

**AUDITORS' REPORT
ON THE ACCOUNTS
OF
SONARGAON TEXTILES LIMITED
FOR THE YEAR ENDED 30 JUNE, 2022**

REPORT AND ACCOUNTS

FOR THE YEAR/PERIOD ENDED _____

এ, হক এন্ড কোং
A HOQUE & CO.
Chartered Accountants



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SONARGAON TEXTILES LTD.**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Sonargaon Textiles Ltd. ("the Company"), which comprise the Statement of Financial Position as at 30th June, 2022 and the related Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 30th June, 2022 and notes to the Financial Statements including a Summary of Significant Accounting Policies and other explanatory information as disclosed in notes 1 to 41 and Annexure-1,2,3, 4 & 4/A.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th June, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Qualified Opinion

The Company's bank accounts are attached by the National Board of Revenue of Bangladesh. The management has decided to pay all salaries to employees throughout the financial year by cash payments. However, as per the Income Tax Ordinance, 1984, Section 30(i), any payment by way of salary or remuneration made otherwise than by crossed cheque or bank transfer by a person to any employee having gross monthly salary of taka twenty thousand or more will be inadmissible. We have found that the company has made cash payments to several employees every month that is over Tk. 20,000.00.

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)**, to gather with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We would like to draw your attention to Note 8.01 which describes the Company's on-going legal proceedings with two of their financial institutions namely; Mutual Trust Bank Limited and Bangladesh Development Bank Limited. Our audit opinion is not qualified in respect to this matter emphasized.

Material Uncertainty Related to Going Concern

We draw attention to the Statement of Profit or Loss and Other Comprehensive Income in the financial statements which indicates that the company has earned net profit of Tk. 8,832,422 during the year ended 30th June, 2022 but as of that date there has a negative retained earnings of Tk. 374,479,403. We also draw attention to new contracts with customers difficulties, inability to pay creditors on due date, inefficiency of key management indicated by the financial statements of the company. As stated in note no. 7.05 stated above, these events or conditions alongwith other matters indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue a going concern. The management is, however confident that the company will continue in operational existence for a foreseeable future on the basis of continued support of the company's bank and shareholders'. Our opinion is not qualified in this regard.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue Recognition and Accounts Receivables</p> <p>The company has reported a revenue of Taka 454,935,378 for the year ended 30th June, 2022 is recognized in the statement of Profit or Loss and Other Comprehensive Income. Accounts Receivable recognized in the statement of financial position for the year is Tk.67,099,973 and Tk.53,433,670 for previous years.</p> <p>Following the application of the revenue recognition standard (IFRS 15, Revenue from Contracts with Customers), the Company adopted its accounting policies.</p> <p>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service to a customer.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The Company's revenue recognition policies and procedures are not complex and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customers.</p> <p>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.</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition process, we tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.06 and 10.00 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> * Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.

Key Audit Matters	How our audit addressed the key audit matters
<p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations.</p> <p>There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company's customers.</p> <p>See note no.3.06 and 10.00 to the financial statements</p>	<ul style="list-style-type: none"> * We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers. * We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. * 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. * Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
Property, Plant & Equipment	How our audit addressed the key audit matters
<p>The Company's PPE balance as at 30th June, 2022 was BDT 798,833,354 and as at 30th June,2021 was BDT 842,742,314. This represents 57.40% and 62.73% of total assets of the company respectively. There is estimation performed by management in regards to asset useful life. Based on the requirement of estimates and the fact that this is a major asset category, this was determine to be a key audit matter.</p> <p>See note no. 3.01 and 5.01 to the financial statements</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> * Obtain an understanding of Company's internal controls, systems and processes around PPE. * Performed discussions with management to understand their process of determining asset useful life. * We performed PPE additions procedures by obtaining supporting documentation, invoices and delivery information as well payments support. * We performed reasonability of depreciation expenses charged by management to ensure accuracy and occurrence. * We performed discussions with management and performed other corroborating procedures to ensure management's assumptions around impairment were reasonable. * For disposals of assets, we obtained supporting documentation to determine the cost and fair market value of the asset. * Reviewed managements calculations to ensure it is free from no clerical errors.
Valuation of Inventory	How our audit addressed the key audit matters
<p>The Company had inventory of Taka 518,313,471 at 30th June, 2022 held in different projects depot.</p>	<p>We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p>



Valuation of Inventory	How our audit addressed the key audit matters
<p>Inventories consisting of yarn, raw cotton spare parts are valued at lower of cost and net realizable value. Cost 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.</p> <p>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 amount of inventories to the lower of cost and net realizable value.</p> <p>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.</p> <p>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 realisable value of inventories, we considered this to be a key audit matter.</p> <p>05 and 6.01 to the financial statements.</p>	<ul style="list-style-type: none"> ◆ evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; ◆ evaluating internal controls to monitor or keep track of Inventory Movement; ◆ attending inventory count on 30th June, 2022 and reconciling the count results to the inventory listing to test the completeness of data; ◆ comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; ◆ reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; ◆ challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; ◆ evaluating the correctness of the batch wise costing of final products; ◆ evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; ◆ reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; ◆ we have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.
Current Tax Provisioning	How our audit addressed the key audit matters
<p>Current Tax provision amounting Tk. 2,729,612.</p> <p>At the year end the company reported total income tax expense (Current Tax) of Tk. 2,729,612 the calculation of the tax expense is a complex process that involves subjective judgments and uncertainties and require specific knowledge and competencies. We have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p> <p>See note no. 3.13(a) and 9.04 to the Financial Statements.</p>	<p>Our audit procedure in this area included, among others:</p> <p>Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>



Measurement of Deferred Tax Liability	How our audit addressed the key audit matters
<p>The Company reported net deferred tax liability totalling Tk. 74,307,404 as at 30th June, 2022. Significant judgement is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no 3.13(b) and 8.04 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense/income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Other Information

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

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

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

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with IFRS's, The Companies Act, 1994, The Securities and Exchange Rules, 1987 and 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. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

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 not realistic alternative but to do so.



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

Auditors' 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 International Standards on Auditing (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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism 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 uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 auditors' 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.

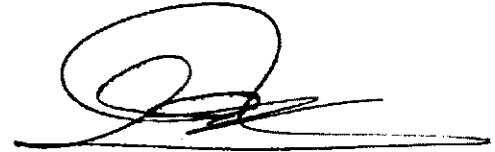
We have not come across any key audit issues for the year under audit and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994, International Standards on Auditing (ISAs) and the Securities and Exchange Rules, 2020, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books adequate for the purposes of our audit;
- (c) the company's 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.
- (d) the expenditure incurred for the purposes of the company's business.

Dated : 30.10.2022
Place : Dhaka, Bangladesh



(A.K.M. Aminul Hoque, FCA)
Enrolment No. 407
DVC-2210300407AS148624
A. Hoque & Co.
Chartered Accountants



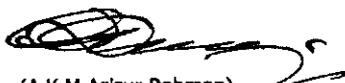
SONARGAON TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

	Notes	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
Property and Assets			
Non-Current Assets:	5.00	798,833,354	843,248,573
Property, Plant and Equipment	5.01	798,833,354	842,742,314
Right of Use Asset	5.02	-	506,259
Current Assets:	6.00	592,926,333	500,094,974
Inventories	6.01	518,313,471	439,133,966
Advances, Deposits and Prepayments	6.02	5,181,420	5,268,686
Trade & Other Receivables	6.03	67,099,973	53,433,670
Investment in Shares	6.04	1,569,450	1,569,450
Cash and Cash Equivalent	6.05	762,019	689,203
Total Property and Assets		1,391,759,686	1,343,343,547
Shareholders' Equity and Liabilities			
Shareholders' Equity:	7.00	301,969,159	293,136,736
Share Capital	7.01	264,670,560	264,670,560
Capital Reserve	7.02	5,373,570	5,373,570
Share Premium	7.03	54,560,000	54,560,000
Revaluation Reserve	7.04	351,844,432	364,148,104
Retained Earnings	7.05	(374,479,403)	(395,615,498)
Non-Current Liabilities:	8.00	1,065,308,826	1,030,192,545
Long Term Loan (Non -Current Maturity)	8.01	963,281,225	925,966,529
Lease Obligation Liability	8.02	-	1,150,459
Director's and Other Loans and Advances	8.03	27,720,197	27,720,197
Deferred Tax Liability	8.04	74,307,404	75,355,360
Current Liabilities & Provisions:	9.00	24,481,701	20,014,266
Unclaimed/Unpaid Dividend from 2019	9.01	1,523,156	1,523,156
Trade & Other Payables	9.02	20,842,026	16,310,295
Workers Profit Participation and Welfare Fund	9.03	2,116,519	2,180,815
Provision for Income Tax	9.04	-	-
Total Shareholders' Equity & Liabilities		1,391,759,686	1,343,343,547
Net Assets Value Per Share (NAVPS)	16.00	11.41	11.08

The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

This is the Statement of Financial Position referred to in our separate report of even date annexed.

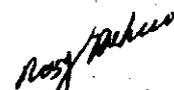
The financial statements were approved by the Board of Directors in the meeting held on the 27th October, 2022 and were signed on its behalf by:


(A.K.M Azizur Rahman)
Chairman

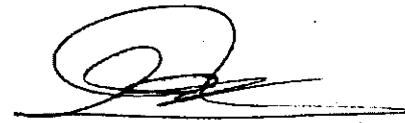

(Asadullah Mahmud FCS)
Company Secretary


(Masuda Sultana FCS)
Chief Financial Officer

Dated: 30.10.2022
Place: Dhaka, Bangladesh


(Rosy Rahman)
Director


(Bazlur Rahman)
Managing Director


(A.K.M. Aminul Hoque FCA)
Enrolment No. 407
DVC-2210300407AS148624
A. Hoque & Co.
Chartered Accountants

SONARGAON TEXTILES LIMITED
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2022

	Notes	Amount (Tk.)			Amount (Tk.)	Amount (Tk.)
		Unit - 1	Unit - 2	Unit - 3	30.06.2022	30.06.2021
Sales (Revenue)	10.00	63,690,953	163,776,736	227,467,689	454,935,378	109,038,473
Less: Cost of Goods sold	11.00	(53,850,701)	(138,473,230)	(192,323,931)	(384,647,861)	(92,242,596)
Gross Profit /(Loss)		9,840,252	25,303,506	35,143,759	70,287,517	16,795,877
Less: Operating Expenses :						
Administrative Expenses	12.00	(3,063,804)	(7,878,352)	(10,942,156)	(21,884,311)	(20,674,561)
Selling & Distribution Expenses	13.00	(81,293)	(209,038)	(290,331)	(580,662)	(1,015,624)
Total Operating Expenses		(3,145,096)	(8,087,390)	(11,232,487)	(22,464,973)	(21,690,185)
Operating Profit/(Loss)		6,695,156	17,216,116	23,911,272	47,822,544	(4,894,308)
Less: Other Expenses						
Write Off Damage Raw Cotton	11.01	-	-	-	-	(150,050,085)
Loss of Stock Sale Waste	11.01	-	-	-	-	(148,745,632)
Total Other Expenses						(298,795,717)
Add: Non-Operating Income						
Other Income	14.00	200,638	515,925	716,563	1,433,126	1,434,591
Total Non-Operating Income		200,638	515,925	716,563	1,433,126	1,434,591
Less: Non-Operating Expenses						
Financial Expenses	15.00	(5,320,824)	(13,682,120)	(19,002,944)	(38,005,888)	(50,385,907)
Total Non-Operating Expenses		(5,320,824)	(13,682,120)	(19,002,944)	(38,005,888)	(50,385,907)
Net Profit/(Loss) before WPPF		1,574,969	4,049,921	5,624,891	11,249,782	(352,641,341)
Less: Provision for WPPF	9.03	(74,999)	(192,853)	(267,852)	(535,704)	-
Less: Provision for WWF	9.03	-	-	(200,000)	(200,000)	(200,000)
		(74,999)	(192,853)	(467,852)	(735,704)	(200,000)
Net Profit/(Loss) before tax (G-H)		1,499,971	3,857,068	5,157,039	10,514,078	(352,841,341)
Less: Provision for Income Tax						
Current Tax	9.06	(382,146)	(982,660)	(1,364,806)	(2,729,612)	(654,231)
Deferred Tax	8.04	146,714	377,264	523,978	1,047,956	162,414
Total Income Tax Expenses		(235,432)	(605,396)	(840,828)	(1,681,656)	(491,817)
Net Profit/Loss after Tax		1,264,539	3,251,672	4,316,211	8,832,422	(353,333,158)
Other comprehensive income						
Total comprehensive income		1,264,539	3,251,672	4,316,211	8,832,422	(353,333,158)
Earning Per Share (EPS)	17.00				0.33	(13.35)

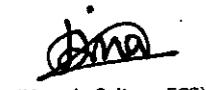
The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our separate report of even date annexed.

