,302)	-
As at 01 July 2017 (adjusted)	974,900,000	920,700,000	1,263,787,809	933,964,648	4,093,352,457
Net profit for the year	-	-	302,605,247	-	302,605,247
Dividend Paid	-	-	(146,235,000)	-	(146,235,000)
Depreciation on Revalued Assets			5,864,181	(5,864,181)	-
Other comprehensive income	-	-	3,476,319		3,476,319
Balance at 30 June 2018 (restated)	974,900,000	920,700,000	1,429,498,557	928,100,467	4,253,199,024
(See note 15)					

These financial statements should be read in conjunction with the annexed notes 1 to 47.

Dated, Dhaka 02 November 2019

manholy. Managing Director

Chief Financial Officer



Statement of Cash Flows for the year ended 30 June 2019

Dar	ticular	Amounts in Taka		
rai	ciculai	2018-19	2017-2018	
A.	Cash flows from operating activities			
	Collection from customers	4,491,871,317	3,721,807,843	
	Other Income	63,926,496	78,327,602	
	Cash generated from operations	4,555,797,813	3,800,135,445	
	Cash paid to employees	(329,202,410)	(271,363,033)	
	Cash paid to suppliers	(3,614,106,838)	(2,838,185,517)	
	Interest paid on loans	(106,851,156)	(80,245,960)	
	Income tax paid	(25,086,781)	(44,853,581)	
	Payment made to workers' profit participation funds	(17,787,407)	(16,044,966)	
	Net cash flows from operating activities	462,763,221	549,442,387	
В.	Cash flow from investing activities			
	Acquisition of property, plant and equipment	(105,115,683)	(54,601,186)	
	Capital work-in-process	(7,009,738)	(31,180,342)	
	Dividend Income	418,902	1,994,000	
	Disposal of Fixed Assets	-	800,000	
	Purchase of marketable securities	(68,098,782)	(108,729,644)	
	Proceeds from Sale of Marketable Securities	68,072,589	108,755,421	
	Interest on FDR and Bank Accounts	862,998	873,043	
	Net cash used in investing activities	(110,869,714)	(82,088,708)	
C.	Cash flows from financing activities			
	Long term loan received	231,382,556	14,239,491	
	Long term loan (repaid)	(224,962,164)	(238,590,887)	
	Short term loan received from bank	3,574,556,327	2,945,779,304	
	Short term loan repaid to bank	(3,637,954,490)	(3,292,810,763)	
	Dividend Paid	(165,590,667)	(145,967,454)	
	Share application money refunded	-	(29,600)	
	Net cash from/(used in) financing activities	(222,568,437)	(717,379,909)	
D.	Net increase/(decrease) in cash and cash equivalents (A+B+C)	129,325,069	(250,026,230)	
E.	Opening cash and cash equivalents	106,272,935	346,387,853	
F.	Effects of currency translation on cash and cash equivalents	583,926	9,911,311	
G.	Closing cash and cash equivalents (D+E+F)	236,181,930	106,272,934	
	Net Operating Cash Flow Per Share	4.75	5.64	

These financial statements should be read in conjunction with the annexed notes 1 to 47.

Managing Director

Dated, Dhaka 02 November 2019



Notes to the financial statements

for the year ended 30 June 2019

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.

Initial application of new standards

The company has initially applied IFRS 15 (see note 3.03) and IFRS 9 (see note 3.8) from 1 July 2018. These two new standards do not have a material effect on the company's financial statements.

Due to the transition methods chosen by the company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

2.02 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on November 02, 2019.

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 2018 to 30 June 2019.

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.

The company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2017-18 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There was no material impact of adopting IFRS 15 on the Company's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 and the statement of cash flows for the year then ended.

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 – 08 Accounts Receivable

Note – 09 Inventories

Note – 17 Deferred Tax Liability

Note – 18 Accounts Payable

Note – 22 Provisions & accruals

Note – 30 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.

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 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 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.

Types of Stock	Basis of Valuation
Raw Materials, Packing Materials and	At cost and net realizable value whichever is lower
Work-in-process	
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 -12.

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 disclousure

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 group. 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.

		Notes	Amounts	s in Taka
		_ Notes	30 June 2019	30 June 2018
4	Property, plant and equipment			
Α	Assets at Cost (Non Revalued Assets)			
	Opening balance (at cost)		5,224,460,800	5,093,183,305
	Add: Additions		129,874,816	132,317,495
			5,354,335,617	5,225,500,800
	<u>Less</u> : Disposal/Adjustment		-	(1,040,000)
	Closing balance (a)		5,354,335,617	5,224,460,800
	Accumulated Depreciation			
	Opening balance		2,031,654,733	1,722,613,995
	Add: Charges for the year		296,922,355	309,985,306
			2,328,577,088	2,032,599,301
	Less: Disposal/Adjustment		-	(944,569)
	Closing balance (b)		2,328,577,088	2,031,654,733
	Written Down Value (a-b)		3,025,758,529	3,192,806,068
В				
	Opening balance (at revalued cost)		1,033,677,512	1,033,677,512
	<u>Add</u> : Additions		-	
			1,033,677,512	1,033,677,512
	<u>Less</u> : Disposal/Adjustment		-	
	Closing balance (a)		1,033,677,512	1,033,677,512
	Accumulated Depreciation			
	Opening balance		57,615,483	51,751,302
	Add: Charges for the year		5,630,154	5,864,181
			63,245,637	57,615,483
	Less: Disposal/Adjustment			
	Closing balance (b)		63,245,637	57,615,483
	Written Down Value of Revaluation Assets (a-b)		970,431,875	976,062,029
	Total Written Down Value (A+B)		3,996,190,404	4,168,868,097
5	Investment			
	Investment in marketable securities	5.1	36,413,499	34,336,067
			36,413,499	34,336,067
	5.01 Investment in marketable securities			
	Opening balance		34,336,067	35,414,179
	Add: Addition during the year		-	-
	, ad., radicion during the year		34,336,067	35,414,179
	Realized gain /(loss)		11,253,083	6,604,828
	Unrealized gain /(loss) for fair value adjustment		(9,175,651)	(7,682,941)
	Closing balance		36,413,499	34,336,067
			20,110,100	2 .,555,567

Na	ame of securities	No. of Share	Rate	Cost Value	Market rate per share as on 30 June 2019	Market value as on 30 June 2019
IFIC		369,600	13.52	4,996,992	10.40	3,843,840
Shur	wid Industries	120,300	36.07	4,339,221	33.60	4,042,080
Dhak	ka Bank Ltd	573,390	16.23	9,306,120	13.60	7,798,104
AB B	ank Ltd	202,500	19.56	3,960,900	10.00	2,025,000
	antile Bank Ltd	195,500	18.10	3,538,550	14.20	2,776,100
_	nna Life	223,000	73.70	16,435,100	60.10	13,402,300
	Bank Ltd	167,750	16.21	2,719,228	13.30	2,231,075
Stand	dard Bank Ltd	29,500	10.53	310,635	10.00	295,000
		1,881,540		45,606,745		36,413,499
				Notes	Amount	s in Taka
					30 June 2019	30 June 2018
6 Capi	tal work-in-proces	5				
God	own - 2			6.01	3,147,131	-
Baga	an Bari Staff Quarter			6.02	-	3,417,914
Mac	hineries in Transit				199,703,411	27,201,648
					202,850,542	30,619,562
6.01	Godown - 2					
Ope	ning Balance				-	-
	: Addition during the	•			7,009,738	-
	:: Transfer to Fixed As	ssets			(3,862,607)	
	ing Balance				3,147,131	
	Bagan Bari Staff	Quarter				
	ning Balance				3,417,914	-
	: Addition during the	•				19,415,089
	:: Transfer to Fixed As	ssets			(3,417,914)	(15,997,175)
	ing Balance				-	3,417,914
	ntories					
	ufacturing Inventory	ata a r		7.01	506,997,455	933,216,838
NON	Manufacturing Inver	itory		7.02	17,131,184 524,128,640	14,618,691 947,835,529
7.01	Manufacturing Ir	ventory			324,120,040	<u> </u>
	cotton	,		7.01.01	250,757,810	620,865,486
	hed yarn			7.01.02	89,977,643	133,961,259
	ing materials			7.01.03	3,226,100	1,950,203
	k-in-process			7.01.04	40,794,490	61,276,684
Spar	e parts			7.01.05	122,241,412	115,163,206
					506,997,455	933,216,838
7.01.0	1 Raw cotton					
	Value (Taka)					
	Conventional Co Organic Cotton	tton			151,557,525	488,821,653 3,857,614
	Synthetic Fiber				64,329,151	112,035,710
	Usable Waste Co	itton			34,038,231	14,329,014
	Waste Cotton Total				832,904 250,757,810	1,821,496 620,865,486
	IVLAI				250,757,810	020,003,480

