

Matin Spinning Mills Limited

Independent Auditor's Report and

Financial statements

As at and for the year ended 30 June 2021

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 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matters
I. Recognition of revenue with related parties	
<p>The Company has reported a gross revenue of BDT 5,021,072,086 for the year ended 30 June 2021. 76% of Company's goods are sold to its group companies. As such the Company has a high level of related party transactions which is inherently subject to the risk of misappropriations and misstatements. There is a risk that revenue may not have been measured at the correct invoice price. Moreover, since the transactions are within group companies, there is also a risk that revenue which did not occur during the year, may have been reported in the accounts.</p> <p>Revenue has been disclosed in note 25 of the financial statements, and related party transactions and relationships have been</p>	<p>We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included the following:</p> <ul style="list-style-type: none"> ▶ We assessed the external environment in which the client operates, and the policies and procedures related to the recognition of revenue as well as the policies implemented with regards to IFRS 15 and IAS 24. ▶ We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances. ▶ 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.

Key Audit Matters	How our audit addressed the key audit matters
<p>disclosed in note 41 of the financial statements.</p>	<p>▶ We performed cut off tests, on a sample basis, to assess whether reported related to transactions that occurred during the year.</p> <p>With regards to related party transactions, we gained an understanding of the Company's processes and procedures to account for and report related party transactions and relationships. Our procedures included among others:</p> <ul style="list-style-type: none"> ▶ We obtained a full list of the Company's transactions with related parties, nature and purpose of such transactions and outstanding balances. ▶ We obtained an understanding the Company's process for identifying related parties and disclosing related party transactions. ▶ We inspected supporting documentation to understand whether related party transactions have taken place on an arms' length basis. ▶ We obtained external confirmations to evaluate the accuracy and completeness of related party balances. ▶ We assessed whether related party disclosures comply with the requirements of IAS 24. ▶ We performed substantive analytical procedures over Revenue, Receivables and Related Party Balances.
<p>2. Valuation and existence of inventories</p> <p>At year end, the Company has inventories amounting to BDT 1,111,789,691 which amounted to 13% of the total assets. As per IAS 2, inventories are required to be valued at the lower to cost and net realisable value. Cost of inventories includes purchase cost and cost incurred in bringing inventories to its present location and condition. IAS 2 specifically prohibits certain costs from being excluded from the cost of inventories. The company values its inventories using the weighted average method which is a complex process and prone to errors and manipulation. Due to the complex nature of accounting for inventories, there is an increased risk of misstatement in valuation of inventory items.</p> <p>IAS 2 defines inventories as assets which are: (a) held for sale in the ordinary course of business, (b) in the process of production for</p>	<p>With regard to appropriate valuation of inventories we adopted the following audit procedures:</p> <ul style="list-style-type: none"> ▶ We observed the company's year-end inventory count, performed test counts and reconciled count sheet records to inventory valuation report in order to verify the existence of inventories reported in the accounts. ▶ We tested the purchase costs of a sample of inventory items by inspecting invoices. ▶ We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2. ▶ We assessed the movement of inventories and analysed whether closing inventories were valued using the weighted average method. ▶ We tested on a sample basis, the net realisable value by comparing costs to recent selling prices.

Key Audit Matters	How our audit addressed the key audit matters
<p>such sale, (c) in the form of materials or supplies to be consumed in the production process or rendering of services. There was therefore a risk that assets which do not meet the definition of inventories have been improperly classified as inventory items.</p> <p>Inventories has been disclosed in note 07 of the financial statements. The Company's policy with regards to the valuation of inventories has been disclosed in note 3.12.</p>	<ul style="list-style-type: none"> ▶ 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.
<p>3. Assessment of the appropriateness of the allowance for doubtful debt</p>	
<p>Accounts receivable comprises 17% of total assets in the statement of financial position.</p> <p>The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment provision. Due to the COVID 19 conditions currently all over the world as well Bangladesh, it continues to put pressure on customers' ability to repay their outstanding account balances.</p> <p>Management of the Company is continuously reviewing and assessing the need for keeping incremental amount in bad and doubtful debts under ECL method considering its business model.</p> <p>Based on assessment, management has made necessary provision for bad and doubtful debts under ECL model to impair company's trade receivables.</p> <p>Due to the significance of trade receivables and the related estimation uncertainty this is considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Evaluated the debtor's impairment methodology applied in the current year to the requirements of IFRS 9: Financial Instruments; ▶ Analysed the methodology by comparing the prior year provision to the actual current year write downs; ▶ Assessed key ratios which include cash collections, days outstanding, and delinquencies; ▶ We considered changes in account strategy and assessed the impact on the allowance for doubtful debts; and ▶ Assessed any changes in the economy and the impact on the collectability of accounts receivable.

Other information included in the Company's 30 June 2021 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

A. Qasem & Co.
Chartered Accountants
RJSC Registration No: 2-PC7202



Mohammad Motaleb Hossain, FCA
Partner
Enrolment Number: 0950
DVC: 2110310950AS736974

Dhaka, 28 October 2021


Matin Spinning Mills Limited
Statement of Financial Position
As at 30 June 2021

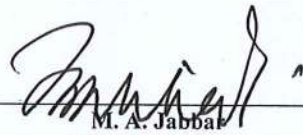
	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
ASSETS			
Non - current assets			
Property, plant and equipment	04	4,461,322,273	4,624,173,559
Investment	05	53,556,600	28,003,186
Capital work-in-process	06	316,291,054	110,153,455
Total non - current assets		4,831,169,927	4,762,330,200
Current assets			
Inventories	07	1,111,789,691	732,820,587
Accounts receivable	08	1,402,851,046	994,789,485
Advance, deposits and prepayments	09	192,533,727	222,842,805
Materials in transit	10	406,621,294	140,656,793
Cash and bank balances	11	331,267,118	243,576,752
		3,445,062,876	2,334,686,422
Asset held for sale	12	-	1,600,000
Total current assets		3,445,062,876	2,336,286,422
Total assets		8,276,232,803	7,098,616,622
EQUITY AND LIABILITIES			
Share capital	13	974,900,000	974,900,000
Share premium	14	920,700,000	920,700,000
Retained earnings	15	1,852,763,633	1,389,083,255
Revaluation reserve	16	1,500,232,234	1,520,826,225
Total equity		5,248,595,867	4,805,509,480
Non-current liabilities			
Long term bank loan	17	-	126,599,671
Deferred tax liability	18	257,295,814	255,290,759
Total non-current liabilities		257,295,814	381,890,430
Current liabilities			
Accounts payable	19	135,269,304	128,076,585
Short term bank loan	20	2,138,032,830	1,300,157,442
Current portion of long term loan	21	205,141,666	350,438,156
Share application money	22	4,553,160	4,553,160
Unclaimed dividend	23	4,371,032	4,027,296
Provision & accruals	24	282,973,130	123,964,072
Total current liabilities		2,770,341,122	1,911,216,711
Total equity and liabilities		8,276,232,803	7,098,616,622
NAV Per Share (With Revaluation reserves)	35	53.84	49.29


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


As per our report of same date

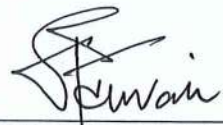
A. Qasem & Co.
Chartered Accountants
RJSC Registration No: 2-PC7202


Abdul Wahed
Chairman


M. A. Jabbar
Managing Director


Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950
DVC: 2110310950AS736974


Mohammad Emarot Hossain FCA
Chief Financial Officer


Md. Shah Alam Miah FCS
Company Secretary

Dhaka, 28 October 2021



Matin Spinning Mills Limited
Statement of Profit or Loss
For the year ended 30 June 2021

	Amounts in Taka		
	Notes	2020-21	2019-20
Revenue	25	5,021,072,086	3,904,153,460
Cost of goods sold	26	<u>(3,923,961,517)</u>	<u>(3,364,549,162)</u>
Gross profit		1,097,110,569	539,604,298
Other income	27	98,291,289	43,882,996
		1,195,401,858	583,487,294
Administrative expenses	28	(261,004,550)	(223,072,716)
Distribution expenses	29	(8,227,395)	(6,564,955)
Net profit before finance cost		926,169,912	353,849,623
Finance cost	30	(41,261,347)	(87,750,912)
Net profit before workers' profit participation funds & tax		884,908,566	266,098,712
Contribution to workers' profit participation funds	31	(42,138,503)	(12,671,367)
Net profit before taxation		842,770,062	253,427,344
Income tax	32	(222,196,621)	(44,925,245)
Deferred tax	33	(5,094,153)	1,709,287
Net profit after tax		615,479,288	210,211,386
Earnings Per Share (EPS)	34	6.31	2.16

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

As per our report of same date

A. Qasem & Co.
Chartered Accountants
RJSC Registration No: 2-PC7202



Abdul Wahed
Chairman



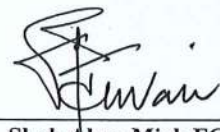
M. A. Jabbar
Managing Director



Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950
DVC: 2110310950AS736974



Mohammad Emarot Hossain FCA
Chief Financial Officer



Md. Shah Alam Miah FCS
Company Secretary

Dhaka, 28 October 2021



Matin Spinning Mills Limited
Statement of Other Comprehensive Income
For the year ended 30 June 2021

	Notes	Amounts in Taka	
		2020-21	2019-20
Net profit after tax for the year		615,479,288	210,211,386
Revaluation reserve of land and building		-	611,541,109
Deferred tax on other comprehensive income	33.02	3,089,099	(52,666,234)
Total comprehensive income for the year		<u>618,568,387</u>	<u>769,086,261</u>

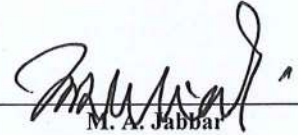
These financial statements should be read in conjunction with the annexed notes 1 to 48.