The financial statements were approved by the Board of Directors on the 27th October, 2022 and were signed on its behalf by:

(A.K.M Azizur Rahman)
Chairman


(Asadullah Mahmud FCS)
Company Secretary


(Masuda Sultana FCS)
Chief Financial Officer

Dated: 30.10.2022
Place: Dhaka, Bangladesh

(Rosy Rahman)
Director

(Bazlur Rahman)
Managing Director


(A.K.M. Aminul Hoque, FCA)
Enrolment No. 407
DVC-2210300407AS148624
A. Hoque & Co.
Chartered Accountants

A. HOQUE & CO.
CHARTERED ACCOUNTANTS

SONARGAON TEXTILES LTD.
Statement of Changes In Equity for the year ended 30th June, 2022

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2021	264,670,560	54,560,000	5,373,570	364,148,104	(395,615,498)	293,136,736
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(12,303,672)	12,303,672	-
Net profit/Loss- 2022	-	-	-	-	8,832,422	8,832,422
Dividend 2021	-	-	-	-	-	-
As at 30th June, 2022	264,670,560	54,560,000	5,373,570	351,844,432	(374,479,403)	301,969,159

Statement of Changes In Equity for the year ended 30th June, 2021

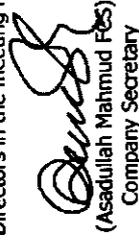
Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2020	264,670,560	54,560,000	5,373,570	377,318,921	(55,453,156)	646,469,895
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(13,170,817)	13,170,817	-
Net profit/Loss- 2021	-	-	-	-	(353,333,158)	(353,333,158)
Dividend 2020	-	-	-	-	-	-
As at 30th June, 2021	264,670,560	54,560,000	5,373,570	364,148,104	(395,615,498)	293,136,736

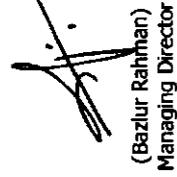
The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

This is the Statement of Changes in Equity referred to in our separate report of even date annexed.

The financial statements were approved by the Board of Directors in the meeting held on the 27th October, 2022 and were signed on its behalf by:

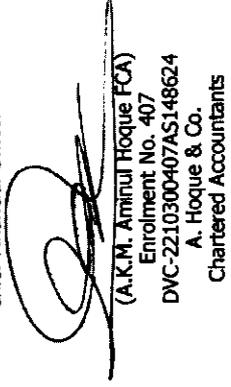

(A.K.M. Azizur Rahman)
Chairman


(Asadullah Mahmud FCS)
Company Secretary


(Bazlur Rahman)
Managing Director


(Rosy Rahman)
Director


(Masuda Sultana FCS)
Chief Financial Officer


(A.K.M. Aminul Hoque FCA)
Enrolment No. 407
DVC-2210300407AS148624
A. Hoque & Co.
Chartered Accountants

Dated: 30.10.2022
Place: Dhaka, Bangladesh

SONARGAON TEXTILES LIMITED
Statement of Cash Flows for the year ended 30th June, 2022

Particulars	Note	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
A. Cash Flows from Operating Activities :			
Collection from Turnover & Others		442,702,201	414,141,872
Payment to Suppliers and Employees		(441,402,157)	(197,342,492)
Cash Generated from Operation		1,300,044	216,799,380
Collection from Non-operation Income		1,433,126	1,434,591
Interest Paid		-	(7,783,200)
Income Tax paid		(2,660,354)	(2,362,040)
Net Cash Flows from Operating Activities		72,816	208,088,731
B. Cash Flows from Investing Activities :			
Acquisition of property Plant & Equipment		-	-
Acquisition of Long Term Assets		-	(213,071,827)
Sale Proceeds of Long Term Assets		-	-
Net Cash Flows from Investing Activities		-	(213,071,827)
C. Cash Flows from Financing Activities :			
Long Term Loan received		-	-
Short Term Loan Paid		-	-
Other Loans and Advances Received /(Paid)		-	-
Dividend Paid		-	(4,177,691)
Net cash flow from Financing Activities		-	(4,177,691)
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)		72,816	(9,160,786)
Cash and Cash Equivalent at Opening		689,203	9,849,989
Unrealized gain or (loss) on foreign exchange fluctuation		(68,051)	-
Cash and Cash Equivalent at Closing		762,019	689,203
Net Operating Cash Flow Per Share (NOCFPS)	18.00	0.003	7.86

The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

This is the Statement of Cash Flows referred to in our separate report of even date annexed.

The financial statements were approved by the Board of Directors in the meeting held on the 27th October, 2022 and were signed on its behalf by:


(A.K.M Azizur Rahman)
Chairman

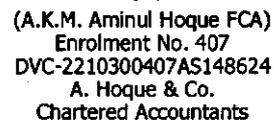

(Asadullah Mahmud FCS)
Company Secretary


(Masuda Sultana FCS)
Chief Financial Officer

Dated: 30.10.2022
Place: Dhaka, Bangladesh


(Rosy Rahman)
Director


(Bazlur Rahman)
Managing Director


(A.K.M. Aminul Hoque FCA)
Enrolment No. 407
DVC-2210300407AS148624
A. Hoque & Co.
Chartered Accountants

**SONARGAON TEXTILES LTD.
KHANSONS CENTRE, 37, KAWRAN BAZAR, DHAKA-1215, BANGLADESH.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS**

1.00 Reporting Entity

1.01 Corporate Information – Domicile, Legal Formation and Country of Incorporation

Sonargaon Textiles Limited has been incorporated in Bangladesh as a Public Limited Company under the Companies Act 1913 currently 1994 in the year 1984. The shares of the Company are listed with the Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE).

1.02 Address of Corporate Head Office:

The Corporate Office of the Company is situated at Khansons Centre, 37, Kawran Bazar, Dhaka-1215, Bangladesh.

1.03 Address Factory Office:

The Share Office of the Company is situated at Rupatali, Barisal and the Registered Office is there.

1.04 Other Corporate Information

(i) Trade License: TRAD/DNCC/064394/2022 date: 20/09/2022

(ii) e-TIN No.:476264417082 date: 18/12/2013

(iii) BIN No.: 0000871560804 date: 14/08/2019

1.05 Principal Activities and Nature of Business

The Company owns and operates a textile spinning mill comprising 3 Units, viz, Unit-I, Unit-2 and Unit-3 and its principal activities and operations are manufacturing of cotton yarn of different counts and sales thereof.

1.06 Commencement of Business

The Company commenced its commercial operation on 21.12.1985 but the operation has stopped for some technical reason for 14 months and commercial operation has restarted from 30.05.2021.

1.07 Number of Employees:

The number of employees was 1281 as on 30.06.2022.

1.08 Operating Segments

No operating segment is applicable for the Company as required by **IFRS 8**: Operating Segments as the Company has only one operating segments and the operation of Company is within the geographical territory in Bangladesh.

1.09 Structure, Content and Presentation of Financial Statements

According to the International Accounting Standards (IAS-1) as adopted by the Institute of Chartered Accountants of Bangladesh as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- ☞ Statement of Financial Position as at 30th June, 2022;
- ☞ Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2022;
- ☞ Statement of Changes in Equity for the year ended 30th June, 2022;
- ☞ Statement of Cash Flows for the year ended 30th June, 2022;
- ☞ Notes comprising summary of significant accounting policies and other explanatory Information.



2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules, 2020, the Listing Regulations of Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (CSE) and other relevant local laws as applicable and in accordance with the applicable International Financial Reporting Standards (IFRSs) including International Accounting Standards (IAS) as issued by International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Pursuant to recent amendment to the Companies Act, 1994 incorporating amendments, among others, is to change of the word 'Limited' by the word 'PLC' in case of Public Limited Companies including listed ones. Necessary formalities are in progress in implementing these changes.

2.02 Other Regulatory Compliances

The Company is also required to comply with the following major legal provisions in addition to Companies Act, 1994 and other applicable laws and regulations:

The Income Tax Ordinance, 1984;
 The Income Tax Rules, 1984;
 The Value Added Tax and Supplementary Duty Act, 2012;
 The Value Added Tax Rules, 2016;
 The Stamp Act, 1899;
 The Customs Act, 1969;
 The Bangladesh Securities and Exchange Commission Act, 1993;
 The Securities and Exchange Rules, 2020;
 The Securities and Exchange Ordinance, 1969;
 Bangladesh Labour Act, 2006 (as amended to 2018)
 DSE/CSE Rules;
 Listing Regulations, 2015;

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

As per para-14(2) of the Securities and Exchange Rule, 2020, the company has followed the International Accounting Standards (IAS's) and International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

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	N/A
7	12	Income Taxes	Complied
8	16	Property, Plant and Equipment	Complied
9	19	Employee Benefits	N/A
10	20	Accounting for Govt. Grants and Disclosure of Govt. Assistance	N/A
11	21	The Effects of Changes in Foreign Exchange Rates	Complied
12	23	Borrowing Costs	Complied
13	24	Related Party Disclosures	Complied
14	26	Accounting and Reporting by Retirement Benefit Plan	N/A
15	27	Separate Financial Statements	N/A
16	28	Investment in Associated and Joint Venture	N/A

Sl. No.	IAS No.	IAS Title	Compliance Status
17	29	Financial Reporting in Hyperinflationary Economics	N/A
18	31	Interest in Joint Ventures	N/A
19	32	Financial Instruments : Presentation	Complied
20	33	Earnings per Share	Complied
21	34	Interim Financial Reporting	Complied
22	36	Impairment of Assets	Complied
23	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
24	38	Intangible Assets	Complied
25	40	Investment Property	N/A
26	41	Agriculture	N/A

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Complied
2	2	Share based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance Contracts	N/A
5	5	Non-current Assets held for Sale and Discontinued Operations	N/A
6	6	Exploration for and Evaluation of Mineral Resources	N/A
7	7	Financial Instruments : Disclosures	Complied
8	8	Operating Segments	N/A
9	9	Financial Instrument	Complied
10	10	Consolidated Financial Statements	N/A
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interests in Other Entities	N/A
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contracts with Customers	Complied
16	16	Leases	Complied

2.04 **Basis of Measurement of Elements of Financial Statements**

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non-current assets which are stated either at revaluated amount or fair market value as explained in the accompanying notes. The accompanying policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of previous years.

2.05 **Accrual basis of Accounting**

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IFRS conceptual Framework.

2.06 **Going Concern Assumption**

The financial statements have been prepared on the assumption that the entity is a going concern and will continue its business in the foreseeable future. Hence it is assumed that despite of consecutive two years loss, the entity has earned profit in the current year and thus the entity as neither any intention nor any need to liquidation or curtail materially the scale of its operation. The current trend of production indicates further growth in near future in a bid to augment its revenue and the company has resorted to some measures like support of company's bank and shareholders and on the basis of these the management of the company is however confident the entity will continue as going concern.

2.07 Functional and Presentation Currency

Functional and presentation currency items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except otherwise indicated.

2.08 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards including IAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation and other payables.

2.09 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis.

Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right; therefore no such incident existed during the year.

2.10 Changes in Accounting Policies

There have been no changes in accounting policies. All policies were consistent with the practices of the previous years.

2.11 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency (BDT) at exchange rates ruling at the dates of transactions in accordance with IAS-21 "the Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act, 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/charged to the cost/value of such assets.

The financial statements are presented in 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.

Monetary assets and liabilities denominated in foreign currencies at reporting date are translated into (BDT) at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into (BDT) at the exchange rate ruling at the date of transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss.



2.12 **Comparative Information**

Comparative information has been disclosed in respect of 2020-2021 in accordance with IAS-1 "Presentation of Financial Statements" for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. Prior year's figure has been re-arranged wherever considered necessary to ensure comparability with the current period.

2.13 **Responsibility for Preparation and Presentation of Financial Statements**

The Board of Directors is responsible for the preparation and presentation of the financial statements as per requirements of Companies Act, 1994.

2.14 **Reporting Period**

The reporting period of the Company covers one year from 1st day of July, 2021 to 30th June, 2022.

2.15 **Approval of Financial Statements**

The financial statements have been approved by the Board of Directors on the 27th day of October, 2022.

3.00 **Significant Accounting Principles and Policies selected and applied for significant transactions and events are depicted below:**

For significant transactions and events that have material effect, the Company's Directors selected and applied significant accounting principles and policies within the framework of IAS1 : Presentation of Financial Statements in preparation and presentation of financial statements that have been consistently applied throughout the year and were also consistent with those use in earlier years.

For proper understanding of the financial statements, accounting policies set out below in one place as prescribed by the IAS1:Presentation of Financial Statements:

Assets and Basis of their Valuation

3.01 **Property, Plant and Equipment**

3.01.1 **Recognition and Measurements of Tangible Fixed Assets**

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of *IAS 16 "Property, Plant and Equipment"*. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Expenses as capitalized included applicable "Borrowing Costs" in compliance with the provisions of Companies Act, 1994 and IAS 23: Borrowing Costs.

Cost also includes initial estimate of the costs of dismantling, removing the item and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities and Contingent Assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the statement of comprehensive income which is determined with reference to the net book value of assets and the net sales proceeds.



3.01.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

3.01.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day to day servicing of property and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as repairs and maintenance where it is incurred.

3.01.4 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipment, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

Depreciation on all other fixed assets except land and land development and pond excavation is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the Statement of Profit or Loss Account for the year ended. The annual depreciation rates applicable to the principal categories are:

<u>Category of Fixed Assets</u>	<u>Rate of Depreciation</u>
Land & Land Development	--
Building & Construction	5%
Plant & Machinery	7%
Furniture & Fixture	15%
Motor Vehicles	20%
Sundry Assets	20%

The Company's policy is to transfer excess depreciation of revalued assets are transferred from revaluation surplus to retained earnings.

3.01.5 Disposal of Property, Plant and Equipment

An item of Property, Plant and Equipment is removed from the statement of financial position when it is disposed off or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant and Equipment is included in the statement of profit or loss and other comprehensive income of the period in which the de-recognition occurs.

3.01.6 Impairment

The carrying amounts of entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment, if any such indication exists, the assets' recoverable amounts are estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

An impairment loss is recognized through the statement of profit or loss and other comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is calculated as the present value of estimated future cash flows, that will be generated using that asset, discounted at an appropriate rate.

Impairment indicators comprise:

- reduced earnings compared to expected future outcome.
- material negative development trends in the sector or the economy in which the company operates; - damage to the asset or changed use of asset;

3.03 **Sundry Debtors (Including Advance, Deposits and Pre-Payments)**

These are carried at original invoice amounts, which represent net realizable value.

