



# ANNUAL REPORT 2019



**ZAHINTEX INDUSTRIES LTD.**

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



LI & FUNG LIMITED



## 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, 2019.**

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, 2019, 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 04, 2019  
Dhaka



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## Notice of the 17<sup>th</sup> Annual General Meeting

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting (AGM) of the shareholders of ZAHINTEX INDUSTRIES LIMITED will be held on Thursday the December 26, 2019 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, 2019 together with Report of the Directors and Auditors' thereon.
- Agenda-2:** To declare dividend for the year ended June 30, 2019.
- 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 Managing Director
- Agenda-5:** To appoint Compliance Auditors for the year 2019-2020 and fix their remuneration
- Agenda-6:** To appoint the Auditor for the year 2019-20 and fix the remuneration.

By order of the Board,



**Mr. Liakat Ali Bakhtiar**

Company Secretary

Dated: December 04, 2019

Dhaka

Notes:

- i.** The record date in lieu of Book-Closure shall be on November 20, 2019.
- ii.** 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.
- iii.** 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  
Mr. Khatib Abdul Zahid Mukul  
Mr. Md. Zahidul Islam  
Prof.A.F.M Siddiqur Rahman  
Engr. (Ret.) Md. Rustom Ali

Chairman  
Managing Director  
Independent Director  
Independent Director  
Independent Director

### Management Committee

Mr. Khatib Abdul Zahid Mukul  
Mrs. Masuma Khatun Lipa  
Mr. Khatib Mahboob Akhter Rubel  
Mr. Kazi Abu Sanraz  
Mr. SM Sagirul Islam  
Mr. Md. Abdur Rahim

Managing Director  
Head of HR & Admin  
Head of Operation  
Head of Supply Chain  
Chief Financial Officer  
Head of Internal Audit

### Audit Committee

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

Chairman  
Member  
Member  
Member Secretary

### Nomination and Remuneration Committee

Engr. Md. Rustom Ali  
Mrs. Masuma Khatun Lipa  
Mr. Khatib Abdul Zahid Mukul

Chairman  
Member  
Member

### Company Secretary

Mr. Liakat Ali Bakhtiar

## Corporate Management

### Registered Office

Borkan, Monipur, Gazipur  
Web: [www.zahintex.com](http://www.zahintex.com)

### Corporate Office

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

### Share Office

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

### Auditors

Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants  
Rupayan Karim Tower, Level-7  
Suite # 7A,80, Kakrail, Dhaka-1000

### Bankers

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

### Listing

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

### Insurers

1. Sonar Bangla 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, 2019)

Tk. 818.28 million

### Number of Shareholders (as on June 30, 2019)

7,446

### Number of Employees (as on June 30, 2019)

1,033

## Five Years' Comparative Statistics



(Amount in Taka, 000)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Turnover	359,887	801,730	1,216,838	1,627,261	1,549,752
Gross Profit	48,269	196,517	254,744	292,888	279,863
Operating Profit	32,150	180,338	226,876	263,575	252,761
Net Profit before Tax	(176,850)	56,818	62,029	105,637	94,807
Net Profit after Tax	(182,948)	48,793	54,177	92,322	75,784
Authorized Capital	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Issued & Paid-up Capital	818,286	818,285	743,895	688,792	626,175
Total Assets	3,606,185	3,811,260	3,419,613	3,159,224	3,087,634
Total Current Assets	2,022,457	2,302,308	1,985,719	2,053,101	1,968,614
Total Fixed Assets	1,583,728	1,508,951	1,433,894	1,106,123	1,119,020
Total Current liabilities	855,765	805,161	640,874	893,868	896,511
Total Non Current Liabilities	910,399	967,647	789,082	307,430	310,944
Shareholders' Equity	1,840,020	2,038,451	1,989,657	1,957,925	1,880,179
Ordinary Shares Outstanding	81,828	81,828	74,389	68,879	62,617
Face Value Per Share (Taka)	10	10	10	10	10
Earnings Per Share (Taka)	(2.24)	0.60	0.73	1.34	1.21
NAV Per Share (Taka)	22.49	24.91	26.75	28.43	30.03
Current Ratio (Times)	2.36	2.86	3.10	2.30	2.20
Quick Ratio (Times)	0.47	0.75	0.83	0.64	0.54
Return on Equity (%)	(9.94)	2.39	2.72	4.72	4.03
Return on Investment (%)	(5.07)	1.28	1.58	2.92	2.45
Gross Profit Margin (%)	13.41	24.51	20.93	18.00	18.06
Operating Profit Margin (%)	8.93	22.49	18.64	16.22	16.31
Net Profit Margin (%)	(50.83)	6.09	4.45	5.67	4.89
Number of Shareholders	7,446	6,886	6,808	6,299	10,991

## Message from the Chairman



Dear Shareholders,

I feel delighted to welcome you all at the 17th Annual General Meeting (AGM) of Zahintex Industries Ltd. and to place herewith the Annual Report of the Company for the year 2019. It was yet another challenging year for your Company. During 2018-19, 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 has gone through a rough year backed by proper strategies and having resilient and determined leadership to deliver best value to our shareholders. I wish to report that the Company's Sales Turnover/Exports for the year 2018-19 is Tk. 359.89 million out of which after meeting up all costs including Corporate Income Tax, the Net Profit for the year is Tk. (182.95) million as a result, Earning Per Share (EPS) is Tk. (2.24). In consideration of that, the Board of Directors was unable to grant cash dividend to Shareholders. Dear shareholders, we have been able to offer dividends over the past years but this year is an exception. We have taken up various strategic plans to improve the profitability of our business. We are confident to make a better business in near future to continue offering dividends in following year.

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 2019. Apart from the Statutory Audit conducted by Zoha Zaman Kabir Rashid & Co. Chartered Accountants, the Board has appointed Mahfel Huq & Co. 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 17th 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, 2019.

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, and 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 2018-19, 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 and Alliance Certification as well as automation of some machinery. The Accord and 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 2018-19. 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. Ms. 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 2018-19, the Board held 8 (Eight) 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 Lhatun Lipa- 2 (two) other directors.

### Nomination and Remuneration Committee

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC) consisting of three Directors. The present Members of Nomination and Remuneration Committee (NRC) are as follows: (1)Engr(Ret.)Md. Rustam Ali, Independent Director, Chairman, (2)Khatib Abdul Zahid Mukul, Managing Director- Member and (3) Mrs. Masuma khatun Lipa Member. The Nomination and Remuneration Committee (NRC) held 1 (one) meeting during the year 2018-2019

### 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, 2019 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, Zoydebbpur 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 29 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, 2019

As per Listing Regulations 20(2) of Stock Exchange regarding share holding position of different categories of investors as on June 30, 2019, we are submitting the following information:

### Share Holding Status of Different Categories as on June 30, 2019

#### A. On the Basis of Group

Sl No.	Group Name	Number of Share holders	Number of Shares	%
1	Sponsor/Director	5	30,227,466	36.94%
2	All Investors Account	14	8,763,838	10.71%
3	Company	153	9,852,157	12.04%
4	NRB	243	286,400	0.35%
5	General Public	7,031	32,698,688	39.96%
Total :		7,446	81,828,549	100%

#### B. On the Basis of Range

Share Holding Range	Number of Share holders	Number of Shares	Percentage
1-499	2,201	466,423	0.57%
500-5000	4,898	4,786,970	5.85%
5001-10000	205	842,834	1.03%
10001-20000	48	752,823	0.92%
20001-30000	21	499,154	0.61%
30001-40000	11	441,875	0.54%
40001-50000	9	613,714	0.75%
50001-100000	21	1,571,108	1.92%
100001-1000000	24	8,371,060	10.23%
1000001-1000000000	8	63,482,588	77.58%
Total :	7,446	81,828,549	100.00%

## Financial Results

Recently, business competition has increased significantly with new challenges. Now the Company's operating financial results, as compared to the previous years are summarized as follows:

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Sales Turnover	359,887,315	801,730,247	1,216,837,944	1,627,260,930	1,549,752,166
Cost of Goods Sold	311,617,585	605,212,901	962,093,754	1,334,372,619	1,269,888,861
<b>Gross Profit</b>	<b>48,269,731</b>	<b>196,517,346</b>	<b>254,744,190</b>	<b>292,888,311</b>	<b>279,863,305</b>
Administrative Expenses	7,817,918	8,056,609	12,117,022	12,358,865	11,427,474
Selling and Distribution Expenses	8,301,549	8,122,494	15,751,212	16,953,608	15,674,459
<b>Operating Profit</b>	<b>32,150,264</b>	<b>180,338,243</b>	<b>226,875,956</b>	<b>263,575,838</b>	<b>252,761,373</b>
Non-Operating Income	243,424	526,045	454,724	438,636	131,241
Financial Expenses	209,243,894	121,205,050	162,200,202	153,095,585	153,345,632
Contribution to WPPF	-	2,840,916	3,101,451	52,81,852	4,740,332
<b>Net Profit before Tax</b>	<b>(176,850,206)</b>	<b>56,818,322</b>	<b>62,029,027</b>	<b>105,637,037</b>	<b>94,806,649</b>
Provision for Income Tax	3,835,003	6,818,199	7,904,850	13,204,630	11,850,831
Provision for Deferred Tax	2,262,968	1,206,815	53,145	110,602	7,171,371
<b>Net profit after Tax</b>	<b>(182,948,178)</b>	<b>48,793,308</b>	<b>54,177,321</b>	<b>92,321,806</b>	<b>75,784,447</b>
Earnings Per Share	(2.24)	0.60	0.73	1.34	1.21
NAV Per Share	22.49	24.91	26.75	28.43	30.03
Gross Profit Margin (%)	13.41	24.51	20.93	18.00	18.06
Operating Profit Margin (%)	8.93	22.49	18.64	16.22	16.31
Net Profit Margin (%)	(50.83)	6.09	4.45	5.67	4.89
Return on Equity (%)	(9.94)	2.39	2.72	4.72	4.03
Return on Investment (%)	(5.07)	1.28	1.58	2.92	2.45

## 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 2018-19.

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.

### Cost of Goods Sold (COGS) in Details

	2018-19	2017-18
	<b>Taka</b>	<b>Taka</b>
Opening stock of raw materials	563,284,469	330,120,367
Add: Purchased during the year	21,775,927	547,052,880
	585,060,396	877,173,247
Less: Closing stock of raw materials	609,412,313	563,284,469
Raw materials consumed	<b>24,351,917</b>	<b>313,888,778</b>
Add: Opening stock of work-in-process	674,667,941	667,109,989
	<b>650,316,024</b>	<b>980,998,768</b>
Less: Closing stock of work-in-process	593,131,941	674,667,941
	57,184,083	306,330,827
Add: Conversion cost	204,433,502	313,124,306
Cost of goods manufactured	<b>261,617,585</b>	<b>619,455,132</b>
Add: Opening stock of finished goods	452,368,227	438,125,996
Cost of goods available for sale	<b>713,985,812</b>	<b>1,057,581,128</b>
Less: Closing stock of finished goods	402,368,227	452,368,227
Cost of Goods Sold	<b><u>311,617,585</u></b>	<b><u>605,212,901</u></b>



### Dividend

The Board of Directors are delighted to recommend No dividend for the year ended June 30, 2019

### 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:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Un-appropriated Profit from previous Year	300,439,556	313,237,446	322,304,924
Less: Prior Year Adjustment	15,482,109	74,389,590	77,548,902
<b>Adjusted Un-appropriated Profit from previous Year</b>	<b>284,957,447</b>	<b>238,847,856</b>	<b>244,756,022</b>
<b>Add: Net Profit after Tax for the Year</b>	<b>(182,948,178)</b>	<b>48,793,308</b>	<b>54,177,321</b>
<b>Add: Realization through use of Assets (Depreciation)</b>	<b>11,470,544</b>	<b>12,798,392</b>	<b>14,304,104</b>
<b>Total Available for Appropriation (a)</b>	<b>113,479,814</b>	<b>300,439,556</b>	<b>313,237,446</b>
<b>Appropriation Proposed</b>			
<b>Proposed Dividend:</b>			
Cash Dividend	-	15,482,109	-
Stock Dividend (10 % for All)		-	74,389,590
<b>Total Dividend (b)</b>	<b>-</b>	<b>15,482,109</b>	<b>74,389,590</b>
<b>Balance Carried Forward (a-b)</b>	<b><u>113,479,814</u></b>	<b><u>284,957,447</u></b>	<b><u>238,847,856</u></b>

## 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 2018 to 30 June 2019	01 July 2017 to 30 June 2018
Givensee Spinning C & F	Clearing & forwarding service	Sister concern	2,048,000	3,925,357
Givensee Garments Accessories Ltd.	Accessories & packing materials supply	-do-	753,979	28,437,968
Givensee Spinning Mills Ltd.	Raw yarn supply	-do-	2,173,049	3,065,320
Masuma Khatun Textile Industries Ltd.	Died yarn supply	-do-	3,021,649	103,708,227
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 2019:

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 Siddiquir Rahman	Independent Director	-
Engr.Md. Rustam Ali	Independent Director	-

### Election of Directors

Mrs. Masuma Khatun Lipa, 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 2019 and the attendance of the Directors at the Board and the Committee meetings held in 2018-19 are as follows:

Name of Director	Position	No. of Meetings Attended
Mrs. Masuma khatun Lipa	Chairman	8
Mr. Khatib Abdul Zahid Mukul	Managing Director	8
Mr. Md. Zahidul Islam	Independent Director	8
Prof.AFM Siddiquir Rahman	Independent Director	7
Engr.Md. Rustam Ali	Independent Director	6

### Managing director remuneration

	Amount in Taka	
	2018-19	2017-18
Remuneration	350,000	350,000
House rent benefit	420,000	420,000
	<b>770,000</b>	<b>770,000</b>

### Appointment of Auditors

Zoha Zaman Kabir Rashid & Co. Chartered Accountants Firm is going to get appointment for the Second consecutive financial year 2019-2020 as Statutory Auditor and the Board will recommend their appointment in the 17th AGM of the Company.

### 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 2018-19. 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 2018-19.

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, 2019 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 50 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 29 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 62, 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 35 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 – II****As per BSEC guideline condition no. 1.4, Pattern of Shareholding as on June 30, 2019:**

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	24.47%	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 Siddiquir 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 2019. 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.



**M. Moniruzzaman, FCA**  
**Partner**  
**ACNABIN, Chartered Accountants**

Dhaka,  
04 December 2019



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 competent jurisdiction as a defaulter in payment of any loan to a bank or a Non - Bank Financial Institution (NBFI)			N/A
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	√		
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1(3)(b)(i)	Independent Director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; 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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; 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
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (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	√		

Condition No	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-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	√		
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	Industry outlook and possible future developments in the industry			Don't mention in director's report
1(5)(ii)	Segment-wise or product-wise performance			Don't mention in director's report
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	√		
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

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	√		
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			During the year net operating loss arise.
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	√		



Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	√		
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	with immediate preceding five years explaining reasons thereof			
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, 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 <b>Annexure-A</b>	√		
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 <b>Annexure-B</b> and <b>Annexure-C</b>	√		
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	√		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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			
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company made applicable to the composition of the Board of the subsidiary company			N/A
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
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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)	√		
3(2)	The MD or CEO, CS, CFO and HIAC of the company attended the meetings of the Board	√		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
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	√		
<b>4</b>	<b>Board of Directors Committee</b>			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Audit Committee is the sub-committee of the BoD	√		
5(1)(b)	The Audit Committee assisted the BoD in	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee is composed of at least 3 members	√		
5(2)(b)	The BoD appointed members of the Audit 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	√		
<b>5(3)</b>	<b>Chairman of the Audit Committee</b>			
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	√		



Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
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 presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
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	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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)	√		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
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 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			No such issue
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			No such issue
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	√		
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	√		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board has selected 1 (one) member of the NRC to be Chairperson of the Committee, who is an independent	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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			No such issue
6(3)(c)	The Chairperson of the NRC attended the annual general meeting (AGM) to answer the queries of the shareholders			Will attend in upcoming AGM
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC has conducted at least one meeting in a financial year	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC 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)	√		
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	√		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC is independent and responsible or accountable to the Board and to the shareholders	√		
<b>6(5)(b)</b>	<b>NRC oversees, among others, the following matters and make report with recommendation to the Board</b>			
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:	√		
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	√		

Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	√		
6(5)(b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	√		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	√		
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	√		
7	<b>External / Statutory Auditors</b>			
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	√		



Condition No()	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 Meeting) to answer the queries of the shareholders	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
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)	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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 2018-19

**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 2018-19. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during 2018-19 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 2018-19

In 2018-19, 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 2018-19 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: 27 October, 2019

## Audited Financial Statements



## **Independent Auditor's Report To the Shareholders of ZAHINTEX INDUSTRIES LTD.**

### **Report on the audit of the financial statements Opinion**

We have audited the financial statements of Zahintex Industries Ltd. (the Company), which comprise the statement of financial position as at June 30, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at June 30, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

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

### **Matter of Emphasis**

- We have drawn attention to
  - i) Note 8.01 Advance against goods & supply TK 72,387,615 to the financial statement is comparatively high regarding last year.
  - ii) Note 4.00 Property Plant & Equipment addition BDT 188,745,775 though there is fall of production and export.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for year ended June 30, 2019. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



## Revenue Recognition – Sales

Revenue recognition has significant and wide influence on financial statements.