	Notes	Amount	s in Taka
	otes	30 June 2019	30 June 2018
Quantity (KG)			
Conventional Cotton		891,426	2,675,988
Organic Cotton Synthetic Fiber		- 376,384	24,031 633,803
Usable Waste Cotton		400,166	203,711
Waste Cotton		37,954	99,590
Total		1,705,930	3,537,533
Cost Per Kg (TK.)			
Conventional Cotton		170.02	182.67
Organic Cotton		-	160.53
Synthetic Fiber		170.91	176.77
Usable Waste Cotton Waste Cotton		85.06	70.34 18.29
7.01.02 Finished yarn		21.95	10.29
Value (Taka)			
		12 740 200	24.110.000
Carded Combed		13,740,206 6,467,576	24,119,866 37,875,534
Slub		14,563,689	10,078,151
Synthetic		9,016,936	17,592,637
Melange		11,579,829	15,767,602
Vortex		4,962,643	12,738,961
Open End Twisted yarn		29,504,122 142,641	12,614,850 3,173,659
Total		89,977,643	133,961,259
Quantity (KG)			<u> </u>
Carded		51,264	100,456
Combed		18,153	121,717
Slub		44,008	31,556
Synthetic		33,489	67,315
Melange Vortex		38,929 20,147	51,566 50,748
Open End		181,910	77,842
Twisted yarn		530	11,442
Total		388,429	512,641
Cost Per Kg (Taka)			
Carded		268.03	240.10
Combed		356.29	311.18
Slub		330.93	319.37
Synthetic		269.25	261.35
Melange Vortex		297.46 246.32	305.78 251.03
Open End		162.19	162.06
Twisted yarn		269.34	277.38
7.01.03 Packing materials Value (TK.)			
Opening balance		1,950,203	2,307,074
Purchase during the period		31,011,384	26,626,076
Packing materials available for consumption Consumption during the period		32,961,587 29,735,487	28,933,150 26,982,946
Closing balance		3,226,100	1,950,203
crossing balance		5,225,150	.,550,205

7.01.04 Work-in-process

	Quanti	ty (KG)	Amounts in Taka	
Particular	June	June	June 30,2019	June 30,2018
	30,2019	30,2018	Julic 30,2013	Julie 30,2010
Blow Room	80,265	109,313	10,419,845	16,032,174
Carding	5,070	4,287	608,959	621,287
B. Drawing	7,875	3,644	1,282,927	623,189
Combing	957	1,814	183,594	318,876
F. Drawing	10,773	22,377	1,680,608	3,715,198
Simplex	41,414	45,254	7,027,174	7,782,930
Ring Frame	57,890	82,060	10,927,480	15,944,718
Winding	4,350	6,325	956,405	1,476,578
Packing	30,155	61,000	6,587,390	13,085,777
Rotor	4,504	8,667	706,002	1,107,209
Vortex	2,711	3,589	414,107	568,746
Total	245,964	348,330	40,794,490	61,276,684
7.01.05 Spare parts				
Opening Balance			115,163,206	64,346,504
Add: Addition during the perioc	d		142,085,776	105,419,097
			257,248,982	169,765,601
Less: Consumption during the p	period		54,298,317	37,310,871
Less: Transfer to other GL			80,709,253	17,291,525
Closing balance			122,241,412	115,163,206
7.02 Non Manufacturing Invento	ory			
Stock of Bandhan			6,393,695	5,487,790
Stock of Stamp			51,400	400
Construction Material			3,340,050	4,455,686
Store Materials under Inspection	n		7,346,039	4,674,815
			17,131,184	14,618,691

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 seperately due to large variety of goods of packing materials, spare parts, and stock of Bandhan.

8 Accounts receivables

, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
	Receivable other than related party	8.01	588,686,323	676,450,494
	Receivable from related party	8.02	319,074,297	395,392,322
	Bank interest receivable on FDR		3,849,040	3,043,673
	Claim Receivable		980,253	4,237,852
	Provision for bad debts		(6,908,666)	(6,908,666)
			905,681,247	1,072,215,675
8.01	Receivable other than related party			
	Lithium Knit Fabrics Ltd		6,941,374	7,332,806
	Apex Textile Mills Ltd		3,672,240	17,623,125
	S.B Knitting Ltd.		6,851,268	2,308,845
	Aboni Textile Ltd		27,162,317	75,696,682
	Satil Knitwear (Pvt.) Ltd		-	4,532,118
	Century Design &		2 4 4 2 7 9 2	2 027 222
	Fashion Ltd		3,443,782	3,937,322
	HDF Apparels Ltd		-	10,405,813
	MEGHNA KNIT COMPOSITE LTD		25,797,880	=
	Ama Syntex Ltd		-	95,565
	Greenlife Knittex Ltd		26,512,541	8,195,367

			Notes	Amounts	s in Taka
				30 June 2019	30 June 2018
B.Brothers Garme	nts Co. Ltd			-	18,570,169
Dird Composite Te	extiles Ltd			-	5,190,816
Blue Planet Knitwe	ear Ltd			16,426,894	10,216,922
Delta Composite k	nitting Ind Ltd	b		6,721,688	26,091,600
Hossain Dyeing &	Printing Mills	Ltd		-	5,620,777
Tasniah Fabrics Lt	d			1,039,500	-
Abonti Colour Tex	. Ltd			12,755,080	99,477,708
Amber Denim Ltd				104,141,289	89,527,846
Shadhin Garments	s (Pvt) Ltd.			-	17,516,242
Crony Apparels Ltd	d			3,755,012	12,107,755
Asrotex Ltd.				41,782,581	14,525,542
Fariha Knitex Ltd				34,819,969	7,741,866
Fakir Apparels Ltd				86,466,803	65,609,118
Fakir Fashions Ltd				25,036,198	-
VIYELLATEX LTD				39,147,613	-
Utah Knitting & De	esign Ltd.			-	1,386,063
Jointex Knit Wears	Ltd.			31,487,931	95,435,806
Sark Knitwear Ltd.				-	10,390,467
Essential Clothing	Ltd			18,953,676	10,303,818
Hyacinth Fabrics N	Aills Ltd			-	3,607,900
Others				65,770,689	53,002,437
				588,686,323	676,450,494
8.02 Receivable from	related part	:y			
Flamingo Fashions	s Ltd			65,362,928	214,776,320
Jinnat Fashions Ltd	d			18,331,181	25,831,211
Mawna Fashions L	.td			13,334,759	6,500,953
Jinnat Apparels Ltd	d			60,585,629	59,417,925
Jinnat Knitwears Lt	:d			142,893,592	25,226,869
Hamza Textiles Ltd	d.			13,715,514	48,798,426
Parkway Packing a	nd Printing Lt	d		4,850,694	14,840,618
				319,074,297	395,392,322
Age analysis of	Debtors:				
	1-3	4-6	above 6	Total	Total
	Months	Months	Months		
Sale of yarn	730,434,426	141,317,361	36,024,127	907,775,914	740,915,613
Interest receiveable on FDR (Vii)	3,849,040	-	-	3,849,040	2,170,637
Claim Receivable	980,253			980,253	6,058,599
	735,263,719	141,317,361	36,024,127	912,605,207	749,144,849

- 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 2019



III. Accounts receivable considered doubtful or bad :-

Tk 6,941,373.95 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 2019

V. Accounts receivable from Related Parties:-

There has been an amount of Tk 319,074,297 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 defendents but they are untraced in their address.