As per our report of same date

A. Qasem & Co.
Chartered Accountants
RJSC Registration No: 2-PC7202



Abdul Wahed
Chairman



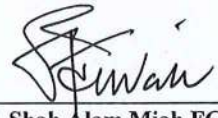
M. A. Jabbar
Managing Director



Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950
DVC: 2110310950AS736974



Mohammad Emarot Hossain FCA
Chief Financial Officer



Md. Shah Alam Miah FCS
Company Secretary

Dhaka, 28 October 2021



Matin Spinning Mills Limited
Statement of Changes in Equity
For the year ended 30 June 2021

	Amounts in Taka				
	Share Capital	Share Premium	Retained Earnings	Revaluation Reserves	Total
2020-21					
Balance at 01 July 2020	974,900,000	920,700,000	1,389,083,255	1,520,826,225	4,805,509,480
Net profit for the year	-	-	615,479,288	-	615,479,288
Dividend Paid	-	-	(175,482,000)	-	(175,482,000)
Depreciation on Revalued Assets	-	-	20,593,992	(20,593,992)	-
Deferred tax on other comprehensive income	-	-	3,089,099	-	3,089,099
Balance at 30 June 2021	974,900,000	920,700,000	1,852,763,633	1,500,232,234	5,248,595,867
Notes	13	14	15	16	
2019-20					
Balance at 01 July 2019	974,900,000	920,700,000	1,364,587,906	922,470,313	4,182,658,219
Net profit for the year	-	-	210,211,385	-	210,211,385
Dividend Paid	-	-	(146,235,000)	-	(146,235,000)
Revaluation surplus during the year	-	-	-	611,541,109	611,541,109
Depreciation on Revalued Assets	-	-	13,185,197	(13,185,197)	-
Deferred tax on other comprehensive income	-	-	(52,666,234)	-	(52,666,234)
Balance at 30 June 2020	974,900,000	920,700,000	1,389,083,255	1,520,826,225	4,805,509,480

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



Matin Spinning Mills Limited
Statement of Cash Flows
For the year ended 30 June 2021

	Notes	Amounts in Taka	
		2020-21	2019-20
A. Cash flows from operating activities			
Collection from customers		4,569,106,305	3,819,995,162
Other Income	27	71,284,273	48,414,695
Cash generated from operations		4,640,390,578	3,868,409,857
Cash paid to employees		(377,427,143)	(339,409,522)
Cash paid to suppliers		(4,097,821,177)	(2,908,434,111)
Interest paid on loans		(28,447,140)	(54,666,750)
Income tax paid	09.03	(85,480,080)	(26,493,122)
Payment made to workers' profit participation funds	24.02	(12,671,367)	(6,094,891)
Net cash flows from operating activities		38,543,671	533,311,461
B. Cash flow from investing activities			
Acquisition of property, plant and equipment	4	(110,953,745)	(165,308,122)
Capital work-in-process	6	(211,497,064)	(25,235,365)
Dividend Income	27	561,139	-
Proceeds from Asset held for sale		192,393	-
Purchase of marketable securities	5	(332,221,904)	(133,596,040)
Proceeds from Sale of Marketable Securities	5	329,586,689	133,571,006
Interest on FDR and Bank Accounts	27	311,087	347,350
Net cash used in investing activities		(324,021,406)	(190,221,172)
C. Cash flows from financing activities			
Long term loan received	17	200,901,511	168,141,535
Long term loan (repaid)	17	(471,887,912)	(253,344,270)
Short term loan received from bank	20	3,503,172,254	2,645,061,569
Short term loan repaid to bank	20	(2,683,879,488)	(2,750,207,109)
Dividend Paid	23	(175,138,264)	(145,874,315)
Net cash from/(used in) financing activities		373,168,102	(336,222,589)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		87,690,366	6,867,700
E. Opening cash and cash equivalents		243,576,752	236,181,930
F. Effects of currency translation on cash and cash equivalents		-	527,122
G. Closing cash and cash equivalents (D+E+F)		331,267,118	243,576,752
Net Operating Cash Flow Per Share		0.40	5.47

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



Matin Spinning Mills Ltd
Notes to the financial statements
For the year ended 30 June 2021

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 vide registration no.# C-47083(3562)/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), the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

2.02 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 28/10/2021.

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 2020 to 30 June 2021.

3 Significant Accounting Policies

3.01 Basis of Accounting

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

Components of financial statements

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



3.02 Going concern

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

3.03 IFRS 15: Revenue from Contracts with Customers

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

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

3.04 Use of estimates and judgments

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

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

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

Note – 07	Inventories
Note – 08	Accounts Receivable
Note – 18	Deferred Tax Liability
Note – 19	Accounts Payable
Note – 24	Provisions & accruals
Note – 32	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 43.

3.06 Statement of Changes in Equity

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



3.07 Property, plant and equipment

(A) Recognition and Measurement

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

(B) Subsequent costs

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

(C) Depreciation

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

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

Itemised depreciation rates are as follows:

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

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



(D) Impairment

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

(E) Revaluation of Asset

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

3.08 IFRS 9 Financial Instruments

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

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and fair value through profit or loss (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, MSML- Special Yarn Building, Special Yarn Unit Machineries and Machineries in Transit.

3.10 Cash and cash equivalents

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



3.11 Accounts receivable

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

3.12 Inventories

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

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

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

3.13 Advance , Deposit and Prepayments

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

3.14 Capital

Share Capital

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

Share Application Money

The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money were in the process of being refunded to the unsuccessful applicants. Subsequently refunded all the remaining portion of un-refunded share application money during August 2021 as per Commission's Directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.

3.15 Retained Earning

Retained earning represents available distributable profit to the shareholders after making all necessary adjustments 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 approved by NBR.

3.23 Foreign currency translation

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



3.24 Materiality and Aggregation

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

3.25 Earnings per share

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

3.26 Related party disclosure

As per IAS -24: Related Party Disclosures, the parties are considered to be related if one of the parties has the ability to control another party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis with its related parties.

3.27 Financial Risk management

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

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

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

Credit Risk

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

Liquidity Risk

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



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

Market Risk

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

Capital Risk Management

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

Operational Risk

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

3.28 Segment reporting

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

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

3.29 Events after the reporting date

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



3.30 Non-current assets held for sale

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

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

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

For the sale to be highly probable:

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

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

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

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

3.31 Application of Accounting Standards

The following IASs and IFRSs are applicable for the preparation of financial statements for the year under review.

- IAS 1 Presentation of financial statements
- IAS 2 Inventories
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 10 Events after the reporting period
- IAS 12 Income taxes
- IAS 16 Property, plant and equipment
- IAS 19 Employee benefits
- IAS 21 The effects of changes in foreign exchange rates
- IAS 23 Borrowing costs
- IAS 24 Related party disclosures
- IAS 33 Earnings per share
- IAS 36 Impairment of assets
- IAS 37 Provisions, contingent liabilities and contingent assets
- IAS 38 Intangible assets
- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 Financial Instruments, disclosures
- IFRS 8 Operating segments
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contract with Customers
- IFRS 16 Lease



	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
4 Property, plant and equipment			
A NON REVALUED ASSETS:			
Cost			
Opening balance (at cost)		5,669,612,198	5,354,335,617
Add : Additions		153,491,967	337,613,660
		5,823,104,165	5,691,949,277
Less: Disposal/Adjustment		(2,989,517)	(22,337,079)
Closing balance (a)		5,820,114,648	5,669,612,198
Accumulated Depreciation			
Opening balance		2,614,226,427	2,328,577,088
Add : Charges for the year		293,341,705	305,086,198
		2,907,568,132	2,633,663,286
Less: Disposal/Adjustment		(581,961)	(19,436,859)
Closing balance (b)		2,906,986,171	2,614,226,427
Written Down Value (a-b)		2,913,128,477	3,055,385,771
B REVALUED ASSETS :			
Revalued amount:			
Opening balance (at revalued cost)		1,645,218,621	1,033,677,512
Add : Additions		-	611,541,109
		1,645,218,621	1,645,218,621
Less: Disposal/Adjustment		-	-
Closing balance (a)		1,645,218,621	1,645,218,621
Accumulated Depreciation			
Opening balance		76,430,833	63,245,637
Add : Charges for the year		20,593,992	13,185,197
		97,024,825	76,430,833
Less: Disposal/Adjustment		-	-
Closing balance (b)		97,024,825	76,430,833
Written Down Value of Revaluation Assets (a-b)		1,548,193,796	1,568,787,788
Total Written Down Value (A+B)		4,461,322,273	4,624,173,559
Policy notes is mentioned in note 3.07 E			
5 Investment			
Investment in marketable securities	5.1	53,556,600	28,003,186
		53,556,600	28,003,186
5.01 Investment in marketable securities			
Opening balance		28,003,186	36,413,499
Add: Addition during the year		-	-
		28,003,186	36,413,499
Realized gain /(loss)		24,886,914	1,479,296
Unrealized gain /(loss) for fair value adjustment		666,500	(9,889,610)
Closing balance		53,556,600	28,003,186

Name of securities	No. of Share	Rate	Cost Value	Market rate per share as on 30 June 2021	Market value as on 30 June 2021
Mercantile Bank	350,000	14.76	5,166,000	14.60	5,110,000
Islami Insurance	80,000	54.44	4,355,200	57.90	4,632,000
South East Bank	450,000	14.14	6,363,000	14.40	6,480,000
Dominage Steel	150,000	23.70	3,555,000	26.80	4,020,000
Prime Bank	200,000	22.59	4,518,000	23.10	4,620,000
SILVA PHARMA	100,000	18.49	1,849,000	19.70	1,970,000
One Bank Ltd	350,000	12.73	4,455,500	12.80	4,480,000
AB Bank Ltd	400,000	15.94	6,376,000	14.80	5,920,000
Dhaka Bank	236,000	13.90	3,280,400	14.10	3,327,600
Mir Akhter	40,000	81.65	3,266,000	82.10	3,284,000
NBL	300,000	7.93	2,379,000	8.00	2,400,000
M. I. Cement	40,000	73.10	2,924,000	71.70	2,868,000
IFIC	350,000	12.58	4,403,000	12.70	4,445,000
	3,046,000		52,890,100		53,556,600