Revenue is recognized when the amounts and the related cost are reliably measured and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognized when the company has delivered products to the customers at the shipping point and control has passed. As a result, to obtain sufficient audit evidence, magnitude audit work and resource is required.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations. There is a risk of difference between the timing of acceptance of the products by the company customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting period.

Please refer to **Note 22 “Sales”** of the notes to the financial statements for relevant details

### How our audit addressed the key audit matter

Our audit procedures in this area included, among others:

- We understood, evaluated and validated the key controls related to the company’s sales process from end to end, from contracts approval and sign-off, recording of sales.
- We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.
- We focused on the proper cut-off of sales to the company customers due to the fact that the documents of confirming the acceptance of the products were provided by the numerous customers based in different locations.
- Furthermore, we tested the sales transactions recognized shortly before and after the balance date, including the sales returns recorded after that date, to examine whether sales transaction were recorded in the correct reporting periods.

## Sales

The company’s sales have fallen by approximately 55% to Tk. 359,887,315 for the year ended 30 June 2019. This was mainly due to fall in International demand and disruption in production due to the work that had to be carried out for Compliance Audit of Accord Alliance Certificate. We have determined this to be a key audit matter.

Please refer to **Note 22.1 “Reason for decrease in sales”**

### How our audit addressed the key audit matter

- We have taken into consideration the complexity of the situation and gained an understanding of the company’s disclosures of the volume of sales incurred during the period by obtaining sufficient audit work, audit evidence and resource is required.

- Tested a sample of sales transactions for compliance with the Company accounting principles.
- Evaluated the Company's work to implement IFRS 15 and assessed whether accounting principles comply with the new accounting standard.
- In addition we performed substantive analytical to understand how the revenue has trended over the year among other parameters, we performed a detailed testing on transactions around the year—end, ensuring revenues were recognised in the correct accounting period. We also tested journal entries recognised to revenue focusing on unusual or irregular transactions.
- Tested the internal controls over financial reporting, we also assessed the existence and accuracy of the sales recorded, based among other things on inspection of sales contracts, final acceptances, and the allocation of variable consideration to the various elements in the contracts

### Tax provisioning and recognition of deferred tax asset

At year end the Company reported total income tax expense of BDT 6,097,971. The Company has recognized deferred tax assets for deductible temporary differences that it believes are recoverable. The recoverability of recognized deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilize deductible temporary differences.

We have determined this to be a key audit matter, due to the complexity in income tax provisioning and the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.

Please refer to **Note 14.00 “Deferred Tax”** and **Note 21.00 “Current Tax”** to the financial statements for relevant disclosures regarding calculation and disclosure of taxation.

### How our audit addressed the key audit matter

Our audit procedures in this area included, among others:

- Use of our own tax specialists to assess the Company's tax computation. Our tax specialists were also used to evaluate tax strategies that the Company expects will enable the successful recovery of the recognized deferred tax assets taking into account the Company's tax position and our knowledge and experience of the application of relevant tax legislation;
- To analyses and challenge the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the local legislation;
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities related to tax and deferred tax.

### Recoverability assessment of bill receivables

The company has a net bill receivable of Tk. 239,039,892 as at 30 June 2019.

Bill receivables of the company comprise mainly receivables in relation to the trading business regarding the export of readymade sweater which is secured by Letter of Credit (L/C).

The recoverable amount was estimated by management based on their specific recoverability assessment on debtor with reference to the aging profile, historical payment pattern and the past record of default of the customer. Management would make specific provision against individual balances with reference to the recoverable amount.

Please refer to **Note 07.00 “Bill Receivable”** to the financial statements for relevant details.

### How our audit addressed the key audit matter

We have performed the following procedures in relation to the recoverability of trade receivables:

- Tested the accuracy of aging of trade receivables at year end on a sample basis;
- Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management as well as conducting market research on the Textile sector;
- Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made; and Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.

We found the key judgments and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.

### Valuation of inventory

Inventory is carried in the statement of financial position at the lower of cost and net realizable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realizable value.

Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realizable value of inventories, we considered this to be a key audit matter.

Please refer to **Note 03.40 "Valuation of Inventory"** to the financial statements for relevant details.

### How our audit addressed the key audit matter

Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:

- Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bracket;
- Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels;
- Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and
- We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.

The results of our procedures as well as the revised audit strategy based on them have been communicated to the Management of the Company and to the Audit Committee.

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on other legal and regulatory requirements

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

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

Dhaka,  
28 October 2019

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants



## Zahintex Industries Ltd.

### Statement of Financial Position As at 30 June 2019

Particulars	Note	Amount in Taka	
		30.06.2019	30.06.2018
<b>ASSETS</b>			
<b>Non-current Assets</b>		<b>1,583,728,189</b>	<b>1,508,951,153</b>
Property, plant and equipment	4	1,583,628,189	1,508,851,153
Investment in shares	5	100,000	100,000
<b>Current Assets</b>		<b>2,022,457,566</b>	<b>2,302,308,953</b>
Inventories	6	1,620,808,570	1,698,936,155
Bills receivable	7	239,039,892	490,860,390
Advances, deposits and prepayments	8	82,171,568	37,073,881
Advance income tax		3,835,003	4,039,872
Cash and cash equivalents	9	76,602,532	71,398,655
<b>TOTAL ASSETS</b>		<b>3,606,185,756</b>	<b>3,811,260,107</b>
<b>SHARE HOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>1,840,020,717</b>	<b>2,038,451,004</b>
Share capital	10	818,285,490	818,285,490
Share premium	11	291,000,000	291,000,000
Revaluation reserve		617,255,414	628,725,958
Retained earnings	12	113,479,813	300,439,556
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>		<b>910,399,299</b>	<b>967,647,974</b>
Long term loan net of current maturity	13	899,700,688	959,212,330
Deferred Tax Liability	14	10,698,611	8,435,643
<b>Current Liabilities</b>		<b>855,765,739</b>	<b>805,161,130</b>
Trade creditors	15	2,081,196	4,473,812
Bills payable	16	10,830,876	24,741,052
Short term loan	17	303,331,734	390,615,400
Current portion of long term loan	18	510,876,746	326,432,385
Workers Profit Participation Fund ( WPPF)	19	4,989,339	6,652,452
Liabilities for expenses	20	8,628,695	32,549,344
Subscription money payable		267,145	4,731,809
Provision for income tax	21	14,760,008	14,964,876
<b>TOTAL LIABILITIES</b>		<b>1,766,165,038</b>	<b>1,772,809,103</b>
<b>TOTAL SHARE HOLDER'S EQUITY AND LIABILITIES</b>		<b>3,606,185,755</b>	<b>3,811,260,107</b>
<b>Net Asset Value (NAV) per share</b>	30	<b>22.49</b>	<b>24.91</b>

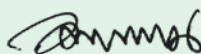
The annexed notes form an integral part of these financial statements.



Chairman



Managing Director



Independent Director



Chief Financial Officer



Company Secretary

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

Dhaka,  
28 October 2019



**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants

## Zahintex Industries Ltd.

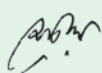
### Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

Particulars	Note	Amount in Taka	
		2018-2019	2017-2018
Sales	22	359,887,315	801,730,247
Less: Cost of Sales	23	(311,617,585)	(605,212,901)
<b>Gross profit</b>		<b>48,269,731</b>	<b>196,517,346</b>
Administrative expenses	24	(7,817,918)	(8,056,609)
Selling and distribution expenses	25	(8,301,549)	(8,122,494)
<b>Operating profit</b>		<b>32,150,264</b>	<b>180,338,243</b>
Non-operating income	26	243,424	526,045
Financial expenses	27	(209,243,894)	(121,205,050)
<b>Profit before WPPF &amp; Income Tax</b>		<b>(176,850,206)</b>	<b>59,659,238</b>
Workers' Profit Participation Fund (WPPF)		-	(2,840,916)
<b>Profit before income tax</b>		<b>(176,850,206)</b>	<b>56,818,322</b>
<b>Income tax expense</b>		<b>(6,097,971)</b>	<b>(8,025,015)</b>
Current tax	21	(3,835,003)	(6,818,199)
Deferred Tax	14	(2,262,968)	(1,206,815)
<b>Net profit after tax for the year</b>		<b>(182,948,178)</b>	<b>48,793,308</b>
<b>Basic Earning Per Share (EPS)</b>	28	<b>(2.24)</b>	<b>0.60</b>
<b>Diluted Earnings Per Share (EPS)</b>	29	<b>(2.24)</b>	<b>0.60</b>

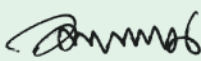
The annexed notes form an integral part of these financial statements.