VII. Interest receiveable on FDR:-

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

		Notes	Amounts	s in Taka
		Notes	30 June 2019	30 June 2018
09	Advance, deposits and Prepayments			
	Advance			
	Salary & Allowances		1,889,057	2,236,500
	Construction	09.01	2,103,712	319,322
	Expenses	09.02	42,452,877	22,569,937
	Advance Income Tax	09.03	167,618,517	143,876,816
			214,064,163	169,002,576
	Deposits			
	Security deposit for Utilities	09.04	39,748,095	38,965,420
			39,748,095	38,965,420
			253,812,258	207,967,996
	09.01 Construction			
	S.S Enterprise		593	593
	Energypac Engineering Ltd.		872,390	-
	Jawad Trading		87,449	87,449
	Shinpower		912,000	-
	Quantam Builders & Engineering Ltd		231,280	231,280
			2,103,712	319,322
	09.02 Expenses			
	R&R-Beth GmbH		_	244,791
	Groz-Beckert Carding (Wuxi) Co. Ltd.		485,857	
	Lakshmipur Card Cops Tecno Engineering		802,750	=
	Sakthi Associates		918,083	=
	Bestair Engineering Co. Ltd		451,754	-
	DBL C&F		14,440,856	7,169,909
	Md. Azizur Rahman		3,202,500	3,202,500
	Export Import Bank of Bangladesh Limited		-	2,395,036
	Rotorcraft AG		9,959,851	360,551
	Saurer Components GmhH		-	735,044
	Fagus-Grecon Greten GmbH & Co.		-	1,065,008
	Rieter Maschinenfabrik Rieter AG		1,687,715	-
	Trutzschler GmbH & Co. KG		539,276	- ,
	Mr. Sunny		2.645.100	4,500,000
	Mr.Rashid		2,615,139	161,561

	Notes	Amounts	in Taka
	Notes	30 June 2019	30 June 2018
Sazzad Bin Yusuf		10,000	10,000
Encon		950,000	375,000
Mr. Siddik		301,598	437,652
Rezaul Islam Tusku		1,048,312	-
Ms. Jabeen Noman		1,790,826	1 256 226
MJL Bangladesh Ltd Local Purchase		1,185,686	1,256,326
Others		449,611	38,906
Others		1,613,064 42,452,877	617,653 22,569,937
00.03 Advance income Tay		42,452,677	22,309,937
09.03 Advance income Tax	00.02.4	06.056.464	77.044.702
Income Tax on Export	09.03.1	96,356,461	77,844,702
Tax on Interest Received (Bank)	09.03.2	34,237,065	33,662,044
Advance income tax paid for tribunal	09.03.3	36,682,663	30,682,663
Advance income tax	09.03.4	342,327	1,687,407
		167,618,517	143,876,816
09.03.1 Income Tax on Export			
Opening Balance		77,844,702	62,840,155
Add: Addition during the year (Section - 53 BBBB o	of	18,511,759	27,566,682
Income Tax Ordinance 1984)		. 6,5 , . 55	
Less: Adjustment against provision for previous years Al	T	-	(12,562,135)
Closing Balance		96,356,461	77,844,702
09.03.2 Tax on Interest Received (Bank)			
Opening Balance		33,662,044	49,788,219
Add: Addition during the year (Section - 53 F of	of	575,022	486,104
Income Tax Ordinance 1984)		373,022	
Less: Adjustment against provision for previous years Al	Τ	-	(16,612,279)
Closing Balance		34,237,065	33,662,044
Advance tax represents tax deducted at source (
as per SRO - 68 dated 22.04.2014 and @ 10 % on	interest receive	ed from bank under	section 53F dated
01.07.2012.			
09.03.3 Advance income tax paid for tribunal			
09.03.3 Advance income tax paid for tribunal Income tax paid for tribunal for the year 2011 -201.	2	1,682,663	1,682,663
•		1,682,663 1,500,000	1,682,663 1,500,000
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201.			
Income tax paid for tribunal for the year 2011 -201		1,500,000	1,500,000
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017		1,500,000 16,500,000	1,500,000 16,500,000
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017 Income tax paid for the year 2017 -2018 Income tax paid for the year 2018 -2019		1,500,000 16,500,000 11,000,000	1,500,000 16,500,000
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017 Income tax paid for the year 2017 -2018 Income tax paid for the year 2018 -2019 Income tax paid for the year 2014 -2015		1,500,000 16,500,000 11,000,000	1,500,000 16,500,000 11,000,000 - 5,800,794
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017 Income tax paid for the year 2017 -2018 Income tax paid for the year 2018 -2019		1,500,000 16,500,000 11,000,000	1,500,000 16,500,000 11,000,000
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017 Income tax paid for the year 2017 -2018 Income tax paid for the year 2018 -2019 Income tax paid for the year 2014 -2015		1,500,000 16,500,000 11,000,000 6,000,000	1,500,000 16,500,000 11,000,000 - 5,800,794 (5,800,794)
Income tax paid for tribunal for the year 2011 -201. Income tax paid for tribunal for the year 2012 -201. Income tax paid for the year 2016 -2017 Income tax paid for the year 2017 -2018 Income tax paid for the year 2018 -2019 Income tax paid for the year 2014 -2015 Less: Final adjustment for the year 2014 -2015		1,500,000 16,500,000 11,000,000 6,000,000	1,500,000 16,500,000 11,000,000 - 5,800,794 (5,800,794)

	Notes	Amounts in Taka		
		30 June 2019	30 June 2018	
09.04 Security deposit for Utilities				
Margin Against Bank Guarantee (Titas Gas)		39,154,255	38,371,580	
Central Depository Bangladesh Ltd (CDBL)		500,000	500,000	
Security Deposit for Electricity		93,840	93,840	
		39,748,095	38,965,420	

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

	1-3	3-6
	Months	Months
Salary & Allowances	-	1,889,057
Construction	-	2,103,712
Expenses		42,452,877

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

10 Materials in transit				
Margin and depo	osit (Raw Cotton)	10.01	413,781,170	147,222,736
			413,781,170	147,222,736
10.01 Margin and dep	oosit (Raw Cotton)			
Margin against C			3,773,098	7,157,283
Margin Against E			10,316,718	10,215,643
Materials In Trar	nsit		399,691,354	129,849,810
			413,781,170	147,222,736
11 Cash and bank balance	ces			
Cash in hand			2,778,038	4,732,590
Balance in BO Account			1,943	-
Fixed Deposit		11.01	11,515,800	11,515,800
Bank balances with:				
Islami Bank Bangladesh	Ltd			
Current account			5,619,047	5,128,031
Marginal deposit	Account (Special)		52,531	52,531
Marginal deposit	Account (Normal)		353,308	354,608
Marginal deposit	Under Reserve		144,465	144,465
Foreign currency	account		8,358	8,283
Exim Bank Ltd, STD acco	ount		8,004,537	16,044,559
Mercantile Bank Ltd				
STD account			47,313	48,693
Foreign currency	account		70,255	69,624
HSBC Bank Ltd				
STD account			9,548,720	975,277
Foreign currency	account		141,337,111	40,280,351