3.04 **Other Current Assets**

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

3.05 **Inventories**

Inventories are measured at lower of cost and net realisable value. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories consist of raw cotton, finished goods, work-in-process, spare parts, packing materials and wastage cotton. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

3.06 **Revenue Recognition**

In compliance with the requirements of IFRS 15, the Company recognizes revenue when control of the goods or services has been transferred to customer and the performance obligation has been completed. Revenue is measured at the fair value of the amount of consideration received or receivable excluding VAT, discounts, commission, rebates and other sales taxes where applicable.

IFRS 15 requires company to determine variable factors such as sales returns when calculating the fair value of the consideration to be received. The magnitude and quantity of sales returns as a percentage of sales has been historically very low. As a result, the Company does not make a sales return allowance at the end of the year. The Company does not however monitor the activity of sales returns during the year and the behaviour of customers to determine if a sales return allowance is required. As of 30th June, 2022, no sales return allowance was deemed to be required.

The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- ♦ Identify the contract with a customer;
- ♦ Identify the performance obligations in the contract;
- ♦ Determine the transaction price;
- ♦ Allocate the transaction price to the performance obligations in the contract; and
- ♦ Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

(a) **Sale of Goods**

Revenue from the sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company has generally concluded that it is the principle in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(b) **Profit on Bank Deposits**

Profit on bank deposits have been accounted on accrual basis.

(c) **Other Revenues**

Other revenues are recognized when services are rendered and bank interests are earned.

3.07 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.07.1 Financial Assets

The company initially recognises a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

An entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both in pursuance of provision 4.1 classification of financial assets under IFRS 9:

(a) the entity's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial assets.

3.07.1.1 Financial Assets measured at amortized cost

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

3.07.1.2 Financial Assets measured at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows solely payments of principal and interest on the principal amount outstanding.



3.07.1.3 **Financial Assets measured at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

Financial assets include trade and other receivables, advance, deposits & prepayments and cash & cash equivalents.

(i) **Trade and Other Receivables**

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to non-collectability of any amount so recognized.

(ii) **Advance, Deposits & Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit & loss account.

(iv) **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash in hand, cash at bank and fixed deposits having maturity of less than three months which are available for use by the company without any restriction.

3.07.2 **Financial Liabilities**

A financial liability is recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. The company initially recognises financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Non-derivative financial liabilities comprise interest bearing borrowings, trade and other payables and provision.

(i) **Interest bearing borrowings**

Principal amounts of the loans and borrowings are stated at their amortized amount. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

(ii) **Trade and Other Payables**

Trade and other payables are recognized at the amount payable for settlement in respect of goods and services received by the Company.

(iii) **Provisions**

A provision is recognized on the statement of financial position date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.08 **Equity Instruments**

Ordinary shares are classified as equity. Investment costs directly attributable to the issue of ordinary shares are recognized as expenses. Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

3.09 **Impairment**

(i) **Non-derivative Financial Assets**

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicate that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- (a) default or delinquency by a debtor;
- (b) restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- (c) indications that a debtor or issuer will enter bankruptcy;
- (d) adverse changes in the payment status of borrowers or issuers;
- (e) observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets.

(ii) **Financial Assets measured at amortized cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.



(iii) **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets (other than biological asset, investment property, inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.10 **Derivatives**

The company is not a party to any derivative contract at the statement of financial position date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

3.11 **Investment in Shares (IAS-39): Financial Instruments-Recognition and Measurement)**

Investment in marketable ordinary shares has been shown at cost price and classified as available for sale financial instruments as per IAS-39. Any adjustment for diminution in value of share as on closing of the period on an individual investment basis is made in the financial statement which is reflected in the other comprehensive statement.

3.12 **Leases**

IFRS 16 provides a single leasee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset as a low value. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low value items.

The Company applied IFRS 16 Lease for the first time on 1st July, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the company used to charge the consideration paid in its books as revenue expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized right of use assets representing its rights to use underlying assets and lease liabilities representing its obligation to make lease payments. The Company applied IFRS 16 on 1st January, 2019 for the existing lease contracts.

The Company has only office rent agreement, which is classified as operating leases, which under IFRS 16 are required to be recognized on the Company's statement of financial position. The nature and timing of expenses related to those leases has changed as IFRS 16 replaced the straight line operating lease expenses (as per IAS-17) with an amortization charge for the right of use assets and interest expense on lease liabilities.

The Company applied the practical expedient to the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1st January, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company's all contractual payments to the lessor contains only fixed amounts of lease payment and no variable lease payments are embedded with the lease payments. The rental agreements do not include any automatic renewals, nor do they include any guaranteed residual values of the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Subsequent Measurement:

The Lease Liability:

Upon initial recognition, the lease liability is being accounted for using amortised cost. Meaning that the initial liability is added by finance charge at company's incremental borrowing cost less subsequent rental payment on monthly basis.

Right to Use Assets:

The leased assets (Right to Use Asset) are depreciated over its useful life on monthly basis using straight line depreciation method.

3.13 Taxation

Income Tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity in accordance with IAS 12: Income Tax.

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting period was 15% as a reduce rate by SRO.159/AIN/Income tax/2022 Valid up to June 2025 and 30% was on non-operating income.

(b) Deferred Tax:

The company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS 12: Income Taxes. The Company's policy of recognition of deferred tax assets / liabilities is based on temporary differences (Taxable or Deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.



(c) **Value Added Tax:**

Revenues, expenses and assets are recognized net of the amount of Value Added Tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivable and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, taxation authority is included as part of receivables or payables in the statement of financial position.

3.14 **Proposed Dividend**

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts in accordance with the requirements of International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events after the Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

3.15 **Cost of Post-Employment Benefits**

The company has not maintained a defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. The Company does not have any defined benefit plans and therefore does not record any provisions or expenses in this regard.

3.16 **Capitalization of Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

3.17 **Accruals, Provisions and Contingencies**

(a) **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) **Provisions**

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year the company has made sufficient provisions where applicable.



(c) **Contingencies**

A contingent liability is 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 not wholly within the control of the company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

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 not wholly within the control of the company. At the reporting date the company does not have any contingent asset.

Contingent liabilities and assets are not recognized in the statement of financial position of the company.

3.18 **Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represents cash and cash equivalents considering the *IAS 1 "Presentation of Financial Statements"* and *IAS 7 "Cash Flow Statement"* which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an in significant risks of changes in value and are not restricted as to use.

3.19 **Statement of Cash Flows**

Cash flow statement is prepared in accordance with IAS 7: "Cash Flow Statement", as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted balance held with the commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities.

According to IAS 7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS 7 and IAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalent. In addition, management disclosed indirect method under IAS-7 statement of cash flows from audit activities as per circular no. Clause No. 5 (2) (e) of Notification No. BSEC/CMRRCD/ 2006-158/208/ Admin/81, dated: 20 June 2018: Reconciliation of Net operating cash flow under Indirect Method.

3.20 **Earnings per Share (EPS)**

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic EPS

The Company presents basic earnings per share (EPS) data 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.

Diluted Earnings Per Share

For the purpose of calculating diluted earnings per shares, an entity adjusts profit or loss attributable to each ordinary equity holders of the entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Diluted EPS is only calculated where the company has commitment to issue ordinary shares in future at reporting date. No such commitment is hold by company at reporting date.



3.21 Risk Exposure

Interest Rate Risk

Interest rate risk is the risk that company faces due to unfavourable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management Perception

The management of the company prefers procuring the long term fund with minimum fixed interest rate and the short term fund with reasonable competitive rate. The company maintains low debt/equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange Rate Risk

Exchange rate risk occurs due to changes in exchange rates. As the company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavourable volatility or currency fluctuation may affect the profitability of the company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management Perception

The products of the company are sold mostly in foreign currency. Therefore, volatility of exchange rate will have impact on profitability of the company.

Industry Risks

Industry risk refers to the risk of increased competition by entries of new competitors from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management Perception

Management is optimistic about growth opportunity in textile sector in Bangladesh.

Market Risk

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management Perception

Management is fully aware of the market risk, and act accordingly. Market for CNG sector in Bangladesh is growing at an exponential rate. Moreover, the company has a strong marketing and brand management to increase the customer base and customer loyalty.

Operational Risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of the company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management Perception

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The company hedges such risks in costs and prices and also takes preventive measures therefore.

Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price.

Management Perception

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Labour Unrest Risk

Smooth production is dependent on good relationship with factory workers and their ability to provide high quality services. In the event of disagreement with workers the company may face adverse impact.

Management Perception

The management personnel both in head office and production premises maintains a good atmosphere at the working place and provides with all necessary facilities to the workers like healthy remuneration, employee leave entitlement, termination benefits and workers profit participation fund for its employees which reduces the risk of labour unrest.

3.22 Events after the Reporting Period

As per IAS-10 "Event after reporting Date" are those event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Two types of event can be identified: those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after balance sheet date); and those that are indicative of conditions that arose after the reporting year (Non-adjusting events after balance sheet date).

3.23 Related Party Disclosure

As per International Accounting Standard, IAS-24: 'Related Party Disclosures', parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in **Note 20**.

4.00 General

- (a) All shares have been fully called and paid up;
- (b) There is no preference shares issued by the company;
- (c) The company has not incurred any expenditure in foreign currency against royalties and technical fees;
- (d) Auditors are paid only the statutory audit fees;
- (e) No foreign currency was remitted to the shareholders during the year under audit;
- (f) No money was spent by the company for compensating any member of the board for rendering special services;
- (g) No brokerage was paid against sales during the year under audit;
- (h) No bank guarantee was issued by the company on behalf of its directors.



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
5.00 Non-Current Assets	798,833,354	843,248,573
This is made up as follows:		
5.01 Property, Plant & Equipment	798,833,354	842,742,314
5.02 Right of Use Asset	-	506,259
	<u>798,833,354</u>	<u>843,248,573</u>
5.01 Property, Plant and Equipment	798,833,354	842,742,314
This is made up as follows :		
At Cost:		
Balance as 01.07.2021	1,475,544,498	1,262,472,671
Add: Addition during the year	-	213,071,827
	<u>1,475,544,498</u>	<u>1,475,544,498</u>
Less: Disposal during the year	-	-
	<u>1,475,544,498</u>	<u>1,475,544,498</u>
Less: Accumulated Depreciation :		
Balance as on 01.07.2021	632,802,185	585,607,494
Add: Charged during the year	43,908,959	47,194,689
	<u>676,711,144</u>	<u>632,802,183</u>
Less: Disposal during the year	-	-
	<u>676,711,144</u>	<u>632,802,183</u>
Written Down Value as on 30.06.2022	798,833,354	842,742,314
We have obtained the General Ledger balance of Property, Plant & Equipment and we have compared the previous year's balance with the audited financial statements of the previous year's. We have also checked the current year's balance with the balance as per nominal ledger and matched the result found during the audit with the amount shown in Financial Statements/ General Ledger and similarly matched the prior year closing balance with the current year opening balance.		
The details of which have been shown in Annexure-1, 2, 3 & 4.		
5.02 Right Use of Asset		506,259
This is made up as follows :		
At Cost:		
Balance as 01.07.2021	506,259	1,012,518
Add: Addition during the year	-	-
	<u>506,259</u>	<u>1,012,518</u>
Less: Disposal during the year	-	506,259
	<u>506,259</u>	<u>506,259</u>
Less: Accumulated Depreciation :		
Balance as on 01.07.2021	506,259	-
Add: Charged during the year	-	-
	<u>506,259</u>	<u>-</u>
Less: Disposal during the year	-	-
	<u>506,259</u>	<u>-</u>
Written Down Value as on 30.06.2022		506,259
6.00 Current Assets	592,926,333	500,094,975
This is made up as follows:		
6.01 Inventories	518,313,471	439,133,966
6.02 Advances, Deposits & Prepayments	5,181,420	5,268,686
6.03 Trade & Other Receivables	67,099,973	53,433,670
6.04 Investment in Shares	1,569,450	1,569,450
6.05 Cash and Cash Equivalents	762,019	689,203
	<u>592,926,333</u>	<u>500,094,975</u>



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
6.01 Inventories	518,313,471	439,133,966
This is made up as follows :		
Raw Cotton (Note No.11,01)	156,963,814	261,477,603
Finished Goods (Note No.11)	321,554,047	139,685,323
Work in Process (Note No. 11)	6,585,755	6,218,005
Waste Cotton (Note No.11)	9,567,845	9,989,657
Spare Parts	19,587,635	18,118,476
Packing Materials	4,054,375	3,644,902
	<u>518,313,471</u>	<u>439,133,966</u>
(i) The valuation method has been applied consistanly as supported by IAS;		
(ii) The total schedule of closing inventory for each items as at 30th June, 2022;		
(iii) The policy to keep provision for impairment of inventory has been obtained;		
(iv) There is no damage goods or slow moving item in the inventory;		
6.02 Advance, Deposits & Prepayments	5,181,420	5,268,686
This is made up as follows :		
Advance Income Tax Note 6.2.1	1,270,023	1,339,281
Security Deposit Note 6.2.2	3,853,540	3,853,540
Advance against Salary	57,857	75,865
VAT/Excise duty paid in advance	-	-
	<u>5,181,420</u>	<u>5,268,686</u>
6.2.1 Advance Income Tax	1,270,023	1,339,281
This is made up as follows:		
Opening Balance	1,339,281	-
Less : Previous year provision for Taxation	-	-
	<u>1,339,281</u>	<u>-</u>
Add: Current year Tax deducted at sources :		
Income Tax paid as advance		
On Export proceeds	2,374,168	2,075,685
On Bank Interest	595	764
On Dividend	285,591	285,591
	<u>3,999,635</u>	<u>2,362,040</u>
Less : Write off Advance Income Tax	-	-
Less : Last year provision for Taxation	-	368,529
Less : During the year provision for Taxation	2,729,612	654,231
	<u>1,270,023</u>	<u>1,339,281</u>
6.2.2 Security Deposit	3,853,540	3,853,540
This is made up as follows:		
Security Deposit to Bangladesh Oxyzen Ltd.	4,000	4,000
Security Deposit to PDB (U-1)	1,061,393	1,061,393
Security Deposit to PDB (U-2)	621,607	621,607
Security Deposit to PDB (U-3)	1,942,000	1,942,000
Security Deposit to Telephone (BTTB)	125,500	125,500
BTME (Special Fund)	99,040	99,040
	<u>3,853,540</u>	<u>3,853,540</u>

Advance to employees against salary which is adjustable against monthly salary is considered good. Security deposits consist utility deposits is considered good.