	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
6 Capital work-in-process			
Special Yarn Godown	6.01	8,410,110	3,147,131
Staff Quarter	6.02	-	18,388,703
Baro Bigha Cotton Store	6.03	-	-
Shuttering Materials Storage	6.04	-	2,967,406
MSML- Special Yarn Building	6.05	80,348,104	1,318,987
Baro Bigha Utility Building	6.06	6,246,653	-
Baro Bigha Boundary Wall Project	6.07	-	-
Special Yarn Unit Machineries		120,958,315	-
Machineries in Transit		100,327,872	84,331,228
		<u>316,291,054</u>	<u>110,153,455</u>
6.01 Special Yarn Godown			
Opening Balance		3,147,131	3,147,131
Add: Addition during the year		5,262,979	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		<u>8,410,110</u>	<u>3,147,131</u>
6.02 Staff Quarter			
Opening Balance		18,388,703	-
Add: Addition during the year		6,616,755	18,388,703
Less: Transfer to Fixed Assets		(25,005,458)	-
Closing Balance		<u>-</u>	<u>18,388,703</u>
6.03 Baro Bigha Cotton Store			
Opening Balance		-	-
Add: Addition during the year		19,288,602	-
Less: Transfer to Fixed Assets		(19,288,602)	-
Closing Balance		<u>-</u>	<u>-</u>
6.04 Shuttering materials storage			
Opening Balance		2,967,406	-
Add: Addition during the year		5,797,270	2,967,406
Less: Transfer to Fixed Assets		(8,764,676)	-
Closing Balance		<u>-</u>	<u>2,967,406</u>
6.05 MSML- Special Yarn Project			
Opening Balance		1,318,987	-
Add: Addition during the year		79,029,117	1,318,987
Less: Transfer to Fixed Assets		-	-
Closing Balance		<u>80,348,104</u>	<u>1,318,987</u>
6.06 Baro Bigha Utility Building			
Opening Balance		-	-
Add: Addition during the year		6,246,653	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		<u>6,246,653</u>	<u>-</u>
6.07 Baro Bigha Boundary Wall Project			
Opening Balance		-	-
Add: Addition during the year		2,256,964	-
Less: Transfer to Fixed Assets		(2,256,964)	-
Closing Balance		<u>-</u>	<u>-</u>
7 Inventories			
Manufacturing Inventory	7.01	1,059,960,396	714,219,319
Non Manufacturing Inventory	7.02	51,829,295	18,601,268
		<u>1,111,789,691</u>	<u>732,820,587</u>



7.01 Manufacturing Inventory	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
Raw cotton	7.01.01	754,617,992	465,487,680
Provision for Obsolete Raw Materials		(8,360,909)	-
		<u>746,257,083</u>	<u>465,487,680</u>
Finished yarn	7.01.02	166,706,650	89,041,018
Packing materials	7.01.03	3,094,460	2,208,327
Work-in-process	7.01.04	61,624,815	43,535,277
Spare parts	7.01.05	82,277,387	113,947,017
		<u>1,059,960,396</u>	<u>714,219,319</u>
7.01.01 Raw cotton			
Value (TK.)			
Conventional Cotton		326,520,867	331,256,859
Organic Cotton		222,364,286	65,660,534
Synthetic Fiber		188,374,777	45,471,837
Usable Waste Cotton		14,160,804	20,541,006
Waste Cotton		3,197,258	2,557,444
Total		<u>754,617,992</u>	<u>465,487,680</u>
Quantity (KG)			
Conventional Cotton		2,435,511	2,138,706
Organic Cotton		1,085,590	461,539
Synthetic Fiber		1,322,390	337,707
Usable Waste Cotton		205,832	350,148
Waste Cotton		134,131	145,646
Total		<u>5,183,455</u>	<u>3,433,746</u>
Cost Per Kg (TK.)			
Conventional Cotton		134.07	154.89
Organic Cotton		204.83	-
Synthetic Fiber		142.45	134.65
Usable Waste Cotton		68.80	58.66
Waste Cotton		23.84	17.56
7.01.02 Finished yarn			
Value (TK.)			
Carded		532,347	4,433,144
Combed		73,735,267	27,634,095
Slub		29,622,352	11,616,220
Synthetic		20,505,510	22,425,480
Melange		27,515,785	8,586,980
Vortex		4,198,787	3,242,751
Open End		6,449,680	8,515,908
Twisted yarn		4,146,922	2,586,440
Total		<u>166,706,650</u>	<u>89,041,018</u>
Quantity (KG)			
Carded		2,276	18,185
Combed		257,320	92,679
Slub		91,805	36,296
Synthetic		83,811	95,364
Melange		97,699	31,650
Vortex		16,946	14,849
Open End		43,023	63,146
Twisted yarn		11,173	8,565
Total		<u>604,050</u>	<u>360,733</u>



Cost Per Kg (TK.)	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
Carded		233.92	243.78
Combed		286.55	298.17
Slub		322.67	320.04
Synthetic		244.67	235.16
Melange		281.64	271.31
Vortex		247.78	218.39
Open End		149.91	134.86
Twisted yarn		371.17	301.97

7.01.03 Packing materials Value (TK.)

Opening balance		2,208,327	3,226,100
Add: Purchase during the period		36,418,800	27,455,602
Packing materials available for consumption		38,627,127	30,681,702
Less: Consumption during the period		35,532,667	28,473,374
Closing balance		<u>3,094,460</u>	<u>2,208,327</u>

7.01.04 Work-in-process

Particulars	Quantity (KG)			
	June 30, 2021	June 30, 2020		
Blow Room	82,129	50,836	9,222,200	6,432,856
Carding	9,600	6,857	1,156,699	943,387
B. Drawing	18,847	4,222	2,522,798	608,997
Combing	15,886	2,924	2,137,305	517,371
F. Drawing	40,421	15,826	5,580,148	2,407,704
Simplex	61,218	50,057	8,802,351	8,139,815
Ring Frame	80,675	79,224	12,657,212	14,217,967
Winding	7,900	4,799	1,591,514	1,003,673
Packing	74,625	33,650	14,043,471	6,781,833
Rotor	13,461	12,300	2,110,012	1,928,025
Vortex	5,049	3,975	752,604	553,649
Twisting	825	-	148,500	-
Doubling	3,000	-	600,000	-
Air covering	1,200	-	300,000	-
Total	<u>414,836</u>	<u>264,670</u>	<u>61,624,815</u>	<u>43,535,277</u>

7.01.05 Spare parts

Opening Balance		113,947,017	122,241,412
Add: Addition during the year		209,844,686	120,424,943
		<u>323,791,703</u>	<u>242,666,355</u>
Less: Consumption during the year		82,944,690	69,809,787
Less: Transfer to other GL		158,569,626	58,909,551
Closing balance		<u>82,277,387</u>	<u>113,947,017</u>

7.02 Non Manufacturing Inventory

Stock of Bandhan		2,146,833	1,683,139
Stock of Stamp		5,892	17,418
Stock of Medicine		176,893	-
Other Production Material		7,500	25,450
Construction Material		12,319,036	7,444,156
Store Materials under Inspection		37,173,141	9,431,104
		<u>51,829,295</u>	<u>18,601,268</u>

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



8	Accounts receivables	Notes	Amounts in Taka			
			30 June 2021	30 June 2020		
	Receivable other than related party	8.01	544,024,922	426,846,630		
	Receivable from related party	8.02	899,859,777	565,072,289		
	Bank interest receivable on FDR		5,532,792	4,806,298		
	Claim Receivable		9,239,531	4,972,935		
	Provision for bad debts		(55,805,976)	(6,908,666)		
			<u>1,402,851,046</u>	<u>994,789,485</u>		
8.01	Receivable other than related party					
	Abonti Colour Tex. Ltd		39,161,264	52,499,083		
	A-One Polar Ltd.		-	11,690,751		
	Amber Denim Ltd		136,737,454	154,553,313		
	Akh Knitting & Dyeing Ltd		42,452,502	-		
	Asrotex Ltd.		2,156,676	16,838,337		
	Blue Planet Knitwear Ltd		-	1,742,382		
	Century Design & Fashion Ltd		-	1,919,881		
	Crony Apparels Ltd		3,731,800	1,766,585		
	Comfit Composite Knit Ltd		81,378,203	-		
	Pantex Dress Ltd.		-	7,261,910		
	Essential Clothing Ltd		11,471,770	7,950,967		
	Fakir Apparels Ltd		34,294,203	17,954,967		
	Fakir Fashions Ltd		28,140,233	13,746,598		
	Fariha Knitex Ltd		13,670,728	26,651,159		
	Grameen Fabrics & Fashions Ltd		25,526,425	-		
	Euro Knitwear Ltd.		1,226,929	7,810,289		
	Young Socks Ltd		10,186,557	-		
	Tasniah Fabrics Ltd.		9,220,229	-		
	Sensible Fashion (Pvt) Ltd		9,014,551	-		
	Tropical Knitex Ltd.		-	4,079,603		
	Jointex Knit Wears Ltd.		14,105,892	18,312,650		
	Lithium Knit Fabrics Ltd		6,908,666	7,004,862		
	Megna Knit Composit Ltd.		733,350	26,469		
	Rizvi Fashions Ltd.		1,098,906	10,229,000		
	S.B Knitting Ltd.		1,866,167	640,759		
	Cute Dress Industry		1,137,124	6,111,376		
	Square Fashions Ltd.		14,991,900	4,056,692		
	Epyllion Knitex Ltd.		2,391,991	4,615,886		
	Silken Sewing Ltd.		-	5,366,610		
	Viyellatex Ltd.		6,902,210	4,273,265		
	Others		45,519,196	39,743,232		
			<u>544,024,922</u>	<u>426,846,630</u>		
8.02	Receivable from related party					
	Flamingo Fashions Ltd		330,826,885	118,706,886		
	Jinnat Fashions Ltd		37,964,109	36,139,150		
	Mawna Fashions Ltd		93,447,891	24,997,731		
	Jinnat Apparels Ltd		242,098,441	14,467,517		
	Jinnat Knitwears Ltd		167,451,785	356,815,261		
	Matin Construction		94,000	-		
	Hamza Textiles Ltd.		20,509,987	6,608,437		
	Parkway Packing and Printing Ltd		7,300,680	7,171,307		
	DB Trims Ltd		166,000	166,000		
			<u>899,859,777</u>	<u>565,072,289</u>		
Age analysis of Accounts Receivable:						
		1-3 Months	4-6 Months	above 6 Months		
	Sale of yarn	1,335,532,519	86,182,814	22,169,366	1,443,884,699	991,918,918
	Interest receivable on FDR(Vii)	-	-	5,532,792	5,532,792	4,806,298
	Claim Receivable	9,239,531	-	-	9,239,531	4,972,935
		<u>1,344,772,050</u>	<u>86,182,814</u>	<u>27,702,158</u>	<u>1,458,657,022</u>	<u>1,001,698,151</u>



Notes	Amounts in Taka	
	30 June 2021	30 June 2020

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 2021

III. Accounts receivable considered doubtful or bad

Accounts Receivable Tk. 55,805,976 has been considered doubtful for which 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 2021

V. Accounts receivable from Related Parties

There has been an amount of Tk 899,859,777 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 of Tk. 69,08,666 from Lithium Knit Fabrics Ltd. Honorable High Court issued summon to the defendants but they are untraced in their address.