	Notes	Amount	s in Taka
		30 June 2019	30 June 2018
City Bank Ltd			
STD account		2,107,982	2,122,362
Foreign currency account		60,648	8,169,603
Prime Bank Ltd			
STD account		548,518	550,168
Foreign currency account		135,667	134,448
Standard Chartered Bank			
STD account		799,153	3,840,274
Dutch-Bangla Bank Limited			
STD account		1,270,831	1,865
BRAC Bank Ltd			
STD account		4,194,067	1,345,927
Foreign currency account		47,583,638	10,753,474
		236,181,930	106,272,934

11.01 Fixed Deposit

l/Date	M/Date	FDR No.	Name of Bank	RATE OF INTEREST/ PROFIT	Amount (Taka)
12-Nov-14	19-Sep-19	992761	IBBL	6.42%	10,000,000
23-Mar-17	21-Dec-19	03560100155597	Exim Bank	6.00%	1,515,800
					11.515.800

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

12	Snare capital
	A

Authorised
150,000,000 ordinary shares of Taka 10 each
1,500,000,000

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Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding (%)
Sponsors/ Directors	8	31,917,000	32.7
Foreign Investors	93	37,599	0.0
Local Institutions	59	53,752,286	55.1
General Public	4,843	11,783,115	12.1
Total	5,003	97,490,000	100.0

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2019:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	4,467	852,896	0.87
500 to 5,000 shares	375	711,703	0.73
5,001 to 10,000 shares	46	354,699	0.36
10,001 to 20,000 shares	41	591,350	0.61
20,001 to 30,000 shares	16	410,785	0.42
30,001 to 40,000 shares	8	268,740	0.28
40,001 to 50,000 shares	4	191,806	0.20
50,001 to 100,000 shares	12	815,078	0.84
100,001 to 1,000,000 shares	16	6,969,167	7.15
Over 1,000,000 shares	18	86,323,776	88.55
Total	5,003	97,490,000	100.00

			Notes	Amounts in Taka	
			Notes	30 June 2019	30 June 2018
13	Share Premium				
	No. of Shares	Premium Amou	ınt		
	34,100,000	Tk. 27		920,700,000	920,700,000
14	Retained earnings				
	Opening balance			1,429,498,557	1,212,036,507
	Effect of para 41 of IAS 16*			-	51,751,302
	As at 01 July (adjusted)			1,429,498,557	1,263,787,809
	Add: Profit made during the year			94,347,673	302,605,247
	Less: Dividend Paid			(165,733,000)	(146,235,000)
	Depreciation on Revalued Assets			5,630,154	5,864,181
	Add: Deferred tax on revaluation rese	rve	31.01 (ii)	844,523	3,476,319
	Balance at 30 June (restated)			1,364,587,907	1,429,498,557

*Hitherto the Company had not transferred the difference between depreciation on revalued assets and the depreciation on original costs of assets to retained earnings which was not in compliance with paragraph 41 of IAS 16. In pursuance of IAS-8, retrospective effect has been given in comparative figures to give effect of that requirement.

15	Revaluation reserves		
	This balance consists of as follows:		
	Balance at the beginning of the year	928,100,467	985,715,950
	Effect of para 41 of IAS 16*	-	(51,751,302)
	As at 01 July (adjusted)	928,100,467	933,964,648
	Depreciation on Revalued Assets	(5,630,154)	(5,864,181)
	Balance at 30 June (restated)	922,470,313	928,100,467

*Hitherto the Company had not transferred the difference between depreciation on revalued assets and the depreciation on original costs of assets to retained earnings which was not in compliance with paragraph 41 of IAS 16. In pursuance of IAS-8, retrospective effect has been given in comparative figures to give effect of that requirement.

		Notes	Amounts in Taka	
			30 June 2019	30 June 2018
16	Long Term bank loan			
	Off Shore Loan - HSBC		368,320,391	367,459,542
			368,320,391	367,459,542

Bank	Loan Account	Particulars
		Nature: One off Term Loan
		Limit: Tk.902 million
		Purpose: One-off term loan to retire machinery import documents.
HSBC	Off Shore Loan Tenure: 5 Years, including moratorium peri	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. 19.

17 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

3,813	195,416,173
10,719	44,485,243
84,738	27,884,738
3%	3%
91,253	929,491,253
-	-
91,253	929,491,253
5,982	16,600,505
15%	15%
39,879	110,670,033
-	-
39,879	110,670,033
3,093	150,930,930
15%	15%
37,289	1,006,206,201
34,304	2,185,120,093
	3,191,326,294
7	1,593

Notes	Amoun	ts in Taka
	30 June 2019	30 June 2018

* This represents the 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.

18 Accounts payable

		104,070,268	137,302,562
Others	18.03	730,428	13,230,410
Expenses	18.02	60,351,501	61,355,538
Suppliers	18.01	42,988,340	62,716,614

18.01 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

i di tituliai 3		
Aziz & Company Ltd.	-	1,095,000
Berger Paints Bangladesh Ltd.	200,175	135,265
Pioneer Insurance Company Ltd	5,241,725	4,517,512
Bilal Trading PTE Ltd.	6,760	6,248
Mita Engineering Limited	30,750	30,750
Ebrahim & Sons	449,796	281,998
Chandpur Hardware Store	96,524	66,072
Shinpower	642,686	1,228,995
Color City Ltd.	3,090,021	2,579,697
DBL Ceramics Ltd.	629,614	-
Jinnat Apparels Ltd.	683,672	=
Gardner Denver FZE	-	1,154,782
Ali Enterprise	568,841	568,841
Graf + Cie AG	-	1,538,781
Groz-Beckert Carding (Wuxi) Co. Ltd.	-	1,195,002
Indorama Synthetics(India) Ltd.	-	2,245,084
Saurer Components GmhH	-	1,138,650
Rising Corporation	-	364,014
Shaber Enterprise	-	575,736
Lafarge Surma Cement Ltd.	291,840	365,840
H.M Transport Agency	559,500	389,500
Green Power Electric	196,214	79,830
Patwary Trade & Co.	62,998	37,332
DBL Distribution Ltd	13,911,230	34,082,171
Kapita Auto Bricks Limited	254,664	33,000
Shamsuddin Engineering Works	750,257	1,979,526
DBL Group Employees P.F	-	429,559
Arefin Motors	196,400	-
Soronica Paper Products	646,650	-
Motalab Iron Store	34,625	382,177
L.R Trading	362,500	-
CROSS-LINK ENGINEERING LTD.	819,000	-
Rifa Paper Products	432,756	-
S.S Enterprise (Packaging)	-	625,650