Chairman



Managing Director



Independent Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,  
28 October 2019



**Zoha Zaman Kabir Rashid & Co.**  
Chartered accountants

## Zahintex Industries Ltd.

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

(Amount in Taka)

Particulars	Share Capital Capital	Share Premium	Retained Earnings	Revaluation Reserve	Total Equity
Balance as on 01 July 2018	818,285,490	291,000,000	300,439,556	628,725,958	2,038,451,004
Value realised by use of revalued assets (depreciation)	-	-	11,470,544	(11,470,544)	-
Net profit after tax for the year	-	-	(182,948,178)	-	(182,948,178)
Cash dividend paid	-	-	(15,482,109)	-	(15,482,109)
<b>Total as on 30 June 2019</b>	<b>818,285,490</b>	<b>291,000,000</b>	<b>113,479,813</b>	<b>617,255,414</b>	<b>1,840,020,717</b>

### Statement of Changes in Equity for the year ended 30 June 2018

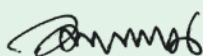
Balance as on 01 July 2017	743,895,900	291,000,000	313,237,446	641,524,350	1,989,657,697
Value realised by use of revalued assets (depreciation)	-	-	12,798,392	(12,798,392)	-
Net profit after tax for the year	-	-	48,793,308	-	48,793,308
Bonus shares issued-10% for the year 2016-17	74,389,590	-	(74,389,590)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



Chairman



Managing Director



Independent Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,  
28 October 2019

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered accountants

## Zahintex Industries Ltd.

### Statement of Cash Flows for the year ended 30 June 2019

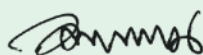
Particulars	Note	Amount in Taka	
		2018-2019	2017-2018
<b>A. Cash flow from operating activities</b>			
Cash received from customers	32.1	611,707,813	747,031,469
Cash paid to suppliers	32.2	(90,456,976)	(535,494,754)
Cash paid for conversion cost	32.3	(112,366,351)	(204,663,777)
Cash paid for operating expenses	32.4	(18,138,528)	(10,083,790)
Cash paid for financial expenses	27.00	(209,243,894)	(121,205,050)
Cash received from non-operating income	26.00	243,424	526,045
Cash paid for WPPF	19.00	(1,663,113)	(2,530,950)
Income tax paid	21.00	(3,835,003)	(4,039,872)
<b>Net cash flow from/(used in) operating activities</b>		<b>176,247,372</b>	<b>(130,460,679)</b>
<b>B. Cash Flow from Investing Activities</b>			
Acquisition of property, plant and equipment		(188,745,775)	(186,433,158)
<b>Net cash used in investing activities</b>		<b>(188,745,775)</b>	<b>(186,433,158)</b>
<b>C. Cash Flow from Financing Activities</b>			
Repayment of Short term loan		(87,283,666)	200,454,039
Increase in Long term loan		124,932,719	130,473,857
Decrease in subscription money		(4,464,664)	294,483
Dividend Paid		(15,482,109)	-
<b>Net cash (used in)/flow from financing activities</b>		<b>17,702,280</b>	<b>331,222,379</b>
<b>D. Net (deficit)/surplus in cash and bank balances during the year (A+B+C)</b>		<b>5,203,877</b>	<b>14,328,541</b>
<b>E. Cash and bank balances at beginning of the year</b>		<b>71,398,655</b>	<b>57,070,113</b>
<b>F. Cash and bank balances at end of the year</b>		<b>76,602,532</b>	<b>71,398,655</b>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	31.00	<b>2.15</b>	<b>(1.59)</b>



Chairman



Managing Director



Independent Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka,  
28 October 2019



Zoha Zaman Kabir Rashid & Co.  
Chartered accountants

**Zahintex Industries Ltd.**

Notes to the Financial Statements  
for the year ended 30 June 2019

**1.00 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.

**2.00 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 14: 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 2018 to 30 June 2019.

## 3.00 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 2019 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. 61,72,55,414 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	
	2018-19	2017-18
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 situations:

- 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 28 October, 2019.



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

	Amount in Taka	
	30.06.2019	30.06.2018
Opening balance	2,397,941,352	2,211,508,194
Add: Purchased during the year	188,745,775	186,433,158
	<b>2,586,687,127</b>	<b>2,397,941,352</b>

**B. Accumulated depreciation**

Opening balance	889,090,199	777,713,919
Add: Charged during the year	113,968,739	111,376,280
	<b>1,003,058,938</b>	<b>889,090,199</b>

**C. Written down value (A-B)**

A schedule of property, plant & equipment is given in Annexure-A.

**5.00 Investment in shares**

100,000 100,000

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

**6.00 Inventories**

	Quantity			
Raw materials (Yarn )	lbs	1,851,040	(Note: 6.1)	609,412,313 563,284,469
Work-in-progress	pcs	1,607,404	(Note: 6.2)	593,131,941 674,667,941
Finished goods	pcs	910,335	(Note: 6.3)	402,368,227 452,368,227
Stock in transit	lbs	41,591	(Note: 6.4)	9,066,732 3,589,160
Stores & spares			(Note: 6.5)	6,829,357 5,026,358
				<b>1,620,808,570 1,698,936,155</b>

**6.1 Raw materials (Yarn )**

Opening balance	563,284,469	330,120,367
Add: Purchase during the year	21,775,927	547,052,880
	585,060,396	877,173,247
Less: Consumption during the year	24,351,917	(313,888,778)
	<b>609,412,313</b>	<b>563,284,469</b>

**6.2 Work-in-progress**

Opening balance	674,667,941	667,109,989
Add: Materials used for the year	(24,351,917)	313,888,778
	650,316,024	980,998,768
Less: Transferred to cost of goods sold during the year	(57,184,083)	(306,330,827)
	<b>593,131,941</b>	<b>674,667,941</b>

**6.3 Finished goods**

		Amount in Taka	
		30.06.2019	30.06.2018
Opening balance		452,368,227	438,125,996
Add: Cost of goods manufactured during the year	(Note: 22)	261,617,585	619,455,132
		713,985,812	1,057,581,128
Less: Cost of goods sold for the year	(Note: 22)	(311,617,585)	(605,212,901)
		<b>402,368,227</b>	<b>452,368,227</b>

**6.4 Stock in transit**

Opening balance	3,589,160	9,313,894
Add: Addition during the year	9,245,214	5,128,336
	12,834,374	14,442,230
Less: Received during the year	(3,767,642)	(10,853,070)
	<b>9,066,732</b>	<b>3,589,160</b>

**6.5 Stock in transit**

		Quantity	
Yarn	lbs	34,700	
Accessories			
		6,558,320	1,773,690
		2,508,412	1,815,470
		<b>9,066,732</b>	<b>3,589,160</b>

**6.6 Stores & spares**

Opening balance	5,026,358	9,987,352
Add: Addition during the year	4,547,214	1,115,420
	9,573,572	11,102,772
Less: Consumed during the year	(2,744,215)	(6,076,414)
	<b>6,829,357</b>	<b>5,026,358</b>

**7.00 Bills receivable**

Opening balance	490,860,390	436,161,612
Add: Addition during the year	359,887,315	801,730,247
	850,747,706	1,237,891,860
Less: Received during the year	(611,707,813)	(747,031,469)
Closing Balance	<b>239,039,892</b>	<b>490,860,390</b>

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	-	215,135,903	23,903,989	-

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.	239,039,892	490,860,390
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.	-	-
<b>Total</b>	<b>239,039,892</b>	<b>490,860,390</b>

**8.00 Advances, deposits and prepayments**

		Amount in Taka	
		30.06.2019	30.06.2018
Advances	(Note: 8.1)	77,327,615	32,084,963
Deposits	(Note: 8.2)	2,666,178	2,666,178
Prepayments	(Note: 8.3)	2,177,775	2,322,740
		<b>82,171,568</b>	<b>37,073,881</b>