VII. Interest receivable on FDR

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

09 Advance, deposits and Prepayments

Advance

Salary & Allowances		1,279,900	2,023,100
Construction	09.01	319,322	597,422
Expenses	09.02	20,216,050	42,483,008
Advance Income Tax	09.03	124,344,760	131,519,379
		146,160,032	176,622,910

Deposits

Security deposit for Utilities	09.04	46,373,695	46,219,895
		46,373,695	46,219,895
		192,533,727	222,842,805

09.01 Construction

S.S Enterprise	593	593
Energypac Engineering Ltd.	-	278,100
Jawad Trading	87,449	87,449
Shahjahan Brothers	-	-
Quantum Builders & Engineering Ltd	231,280	231,280
	319,322	597,422



	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
09.02 Expenses			
Groz-Beckert Carding (Wuxi) Co. Ltd.		1,788,435	-
Bangla Trac Ltd.		164,000	-
Shamsuddin Engineering Works		2,249,474	6,719,915
Signura International Pte Ltd		513,759	-
M/S Al-Amin Digital Scales		680,412	-
Hunan Oleom Lighting Co. , Ltd		552,175	-
Associated Engineers And General Constructors		525,000	-
360 Total Solution Limited		479,166	-
Marubeni Tekmatex Corporation		-	535,946
Gardner Denver Fze		-	3,699,985
Zaman & Sons		-	926,638
Qinshi Industrial Inc.		692,343	857,341
Dbl C&F		-	18,240,362
Md. Azizur Rahman		-	2,280,403
Rieter Maschinenfabrik Rieter Ag		2,308,727	1,976,613
Overseas Packers & Shippers Ltd.		1,003,752	-
Trutzschler Gmbh & Co. KG		-	450,517
Mr.Rashid		1,388,439	1,185,402
Mr. Sunny		117,545	217,107
BG Filtration Gmbh		2,719,721	-
Encon		145,131	682,879
Mr. Siddik		1,190,798	-
Mrs. Jabeen Noman		1,049,802	1,420,314
Mjl Bangladesh Ltd		-	53,040
Local Purchase		937,069	1,556,598
Others		1,710,303	1,679,949
		<u>20,216,050</u>	<u>42,483,008</u>
09.03 Advance income Tax			
Income Tax on Export	09.03.1	58,707,623	81,205,542
Tax on Interest Received (Bank)	09.03.2	2,468,639	6,666,174
Advance income tax paid for tribunal	09.03.3	63,168,498	43,647,663
		<u>124,344,760</u>	<u>131,519,379</u>
09.03.1 Income Tax on Export			
Opening Balance		81,205,542	96,356,461
Add: Addition during the year (Section - 53 BBBB of ITO 1984)		22,696,178	17,499,688
Less: Adjustment against provision for previous years AIT		(45,194,096)	(32,650,607)
Closing Balance		<u>58,707,623</u>	<u>81,205,542</u>
09.03.2 Tax on Interest Received (Bank)			
Opening Balance		6,666,174	34,237,065
Add: Addition during the year (Section - 53 F of ITO 1984)		1,365,184	528,435
Less: Adjustment against provision for previous years AIT		(5,562,718)	(28,099,326)
Closing Balance		<u>2,468,639</u>	<u>6,666,174</u>

Advance tax represents tax deducted at source @0.50 % on export proceed under section 53BBBB of ITO 1984 and @10% on interest received from bank under section 53F of ITO 1984.



	Amounts in Taka		
	Notes	30 June 2021	30 June 2020
09.03.3 Advance income tax paid for tribunal			
Opening Balance		43,647,663	36,682,663
Add: Addition during the year		61,418,719	8,465,000
Less: Adjustment during the year		(41,897,884)	(1,500,000)
Closing Balance		<u>63,168,498</u>	<u>43,647,663</u>

Closing balance details as follows:

Income tax paid for tribunal for the year 2011 -2012	1,682,663	1,682,663
Income tax paid for the year 2016 -2017	-	16,965,000
Income tax paid for the year 2017 -2018	1,540,000	11,000,000
Income tax paid for the year 2018 -2019	6,000,000	6,000,000
Income tax paid for the year 2019 -2020	16,445,835	8,000,000
Income tax paid for the year 2020 -2021	37,500,000	-
	<u>63,168,498</u>	<u>43,647,663</u>

09.04 Security deposit for Utilities

Margin Against Bank Guarantee (Titas Gas)	42,740,655	42,626,055
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Security Deposit for Electricity	3,133,040	3,093,840
	<u>46,373,695</u>	<u>46,219,895</u>

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

	<u>1-3 Months</u>	<u>3-6 Months</u>
Salary & Allowances	-	1,279,900
Construction	-	319,322
Expenses	-	20,216,050

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

10 Materials in transit

Margin and deposit (Raw Cotton)	10.01	406,621,294	140,656,793
		<u>406,621,294</u>	<u>140,656,793</u>
10.01 Margin and deposit (Raw Cotton)			
Margin against Cotton		6,161,071	9,426,724
Margin Against Bank Guarantee		12,495,783	11,062,108
Materials In Transit		387,964,441	120,167,962
		<u>406,621,294</u>	<u>140,656,793</u>



	Amounts in Taka		
	Notes	30 June 2021	30 June 2020
11 Cash and bank balances			
Cash in hand		1,459,044	1,028,689
Balance in BO Account		2,132	38
Term Deposit		11,515,800	11,515,800
Bank balances with:			
Islami Bank Bangladesh Ltd			
Current account		176,400	156,432
Marginal deposit Account (Special)		52,531	52,531
Marginal deposit Account (Normal)		351,398	352,468
Marginal deposit Under Reserve		144,466	144,466
Foreign currency account		8,403	8,403
Exim Bank Ltd, STD account		(4,495,102)	28,858,997
Mercantile Bank Ltd			
STD account		44,387	45,933
Foreign currency account		70,634	70,634
HSBC Bank Ltd			
STD account		5,916,550	16,819,468
Foreign currency account		162,125,430	143,614,270
The City Bank Ltd			
STD account		146,292	2,104,447
Foreign currency account		60,975	60,975
Prime Bank Ltd			
STD account		1,296,450	1,300,140
Foreign currency account		136,398	136,398
Standard Chartered Bank - STD account		1,481,618	212,308
Dutch-Bangla Bank Limited - STD account		391,292	2,534,919
BRAC Bank Ltd			
STD account		16,786,043	23,435,789
Foreign currency account		81,669,520	7,357,941
Jamuna Bank Limited			
STD account		388,892	3,403,043
Foreign currency account		50,867,012	-
Mutual Trust Bank Ltd			
STD account		670,554	362,662
		<u>331,267,118</u>	<u>243,576,752</u>
12 Asset held for sale			
Cost:			
Forklift		-	1,872,720
Generator		-	20,464,359
		-	<u>22,337,079</u>
Accumulated depreciation:			
Forklift		-	1,624,705
Generator		-	17,812,154
		-	<u>19,436,859</u>
WDV		-	2,900,220
Fair value less cost to sale		-	1,600,000
Asset held for sale (Lower of WDV and Fair value less cost to sale)		-	<u>1,600,000</u>



13 Share capital

	Amounts in Taka		
	Notes	30 June 2021	30 June 2020
Authorised 150,000,000 ordinary shares of Taka 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued and paid-up 97,490,000 ordinary shares of Taka 10 each fully paid up		<u>974,900,000</u>	<u>974,900,000</u>

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding
Sponsors/ Directors	8	31,917,000	32.74
Foreign Investors	85	25,137	0.03
Local Institutions	174	48,961,725	50.22
General Public	4,698	16,586,138	17.01
Total	4,965	97,490,000	100.00

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2021:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	3,805	707,211	0.73
500 to 5,000 shares	744	1,450,849	1.49
5,001 to 10,000 shares	163	1,322,564	1.36
10,001 to 20,000 shares	117	1,760,906	1.81
20,001 to 30,000 shares	47	1,183,733	1.21
30,001 to 40,000 shares	15	557,816	0.57
40,001 to 50,000 shares	18	822,483	0.84
50,001 to 100,000 shares	19	1,343,177	1.38
100,001 to 1,000,000 shares	22	7,548,452	7.74
Over 1,000,000 shares	15	80,792,809	82.87
Total	4,965	97,490,000	100

14 Share Premium

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

15 Retained earnings

Opening balance		1,389,083,255	1,364,587,906
Add: Profit made during the year		615,479,288	210,211,386
Less: Dividend Paid		(175,482,000)	(146,235,000)
Depreciation on Revalued Assets		20,593,992	13,185,197
Add/(less): Deferred tax on revaluation reserve	33.02 (ii)	3,089,099	(52,666,234)
Balance at 30 June 2021		<u>1,852,763,633</u>	<u>1,389,083,255</u>



