

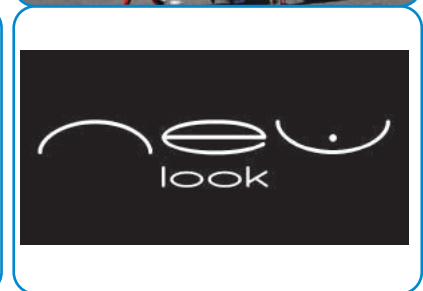
ANNUAL REPORT 2018



ZAHINTEX INDUSTRIES LTD.



.....Our Achievements
What We Belong to.....



Our Mission

"Our mission is the polestar of our vision for maximization of production of quality products and services strictly on ethical and moral standards at minimum cost to the society ensuring optimum benefits to the customers, the shareholders and other stakeholders"

Our Vision

Our vision is the polestar to our mission that fulfils our objectives with emphasis on the quality of product, process and services blended with good governance that help build the image of the most venerable corporate citizenship at home and abroad.

- ❖ Strive for attaining a leadership position in our business sector.
- ❖ Provide products and services of high and consistent quality, ensuring value for money to our customers.
- ❖ Attain a high level of productivity in all our operations through effective utilization of time and adoption of appropriate technology.
- ❖ Ensure superior return on investment through judicious use of resources and efficient operations, utilizing our core competencies.

Our Objectives

- To protect the interest of all shareholders.
- To achieve highest standards in quality, delivery and compliance.
- To achieve high efficiency measures in production units.
- To work hard to optimize profit through conduction of transparent business operations.
- To maximize export earnings with minimum imported in-puts

Our Values

- Transparent business
- Fairness
- Highest Compliance Standard
- Customer Focus
- Safety First
- Continuous Improvement



LETTER OF TRANSMITTAL

To
All Shareholders
Bangladesh Securities and Exchange Commission
Register of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject: Annual Report for the year ended June 30, 2018.

Dear Sir (s),

We are pleased to enclose a copy of Annual Report of Zahintex Industries Ltd. together with the Audited Financial Statements for the year ended June 30, 2018, Report of the Board of Directors and Auditor's Report thereon for your kind information and records.

Yours sincerely,

Mr. Liakat Ali Bakhtiar
Company Secretary

Dated: December 08, 2018
Dhaka



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Notice Of The 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting (AGM) of the shareholders of ZAHINTEX INDUSTRIES LIMITED will be held on Wednesday the December 26, 2018 at 9:00 A.M. at Old Rehabilitation Center, Bishia, Kuribari, Monipur, Gazipur to transact the following agenda:

- Agenda-1:** To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2018 together with Report of the Directors and Auditors' thereon.
- Agenda-2:** To declare dividend for the year ended June 30, 2018.
- Agenda-3:** To elect/approve Directors in terms of the relevant provision of the Articles of Association of the Company.
- Agenda-4:** To appoint the Auditor for the year 2018-19 and fix the remuneration.

By order of the Board,



Mr. Liakat Ali Bakhtiar

Company Secretary

Dated: December 08, 2018

Dhaka

Notes:

- i. The record date in lieu of Book-Closure shall be on November 20, 2018.
- ii. The Shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record date will be eligible to receive the dividend.
- iii. The proxy form must be affixed with requisite revenue stamp and must be deposited at the Share Office of the Company not less than 48 hours before the time fixed for the meeting.
- iv. Members are requested to submit to the Company's Share Office on or before December 23, 2018; with their written option to receive dividend. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the company.
- v. Admittance to the Meeting Venue will be on production of the Attendance Slip that will be sent with the Notice.



Corporate Management

Board of Directors

Mrs. Masuma Khatun Lipa	(Chairman)
Mr. Khatib Abdul Zahid Mukul	(Managing Director)
Mr. Md. Zahidul Islam	(Independent Director)
Prof.A.F.M Siddiqur Rahman	(Independent Director)
Engr. Md. Rustom Ali	(Independent Director)

Management Committee

Mr. Khatib Abdul Zahid Mukul	Managing Director
Mrs. Masuma Khatun Lipa	Head of HR & Admin
Mr. Khatib Mahboob Akhter Rubel	Head of Operation
Mr. Kazi Abu Sanraz	Head of Supply Chain
Mr. Sohel Rana	Chief Financial Officer
Mr. Md. Abdur Rahim	Head of Internal Audit

Audit Committee

Mr. Md. Zahidul Islam	Chairman
Mr. Khatib Abdul Zahid Mukul	Member
Mrs. Masuma Khatun Lipa	Member
Mr. Liakat Ali Bakhtiar	Member Secretary

Company Secretary

Mr. Liakat Ali Bakhtiar



Corporate Management

Registered Office

Borkan, Monipur, Gazipur
Web: www.zahintex.com

Corporate Office

House # 06, Road # 13
Sector # 03, Uttara, Dhaka

Share Office

87, BNS Center, (8th floor)
Sector # 07, Uttara Dhaka

Listing

1. Dhaka Stock Exchange (DSE)
2. Chittagong Stock Exchange (CSE)

Auditors

Mahfel Huq & Co.
Chartered Accountants
BGIC Tower (4th Floor)
34, Topkhana Road, Dhaka-1000

Bankers

1. AB Bank Limited
2. One Bank Limited
3. Standard Bank Limited

Insurers

1. Republic Insurance Company Ltd.

Factory

Plant- 1: Bokran Monipur, Gazipur
Plant- 2: BISCIC, Joydebpur Industrial
Extension Area, Gazipur
Plant- 3: Arishaprashad, Kowaltia, Gazipur
Plant- 4: Soydana, Board Bazar, Gazipur



Corporate Achievements



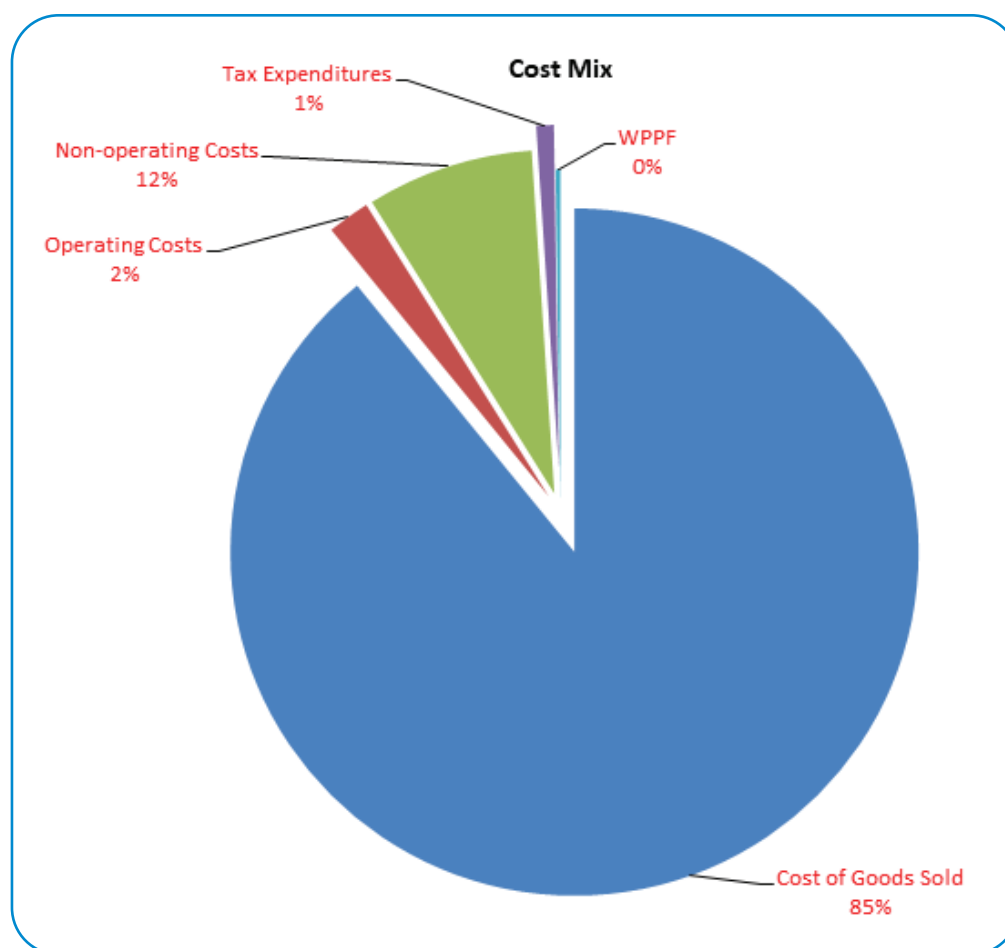
Year of Establishment (Incorporated as a Private Limited Company)	June 11, 2002
Starting of Commercial Operation	December 28, 2002
Converted into Public Limited Company	March 07, 2010
Listing with Dhaka Stock Exchange	November 20, 2011
Listing with Chittagong Stock Exchange	November 24, 2011
Business Lines	Manufacturing flat-knit garments and sweater such as Pullover, Cardigan, Poncho etc. using manual and fully computerized intarsia machines
Major Clients	Li & Fung, Auchan, Walmart, Terranova, Primark, NKD, Wing Fat, Full Fashion, New Look, Padma, K-Mail, Orchestra, Karl & Luppert (K&L), Inditex & Others
Authorized Capital	Tk. 1200.00 million
Paid-up Capital (as on June 30, 2018)	Tk. 818.28 million
Number of Shareholders (as on June 30, 2018)	6,886
Number of Employees (as on June 30, 2018)	3,540



Financial Year – 2018 At A Glance

(Amount in Taka)

Turnover (Net)	801,730,247
Gross Profit	196,517,346
Operating Profit	180,338,243
Net Profit before Tax	56,818,322
Net profit after Tax	48,793,308
Earnings Per Share	0.60
Total Assets	3,811,260,107
Total Liabilities	1,772,809,103
Total Shareholders' Equity	2,038,451,004
Net Asset Value Per Share	24.91





Five Years' Comparative Statistics



(Amount in Taka, 000)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Turnover	801,730	1,216,838	1,627,261	1,549,752	1,785,060
Gross Profit	196,517	254,744	292,888	279,863	241,740
Operating Profit	180,338	226,876	263,575	252,761	210,456
Net Profit before Tax	56,818	62,029	105,637	94,807	57,674
Net Profit after Tax	48,793	54,177	92,322	75,784	46,796
Authorized Capital	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Issued & Paid-up Capital	818,285	743,895	688,792	626,175	569,250
Total Assets	3,811,260	3,419,613	3,159,224	3,087,634	2,940,567
Total Current Assets	2,302,308	1,985,719	2,053,101	1,968,614	1,800,781
Total Fixed Assets	1,508,951	1,433,894	1,106,123	1,119,020	1,139,785
Total Current Liabilities	805,161	640,874	893,868	896,511	1,071,494
Total Non Current Liabilities	967,647	789,082	307,430	310,944	64,678
Shareholders' Equity	2,038,451	1,989,657	1,957,925	1,880,179	1,804,394
Ordinary Shares Outstanding	81,828	74,389	68,879	62,617	56,925
Face Value Per Share (Taka)	10	10	10	10	10
Earnings Per Share (Taka)	0.60	0.73	1.34	1.21	0.82
NAV Per Share (Taka)	24.91	26.75	28.43	30.03	31.70
Current Ratio (Times)	2.86	3.10	2.30	2.20	1.68
Quick Ratio (Times)	0.75	0.83	0.64	0.54	0.39
Return on Equity (%)	2.39	2.72	4.72	4.03	2.54
Return on Investment (%)	1.28	1.58	2.92	2.45	1.56
Gross Profit Margin (%)	24.51	20.93	18.00	18.06	13.50
Operating Profit Margin (%)	22.49	18.64	16.22	16.31	11.76
Net Profit Margin (%)	6.09	4.45	5.67	4.89	2.57
Number of Shareholders	6,886	6,808	6,299	10,991	10,780



Message From The Chairman



Dear Shareholders,

I feel delighted to welcome you all at the 16th Annual General Meeting (AGM) of Zahintex Industries Ltd. and to place herewith the Annual Report of the Company for the year 2018. It was yet another flourishing year for your Company. During 2017-18, the Company had to operate with diverse uncertainties and critical challenges. However, after all these off-putting aspects of local and international economy, I would like to thank all the valuable investors of Zahintex Industries Ltd. who have shown confidence and trust in Zahintex Industries Ltd.

Our performance indicates that the Company was on the right track in the year backed by proper strategies and having resilient and determined leadership to deliver consistent value for our shareholders. I am pleased to report that the Company's Sales Turnover/Exports for the year 2017-18 is Tk. 801.73 million out of which after meeting up all costs including Corporate Income Tax. The Net Profit for the year is Tk. 48.79 million which is 6.09% of total Sales Revenue. As a result, Earning Per Share (EPS) has moved up to Tk. 0.60. In consideration of that, the Board of Directors is pleased to recommend 3% cash dividend (except Sponsor/Director Shareholder) for all Shareholders. With that performance at the focal point, the share price of the Company has been trading in both stock exchanges of the country with stability, good faith and sheer confidence.

Meanwhile, Bangladesh Securities and Exchange Commission (BSEC) has introduced mandatory Guidelines on Corporate Governance. The Board of Directors of the Company is committed to deliver good Governance and implement best practices in all respects. For us, good governance is about managing the business effectively and responsibly and in a way which is honest, transparent, shows accountability and abiding by the laws of the land. Regarding Governance, the Audit Committee Survey result was in full compliance by your Company in 2018. Apart from the Statutory Audit conducted Zoha Zaman Kabir Rashid & Co. Chartered Accountants, the Board has appointed ACNABIN Chartered Accountants, to carry out the Corporate Governance Compliance Audit to be able to certify accordingly in fulfillment of the requirements of BSEC Guidelines.

During the past year, we have upgraded our compliance standard to better equip ourselves for future high-end customers.

While concluding, on behalf of management, I would like to thank the all Shareholders, Board of Directors, Regulatory Bodies, Stock Exchanges, Clients, Employees and all the well wishers for their continued trust, support and cooperation.

With best wishes for all of us.

Masuma Khatun Lipa
Chairman



Message From The Managing Director



Dear Shareholders,

It is a real pleasure as Managing Director of Zahintex Industries Ltd. to welcome you to the 16th Annual General Meeting and present the report in the state of the company's affairs, the Audited Financial Statement of the company for the year ended on 30th June, 2018.