**8.1 Advances**

JL Fashion	1,975,000	1,520,000
Mohammodi Sweater	-	812,000
YK Sweater	1,345,000	425,000
Asif Apparels	1,620,000	520,000
Advance against goods supply	72,387,615	28,807,963
	<b>77,327,615</b>	<b>32,084,963</b>

**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
	<b>2,666,178</b>	<b>2,666,178</b>

**8.3 Prepayments**

Advance against salary	1,125,435	1,270,400
Advance against rent	1,052,340	1,052,340
	<b>2,177,775</b>	<b>2,322,740</b>

**9.00 Cash & cash equivalents**

Cash in hand	70,623,943	40,680,410
Cash at bank	(Note: 9.1) 5,978,589	30,718,245
	<b>76,602,532</b>	<b>71,398,655</b>

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
One Bank Ltd.	Uttara Branch	0183121 014	-	118,528
One Bank Ltd.	Uttara Branch	0184722-054	-	15,944
One Bank Ltd.	Uttara Branch	65184722005	267,145	3,737,948
One Bank Ltd.	Uttara Branch	60184722038	-	112,762
One Bank Ltd.	Uttara Branch	6184722011	-	38,814
One Bank Ltd.	Uttara Branch	6184722003	-	842,285
One Bank Ltd.	Uttara Branch	60183121006	-	-
AB Bank Ltd.	Uttara Branch	4020-757375-254	795,813	10,348,229
AB Bank Ltd.	Uttara Branch	4020-757375-430	2,513	3,589
AB Bank Ltd.	Uttara Branch	4020-757375-047	23,517	23,235
AB Bank Ltd.	Uttara Branch	4020-757375-431	408,776	864,379
AB Bank Ltd.	Uttara Branch	4020-783411-430	1,246	285,116
IBBL	Uttara Branch	20502070100404509	1,798	3,678
Standard Bank Limited	Uttara Branch	01533003920	9,500	1,072
Standard Bank Limited	Uttara Branch	01547000027	4,467,277	465,394
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	1,005	993
Standard Bank Limited	Uttara Branch	01547000097	-	7,851,384
			<b>5,978,589</b>	<b>30,718,245</b>

**10.00 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	
2018-19	2017-18
1,200,000,000	1,200,000,000
818,285,490	818,285,490

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	2019	2018	2019	2018
			No. of shares	No. of shares	Value in Taka	Value in Taka
01	Mr. Khatib Abdul Zahid Mukul	24.47%	20,026,199	20,026,199	200,261,990	200,261,990
02	Ms. Masuma Khatun Lipa	12.46%	10,195,319	10,195,319	101,953,190	101,953,190
03	General Public	39.97%	32,704,636	32,657,774	327,046,360	326,577,740
04	NRB	0.35%	286,400	291,367	2,864,000	2,913,670
05	Institutional Investors	12.04%	9,852,157	10,024,979	98,521,570	100,249,790
06	Other Investors (Mutual Fund)	10.71%	8,763,838	8,632,911	87,638,380	86,329,110
	Total	100.00%	81,828,549	81,828,549	818,285,490	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	
	2019	2018	2019	2018	2019	2018
1 to 499	2,201	1,812	466,423	3,429,433	0.57%	4.19%
500 to 5,000	4,898	4,809	4,786,970	19,061,680	5.85%	23.29%
5,001 to 10,000	205	119	842,834	12,643,005	1.03%	15.45%
10,001 to 20,000	48	52	752,823	4,324,722	0.92%	5.29%
20,001 to 30,000	21	13	499,154	1,444,230	0.61%	1.76%
30,001 to 40,000	11	9	441,875	1,394,433	0.54%	1.70%
40,001 to 50,000	9	15	613,714	876,012	0.75%	1.07%
50,001 to 100,000	21	14	1,571,108	1,348,282	1.92%	1.65%
100,001 to 1,000,000	24	38	8,371,060	7,085,234	10.23%	8.66%
over 1,000,000	8	5	63,482,588	30,221,518	77.58%	36.93%
Total	7,446	6,886	81,828,549	81,828,549	100%	100%

**11.00 Share premium**

291,000,000 291,000,000

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.

		Amount in Taka			
		2018-19	2017-18		
<b>12.00 Retained earnings</b>					
Opening balance		300,439,556	313,237,446		
Add: Net profit/income after tax for the year		(182,948,178)	48,793,308		
		117,491,378	362,030,754		
Add: Transferred from revaluation reserve		11,470,544	12,798,392		
		128,961,923	374,829,146		
Less: Dividend paid as bonus share		(15,482,109)	(74,389,590)		
Closing Balance		113,479,814	300,439,556		
<b>13.00 Long term loan net of current maturity</b>					
Term loan-AB Bank, A/C-462	(Note: 13.1)	516,020,443	516,020,443		
Term loan, -One Bank A/C-40002	(Note: 13.1)	894,556,991	769,624,272		
Less: Current portion of long term loan-AB Bank, A/C-462	(Note: 18.1)	(202,748,000)	(18,303,639)		
Less: Current portion of long term loan-One Bank, A/C-40002	(Note: 18.1)	(308,128,746)	(308,128,746)		
		899,700,688	959,212,330		
<b>13.1 Term loan</b>					
<b>AB Bank Limited</b>					
Term loan, A/C -462		516,020,443	516,020,443		
<b>One Bank Limited</b>					
Term loan, A/C-40002		894,556,991	769,624,272		
		1,410,577,434	1,285,644,715		
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			
<b>14.00 Deferred Tax</b>					
Balance as 01.07.2018		8,435,643	7,228,828		
Add: Deferred Tax on assets		2,262,968	1,206,815		
Balance as 30.06.2019 (Note 3.12-b)		10,698,611	8,435,643		
This represents tax liability payable in future due to taxable temporary differences.					
<b>15.00 Trade creditors</b>					
Opening Balance		4,473,812	3,684,271		
Add: Addition during the year		8,576,589	11,953,673		
		13,050,401	15,637,944		
Less: Paid during the year		(10,969,205)	(11,164,133)		
Closing Balance		2,081,196	4,473,812		
<b>15.1 Trade creditors</b>					
Aging of the above trade payables is given below:					
Particulars	Up to 30 days	30-90 days	90-180 days	Above 180 days	Total
Suppliers	-	1,477,649	603,547	-	2,081,196
A schedule of trade creditors is given in Annexure-C.					
<b>16.00 Bills payable</b>					
Opening balance		24,741,052	17,509,473		
Add: Addition during the year		21,554,103	397,052,880		
		46,295,155	414,562,353		
Less: Paid during the year		(35,464,279)	(389,821,301)		
Closing Balance		10,830,876	24,741,052		
A schedule of bills payable is given in Annexure-D.					
<b>17.00 Short term loan</b>					
Time loan: AB Bank Ltd.	(Note:17.1)	250,298,850	260,770,399		
Overdraft:					
AB Bank Ltd., A/c 757375-000		33,220,742	25,193,211		
SOD (Export) Standard Bank	(Note:17.2)	-	85,489,897		
Packing Credit Standard Bank	(Note:17.3)	19,812,141	19,161,892		
		303,331,734	390,615,400		



## 17.1 Time loan

AB Bank Ltd.

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  
 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	
30.06.2019	30.06.2018
16,363,068	16,363,068
15,049,599	15,049,599
15,049,599	15,049,599
13,631,515	13,631,515
12,304,181	12,304,181
12,293,646	12,293,646
12,293,646	12,293,646
12,293,646	12,293,646
9,549,435	9,549,435
274,956	222,122
-	185,153
811,990	657,378
-	483,759
511,246	414,122
344,288	279,259
9,400,825	7,631,400
-	305,239
459,972	374,105
-	362,979
-	949,164
7,057,874	5,760,615
-	4,172,064
455,082	372,959
17,003,037	13,976,695
3,437,463	2,831,065
1,249,810	1,031,031
2,332,897	1,928,236
7,972,784	6,591,651
8,877,200	7,351,549
112,040	92,964
4,613,270	3,831,001
1,113,092	926,397
-	736,206
-	185,224
517,521	432,278
-	667,459
3,394,768	2,854,545
368,508	310,170
318,866	269,705
393,982	333,507
5,269,850	4,498,698
9,432,702	8,084,981
3,065,019	2,634,561
1,547,491	1,334,491
8,602,963	7,421,857
1,396,080	1,204,903
1,762,679	1,530,657
862,350	750,069
-	1,555,738
362,228	2,329,906
11,357,555	8,995,885
650,080	515,039
-	6,289,865
5,685,272	4,537,651
595,307	474,652
-	611,968
1,596,494	4,644,613
1,022,723	817,833
-	8,694,111
620,494	496,981
887,071	710,683
-	1,098,819
3,752,516	3,015,213
1,980,171	1,591,529
-	867,087
-	439,424
-	274,852
<b>250,298,850</b>	<b>260,770,399</b>

**17.2 SOD (Export & Gen)**

Standard Bank Ltd.