		Notes	Amounts	s in Taka
		Notes	30 June 2019	30 June 2018
	Asgar Trading		-	31,054
	Shah Ali Metal		150,579	150,579
	Rahman Enterprise		124,447	63,554
	Aqua Care Trading		742,003	413,896
	Siam City Cement (Bangladesh) Ltd.		312,000	-
	Bangladesh General Insurance Co. Ltd.		399,701	-
	Bengal Polymer Wares Ltd		-	76,936
	Siemens Bangladesh Ltd.		620,000	520,000
	LEGEND POWER LTD.		355,000	-
	Rieter Maschinenfabrik Rieter AG		1,992,702	-
	Tyre & Battery Bazar		117,685	225,040
	Rafin Paper Tube		-	-
	Others		8,015,024	4,108,543
	Total		42,988,340	62,716,614
18	3.02 Payable for expenses			
	Salary & allowances		26,691,712	19,481,952
	Audit fees		747,500	690,000
	Gas bill		7,300,469	7,018,187
	Electricity bill		19,260,982	22,279,749
	Welfare Fund		449,072	572,836
	Rent payable		-	20,000
	Provident Fund		494,284	283,589
	Dividend payable		3,666,611	3,524,277
	Provision for interest on Loan		-	7,462,937
	Un-Applied Receipts		1,740,871	22,011
			60,351,501	61,355,538
	During the year, provision for bad debt has be	en presente	d under Accounts re	ceivables for
	better presentation.			
1	3.03 Payable for others			
	Tax deducted at source (Salary)		552,274	926,256
	Tax deducted at source (on Suppliers bill)		-	1,402,335
	VAT Deducted at source (on Suppliers bill)		178,154	10,901,820
			730,428	13,230,410
19 S	nort term bank loan			
	PAS Loan (Raw Cotton)		1,310,481,273	1,283,414,239
	ability against export bills		65,990,111	153,064,307
LI	ability against export bills			
			1,376,471,384	1,436,478,545

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

Bank	Loan Account	Particulars
		Lender: HSBC
		Nature: EDF
		Limit: Tk 1,600 million
	· ·	Purpose: Import of Raw Cotton
		Tenure: 180 days for Clean Import Loan (CIL) & 30
		days for sight (SGT)
		Rate of interest: @ 2.5% plus LIBOR
		Lender: HSBC
		Nature: UAPS
		Limit: Tk 2,250 million
	UPAS	Purpose: To import raw materials and accessories
	UPAS	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
		Lender: HSBC
		Nature: UAPS
		Limit: Tk 400 million
		Purpose: One-off line to import machineries and
HSBC	UPAS	other project related items for the ongoing capacity
TISDC		expansion program of the borrower on sight and /
		or deferred basis.
		Tenure: 360 days
		Rate of interest: @ LIBOR + 3.25% per annum
		Lender: HSBC
		Nature: UPAS
		Limit: Tk 400 million
	UPAS	Purpose: To import spare parts and machineries on
		sight and/or deferred basis.
		Tenure: 120 days
		Rate of interest: @ LIBOR + 1.91% per annum
		Lender: HSBC
		Nature: Bill Discounting
		Limit: USD 7 million
		Purpose: To discount maximum 90% of export bills
	Bill Discounting	against local bank acceptance (acceptable to HSBC)
		with recourse to the borrower(s)
		Tenure: 120 days
		Rate of interest: Interest will be charged on daily
		balances @1.92% per annum

Security Arrangement: Demand promissory note for Tk 4,487,500,000 with letter of continuity & revival. 2. Personal guarantees executed by Mr. Abdul Wahed, Mr. M. A. Jabbar, Mr. M. A. Rahim and Mr. M. A. Quader for Tk 2,225,000,000 each supported by personal net worth/wealth statements. 3. Corporate guarantees to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for Tk 4,208,600,000 each with supporting Board Resolutions. First charge over the borrower's stocks of Raw Materials, Work – in – process and Finished Goods and Book Debts / Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on pari passu basis with other lender(s). HSBC's share is Tk 2,945,000,000. 5. Power of Attorney on Hypothecated Goods. 6. Specific first charge over the borrower's Plant and Machinery for Tk 1,410,000,000 **HSBC** with the Registrar of Joint Stock Companies & Firms (RJSC). In this regard Power of Attorney for hypothecated goods obtained. (7) Blanket Counter Indemnity for Guarantee facility. (8) Trade Financing General Agreement for Trade facility. (9) Power of Attorney for Back to Back facility. 10. 'Letter of Lien over Deposits with Authority to Encash' obtained. 11. Registered Mortgage for Tk 1,210,000,000.00 over 802.50 decimals land and structure thereon situated at Mouza: Gobindabari, PS. & Sub-registry office: Sadar, Gazipur, in the name of Matin Spinning Mills Limited held for the term loan facilities extended to Matin Spinning Mills Limited. In this regard, Irrevocable General Power of Attorney to be obtained. **Bank Loan Account Particulars** Lender: BRAC BANK Nature: EDF Limit: Tk 400 million Purpose: Import of Raw Cotton Export Development Fund (EDF) Tenure: 180 days & extendable up to 270 days subject to prior approval from Bangladesh Bank. Rate of interest: @ 2.5% plus LIBOR **Security Arrangement:** 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. **BRAC BANK** 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. Insurance coverage over the company's stocks & receivables against the risk of Fire & 4. Cheque(s) covering approved limit of BDT 510,000,000. 5. Other basis documents which includes but not limited to Demand Promissory Note, Letter of Continuity, Letter of Arrangement, Letter of Disbursement, Letter of Counter Guarantee, Letter of Undertaking, Letter of Authority, Letter of Trust Receipts, Letter of Revival, Letter of Lien & set off over deposit account, General Loan Agreement, etc. supported by necessary Board Resolution for BDT 510,000,000.

		Notes	Amount	s in Taka		
			30 June 2019	30 June 2018		
20	Current portion of long term loan					
	Off Shore Loan - HSBC		193,920,170	192,312,780		
			193,920,170	192,312,780		
21	Share Application Money		4,553,160	4,553,160		
	The share application money received against IPO money is being refunded to the unsuccessful appli			lottery. The		
22	Provision & accruals					
	Provision for Income Tax	22.01	129,209,246	111,421,257		
	Provision for workers' profit participation and welfare funds	22.02	5,503,037	17,195,553		
			134,712,284	128,616,810		
	22.01 Provision for Income Tax					
	Opening Balance		111,421,257	114,675,175		
	Add: Provision for taxation for the year (Note - 30) Excess/(Short) provision for taxations after final ass order as below:	sessment	26,355,748	38,053,780		
	Less: Final adjustment for the year 2014 -2015			(41,307,698)		
	Less: Adjustment of excess provision for the year 2011-2012		(938,862)	-		
	Less: Adjustment of excess provision for the year 2013-2014		(7,628,897)	-		
			129,209,246	111,421,257		
	22.02 Provision for workers' profit participation and welfare funds					
	Opening Balance		17,195,553	15,453,112		
	Add: Addition during the year		6,094,891	17,787,407		
	Less: Paid during the year		(17,787,407)	(16,044,966)		
	Closing Balance This represents 5% on net income before charging		5,503,037	17,195,553		

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.

		Notes	Amounts	s in Taka
			2018-19	2017-18
23	Revenue (Taka)			
	Carded Yarn		437,636,449	586,306,330
	Combed Yarn		1,196,592,410	926,504,463
	Slub Yarn		499,049,128	456,583,494
	Synthetic Yarn		867,434,060	1,026,453,967
	Melange Yarn		656,665,428	606,181,365
	Vortex		259,170,082	187,040,961
	Open End		372,266,216	236,905,258
	Twist		33,509,124	21,702,349
	Twisting Services Charges		2,208,625	3,236,110
			4,324,531,522	4,050,914,298

Quantitative details of sales (KG) 2018-2019

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

Turn over in Quantity (KG) 2017-2018

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	162,733	2,409,982	100,456	2,472,258
Combed Yarn	134,679	2,929,657	121,717	2,942,619
Slub Yarn	27,264	1,433,708	31,556	1,429,416
Synthetic Yarn	407,873	3,535,694	67,315	3,876,252
Melange Yarn	36,561	1,984,188	51,566	1,969,182
Vortex	-	756,528	50,748	705,781
Open End	-	1,417,677	77,842	1,339,835
Twisted Yarn	-	88,435	11,442	76,994
Total	769,109	14,555,869	512,641	14,812,336