Day-to-day business faces impediments from unexpected consequences and other impacts from global financial crunch, recession in the developed economies, energy crisis, high fuel prices, incremental cost of raw materials and so on. Despite having these pitfalls, the Management of the company tried their best to carry on the business trend unabated and the Board of Directors of the company assured their unparalleled performance with their capability in order to make the profit expected by the investors for the optimum return of capital invested by the investors. As we look back to the year 2017-18, we do not feel frustrated as the corporate performance of Zahintex Industries Ltd. had succeeded in overcoming the dreaded effects of the continuing recession in the developed countries. However, looking forward, we feel, as apprehended by almost all concerned, the ensuing years may shake us at the root due to both external and internal turmoil. We should, therefore, be prepared to re-define our strategy and consolidate our financial and operational strength with wisdom and tolerance for protecting the interest of the present owners/stakeholders and their cohorts. I would like to thank the Board of Directors, the whole Management, Employees, Workers and all other stakeholders of the company for their team work with heart and soul contribution for these achievements of the company.

However, the production of the company was temporarily hampered for the compliance work of Accord & Alliance Certification as well as automation of some machineries. The Accord Alliance Certification will assist the company in getting export orders from North American and European buyers. As a result, we are very hopeful that the export order of the company will significantly increase in subsequent periods and accordingly, positively affect the earnings of the company.

In conclusion, we believe that we have the strengths and resources to continue our progress. Our employees are working hard and with dedication year on year for achieving the Company's objectives in a highly challenging and competitive market. Their success and efforts have been rewarded by our performance in 2017-18. Their continued and seamless efforts would propel the Company towards future success. On behalf of the Board, I would like to express my sincere appreciation to you all, our valued Customers, Suppliers, Distributors, Employees of the Company and Government of the Peoples' Republic of Bangladesh for their support and cooperation.

I wish the Company every success in the future.

Khatib Abdul Zahid Mukul

Managing Director



Corporate Governance Statement

At the modern era of business, Corporate Governance is one of the key elements to sustain in competitive environment. Good Corporate Governance is key to successful sustenance. Board of Directors of Zahintex Industries Ltd. is well committed regarding the highest standard of Corporate Governance and disclosure. The Company always gives the highest priority to its shareholders and responsible to the highest standard of disclosures, transparency and accountability to the shareholders. The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of the Securities and Exchange Commission and applicable laws of the country operates.

Bangladesh Securities and Exchange Commission (BSEC) revised the Notification of Corporate Governance on 3 June 2018. This Notification shall be followed by all the listed companies on 'comply basis' within 31 December 2018 which will further enhance the state of corporate governance in the interest of investors and the capital market. Being a responsible corporate citizen, Zahintex Industries Ltd. is broadly supportive of the BSEC's efforts to encourage more effective narrative reporting which facilitated to enhance further good corporate governance in the country.

The corporate governance framework of Zahintex Industries Ltd. is directed towards achieving the Company's business objectives in a responsible manner. Therefore, in order to comply with laws, regulations, rules; corporate governance codes; articles of association; policies and procedures; the Company constantly exercises good Board practices, effective control processes, transparent disclosures, well-defined shareholders' rights and Board commitments. This statement outlines the adherence to these corporate governance elements as follows:

Board of Directors

The Board is collectively responsible to the Company's shareholders for the success of the Company and for its overall strategic direction, its values and its governance. It provides the leadership necessary for the Company to meet its business objective within the framework of its internal controls, while also discharging the Company's obligations to its shareholders.

Composition of Board

In order to keep pace with the concept of good corporate governance practice and the provisions of Articles of Association, the Board of Directors is liable for overall management relating to the entire affairs of the Company. Here, the Board of Directors holds periodic meetings to ensure the smooth managerial practice in the Company. In Zahintex Industries Ltd. the Board presently consists of 5 (five) Directors including 3 (three) Independent Directors. Mrs. Masuma Khatun Lipa currently occupies the position of Chairman of the Board and Mr. Khatib Abdul Zahid Mukul as its Managing Director. The Board of Directors is reconstituted every year by the Shareholders through retirement or re-election or election of one-third of its members. During the Financial Year 2017-18, the Board held 9 (Nine) meetings in order to transact various agenda.



Firm Duties Of Board Of Directors

The Board's principal responsibilities include:

- Ensuring that the Company is governed effectively so as to attain its broad objectives.
- Approving the Company business strategy and ensuring that an effective management team and the necessary financial and human resources are in place for the Company to meet its objectives.
- Appropriation of profit and interim dividend declaration and recommendation of final dividend.
- Formulating the Company's governance framework and approving the Standards of Business Conduct and policies of the Company.
- Identifying risk and concern and reviewing the Company's risk management and internal control system.
- Approving the Company's Annual Report and reviewing its periodical financial reports.
- Considering and approving other matters specifically reserved for the attention of the Board.
- Organizing Annual General Meeting with usual agenda for shareholders deliberations.
- Overseeing the conduct of the Company's business to evaluate whether the business is properly managed.
- Ensuring and guiding management to manage external stakeholders.
- Receiving and reviewing reports of Board Committees.
- Establishing various Board Committees including the Audit Committee, the CSR Committee and the Compensation Committee and determining its terms of references.
- Empowering the management's responsibilities through appropriate delegation of authorities for business operation.

Audit Committee

In terms of the BSEC guidelines for good Corporate Governance practices, an Audit Committee consisting of the Independent Director as Chairman and two other Directors as member has been constituted. In compliance with the notification of the SEC dated February 20, 2006, the Board has formed an Audit Committee. The Audit Committee comprises of 3 (three) members with Mr. Md. Zahidul Islam- the Independent Director as Chairman of Committee and Mr. Khatib Abdul Zahid Mukul and Mrs. Masuma Khatun Lipa- 2 (two) other directors.

Internal Audit

Internal Audit assists the Company to reach its goals and objectives through bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its management, control and governance processes. The Board of the Company ensures the entire Internal Audit procedures to keep the company at optimum level of risk factors.

Statutory Audit

Statutory Audit is conducted with the compliance of Companies Act, 1994 of Bangladesh. Guidelines regarding appointment, scope of work and retirement of Auditor are determined by it.

Internal Control

The management is always conscious about the Internal Control procedures. Internal Control is essential to check and validate the expenses and the systems in operation. The Company's internal control system is designed at Board, Management and individual level to provide reasonable assurance regarding the achievement of Company's objectives in respect to effectiveness and efficiency of operations, reliability (completeness and timeliness) of financial reporting and management information, compliance with applicable laws, regulations and the Company's policies. The Company has its own internal auditors who are accountable to the Audit Committee.

Distinctive Role of Chairman and Managing Director

In order to ensure good Corporate Governance practice, two persons separately hold positions and perform their roles as Chairman and Managing Director respectively. Here, the Chairman is liable for all functions of the Board as the head of the Board and the Managing Director performs his roles as the Chief Executive of Management Committee team in the Company.

Management Committee

The Managing Director of the Company is the head of the Management Committee. The team of management committee consists of the senior expert members of the Management Apparatus. The Management Committee operates their functions according to policy and planning strategies set by the top Management. In order to ensure the smooth management procedures the Management Committee has been divided into series of different committees where the functions are classified for each concerned committee.

Legal and Compliances

As like all other listed companies the Company is accountable to regulatory bodies like BSEC, DSE, CSE and CDBL NRB and BOI etc. The Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The concerned officers are responsible for ensuring proper compliance with applicable national laws and regulations.

Transparency in Information Disclosure

The Management prepares financial statements with adequate transparent disclosures in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. In order to prepare the financial statements, the management is responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying accounting policies and making accounting estimates that are reasonable under the circumstances. On a quarterly basis, the Board reviews the financial statements of the Company. The quarterly financial statements, along with notes are published on two daily newspapers as well as the the Company's website. Furthermore, half yearly and annual financial statements are sent to all shareholders in a timely manner.

Board Commitments

The Board is highly committed to its elements of corporate governance in achieving the Company objectives for the interest of the stakeholders. Therefore the Board through its Audit Committee as well as the Management of the Company discusses and reviews the status of governance and takes necessary measures for continuous improvement in Corporate Governance process in line with BSEC's Notification. As such, stakeholders' rights are being protected, the right resources are ensured to be in appropriate places, compliance is being monitored and the policies are being formalized as required for business growth. As a result, the Company's adherence to corporate governance is being recognized by the stakeholders.

Communication with Shareholders

The Shareholders are required to be informed with all material information on the Company's operation quarterly, half-yearly and annually because they are the owner of the Company. The Shareholders are also provided the required routine services from the Company where the Share Office of the Company is dedicated to provide the services required by Shareholders. As per regulations of Securities and Exchange Commission, the Board is accountable to the shareholders for publication of price sensitive information. In need of the Shareholders as well as other Investors can obtain the required information from the web site of the company where the web site provides permissible information, notices, price sensitive information, financial reports and other disclosures for the Shareholders and all other interested Investors. The Managing Director of the Company brings to the notice of the Board any communication received from shareholders. The Company holds the Annual in time where the Board communicates with the Shareholders directly and takes notes the views and suggestions with utmost importance.

ZAHINTEX INDUSTRIES LTD.



Directors' Report To The Shareholders

Dear Shareholders,

As per provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Commission Rules 1987 and IAS- 1 (International Accounting Standards –1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to present its Report to the Shareholders for the Year ended June 30, 2018 in the following paragraphs:

Overview

Zahintex Industries Ltd. has been incorporated as a company with the Registrar of Joint Stock Companies & Firms; having registered office at Bokran Monipur, Gazipur Sadar on owned land, BISCIC, Zoydebpur Industrial Extension Area, Gazipur on Leasehold land which taken for 99 years, Arishaprashad, Kowlatia, Gazipur on rented space where the Company has a construction for 28 years. Zahintex Industries Ltd. runs the business of manufacturing and exporting of readymade sweaters, pull over and wearing apparels of all kinds out of wool, cotton, synthetic fibers and others. It was incorporated as on 11 June, 2002 and started commercial operation from 28 December, 2002. And in 2011, the Zahintex was listed with two bourses of capital market in Bangladesh- Dhaka Stock Exchange Limited and Chittagong Stock Exchange limited.

Zahintex Industries Ltd. is a 100% export oriented sweater manufacturing Company that exports high fashion flat knit sweater garments to Europe, America and Russia. Dependency on a single product for overall revenue generation creates some product non diversification risk, but its widely diversified customer base and sound relationship maintenance makes this company a successful player in the relevant market. Most importantly their buyer composition remains more or less same over last four years. The prime buyers are Li & Fung, Auchan, Full Fashion, Teddy from Italy, Primark from UK, Aldi in Germany, all of which are renowned brand seller in their respective market.



Investors Summary As On June 30, 2018

As per Listing Regulations 20(2) of Stock Exchange regarding share holding position of different categories of investors as on June 30, 2018, we are submitting the following information:

Share Holding Status of Different Categories as on June 30, 2018

A. On the Basis of Group

SI No.	Group Name	Number of Share holders	Number of Shares	%
1	Sponsor/Director	5	30,221,518	36.94%
2	All Investors Account	13	8,632,911	10.55%
3	Company	139	10,024,979	12.25%
4	NRB	288	291,367	0.35%
5	General Public	6,441	32,657,774	39.91%
	Total :	6,886	81,828,549	100%

B. On the Basis of Range

Share Holding Range	Number of Share holders	Number of Shares	Percentage
1-499	1,812	3,429,433	4.19%
500-5000	4,809	19,061,680	23.29%
5001-10000	119	12,643,005	15.45%
10001-20000	52	4,324,722	5.29%
20001-30000	13	1,444,230	1.76%
30001-40000	9	1,394,433	1.70%
40001-50000	15	876,012	1.07%
50001-100000	14	1,348,282	1.65%
100001-1000000	38	7,085,234	8.66%
1000001-1000000000	5	30,221,518	36.93%
Total :	6,886	81,828,549	100.00%



Financial Results

Recently, business competition has increased significantly with new challenges. Although having all these challenges, the business of the company comparatively increase profit margin compared to prior year. Now the Company's operating financial results, as compared to the previous years are summarized as follows:

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Sales Turnover	801,730,247	1,216,837,944	1,627,260,930	1,549,752,166	1,785,060,225
Cost of Goods Sold	605,212,901	962,093,754	1,334,372,619	1,269,888,861	1,543,320,137
Gross Profit	196,517,346	254,744,190	292,888,311	279,863,305	241,740,118
Administrative Expenses	8,056,609	12,117,022	12,358,865	11,427,474	11,149,972
Selling and Distribution Expenses	8,122,494	15,751,212	16,953,608	15,674,459	20,134,003
Operating Profit	180,338,243	226,875,956	263,575,838	252,761,373	210,456,143
Non-Operating Income	526,045	454,724	438,636	131,241	130,179
Financial Expenses	121,205,050	162,200,202	153,095,585	153,345,632	150,028,011
Contribution to WPPF	2,840,916	3,101,451	52,81,852	4,740,332	2,883,729
Net Profit before Tax	56,818,322	62,029,027	105,637,037	94,806,649	57,674,582
Provision for Income Tax	6,818,199	7,904,850	13,204,630	11,850,831	10,877,750
Provision for Deferred Tax	1,206,815	53,145	110,602	7,171,371	N/A
Net profit after Tax	48,793,308	54,177,321	92,321,806	75,784,447	46,796,832
Earnings Per Share	0.6	0.73	1.34	1.21	0.82
NAV Per Share	24.91	26.75	28.43	30.03	31.7
Gross Profit Margin (%)	24.51	20.93	18	18.06	13.5
Operating Profit Margin (%)	22.49	18.64	16.22	16.31	11.76
Net Profit Margin (%)	6.09	4.45	5.67	4.89	2.57
Return on Equity (%)	2.39	2.72	4.72	4.03	2.54
Return on Investment (%)	1.28	1.58	2.92	2.45	1.56



Cost Of Goods Sold And Profit Margins

The major challenge in the area of productivity was the increase wages and other overheads. These resulted in a significant upward pressure on the cost base. However, Zahintex Industries Ltd was able to improve this through the implementation of proactive cost savings in 2017-18. Thus cost of goods sold per unit was mostly held constant on a like to like basis and this enabled gross profit margin increased over the financial year.

In addition, Zahintex Industries Ltd. embarked on a company-wide smart cost management program and analyzed all opportunities to reduce costs. This program has helped to optimize the operating expenses of the Company and focused resources on areas that were required to fuel growth and sustainability. As a result of all these efforts, the Company's gross profit margin has increased from 20.93% in 2016-17 to 24.51% in 2017-18 and operating margin has increased 18.64% in 2016-17 to 22.49% in 2017-18; though having adverse economic factors in local and international arena.