6.03 Trade & Other Receivables

Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
67,099,973	53,433,670

This is made up as follows :

Name	Address	Amount (Tk.)	Amount (Tk.)
Tras Impex Co	Tanbazar, Narayangonj	-	296,000
Sajib & Brothers	Madhobdi bazar, Narsindhi	-	266,938
Mujib Enterprise	Tanbazar, Narayangonj.	-	267,900
Dolon Yarn Trading	Madhobdi bazar, Narsindhi.	-	135,331
RB Trade	Tanbazar, Narayangonj.	-	6,550,500
Arian Spinning Co.	Tanbazar, Narayangonj.	-	41,903,251
Regent Textile Limited		-	4,013,750
Knit concern Ltd.	Tanbazar, Narayangonj.	49,596,840	
Tasrian weaving Mills Ltd.	Madhobdi bazar, Narsindhi.	12,822,008	
Radowan Knite Composite	Tanbazar, Narayangonj.	4,681,125	
		67,099,973	53,433,670

Agieng Schedule of Trade & Other Receivable:

Duration:

1-30 Days	17,503,133	-
31-60 Days	8,426,880	-
61-90 Days	-	-
91-180 Days	41,169,960	39,366,502
181-365 Days	-	14,067,168
Over 365 Days	-	-
	67,099,973	53,433,670

- (i) Net receivables are considered good. The company holds no security other than debtors' personal security in the form of work orders etc.
- (ii) No amount was due by the directors (including the Managing Director and Chairman), managers and other officers of the Company or any of them either severally or jointly with any other person.

6.04 Investment in Shares

1,569,450	1,569,450
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The Company holds shares of Central Depository BD Ltd.(CDBL) which are measured at cost. The total value of shares as at 30th June, 2022 are the Shares of Central Depository BD Ltd. (CDBL), held at cost:

1,569,450	1,569,450
1,569,450	1,569,450

The Company holds shares of Central Depository Bangladesh Ltd. (CDBL) which are measured at cost as on 30th June, 2022.

6.05 Cash and Cash Equivalent

762,019	689,203
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This is made up as follows :

Cash in hand	48,632	101,985
Cash at Bank (Note-6.05.1)	713,387	587,218
	762,019	689,203

6.05.1 Cash at Bank

713,387	587,218
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This is made up as follows :

Name of the Bank	Branch	A/C No.	Amount (Tk.)	Amount (Tk.)
Dutch Bangla Bank Ltd.	Kawran Bazar	107-120-2912	187,236	186,831
National Bank Ltd.	Tanbazar	0010-33009916	3,224	5,063
Social Islami Bank Ltd.	Narayangonj	0661330007288	96,780	5,306
Social Islami Bank Ltd.	Karwan Bazar	0871360000232	46,344	28,053
Social Islami Bank Ltd.	Karwan Bazar	0871330004209	11,140	
Social Islami Bank Ltd.	Barisal	0731330006555	8,623	
Trust Bank Ltd.	SKB Br., Motijheel	3300-3143	-	-
Basic Bank Ltd.	Main Branch	216010000398	10,637	11,562
Rupali Bank Ltd.	Local Office	18024000171	28,857	28,857
Dutch Bangla Bank Ltd.	Motijheel Foreign Exc.	1051201231	114,266	115,267
Rupali Bank Ltd.	Barisal	20005021	-	-
Dutch Bangla Bank Ltd.	Barisal	127110855	206,280	206,280
			713,387	587,218



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
7.00 Shareholders' Equity and Liabilities	301,969,159	293,136,736
The break up is as follows:		
7.01 Share Capital	264,670,560	264,670,560
7.02 Capital Reserve	5,373,570	5,373,570
7.03 Share Premium	54,560,000	54,560,000
7.04 Revaluation Reserve	351,844,432	364,148,104
7.05 Retained Earnings	(374,479,403)	(395,615,498)
	<u>301,969,159</u>	<u>293,136,736</u>
7.01 Share Capital	264,670,560	264,670,560
Authorized Share Capital:		
5,000,000.00 Ordinary Shares of Tk. 10/- each.	500,000,000	500,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
Ordinary Shares Capital:		
Issued, Subscribed and Paid up 26,467,056 Ordinary Shares @ Tk. 10/- each.	264,670,560	264,670,560
Sponsors Shares 11,790,404 of Tk. 10/- each	117,904,040	117,904,040
General Public Shares 115,531,59 of Tk. 10/- each	115,531,590	137,255,290
Financial Institutions Shares 3,017,449 of Tk. 10/- each	30,174,490	8,690,360
ICB Unit Fund Shares 693 of Tk. 10/- each	-	6,930
ICB Securities Trading Co. 24,917 Tk. 10/- each	249,170	-
ICB & Other Shares 81,127 of Tk. 10/- each	811,270	813,940
	<u>264,670,560</u>	<u>264,670,560</u>

The position of Ordinary Shareholders as on 30th June, 2022 was as follows:

Particulars	No. of Share Holders	No. of Shares	Amount (Tk.)	Amount (Tk.)
a) 11,790,404 ordinary shares of Tk.10/- each paid by sponsors	7	11,790,404	117,904,040	117,904,040
Sub Total	7	11,790,404	117,904,040	117,904,040
b) Group Summary of Other Shareholders				
Description of the Group :				
i) Financial Institutions (ICB & others)	151	3,017,449	30,174,490	8,690,360
ii) General Public	2,905	11,553,159	115,531,590	137,255,290
iii) ICB unit Fund	-	-	-	6,930
iv) Investment Corporation of Bangladesh	-	-	-	1,840
v) Investment Account, ICB, Sylhet	-	-	-	-
vi) ICB Suspension for fraction	-	-	-	830
vii) ICB Securities Trading Co.	1	24,917	249,170	-
viii) ICB Capital Management Ltd	1	81,127	811,270	811,270
Sub Total	3,058	14,676,652	146,766,520	146,766,520
Grand Total	3,065	26,467,056	264,670,560	264,670,560

7.02 Capital Reserve	5,373,570	5,373,570
This is as per last account.		
7.03 Share Premium	54,560,000	54,560,000
This is as per last account.		
7.04 Revaluation Reserve	351,844,432	364,148,104
This is made up as follows :		
Balance as on 01.07.2021	364,148,104	377,318,921
Prior Year Error Correction	-	-
Adjusted Opening Balance	364,148,104	377,318,921
Less: Adjustment for depreciation for this year	(12,303,672)	(13,170,817)
	<u>351,844,432</u>	<u>364,148,104</u>

This amount represents as per last years accounts

	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
7.05 Retained Earnings	(374,479,403)	(395,615,498)
This is made up as follows :		
Balance as on 01.07.2021	(395,615,498)	(55,453,156)
Add: Revaluation Reserve	12,303,672	13,170,817
Add: Profit/(Loss) after Tax	8,832,422	(353,333,158)
	(374,479,404)	(395,615,497)
Less : Adjustment during the year	(374,479,403)	(395,615,498)
	1,065,308,826	1,030,192,545
8.00 Non-Current Liabilities		
This is made up as follows:		
8.01 Long Term Loan (Non-Current Maturity)	963,281,225	925,966,529
8.02 Lease Obligation Liability	-	1,150,459
8.03 Director's and Other Loans and Advances	27,720,197	27,720,197
8.04 Deferred Tax Liability	74,307,404	75,355,360
	1,065,308,826	1,030,192,545
	963,281,225	925,966,529
8.01 Long Term Loan (Non-Current Maturity)		
This is made up as follows :		
BDBL Term Loan # 00027	303,425,627	289,787,349
MTBL-Term loan-1	80,853,222	80,853,222
MTBL-Term loan-2	55,403,054	55,403,054
MTBL-Term loan-3	155,823,954	155,823,954
Rupali Bank Loan account (Principal)	367,775,368	344,098,950
Grand Total (Unit 1+2+3)	963,281,225	925,966,529

Note :

In respect of the loan facilities availed from Bangladesh Development Bank Ltd. (BDBL) (Former Bangladesh Shilpa Bank) for Unit No. 1, 2 & 3, the loan amount presented in the statement of financial position equals Tk. 303,425,627. The bank performed a reschedule for the loan in the current year. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 346,291,000. The company is currently contesting this claim in the court. The loan balance presented in the statement of financial position represent the original principal amount plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due to the ongoing litigation with the courts, the loan balance is confirmed by a reschedule for the loan. We are informed by the management that it has been discussed with BDBL Managing Director in the month of November 2021 and submitted a prayer for package settlement at Tk.25.00 crore irrespective of what was suit value and Bank's Ledger.

The Company availed loan from Rupali Bank Limited (RBL) for Unit 3 through mortgage of Company's Fixed Assets and personal guarantee of all sponsor Directors. The bank performed a reschedule for the loan. The bank charges interest on the loan facilities @ 9% of Term Loan. The Company availed Term loan for unit-3 & working capital facility from Rupali Bank Ltd. against Balance security arrangement with original financier BDBL for unit-1 & 2. Once huge transaction and repayment of loan made with RBL. Term loan availed Tk. 11.00 crore but repaid about Tk. 22.00 crore.

Meanwhile, the company discussed with Rupali Bank Managing Director sometimes in October, 2021 and submitted a prayer for one time exit at Tk. 20.00 crore package payment irrespective of whatever liability remaining in bank's ledger.

Long Term Loan includes a classified loan availed from Mutual Trust Bank (MTB) with a loan balance representing taka 2,920,802,30. However, the bank made a suit through "Artha Rin Adalat" vide suit no. 878 of 2015 against the company for recovery of money with suit value taka 219,501,331 the company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principal amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due ongoing litigation with the courts, the loan balance is subject to confirmation. The Company's provisional outstanding balance on the balance sheet is over from litigation amount claimed by the bank. Therefore, the management have decided not make further interest expenses provision during this since the company have already provisioned a higher amount of this than the bank is claiming on the case. The management has also consulted with the company's lawyer and believe the case to be in company's favour. The Company availed working capital facility from MTBL and made huge transaction. Although money suit filed by bank, yet the company discussed with the bank management and settled liability as exit at Tk. 8.00 crore as full and final irrespective of whatever suit value.



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
8.02 Lease Obligation Liability	-	1,150,459
At Cost:		
This is made up as follows:		
Opening Balance	1,150,459	1,055,467
Add: Addition during the year	-	-
	<u>1,150,459</u>	<u>1,055,467</u>
Add: Finance Charge	94,992	94,992
Less: Payment during the year	<u>1,245,451</u>	<u>-</u>
Closing Balance	-	1,150,459
Less: Transferred to current maturity	-	<u>1,150,459</u>
	27,720,197	27,720,197
8.03 Director's and Other Loans and Advances		
This is made up as follows:		
Opening balance	27,720,197	27,720,197
Add: Received during the year	-	-
	<u>27,720,197</u>	<u>27,720,197</u>
Less: Paid during the year	-	-
	<u>27,720,197</u>	<u>27,720,197</u>
These represent loan from directors which do not carry any interest.		
8.04 Deferred Tax Liabilities	74,307,404	75,355,360
This is made up as follows:		
Balance as on 01.07.2021	75,355,360	75,517,774
Add: Addition during the year	<u>(1,047,956)</u>	<u>(162,414)</u>
	74,307,404	75,355,360
Less: Adjustment during the year	<u>74,307,404</u>	<u>75,355,360</u>
	24,481,701	20,014,266
9.00 Current Liabilities & Provisions		
This is made up as follows:		
9.01 Unclaimed /Unpaid Dividend from 2019	1,523,156	1,523,156
9.02 Trade & Other Payables	20,842,026	16,310,295
9.03 Workers Profit Participation and Welfare Fund	2,116,519	2,180,815
9.04 Provision for Income Tax	-	-
	<u>24,481,701</u>	<u>20,014,266</u>
9.01 Unclaimed /Unpaid Dividend from 2019	1,523,156	1,523,156
This is made up as follows :		
Balance as on 01.07.2021	1,523,156	1,523,156
Add: Addition during the year	-	-
	<u>1,523,156</u>	<u>1,523,156</u>
Less: Adjustment during the year	-	-
	<u>1,523,156</u>	<u>1,523,156</u>
Ageing:		
For 2019	1,523,156	1,523,156
	<u>1,523,156</u>	<u>1,523,156</u>
9.02 Trade & Other Payables	20,842,026	16,310,295
This is made up as follows :		
Accrued Expenses Payable Note 9.02.1	12,675,698	8,709,903
Outstanding Audit Fees	402,500	345,000
Trade Payables Note 9.02.2	<u>7,763,828</u>	<u>7,255,392</u>
	20,842,026	16,310,295
9.2.1 Accrued Expenses Payable	12,675,698	8,709,903
This is made up as follows :		
Electricity Bill (Factory) for June, 2022	8,241,844	5,040,348
Salary & Wages (Factory) for June, 2022	4,007,879	2,096,709
Salary & Allowance Employees	425,975	792,846
Office Rent	-	780,000
Barisal City Corporation Tax	-	-
	<u>12,675,698</u>	<u>8,709,903</u>