		Note-	Amounts	in Taka
		Notes	2018-19	2017-18
24	Cost of goods sold			
	Raw Material consumption (Note-24.01)		2,920,514,283	2,451,816,408
	Packing materials consumption (Note-24.02)		29,735,487	26,982,946
	Manufacturing overhead (Note-24.03)		934,470,890	921,377,152
	Cost of goods manufacturing		3,884,720,660	3,400,176,506
	Opening work-in-process		61,276,684	47,093,660
	Closing work-in-process		(40,794,490)	(61,276,684)
	Cost of production		3,905,202,854	3,385,993,482
	Opening stock of finished yarn		133,961,259	189,909,966
	Closing stock of finished yarn		(89,977,643)	(133,961,259)
			3,949,186,470	3,441,942,189
	24.01 Raw Material consumption			
	Quantity (KG)			
	Opening Stock		3,333,822	4,264,097
	Purchase during the year		15,399,268	15,203,003
	Raw Material available for consumption		18,733,090	19,467,099
	Closing Stock		1,267,810	3,333,822
	Raw Material Consumed		17,465,280	16,133,277

		Notes	Amounts	in Taka
		Notes	2018-19	2017-18
	Value (Taka)			
	Opening balance		620,865,486	717,336,658
	Purchase during the year		2,591,145,889	2,355,345,235
	Raw Material available for consumption		3,212,011,375	3,072,681,893
	Sale of cotton- local		(40,739,281)	-
	Closing balance		(250,757,810)	(620,865,486)
			2,920,514,283	2,451,816,408
	24.02 Packing materials consumption			
	Opening balance		1,950,203	2,307,074
	Purchase during the year		31,011,384	26,626,076
	Packing materials available for consumption		32,961,587	28,933,150
	Closing balance		(3,226,100)	(1,950,203)
			29,735,487	26,982,946
	24.03 Manufacturing overhead			
	Salary and allowances		188,209,073	151,461,267
	Repair and maintenance		9,987,119	10,778,126
	Fiber Dyeing		5,254,083	3,315,693
	BTMA certificate charges		655,375	551,375
	Store and spare parts		54,298,317	37,310,871
	Travelling & Conveyance		360,394	445,246
	Crockeries and Canteen Expenses		595,950	1,088,827
	Fire Fighting Expenses-factory		1,171,335	1,776,352
	Factory stationeries		1,150,869	1,102,883
	Fuel and lubricants		592,535	202,441
	Fuel and lubricants- Generator		22,916,281	47,750,441
	Fuel and lubricants- Vehicles		1,052,012	670,622
	Electricity bill		279,944,464	292,649,081
	Gas bill		89,257,100	80,853,248
	Insurance premium		6,721,314	7,104,230
	Testing fee		7,409	27,116
	Workshop expenses		-	24,796
	Depreciation		272,297,259 934,470,890	284,264,539 921,377,152
25	Other income		754,470,050	J21,377,132
25			26,002,045	24 220 600
	Foreign currency exchange gain/(loss)		26,803,015	31,328,699
	Gain /(Loss) on Investment in marketable securities		2,079,375	(1,078,112)
	Gain /(Loss) on Disposal of Assets	25.04	1 052 652	714,033
	Raw Cotton Sale Bank interest received	25.01	1,053,653	1 746 070
			1,668,365	1,746,079
	Sales of wastage VAT adjustment		34,504,298 10,134,065	49,220,715
	Cash Dividend (received on marketable securities)		418,902	1,994,000
	Rental Income		3,276,000	1,229,650
	NCHICAL ITICOTTIE		79,937,673	85,155,064
			15,156,15	03,133,004

	Notes	Amounts in Taka		
	Notes	2018-19	2017-18	
25.01 Raw Cotton Sale				
Sale of Cotton		41,792,934	-	
Cost of Cotton		(40,739,281)	-	
		1,053,653	-	
26 Administrative expenses				
Salary and allowances		138,143,855	123,614,176	
Audit fees		747,500	690,000	
AGM Expenses		2,116,941	2,131,958	
Board Meeting Expenses		1,035,000	759,000	
Business development expenses		7,450,044	9,853,787	
Bank charges and commission		11,641,037	8,005,419	
Ceremonial expense		9,796	159,335	
Certificate and membership fees		2,641,597	2,566,880	
Computer repair maintenance		150,000	246,268	
Credit rating expenses		144,450	155,250	
CSR Expenses		-	2,573,500	
Garden Expenses		26,837	36,334	
Advertisement		814,000	788,866	
Contribution to Provident Fund		2,217,380	1,628,418	
Managing Directors Remuneration (Note -37)		8,400,000	8,400,000	
Donation		-	4,200,000	
Entertainment		1,996,686	4,512,074	
Internet charges		143,550	158,700	
Legal expenses		259,542	300,768	
Medicine and medical expenses		132,506	16,737	
News paper and periodicals		5,310	38,900	
Office maintenance		950,000	1,466,370	
Photocopy and type expenses		82,826	129,586	
Office Stationery		427,062	533,658	
Rates and taxes		888,948	12,075,316	
Office Rent		807,303	240,000	
Registration and renewal		1,203,420	1,537,222	
Religious expenses		57,925	78,000	
Staff welfare		183,133	144,917	
Travelling expenses		435,848	489,784	
Uniform and liveries		89,591	136,933	
Miscellaneous expenses		5,337,253	4,867,341	
Power and fuel - vehicles		1,897,924	2,367,678	
Depreciation		30,255,251	31,584,949	
		220,692,515	226,488,125	
27 Distribution expenses				
Sales Promotion		-	135,026	
Carriage outward		7,209,275	6,259,577	
		7,209,275	6,394,603	

		Notes	Amounts in Taka	
			2018-19	2017-18
28	Finance cost			
	Interest expenses			
	Bank Interest on Offshore loan		32,041,735	34,862,463
	Bank interest on Export Development Fund/Upas Cotton		57,940,709	46,606,853
	Bank Interest on OD loan		3,294,402	2,295,795
	Bank Interest on loan against export bills		6,111,373	3,943,787
			99,388,219	87,708,897

29 Contribution to workers' profit participation funds :

Allocation for workers' profit participation funds Tk.6,094,891 (2018: Tk.17,787,407). 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.

30 Computation of Taxable Income & Tax Liability thereon

	A.	Tax Payable on Total Taxable Income	1,876,252	38,053,780
	В.	Minimum Tax Payable u/s 82C(4)(a)		
		Gross receipts during this year [Schedule-B]	4,392,624,660	4,141,674,370
		Tax Rate	0.60%	0.60%
		Minimum Tax u/s 82C(4)(a)of ITO 1984 Taka	26,355,748	24,850,046
	C.	Minimum Tax Payable u/s 82C(4)(a)		
		Tax deducted at Source under section 52 BBBB	18,511,759	27,566,682
		Taka	18,511,759	27,566,682
		Gross Tax Liability (higher of A, B and C)	26,355,748	38,053,780
		Less: Previous year tax adjustment	(8,567,759)	(6,332,489)
		Total Current tax (A+B)	17,787,989	31,721,291
31	Defer	red tax expenses for Income Statement		
	Fixed a	assets:		
	Carryii	ng amount *	2,968,671,593	3,191,326,294
	Tax ba	se	(1,897,384,304)	(2,185,120,093)
	Taxab	e Temporary difference	1,071,287,289	1,006,206,201
	Tax ra	te	15%	15%
	(Tax ra	te is 15% on Textile sector as per SRO - 193 dated 30 June 2015)		
	Deferr	ed tax liabilities as on 30 June 2019	160,693,093	150,930,930
	Deferr	ed tax liabilities 30 June 2018	(150,930,930)	(129,509,326)
			9,762,163	21,421,604
	24.04	Deferred tay for Statement of Comprehensive Incom		

31.01 Deferred tax for Statement of Comprehensive Income

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

Carrying amount other than land	105,039,879	110,670,033
Tax base	-	-
	105,039,879	110,670,033
Applicable tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015)		
	15,755,982	16,600,505

Notes	Amount	ts in Taka
Notes	2018-19	2017-18
(ii) Deferred tax liability on capital gain on revaluation of	land	
Carrying amount other than building & others.	929,491,253	929,491,253
Tax base	-	-
	929,491,253	929,491,253
Applicable tax rate (3% As per section 53 H dated 01.07.2014)	3%	3%
	27,884,738	27,884,738
Deferred tax liability against revaluation reserve (i + ii)	43,640,719	44,485,243
Deferred tax liabilities 30 June 2018	(44,485,243)	(47,961,562)
Deferred tax for Statement of Comprehensive Income	(844,523)	(3,476,319)

* Deferred tax has been provided on Taxable Temporary difference.