Cost of Goods Sold (COGS) in Details

	2017-18	2016-17
	Taka	Taka
Opening stock of raw materials	330,120,367	324,524,541
Add: Purchased during the year	547,052,880	489,324,506
	877,173,247	813,849,047
Less: Closing stock of raw materials	563,284,469	330,120,367
Raw materials consumed	313,888,778	483,728,680
Add: Opening stock of work-in-process	667,109,989	699,708,923
	980,998,768	1,183,437,603
Less: Closing stock of work-in-process	674,667,941	667,109,989
	306,330,827	516,327,613
Add: Conversion cost	313,124,306	447,135,785
Cost of goods manufactured	619,455,132	963,463,398
Add: Opening stock of finished goods	438,125,996	436,756,352
Cost of goods available for sale	1,057,581,128	1,400,219,750
Less: Closing stock of finished goods	452,368,227	438,125,996
Cost of Goods Sold	605,212,901	962,093,754

Dividend

The Board of Directors are delighted to recommend 3% cash dividend (except Sponsors/Director Shareholder) for the year ended June 30, 2018 to those valuable Shareholders whose name will be appeared in the Depository on the Record Date which is November 20, 2018.

Appropriation of Profit

After the considerations of financial results of the Company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

(Amount in Taka)

	2018	2017	2016
Un-appropriated Profit from previous Year	313,237,446	322,304,923	291,161,130
Less: Prior Year Adjustment	74,389,590	77,548,902	77,192,502
Adjusted Un-appropriated Profit from previous Year	238,847,856	244,756,021	213,968,628
Add: Net Profit after Tax for the Year	48,793,308	54,177,321	92,321,806
Add: Realization through use of Assets (Depreciation)	12,798,392	14,304,104	16,014,489
Total Available for Appropriation (a)	300,439,556	313,237,446	322,304,923
Appropriation Proposed			
Proposed Dividend:			
Cash Dividend	-		22,445,502
Stock Dividend (10 % for All)		74,389,590	55,103,400
Total Dividend (b)	-	74,389,590	77,548,902
Balance Carried Forward (a-b)	300,439,556	238,847,856	244,756,021



Related Party Disclosures

During the period, the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name of the party	Nature of transactions	Nature of relationship	Transactions value (Taka)	
			01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Givensee Spinning C & F	Clearing & forwarding service	Sister concern	3,925,357	1,025,327
Givensee Garments Accessories Ltd.	Accessories & packing materials supply	-do-	28,437,968	22,207,809
Givensee Spinning Mills Ltd.	Raw yarn supply	-do-	3,065,320	2,184,199
Masuma Khatun Textile Industries Ltd.	Died yarn supply	-do-	103,708,227	104,504,946
Masuma Khatun Lipa	Remuneration	Chairman	196,000	196,000
Khatib Abdul Zahid Mukul	Remuneration	MD	770,000	770,000

ii) Particulars of Directors of Zahintex Industries Ltd. as at 30 June 2018:

Name of Directors	BOD of Zahintex Industries Ltd.	Entities where they have interests
Mr. Khatib Abdul Zahid Mukul	Managing Director	Givensee Spinning Mills Ltd. Hotapara Garments Ltd. Masuma Khatun Textile Industries Ltd. Givensee Garments Ltd. Givensee Garments Accessories Ltd. Givensee Real Estate Ltd. Givensee Foods & Essentials Ltd. Givensee Group of Industries Ltd.
Mrs. Masuma Khatun Lipa	Chairman & Director	Givensee Spinning Mills Ltd. Hotapara Garments Ltd. Masuma Khatun Textile Industries Ltd. Givensee Garments Ltd. Givensee Garments Accessories Ltd. Givensee Real Estate Ltd. Givensee Foods & Essentials Ltd. Givensee Group of Industries Ltd.
Mr. Md. Zahidul Islam	Independent Director	
Prof.AFM Siddiqur Rahman	Independent Director	
Engr.Md. Rustam Ali	Independent Director	

Election of Directors

Mr.Khatib Abdul Zahid Mukul, Shareholder Director of the Company, will retire as per Article 123, 124 & 125 of Articles of Association and being eligible offer herself for reelection.

Board Meetings

The composition of the Board Committee as at 30 June 2018 and the attendance of the Directors at the Board and the Committee meetings held in 2017-18 are as follows:

Name of Director	Position	No. of Meetings Attended
Mrs. Masuma khatun Lipa	Chairman	9
Mr. Khatib Abdul Zahid Mukul	Managing Director	9
Mr. Md. Zahidul Islam	Independent Director	9
Prof.AFM Siddiquir Rahman	Independent Director	6
Engr.Md. Rustam Ali	Independent Director	6

Managing Director Remuneration

	Amount in Taka	
	2017-18	2016-17
Remuneration	350,000	350,000
House rent benefit	420,000	420,000
	770,000	770,000

Appointment of Auditors

Existing Auditors M/S Mahfel Huq & Co., Chartered Accountants has carried out the Audit of Accounts of the Company for the year 2017-2018 and completed 3rd year of Audit. Being they are not eligible for re-appointment, in accordance with the provision of BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 and Regulation No.15 (3) of Stock Exchange (Listing) Regulations, 2015.

Among the proposal received from the Chartered Accountants firms, in recommendation of the Audit Committee, the Board in its meeting held on 11 October 2018 proposed for the appointment of M/S Zoha Zaman Kabir Rashid & Co., Chartered Accountants, of Rupayan Karim Tower,Level-7,Suite # 7A, 80 Kakrail, Dhaka-1000 to hold office for the period until conclusion of the next (17th) Annual General Meeting of the Company for auditing the accounts for the year ended 30 June 2019 at such amount of remuneration to be fixed at 16th Annual General Meeting.

Going Concern

The Directors are of the opinion that the Company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

The System of Internal Control

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

Risk Management

The Risk Management Committee (RMC) of Zahintex Industries Ltd. at management level consists of knowledgeable cross functional managers including internal auditors who drive an effective risk management framework in the Company. The risk controllers periodically review the departmental risks and report to RMC. The RMC reviews twice a year the functional risks, identifies the Company's key risks and ensure adequate action plans are in place to mitigate the risks. The key risks of the Company are then endorsed by the Executive Committee and then ratified in Audit Committee as far as effective risk management is concerned. In order to ensure effective risk management in the Company, the RMC is responsible for reviewing risks, maintaining an appropriate level of awareness throughout the Company, ensuring effectiveness of the risk management process. The Company maintains a risk register where all the associated risks as well as action plans are mentioned.

Corporate Governance

As part of its imperative policy, Zahintex Industries Ltd. always strives to maximize its shareholder's value and wealth. In doing so, the Company has long been committed to maintaining high standards of Corporate Governance. The Company's Corporate Governance framework is directed towards achieving its business objectives in a manner which is responsible and in accordance with its high standards of honesty, transparency and accountability. The principal characteristics that define effective corporate governance are outlined in the Corporate Governance Statement which is appended in the Annual Report. The statement further expands on the broad practices in Zahintex Industries Ltd. All the employees are expected to live up to these principles and guidance on them which are communicated regularly throughout the Company through various training and awareness programs.

We have the pleasure to confirm herewith that the Company has meanwhile complied with all the necessary guidelines under BSEC Notification No. BEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The compliance report along with the necessary remarks/disclosures is appended in the Directors' Report of the Company for the year 2017-18. Further, a Certificate of Compliance required under the said Guidelines, as provided by ACNABIN Chartered Accountants, is also annexed to this report.

Management Recognition, Appreciation and Complements

The Board of Directors extends cordial recognition, deep appreciation and heart-felt congratulations for the business performance of the management, the all levels of officers, employees and workers whose relentless effort helped to increase the productivity as well profitability despite having adverse factors of production and marketing. At conclusion, on behalf of the Company, the Board would like to thank the all Shareholders, Board of Directors, Regulatory Bodies, Stock Exchanges, Clients, Employees and all the well wishers for their cooperation and unflinching support.

We also extend to the Management and Employees our warmest greetings and felicitation for being the essential part of Zahintex Industries Ltd. during the year. It was your unrelenting commitment, dedication and diligence throughout the year that led to the Company achieving the awards and accolades in 2017-18.

We are proud of you all and look forward to your continued support as we march ahead to take Zahintex Industries Ltd. further forward as a leading player within the Bangladesh Business Community.

On behalf of the Board of Directors,



Masuma Khatun Lipa

Chairman



Financial Results

Declaration as to Financial Statements

As part of preparation and presentation of the financial statements, the Directors also report that:

- i) The Financial Statements prepared by the Management of the Company present a true and fair view of Company's state of affairs, result of its operation, cash flows and changes in equity.
- ii) Proper books of accounts as required by law have been maintained.
- iii) Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates are reasonable and prudent.
- iv) The Financial Statements were prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).
- v) The Managing Director and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- vi) The Managing Director and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- vii) The Managing Director and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's codes of conduct.

Statutory Information

In compliance with the BSEC guidelines' condition no. 1.4 the Board of Directors confirms that:

- a) The system of internal control is sound in design and has been effectively implemented and monitored.
- b) There are no significant doubts upon the Company's ability to continue as a going concern.
- c) Significant deviations from last year in operating results of the Company have been highlighted in the Report and reasons thereof have been explained.
- d) Short resume of Directors is in ANNEXURE-I.
- e) The patterns of Shareholding as on June 30, 2018 is in ANNEXURE-II.
- f) Status of Compliance with the conditions imposed by Securities and Exchange Commission along with Corporate Governance Certificate issued by ACNABIN Chartered Accountants is enclosed as ANNEXURE-III.
- g) Audit Committee Report has been presented in ANNEXURE-IV.
- h) Key operating and financial data of last five years have been presented in summarized form in ANNEXURE-V.

ANNEXURE – I

Short Bio-Data of Shareholder Directors**Masuma Khatun Lipa, Chairman**

Masuma Khatun Lipa, aged 49 years, is the Chairperson of the company. She is Masters in Science from the University of Dhaka. She joined in her family business in 1990. She is also Director of 8(eight) other industrial units mostly pertaining to textile sectors viz. Givensee Spinning Mills Ltd., Masuma Khatun Textile Industries Ltd., Hotapara Garments Ltd., Givensee Garments Ltd., Givensee Garments Accessories Ltd., Givensee Foods & Essentials Ltd., Givensee Real Estate Ltd. and Givensee Group of Industries Ltd. During her long business experience of 28 years she has gathered vast knowledge in modern method and technology in production, marketing and management of textile industries. She has traveled many countries of the world, such as America Japan, China, India, German, UK, Australia, Saudi Arab, Hong Kong, Singapore, Canada, Spain, France, South Africa and many other countries for business purpose. She is associated with and donors of a number of different social welfare organizations. She is directly involved in rendering social services by holding the portfolio of General Secretary of Old Rehabilitation Centre established and run by the Managing Director of the company.

Khatib Abdul Zahid Mukul, Managing Director

Khatib Abdul Zahid Mukul, aged 61, is the Managing Director of the company. He obtained B.A degree from Dhaka University and started his business career in 1984. He started Readymade Garments export business through establishment of a 100% export oriented Knit Garments Industry in 1984 and gradually captivated own position in export market of Bangladesh. He became a successful business man within short time of his business career by dint of his sincerity, honesty, hard labour, conceptual and practical problem solving potentiality/aptitude. He gradually established a number of export oriented large industries in textile sector one by one and continued contribution in the development process of country through earning of valuable foreign currency. He is selected thrice as CIP (Commercial Important Person) by the Government of the People's Republic of Bangladesh for remarkable contribution in boosting up the export earnings of the country. He is also Director of 8(eight) other industrial units mostly pertaining to textile sectors viz. Givensee Spinning Mills Ltd., Masuma Khatun Textile Industries Ltd., Hotapara Garments Ltd., Givensee Garments Ltd., Givensee Garments Accessories Ltd., Givensee Foods & Essentials Ltd., Givensee Real Estate Ltd. and Givensee Group of Industries Ltd. As a whole, he is a successful entrepreneur. He has gathered vast knowledge and got business experience of long 34 years. He has established School and College in his native village in the district of Pabna. He is also associated with and donors of a number of Schools, Colleges, madrasa, mosque and different social welfare organization. Besides, he is directly involved in social works. As a part of discharging of social responsibilities he established Old Rehabilitation Center in 1987 in rented premise in own initiative and own finance with a view to mitigate painful sufferings of helpless old people of 60 years and above, who have no support other than the Almighty Allah. In 1994 the center was shifted to its own land located at Gazipur. He is well acquainted with international business scenario because of his frequent business tours in many countries including USA, UK, Japan, China, India, German, Australia, Saudi Arab, Hong Kong, Singapore, Canada, Spain, France, South Africa and many other countries.