		Amounts in Taka	
		30 June 2021	30 June 2020
16	Revaluation reserves		
	This balance consists of as follows:		
	Balance at the beginning of the year	1,520,826,225	922,470,313
	Addition during the year	-	611,541,109
		<u>1,520,826,225</u>	<u>1,534,011,422</u>
	Depreciation on Revalued Assets	(20,593,992)	(13,185,197)
	Balance at 30 June 2021	<u><u>1,500,232,234</u></u>	<u><u>1,520,826,225</u></u>

17	Long Term bank loan		
	Off Shore Loan & UPAS	205,141,666	477,037,828
	Less: Current portion of long term loan	(205,141,666)	350,438,156
		<u>-</u>	<u>126,599,671</u>

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	Nature: One off Term Loan Limit: Tk.355 million Purpose: One-off term loan to retire machinery import documents. Tenure: 5 Years, including moratorium period of 1 year. Repayment Clause: Equal monthly instalments. Interest Rate:3.8% Plus LIBOR Security Agreement: For security arrangement kindly refer to note No. 20.
Bank	Loan Account	Particulars
The City Bank Limited	ULC/SLC/Acceptance	Nature: Project Finance Limit: Tk.125 million Purpose: To import and retire capital machinery and equipment. Tenure: 360 days max or as per BBK/BIDA Approval Repayment Clause: ULC/SLC/Acceptance liability will be adjusted on maturity from term finance facility to be arranged by DEG. Interest Rate:3.5% Plus LIBOR Security Agreement: 1. Registered 1st ranking Pari-Passu charge with RJSC by way of hypothecation over all present and future floating assets of the company (stocks, receivable etc.) covering WC limit. IGPA to be obtained (duly notarized) to sale the hypothecated assets. 2. Present ranking charge with RJSC on imported plant and machinery for BDT 110.00 Crore. 3. Lien of shares of MSML covering civil construction Term Loan. Value of shares to be assessed based on last 6 months average share price. Corporate Guarantee from sister concerns Flamingo Fashions Ltd. Jinnat Knitwears Ltd.Mawna Fashions Ltd. And Jinnat Apparels Ltd.



Bank	Loan Account	Particulars
		4. Personal guarantee of the sponsor directors of the borrower, namely Mr. M A Wahed, Mr. M A Jabbar, Mr. M A Rahim and Mr. M A Ouader.
		5. Insurance on assets charged to CBL to be obtained covering industrial-all-risks and CBL limit and as per CBL policy on Insurance. Letter of indemnity supported by company board resolution to be obtained for any inadequacy in insurance coverage for interim
		6. UDC along with letter of authority to insert date thereon covering total limit.
		7. Accepted sanction advice, company board resolution, and basic charge documents.

18 Deferred Tax Liability

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

A. Deferred tax liability on historical cost:

Carrying amount other than revaluation reserve	2,749,200,922	2,905,972,073
Tax base	<u>1,655,347,859</u>	<u>1,846,080,033</u>
Taxable Temporary difference	<u>1,093,853,063</u>	<u>1,059,892,041</u>
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
Deferred tax liability on historical cost	164,077,959	158,983,806

B. Deferred tax liability against revaluation reserve:

i) Deferred tax liability against revaluation reserve other than land

Carrying amount other than land	349,660,462	370,254,454
Tax base	<u>-</u>	<u>-</u>
	<u>349,660,462</u>	<u>370,254,454</u>
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector)	15%	15%
	<u>52,449,069</u>	<u>55,538,168</u>

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

Carrying amount other than building & others.	1,358,959,500	1,358,959,500
Tax base	<u>-</u>	<u>-</u>
	<u>1,358,959,500</u>	<u>1,358,959,500</u>
Applicable tax rate (3% As per section 53 H of ITO 1984)	3%	3%
	<u>40,768,785</u>	<u>40,768,785</u>

Deferred tax liability against revaluation reserve B (i + ii)

Total Deferred tax liability (A + B)

	<u>93,217,854</u>	<u>96,306,953</u>
	<u>257,295,814</u>	<u>255,290,759</u>



19	Accounts payable	Notes	Amounts in Taka	
			30 June 2021	30 June 2020
	Suppliers	19.01	78,048,648	70,148,878
	Expenses	19.02	57,014,826	57,510,574
	Others	19.03	205,829	417,134
			<u>135,269,304</u>	<u>128,076,585</u>

19.01 Payable for suppliers

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

Particulars

Meghna Edible Oils Refinery Ltd.	601,178	353,540
Pioneer Insurance Company Ltd	3,940,897	13,668,138
Mita Engineering Limited	30,750	30,750
Ebrahim & Sons	1,383,408	937,235
Chandpur Hardware Store	1,147,403	210,926
Shinpower	2,137,686	819,195
Color City Ltd.	1,087,471	8,099,861
DBL Ceramics Ltd.	358,551	124,945
NDE Steel Structures Ltd.	1,104,325	-
NPC Products	-	303,450
Ali Enterprise	568,841	568,841
Nusrat Packaging	122,440	501,075
Mukul Enterprise	276,000	870,969
M.B. Steel Corporation	236,676	411,976
S.R. Engineering (BD)	-	700,000
Rising Corporation	1,005,182	1,151,224
M.M. Paper Product	142,100	310,402
Lafarge Surma Cement Ltd.	291,840	291,840
H.M Transport Agency	650,600	491,040
Green Power Electric	102,722	382,776
Patway Trade & Co.	149,405	52,019
Jinnat Fashions Ltd.	250,000	-
DBL Distribution Ltd	23,944,202	15,896,116
Kapita Auto Bricks Limited	254,664	254,664
Shamsuddin Engineering Works	-	98,068
Joya Traders	855,419	-
Encon	1,197,133	-
Ma Enterprise (Ebrahim)	1,228,479	-
S.S Enterprise (Packaging)	-	307,350
Arefin Motors	2,900	67,050
Soronica Paper Products	433,350	1,260,975
L.R Trading	-	1,716,765
Cross-Link Engineering Ltd.	-	150,000
Independent Enterprise	1,624,707	-
Bsrn Steels Ltd.	-	3,272,500
Shah Ali Metal	150,579	154,702
Rahman Enterprise	-	74,907
Aqua Care Trading	863,035	1,030,401
Siam City Cement (Bangladesh) Ltd.	-	468,000
Lohajong Steel Corporation	1,961,321	-
Lafarge Holcim Bangladesh Limited	4,201,950	1,897,908
Siemens Bangladesh Ltd.	620,000	620,000
Dhaka Concrete	1,423,527	-
Rieter Maschinenfabrik Rieter Ag	-	2,180,734
Tyre & Battery Bazar	90,370	178,138
Rafin Paper Tube	555,163	478,326
Others	23,054,374	9,762,071
Total	<u>78,048,648</u>	<u>70,148,878</u>



	Amounts in Taka		
	Notes	30 June 2021	30 June 2020
19.02 Payable for expenses			
Salary & allowances		27,111,113	24,474,176
Audit fees		833,750	805,000
Gas bill		18,316,530	20,003,379
Electricity bill		7,173,650	6,659,048
Welfare Fund		449,072	449,072
Provident Fund		491,269	477,385
Provision for interest on Loan		1,656,347	4,252,567
Un-Applied Receipts		983,095	389,947
		<u>57,014,826</u>	<u>57,510,574</u>

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

19.03 Payable for others

Tax deducted at source (Salary)	182,704	417,134
VAT Deducted at source (on Suppliers bill)	23,125	-
	<u>205,829</u>	<u>417,134</u>

20 Short term bank loan

UPAS Loan (Raw Cotton)	2,086,895,330	1,300,157,442
Working Capital Loan	51,137,500	-
	<u>2,138,032,830</u>	<u>1,300,157,442</u>

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

Bank	Loan Account	Particulars
HSBC	Export Development Fund (EDF)/UPAS	Lender: HSBC Nature: EDF Limit: Tk 2,500 million Purpose: Import of Raw Cotton Tenure: 180 days for Clean Import Loan (CIL) & 30 days for sight (SGT) Rate of interest: @ 2.00%
		Lender: HSBC Nature: UAPS Limit: Tk 2,500 million Purpose: To import raw materials and accessories on sight and/or deferred basis. Tenure: 180 days for Deferred Payment Bill (DPB) and 30 days for SGT. Rate of interest: @ LIBOR + 1.91% per annum.



Bank	Loan Account	Particulars
HSBC	UPAS	Lender: HSBC Nature: UAPS Limit: Tk 400 million Purpose: One-off line to import machineries and other project related items for the ongoing capacity expansion program of the borrower on sight and /or deferred basis. Tenure: 360 days Rate of interest: @ LIBOR + 3.25% per annum.
		Lender: HSBC Nature: UPAS Limit: Tk 400 million Purpose: To import spare parts and machineries on sight and/or deferred basis. Tenure: 120 days Rate of interest: @ LIBOR + 1.91% per annum.
	Bill Discounting	Lender: HSBC Nature: Bill Discounting Limit: USD 10 million Purpose: To discount maximum 90% of export bills against local bank acceptance (acceptable to HSBC) with recourse to the borrower(s). Tenure: 120 days Rate of interest: Interest will be charged on daily balances @1.92% per annum.
Security Arrangement: 1.Demand promissory note for Tk 4,487,500,000 with letter of continuity & revival. 2. Personal guarantees executed by Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M.A. Rahim and Mr. M.A. Quader for Tk 2,225,000,000 each supported by personal net worth/wealth statements. 3. Corporate guarantees to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for Tk 4,208,600,000 each with supporting Board Resolutions. 4.First charge over the borrower's stocks of Raw Materials, Work – in – process and Finished Goods and Book Debts / Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on pari passu basis with other lender(s). HSBC's share is Tk 2,945,000,000. 5. Power of Attorney on Hypothecated Goods. 6.Specific first charge over the borrower's Plant and Machinery for Tk 1,410,000,000 with the Registrar of Joint Stock Companies & Firms (RJSC). In this regard Power of Attorney for hypothecated goods 7. Blanket Counter Indemnity for Guarantee facility. 8. Trade Financing General Agreement for Trade facility. 9. Power of Attorney for Back to Back facility. 10. 'Letter of Lien over Deposits with Authority to Encash' obtained. 11.Registered Mortgage for Tk 1,210,000,000.00 over 802.50 decimals land and structure thereon situated at Mouza: Gobindabari, PS. & Sub-registry office: Sadar, Gazipur, in the name of Matin Spinning Mills Limited held for the term loan facilities extended to Matin Spinning Mills Limited. In this regard, Irrevocable General Power of Attorney to be obtained.		