SOD (Gen) A/C-008

Amount in Taka	
30.06.2019	30.06.2018
-	85,489,897
-	<b>85,489,897</b>

**17.3 Packing Credit**

Standard Bank Ltd.

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

2,388,862	3,152,851
2,631,434	2,417,801
653,410	600,525
2,840,696	2,610,543
2,840,696	2,610,543
1,705,471	1,566,326
1,484,524	1,362,972
2,906,017	2,670,830
2,361,031	2,169,503
<b>19,812,141</b>	<b>19,161,892</b>

**18.00 Current portion of long term loan**

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

**Current portion of term loan - One Bank Limited**

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

202,748,000	18,303,639
308,128,746	308,128,746
<b>510,876,746</b>	<b>326,432,385</b>

**18.10 Current portion of term loan - AB Bank Limited**

A/C 462

**Current portion of term loan - One Bank Limited**

A/C 40002

202,748,000	65,189,107
308,128,746	308,128,746
<b>510,876,746</b>	<b>373,317,853</b>

**19.00 Workers Profit Participation Fund ( WPPF)**

Opening Balance

Add: Addition during the year

Paid during the year as per rule

6,652,452	6,342,486
-	2,840,916
6,652,452	9,183,402
(1,663,113)	(2,530,950)
<b>4,989,339</b>	<b>6,652,452</b>

**20.00 Liabilities for expenses**

Salary &amp; allowances

Wages &amp; allowances

Rent

Gas bill

Telephone bill

Electricity bill

Audit fee

Withholding tax payable

Other liabilities

547,009	600,385
3,315,930	20,452,365
48,287	50,864
3,526,202	5,547,946
50,425	254,954
-	357,531
287,500	287,500
757,659	4,869,751
95,683	128,048
<b>8,628,695</b>	<b>32,549,344</b>

**21.00 Provision for income tax**

Opening balance

Add: Provision made during the year

Less: Adjustment during the year

14,964,876	16,051,528
3,835,003	6,818,199
18,799,880	22,869,726
(4,039,872)	(7,904,850)
<b>14,760,008</b>	<b>14,964,876</b>

**22.00 Sales**

Amount in Taka	
2018-19	2017-18
<b>359,887,315</b>	<b>801,730,247</b>

**22.1 Reason for decrease in sales**

Sales or Export has reduced to tk. 359.89 million from previous year of tk. 801.73 million. Main reason is to reduction textile product demand in International market textile sector. On the other hand, Production of the company was temporarily hampered for the re construction building and machineries against Compliance Audit of Accord Alliance Certification as well as automation of some machineries. Also a big impact of our national political issue like National parliamentary Election - 2018 held in the month of December 2018. For the above reasons volume of export sales for the concern year has reduced significantly.

**23.00 Cost of Sales**

Opening stock of raw materials	563,284,469	330,120,367
Add: Purchased during the year	21,775,927	547,052,880
	585,060,396	877,173,247
Less: Closing stock of raw materials	(609,412,313)	(563,284,469)
<b>Raw materials consumed</b>	<b>(24,351,917)</b>	<b>313,888,778</b>
Add: Opening stock of work-in-process	674,667,941	667,109,989
	650,316,024	980,998,768
Less: Closing stock of work-in-process	(593,131,941)	(674,667,941)
	57,184,083	306,330,827
Add: Conversion cost (Note: 23.1)	204,433,502	313,124,306
<b>Cost of goods manufactured</b>	<b>261,617,585</b>	<b>619,455,132</b>
Add: Opening stock of finished goods	452,368,227	438,125,996
	713,985,812	1,057,581,128
<b>Cost of goods available for sale</b>	<b>713,985,812</b>	<b>1,057,581,128</b>
Less: Closing stock of finished goods	(402,368,227)	(452,368,227)
	<b>311,617,585</b>	<b>605,212,901</b>

**23.1 Conversion cost**

Wages	74,675,209	168,490,167
Gas bills	12,223,608	15,222,628
Electric bill	894,116	1,789,909
Telephone/mobile bill	428,452	772,457
Factory maintenance	283,210	1,120,410
Vehicle maintenance	881,237	1,007,957
Factory rent	-	5,385,560
Space rent	-	1,020,816
Fuel & lubricant	653,010	759,744
Printing	127,659	195,840
Holiday allowances	800	12,600
Insurance premium	41,361	309,355
Stores and Spares	1,636,819	6,076,414
Stationery	46,854	137,452
Conveyance	186,569	809,029
Medical expenses	21,645	76,706
Tiffin expenses	750,092	892,589
Depreciation	111,582,861	109,044,674
	<b>204,433,502</b>	<b>313,124,306</b>

**24.00 Administrative expenses**

Salary & allowance
MD's remuneration
Director remuneration
Stationery
Conveyance
Office rent
Entertainment
Office maintenance
Fuel for vehicle
Electricity bill
Telephone /mobile bill
Postage & courier
Audit fees
Renewal & registration
Miscellaneous expenses
Depreciation

**25.00 Selling & distribution expenses**

Salary & allowance
Freight charges
B/L charges
Buying commission
Traveling & conveyance
Vehicle maintenance
Clearing & forwarding
Fuel for vehicle
Sampling expenses
Postage & courier
Carriage outward
Fees & forms
Business promotion

**26.00 Non-operating income**

Interest Income-IPO A/C
Foreign Currency Gain

**27.00 Financial expense**

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

**28.00 Basic Earnings Per Share**

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

**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)

**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)

Amount in Taka	
30.06.2019	30.06.2018
2,950,328	2,844,062
770,000	770,000
196,000	196,000
34,960	106,500
101,667	115,894
579,444	579,444
40,494	84,879
29,548	103,503
105,017	135,679
77,273	115,960
9,868	74,116
86,147	105,348
287,500	287,500
88,725	102,697
75,068	103,420
2,385,879	2,331,607
<b>7,817,918</b>	<b>8,056,609</b>
3,757,504	3,214,053
185,365	225,489
552,623	1,055,814
1,177,816	825,439
229,916	82,420
99,832	104,251
1,252,555	1,294,645
102,879	105,648
60,540	85,467
135,680	175,189
480,300	645,690
85,936	105,789
180,603	202,600
<b>8,301,549</b>	<b>8,122,494</b>
27,988	131,900
215,436	394,145
<b>243,424</b>	<b>526,045</b>
2,793,205	3,923,128
598,721	815,780
205,851,968	116,466,142
<b>209,243,894</b>	<b>121,205,050</b>
(182,948,178)	48,793,308
81,828,549	81,828,549
<b>(2.24)</b>	<b>0.60</b>
(182,948,178)	48,793,308
81,828,549	81,828,549
<b>(2.24)</b>	<b>0.60</b>
3,606,185,756	3,811,260,107
(1,766,165,038)	(1,772,809,103)
1,840,020,718	2,038,451,004
81,828,549	81,828,549
<b>22.49</b>	<b>24.91</b>

**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)

Amount in Taka	
30.06.2019	30.06.2018
176,247,372	(130,460,679)
81,828,549	81,828,549
2.15	-1.59

**32.00 Cash Flows****32.1 Cash received from customers**

Sales	359,887,315	801,730,247
Change in bill receivable	251,820,498	(54,698,778)
	<b>611,707,813</b>	<b>747,031,469</b>

**32.2 Cash paid to Suppliers**

Purchase	21,775,927	547,052,880
Change in suppliers	2,392,616	(789,541)
Change in bill payable	13,910,176	(7,231,579)
Advance to customers	45,097,687	7,148,722
Change in store	7,280,571	(10,685,728)
	<b>90,456,976</b>	<b>535,494,754</b>

**32.3 Cash paid for conversion cost**

Conversion cost	204,433,502	313,124,306
Change in liability for expenses	19,515,710	584,145
Depreciation	(111,582,861)	(109,044,674)
	<b>112,366,351</b>	<b>204,663,777</b>