ANNEXURE – I

As per BSEC guideline condition no. 1.4, Pattern of Shareholding as on June 30, 2018:

Particulars	Nos. of Shareholding	Percentage	Remark
Parent Company	-	-	No Existence
Associate Companies:	-	-	No Existence
Other Related Parties:	-	-	No other related parties
Directors:			
Mr. Khatib Abdul Zahid Mukul	20,026,199	24.48%	Also Managing Director of The Company
Mrs. Masuma Khatun Lipa	10,195,319	12.46%	Also Chairman of The Company
Independent Directors:			
Mr. Md. Zahidul Islam	-	-	
Mr. Prof.AFM Siddiqur Rahman	-	-	
Engr.Md. Rustam Ali	-	-	
Executives (Top five salaried person other than CEO,CFO and CS)	-	-	No share held by such executives
Shareholders holding 10%			
or more voting right:	-	-	No holding 10% or more

Certificate on Compliance on the Corporate Governance Code

[Issued under condition #1(5) (xxvii) of Corporate Governance Code of BSEC vide

Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]

We have examined the compliance status to the Corporate Governance Code by Zahintex Industries Limited ("the Company") for the year ended 30 June 2018. This Code relates to the notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

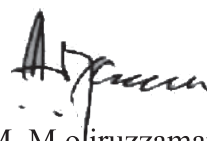
This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards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

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

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

Dhaka,
03 December 2018

For, ACNABIN
Chartered Accountants



M. M oliruzzaman, FCA
Partner

ANNEXURE- A

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

Condition No()	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors (BoD)			
1(1)	Board size (number of Board members - minimum 5 and Maximum 20)	√		
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	√		
1(2)(b)	Independent Director means a Director			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company’s any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1(2)(b)(v)	who is not a member, director or officer of any stock exchange	√		
1(2)(b)(vi)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1(2)(b)(vii)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company’s statutory audit firm	√		
1(2)(b)(viii)	who shall not be an independent director in more than 5 (five) listed companies	√		
1(2)(b)(ix)	who has not been convicted by a court of	N/A		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)			
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude	N/A		
1(2)(c)	Independent Director(s) shall be appointed by BoD approved by the shareholders in the Annual General Meeting (AGM)	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1(3)(b)(i)	Independent Director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk(100(00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Independent Director should be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk(100(00 million or of a listed company; or	√		
1(3)(b)(iii)	Independent Director should be a Former official of government or statutory or autonomous or regulatory body in the	√		

Condition No()	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			
1(3)(b)(iv)	Independent Director should be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(b)(v)	Independent Director should be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification(√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of Commission(N/A		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals(√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company(√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company(√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer(√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes(
1(5)	The Directors' Report to Shareholders			
1(5)(i)	Industry outlook and possible future developments in the industry		√	
1(5)(ii)	Segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any(√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin(√		As per law(s) details are discussed in the financial statements
1(5)(v)	Discussion on continuity of any Extra-Ordinary gain or loss(N/A		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions(√		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/or through any other instrument(N/A		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO)(Rights Share Offer, Direct Listing, etc(N/A		
1(5)(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance(N/A		
1(5)(x)	Remuneration to directors including independent directors(√		
1(5)(xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity(√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xii)	Proper books of account have been maintained	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment(√		
1(5)(xiv)	A statement that International Accounting Standards (IAS)/International Financial Reporting Standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed(√		
1(5)(xv)	The system of Internal control is sound in design and has been effectively implemented and monitored	√		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	√		
1(5)(xvii)	Going Concern (ability to continue as going concern)(√		
1(5)(xviii)	Highlight and explain significant deviations from the last year's operating results(√		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized(√		
1(5)(xx)	Reason for non-declaration of Dividend	N/A		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend(√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director(√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares(along with name-wise details where stated below) held by			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details); Explanation : For the purpose of this clause, the expression "Executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	√		
1(5) (xxiv)	The appointment or reappointment of a director, a disclosure on the following information to the shareholders			
1(5)(xxiv)(a)	A brief resume of the director	√		
1(5) (xxiv)(b)	Nature of his or her expertise in specific functional areas	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	√		
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
1(5) (xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		
1(5) (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		
1(5) (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1(5) (xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		
1(5) (xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5) (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i(e), actual position shall be explained to the shareholders in the next AGM	√		
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No(3(3 disclosed as per Annexure-A	√		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No(9 disclosed as per Annexure-B and Annexure-C (√		
1(6)	The company conducted its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code(√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board laid down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No(6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company	√		
1(7)(b)	The code of conduct as determined by the NRC posted on the website of the company including, among others, prudent conduct and behavior, confidentiality, conflict of interest, compliance with laws, rules and regulations, prohibition of insider trading, relationship with environment, employees, customers and suppliers and independency	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company	N/A		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	made applicable to the composition of the Board of the subsidiary company			
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company		N/A	
2(c)	The minutes of the Board meeting of the subsidiary company placed for review at the following Board meeting of the holding company		N/A	
2(d)	The minutes of the respective Board meeting of the holding company stated that they have reviewed the affairs of the subsidiary company also		N/A	
2(e)	The Audit Committee of the holding company also reviewed the financial statements, in particular the investments made by the subsidiary company		N/A	
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)(
3(1)	Appointment			
3(1)(a)	The Board appointed a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) filled by different individuals	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company did not hold any executive position in any other company at the same time	√		
3(1)(d)	The Board clearly defined respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC not removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)(√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(2)	The MD or CEO, CS, CFO and HIAC of the company attended the meetings of the Board	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)(i)	The MD or CEO and CFO certified to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
3(3) (a)(ii)	These statements together presented a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
3(3)(b)	The MD or CEO and CFO also certified that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3) (c)	The certification of the MD or CEO and CFO disclosed in the Annual Report	√		
4	Board of Directors Committee			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Audit Committee is the sub-committee of the BoD	√		
5(1)(b)	The Audit Committee assisted the BoD in ensuring that the financial statements reflected true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		
5(1)(c)	The Audit Committee is responsible to the BoD(The duties of the Audit Committee is clearly set forth in writing	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee is composed of at least 3 members	√		
5(2)(b)	The BoD appointed members of the Audit	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Committee who is the directors of the company and included at least 1 (one) Independent Director			
5(2)(c)	All members of the audit committee is "financially literate" and at least 1 (one) member has accounting or related financial management experience	√		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		
5(2)(e)	The Company Secretary acted as the secretary of the Audit Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting is not constituted without at least 1(one) independent director	√		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The BoD selected the Chairman of the Audit Committee, who is an Independent Director	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No(5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
5(3)(c)	Chairman of the audit committee remained present in the AGM	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee conducted at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee is constituted in	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must			
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	√		
5(5)(b)	Monitor choice of accounting policies and principles	√		
5(5)(c)	Monitor Internal Control Risk Management process	√		
5(5)(d)	Oversee hiring and performance of external auditors	√		
5(5)(e)	Hold meeting with the external or statutory auditors	√		
5(5)(f)	Review the annual financial statements before submission to the board for approval	√		
5(5)(g)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
5(5)(h)	Review the adequacy of internal audit function	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5(5)(j)	Review statement of significant related party transactions submitted by the management	√		
5(5)(k)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		
5(5)(m)	Disclosure to the Audit Committee about the uses/applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results(Further, on an annual basis, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus	N/A		

Condition No()	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Reporting to BoD on the activities of the Audit Committee	√		
5(6)(a)(ii)(a)	Reporting to BoD on conflicts of interests	√		
5(6)(a)(ii)(b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	√		
5(6)(a)(ii)(c)	Reporting to BoD on suspected infringement of laws	√		
5(6)(a)(ii)(d)	Reporting to BoD on any other matter	√		
5(6)(b)	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	√		
5(7)	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company has a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√		
6(1)(b)	The NRC assisted the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC is clearly set forth in writing covering the areas stated at the condition No(6(5(b))	N/A		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee is comprised of at least three members including an independent director	√		
6(2)(b)	All members of the Committee is non-executive directors	√		
6(2)(c)	Members of the Committee is nominated and appointed by the Board	√		
6(2)(d)	The Board has authority to remove and	√		

Condition No()	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	appoint any member of the Committee			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board has filled the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee	N/A		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee	N/A		
6(2)(g)	The company secretary acted as the secretary of the Committee	√		
6(2)(h)	The quorum of the NRC meeting is not constituted without attendance of at least an independent director	N/A		
6(2)(i)	No member of the NRC has received, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director’s fees or honorarium from the company	N/A		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board has selected 1 (one) member of the NRC to be Chairperson of the Committee, who is an independent director	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members elected one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson is duly recorded in the minutes	N/A		
6(3)(c)	The Chairperson of the NRC attended the annual general meeting (AGM) to answer the queries of the shareholders	N/A		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC has conducted at least one meeting in a financial year	N/A		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon	N/A		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC is constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No(6(2)(h)		N/A	
6(4)(d)	The proceedings of each meeting of the NRC is duly recorded in the minutes and such minutes is confirmed in the next meeting of the NRC		N/A	
6(5)	Role of the NRC			
6(5)(a)	NRC is independent and responsible or accountable to the Board and to the shareholders		N/A	
6(5)(b)	NRC oversees, among others, the following matters and make report with recommendation to the Board			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:		N/A	
6(5)(b)(i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully		N/A	
6(5)(b)(i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks		N/A	
6(5)(b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals		N/A	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality		N/A	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria		N/A	

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	laid down, and recommend their appointment and removal to the Board			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board		N/A	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria		N/A	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies		N/A	
6(5)(c)	The company has disclosed the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report(N/A	
7	External / Statutory Auditors			
7(1)(i)	Non-engagement in appraisal or valuation services or fairness opinions	√		
7(1)(ii)	Non-engagement in designing and implementation of Financial Information System	√		
7(1)(iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	√		
7(1)(iv)	Non-engagement in Broker-dealer services	√		
7(1)(v)	Non-engagement in actuarial services	√		
7(1)(vi)	Non-engagement in internal audit services	√		
7(1)(vii)	Non-engagement in any other services that the Audit Committee determines	√		
7(1)(viii)	Non-engagement in audit or certification services on compliance of corporate governance as required under condition No(9(1); and	√		
7(1)(ix)	Non-engagement in any other service that creates conflict of interest	√		
7(2)	No partner or employees of the external audit firms possesses any share of the company during the tenure of their assignment	√		
7(3)	Representative of external or statutory auditors remained present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Meeting) to answer the queries of the shareholders			
8	Maintaining a website by the Company			
8(1)	The company has an official website linked with the website of the stock exchange	√		
8(2)	The company kept the website functional from the date of listing	√		
8(3)	The company made available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		
9(2)	The professional will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	√		
9(3)	Directors statement in the directors' report whether the company has complied with these conditions	√		

ANNEXURE- IV

**Audit Committee Report**

For The Year 2017-18

Zahintex Industries Ltd. having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Mr. Zahidul Islam	- Chairman
Mrs. Masuma Khatun lipa	- Member
Mr. Khatib Abdul Zahid Mukul	- Member
Mr. Liakat Ali Bakhtiar	- Member Secretary

The scope of Audit Committee was defined as under:

- Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;
- Review statement of significant related party transactions submitted by the management;
- Monitor and oversee choice of accounting policies and principles, internal control risk management process, auditing matter, hiring and performance of external auditors;
- Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Authority

The Audit Committee is authorized by the main Board to review any activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any director or member of management, and all employees are expected to co-operate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of the Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance

The Audit Committee met five times during the year 2017-18. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during 2017-18 are as follows:

	Designation	Total Meetings Held	No. of Meetings Attended
Mr. Zahidul Islam	Chairman	05	05
Mrs. Masuma Khatun lipa	Member	05	05
Mr. Khatib Abdul Zahid Mukul	Member	05	05

Summary of Activities in 2017-18

In 2017-18, the Audit Committee reviewed its terms of reference in line with requirements of BSEC notification on corporate governance. The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. Moreover, an Audit Committee effectiveness survey had been carried out for the year 2017-18 which reflected full compliance to the effectiveness Guidelines. The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting. The Committee also reviewed and recommended to the Board steps to improve the Company's internal control systems derived from the findings of the internal and external auditors.



Md. Zahidul Islam

Chairman

Date: 25 October, 2018



Audited Financial Statements



Independent Auditor's Report
To the shareholders of
ZAHINTEX INDUSTRIES LTD.

Report on the Financial Statements

We have audited the accompanying Financial Statements of Zahintex Industries Ltd., which comprise the Statement of Financial Position as at 30 June 2018 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted in Bangladesh. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of the company as at 30 June 2018 and of its financial performance and its cash flows for the year then ended and comply with the requirements of the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters:

1. The management of the company explained in note # 6 to the financial statements the reasons as to why current year-end inventory holding position has been increased in

comparison with previous year

2. The management of the company explained in note # 34.10 to the financial statements its position as to why cash flow from operating activities in the current year is negative.

Report on Other Legal and Regulatory Requirements

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

- a) 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;
- b) 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;
- c) 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
- d) the expenditure incurred was for the purpose of company's business.

Dhaka
October 24, 2018


MAHFEL HUQ & CO.
Chartered Accounts

Zahintex Industries Ltd.

Statement of Financial Pos
As at 30 June 2018

Particulars	Note	Amount in Taka	
		30.06.2018	30.06.2017
ASSETS			
Non-current Assets		1,508,951,153	1,433,894,274
Property, plant and equipment	4	1,508,851,153	1,433,794,274
Investment in shares	5	100,000	100,000
Current Assets		2,302,308,953	1,985,719,333
Inventories	6	1,698,936,155	1,454,657,598
Bills receivable	7	490,860,390	436,161,612
Advances, deposits and prepayments	8	37,073,881	29,925,159
Advance income tax		4,039,872	7,904,850
Cash and cash equivalents	9	71,398,655	57,070,113
TOTAL ASSETS		3,811,260,107	3,419,613,607
SHARE HOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity		2,038,451,004	1,989,657,697
Share capital	10	818,285,490	743,895,900
Share premium	11	291,000,000	291,000,000
Revaluation reserve		628,725,958	641,524,350
Retained earnings	12	300,439,556	313,237,446
LIABILITIES			
Non-current Liabilities		967,647,974	789,081,834
Long term loan net of current maturity	13	959,212,330	781,853,006
Deferred Tax Liability	14	8,435,643	7,228,828
Current Liabilities		805,161,130	640,874,076
Trade creditors	15	4,473,812	3,684,271
Bills payable	16	24,741,052	17,509,473
Short term loan	17	390,615,400	190,161,361
Current portion of long term loan	18	326,432,385	373,317,853
Workers Profit Participation Fund (WPPF)	19	6,652,452	6,342,486
Liabilities for expenses	20	32,549,344	29,369,778
Subscription money payable		4,731,809	4,437,326
Provision for income tax	21	14,964,876	16,051,528
TOTAL LIABILITIES		1,772,809,103	1,429,955,910
TOTAL SHARE HOLDER'S EQUITY AND LIABILITIES		3,811,260,107	3,419,613,607
Net Asset Value (NAV) per share	30	24.91	26.75

The annexed notes form an integral part of these financial statements.


Chairman


Managing Director


Chief Financial Officer


Company Secretary

This is the statement of financial position referred to in our separate report of even date.

Dhaka,
24 October 2018


Mahfel Huq & Co.
Chartered accountants

Zahintex Industries Ltd.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

Particulars	Note	Amount in Taka	
		2017-2018	2016-2017
Sales	22	801,730,247	1,216,837,944
Less: Cost of Sales	23	(605,212,901)	(962,093,754)
Gross profit		196,517,346	254,744,190
Administrative expenses	24	(8,056,609)	(12,117,022)
Selling and distribution expenses	25	(8,122,494)	(15,751,212)
Operating profit		180,338,243	226,875,956
Non-operating income	26	526,045	454,724
Financial expenses	27	(121,205,050)	(162,200,202)
Profit before WPPF & Income Tax		59,659,238	65,130,478
Workers' Profit Participation Fund (WPPF)		(2,840,916)	(3,101,451)
Profit before income tax		56,818,322	62,029,027
Income tax expense		(8,025,015)	(7,851,706)
Current tax	21	(6,818,199)	(7,904,850)
Deferred Tax	14	(1,206,815)	53,145
Net profit after tax for the year		48,793,308	54,177,321
Basic Earning Per Share (EPS)	28	0.60	0.66
Diluted Earnings Per Share (EPS)	29	0.60	0.66

The annexed notes form an integral part of these financial statements.