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

32 Basic Earnings per share (EPS)

Earnings per share (EPS)	0.97	3.10
Weighted average number of ordinary shares outstanding at the year end	97,490,000	97,490,000
The computation of EPS is given below: Earnings attributable to ordinary shareholders	94,347,673	302,605,247

32.1 Diluted earnings per share

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

during the year.		
33 Net Assets Value (Per Share)		
Total assets	6,569,039,690	6,715,338,596
Less: Total current liabilities	(1,813,727,266)	(1,899,263,857)
	4,755,312,424	4,816,074,739
Less: Long Term & deferred liabilities	(572,654,204)	(562,875,715)
	4,182,658,220	4,253,199,024
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
NAV - Per Share at statement of financial position date	42.90	43.63
34 Net Operating Cash Flow Per Share		
Cash flows from operating activities as per statement of cash flows	462,763,221	549,442,387
Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000
Net Operating Cash Flow - Per Share	4.75	5.64

35 Board Meetings

During the period from 01.07.2018 to 30.06.2019 six board meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended
Abdul Wahed	Chairman	6	6
M. A. Jabbar	Managing Director	6	6
M. A. Rahim	Director	6	6
M. A. Quader	Director	6	6
Md. Hassan Imam	Director	6	4
Selina Parvin	Director	6	6
Tanzeen Rahim	Director	6	6
Taslima Begum	Director	6	6
M. Farhad Hussain FCA	Independent Director	6	5
M. Naser Alam , Barrister-at-law*	Independent Director	6	6

36 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			
2018-19	25	430	1,427	1,882	336,970,308
2017-18	25	340	1,476	1,841	285,103,861

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 Payments to Directors and Officers

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

	2018-2019				2017-2018	
Particular	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	75,909,551	81,049,511	5,139,960	67,925,544	73,065,504
House Rent	2,569,980	37,954,775	40,524,755	2,569,980	33,962,772	36,532,752
Conveyance	690,060	10,191,158	10,881,218	690,060	9,119,274	9,809,334
Bonus/ incentives	=	14,088,371	14,088,371	-	12,606,586	12,606,586
Total Salary and allowances	8,400,000	138,143,855	146,543,855	8,400,000	123,614,176	132,014,176

^{*} Directors represent Managing Director only.

38 Contingent Liabilities:

- (a) As on 30 June 2019, lontingent Liability of the Company was Tk.684,340,664.97 (Tk. 598,261,224 as at 30 June 2018) 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 2019.



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

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

	MSML	Melange	Synthetic	Tot	tal
	Unit	Unit	Unit	2018-2019	2017-2018
Capacity Installed					
No of Spindles Installed	39,600	18,240	15,344	73,184	73,184
Capacity Utilised					
No. of Spindles Operated	37,511	17,221	14,752	69,484	67,539
Production Capacity: (In Kg)					
At Equivalent Ave.28's (Ring) & 16's	0.075.000	2 5 40 000	F 770 017	40 205 047	47.027.450
Count (Rotor)	8,975,000	3,540,000	5,770,917	18,285,917	17,937,450
Actual Production : (In Kg)					
At Equivalent Ave.28's (Ring) & 16's	(0)7 ([0	2 702 116	F 400 021	45 440 507	14 422 146
Count (Rotor)	6,827,650	2,792,116	5,490,831	15,110,597	14,432,116
% of Capacity Utilization	76.07	78.87	95.15	82.64	80.46

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, 2019 (Taka)	Status as of June 30, 2019	Closing balance as of June 30, 2018 (Taka)	Status as of June 30, 2018
Flamingo Fashions Ltd	Sister Concern	Sale of yarn	727,950,186	65,362,928	Debtor	214,776,320	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	522,316,553	18,331,181	Debtor	25,831,211	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	752,280,512	142,893,592	Debtor	25,226,869	Debtor
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	372,539,280	60,585,629	Debtor	59,417,925	Debtor
	Concern	Office Rent	(180,000)	-	Creditors	20,000	Creditors
Mawna Fashions Ltd.	Sister Concern	Sale of yarn	182,347,162	13,334,759	Debtor	6,500,953	Debtor
Hamza Textiles Ltd	Sister Concern	Sale of yarn	232,793,452	13,715,514	Debtor	48,798,426	Debtor
		Sale of yarn	237,918	3,971,023	Debtor	12,034,874	Debtor
Parkway Printing & Packging Ltd.	Sister Concern	Godown Rent & Others	10,532,110	879,671	Debtor	2,805,745	Debtor
DBL Distribution Ltd	Sister Concern	Fuel & Lubricant	19,357,137	13,911,230	Creditor	34,082,171	Creditor
Color City Ltd	Sister Concern	Fyber Dyeing	4,485,466	3,090,021	Creditors	-	NA
DBL Ceramics Ltd	Sister Concern	Tiles	953,821.07	629,614	Creditors	-	NA

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	-	2,591,145,889	2,591,145,889	2,920,514,283	94.66%
Stores and Accessories	-	142,085,776	142,085,776	135,007,570	4.38%
Packing Materials	31,011,384	-	31,011,384	29,735,487	0.96%
Capital Machinery	-	110,260,567	110,260,567	-	-
Total	31,011,384	2,843,492,232	2,874,503,616	3,085,257,341	100.00%

FOB Value of export

The FOB value of export is as follows:

Danticular	201	8-19	201	7-18
Particular	USD	BDT	USD	BDT
Export	51,636,197	4,324,531,522	48,953,647	4,050,914,298

	Amount	s in Taka
	2018-19	2017-18
42 Reconciliation of net operating cash flow		
Cash Flow from Operations		
Net income	94,347,673	302,605,247
Less: Dividend Income transfer to investing activities	(418,902)	(1,994,000)
Less: Interest on FDR and Bank Accounts transfer	(1,668,365)	(1,746,079)
to investing activities		
Less: Effects of foreign currency translation gain /(loss)	(583,926)	(9,911,311)
Depreciation and amortization	302,552,510	315,849,487
Decrease (increase) in current assets	277,838,622	(109,968,882)
Decrease (increase) in current liabilities	(27,279,154)	22,269,900
Decrease (increase) in Revaluation Reserve	844,524	3,476,319
Deferred tax liability	8,917,640	17,945,284
Unrealized gain/(loss)	(561,151)	16,938,280
Capital expenditure	(24,759,134)	(78,756,309)
Gain /(Loss) on Investment in marketable securities	(2,051,239)	1,052,335
Accrued Interest shown in investing activities	805,367	873,036
Capital work-in-process	(165,221,242)	70,809,078
Cash flow from operating activities	462,763,222	549,442,387

- Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation.
- 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 Balance Sheet date

The Board of Directors of Matin Spinning Mills Limited, at its 112th meeting held on November 02, 2019 proposed Tk 1.50 per share amounting to a total of Tk 146,235,000 as cash dividend for the year ended 30 June 2019, which represents 15% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

47 Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the company has not early adopted the new or amended standards in preparing the financial statements.