**32.4 Cash paid for operating expenses**

Administrative Expenses	7,817,918	8,056,609
Selling & Distribution Expenses	8,301,549	8,122,494
Change in liability for expenses	4,404,939	(3,763,711)
Depreciation	(2,385,879)	(2,331,607)
	<b>18,138,528</b>	<b>10,083,785</b>

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

Net Profit/(Loss) after WPPF & before Tax	(176,850,206)	56,818,322
Add: Depreciation	111,582,861	109,044,674
Less: Non Operating Income	(243,424)	(526,045)
(Increase)/Decrease in prepayments	(82,538,635)	(7,148,722)
(Increase)/Decrease in Receivable	251,820,498	(54,698,778)
(Increase)/Decrease in Inventory	115,568,531	(244,361,271)
Increase/(Decrease) in payable	(19,171,605)	7,231,579
Increase/(Decrease) in Liabilities for Expenses	(23,920,649)	3,179,566
	<b>176,247,371</b>	<b>(130,460,679)</b>



### 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)	239,039,892	490,860,390
Cash and cash equivalents	(Note 9)	76,602,532	71,398,655
		<b>315,742,424</b>	<b>562,359,045</b>

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	239,039,892	490,860,390
	<b>239,039,892</b>	<b>490,860,390</b>

##### 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	215,135,903	441,774,351
Past due 91-180 days	23,903,989	49,086,039
	<b>239,039,892</b>	<b>490,860,390</b>

##### 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 2019

	Contractual cash flows	1 year or less Taka	More than 1 year Taka
Long term loan	899,700,688	(59,511,642)	959,212,330
Liabilities for Workers Profit Participation Fund (	4,989,339	2,660,981	2,328,358
Finance Lease obligation	-	-	-
Trade creditors	2,081,196	2,081,196	-
Short term loan	303,331,734	303,331,734	-
Provision for income tax (net of AIT)	10,925,004	10,925,004	-
Liabilities for expenses	8,628,695	8,628,695	-
Bills payable	10,830,876	10,830,876	-
Subscription money payable	267,145	133,572	133,572
	<b>1,240,754,677</b>	<b>279,080,417</b>	<b>961,674,261</b>

#### 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	-	-	-
Finance Lease obligation	6,652,452	3,547,974	3,104,478
Trade creditors	-	-	-
Short term loan	4,473,812	4,473,812	-
Provision for income tax (net of AIT)	390,615,400	390,615,400	-
Liabilities for expenses	10,925,004	10,925,004	-
Bills payable	32,549,344	32,549,344	-
Subscription money payable	24,741,052	24,741,052	-
	4,731,809	2,365,904	2,365,904
	<b>1,433,901,203</b>	<b>646,577,814</b>	<b>787,323,388</b>

### 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)

##### Foreign currency denominated liabilities:

Bills payable

Subscription money payable :

USD

GBP

EURO

##### Net exposure

The following rate has been applied:

USD

GBP

EURO

Amount in Taka	
30.06.2019	30.06.2018
239,039,892	490,860,390
(10,289,333)	(23,503,999)
-	(993,861)
-	(842,285)
-	(112,762)
-	(38,814)
<b>228,750,560</b>	<b>466,362,530</b>
Taka	Taka
83.50	82.50
119.00	115.00
98.00	95.00

#### ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening (weakening) of the USD, GBP and EURO against BDT at June 2019 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.

	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
<b>2018-2019</b>				
USD(10% movement)	-	-	-	-
GBP (8% movement)	-	-	-	-
EURO (9% movement)	-	-	-	-
<b>2017-2018</b>				
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)

#### 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 2019.

**Profile**

As at 30 June 2019, the interest rate profile of the company's interest bearing financial instruments was:

**Fixed rate instruments**

Financial assets	-	-
Financial liabilities	766,319,294	776,790,843
	<b>766,319,294</b>	<b>776,790,843</b>

**Variable rate instruments**

Financial assets	-	-
Financial liabilities	53,032,884	129,845,001
	<b>53,032,884</b>	<b>129,845,001</b>

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 2019		As at 30 June 2018	
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	100,000
Loans and receivables	-	-	-	-
Bills receivable	239,039,892	239,039,892	490,860,390	490,860,390
Available for sale	-	-	-	-
	<b>239,139,892</b>	<b>239,139,892</b>	<b>490,960,390</b>	<b>490,960,390</b>

**Financial liabilities**

Liabilities carried at fair value through profit or loss

Liabilities carried at amortised costs	-	-	-	-
Long term loan	899,700,688	-	N/A*	959,212,330
Liabilities for workers profit participation fund (	4,989,339	-	N/A*	6,652,452
Trade creditors	2,081,196	-	N/A*	4,473,812
Short term loan	303,331,734	-	N/A*	390,615,400
Provision for income tax (net of AIT)	10,925,004	-	N/A*	10,925,004
Liabilities for expenses	8,628,695	-	N/A*	32,549,344
Bills payable	10,830,876	-	N/A*	24,741,052
Subscription money payable	267,145	-	N/A*	4,731,809
	<b>1,240,754,677</b>	<b>-</b>	<b>-</b>	<b>1,433,901,203</b>

\* 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.

**34.00 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 2019 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

**a. Sales:**

Particulars	01.07.2018 to 30.06.2019		01.07.2017 to 30.06.2018	
	Quantity (Pcs)	Amount in Taka	Quantity (Pcs)	Amount in Taka
Domestic sales	-	-	-	-
Export sales	973,384	359,887,315	2,029,697	801,730,247
<b>Total</b>	<b>973,384</b>	<b>359,887,315</b>	<b>2,029,697</b>	<b>801,730,247</b>

**b. Raw materials consumed in quantities:**

Particulars	01.07.2018 to 30.06.2019	01.07.2017 to 30.06.2018
	Yarn (Lbs)	Yarn (Lbs)
Opening stock	1,846,834	1,100,401
Add: Purchase	95,091	2,431,346
Raw material available for consumption	1,941,925	3,531,747
Less: Closing stock	1,851,040	1,846,834
<b>Raw material consumed</b>	<b>90,885</b>	<b>1,684,913</b>

**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 in Taka	Quantity (in Pcs)	Value in Taka
July 18 to June 19	1,032,804	452,368,227	910,335	402,368,227	973,384	359,887,315
July 17 to June 18	1,060,477	438,125,996	1,032,804	452,368,227	2,029,697	801,730,247

**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	19,652,774	-	19,652,774	1,005,965,638	91%
Accessories & packing mater.	1,985,965	137,188	2,123,153	104,371,711	9%
<b>Total</b>	<b>21,638,739</b>	<b>137,188</b>	<b>21,775,927</b>	<b>1,110,337,349</b>	<b>-</b>

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

Foreign exchange earning USD 43,35,991.75 equivalent to Tk.35,98,87,315 in respect of export (July-2018 to June-2019) has been calculated on F.O.B basis.

**34.3 Number of employees**

The company had 822 permanent employees and 211 employees on contract basis as at 30 June 2019 (2018-2019). All permanent employees receive salary & allowances in excess of Tk. 58,926 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
<b>Total</b>		<b>966,000</b>	<b>966,000</b>

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

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

**34.5 Capacity utilization**

	Quantity in Pcs	
	2018-19	2017-18
Total production capacity in Pcs (A)	9,600,000	9,600,000
Capacity utilized in Pcs for the year (B)	2,432,164	3,380,150
Capacity utilized for the year (B/A)	<b>25.34%</b>	<b>35.21%</b>



**34.6 Capital expenditure commitment**

There was no capital expenditure commitment or contract at 30 June 2019. There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2019.

**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)	
			2018-2019	2017-2018
Givensee Spinning C & F	Clearing & forwarding service	Sister concern	2,048,000	3,925,357
Givensee Garments Accessories Ltd.	Accessories & packing materials supply	-do-	753,979	28,437,968
Givensee Spinning Mills	Raw yarn supply	-do-	2,173,049	3,065,320
Masuma Khatun Textile	Died yarn supply	-do-	3,021,649	103,708,227
Masuma Khatun Lipa	Remuneration	Cairman	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 2019:**

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	Chairperson & 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 Siddiquir	Independent Director	-
Engr. Md. Rustam Ali	Independent Director	-

**35.00 Events after the reporting period**

The Board of Directors of Zahintex Industries Ltd., at its 139th meeting held on 28 October 2019, recommended no cash dividend for all shareholders for the year ended 30 June 2019. These decision has been approved by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.