Chairman



Managing Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,

24 October 2018



Mahfel Huq & Co.

Chartered accountants

Zahintex Industries Ltd.

Statement of Changes in Equity For the year ended 30 June 2018

(Amount in Taka)

Particulars	Share Capital Capital	Share Premium	Retained Earnings	Revaluation Reserve	Total Equity
Balance as on 01 July 2017	743,895,900	291,000,000	313,237,446	641,524,350	1,989,657,697
Value realised by use of revalued assets (depreciation)	-	-	12,798,392	(12,798,392)	-
Net profit after tax for the year	-	-	48,793,308	-	48,793,308
Bonus shares issued-10% for the year 2016-17	74,389,590	-	(74,389,590)	-	-
Cash dividend paid	-	-	-	-	-
Total as on 30 June 2018	818,285,490	291,000,000	300,439,556	628,725,958	2,038,451,004

Statement of Changes in Equity For the year ended 30 June 2017

Balance as on 01 July 2016	688,792,500	291,000,000	322,304,924	655,828,454	1,957,925,878
Value realised by use of revalued assets (depreciation)	-	-	14,304,104	(14,304,104)	-
Net profit after tax for the year	-	-	54,177,321	-	54,177,321
Bonus shares issued-8%	55,103,400	-	(55,103,400)	-	-
Cash dividend paid	-	-	(22,445,502)	-	(22,445,502)
Total as on 30 June 2017	743,895,900	291,000,000	313,237,446	641,524,350	1,989,657,697



Chairman



Managing Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,
24 October 2018



Mahfel Huq & Co.
Chartered accountants

Zahintex Industries Ltd.

Statement of Cash Flows
For the year ended 30 June 2018

Particulars	Note	Amount in Taka	
		2017-2018	2016-2017
A. Cash flow from operating activities			
Cash received from customers		747,031,469	1,264,322,179
Cash paid to suppliers		(528,346,037)	(501,444,534)
Cash paid for conversion cost		(200,900,066)	(386,485,995)
Cash paid for operating expenses		(20,996,218)	(35,056,767)
Cash paid for financial expenses		(121,205,050)	(162,200,202)
Cash received from non-operating income		526,045	454,724
Cash paid for WPPF		(2,530,950)	(2,577,042)
Income tax paid		(4,039,872)	(7,904,850)
Net cash flow from/(used in) operating activities		(130,460,679)	169,107,513
B. Cash Flow from Investing Activities			
Acquisition of property, plant and equipment		(186,433,158)	(401,909,734)
Net cash used in investing activities		(186,433,158)	(401,909,734)
C. Cash Flow from Financing Activities			
(Repayment)/received of Short term loan		200,454,039	(449,538,080)
Increase/(Decrease) in Long term loan		130,473,857	692,622,300
Increase in subscription money		294,483	111,927
Dividend Paid		-	(22,445,502)
Net cash (used in)/flow from financing activities		331,222,379	220,750,644
D. Net (deficit)/surplus in cash and bank balances during the year (A+B+C)		14,328,541	(12,051,576)
E. Cash and bank balances at beginning of the year		57,070,113	69,121,689
F. Cash and bank balances at end of the year		71,398,655	57,070,113
Net Operating Cash Flow Per Share (NOCFPS)	(Note: 31)	(1.59)	2.07



Chairman



Managing Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,
24 October 2018



Mahfel Huq & Co.
Chartered accountants

Zahintex Industries Ltd.

Notes to the Financial Statements
For the year ended 30 June 2018

1. Incorporation and Business Activities

Zahintex Industries Ltd. (hereafter referred as "the company"/ "Zahintex") was incorporated under the Companies Act 1994 on 11 June 2002 bearing registration number C-46052 (2525)/02. The Company's registered office is situated at Bokran, Monipur, Gazipur. The Company was initially registered as a private limited company and subsequently converted into a public limited company in 2011. During 2011, Zahintex listed its shares with both Dhaka and Chittagong Stock Exchanges.

Nature of Business

Zahintex Industries Ltd. is involved in manufacturing and exporting of readymade sweaters, pull over and wearing apparels of all kinds being made out of wool, cotton, synthetic, fibers and others.

2.0 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for the following items in the statement of financial position:

- (a) Land and land development is measured at revalued amount.
- (b) Building factory and plant & machinery is initially measured at cost and subsequently at revalued amount from the date of revaluation.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest Taka.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make and apply consistent judgments, estimates and assumptions for records and balances that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4: Property, plant and equipment (useful life of depreciable assets)
Note 21: Provision for income tax

2.5 Reporting period

The financial reporting period of the company covers one year from 01 July 2017 to 30 June 2018.

3. Significant Accounting Policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2018 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

3.2 Property, plant and equipment

Property, plant and equipment comprise mainly land & land development, factory building, plant & machinery, electrical installation, office decoration, office equipment and vehicles as per IAS 16: Property, Plant and Equipment. Land is shown at revalued amount based on valuations by external independent valuer. All other property plant and equipment are shown at cost/revalued amount less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenance expenses are charged to the Statement of Profit or Loss and other Comprehensive Income during the year when these are incurred.

Revaluation of Property, Plant & Equipment (PPE)

PPE have been revalued in accordance with IAS: 16 Property, Plant & Equipment.

- i) Effective date of revaluation to the financial Statements 30.06.2009.
- ii) Land & Land Developments, Buildings and other constructions, and Plant & Machinery has been revalued by an independent valuer, S.F. Ahmed & CO. Chartered Accountants.
- iii) Revaluation surplus of Tk. 62,87,25,958 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

3.3 Depreciation of property, plant and equipment

Depreciation on all property, plant and equipment other than land has been charged on reducing balance method considering the economic and useful lives of such assets. Depreciation of an assets begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The estimated depreciation rate of the items of property, plant and equipment for the current and comparative periods are as follows:

Name of Assets	Depreciation Rate	
	2017-18	2016-17
Building	7.5%	7.5%
Plant and machinery	15%	15%
Vehicle	20%	20%
Electric Installation	15%	15%
Office Decoration	10%	10%
Office Equipments	10%	10%
Furniture & Fixture	10%	10%

3.4 Valuation of inventory

Inventories consisting of raw materials, work-in-progress, finished goods, stock in transit and store & spares are in accordance with International Accounting Standards-2: Inventories i.e. at lower of cost and net realizable value. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realizable value. Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.5 Workers Profit Participation Fund (WPPF)

The company recognizes provision and expenses for Workers Profit Participation Fund @ 5% (after charging) of net profit as per Labour Act, 2006 as amended in 2013.

3.6 Advances, deposits, loans and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of profit or loss and other comprehensive income. Loans are measured at net of current portion.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank which are held and available for use by the company without any restriction.

3.8 Bills receivables

Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates. Uncollectible receivable's if any are charged to statement of profit or loss and other comprehensive income as bad debts.

3.9 Trade creditors and bills payable

Trade creditors and bills payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and bills payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.10 Revenue

"As per IFRS-15: "Revenue from Contracts form Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing , orally or in accordance with other customary business practices) and are committed to perform their respective obligations ;
- (b) The entity can identify each party 's rights regarding the goods or services to be transferred ;
- (c) The entity can identify the payment terms for the goods or services to be transferred ;
- (d) The contract has commercial substance (i.e. the risk , timing or amount of the entity `s future cash flows is expected to change as a result of the contract); and
- (e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

3.11 Financial expenses

Financial expenses comprise of interest expense on long term loan, short term loan, finance lease, L/C commission, bank charges etc. All such costs are recognized in the statement of profit or loss and other comprehensive income except those are capitalized in accordance with IAS-23: Borrowing Costs.

3.12 Taxation

(a) Current Tax

Current income tax is provided on the taxable income for the year. During the year provision for taxation has been made at 12% as per Finance Act, 2018 and the Income Tax Ordinance, 1984 on the taxable income made by the company.

(b) Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

3.13 Earning Per Share (EPS)

The company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the year.

3.14 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS-7: "Statement of Cash Flow" and the cash flows from operating activities have been presented under direct method.

3.15 Events after the reporting period

Events after the reporting period 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.

3.16 Provision

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situation.

- a) when the company has an obligation (legal or constructive) as a result of past events;
- b) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) Reliable estimates can be made of the amount of the obligation.

3.17 Contingent liabilities and assets

Contingent liability:

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company; or
- b) a present obligation arising from past events but not recognized because:
 - i) an outflow of resources to settle the obligation is not probable; or
 - ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company.

During the period there was no such assets or liabilities of the company.

3.18 Related Party Disclosures

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

During the year the company did not have any transactions with related party other than the transactions disclosed in note # 34.9 to the financial statements.

3.19 Net Income Before Tax

Net Income Before Tax for the year were not materially affected by:

- (a) Transaction of a nature not usually undertaken by the company;
- (b) Circumstances of an exceptional or non-recurring nature;
- (c) Changes of credits relating to prior years ; and
- (d) Changes in accounting policies.

3.20 Operating Segments:

No segmental reporting is applicable for the company as required by IFRS 8: "Operating Segments" as the company operates in a single industry segment.

3.21 General

- i. Figures have been rounded off to the nearest Taka.
- ii. Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

3.22 Compliance with Financial Reporting Standards as applicable in Bangladesh

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	Not applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Not applicable
10	19	Employee Benefits	Complied
11	20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
12	21	The Effects of Changes in Foreign Exchange Rates	Complied
13	23	Borrowing Costs	Complied
14	24	Related Party Disclosures	Complied
15	26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
16	27	Separate Financial Statements	Not applicable
17	28	Investments in Associates	Not applicable
18	31	Interest in Joint Ventures	Not applicable
19	32	Financial Instruments: Presentation	Complied
20	33	Earnings per Share	Complied
21	36	Impairment of Assets	Complied
22	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
23	39	Financial Instruments: Recognition and Measurement	Complied
24	40	Investment Property	Not applicable
25	41	Agriculture	Not applicable

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Not applicable
2	2	Share-based Payment	Not applicable
3	3	Business Combinations	Not applicable
4	4	Insurance Contracts	Not applicable
5	5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
6	6	Exploration for and Evaluation of Mineral Resources	Not applicable
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Not applicable
9	9	Financial Instruments	Complied
10	15	Revenue from Contracts form Customers	Complied

3.23 Authorisation for issue:

These financial statements have been authorised for issue by the Board of Directors of the company on 24 October, 2018.

4. Property, plant and equipment**A. Cost/Revaluation**

Amount in Taka	
30.06.2018	30.06.2017
Opening balance	2,211,508,194
Add: Purchased during the year	1,809,598,460
	186,433,158
	401,909,734
	2,397,941,352
	2,211,508,194

B. Accumulated depreciation

Opening balance	777,713,919	703,575,589
Add: Charged during the year	111,376,280	74,138,330
	889,090,199	777,713,919

C. Written down value (A-B)

1,508,851,153	1,433,794,275
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A schedule of property, plant & equipment is given in Annexure-A.

5. Investment in shares

100,000	100,000
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Investment in shares represents purchase value of 1,000 shares @ Tk.100 from Givensee Group of Industries Ltd. in the year 2007.

6. Inventories

	Quantity				
Raw materials (Yarn)	lbs	1,846,834	(Note: 6.1)	563,284,469	330,120,367
Work-in-progress	pcs	1,853,483	(Note: 6.2)	674,667,941	667,109,989
Finished goods	pcs	1,032,804	(Note: 6.3)	452,368,227	438,125,996
Stock in transit	lbs	17,256	(Note: 6.4)	3,589,160	9,313,894
Stores & spares			(Note: 6.5)	5,026,358	9,987,352
				1,698,936,155	1,454,657,598

6.1 Raw materials (Yarn)

Opening balance	330,120,367	324,524,541
Add: Purchase during the year	547,052,880	489,324,506
	877,173,247	813,849,047
Less: Consumption during the year	(313,888,778)	(483,728,680)
	563,284,469	330,120,367

6.2 Work-in-progress

Opening balance	667,109,989	699,708,923
Add: Materials used for the year	313,888,778	483,728,680
	980,998,768	1,183,437,603
Less: Transferred to cost of goods sold during the year	(306,330,827)	(516,327,613)
	674,667,941	667,109,989

6.3 Finished goods

		Amount in Taka	
		2017-18	2016-17
Opening balance		438,125,996	436,756,352
Add: Cost of goods manufactured during the year	(Note: 22)	619,455,132	963,463,398
		1,057,581,128	1,400,219,750
Less: Cost of goods sold for the year	(Note: 22)	(605,212,901)	(962,093,754)
		452,368,227	438,125,996

6.4 Stock in transit

Opening balance		9,313,894	11,271,046
Add: Addition during the year		5,128,336	6,767,364
		14,442,230	18,038,410
Less: Received during the year		(10,853,070)	(8,724,516)
		3,589,160	9,313,894

6.4.1 Stock in transit

		Quantity	
		lbs	
Yarn		9,588	
Accessories			
		1,773,690	7,035,458
		1,815,470	2,278,436
		3,589,160	9,313,894

6.5 Stores & spares

Opening balance		9,987,352	6,329,166
Add: Addition during the year		1,115,420	14,330,386
		11,102,772	20,659,552
Less: Consumed during the year		(6,076,414)	(10,672,200)
		5,026,358	9,987,352

Total inventories have been increased by Tk 24,42,78,557 crore mainly due to increase in stock of Raw materials & Finished Goods

Stock of Raw Materials:

We have taken steps to increase our production capacity for financial year 2018-19. This increase in capacity had made us procure and store more stock of raw materials compared to previous years purchase and stock volume of raw materials. Due to sweater order seasonality, we had to stock yarn for smooth production over the next year.

Stock of Finished Goods:

Stock of Finished Goods increased not significantly due to non receipt of adequate order from buyers as well as price was not suitable in the market.

7. Bills receivable

490,860,390	436,161,612
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A schedule of bills receivable is given in Annexure-B.

7.1 Bills receivable

Bills receivable have been stated at their nominal value. Bills receivable are accrued in the ordinary course of business. All receivables have been considered as good and realizable.