Of those standards that are not yet effective, the company intends to adopt IFRS 16, when it becomes effective, and is expected to have no impact on the company's financial statements in the period of initial application.

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 standard is effective for annual periods beginning on or after 1 January 2019. Although early adoption is permitted, the company has not early adopted IFRS 16 in preparing these financial statements.

Managing Director

Chief Financial Officer

Dated, Dhaka 02 November 2019

Company Secretary

A. Qasem & Co.
Chartered Accountants

MATIN SPINNING MILLS LIMITED

Details of property, plant and equipment

for the year ended 30 June 2019

Annex i

Amounts in Taka value at 30 June 2019 Written down Total at 30 June 2019 Adjustment during the year **Charge for** the year At 01 July 2018 Rate % Total at 30 June 2019 Adjustment/ during the disposal year Cost during the Addition year A) Non Revalued Assets (Cost Component) At 01 July 2018 Name of the assets

160,426,166 57,560,770 2,036,090,379 1,589,720 193,823,253 19,768,831 43,080,760 19,630,378 3,025,758,529 493,788,271 1,778,387,449 2,328,577,088 171,764,352 2,017,714 27,920,647 160,907,148 113,622,477 25,944,331 48,012,971 6,140,003 216,157,400 151,765 7,348,988 25,654,175 33,651,951 3,142,281 4,675,793 296,922,355 146,110,176 ,562,230,049 18,595,343 2,031,654,733 21,780,644 1,865,949 127,255,197 110,480,197 43,337,178 15% 15% 15% 10% 10% 665,552,623 85,481,417 3,814,477,828 133,391,309 160,426,166 3,607,434 354,730,401 69,025,091 67,643,349 5,354,335,617 6,325 4,757,355 2,503,967 110,260,567 331,863 1,879,534 2,099,188 129,874,816 114,517 7,921,500 3,704,217,260 131,511,775 5,224,460,800 660,795,268 66,925,903 152,504,666 82,977,450 354,724,076 67,528,832 3,275,571 Land and land development Sub Station (Machinery) Furniture and fixtures otal at 30 June 2019 Plant and machinery Office equipments Factory building Gas Generator Godown **Vehicles**

B) Revalued Assets (Revaluation Reserve Component)

		Reval	Revaluation				Depreciation	on		
Name of the assets	At 01 July 2018	Addition during the year	Adjustment/ disposal during the year	Total at 30 Rate June 2019 %	Rate %	At 01 July 2018	Charge for the year	Adjustment during the year	Total at 30 June 2019	Written down value at 30 June 2019
Land and land development	865,391,996	1	ı	865,391,996	%0	ı	ı	ı	1	865,391,996
Factory building	163,805,258	1	ı	163,805,258	2%	55,068,276	5,436,849	1	60,505,125	103,300,133
Godown	4,480,258	1	ı	4,480,258	10%	2,547,206	193,305	ı	2,740,512	1,739,746
Total at 30 June 2019	1,033,677,512	-	1	1,033,677,512		57,615,483	5,630,154	1	63,245,637	970,431,875
Total (A + B) at 30 June 2019	6,258,138,312 129,874,8	129,874,816	•	6,388,013,129	**	2,089,270,215 302,552,510	302,552,510	•	- 2,391,822,725 3,996,190,404	3,996,190,404

orecation:	nead @ 90%	ead @ 10%
Allocation of deprecation:	Manufacturing overhead @ 90%	Administrative overhead @ 10%

272,297,259 30,255,251 **302,552,510**

Period ended 30 June 2019

-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.



Annex ii

MATIN SPINNING MILLS LIMITED **Details of property, plant and equipment** for the year ended 30 June 2018

		ပိ	Cost				Depreciation	on		
Name of the assets	At 01 July 2017	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2018	Rate %	At 01 July 2017	Charge for the year	Adjustment during the year	Total at 30 June 2018	Written down value at 30 June 2018
Land and land development	150,655,666	1,849,000		152,504,666	%0	1	ı	1	1	152,504,666
Factory building	008'966'089	29,798,468		660,795,268	2%	120,699,495	25,410,682	1	146,110,176	514,685,091
Godown	65,212,259	17,765,191		82,977,450	10%	16,754,314	5,026,330	1	21,780,644	61,196,806
Plant and machinery	3,666,098,327	38,118,934		3,704,217,260	10%	1,333,661,654	228,568,395	ı	1,562,230,049	2,141,987,212
Furniture and fixtures	3,275,571			3,275,571	10%	1,712,935	153,014	1	1,865,949	1,409,622
Sub-Station (Machinery)	354,724,076			354,724,076	15%	89,615,829	37,639,368	1	127,255,197	227,468,879
Gas Generator	128,958,867	2,552,908		131,511,775	15%	107,327,231	3,152,966	1	110,480,197	21,031,578
Office equipments	28,878,603	38,047,300		66,925,903	15%	13,432,376	5,162,967	1	18,595,343	48,330,560
Vehicles	64,383,137	4,185,695	1,040,000	67,528,832	20%	39,410,162	4,871,585	944,569	43,337,178	24,191,654
Total at 30 June 2018	5,093,183,305 132,317,495	132,317,495	1,040,000	5,224,460,800	ļ	1,722,613,995	309,985,306	944,569	944.569 2.031.654.733 3.192.806.068	3.192.806.068

B) Revalued Assets (Revaluation Reserve Component)

		Reval	valuation				Depreciation	on		
Name of the assets	At 01 July 2017	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2018	Rate %	At 01 July 2017	Charge for the year	Adjustment during the year	Total at 30 June 2018	Written down value at 30 June 2018
Land and land development	865,391,996	1	ı	865,391,996	%0	1	1	1	1	865,391,996
Factory building	163,805,258	ı	ı	163,805,258	2%	49,413,937	5,654,339		55,068,276	108,736,982
Godown	4,480,258	I	1	4,480,258	10%	2,337,364	209,842	1	2,547,206	1,933,052
Total at 30 June 2018	1,033,677,512	1	1	1,033,677,512		51,751,302	5,864,181	1	57,615,483	976,062,029
Total (A + B) at 30 June 2018	6,126,860,817 132,317,4	132,317,495	1,040,000	1,040,000 6,258,138,312		1,774,365,296 315,849,487	315,849,487	944,569	944,569 2,089,270,215 4,168,868,097	4,168,868,097

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Manufacturing overhead @ 90% Administrative overhead @ 10%

284,264,539 31,584,949 315,849,487

Period ended 30 June 2018

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.





NOTE	Matin 3
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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 L	imited and holder of	
Shares hereby appoint Mr /Ms		
	ne/us on behalf of me/us at the 17th Annur, 2019 at 11.00 am at the Factory premise	
Signature of Proxy	Revenue Stamp	Signature of Shareholder
Registered Folio/ BO	Tk. 20.00	Registered Folio/BO
	nd stamped, must be submitted at Capita aka 1212, at least 48 hours before the me	
Matin Spinning Mills Limited Capita South Avenue Tower, 6th Floor House 50, Road 03, Gulshan Avenue Dhaka 1212.		Matin 3
	Attendance Slip	
I hereby record my attendance at the 17t December, 2019.	th Annual General Meeting of the Compar	ny to be held on Thursday the 12
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.

Shareholders attending the meeting in person or by proxy are requested to complete the Attendance slip and submit the same at the entrance of the meeting venue.



CORPORATE OFFICE

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