9.2.2 Schedule of Trade Payables

Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
7,763,828	7,255,391

This is made up as follows :

Name	Address	Amount (Tk.)	Amount (Tk.)
P.N Enterprise (Raw cotton)	2, S.M Maleh Road, Tanbazar, N.gonj	1,109,412	313,805
Ratan Enterprise (Raw cotton)	103 S.M Maleh Road, Tanbazar, N.gonj	555,479	317,022
Master Yarn Trading (Raw cotton)	BB Road,Ukil Para, N.gonj	169,160	169,160
Rashid Enterprise (Raw Cotton)		-	-
Salma Traders (Raw Cotton)	Kalibari Road,Narayangonj.	6,245	6,245
Hog Yarn Ltd. (Raw Cotton)	Kalibari Road,Narayangonj.	178,701	178,701
Tex trade (Raw cotton)	Banasree, Rampura, Dhaka	156,414	156,414
3star tecnology	Banasree, Rampura, Dhaka	46,750	-
The Cotbiz Trading (Raw cotton)	Banasree, Rampura, Dhaka	-	-
Adib Enterprise (Spare parts)	Plot # 16,Block# D,Mill Gate,Tongi,Dhaka	72,575	72,575
AD Media Printers	Panir tank Goli, Fakirapur, Arambagh.	133,539	92,000
Airtech Compressor	Dhamrai,Manikgonj.	25,000	25,000
A.I.S Enterprise	Shop # 35,125, Iqble Road,M.pur , Dhaka	35,795	35,795
AR Tech Solution BD	Sector-3, Uttara, Dhaka	28,500	-
Axis Textiles engineering	H # 2, L # 13,B # A,Sec-10,Mirpur,Dhaka.	27,700	27,700
Azad Store	69, B.B. Road, Ukil para,Dhaka	84,983	84,983
Aziz Packaging Ltd.	Chasara,Narayangonj.	-	50,000
Bijoytex Engineering	Purana Paltan, Dhaka	34,750	-
Bengal Roots	New Airport Road,Farmgate,Tejgaon ,Dhaka.	600	600
Cargo Control (BD) Pet Ltd	69 Dilkusha C/A , Dhaka.	143,084	143,084
C.H Graphics & Printers	75,Arambagh, Motijheel,Dhaka-1208	142,642	142,642
China Plastics BD. Ltd.	FaisalTower,Gulshan,AvenueCircle-02	-	-
Chittagong Fibre Board	125,Andor Killa,Chittagong	196,740	196,740
City Lube Oil Industries Ltd	Dilkusha, Motijheel, Dhaka	30,600	-
Dawood Sultan & Co.	Begun bari ,Tejgaon,Dhaka.	160,000	190,000
Energy Control And Eng.Ltd	Eskaton, Dhaka	15,403	-
Euro Trade	Road#7Block#plot#52,Eastern Banasree,Dhaka	55,857	108,299
Forman Enterprise	Bangshal ,Dhaka.	81,000	81,000
Friends Electric House	Noor Electric Market,Nawabpur,Dhaka.	8,498	8,498
Fusia Electronics	Mirpur DOSH.	33,600	33,600
Gazi Tank	Sonir akhra,Jatrabari,Dhaka.	8,200	8,200
IC System & Service	Muscot Plaza,Azampur,Dhaka	23,000	23,000
IHS Inspection Serices(BD) ltd.	66, Diikusha C/A Dhaka	6,562	6,562
Jusna Enterprise	Narayangonj.	105,000	5,000
Lipika (Spare Importer)	Krishi market,Mohamadpur,Dhaka.	259,017	150,017
Mass Electors Ltd.	Jashimuddin.Uttara.	114,600	114,600
Madona Enterprise	Elephant road,Dhaka.	36,450	36,450
Mahin Enterprise	130, B.C Road,Nawabpur Road,Dhaka	187,103	92,999
Mask Engineering	Chasara,Narayangonj.	30,500	30,500
Musum Enterprise	Shop # 6,107, Nawabpur Road, Dhaka	25,745	25,745
Minha Tex International	Basansree, Rampura, Dhaka	73,400	-
M/S M Hossain Engineering Workshop	Zatrabari, Dhaka.	72,300	72,300
New Bangla Technical Support Centre	Madhapdi. Naranshindi.	157,000	157,000
New Diamond Plastic Traders	Shop # 9,218, Nawabpur Road, Dhaka	21,885	321,885
NSR Enterprise	Matuail.Zatarabari.	-	-
Nuhan Engineering Workshop	128,Bonogram Road,Dhaka	2,400	2,400
Pacific Trading	128 Nawabpur.Dhaka.	150,337	150,337
PN International	Chasara,Narayangonj.	110,000	110,000
Popular Trades(Narayangong)	46/1 Old Jimkhana, Narayangonj	206,341	206,341
Prime Power Solution	Darrushsalam.Dhaka.	9,400	9,400
Quality Tex	Malibag.Dhaka.	-	-
Quality Traders	Nawabpur, Dhaka.	234,020	234,020
Ringtex Engineering	Kaligong.Dhaka.	22,800	22,800
Riyad Light House	128 Nawabpur.Dhaka.	91,440	91,440
Rumman Spring & Eng. Works	128,Bonogram, Nawabpur Road,Dhaka	1,528,798	9,639
Sail International	Gulshan-1	20,800	420,800
Satata Enterprise	Kakrail,Dhaka.	30,245	743,745
SD Tax Promoters Ltd.	Kakrail,Dhaka.	28,210	25,810
Sinobangla Industries Ltd.	C.R Datta Road,Panthapath ,Dhaka.	39,071	39,071
S M Paper Cone	Tongi, Gazipur	88,000	-
S M Textech	Azampur, Uttara, Dhaka.	31,780	-
Solution Technology	Mirpur-1,Dhaka.	123,500	123,500
Spinning world	Hat khula road ,Motijheel ,Dhaka.	-	-

		Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
Name	Address	Amount (Tk.)	Amount (Tk.)
Simul Traders	63/A,Railway Commercial Plot,Shajahanpur,Dhaka	99,821	308,571
Southern multi Pack	BASIC,Barisal.	15,800	415,800
Square Informatix Ltd.		5,000	5,000
Standard Sprung Industries	78,Nawabpur Road, Dhaka	24,350	24,350
Suman Joint Store	Nawabpur, Dhaka.	50,500	50,500
Sutex International	Mowchak, Dhaka.	12,200	394,100
Texcoms Services	Azampur, Uttara, Dhaka.	37,500	37,500
Texmate Engineering	Jatrabari, Dhaka	26,495	-
Triad International	Bijoy Nagar, Dhaka	6,400	10,000
United Trade Centre	Jashimuddin, Uttara.	95,650	95,650
Yusuf Trader		3,290	3,290
ZSZ Engineering	Hat khula Road, Motijheel, Dhaka.	15,890	215,890
Others Party (Factory)		-	27,317
		7,763,828	7,255,391

9.03 **Workers Profit Participation and Welfare Fund**

2,116,519 **2,180,815**

This is made up as follows:

Balance as on 01.07.2021	2,180,815	1,980,815
Add: Addition during the year	735,704	200,000
	<u>2,916,519</u>	<u>2,180,815</u>
Less: Adjustment during the year	800,000	-
	<u>2,116,519</u>	<u>2,180,815</u>

As per Section 234 of the Bangladesh Labour Act, 2006, 5% of Net Profit has been provided in proportion to 80:10:10 in order to contribute to Workers Profit Participation Fund, Welfare Fund and Bangladesh Workers Welfare Fund Foundation respectively,

9.04 **Provision for Income Tax**

This is made up as follows:

Balance as on 01.07.2021	-	368,529
Add: during the year	2,729,612	654,231
Balance after addition	<u>2,729,612</u>	<u>1,022,759</u>
Less : Adjustment Previous year Advance Tax	-	-
Less : Adjustment During the year Advance Tax	<u>(2,729,612)</u>	<u>(1,022,759)</u>
	<u>-</u>	<u>-</u>

As per IAS 12, Paragraph 81, a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s) is provided below:

Net Income:	10,514,078	(352,841,341)
Minimum Tax as per Section 82/C: 0.6% of Revenue [B]:	272,961.2	654,231
Tax: Deducted at Source [C]	<u>2,660,354</u>	<u>2,075,685</u>
Tax Provision	<u>2,729,612</u>	<u>654,231</u>



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
10.00 Sales (Revenue)	454,935,378	109,038,473

This is made up as follows :

Particulars	30.06.2022		30.06.2021	
	Qty. Lbs	Taka	Qty. Lbs	Taka
Export of Yarn/Local Sales of Yarn/Waste cotton/Stock Lot Sale	1,322,149	454,999,115	1,437,722	109,038,473
Less: VAT on Sales of Waste Cotton	-	63,737	-	-
	1,322,149	454,935,378	1,437,722	109,038,473
Total Turnover (Net)	1,322,149	454,935,378	1,437,722	109,038,473

11.00 Cost of Goods Sold	384,647,861	92,242,596
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This is made up as follows :

Particulars	Quantity Lbs	Amount (Tk.)			Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
		Unit - 1	Unit - 2	Unit - 3		
WIP as on 01.07.2021	54,070	870,521	2,238,482	3,109,003	6,218,005	3,267,570
Add: Raw Cotton Input (Note-11.1)	2,553,497	54,779,767	78,256,810	258,247,472	391,284,048	135,212,756
	2,607,567	55,650,288	80,495,292	261,356,475	397,502,053	138,480,326
Less :WIP as on 30.06.2022	57,385	922,006	2,370,872	3,292,878	6,585,755	6,218,005
Wastage recovery	165,975	1,339,498	3,444,424	4,783,923	9,567,845	9,989,657
	223,360	2,261,504	5,815,296	8,076,801	16,153,600	16,207,662
Raw Material Consumed	2,384,207	53,388,784	74,679,996	253,279,674	381,348,453	122,272,664
Add: Factory Overhead (Note-11.2)		25,923,538	66,660,527	92,584,066	185,168,131	82,451,837
Cost of Production	2,384,207	79,312,323	141,340,523	345,863,740	566,516,586	204,724,501
Add: Stock of Yarn as on 01.07.2021	1,015,095	19,555,945	50,286,716	69,842,661	139,685,322	27,203,418
	3,399,302	98,868,268	191,627,239	415,706,401	706,201,908	231,927,919
Less: Stock of Yarn as on 30.06.2022 (Note-11.3)	2,316,672	45,017,567	115,759,457	160,777,024	321,554,047	(139,685,322)
Cost of Goods Sold	1,082,630	53,850,701	75,867,782	254,929,377	384,647,861	92,242,596

11.01 Raw Cotton Input

This amount comprises as follows :

Particulars	30.06.2022		30.06.2021	
	Quantity (lbs)	Value	Quantity (lbs)	Value
Stock of Raw cotton as on 01.07.2021	2,182,516	261,477,603	3,810,418	541,806,981
Add : Raw cotton purchased during the year	2,544,194	286,770,259	1,643,380	160,229,595
	4,726,710	548,247,862	5,453,798	702,036,576
Less : Stock of raw cotton	2,173,213	156,963,814	(3,731,466)	(566,823,820)
Stock of slow moving raw materials written off	-	-	(759,580)	(150,050,085)
Stock of raw materials sales waste	-	-	(789,370)	(155,296,132)
Stock of raw cotton as on 30.06.2022	2,173,213	156,963,814	(2,182,516)	(261,477,603)
Input of Raw cotton during the year	2,553,497	391,284,048	1,722,332	135,212,756

11.02 Factory Overhead

This amount comprises as follows :

Particulars	Amount (Tk.)			Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
	Unit-1	Unit - 2	Unit - 3		
Salary & allowance and wages (Note: 11.2.1)	6,379,811	16,405,228	22,785,039	45,570,078	9,677,556
Bonus	47,739	122,758	170,497	340,994	-
Carriage Inward	8,906	22,900	31,806	63,611	3,328
Electricity	12,802,896	32,921,733	45,724,629	91,449,257	22,996,174
Stores & Spares	397,038	1,020,955	1,417,993	2,835,985	2,595,685
Packing Materials	458,590	1,179,232	1,637,823	3,275,645	2,222,120
Insurance (Fire policy of Machinery, Building, Raw cotton Godown)	-	-	-	-	334,362
Oil & lubricant	121,146	311,517	432,663	865,325	786,627
Overtime expenses	27,390	70,431	97,821	195,642	222,696
Repair & Maintenance	24,549	63,127	87,676	175,352	174,175
Leave benefits & gratuity	-	-	-	-	20,000
Depreciation (Schedule-4/A)	5,655,474	14,542,647	20,198,121	40,396,242	43,419,114
Total	25,923,539	66,660,528	92,584,068	185,168,131	82,451,837

11.02.1 Salary, Allowances and Wages

This amount comprises as follows :

Particulars	30.06.2022		30.06.2021	
	Employees	Amount (Tk.)	Employees	Amount (Tk.)
a) Up to Tk. 3,000 Per Month	172	3,985,755	1,025	8,314,105
b) Above Tk. 3,000 Per Month	1,001	41,584,323	185	1,363,451
	1,173	45,570,078	1,210	9,677,556



Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
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11.03 Stock of Yarn

1,015,095

This is made up as follows :