Bank	Loan Account	Particulars
BRAC BANK	Export Development Fund (EDF)/LTR	Lender: BRAC BANK Nature: EDF Limit: Tk 400 million Purpose: Import of Raw Cotton Tenure: 180 days & extendable up to 270 days subject to prior approval from Bangladesh Bank. Rate of interest: @ 2.00%.
		<p>Security Arrangement: Registered Hypothecation (Ist charge on Pari Passu basis) over all present & future floating assets including stock and Book debts of the Company with RJSC, along with Notarized IGPA to sell the Hypothecated Assets. BBL's Charge has been filed with RJSC for BDT 510.00 Million, which shall continue. Pari Passu Security Sharing Agreement (PPSSA) executed amongst BBL, HSBC & the Borrower, for sharing floating assets.</p> <p>Support:</p> <p>a) Corporate Guarantee to be executed for BDT 510.00 Million, by the Company as follows: Jinnat Knitwears Ltd in support by Board Resolution of the guarantor company(ies).</p> <p>b) Basic Charge Documents (I.e. Demand Promissory Note, Letter of Continuity and Revival, Letter of Arrangement, General Loan Agreement, Letter of Disbursement & Letter of Debit Authority), to be executed for BDT 510.00 Million, in support of Board Resolution of the Borrower.</p> <p>c) Trust Receipt to be executed for BDT 200.00 Million, i.e.. covering the LATR limit (s), in support of Board Resolution of the Borrower.</p> <p>d) Counter Guarantee to be executed for BDT 50.00 Million, i.e. covering the Bank Guarantee limit (s), in support of Board Resolution of the Borrower.</p> <p>e) Working Capital facilities i.e.. LC, Accep. EDF, BG, BP can be utilized by hiving off among the group concerns (HTL, MTL, DBTL, MSML, CCL, PPPL and TPWL) within group approved limit subject to pre-fact clearance by bank's competent authorities.</p> <p>Security/Support covering the credit facilities under Working Capital Stimulus Package under facility No 1 (c) above, which shall</p> <p>a) Basic Charge Documents (i.e. Demand Promissory Note, Letter of Continuity and Revival, Letter of Arrangement, General Loan Agreement, Letter of Disbursement & Letter of Debit Authority), executed for BDT 50,000,000.00 only, in support of Board Resolution of the Borrower.</p> <p>b) MICR Cheque obtained for BDT 50,000,000.00 along with Irrevocable Letter of authority to complete the Cheque.</p>



Bank	Loan Account	Particulars
JAMUNA BANK	Export Development Fund (EDF)	Lender: JAMUNA BANK Nature: EDF Limit: Tk 450 million Purpose: Import of Raw Cotton Tenure: a) Each LTR shall be adjusted within 180 days from the date of creation. B) EDF as per Bangladesh Bank guideline. Rate of interest: @ 2.00%
		Security Arrangement: 1. Personal guarantees of Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M.A. Rahim and Mr. M.A. Quader (all are Directors of the company and key persons of DBL Group), supported by duly signed Personal Net Worth statements verified by Head of Branch. 2. Corporate Guarantee of Jinnat Apparels Limited (sister concern of the customer) supported by Board Resolution, MoA and AoA. 3. Security cheques each limit with letter of approach duly signed by authorized persons. 4. Charge with RJSC on floating assets (present & future value) of the company. 5. Usual charge documents.

	Notes	Amounts in Taka	
		30 June 2021	30 June 2020
21 Current portion of long term loan			
Off Shore Loan - HSBC		205,141,666	350,438,156
		205,141,666	350,438,156
22 Share Application Money		4,553,160	4,553,160
The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money were in the process of being refunded to the unsuccessful applicants. Subsequently refunded all the remaining portion of un-refunded share application money during August 2021 as per Commission's Directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.			
23 Unclaimed dividend			
Opening Balance		4,027,296	3,666,611
Add: Addition during the year		175,482,000	146,235,000
Less: Paid during the year		(175,138,264)	(145,874,315)
Closing Balance		4,371,032	4,027,296
24 Provision & accruals			
Provision for Income Tax	24.01	241,426,481	111,884,559
Provision for workers' profit participation and welfare funds	24.02	41,546,649	12,079,513
		282,973,130	123,964,072



24.01 Provision for Income Tax

	Amounts in Taka	
	30 June 2021	30 June 2020
Opening Balance	111,884,559	129,209,246
Add: Provision for taxation for the year (Note - 30)	127,867,668	34,904,271
Less: Adjustment provision for previous years AIT	(50,756,815)	(60,749,933)
Less: Adjustment provision for previous years deposit	(41,897,884)	-
Excess/(Short) provision for taxations after final assessment order as below:		
Less: Adjustment of excess provision for the year 2011-2012	-	(9,402,553)
Add: Adjustment of short provision for the year 2012-2013	-	(376,992)
Less: Adjustment of excess provision for the year 2013-2014	-	(3,965,392)
Add: Adjustment of short provision for the year 2015-2016	-	22,265,911
Add: Adjustment of short provision for the year 2016-2017	42,144,750	-
Add: Adjustment of short provision for the year 2017-2018	16,388,110	-
Add: Adjustment of short provision for the year 2018-2019	35,796,093	-
	<u>241,426,481</u>	<u>111,884,559</u>

24.02 Provision for workers' profit participation and welfare funds

Opening Balance	12,079,513	5,503,037
Add: Addition during the year	42,138,503	12,671,367
Less: Paid during the year	(12,671,367)	(6,094,891)
Closing Balance	<u>41,546,649</u>	<u>12,079,513</u>

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.

25 Revenue

	Amounts in Taka	
	2020-2021	2019-2020
Carded Yarn	167,686,486	104,175,411
Combed Yarn	1,383,435,999	1,235,090,327
Slub Yarn	483,761,212	446,300,531
Synthetic Yarn	1,279,017,885	904,851,371
Melange Yarn	944,991,688	676,942,370
Vortex	345,721,771	229,063,703
Open End	302,534,633	234,377,943
Twist	113,073,817	72,316,941
Twisting Services Charges	848,594	1,034,863
	<u>5,021,072,086</u>	<u>3,904,153,460</u>

Quantitative details of sales (KG)

2020-2021

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	18,185	540,033	2,276	555,942
Combed Yarn	92,679	4,027,091	257,320	3,862,450
Slub Yarn	36,296	1,477,002	91,805	1,421,492
Synthetic Yarn	95,364	4,262,172	83,811	4,273,726
Melange Yarn	31,650	2,569,419	97,699	2,503,370
Vortex	14,849	1,141,327	16,946	1,139,231
Open End	63,146	1,734,583	43,023	1,754,706
Twisted Yarn	8,565	296,907	11,173	294,300
Total	<u>360,733</u>	<u>16,048,534</u>	<u>604,050</u>	<u>15,805,217</u>



**Turn over in Quantity (Kg)
2019-2020**

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

26 Cost of goods sold

	Amounts in Taka	
	2020-2021	2019-2020
Raw Material consumption (Note-26.01)	2,977,225,800	2,471,114,887
Packing materials consumption (Note-26.02)	35,532,667	28,473,374
Fiber Dyeing	21,925,201	12,187,362
Manufacturing overhead (Note-26.03)	985,033,019	854,577,701
Cost of goods manufacturing	4,019,716,687	3,366,353,324
Opening work-in-process	43,535,277	40,794,490
Closing work-in-process	(61,624,815)	(43,535,277)
Cost of production	4,001,627,149	3,363,612,537
Opening stock of finished yarn	89,041,018	89,977,643
Closing stock of finished yarn	(166,706,650)	(89,041,018)
	3,923,961,517	3,364,549,162

26.01 Raw Material consumption

Quantity (KG)

Opening Stock	2,937,952	1,267,810
Purchase during the year	21,771,326	18,578,712
Raw Material available for consumption	24,709,278	19,846,522
Closing Stock	4,843,492	2,937,952
Raw Material Consumed	19,865,786	16,908,570

Value (Taka)

Opening balance	465,487,680	250,757,810
Purchase during the year	3,266,356,112	2,685,844,757
Raw Material available for consumption	3,731,843,792	2,936,602,567
Sale of cotton- local	-	-
Closing balance	(754,617,992)	(465,487,680)
	2,977,225,800	2,471,114,887