Aging of the above receivables is given below:

Particulars	Upto 30 days	30-90 days	91-180 days	Above 180 days
Buyer	-	441,774,351	49,086,039	-

The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:

Receivable considered good in respect of which the company is fully secured.	490,860,390	436,161,612
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	-	-
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	490,860,390	436,161,612

8. Advances, deposits and prepayments

		Amount in Taka	
		2017-18	2016-17
Advances	(Note: 8.1)	32,084,963	25,315,867
Deposits	(Note: 8.2)	2,666,178	2,666,178
Prepayments	(Note: 8.3)	2,322,740	1,943,114

37,073,881 29,925,159

8.1 Advances

JL Fashion	1,520,000	908,873
Mohammodi Sweater	812,000	1,000,000
YK Sweater	425,000	1,326,208
Asif Apparels	520,000	320,000
Advance against goods supply	28,807,963	21,760,786

32,084,963 25,315,867

8.2 Deposits

Security Deposit against:

Telephone (BTCL)	185,000	185,000
Electricity (REB)	199,766	199,766
Gas (Titas Gas)	2,281,412	2,281,412

2,666,178 2,666,178

8.3 Prepayments

Advance against salary	1,270,400	890,774
Advance against rent	1,052,340	1,052,340

2,322,740 1,943,114

9. Cash & cash equivalents

Cash in hand	40,680,410	46,432,967
Cash at bank	(Note:9.1) 30,718,245	10,637,146

71,398,655 57,070,113

The amount was kept in cash in hand for labour payment and regular expenses of the company and subsequently paid.

9.1 Cash at bank

Bank Name	Branch Name	A/C #		
One Bank Ltd.	Uttara Branch	0183121 235	89,772	85,964
One Bank Ltd.	Uttara Branch	0183121 014	118,528	113,499
One Bank Ltd.	Uttara Branch	0184722-054	15,944	22,844
One Bank Ltd.	Uttara Branch	65184722005	3,737,948	3,487,999
One Bank Ltd.	Uttara Branch	60184722038	112,762	110,614
One Bank Ltd.	Uttara Branch	6184722011	38,814	32,160
One Bank Ltd.	Uttara Branch	6184722003	842,285	806,552
One Bank Ltd.	Uttara Branch	60183121006	-	-
AB Bank Ltd.	Uttara Branch	4020-757375-254	10,348,229	985,534
AB Bank Ltd.	Uttara Branch	4020-757375-430	3,589	142,652
AB Bank Ltd.	Uttara Branch	4020-757375-047	23,235	26,181
AB Bank Ltd.	Uttara Branch	4020-757375-431	864,379	2,431,309
AB Bank Ltd.	Uttara Branch	4020-783411-430	285,116	418,738
IBBL	Uttara Branch	20502070100404509	3,678	2,838
Standard Bank Limited	Uttara Branch	01533003920	1,072	762
Standard Bank Limited	Uttara Branch	01547000027	465,394	1,969,499
Standard Bank Limited	Uttara Branch	01547000115	2,101,770	-
Standard Bank Limited	Uttara Branch	01547000122	2,059,194	-
Standard Bank Limited	Uttara Branch	01547000098	1,754,157	-
Standard Bank Limited	Uttara Branch	01547000048	993	-
Standard Bank Limited	Uttara Branch	01547000097	7,851,384	-
			30,718,245	10,637,146

10. Share capital**10.1 Authorized capital**

120,000,000 ordinary shares of Tk.10 each.

10.2 Issued, subscribed and paid-up capital

8,18,28,549 Ordinary Shares of Tk.10 each fully paid

Amount in Taka	
2017-18	2016-17
1,200,000,000	1,200,000,000
818,285,490	743,895,900

The company increased its paid up share capital from Tk. 743,895,900 to Tk. 818,285,490 by issuing 74,38,959 bonus shares to the shareholders as approved in the 15th Annual General Meeting on 27 December 2017.

Details of the share holdings are as under:

SL No.	Particulars	% of Holdings	2018	2017	2018	2017
			No. of shares	No. of shares	Value in Taka	Value in Taka
01	Mr. Khatib Abdul Zahid Mukul	24.48%	20,026,199	20,751,090	200,261,990	207,510,900
02	Ms. Masuma Khatun Lipa	12.46%	10,195,319	9,268,472	101,953,190	92,684,720
03	General Public	39.91%	32,657,774	27,181,956	326,577,740	271,819,560
04	NRB	0.35%	291,367	275,241	2,913,670	2,752,410
05	Institutional Investors	12.25%	10,024,979	8,424,979	100,249,790	84,249,790
06	Other Investors (Mutual Fund)	10.55%	8,632,911	8,487,852	86,329,110	84,878,520
Total			100.00%	81,828,549	74,389,590	818,285,490

10.3. Classification of shareholders by range of number of shares held

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the "Listing Regulations of Dhaka and Chittagong Stock Exchanges".

Shareholding range in number of shares	Number of shareholders		Number of share		% of shareholding	
	2018	2017	2018	2017	2018	2017
1 to 499	1,812	1,787	3,429,433	2,524,432	4.19%	3.39%
500 to 5,000	4,809	4,778	19,061,680	14,751,679	23.29%	19.83%
5,001 to 10,000	119	108	12,643,005	10,844,004	15.45%	14.58%
10,001 to 20,000	52	51	4,324,722	4,115,730	5.29%	5.53%
20,001 to 30,000	13	12	1,444,230	1,437,224	1.76%	1.93%
30,001 to 40,000	9	9	1,394,433	1,391,440	1.70%	1.87%
40,001 to 50,000	15	15	876,012	874,005	1.07%	1.17%
50,001 to 100,000	14	14	1,348,282	1,347,285	1.65%	1.81%
100,001 to 1,000,000	38	29	7,085,234	7,084,229	8.66%	9.52%
over 1,000,000	5	5	30,221,518	30,019,562	36.93%	40.35%
Total	6,886	6,808	81,828,549	74,389,590	100%	100%

11. Share premium

291,000,000	291,000,000
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In 2011-2012, total amount of Tk.300,000,000 was received as share premium in respect of shares issued to shareholders. Income tax on share premium of Tk.9,000,000 was set off against share premium as per IAS 32: Financial Instruments: Presentation.

12. Retained earnings

Opening balance

Add: Net profit/income after tax for the year

Add: Transferred from revaluation reserve

Less: Dividend paid as bonus share

Closing Balance

Amount in Taka	
2017-18	2016-17
313,237,446	322,304,924
48,793,308	54,177,321
362,030,754	376,482,245
12,798,392	14,304,104
374,829,146	390,786,349
(74,389,590)	(77,548,902)
300,439,556	313,237,446

13. Long term loan net of current maturity

Term loan-AB Bank, A/C-462

(Note: 13.1)

516,020,443

480,088,921

Term loan, -One Bank A/C-40002

(Note: 13.1)

769,624,272

675,081,938

Less: Current portion of long term loan-AB Bank, A/C-462

(Note: 18.1)

(18,303,639)

(65,189,107)

Less: Current portion of long term loan-One Bank, A/C-40002

(Note: 18.1)

(308,128,746)

(308,128,746)

959,212,330**781,853,006****13.1 Term loan****AB Bank Limited**

Term loan, A/C -462

516,020,443

480,088,921

One Bank Limited

Term loan, A/C-40002

769,624,272

675,081,938

1,285,644,715**1,155,170,859**

Particulars of the above term loans are given below:

Bank	Loan Account	Particulars
AB Bank	A/C -462	Limit amount: Tk.516,020,000 Purpose: Construction of factory building . Interest rate: 10% Tenor: Five years

Bank	Loan Account	Particulars
One Bank	A/C -006TL12163040002	Limit amount: Tk.598,900,000 Purpose: Construction of factory building . Interest rate: 12% Tenor: Five years

Bank	Loan Account	Particulars
------	--------------	-------------

14.00 Deferred Tax

Balance as 01.07.2017

7,228,828

7,281,973

Add: Deferred Tax on assets

1,206,815

(53,145)

Balance as 30.06.2018 (Note 3.13-B)

8,435,643**7,228,828**

This represents tax liability payable in future due to taxable temporary differences.

15.00 Trade creditors**4,473,812****3,684,271****15.1 Trade creditors**

Aging of the above trade payables is given below:

Parties	Up to 30 days	30-90 days	90-180 days	Above 180 days	Total
Suppliers	-	3,176,406	1,297,405	-	4,473,812

A schedule of trade creditors is given in Annexure-C.

16.00 Bills payable**24,741,052****17,509,473**

A schedule of bills payable is given in Annexure-D.

17.00 Short term loan

Time loan: AB Bank Ltd.

(Note:17.1)

260,770,399

56,805,403

Overdraft:

AB Bank Ltd., A/c 757375-000

25,193,211

30,784,083

SOD (Export) Standard Bank

(Note:17.2)

85,489,897

82,438,428

Packing Credit Standard Bank

(Note:17.3)

19,161,892

20,133,447

390,615,400**190,161,361**

17.1 Time loan

AB Bank Ltd.

Time loan, A/c 757375-071
 Time loan, A/c 757375-073
 Time loan, A/c 757375-076
 Time loan, A/c 757375-078
 Time loan, A/c 757375-079
 Time loan, A/c 757375-080
 Time loan, A/c 757375-082
 Time loan, A/c 757375-084
 Time loan, A/c 757375-086
 Time loan, A/c 757375-087
 Time loan, A/c 757375-088
 Time loan, A/c 757375-093
 Time loan, A/c 757375-095
 Time loan, A/c 757375-096
 Time loan, A/c 757375-097
 Time loan, A/c 757375-098
 Time loan, A/c 757375-099
 Time loan, A/c 757375-100
 Time loan, A/c 757375-350
 Time loan, A/c 757375-351
 Time loan, A/c 757375-352
 Time loan, A/c 757375-353
 Time loan, A/c 757375-354
 Time loan, A/c 757375-355
 Time loan, A/c 757375-356
 Time loan, A/c 757375-357
 Time loan, A/c 757375-358
 Time loan, A/c 757375-359
 Time loan, A/c 757375-360
 Time loan, A/c 757375-363
 Time loan, A/c 757375-507
 Time loan, A/c 757375-508
 Time loan, A/c 757375-509
 Time loan, A/c 757375-510
 Time loan, A/c 757375-511
 Time loan, A/c 757375-512
 Time loan, A/c 757375-513
 Time loan, A/c 757375-514
 Time loan, A/c 757375-515
 Time loan, A/c 757375-001
 Time loan, A/c 757375-002
 Time loan, A/c 757375-003
 Time loan, A/c 757375-004
 Time loan, A/c 757375-006
 Time loan, A/c 757375-007
 Time loan, A/c 757375-008
 Time loan, A/c 757375-009
 Time loan, A/c 757375-010
 Time loan, A/c 757375-011
 Time loan, A/c 757375-012
 Time loan, A/c 757375-013
 Time loan, A/c 757375-014
 Time loan, A/c 757375-015
 Time loan, A/c 757375-017
 Time loan, A/c 757375-018
 Time loan, A/c 757375-020
 Time loan, A/c 757375-021
 Time loan, A/c 757375-022
 Time loan, A/c 757375-023
 Time loan, A/c 757375-024
 Time loan, A/c 757375-025
 Time loan, A/c 757375-026
 Time loan, A/c 757375-027
 Time loan, A/c 757375-028
 Time loan, A/c 757375-031
 Time loan, A/c 757375-035

Amount in Taka	
2017-18	2016-17
-	535,311
-	145,673
-	261,994
-	1,188,750
-	1,982,851
-	1,124,157
-	635,125
-	583,896
-	788,613
-	789,654
-	302,824
-	321,476
-	4,443,405
-	4,062,396
-	4,958,081
-	2,279,648
-	1,234,790
-	2,861,360
-	3,050,675
-	7,937,644
-	392,050
-	3,563,678
-	4,109,363
-	166,860
-	4,323,232
-	1,645,908
-	2,039,279
-	295,459
-	311,696
-	469,555
16,363,068	
15,049,599	
15,049,599	
13,631,515	
12,304,181	
12,293,646	
12,293,646	
12,293,646	
9,549,435	
222,122	
185,153	
657,378	
483,759	
414,122	
279,259	
7,631,400	
305,239	
374,105	
362,979	
949,164	
5,760,615	
4,172,064	
372,959	
13,976,695	
2,831,065	
1,031,031	
1,928,236	
6,591,651	
7,351,549	
92,964	
3,831,001	
926,397	
736,206	
185,224	
432,278	
667,459	

Time loan, A/c 757375-039
 Time loan, A/c 757375-040
 Time loan, A/c 757375-041
 Time loan, A/c 757375-042
 Time loan, A/c 757375-044
 Time loan, A/c 757375-045
 Time loan, A/c 757375-046
 Time loan, A/c 757375-048
 Time loan, A/c 757375-050
 Time loan, A/c 757375-051
 Time loan, A/c 757375-052
 Time loan, A/c 757375-053
 Time loan, A/c 757375-380
 Time loan, A/c 757375-381
 Time loan, A/c 757375-382
 Time loan, A/c 757375-383
 Time loan, A/c 757375-384
 Time loan, A/c 757375-385
 Time loan, A/c 757375-387
 Time loan, A/c 757375-388
 Time loan, A/c 757375-389
 Time loan, A/c 757375-390
 Time loan, A/c 757375-391
 Time loan, A/c 757375-392
 Time loan, A/c 757375-393
 Time loan, A/c 757375-394
 Time loan, A/c 757375-395
 Time loan, A/c 757375-396
 Time loan, A/c 757375-397
 Time loan, A/c 757375-398
 Time loan, A/c 757375-399
Total Time Loan

Amount in Taka	
2017-18	2016-17
2,854,545	
310,170	
269,705	
333,507	
4,498,698	
8,084,981	
2,634,561	
1,334,491	
7,421,857	
1,204,903	
1,530,657	
750,069	
1,555,738	
2,329,906	
8,995,885	
515,039	
6,289,865	
4,537,651	
474,652	
611,968	
4,644,613	
817,833	
8,694,111	
496,981	
710,683	
1,098,819	
3,015,213	
1,591,529	
867,087	
439,424	
274,852	
260,770,399	56,805,403

17.2 SOD (Export & Gen)

Standard Bank Ltd.

SOD (Gen) A/C-008

17.3 Packing Credit

Standard Bank Ltd.