**Chairman**

Dhaka,  
28 October 2019


**Managing Director**

**Independent Director**

**Chief Financial Officer**

**Company Secretary**

**Zahintex Industries Ltd.**  
**Schedule of Property, Plant & Equipment**  
**As of 30 June 2019**

Name of assets	Cost			Depreciation				Written down value as on 30.06.2019	
	Balance as on 01.07.2018	Addition during the year	Adjustment / (Disposal) during the year	Balance as on 30.06.2019	Rate %	Balance as on 01.07.2018	Charged during the year		Adjustment/ (Disposal) during the year
a. Cost									
Factory									
Land & Land Development	63,638,726	15,500,000	-	79,138,726	0%	-	-	-	79,138,726
Building Factory	560,061,667	19,975,530	-	580,037,197	7.5%	197,224,471	27,868,122	-	354,944,604
Plant & Machinery	866,375,313	66,767,942	-	933,143,255	15.0%	451,187,925	66,414,502	-	415,540,828
Vehicle	28,436,129	1,500,000	-	29,936,129	20.0%	23,070,403	1,073,145	-	5,792,581
Electrical Installation	35,163,825	66,477,903	-	101,641,728	15.0%	16,533,523	4,969,620	-	80,138,585
	1,553,675,660	170,221,375	-	1,723,897,035		688,016,322	100,325,389	-	935,555,324
Administrative									
Office Decoration	9,071,773	5,570,400	-	14,642,173	10.0%	3,816,856	704,012	-	10,121,305
Office Equipment	9,829,971	8,500,000	-	18,329,971	10.0%	3,863,616	1,021,635	-	13,444,719
Furniture & Fixtures	5,405,846	4,454,000	-	9,859,846	10.0%	2,161,261	447,159	-	7,251,427
	24,307,590	18,524,400	-	42,831,990		9,841,733	2,172,806	-	30,817,451
Sub-Total	1,577,983,250	188,745,775	-	1,766,729,025		697,858,055	102,498,195	-	966,372,775
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%	98,999,564	7,300,236	-	90,036,242
Plant & Machinery	120,034,635	-	-	120,034,635	15.0%	92,232,579	4,170,308	-	23,631,747
Sub-Total	819,958,102	-	-	819,958,102		191,232,144	11,470,544	-	617,255,414
Total as on 30 June 2019	2,397,941,352	188,745,775	-	2,586,687,127	-	889,090,199	113,968,739	-	1,583,628,189
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

**Allocation of Depreciation :**

Factory 97.90655%	Amount in Taka
Administration 2.09344%	111,582,861
	2,385,879
	<b>113,968,739</b>

Annexure-B

**Zahintex Industries Ltd.**  
**Schedule of bills receivable**  
**As at 30 June 2019**

Particulars	(Amount in Taka)			
	Balance as on 01.07.2018	Addition during the year	Realized during the year	Balance as on 30.06.2019
AUCHAN	12,114,725	29,547,514	21,651,183	20,011,056
GOLDEN PENNING	33,671,955	25,715,542	42,261,673	17,125,824
K - MAIL	47,526,061	17,047,608	48,221,518	16,352,151
Next Retail	44,347,285	22,302,614	52,099,272	14,550,626
Techno Design HK Limited	-	2,166,656	2,166,656	-
Orchestra	32,504,879	26,325,436	42,178,315	16,652,000
Padma	47,169,256	23,406,135	52,953,350	17,622,041
TERRANOVA	31,158,805	29,814,057	45,325,417	15,647,445
Shams Design & Marketing	-	8,767,737	8,767,737	-
TEDDY	25,119,507	20,435,821	28,835,614	16,719,714
New Look	21,351,759	26,978,245	31,187,389	17,142,615
Full Fashion	39,610,690	26,587,941	49,945,215	16,253,416
LI & FUNG	43,214,673	16,978,314	44,384,249	15,808,738
Zebra	45,661,858	18,796,378	46,531,924	17,926,312
Zemo	19,682,439	11,382,109	16,345,914	14,718,634
Fashion Comford Europe SL	-	12,021,799	12,021,799	-
Ashtown	23,632,614	19,876,548	28,547,315	14,961,847
E. Shoe	4,580,435	-	4,580,435	-
Global Textile Solution	-	5,679,556	5,679,556	-
Dto	731,502	-	731,502	-
Visage	10,290,927	-	10,290,926	-
Best Sources Corporation Ltd	-	1,489,092	1,489,092	-
Others	8,491,024	14,568,214	15,511,762	7,547,476
<b>Total as on 30 June 2019</b>	<b>490,860,391</b>	<b>359,887,315</b>	<b>611,707,813</b>	<b>239,039,894</b>
<b>Total as on 30 June 2018</b>	<b>436,161,612</b>	<b>801,730,247</b>	<b>747,031,469</b>	<b>490,860,391</b>

## Annexure- C

**Zahintex Industries Ltd.**  
**Schedule of trade creditors**  
**As at 30 June 2019**

Particulars	(Amount in Taka)			
	Balance as on 01.07.18	Addition during the year	Paid during the year	Balance as on 30.06.2019
Jantrojan Karijan	-	104,350	54,350	50,000
Garland Traders	276,442	-	276,442	-
Gentech International	1,365,591	4,321,086	4,868,804	817,873
K. M. M Enterprise	-	130,000	124,000	6,000
Resal Jacquard Solution	28,218	-	28,218	-
Energypac Power Generation	184,638	-	184,638	-
Givensee Spinning C & F	954,701	2,048,000	2,293,719	708,982
Protiva Corporation	210,120	-	210,120	-
Jaroma CNG & Filling Station	462,868	-	462,868	-
Fedex Express	78,534	87,890	85,520	80,904
FM Accessories	241,914	-	241,914	-
KRC Cng & Filling Station	-	318,220	260,900	57,320
The Pacific Trade Center	-	273,500	199,700	73,800
Impression Design	109,392	-	109,392	-
Takwoa Accessories	433,773	122,611	409,000	147,385
N/D Technology & Construction	-	526,432	510,000	16,432
Olympia Fire Protection	127,620	-	127,620	-
New Shachand Transport Agency	-	644,500	522,000	122,500
Total as on 30 June 2019	4,473,811	8,576,589	10,969,205	2,081,196
Total as on 30 June 2018	3,684,271	11,953,673	11,164,133	4,473,811

## Annexure-D

**Zahintex Industries Ltd.**  
**Schedule of bills payable**  
**As at 30 June 2019**

(Amount in Taka)

Particulars	Balance as on 01.07.2018	Addition during the year	Paid during the year	Balance as on 30.06.2019
ATOZ	27,584	-	27,584	-
Nice Cotton Limited	-	5,730,713	5,601,836	128,877
Dayee Bangladesh	177,002	-	177,002	-
Giveensee Garments Accessories Ltd.	1,381,037	753,979	558,000	1,577,016
Givesee Spinning Mills Ltd	2,719,099	2,173,049	3,653,916	1,238,232
Omit & Ork Traders	-	3,798,100	3,657,350	140,750
Wangs Textile Ltd	-	1,335,508	1,165,815	169,694
D.H.Euro Hi. Teach	133,683	-	133,683	-
Masuma Tex	5,580,531	3,021,649	5,325,000	3,277,180
Unilory Paper & Packing Ltd.	350,491	-	350,491	-
Hun Hsin Tex	5,155,095	219,872	4,399,000	975,967
JIANGSU	6,621,029	3,462,737	6,784,100	3,299,666
Business International	87,065	-	87,065	-
Pride Corporation	637,145	-	637,145	-
International Office Solution	11,000	-	11,000	-
Baly Yarn Dyeing Ltd	-	1,058,497	1,035,000	23,497
Ring Shing	494,051	-	494,051	-
Check Point	1,366,241	-	1,366,241	-
<b>Total as on 30 June 2019</b>	<b>24,741,052</b>	<b>21,554,103</b>	<b>35,464,279</b>	<b>10,830,878</b>
<b>Total as on 30 June 2018</b>	<b>17,509,473</b>	<b>397,052,880</b>	<b>389,821,301</b>	<b>24,741,052</b>



**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 17th Annual General Meeting to be held  
on December 26, 2019 at 9:00 A.M at old rehabilitation enter, Bishia, Kuribri, Monipur, Gazipur  
at any adjournment thgre of and the poll may be taken in consequence there of.  
As witness my/our hand this ..... day of ..... 2019

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 herby record me/our presence at the 17th Annual General Meeting to be held on December 26, 2019 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.

**Notes:**

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

.....  
Signature of Shareholder/Proxy



## **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](mailto:info@givenseegroup.com), Web: [www.zahintex.com](http://www.zahintex.com)