		Amounts in Taka	
	Notes	2020-2021	2019-2020
26.02	Packing materials consumption		
	Opening balance	2,208,327	3,226,100
	Purchase during the year	36,418,800	27,455,602
	Packing materials available for consumption	<u>38,627,127</u>	<u>30,681,702</u>
	Closing balance	<u>(3,094,460)</u>	<u>(2,208,327)</u>
		<u><u>35,532,667</u></u>	<u><u>28,473,374</u></u>
26.03	Manufacturing overhead		
	Salary and allowances	257,537,013	195,052,427
	Repair and maintenance	4,710,774	5,295,844
	BTMA certificate charges	894,750	331,125
	Store and spare parts	82,944,690	69,809,787
	Travelling & Conveyance	462,985	384,165
	Crockeries and Canteen Expenses	583,146	522,190
	Fire Fighting Expenses-factory	2,063,185	874,908
	Factory stationeries	1,691,486	1,455,390
	Fuel and lubricants	389,680	1,676,052
	Fuel and lubricants- Generator	30,748,503	16,006,198
	Fuel and lubricants- Vehicles	729,626	630,378
	Electricity bill	98,718,243	80,265,779
	Gas bill	213,973,396	187,937,645
	Insurance premium	5,618,548	7,218,743
	Testing fee	46,430	24,010
	Workshop expenses	1,378,439	648,806
	Depreciation	282,542,127	286,444,255
		<u><u>985,033,019</u></u>	<u><u>854,577,701</u></u>
27	Other income		
	Foreign currency exchange gain/(loss)	11,800,021	9,625,147
	Gain /(Loss) on Investment in marketable securities	25,553,414	(8,410,314)
	Bank interest received	1,037,581	1,304,609
	Gain /(Loss) on Fixed Assets adjustment	(2,407,556)	-
	Sales of wastage	58,571,237	38,548,714
	Cash Dividend (received on marketable securities)	561,139	-
	Rental Income	4,269,600	-
	Less: Repair and maintenance	(1,280,880)	-
	Miscellaneous Income	186,733	-
		<u><u>98,291,289</u></u>	<u><u>43,882,996</u></u>



28	Administrative expenses	Amounts in Taka		
		Notes	2020-2021	2019-2020
	Salary and allowances		109,416,300	133,705,601
	Audit fees		833,750	805,000
	AGM Expenses		1,542,382	2,223,839
	Board Meeting Expenses		1,496,000	1,001,000
	Business promotion expenses		14,364,326	13,171,446
	Bank charges and commission		11,936,668	5,521,196
	Ceremonial expense		30,479	-
	Certificate and membership fees		1,800,135	3,665,348
	Credit rating expenses		145,125	145,125
	Garden Expenses		15,831	19,244
	Advertisement		1,004,745	1,237,581
	Contribution to Provident Fund		2,073,830	2,251,494
	Managing Directors Remuneration (Note -38.2)		8,400,000	8,400,000
	Entertainment		2,944,462	1,477,127
	Internet charges		106,750	152,456
	Legal expenses		-	851,508
	Medicine and medical expenses		132,420	150,832
	News paper and periodicals		12,852	4,360
	Office maintenance		390,645	285,884
	Photocopy and type expenses		465,323	338,760
	Office Stationery		234,852	116,421
	Rates and taxes		1,234,786	1,198,202
	Office Rent		4,260,936	4,260,935
	Registration and renewal		2,982,967	4,058,335
	Religious expenses		46,000	49,000
	Staff welfare		94,038	86,793
	Travelling expenses		-	85,168
	Uniform and liveries		-	17,850
	Miscellaneous expenses		2,182,796	1,539,809
	Power and fuel - vehicles		2,166,991	2,011,480
	Obsolete Raw Materials		8,360,909	-
	Doubtful debts		48,897,310	-
	VAT Expenses		779,764	1,113,562
	Depreciation		31,393,570	31,827,139
	Impairment loss on asset held for sale		1,257,607	1,300,220
			<u>261,004,550</u>	<u>223,072,716</u>
29	Distribution expenses			
	Carriage outward		8,227,395	6,564,955
			<u>8,227,395</u>	<u>6,564,955</u>

	Notes	Amounts in Taka	
		2020-2021	2019-2020
30 Finance cost			
Interest expenses			
Bank Interest on Offshore loan		10,091,209	16,780,080
Bank Interest on term loan		7,775,600	12,929,589
Bank interest on Export Development Fund/Upas Cotton		18,430,694	54,200,369
Bank Interest on OD loan		4,950,374	1,494,920
Bank Interest on loan against export bills		13,470	2,345,954
		<u>41,261,347</u>	<u>87,750,912</u>

31 Contribution to workers' profit participation funds:

Allocation for workers' profit participation funds Tk.42,138,503 (2020: Tk. 12,671,367). This represents 5% of net income before charging income tax as per provision of the Labour Law - 2006 and it will be allocated as defined in the said Act.



32 Computation of Taxable Income & Tax Liability thereon

Amounts in Taka

	2020-2021	2019-2020
A. Tax Payable on Total Taxable Income	127,867,668	34,904,271

Reconciliation of effective tax rate	2020-2021		2019-2020	
	Percentage	BDT Amount	Percentage	BDT Amount
Profit before tax		842,770,062		253,427,344
On Business Income	15.00%	108,485,283	15.00%	21,830,944
On Foreign currency exchange gain/(loss)	22.50%	2,655,005	25.00%	2,406,287
On Sales of wastage (balance after setting off business loss)	22.50%	13,178,528	25.00%	9,637,179
On Misc. Income	22.50%	42,015	25.00%	-
On Bank interest received	22.50%	233,456	25.00%	326,152
On Cash Dividend (received on marketable securities)	20.00%	112,228	20.00%	-
On Gain / (Loss) on Investment in marketable securities	10.00%	2,488,691	10.00%	-
On Rental Income	22.50%	672,462	25.00%	703,710
Income tax expenses	15.17%	127,867,668	13.77%	34,904,271

B. Minimum Tax Payable u/s 82C(4)(a)

Gross receipts during this year [Schedule-B]	5,121,770,931	3,948,036,457
Tax Rate	0.60%	0.60%
Minimum Tax u/s 82C(4)(a) of ITO 1984	30,730,626	23,688,219

C. Minimum Tax Payable u/s 82C(4)(a)

Tax deducted at Source under section 52 BBBB	22,696,178	17,499,688
	<u>22,696,178</u>	<u>17,499,688</u>
Gross Tax Liability (higher of A, B and C)	127,867,668	34,904,271

(Excess)/Short provision for taxations after final assessment order as below:

Less: Adjustment of excess provision for the year 2011-2012	-	(9,402,553)
Add: Adjustment of short provision for the year 2012-2013	-	1,123,008
Less: Adjustment of excess provision for the year 2013-2014	-	(3,965,392)
Add: Adjustment of short provision for the year 2015-2016	-	22,265,911
Add: Adjustment of short provision for the year 2016-2017	42,144,750	-
Add: Adjustment of short provision for the year 2017-2018	16,388,110	-
Add: Adjustment of short provision for the year 2018-2019	35,796,093	-
Total Current Tax	222,196,621	44,925,245



		Amounts in Taka	
		2020-2021	2019-2020
33	Deferred tax for statement of Profit & loss and Statement of other comprehensive income		
33.01:	Deferred tax for statement of profit & loss		
	Fixed assets:		
	Carrying amount *	2,749,200,922	2,905,972,073
	Tax base	(1,655,347,859)	(1,846,080,033)
	Taxable Temporary difference	1,093,853,063	1,059,892,041
	Tax rate	15%	15%
	(Tax rate is 15% on Textile sector as per SRO - 193 dated 30 June 2015)		
	Deferred tax liabilities as on 30 June 2021	164,077,959	158,983,806
	Deferred tax liabilities 30 June 2020	(158,983,806)	(160,693,093)
		<u>5,094,153</u>	<u>(1,709,287)</u>
33.02:	deferred tax for statement of other comprehensive income		
(i)	Deferred tax liability against revaluation reserve other than land		
	Carrying amount other than land	349,660,462	370,254,454
	Tax base	-	-
		<u>349,660,462</u>	<u>370,254,454</u>
	Applicable tax rate (As per SRO - 193 dated 30 June 2015 for Textile Sector)	15%	15%
		<u>52,449,069</u>	<u>55,538,168</u>
(ii)	Deferred tax liability on capital gain on revaluation of land		
	Carrying amount other than building & others	1,358,959,500	1,358,959,500
	Tax base	-	-
		<u>1,358,959,500</u>	<u>1,358,959,500</u>
	Applicable tax rate (3% As per section 53 H of ITO 1984)	3%	3%
		<u>40,768,785</u>	<u>40,768,785</u>
	Deferred tax liability against revaluation reserve (i + ii)	<u>93,217,854</u>	<u>96,306,953</u>
	Deferred tax liabilities 30 June 2020	(96,306,953)	(43,640,719)
	Deferred tax for Statement of Other Comprehensive Income	<u>(3,089,099)</u>	<u>52,666,234</u>
	Deferred tax has been provided on Taxable Temporary difference.		
	* This amount include adjustment for permanent difference related to sedan cars, not plying for hire, owned by company. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.		
34	Earnings Per Share (EPS)		
	The computation of EPS is given below:		
	Earnings attributable to ordinary shareholders	615,479,288	210,211,386
	Weighted average number of ordinary shares outstanding at the year end	97,490,000	97,490,000
	Earnings per share (EPS)	<u>6.31</u>	<u>2.16</u>
34.1	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.		
35	Net Assets Value (Per Share)		
	Total assets	8,276,232,803	7,098,616,622
	Less: Total current liabilities	(2,770,341,122)	(1,911,216,711)
		5,505,891,681	5,187,399,911
	Deduct:		
	Long Term & deferred liabilities	(257,295,814)	(381,890,430)
		<u>5,248,595,867</u>	<u>4,805,509,480</u>
	Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000
	NAV - Per Share at statement of financial position date	<u>53.84</u>	<u>49.29</u>



Amounts in Taka

	2020-2021	2019-2020
Cash flows from operating activities as per statement of cash flows	38,543,671	533,311,461
Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000
Net Operating Cash Flow - Per Share	0.40	5.47

36 Net Operating Cash Flow Per Share

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

37 Board Meetings

During the year from 01.07.2020 to 30.06.2021 nine board meetings were held. The attendance status is as follows:

<u>Name of Directors</u>	<u>Position</u>	<u>Meeting Held</u>	<u>Attended</u>	<u>Remarks</u>
Abdul Wahed	Chairman	9	9	
M.A. Jabbar	Managing Director	9	9	
M.A. Rahim	Director	9	9	
M.A. Quader	Director	9	9	
Md. Hassan Imam	Director	9	9	
Selina Parvin	Director	9	9	
Tanzeen Rahim	Director	9	9	
Taslima Begum	Director	9	9	
M. Naser Alam, Barrister-at-law	Independent Director	9	4	
Mr. Md. Abdus Salam FCA, FCS	Independent Director	9	9	
Mr. Shamsul Hasan Barrister-at-law	Independent Director	9	2	Joining date 23 March 2021

37 Number of employees & Payments to Directors and Officers

38.1 Number of employees

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

	Officer & Staff		Worker	Total Employee	Amount in Taka
	Head Office	Factory			
2020-21	25	439	1,683	2,147	377,427,143
2019-20	25	426	1,482	1,933	339,409,522

There is no Salary/ Wages/Remuneration below Tk. 8,000/- per month or annually Tk. 96,000. Minimum Salary/ Wages/Remuneration has started from Tk. 8,000/- per month.