PC Loan A/C-1793

PC Loan A/C-1808

PC Loan A/C-1810

PC Loan A/C-1811

PC Loan A/C-1812

PC Loan A/C-1822

PC Loan A/C-1853

PC Loan A/C-1855

PC Loan A/C-1865

PC Loan A/C-1867

PC Loan A/C-1868

PC Loan A/C-1869

PC Loan A/C-1870

PC Loan A/C-1876

PC Loan A/C-1877

85,489,897	82,438,427.67
85,489,897	82,438,428
-	2,783,901
-	3,375,900
-	919,000
-	8,280,000
-	2,514,583
-	2,260,063
3,152,851	-
2,417,801	-
600,525	-
2,610,543	-
2,610,543	-
1,566,326	-
1,362,972	-
2,670,830	-
2,169,503	-
19,161,892	20,133,447

18.00 Current portion of long term loan

Term loan - AB Bank Limited, A/C-462

18,303,639

65,189,107

Current portion of term loan - One Bank Limited

Term loan - One Bank Limited, A/C-40002

308,128,746

308,128,746

326,432,385

373,317,853

19.00 Workers Profit Participation Fund (WPPF)

Opening Balance
 Add: Addition during the year

 Paid during the year as per rule

20.00 Liabilities for expenses

Salary & allowances
 Wages & allowances
 Rent
 Gas bill
 Telephone bill
 Electricity bill
 Audit fee
 Withholding tax payable
 Other liabilities

21.00 Provision for income tax

Opening balance
 Add: Provision made during the year

 Less: Adjustment during the year

22.00 Sales**23.00 Cost of Sales**

Opening stock of raw materials
 Add: Purchased during the year

 Less: Closing stock of raw materials
Raw materials consumed
 Add: Opening stock of work-in-process

 Less: Closing stock of work-in-process

 Add: Conversion cost (Note: 23.1)
Cost of goods manufactured
 Add: Opening stock of finished goods
Cost of goods available for sale
 Less: Closing stock of finished goods

Amount in Taka	
2017-18	2016-17
6,342,486	5,818,077
2,840,916	3,101,451
9,183,402	8,919,528
(2,530,950)	(2,577,042)
6,652,452	6,342,486
600,385	571,795
20,452,365	21,079,489
50,864	48,442
5,547,946	5,486,150
254,954	268,373
357,531	376,348
287,500	287,500
4,869,751	1,130,881
128,048	120,800
32,549,344	29,369,778
16,051,528	13,204,630
6,818,199	7,904,850
22,869,726	21,109,480
7,904,850	5,057,952
14,964,876	16,051,528
801,730,247	1,216,837,944
330,120,367	324,524,541
547,052,880	489,324,506
877,173,247	813,849,047
(563,284,469)	(330,120,367)
313,888,778	483,728,680
667,109,989	699,708,923
980,998,768	1,183,437,603
(674,667,941)	(667,109,989)
306,330,827	516,327,613
313,124,306	447,135,785
619,455,132	963,463,398
438,125,996	436,756,352
1,057,581,128	1,400,219,750
(452,368,227)	(438,125,996)
605,212,901	962,093,754

23.10 Conversion cost

	Amount in Taka	
	2017-18	2016-17
Wages	168,490,167	323,404,839
Gas bills	15,222,628	17,893,718
Electric bill	1,789,909	5,249,871
Telephone/mobile bill	772,457	834,544
Factory maintenance	1,120,410	2,934,103
Vehicle maintenance	1,007,957	2,258,678
Factory rent	5,385,560	5,385,560
Space rent	1,020,816	1,020,816
Fuel & lubricant	759,744	798,675
Printing	195,840	231,360
Holiday allowances	12,600	8,900
Insurance premium	309,355	1,242,624
Stores and Spares	6,076,414	10,672,200
Stationery	137,452	265,640
Conveyance	809,029	1,120,072
Medical expenses	76,706	208,174
Tiffin expenses	892,589	1,019,730
Depreciation	109,044,674	72,586,281
	313,124,306	447,135,785

24.00 Administrative expenses

Salary & allowance	2,844,062	6,861,542
MD's remuneration	770,000	770,000
Director remuneration	196,000	196,000
Stationery	106,500	282,519
Conveyance	115,894	165,321
Office rent	579,444	579,444
Entertainment	84,879	125,417
Office maintenance	103,503	165,876
Fuel for vehicle	135,679	436,879
Electricity bill	115,960	125,402
Telephone /mobile bill	74,116	124,501
Postage & courier	105,348	201,425
Audit fees	287,500	287,500
Renewal & registration	102,697	140,730
Miscellaneous expenses	103,420	102,425
Depreciation	2,331,607	1,552,041
	8,056,609	12,117,022

25.00 Selling & distribution expenses

Salary & allowance	3,214,053	6,015,823
Freight charges	225,489	325,512
B/L charges	1,055,814	1,825,416
Buying commission	825,439	2,359,259
Traveling & conveyance	82,420	130,789
Vehicle maintenance	104,251	185,000
Clearing & forwarding	1,294,645	2,281,716
Fuel for vehicle	105,648	206,488
Sampling expenses	85,467	109,425
Postage & courier	175,189	312,413
Carriage outward	645,690	1,307,446
Fees & forms	105,789	186,250
Business promotion	202,600	505,675
	8,122,494	15,751,212

26.00 Non-operating income

Interest Income-IPO A/C
Foreign Currency Gain

Amount in Taka	
2017-18	2016-17
131,900	132,210
394,145	322,514
526,045	454,724

27.00 Financial expense

Bank charge & commission
Interest on others (WPPF)
Bank interest

3,923,128	8,023,192
815,780	809,780
116,466,142	153,367,230
121,205,050	162,200,202

28.00 Basic Earnings Per Share

Net profit after tax (A)
Weighted average number of ordinary shares
(B)
Earning Per Share (A/B)

48,793,308	54,177,321
81,828,549	81,828,549
0.60	0.66

29.00 Diluted Earnings Per Share (EPS)

Net profit after tax (A)
Weighted average number of ordinary shares
(B)
Diluted Earning Per Share (A/B)

48,793,308	54,177,321
81,828,549	81,828,549
0.60	0.66

30.00 Net asset value (NAV) per share

Total assets
Less: Liabilities
Net Asset Value (NAV) (A)
Number of ordinary shares outstanding (B)
Net asset value (NAV) per share (A/B)

3,811,260,107	3,419,613,607
(1,772,809,103)	(1,429,955,910)
2,038,451,004	1,989,657,697
81,828,549	74,389,590
24.91	26.75

31.00 Net operating cash flow per share (NOCFPS)

Net operating cash flows (A)
Weighted average number of ordinary shares (B)
Net operating cash flows per shares (A/B)

(130,460,679)	169,107,513
81,828,549	81,828,549
(1.59)	2.07

32.00 Reconciliation of Profit/Loss before tax to Cash Generate from Operation

Net Profit/(Loss) after WPPF & before Tax
Add: Depreciation
Less: Non Operating Income
(Increase)/Decrease in prepayments
(Increase)/Decrease in Receivable
(Increase)/Decrease in Inventory
Increase/(Decrease) in payable
Increase/(Decrease) in Liabilities for Expenses

56,818,322	62,029,027
109,044,674	72,586,281
(526,045)	(454,724)
(7,148,722)	(13,239,079)
(54,698,778)	47,484,235
(244,361,271)	15,257,130
7,231,579	(7,117,371)
3,179,566	(7,437,986)
(130,460,679)	169,107,513

33.00 Financial risk management

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- * Credit risk
- * Liquidity risk
- * Market risk

33.1 Credit risk

Credit risk is the risk of a financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. As the company is involved in 100% export oriented business, all the sales are made against Letter of Credit (L/C). L/Cs provide guarantee against credit sales and minimise the credit risk to an acceptable level. Bills receivable arises due to the time difference between submission of bills to the bank for collection of proceeds and actual realisation of the proceeds.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets (HTM) - Investment in shares	(Note 5)	100,000	100,000
Bills receivables	(Note 7)	490,860,390	436,161,612
Cash and cash equivalents	(Note 9)	71,398,655	57,070,113
		562,359,045	493,331,725

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic regions was:

Domestic	-	-
Foreign	490,860,390	436,161,612
	490,860,390	436,161,612

b) Aging of bills receivables

The aging of gross trade receivables as at the statement of financial position date was:

Past due 0-90 days	441,774,351	392,545,451
Past due 91-180 days	49,086,039	43,616,161
	490,860,390	436,161,612

c) Impairment losses

No impairment loss on the above receivables was recognised as management of the company assumed that no impairment occurred during the period.

33.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to managing liquidity (cash and cash equivalents) 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. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow 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.

The following are the contractual maturities of financial liabilities of the company:

As at 30 June 2018

	Contractual cash flows	1 year or less Taka	More than 1 year Taka
Long term loan	959,212,330	177,359,324	781,853,006
Liabilities for Workers			
Profit Participation Fund (WPPF)	6,652,452	3,547,974	3,104,478
Finance Lease obligation	-	-	-
Trade creditors	4,473,812	4,473,812	-
Short term loan	390,615,400	390,615,400	-
Provision for income tax (net of AIT)	10,925,004	10,925,004	-
Liabilities for expenses	32,549,344	32,549,344	-
Bills payable	24,741,052	24,741,052	-
Subscription money payable	4,731,809	2,365,904	2,365,904
	1,433,901,203	646,577,814	787,323,388

As at 30 June 2017

	Contractual cash flows	1 year or less Taka	More than 1 year Taka
Long term loan	781,853,006	481,704,447	300,148,559
Liabilities for Workers	-	-	-
Profit Participation Fund (WPPF)	6,316,275	3,368,680	2,947,595
Finance Lease obligation	-	-	-
Trade creditors	3,684,271	3,684,271	-
Short term loan	190,161,361	190,161,361	-
Provision for income tax (net of AIT)	7,622,404	7,622,404	-
Liabilities for expenses	29,920,208	29,920,208	-
Bills payable	17,509,473	17,509,473	-
Subscription money payable	4,437,326	2,218,663	2,218,663
	1,041,504,324	736,189,507	305,314,817

33.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

a) Currency risk

The company is exposed to currency risk on receiving of sales proceeds and payments made for raw materials purchase as well. All of the company's foreign currency transactions are denominated in USD.

i) Exposure to currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

Foreign currency denominated assets:

Bills receivable (US Dollar)

30.06.2018 Taka	30.06.2017 Taka
490,860,390	436,161,612

Foreign currency denominated liabilities:

Bills payable

30.06.2018 Taka	30.06.2017 Taka
(23,503,999)	(16,634,000)

Subscription money payable :

30.06.2018 Taka	30.06.2017 Taka
(993,861)	(949,326)

USD

30.06.2018 Taka	30.06.2017 Taka
(842,285)	(806,552)

GBP

30.06.2018 Taka	30.06.2017 Taka
(112,762)	(110,614)

EURO

30.06.2018 Taka	30.06.2017 Taka
(38,814)	(32,160)

Net exposure

30.06.2018 Taka	30.06.2017 Taka
466,362,530	418,578,286

The following rate has been applied:

USD

30.06.2018 Taka	30.06.2017 Taka
82.50	79.00

GBP

30.06.2018 Taka	30.06.2017 Taka
115.00	110.00

EURO

30.06.2018 Taka	30.06.2017 Taka
95.00	90.00

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening (weakening) of the USD, GBP and EURO against BDT at June 2018 would affect the measurement of financial instruments denominated in foreign currency and increased (decreased) in equity and profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variance that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any forecasted sales and purchase.

2017-2018

	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
USD(10% movement)	(1,021)	1,021	(1,021)	(1,021)
GBP (8% movement)	78	(78)	78	(80)
EURO (9% movement)	37	(37)	37	(37)

2016-2017

	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
USD(10% movement)	(1,021)	1,021	(1,021)	(1,021)
GBP (8% movement)	80	(80)	80	(80)
EURO (9% movement)	32	(32)	32	(32)

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The company is exposed to fluctuation in interest rates as it has floating interest rate bearing financial liabilities (demand loan and short term loan) but did not enter into any type of derivative instrument in order to hedge interest rate risk as at 30 June 2018.

Profile

As at 30 June 2018, the interest rate profile of the company's interest bearing financial instruments was:

Fixed rate instruments

Financial assets	-	-
Financial liabilities	776,790,843	536,894,324
	776,790,843	536,894,324

Variable rate instruments

Financial assets	-	-
Financial liabilities	129,845,001	133,355,958
	129,845,001	133,355,958

Fair value of financial assets and liabilities of the company together with carrying amount shown in the statement of financial position are as follows:

As at 30 June 2018		As at 30 June 2017	
Carrying amount	Fair value	Carrying amount	Fair value
Taka	Taka	Taka	Taka

Financial assets

Assets carried at fair value through profit or loss	-	-	-
Held to maturity assets			
Investment in shares	100,000	100,000	100,000
Loans and receivables			
Bills receivable	490,860,390	490,860,390	436,161,612
Available for sale financial	-	-	-
	490,960,390	490,960,390	436,261,612

Financial liabilities

Liabilities carried at fair value through profit or loss	-	-	-
Liabilities carried at amortised costs			
Long term loan	959,212,330	N/A*	781,853,006
Liabilities for workers profit participation fund (WPPF)	6,652,452	N/A*	6,342,486
Trade creditors	4,473,812	N/A*	3,684,271
Short term loan	390,615,400	N/A*	190,161,361
Provision for income tax (net of AIT)	10,925,004	N/A*	7,904,850
Liabilities for expenses	32,549,344	N/A*	29,369,778
Bills payable	24,741,052	N/A*	17,509,473
Subscription money payable	4,731,809	N/A*	4,437,326
	1,433,901,203	-	1,041,262,551

* Determination of fair value is not required as per the requirements of IFRS 7 : Financial Instruments: Disclosures (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

34 Other commitments, contingencies and relevant information

34.1 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June 2018 as required under Para 3, Schedule XI, Part II of the Companies

a. Sales:

Particulars	01.07.2017 to 30.06.2018		01.07.2016 to 30.06.2017	
	Quantity (Pcs)	Amount in Taka	Quantity (Pcs)	Amount in Taka
Domestic sales	-	-	-	-
Export sales	2,029,697	801,730,247	3,080,602	1,216,837,944
Total	2,029,697	801,730,247	3,080,602	1,216,837,944

b. Raw materials consumed in quantities:

Particulars	01.07.2017 to 30.06.2018	01.07.2016 to 30.06.2017
	Yarn (Lbs)	Yarn (Lbs)
Opening stock	1,100,401	1,606,557
Add: Purchase	2,431,346	2,308,134
Raw material available for consumption	3,531,747	3,914,691
Less: Closing stock	1,846,834	1,100,401
Raw material consumed	1,684,913	2,814,290

c. Particulars in respect of opening stock, sales and closing stock of finished goods:

Period	Opening stock		Closing stock		Sales	
	Quantity (in Pcs)	Value in Taka	Quantity (in Pcs)	Value Taka	Quantity (in Pcs)	Value in Taka
July 17 to June. 2018	1,060,477	438,125,996	1,032,804	452,368,227	2,029,697	801,730,247
July 01 to June. 2017	1,196,593	436,756,352	1,060,477	438,125,996	3,080,602	1,216,837,944

34.2 Information as per requirement of Para 8, Schedule XI, Part II, of the Companies Act 1994

Disclosure under Para 8, Schedule XI, Part II of the Companies Act, 1994 are as under:

Raw materials:

Items	Purchase in Taka			Consumption in Taka	% of consumption of total purchase
	Import	Local	Total		
Yarn	493,715,224	-	493,715,224	742,417,055	91%
Accessories & packing mater.	49,891,223	3,446,433	53,337,656	77,027,818	9%
Total	543,606,447	3,446,433	547,052,880	819,444,873	

The value of imported raw materials is calculated on CIF basis.