Particulars	30.06.2022		30.06.2021	
	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs
Opening balance	-	1,015,095	-	123,237
Add: Production during the year	-	2,384,207	-	1,540,210
	-	3,399,302	-	1,663,447
Less: Sales during the year :	-	-	-	-
Export of Yarn/Local Sales of Yarn/Waste cotton/ Stock lot Sale	-	1,082,630	-	648,352
	-	2,316,672	-	1,015,095

12.00 Administrative Expenses

21,884,311

20,674,561

This is made up as follows:

Particulars	Amount (Tk.)			Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
	Unit - 1	Unit - 2	Unit - 3		
Salary & Allowances (Note-12.01)	1,538,755	3,956,799	5,495,554	10,991,108	9,941,864
Overtime	302	778	1,080	2,160	105,000
Bonus (Note - 12.2)	163,222	419,714	582,936	1,165,872	3,025,685
Board Meeting fee	20,300	52,200	72,500	145,000	100,000
Traveling & conveyance	52,784	135,732	188,516	377,032	54,985
Printing & Stationery	19,037	48,951	67,988	135,976	83,860
Vehicle Maintenance	4,881	12,551	17,432	34,863	21,913
Cleaning expenses	4,152	10,678	14,830	29,660	23,295
Subscription (BTMA)	27,400	70,456	97,856	195,712	97,856
Subscription (BCI & BAPLC)	7,000	18,000	25,000	50,000	50,000
Newspaper & Periodicals	46	119	165	330	330
Uniform	12,061	31,015	43,076	86,152	12,315
Postage	20,493	52,696	73,189	146,377	27,221
Entertainment	34,060	87,583	121,643	243,286	47,011
Electricity	49,988	128,542	178,530	357,060	288,347
Employees Lunch	725	1,863	2,588	5,176	24,120
Fees & Renewal	52,284	134,445	186,730	373,459	12,490
Gardening	24	61	85	170	1,270
Ifter bill	26,406	67,901	94,308	188,615	3,875
Telephone & Mobile Bill	10,330	26,564	36,894	73,788	59,699
License & renewals	2,586	6,648	9,234	18,468	96,993
Advertisement	20,415	52,497	72,912	145,824	135,000
WASA Bill/Water Bill	5,161	13,270	18,431	36,862	35,541
Internet connection (WiFi)	7,700	19,800	27,500	55,000	80,000
Carring & Handling	11,786	30,307	42,094	84,187	53,975
Miscellaneous Expenses	50,372	129,528	179,901	359,801	284,000
Office Rent - IFRS 16 - ROU Asset Amortization	70,876	182,253	253,129	506,259	506,259
Office Rent - VAT	12,600	32,400	45,000	90,000	90,000
Office expenses	1,226	3,153	4,379	8,757	3,853
Donation & others	20,300	52,200	72,500	145,000	5,000
Group Insurance	3,534	9,088	12,623	25,245	445,357
Repairs & maintenance (Building)	10,613	27,291	37,905	75,809	-
Repairs & maintenance (Others)	5,115	13,154	18,270	36,539	5,545
AGM Expenses	77,000	198,000	275,000	550,000	652,525
Audit fees	56,350	144,900	201,250	402,500	345,000
Leave benefits	98,772	253,985	352,757	705,514	34,360
Boiler Certificate	403	1,035	1,438	2,876	-
Subscription for DSE,CSE& Others	36,146	92,947	129,093	258,185	-
Medical expenses	8,515	21,895	30,410	60,819	59,124
Training expenses	441	1,134	1,575	3,150	15,253
Welfare	1,882	4,840	6,723	13,445	18,365
Depreciation (Schedule-4/A)	491,780	1,264,578	1,756,358	3,512,717	3,775,575
Website Maintenance	10,150	26,100	36,250	72,500	-
Data Connectivity Solution(Telnet)	4,480	11,520	16,000	32,000	-
Yarn Test	140	360	500	1,000	-
Sundry expenses	11,209	28,822	40,031	80,062	51,700
Total	3,063,802	7,878,352	10,942,156	21,884,311	20,674,561

12.01 Salaries, Allowances & Bonus

12,156,979

12,967,549

This amount comprises as follows :

Particulars	30.06.2022		30.06.2021	
	Employees	Amount (Tk.)	Employees	Amount (Tk.)
a) Up to Tk. 3,000 Per Month	19.00	1,585,725	21	1,625,375
b) Above Tk. 3,000 Per Month	89.00	10,571,254	85	11,342,174
	108	12,156,979	106	12,967,549



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
13.00 Selling & Distribution Expenses	580,662	1,015,624

Particulars	Amount (Tk.)			Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
	Unit-1	Unit - 2	Unit - 3		
Carriage outward & Discount	81,293	209,038	290,331	580,662	1,015,624
Total	81,293	209,038	290,331	580,662	1,015,624

14.00 Non-Operating Income	1,433,126	1,434,591
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This amount comprises as follows :
Dividend Received from CDBL
Interest Income

1,427,955	1,427,955
5,171	6,636
1,433,126	1,434,591

15.00 Financial Expenses	38,005,888	50,385,907
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This amount comprises as follows :

Particulars	Amount (Tk.)			Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
	Unit-1	Unit-2	Unit - 3		
Interest on BDBL Term Loan	1,909,359	4,909,780	6,819,139	13,638,278	15,603,077
Interest on MTBL Term Loan	-	-	-	-	-
Interest on RBL Term Loan	3,314,699	8,523,510	11,838,209	23,676,418	29,405,911
Interest on CC Loan	-	-	-	-	-
Financial Expense - IFRS 16 Lease Obligation	13,299	34,197	47,496	94,992	94,992
Realized (gain) or Loss in foreign exchange	51,260	131,813	183,073	366,146	5,113,944
Un realized (gain) or Loss in foreign exchange	9,527	24,498	34,026	68,051	-
Bank charges & commission	22,680	58,321	81,001	162,003	167,983
Total	5,320,824	13,682,120	19,002,944	38,005,888	50,385,907

The Company availed working capital facility from MTBL and made huge transaction. Although money suit filed by bank, yet the company discussed with the bank management and settled liability as exit at Tk. 8.00 crore as full and final to pay within 31.12.2021 irrespective of whatever suit value. But of Package Settlement of Tk.8.00 Crore correspondence is going on and hopefully within Dec,31,2022 it would be paid.

16.00 Net Assets Value Per Share (NAVPS)	11.41	11.08
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Net Assets
Number of Ordinary Shares
Net Assets Value Per Share (NAVPS)

301,969,159	293,136,737
26,467,056	26,467,056
11.41	11.08

Note: Net Assets Value per share (NAVPS) has been increased due to impact of increase in total assets.

17.00 Earning Per Share (EPS)	0.33	(13.35)
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Profit Attributable to Ordinary Shareholders
Number of Ordinary Shares
Earning Per Share (EPS)

Profit Attributable to Shareholders	
Number of Ordinary Shares	
8,832,422	(353,333,158)
26,467,056	26,467,056
0.33	(13.35)

Note: Earning per Share (EPS) has increased compared with that of previous year because of increase in production and sales amount.

18.00 Net Operating Cash Flow Per Share (NOCFPS)	0.003	7.86
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Net Cash Generated / (Used) by operating Activities
Number of Ordinary Shares
Net Operating Cash Flow Per Share (NOCFPS)

72,816	208,088,731
26,467,056	26,467,056
0.003	7.86

Note: During the year Net Operating Cash Flows per share (NOCFPS) has been decrease due to a huge amount paid in respect of Suppliers, income tax & others paid.

19.00 Reconciliation of Cash Flows from Operating Activities through Indirect Method

Reconciliation of Cash Flows from Operating Activities through Indirect method (As per Clause No. 5(2)(e) of Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June, 2018: A Reconciliation of Net Operating Cash Flows under indirect Method provided below:

Net Income after Tax	8,832,422	(353,333,158)
Non-Cash Adjustments		
Add: Depreciation	43,908,959	47,194,689
Less: Cash Rent Paid	-	-
Add: ROU Asset Depreciation	506,259	506,259
Add: ROU Liability Interest	(1,150,459)	94,992
Add: Damage of Stock	-	150,050,085
Add: Increase in Interest Payable	37,419,971	37,225,788
Income Tax Paid	(2,660,354)	(2,362,040)
Income Tax Provision	2,729,612	654,231
Add: Loss on Sale of Waste Stock	-	148,745,632
Less: Def Tax Gain	(1,047,956)	(162,414)
	88,538,454	28,614,064



	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
Working Capital Adjustments		
Change in Inventory (excluding Inv. Write off)	(79,179,505)	(129,597,343)
Change in Trade AR	(13,666,303)	305,103,399
Interest expenses	-	-
Change in Advance (Excluding AIT)	(87,266)	(1,990,000)
Change in Trade Payable	4,531,732	5,758,611
Change in WPPF	-	200,000
	137,112	208,088,731
	(64,296)	-
Less: Unrealized gain on exchange rate fluctuation	72,816	208,088,731
Net Cash Flow from Operating Activities	-	-

20.00 **Related Party Transaction-Disclosures under IAS 24 "Related Party Disclosure"**

In accordance with paragraph 19 of IAS 24 Related Party Disclosures, the following matters has been disclosed in the following sequential order:

- (i) **Parent and Ultimate Controlling Party**
There is no such parent company as well as ultimate holding company / controlling party of the company.
- (ii) **Entities with joint control of, or significant influence over**
There is no joint control of, or significant influence over the company.
- (iii) **Subsidiaries**
There are no subsidiary company of the entity (company)
- (iv) **Associates**
There are no associate company of the entity (company)
- (v) **Joint Venture in which the Entity is a Joint Venturer**
The Company has not entered into Joint Venture Agreement in which the Company is a Joint Venturer.
- (vi) **Transactions with Key Management Personnel and their Compensation**

(a) Loans to Director

During the year, no loan was given to the directors of Company

(b) Key Management Personnel and their Compensation

There is no compensation for Chairman, Director and Managing Director except Board Meeting fee but there are following categories of compensation in accordance with the paragraph 17 of IAS 24: Related Party Disclosures:

Particulars	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
	Salary and Allowances	56,561,186
Bonus	1,506,866	3,025,685
Overtime	197,802	327,696
Board Meeting Attendance Fee	145,000	100,000
Leave Pay & Gratuity	705,514	54,630
Total	59,116,367	23,127,431

Company's key management personnel includes the Company's directors. Compensation includes salary and allowance leave pay gratuity bonus and overtime.



(vii) Other Related Party Transactions

The Company carried out a number of transactions with related parties/associates undertakings in the normal course of business and on arms length basis. The nature of transaction and their total value are in below:

Name	Total Transaction for the year	Balance as on 30.06.2022	Balance as on 30.06.2021
A. Avenge & Short Term Loan Paid			
Mr.A.K.Azizur Rahman	21,700,000	21,700,000	21,700,000
Mrs.Rosy Rahman	4,775,000	4,775,000	4,775,000
Mr.Bazlur Rahman	1,245,197	1,245,197	1,245,197
Total for Advance & Short Term Loan Paid	27,720,197	27,720,197	27,720,197
B. Supplier/Creditors (Payable)			
P.N Enterprise (Raw cotton)	1,107,412	1,107,412	313,805
Ratan Enterprise (Raw cotton)	555,479	555,479	317,022
Master Yarn Trading (Raw cotton)	169,160	169,160	169,160
Rashid Enterprise (Raw Cotton)	-	-	-
Salma Traders (Raw Cotton)	6,245	6,245	6,245
Hog Yarn Ltd. (Raw Cotton)	178,701	178,701	178,701
Tex trade (Raw cotton)	156,414	156,414	156,414
3star technology	46,750	46,750	-
Adib Enterprise (Spare parts)	72,575	72,575	72,575
AD Media Printers	133,539	133,539	92,000
Airtech Compressor	25,000	25,000	25,000
A.I.S Enterprise	35,795	35,795	35,795
AR Tech Solution BD	28,500	28,500	-
Axis Textiles engineering	27,700	27,700	27,700
Azad Store	84,983	84,983	84,983
Aziz Packaging Ltd.	-	-	50,000
Bijoytex Engineering	34,750	34,750	-
Bengal Roots	600	600	600
Cargo Control (BD) Pet Ltd	143,084	143,084	143,084
C.H Graphics & Printers	142,642	142,642	142,642
Chittagong Fibre Board	196,740	196,740	196,740
City Lube Oil Industries Ltd	30,600	30,600	-
Dawood Sultan & Co.	160,000	160,000	190,000
Energy Control And Eng.Ltd	15,403	15,403	-
Euro Trade	55,857	55,857	108,299
Forman Enterprise	81,000	81,000	81,000
Friends Electric House	8,498	8,498	8,498
Fusia Electronics	33,600	33,600	33,600
Gazi Tank	8,200	8,200	8,200
IC System & Service	23,000	23,000	23,000
IHS Inspection Serices(BD) Ltd.	6,562	6,562	6,562
Jusna Enterprise	105,000	105,000	5,000
Lipika (Spare Importer)	259,017	259,017	150,017
Mass Electors Ltd.	114,600	114,600	114,600
Madona Enterprise	36,450	36,450	36,450
Mahin Enterprise	187,103	187,103	92,999
Mask Engineering	30,500	30,500	30,500
Musum Enterprise	25,745	25,745	25,745
Minha Tex International	73,400	73,400	-
M/S M Hossain Engineering Workshop	72,300	72,300	72,300
New Bangla Technical Support Centre	157,000	157,000	157,000
New Diamond Plastic Traders	21,885	21,885	321,885
Nuhan Engineering Workshop	2,400	2,400	2,400
Pacific Trading	150,337	150,337	150,337
PN International	110,000	110,000	110,000
Popular Trades(Narayangong)	206,341	206,341	206,341
Prime Power Solution	9,400	9,400	9,400
Quality Traders	234,020	234,020	234,020
Ringtex Engineering	22,800	22,800	22,800
Riyad Light House	91,440	91,440	91,440
Rumman Spring & Eng. Works	1,528,798	1,528,798	9,639