38.2 Payments to Directors and Officers

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

Particulars	2020-2021			2019-2020		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	60,123,863	65,263,823	5,139,960	73,470,746	78,610,706
House Rent	2,569,980	30,061,931	32,631,911	2,569,980	36,735,373	39,305,353
Conveyance	690,060	8,071,867	8,761,927	690,060	9,863,739	10,553,799
Bonus/ incentives	-	11,158,639	11,158,639	-	13,635,743	13,635,743
Total						
Salary and allowances	8,400,000	109,416,300	117,816,300	8,400,000	133,705,601	142,105,601

* Directors represent Managing Director only.

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

39 Contingent Liabilities:

a As on 30 June 2021, Contingent Liability of the Company was Tk. 1,003,325,372 (Tk. 373,676,432 as at 30 June 2020) 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 2021.



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

	MSML Unit	Melange Unit	Synthetic Unit	Total	
				2020-2021	2019-2020
Capacity Installed:					
No. of Spindles Installed	39,600	18,240	15,344	73,184	73,184
Capacity Utilized:					
No. of Spindles Operated	35,472	16,510	13,918	65,900	66,394
Production Capacity: (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	8,875,000	3,530,000	5,852,000	18,257,000	17,224,500
Actual Production : (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	6,871,376	2,934,794	4,992,477	14,798,647	13,697,342
% of Capacity Utilization	76.07	78.87	95.15	81.06	79.52

41 Related party disclosure

i) 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, 2021 (Taka)	Status as of June 30, 2021	Closing balance as of June 30, 2020 (Taka)	Status as of June 30, 2020
Flamingo	Sister Concern	Sale of yarn	1,371,920,788	330,826,885	Debtor	118,706,886	Debtor
Jinnat Fashions	Sister Concern	Sale of yarn	221,039,439	37,964,109	Debtor	36,139,150	Debtor
Jinnat knitwears	Sister Concern	Sale of yarn	1,149,329,366	167,451,785	Debtor	356,815,261	Debtor
Jinnat Apparels	Sister Concern	Sale of yarn	635,106,099	242,098,441	Debtor	14,467,517	Debtor
Mawna Fashions	Sister Concern	Sale of yarn	301,006,809	93,447,891	Debtor	24,997,731	Debtor
Hamza Textiles	Sister Concern	Sale of yarn	100,519,487	20,509,987	Debtor	6,608,437	Debtor
Parkway Printing & Packaging Ltd.	Sister Concern	Sale of yarn	27,172,455	5,769,508	Debtor	6,291,636	Debtor
		Godown Rent & Others	15,658,533	1,531,172	Debtor	879,671	Debtor
DBL Distribution	Sister Concern	Fuel & Lubricant	29,286,505	23,944,202	Creditor	15,896,116	Creditor
Color City Ltd	Sister Concern	Fiber Dyeing	6,344,941	1,087,471	Creditors	8,099,861	Creditors
DBL Ceramics	Sister Concern	Tiles	358,551	358,551	Creditors	124,945	Creditors

ii) Key management personal compensation comprised the following:

The Company's key management personal includes the Company's Managing Directors.

a) Short-term employee benefit:

Short term employee benefit includes remuneration, festival bonus and meeting attendance fees.

In Taka	2020-2021	2019-2020
Directors' remuneration	8,400,000	8,400,000
Board meeting fees	979,000	649,000
	9,379,000	9,049,000
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share- based payment:	-	-
	9,379,000	9,049,000



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

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

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

Particulars	Local Purchase	Import	Total Purchase	Consumed	% of Consumption
Raw Cotton	-	3,266,356,112	3,266,356,112	2,977,225,800	91.49%
Stores and Accessories	-	51,275,060	51,275,060	241,514,316	7.42%
Packing Materials	36,418,800	-	36,418,800	35,532,667	1.09%
Capital Machinery	-	90,030,785	90,030,785	-	-
Total	36,418,800	3,407,661,956	3,444,080,756	3,254,272,782	100.00%

FOB Value of export

The FOB value of export is as follows:

Particulars	2020-21		2019-20	
	In foreign currency \$	In Taka	In foreign currency \$	In Taka
Export	59,810,269	5,021,072,086	46,616,758	3,904,153,460

Amounts in Taka	
2020-21	2019-20

43 Reconciliation of net operating cash flow

Cash Flow from Operations

Net income	615,479,288	210,211,386
Less: Dividend Income transfer to investing activities	(561,139)	-
Less: Interest on FDR and Bank Accounts transfer to investing activities	(1,037,581)	(1,304,609)
Less: Effects of foreign currency translation gain /(loss)	-	(527,122)
Depreciation and amortization	313,935,696	318,271,395
Decrease (increase) in current assets	(1,021,086,088)	4,693,644
Decrease (increase) in current liabilities	166,201,776	16,924,716
Deferred tax liability	2,005,055	50,956,946
Unrealized gain/(loss)	17,672,862	28,831,598
Capital expenditure	(60,724,657)	(182,590,515)
Decrease (increase) in Revaluation Reserve	23,683,090	(39,481,037)
Gain /(Loss) on Investment in marketable securities	(22,918,199)	8,435,348
Proceeds from Asset held for sale	(192,393)	-
Accrued Interest shown in investing activities	726,494	957,258
Capital work-in-process	5,359,466	117,932,452
Cash flow from operating activities	38,543,671	533,311,461



44 Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation.

45 Figures are rounded off to the nearest Taka.

46 **Event after the reporting period**

The Board of Directors of Matin Spinning Mills Limited, at its 127 meeting held on October 28, 2021 proposed Tk. 4 per share amounting to a total of Tk.389,960,000.00 as cash dividend for the year ended 30 June 2021, which represents 40% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

COVID 19

Bangladesh as well as the whole world continues to face the adversity of the CORONA VIRUS PANDEMIC from December 2019 to till date. Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods during the financial year 2020-21. However the production was not affected significantly during the year 2020-21 for COVID 19. But immediate after the reporting period there was a Government declared shut down from 20 - 30 July 2021 which affected the business as during those days the production was stopped.

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

47 **IFRS 16 Leases**

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

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

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

48 **Standards issued but not yet effective**

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

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

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

Abdul Wahed
Chairman

M. A. Jabbar
Managing Director

Mohammad Emarot Hossain FCA
Chief Financial Officer

Md. Shah Alam Miah FCS
Company Secretary



Matin Spinning Mills Ltd

Details of property, plant and equipment for the year ended 30 June 2021

A) Non Revalued Assets (Cost Component)

Name of the assets	Cost			Depreciation			Written down value at 30 June 2021		
	At 01 July 2020	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2021	Rate %	At 01 July 2020		Charge for the year	Adjustment during the year
Land and land development	160,426,166	-	-	160,426,166	0%	-	-	-	160,426,166
Factory building	667,712,041	27,262,422	-	694,974,463	5%	196,435,852	24,239,768	-	220,675,620
Godown	88,041,886	28,053,278	-	116,095,164	10%	33,697,711	5,874,334	-	39,572,045
Plant and machinery	3,906,994,756	90,030,785	-	3,997,025,541	10%	1,983,434,303	195,001,625	-	2,178,435,927
Furniture and fixtures	3,871,294	-	-	3,871,294	10%	2,566,861	133,333	-	2,700,194
Sub Station (Machinery)	386,431,498	-	-	386,431,498	15%	192,191,933	29,135,935	-	221,327,868
Gas Generator	312,937,576	3,469,799	-	316,407,375	15%	120,793,901	28,601,201	-	149,395,102
Office equipments	75,553,633	4,675,683	2,989,517	77,239,799	15%	33,166,820	7,214,650	581,961	39,799,508
Vehicles	67,643,349	-	-	67,643,349	20%	51,939,047	3,140,860	-	55,079,907
Total at 30 June 2021	5,669,612,198	153,491,967	2,989,517	5,820,114,648		2,614,226,427	293,341,705	581,961	2,906,986,171

B) Revalued Assets (Revaluation Reserve Component)

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2021		
	At 01 July 2020	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2021	Rate %	At 01 July 2020		Charge for the year	Adjustment during the year
Land and land development	1,198,533,334	-	-	1,198,533,334	0%	-	-	-	1,198,533,334
Factory building	405,031,744	-	-	405,031,744	5%	71,741,459	16,741,033	-	88,482,492
Godown	41,653,543	-	-	41,653,543	10%	4,689,374	3,852,959	-	8,542,333
Total at 30 June 2021	1,645,218,621	-	-	1,645,218,621		76,430,833	20,593,992	-	97,024,825
Total (A + B) at 30 June 2021	7,314,830,819	153,491,967	2,989,517	7,465,333,269		2,690,657,260	313,935,696	581,961	3,004,010,996

Allocation of depreciation:

Year ended
30 June 2021
282,542,127
31,393,570
313,935,696

Manufacturing overhead @ 90%
Administrative overhead @ 10%

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



Matin Spinning Mills Ltd

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

A) Non Revalued Assets (Cost Component)

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

B) Revalued Assets (Revaluation Reserve Component)

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

Allocation of depreciation:
 Period ended
 30 June
 2020

Manufacturing overhead @ 90%	286,444,255
Administrative overhead @ 10%	31,827,139
Total	318,271,395

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