Foreign exchange earning USD 1,00,21,628.08 equivalent to Tk.80,17,30,247 in respect of export (July-2017 to June-2018) has been calculated on F.O.B basis.

34.3 Number of employees

The company had 1,365 permanent employees and 2175 employees on contract basis as at 30 June 2018 (2017-2018). All permanent employees receive salary & allowances in excess of Tk. 51,216 per employee per annum.

34.4 Payment to directors

Name of board of directors	Designation	Remuneration	Remuneration
Masuma Khatun Lipa	Chairman	196,000	196,000
Khatib Abdul Zahid Mukul	Managing Director	770,000	770,000
Total		966,000	966,000

a) No compensation was made to the Managing Director of the company except as stated above.

b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

c) No meeting attendance fee was paid to the board of directors during the year.

34.5 Capacity utilization

	Quantity in Pcs	
	2017-18	2016-17
Total production capacity in Pcs (A)	9,600,000	9,600,000
Capacity utilized in Pcs for the year (B)	3,380,150	4,240,415
Capacity utilized for the year (B/A)	35.21%	44.17%

34.6 Capital expenditure commitment

There was no capital expenditure commitment or contract at 30 June 2018. There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2018.

34.7 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.

34.8 Foreign remittances

No remittances was made in foreign currency on account of dividend, royalty, technical experts, professional advisor fees, interest, etc.

34.9 Related party disclosures**Related party transactions**

During the period, the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name of the party	Nature of transactions	Nature of relationship	Transactions value (Taka)	
			01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Giveensee Spinning C & F	Clearing & forwarding service	Sister concern	3,925,357	1,025,327
Giveensee Garments Accessories Ltd.	Accessories & packing materials supply	-do-	28,437,968	22,207,809
Giveensee Spinning Mills Ltd.	Raw yarn supply	-do-	3,065,320	2,184,199
Masuma Khatun Textile Industries Ltd.	Died yarn supply	-do-	103,708,227	104,504,946
Masuma Khatun Lipa	Remuneration	Cahirman	196,000	196,000
Khatib Abdul Zahid Mukul	Remuneration	MD	770,000	770,000

ii) Particulars of Directors of Zahintex Industries Ltd. as at 30 June 2018:

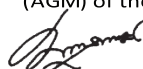
Name of Directors	BOD of Zahintex Industries Ltd.	Entities where they have interests
Mr. Khatib Abdul Zahid Mukul	Managing Director	Giveensee Spinning Mills Ltd. Hotapara Garments Ltd. Masuma Khatun Textile Industries Ltd. Giveensee Garments Ltd. Giveensee Garments Accessories Ltd. Giveensee Real Estate Ltd. Giveensee Foods & Essentials Ltd. Giveensee Group of Industries Ltd.
Mrs. Masuma Khatun Lipa	Chairperson & Director	Giveensee Spinning Mills Ltd. Hotapara Garments Ltd. Masuma Khatun Textile Industries Ltd. Giveensee Garments Ltd. Giveensee Garments Accessories Ltd. Giveensee Real Estate Ltd. Giveensee Foods & Essentials Ltd. Giveensee Group of Industries Ltd.
Mr. Md. Zahidul Islam	Independent Director	-
Prof. AFM Siddiqur Rahman	Independent Director	-
Engr. Md. Rustam Ali	Independent Director	-

34.10 Additional Information

Sales of Zahintex Industries varied from time to time. In the peak season its turnover hike up where as in the off season its turnover goes down. Net Operating Cash Flow Per Share (NOCFPS) has stood at Tk (1.59). We tried a lot but due to some inescapable business factors we could not generate more positive cashflow. There prevailed some unavoidable business circumstances behind this which affected us severely to do our business smoothly.

35 Events after the reporting period

The Board of Directors of Zahintex Industries Ltd., at its 131 nd meeting held on 24 October 2018, recommended 3% cash dividend for all shareholders, except sponsors and directors, of the paid-up capital for the year ended 30 June 2018. These dividends is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.


Chairman

Managing Director

Chief Financial Officer

Company Secretary

Dhaka,

24 October 2018

Zahintex Industries Ltd.
Schedule of Property, Plant & Equipment
As of 30 June 2018

Amount in Taka									
Name of assets	Cost			Depreciation					Written down value as on 30.06.2018
	Balance as on 01.07.2017	Addition during the year	Adjustment / (Disposal) during the year	Balance as on 30.06.2018	Rate %	Balance as on 01.07.2017	Charged during the year	Adjustment/ (Disposal) during the year	
a. Cost									
Factory									
Land & Land Development	63,638,726		-	63,638,726	0%	-	-	-	63,638,726
Building Factory	374,777,036	185,284,631	-	560,061,667	7.5%	178,151,395	19,073,076	-	362,837,196
Plant & Machinery	865,242,786	1,132,527	-	866,375,313	15.0%	377,919,562	73,268,363	-	415,187,388
Vehicle	28,436,129		-	28,436,129	20.0%	21,728,972	1,341,431	-	5,365,726
Electrical Installation	35,163,825		-	35,163,825	15.0%	13,245,823	3,287,700	-	18,630,302
	1,367,258,502	186,417,158	-	1,553,675,660		591,045,751	96,970,571	-	865,659,338
Administrative									
Office Decoration	9,071,773		-	9,071,773	10.0%	3,232,976	583,880	-	5,254,917
Office Equipment	9,813,971	16,000	-	9,829,971	10.0%	3,200,688	662,928	-	5,966,355
Furniture & Fixtures	5,405,846		-	5,405,846	10.0%	1,800,751	360,509	-	3,244,585
	24,291,590	16,000	-	24,307,590		8,234,416	1,607,317	-	14,465,857
Sub-Total	1,391,550,092	186,433,158	-	1,577,983,250		599,280,167	98,577,888	-	880,125,195
b. Revaluation									
Land & Land Development	503,587,425	-	-	503,587,425	0.0%	-	-	-	503,587,425
Building Factory	196,336,042	-	-	196,336,042	7.5%	91,107,418	7,892,147	-	97,336,478
Plant & Machinery	120,034,635	-	-	120,034,635	15.0%	87,326,334	4,906,245	-	27,802,056
Sub-Total	819,958,102	-	-	819,958,102		178,433,752	12,798,392	-	628,725,958
Total as on 30 June 2018	2,211,508,194	186,433,158	-	2,397,941,352	-	777,713,919	111,376,280	-	1,508,851,153
Total as on 30 June 2017	1,809,598,460	401,909,734	-	2,211,508,194		703,575,589	74,138,330	-	1,433,794,274

Allocation of Depreciation :

	Amount in Taka
Factory 97.90655%	109,044,674
Administration 2.09344%	2,331,607
	111,376,280

Annexure-B

Zahintex Industries Ltd.**Schedule of bills receivable****As at 30 June 2018****(Amount in Taka)**

Particulars	Balance as on 01.07.2017	Addition during the year	Realized during the year	Balance as on 30.06.2018
AUCHAN	12,291,374	12,125,644	12,302,293	12,114,725
Bristol	10,077,959	-	10,077,959	-
GOLDEN PENNING	39,253,325	33,607,662	39,189,032	33,671,955
GDS	29,761,780	-	29,761,780	-
K - MAIL	74,570,718	38,470,962	65,515,620	47,526,061
Next Retail	18,033,219	44,920,666	18,606,601	44,347,285
Orchestra	22,504,879	12,087,513	2,087,513	32,504,879
Padma	24,672,277	41,577,632	19,080,653	47,169,256
Societe Rio	624,635	-	624,635	-
TERRANOVA	20,881,510	20,522,415	10,245,120	31,158,805
TEDDY	4,362,650	38,769,205	18,012,348	25,119,507
New Look	11,039,043	46,134,126	35,821,410	21,351,759
Full Fashion	9,610,690	47,361,760	17,361,760	39,610,690
WING FAT	18,893,359	174,995,576	193,888,936	-
LI & FUNG	34,333,479	98,073,858	89,192,665	43,214,673
Zebra	47,167,913	13,014,260	14,520,315	45,661,858
Zemo	19,782,455	10,325,346	10,425,362	19,682,439
Ashtown	28,333,421	62,530,781	67,231,588	23,632,614
E. Shoe	6,299,555	4,863,872	6,582,992	4,580,435
Dto	-	1,853,710	1,122,208	731,502
E Fashion	-	2,781,680	2,781,680	-
Visage	-	34,918,751	24,627,825	10,290,927
Sistex	883,857	-	883,857	-
Arcadia	1,193,489	24,717,074	25,910,564	-
Castro Asia	-	9,664,416	9,664,416	-
Others	1,590,025	28,413,339	21,512,340	8,491,024
Total as on 30 June 2018	436,161,612	801,730,247	747,031,469	490,860,391
Total as on 30 June 2017	483,645,847	1,216,837,944	1,264,322,179	436,161,612

Annexure-C

Zahintex Industries Ltd.

Schedule of trade creditors
As at 30 June 2018

Particulars	(Amount in Taka)			
	Balance as on 01.07.17	Addition during the year	Paid during the year	Balance as on 30.06.2018
Atique Enterprise	47,780	-	47,780	-
Garland Traders	261,442	315,000	300,000	276,442
Gentech International	434,591	2,089,625	1,158,625	1,365,591
Overseas Marketing Corp.	138,000	-	138,000	-
Resal Jacquard Solution	26,968	136,250	135,000	28,218
Energypac Power Generation	233,238	326,400	375,000	184,638
Givensee Spinning C & F	624,344	3,925,357	3,595,000	954,701
Protiva Corporation	560,120	125,000	475,000	210,120
Jaroma CNG & Filling Station	467,179	295,689	300,000	462,868
Fedex Express	177,496	31,038	130,000	78,534
FM Accessories	372,524	125,420	256,030	241,914
Hamko Corporation Ltd.	175,677	-	175,677	-
Bibidha Baniija Shangstha	41,833	-	41,833	-
Impression Design	22,972	236,420	150,000	109,392
Talukder Filling Station	45,607	-	45,607	-
Takwoa Accessories	-	3,915,454	3,481,681	433,773
New Age	2,000	-	2,000	-
Olympia Fire Protection	52,500	425,120	350,000	127,620
Shova International (Pvt) Ltd.	-	6,900	6,900	-
Total as on 30 June 2018	3,684,271	11,953,673	11,164,133	4,473,811
Total as on 30 June 2017	6,985,903	11,308,811	14,610,443	3,684,271

Annexure-D

Zahintex Industries Ltd.

Schedule of bills payable

As at 30 June 2018

(Amount in Taka)

Particulars	Balance as on 01.07.2017	Addition during the year	Paid during the year	Balance as on 30.06.2018
ATOZ	77,584	-	50,000	27,584
Dayee Bangladesh	18,983	48,554,259	48,396,239	177,002
Givensee Garments Accessories Ltd.	2,037,728	28,437,968	29,094,659	1,381,037
Givesee Spinning Mills Ltd	2,184,199	3,065,320	2,530,420	2,719,099
Peak Engineering Corporation	-	50,000	50,000	-
D.H.Euro Hi. Teach	3,358,683	-	3,225,000	133,683
Masuma Tex	3,569,174	103,708,227	101,696,870	5,580,531
Unilory Paper & Packing Ltd.	452,398	283,093	385,000	350,491
Hun Hsin Tex	454,189	46,753,387	42,052,480	5,155,095
JIANGSU	532,459	157,831,307	151,742,736	6,621,029
Business International	302,465	-	215,400	87,065
Pride Corporation	1,087,917	8,024,309	8,475,081	637,145
International Office Solution	16,000	-	5,000	11,000
Ring Shing	2,014,051	-	1,520,000	494,051
Check Point	1,403,646	345,010	382,415	1,366,241
Total as on 30 June 2018	17,509,473	397,052,880	389,821,301	24,741,052
Total as on 30 June 2017	24,626,845	343,320,315	350,437,686	17,509,473

ZAHINTEX INDUSTRIES LIMITED

Registered Office: Borkan Monipur, Gazipur

Share Office: 87, BNS Center (8th Floor), Sector # 07, Uttara, Dhaka-1230

PROXY FORM

Shareholders BO A/C No.	No. of Shares Held

I/We
 of (Address)

..... being shareholder(s) of Zahintex Industries Ltd. hereby appoint Mr. /Mrs.
 of (Address).....

.....as my/our proxy to
 attend and vote for me/us and on my/ our behalf at the 16 th Annual General Meeting to be held
 on December 26, 2018 at 9:00 A.M at old rehabilitation center, Bishia, Kuribri, Monipur, Gazipur
 at any adjournment there of and the poll may be taken in consequence there of.

As witness my/our hand thisday of.....2018

Revenue Stamp
 Tk. 10.00

.....
 (Signature of Proxy)

(Signature of Shareholder)
 BO A/C No.....

Note: The proxy from duly completed must be deposited at the Company's Share Office not later than 48 hours before the time fix for the meeting, otherwise the proxy form will not be accepted.

.....
 Authorized Signature
 Zairintex Industries Ltd.

.....
 (Signature Verified)

ZAHINTEX INDUSTRIES LIMITED

SHAREHOLDER'S ATTENDANCE SLIP

I/We hereby record me/our presence at the 16th Annual General Meeting to be held on December 26, 2018, at 9:00 A.M at old Rehabilitation Center, Bisha, Kuribari, Monipur, Gazipur, Name of Bo A/C No

.....
 holding of ordinary Shares of Zahintex Industries Ltd.

.....
 Signature of Shareholder/Proxy

Notes:

1. AGM can only be attended by the honorable shareholder or properly constituted proxy.
2. Please present the slip at the reception desk.





ZAHINTEX INDUSTRIES LTD.

Corporate Office: House # 6, Road # 13, Sector # 3, Uttara Model Town, Dhaka-1230

Tel: 58953826, 58952355, 8932801, 8932802, Fax: 880-2-55093547

E-mail: info@givenseegroup.com, Web: www.zahintex.com