Name	Total Transaction for the year	Balance as on 30.06.2022	Balance as on 30.06.2021
Sail International	20,800	20,800	420,800
Satata Enterprise	30,245	30,245	743,745
SD Tax Promoters Ltd.	28,210	28,210	25,810
Sinobangla Industries Ltd.	39,072	39,072	39,071
S M Paper Cone	88,000	88,000	-
S M Textech	31,780	31,780	-
Solution Technology	123,500	123,500	123,500
Simul Traders	99,821	99,821	308,571
Southern multi Pack	15,800	15,800	415,800
Square Informatix Ltd.	5,000	5,000	5,000
Standard Sprung Industries	24,350	24,350	24,350
Suman Joint Store	50,500	50,500	50,500
Sutex International	12,200	12,200	394,100
Texcoms Services	37,500	37,500	37,500
Texmate Engineering	26,495	26,495	-
Triad International	6,400	6,400	10,000
United Trade Centre	95,650	95,650	95,650
Yusuf Trader	3,290	3,290	3,290
ZSZ Engineering	15,890	15,890	215,890
Others Party (Factory)	-	-	27,317
Total for Supplier / Creditors	7,761,828	7,761,828	7,255,392
C. Sundry Debtors (Product Sales) (Receivable)			
Knit concern Ltd.	49,596,840	49,596,840	-
Tasrian weaving Mills Ltd.	12,822,008	12,822,008	-
Radowan Knite Composite	4,681,125	4,681,125	-
Tras Impex Co	-	-	296,000
Sajib & Brothers	-	-	266,938
Mujib Enterprise	-	-	267,900
Dolon Yarn Trading	-	-	135,331
RB Trade	-	-	6,550,500
Arian Spinning Co.	-	-	41,903,251
Regent Textile Limited	-	-	4,013,750
Total for Sundry Debtors (Products Sales)	67,099,973	67,099,973	53,433,670
Grand Total	-	102,581,998	88,409,259

21.00 **Capital Expenditure Commitment**

There was no capital expenditure commitment as on 30.06.2022.

22.00 **Payment in Foreign Currency**

During the year ended at 30th June, 2022 the Company has not made payment in foreign currency in respect of the following:

Import of Raw Materials & Finished Goods
Import of Machinery, Spare Parts & Other Assets

23.00 **Foreign Exchange Earned**

The Company has earned foreign currency during the year: US\$ 5,315,912

24.00 **Commission, Brokerage or Discount against Sales**

No commission was incurred or paid to distributors, agents nor any brokerage or discount was incurred or paid against sales.

25.00 **Credit Facility Not Availed**

There was no credit facility available by the company under any contract, but not availed as on 30.06.2022 other than trade credit available in the ordinary course of business.

26.00 **Segment Reporting**

As there is single business and geographic segment within the company operates as such no segment reporting is felt necessary.

Attendance Status of Board Meeting of Directors

During the period from 01.07.2021 to 30.06.2022 there was 4 Board Meetings and 1 AGM were held. The attendance status of all the meetings is as follows:

Name of Director	Position Held	Meeting Held		Atended	
		2022	2021	2022	2021
Mr. A.K.M Azizur Rahman	Chairman	5	4	5	4
Mr. Bazlur Rahman	Managing Director	5	4	5	3
Mrs. Rosy Rahman	Director	5	4	5	4
Brig Gen Mohammed Abdul Halim	Independent Director	5	-	3	-
Mrs. Nusrat Hafiz	Retired Independent Director	5	4	2	3
Patit Chandra Barik	Director (Nominated by RBL)	5	4	2	-
Mr. Iqbal Hossain Kha	Director (Nominated by RBL)	5	4	4	2

For Board Meeting, attendance honorarium were paid to the Directors of the Company.

27.00 **Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994**

A. Disclosure as per requirement of Schedule XI, Part II Note 5 of Para 3.

A(i) Employee Position as at 30th June, 2022.

Salary Range (Monthly)	Office & Staff		Worker	Total Employee
	Head Office	Factory		
Below Tk. 3000	19	172	-	191
Above Tk. 3000	89	-	1,001	1,090
Total	108	172	1,001	1,281

**B. Disclosure as per requirement of Schedule XI, Part II, Para 4
Payment/Perquisites to Directors**

The aggregate amounts paid to / provided for the Directors of the Company for the year ended 30th June, 2022 is disclosed below:

Name of Directors	Designation	Remuneration	Festival Bonus	AIT Deducted	Net Amount
Mr. A.K.M Azizur Rahman	Chairman	-	-	-	-
Mr. Bazlur Rahman	Managing Director	-	-	-	-
Mrs. Rosy Rahman	Director	-	-	-	-
Brig Gen Mohammed Abdul Halim	Independent Director	-	-	-	-
Mrs. Nusrat Hafiz	Retired Independent Director	-	-	-	-
Patit Chandra Barik	Director (Nominated by RBL)	-	-	-	-
Mr. Iqbal Hossain Kha	Director (Nominated by RBL)	-	-	-	-
Total		-	-	-	-

Period of payment to Directors is from 1st July, 2021 to 30th June, 2022.

The above Directors of the Company did not take any benefit from the Company other than the remuneration and festival bonus.

- ◊ Expenses reimbursed to the managing agent: Nil.
- ◊ Commission or other remuneration payable separately to a managing agent or his associate: Nil.
- ◊ Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the company: Nil.
- ◊ The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year: Nil.



- ◇ Any other perquisites or benefit in cash or in kind stating: Nil.
- ◇ Other allowances and commission including guarantee commission: Nil.
- ◇ Provisions etc.:
 - a) Pensions: Nil.
 - b) Gratuities: Nil.
 - c) Payments from Provident Fund: Nil.
 - d) Compensation for Loss of Office: Nil.
 - e) Consideration in connection with retirement from office: Nil.

28.00 Disclosure as per requirement of Schedule XI, Part II, Para 3

Requirements under Condition No.	Compliance status of Disclosure of Schedule XI, Part II, Para 3
3(i)(a) The Turnover	454,935,378
3(i)(b) Commission Paid to Selling Agents (Incentive)	Not Applicable
3(i)(c) Brokerage and discount of Sales, Other than the usual trade discount	Not Applicable
3(i)(d)(i) The value of the raw materials consumed, giving item-wise as possible	286,770,259
3(i)(d)(ii) The opening and closing stocks of goods produced	139,685,323 and 34,554,047
3(i) (e) In the case of companies, the purchase made and the opening and closing stocks	Not Applicable
3(i)(f) In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied	Not Applicable
3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity break up for the Company, which falls under one or more categories i.e. manufacturing and/or trading	Complied
3(i)(h) In the case of other companies, the gross income derived under different heads	Not Applicable
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period	6,585,755
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets	43,908,959
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	Not Applicable
3(i)(l) Charge for income tax and other taxation on profits	2,792,612
3(i)(m) Reserved for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, known to exist at the date as at which the balance sheet is made up	Not Applicable
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(i) Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable
3(i)(p) Expenditure incurred on each of the following items, seperately for each item:	Complied
(i) Consumption of stores and spare parts	2,835,985
(ii) Power and Fuel	865,325
(iii) Rent	506,258
(iv) Repairs of Buildings	Not Applicable
(v) Repairs of Machinery	175,352
(vi) Other include:	
(1) Salaries, wages and bonus	58,168,052
(2) Contribution to provident and other funds	Not Applicable
(3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	Not Applicable



29.00 Information regarding Accounts Receivables, Advance in line with Schedule XI.

i. Disclosure in line with 4(a) of Part I of Schedule XI

The details of trade receivable are given below:

Sl. No.	Particulars	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
1	Within 3 Months	25,930,013	-
2	Within 6 Months	41,169,960	39,366,502
3	Within 12 Months	-	14,067,168
4	More than 12 Months	67,099,973	53,433,670

ii. Disclosure in line with 4(b) of Part I of Schedule XI

There are no debts outstanding in this respect.

30.00 Disclosure in line with Instruction of Part I of Schedule XI

In regard to sundry debtors the following particulars shall be given separately:

(I) Debt considered good in respect of which the company is fully secured

Within six months trade debtors occurred in the ordinary course of business are considered goods but no security given by the debtors.

The debtors occurred in the ordinary course of business are considered goods and secured against confirmed L/C. The details of accounts receivable are given below:

Customers Name	Amount (BDT)
Knit Concern Ltd	49,596,840
Tazrian Weaving Mills Ltd.	12,822,008
Radowan Knit Composite	4,681,125
Total	67,099,973

(II) Debt considered good for which the company holds no security other than the debtors' personal security

Within six months trade debtors have arisen in the ordinary course of business in good faith as well as market reputation of the company for the above mentioned reasons no personal security taken from debtors.

(III) Debt considered doubtful or bad

The company considered more than one year debts are doubtful and provision is created for Tk. Nil.

(IV) Debt due by directors or other officers of the Company

There is no debt due by directors or other officers of the company.

(V) Debt due by common management

There is no debt under common management.

(VI) The maximum amount due by directors or other officers of the Company

There is no such debt in this respect.

31.00 Disclosure as per requirement of Schedule XI, Part II, Para 7

Details of Production capacity utilization.

Particulars	License Capacity	Installed Capacity in MT (Per Year)	Actual Production in MT from 1st July, 2021 to 30th June, 2022	Capacity Utilization from 1st July, 2021 to 30th June, 2022
Annual Production Capacity of Yarn in Lbs	Not mentioned in the License	5953.00	1,081	18.15



32.00 Disclosure as per requirement of Schedule XI, Part II, Para 8(b) during the year under audit.

Details of import on CIF basis

i. Raw Materials, Spare Parts, Packing Materials

Items	Purchase (BDT)			Consumption (BDT)	% of Consumption of Total Purchase
	Import	Local	Total		
Raw Materials	-	286,770,259	286,770,259	381,348,453	13.29
Spare Parts	-	4,305,144	4,305,144	2,835,985	65.87
Packing Materials	-	3,685,118	3,685,118	3,275,645	88.88
Total		294,760,521	294,760,521	387,460,083	131.44

Value of Export

Particulars	In Foreign Currency (US \$)	In BDT
Export	5,315,912	454,510,476

ii. The Company has not incurred any expenditure in foreign currency for the period from 1st July, 2021 to 30th June, 2022 on account of royalty, know-how, professional fee, consultancy fees and interest.

iii. The Company has not earned any foreign exchanges for royalty, know-how, professional fees and consultancy fees.

iv. The value of export from the period from 1st July, 2021 to 30th June, 2022 is tax Tk. 454,510,476

33.00 Disclosure of Advances, Deposit and Prepayment of Schedule XI of Companies Act, 1994

The details break up of Advances, Deposit and Prepayments as per requirement of Schedule XI of the Companies Act, 1994 are stated below:

Particulars	30.06.2022	30.06.2021
Advance, Deposit and Prepayments exceeding 6 months	-	Nil
Advance, Deposit and Prepayments not exceeding 6 months	-	5,192,821
Other Advance, Deposit and Prepayments less provision	-	Nil
Advance, Deposits and Prepayments considered Good and Secured	-	Nil
Advance, Deposits and Prepayments considered Good without Security	-	Nil
Advance, Deposits and Prepayments considered Doubtful or Bad	-	Nil
Advance, Deposits and Prepayments due by Directors	-	Nil
Advance, Deposits and Prepayments due by Other Officers (against Salary)	57,857	75,865
Advance, Deposits and prepayments due from Companies under same management	-	Nil
Maximum Advance, Deposits & Prepayments due by Directors	-	Nil
Maximum Advance, Deposits & Prepayments due by Officers at any time	-	Nil

Disclosure in line with 8(b) of Part II of Schedule XI

During the year under review the company did not remit any amount as dividend, technical know how, royalty, professional consultation fees, interest and other matters either shareholders or others.

34.00 Disclosure for purchase in foreign currency during the year

Disclosure as per Para 8 of Schedule XI (GA) of the Companies Act, 1994 regarding purchase made in foreign currency during the year are as follows:

Type of Expenditure	Amount in Foreign Currency	Amount in BDT.
Import of Raw Material (Hino Bus Chassis CKD)	-	-
Import of Raw Material (Mahindra Motor Cycle SKD)	-	-
Total	-	-



35.00 Financial Instrument-Fair Values and Risk Management

35.01 Accounting Classifications and Fair Values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Reconciliation of Carrying Amount	Carrying Amount Tk. '000							Total Amount
	Note	Fair Value-hedging instruments	Measured at FVTPL-Others	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other Financial Liabilities	
30.06.2022								
Financial Assets not measured at Fair Value								
Advance, Deposits & Prepayments	6.02	-	-	-	-	5,181	-	5,181
Trade & Receivables	6.03	-	-	-	-	67,100	-	67,100
Investment in Shares	6.04	-	-	-	-	1,569	-	1,569
Cash and Cash Equivalents	6.05	-	-	-	-	762	-	762
Total						74,612		74,612
Financial Liabilities not measured at fair value:								
Long Term Loan (Non-Current Maturity)	8.01	-	-	-	-	-	963,281	963,281
Lease Obligation Liability	8.02	-	-	-	-	-	-	-
Director's & Other Loans and Advances	8.03	-	-	-	-	-	27,720	27,720
Deferred Tax Liability	8.04	-	-	-	-	-	74,307	74,307
Unclaimed/Unpaid Dividend from 2019	9.01	-	-	-	-	-	1,523	1,523
Trade & Other Payables	9.02	-	-	-	-	-	20,842	20,842
Workers Profit Participation and Welfare Fund	9.03	-	-	-	-	-	2,117	2,117
Provision for Income Tax	9.04	-	-	-	-	-	-	-
Total							1,089,791	1,089,791
30.06.2021								
Financial Assets not measured at Fair Value:								
Advance, Deposits & Prepayments	6.02	-	-	-	-	5,269	-	5,269
Trade & Receivables	6.03	-	-	-	-	53,434	-	53,434
Investment in Shares	6.04	-	-	-	-	1,569	-	1,569
Cash and Cash Equivalents	6.05	-	-	-	-	689	-	689
Total						60,961		60,961
Financial Liabilities not measured at fair value:								
Long Term Loan (Non-Current Maturity)	8.01	-	-	-	-	-	925,967	925,967
Lease Obligation Liability	8.02	-	-	-	-	-	1,150	1,150
Director's & Other Loans and Advances	8.03	-	-	-	-	-	27,720	27,720
Deferred Tax Liability	8.04	-	-	-	-	-	75,355	75,355
Unclaimed/Unpaid Dividend from 2019	9.01	-	-	-	-	-	1,523	1,523
Trade & Other Payables	9.02	-	-	-	-	-	16,310	16,310
Workers Profit Participation and Welfare Fund	9.03	-	-	-	-	-	2,181	2,181
Provision for Income Tax	9.04	-	-	-	-	-	-	-
Total							1,050,207	1,050,207

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, liabilities for expenses, trade and other payables, because their carrying amounts are a reasonable approximation of fair value.



35.02 Financial Risk Management Framework

International Financial Reporting Standards (IFRS) 9-Financial Instruments:Disclosure - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information-the Company's policies for controlling risks and exposures.

The Company's management has overall responsibility for the establishment and oversight of the company's risk management framework. The Company's Risk management policies are 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 and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has exposure to the following risks from its use of financial instruments:

33.02.1 Credit Risk; 35.02.2 Liquidity Risk; 35.02.3 Market Risk

35.02.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The debtors management review committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the committee; these limits are reviewed as per guideline of Sonargaon Textiles Limited in each quarter. Customers that fail to meet the company's benchmark creditworthiness may transact with the company only on a cash / deposit scheme basis.

Management has a credit policy in place and the exposure to credit risk is monitor on an ongoing basis. As at 30th June, 2022, substantial part of the receivables are as follows and subject to insignificant credit risk. Risk exposure from other financial assets, i.e. Cash at bank and other external receivables are also nominal.

(i) 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:

	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
Non-Derivative Financial Assets:		
Advances, Deposits and Prepayments	5,181,420	5,268,686
Trade & Other Receivables	67,099,973	53,433,670
Advance against Employees	57,857	75,865
Investment in Shares	1,569,450	1,569,450
Cash at bank	713,387	587,218
Cash in Hand	48,632	101,985
	74,670,719	61,036,874

At 30th June, 2022 the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
Domestic		
Foreign Receivable	67,099,973	53,433,670
	67,099,973	53,433,670



The ageing of Trade Receivable at the reporting date is as follows:

	Amount (Tk.) 30.06.2022	Amount (Tk.) 30.06.2021
0 to 1 Month	17,503,133	-
More than 1 Month to 3 Months	8,426,880	-
More than 3 Months to 6 Months	41,169,960	39,366,502
More than 6 Months to 9 Months	-	-
More than 9 Months to 12 Months	-	14,067,168
Above 12 Months	-	-
	<u>67,099,973</u>	<u>53,433,670</u>

To mitigate the credit risk against accounts receivables, the company has a system of specific credit line period to the customers. This outstanding period and amount are regularly monitored. The company endeavors to cover the credit risks on all other receivables, where possible, by restricting credit facility and stringent monitoring.

35.02.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far 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, prepaid 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.



A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. The carrying amount of financial liabilities represent the maximum exposure to liquidity risk. The maximum exposure to liquidity risk as at 30th June, 2022.

30th June, 2022

In Taka	Note	Carrying Amount	Total	Contractual Cash Flows				
				2 months or less	2-12 months	1-5 years	More than 5 years	
Non-derivative Financial Liabilities:								
Long Term Loan (Non-Current Maturity)	8.01	963,281,225	963,281,225	-	37,314,696	274,533,926	651,432,603	-
Lease Obligation Liability	8.02	-	-	-	-	-	-	-
Director's and Other Loans and Advances	8.03	27,720,197	27,720,197	-	-	27,720,197	-	-
Deferred Tax Liability	8.04	74,307,404	74,307,404	-	1,047,956	-	73,259,448	-
Unclaimed/Unpaid Dividend from 2019	9.01	1,523,156	1,523,156	128,000	1,395,156	-	-	-
Trade and Other Payables	9.02	20,842,026	20,842,026	1,000,000	2,000,000	3,000,000	14,842,026	-
Workers Profit Participation and Welfare Fund	9.03	2,116,519	2,116,519	-	535,704	1,580,815	-	-
		1,089,790,527	1,089,790,527	1,128,000	42,293,512	306,834,938	739,534,077	-
Derivative Financial Liabilities								
		1,089,790,527	1,089,790,527	1,128,000	42,293,512	306,834,938	739,534,077	-

30th June, 2021

In Taka	Note	Carrying Amount	Total	Contractual Cash Flows				
				2 months or less	2-12 months	1-5 years	More than 5 years	
Non-derivative Financial Liabilities:								
Long Term Loan (Non-Current Maturity)	8.01	925,966,529	925,966,529	-	37,225,788	249,567,549	639,173,192	-
Lease Obligation Liability	8.02	1,150,459	1,150,459	-	1,150,459	-	-	-
Director's and Other Loans and Advances	8.03	27,720,197	27,720,197	-	-	-	27,720,197	-
Deferred Tax Liability	8.04	75,355,360	75,355,360	-	162,414	-	75,192,946	-
Unclaimed/Unpaid Dividend from 2019	9.01	1,523,156	1,523,156	-	-	1,523,156	-	-
Trade and Other Payables	9.02	16,310,295	16,310,295	500,000	1,000,000	1,500,000	13,310,295	-
Workers Profit Participation and Welfare Fund	9.03	2,180,815	2,180,815	600,000	1,580,815	-	-	-
		1,050,206,811	1,050,206,811	1,100,000	41,119,476	252,590,705	755,396,630	-
Derivative Financial Liabilities								
		1,050,206,811	1,050,206,811	-	-	-	-	-



35.02.3 Market Risk

Market risk is the risk that any change in market price, 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.

(i) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instrument subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate management for the Sonargaon Textiles Limited is to reduce financial cost and ensure predictability.

(ii) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in US\$ and relate to procurement of raw materials, machineries and equipment from abroad.

36.00 Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing company's internal capital adequacy to ensure company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approval by the board. The board of directors monitors the level of dividends to ordinary shareholders.

37.00 Contingent Liability

There are no contingent liabilities of the Company for the year ended 30th June, 2022.

38.00 Details of Lease Agreement

There are Lease assets. Therefore, Lease agreement was required or signed by lease Law.

39.00 Internal Control

The following steps have been taken for implementation of an effective internal control procedure of the company: Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect if internal control technique to establish an effective management system that includes planning, organizing culture in the factory as well as at Head Office.

40.00 Subsequent Events-Disclosures under IAS 10 "Events after Reporting

The directors recommended 1% final cash dividend for the year ended 30th June, 2022. The dividend proposal is subject to shareholders' approval in the forthcoming 36th Annual General Meeting to be held on 26.12.2022.

"Except the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment or disclosure in the financial statements or notes thereto."

41.00 General Comments and Observations

- A. Comparative amount: Previous period's figure have been regrouped/reclassified wherever considered necessary to confirmed to current period's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this financial statement.
- B. Presentation currency: The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.
- C. All shares have been fully called and paid up.
- D. Auditors are paid only statutory audit fees.
- E. No foreign exchange remitted to the relevant shareholders during the period under audit.
- F. No amount of money was expended by the company for compensating any members of the Board for special service rendered.
- G. There was no bank guarantee issued by the company on behalf of Directors.



SONARGAON TEXTILES LTD.

Schedule of Property Plant and Equipment as at 30th June, 2022

UNIT - 1

Annexure - 1

Particulars	COST			Rate of Dep.	DEPRECIATION			Written Down Value	
	As on 30.06.2021	Addition during the year	As on 30.06.2022		As on 30.06.2021	Charged During the year	As on 30.06.2022	As on 30.06.2022	As on 30.06.2021
	Land & Land Development	103,803,963	-		103,803,963	-	-	-	103,803,963
Building & Construction	64,478,714	-	64,478,714	5%	1,876,311	28,828,803	35,649,911	37,526,222	
Plant & Machinery	240,978,096	-	240,978,096	7%	7,058,812	147,196,741	93,781,355	100,840,167	
Furniture & Fixture	1,152,613	-	1,152,613	15%	3,468	1,132,959	19,654	23,122	
Motor Vehicles	5,019,620	-	5,019,620	20%	111,238	4,574,667	444,953	556,191	
Sundry Assets	6,218,436	-	6,218,436	20%	20,841	6,135,074	83,362	104,203	
	421,651,442	-	421,651,442		9,070,670	187,868,244	233,783,198	242,853,868	

UNIT - 2

Annexure - 2

Particulars	COST			Rate of Dep.	DEPRECIATION			Written Down Value	
	As on 30.06.2021	Addition during the year	As on 30.06.2022		As on 30.06.2021	Charged During the year	As on 30.06.2022	As on 30.06.2022	As on 30.06.2021
	Land & Land Development	29,806,774	-		29,806,774	-	-	-	29,806,774
Building & Construction	43,972,124	-	43,972,124	5%	1,270,647	19,829,824	24,142,300	25,412,947	
Plant & Machinery	215,104,404	-	215,104,404	7%	6,090,394	134,189,175	80,915,229	87,005,623	
Furniture & Fixture	5,377,188	-	5,377,188	15%	27,466	5,221,545	155,643	183,109	
Motor Vehicles	12,813,366	-	12,813,366	20%	342,776	11,442,260	1,371,106	1,713,882	
Sundry Assets	7,063,764	-	7,063,764	20%	27,110	6,955,325	108,439	135,549	
	314,137,620	-	314,137,620		7,758,394	177,638,130	136,499,490	144,257,884	



SONARGAON TEXTILES LTD.
Schedule of Property Plant and Equipment as at 30th June, 2022

UNIT- 3

Annexure - 3

Particulars	COST			Rate of Dep.	DEPRECIATION			Written Down Value	
	As on 01.07.2021	Additions during the year	As on 30.06.2022		As on 01.07.2021	Charged during the year	As on 30.06.2022	As on 30.06.2022	As on 30.06.2021
Land & Land Development	56,436,763	-	56,436,763	-	-	-	56,436,763	56,436,763	
Building & Construction	77,717,462	-	77,717,462	5%	32,066,998	2,282,523	43,367,941	45,650,464	
Plant & Machinery	597,634,016	-	597,634,016	7%	244,496,954	24,719,594	328,417,468	353,137,062	
Furniture & Fixture	817,966	-	817,966	15%	748,442	10,429	59,095	69,524	
Sundry Assets	7,149,229	-	7,149,229	20%	6,812,481	67,350	269,398	336,748	
Total	739,755,436	-	739,755,436		284,124,875	27,079,896	428,550,665	455,630,561	

Consolidated Schedule of Property, Plant and Equipment as on 30th June, 2022

Annexure - 4

Particulars	COST			DEPRECIATION			Written Down Value	
	As on 01.07.2021	Additions during the year	As on 30.06.2022	As on 01.07.2021	Charged During the year	As on 30.06.2022	As on 30.06.2022	As on 30.06.2021
Unit 1 (Sch-1)	421,651,442	-	421,651,442	178,797,574	9,070,670	187,868,244	233,783,198	242,853,868
Unit 2 (Sch-2)	314,137,620	-	314,137,620	169,879,736	7,758,394	177,638,130	136,499,490	144,257,884
Unit 3 (Sch-3)	739,755,436	-	739,755,436	284,124,875	27,079,896	311,204,771	428,550,665	455,630,563
Grand Total	1,475,544,498	-	1,475,544,498	632,802,185	43,908,959	676,711,144	798,833,354	842,742,315



SONARGAON TEXTILES LTD.
Schedule of Property Plant and Equipment as at 30th June, 2022

Annexure-4/A

Apportionment of Depreciation :

Unit/ Division	30.06.2022			30.06.2021 Amount (Tk.)
	Factory	Head Office	Total	
Unit -1	8345016	725,654	9,070,670	9,734,363
Unit -2	7137722	620,671	7,758,394	8,381,005
Unit -3	24913504	2,166,392	27,079,896	29,079,321
Total	40,396,242	3,512,717	43,908,959	47,194,689

Schedule of Revaluation Reserve :

Particulars	Revaluation Reserve		Rate of Dep.	Adjustment		Carring Value as on 30.06.2022	Carring Value as on 30.06.2021
	Balance as on 01.07.2021	Revaluation surplus during the year		Balance as on 30.06.2022	During the year		
Land & Land Development	178,869,655	-	-	-	-	178,869,655	178,869,655
Building & Construction	100,525,034	-	5%	3,063,074	42,326,625	58,198,409	61,261,483
Plant & Machinery	328,425,585	-	7%	11,411,835	176,811,212	151,614,373	163,026,208
Total	607,820,274	-		14,474,909	219,137,837	388,682,437	403,157,347

