

Annual Report

2019-20



 **KTL KATTALI TEXTILE LIMITED**

Registered Office : Chowdhury Bari, Kornel Jones Road, North Kattali, Pahartoli, Chittagong - 4217

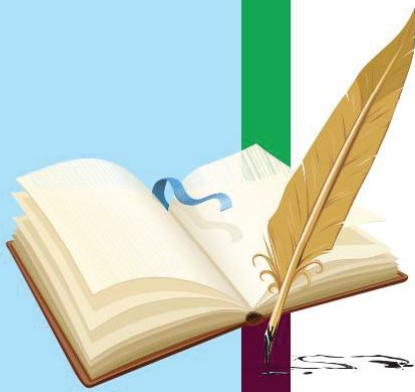


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NOTICE OF THE 17th ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 17th Annual General Meeting of Kattali Textile Limited will be held on Thursday, December 24, 2020 at 11.00 A.M. at Digital Platform, Chittagong to transact the following business:

Agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the report of the Director's and Auditor's thereon.
2. To declare a dividend for the year ended 30th June 2020 as recommended by the Board of Directors.
3. To consider the progress of Utilization of IPO Proceeds and time extension.
4. To appoint Auditors for the year 2021 and to fix their remuneration.
5. To appoint Auditors for Compliance of the Corporate Governance Code of the Company for the year 2021 and to fix their remuneration.
6. To elect/re-elect the Directors as per Article of Association of the Company.
7. To transact any other business with the permission of the Chair.

By order of the Board of Directors
SD

Md. Emdadul Hoque Chowdhury
Managing Director

Dated, Chittagong
November 26, 2020

Notes:

1. The 'Record Date' is fixed on Sunday, November 22, 2020. The Shareholders, whose names will appear in the Share Register of the Company (Certificated & Depository) at the close of business on the record date, will be eligible to attend the meeting and dividend.
2. A member entitled to attend and vote at the Annual General Meeting (AGM) may appoint another person as his/her proxy to attend and vote on his/her behalf. The proxy form duly stamped of Tk. 20, must be deposited at the Company's registered office not later than 48 (Forty Eight) hours before the time scheduled for the meeting.
3. In Case of non-receipt of Annual Report 2019-20 of the company through email address, members may collect the same from the company's share office within December 21, 2020. No additional Annual report will be distributed at AGM Venue. Annual Report is available in the website: www.ktlbd.com
4. For the sake of convenience, Shareholders are requested to submit their queries, if any, on the Directors' Report/Audited Accounts for the year ended 30th June 2020 to the Registered Office of the Company preferably 72 (Seventy two) hours before the day of the Annual General Meeting.
5. Members are requested to update their respective BO Account with 12 Digit e-TIN, Bank Account, Mailing Address and Contact Number through their respective Depository Participant (DP), Advance Income Tax (AIT) @ 15% (Instead of 10%) will be deducted from eligible cash dividend, if anyone fails to update his/her BO Account with the 12 Digit e-TIN before/on the Record Date.
6. The concerned Brokerage Houses/DPs are requested to provide us the statement (both of hard copy & soft copy on or before 7th December 2020 with details of their margin loan holders entitled to Dividend for the year ended on 30th June 2020. The statement should include Shareholders Name, BO ID Number, Client-wise shareholding position, contact person etc.

LETTER OF TRANSMITTAL

Date: 08 December, 2020

To
All Shareholders of Kattali Textile Limited
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject: Annual Report for the year ended 30th June 2020.

Dear Sir,

We are pleased to enclose a copy of our Annual Report together with the Audited Financial Statements including statement of Financial Position as of 30th June, 2020 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flows for the year ended 30th June 2020 along with notes thereon of Kattali Textile Limited for your information and records.

Yours Sincerely,

SD
Md. Emdadul Hoque Chowdhury
Managing Director

COMPANY PROFILE

Kattali Textile Limited (KTL) was established in the year 2002 with the vision to cater to world-class readymade garment buyers. It is a purpose built facility equipped with all the latest machineries and maintains all kinds of safety standards for Structure, Fire and Electrical. It has a total production capacity of producing 5 million pcs a year. The apparel unit is specialized in the production of Woven Tops & Bottoms. It has served many international buyers in the North American and the European market and continues to strive in the highly competitive apparel-manufacturing sector.

The principal activities of the company are to produce and export different types of garment products in different categories for Men, Women and Children, such as Long sleeve Shirt, Chino Pant, Cargo pant, Denim Jeans, Jacket, Top/Bottom sets etc. The principal buyers of the company are Wal-mart, Regatta, Kohls, JCPenney, Target, Kmart, Mango, Calvin Klein, At-Last, Weatherproof, Kenneth Cole, Nautica, etc. The company has won many awards for its quality products and compliance with economy standards. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the total Garments Products requirement in the captive market is about 4.34 billion yards, of which roughly 75 to 80 percent is imported from countries such as China, Bangladesh, Vietnam, Srilanka, India, Pakistan and Indonesia. Garments products demand is increasing at an average rate of 30 percent per year. In view of increased demand from existing buyers and to attract more volumetric buyers of readymade garments, KTL has taken the decision to expand production capacity.

With the latest technology and world-class expertise, Kattali Textile Limited has the capability to produce millions of pcs of garments per year of the highest quality standards. You get the reliable partner you need for volume consistency and value-added innovation.

Board and Management Team

Board of Directors

Nasreen Hoque

Md. Emdadul Hoque Chowdhury

Md. Anwarul Hoque Chowdhury

Md. Mokarram Anwar Chowdhury

Waduda Sabrina, Director

Sifat Sabrina, Director

K.A.M Ferdous

Mahbubur Rashid

Chairman

Managing Director

Director

Director

Nominee of Eian Apparels Ltd.

Nominee of Lucky Corner

Independent Director

Independent Director

Audit Committee

Mahbubur Rashid

Chairman of the Committee

Md. Anwarul Hoque Chowdhury

Member of the Committee

Md. Mokarram Anwar Chowdhury

Member of the Committee

Sifat Sabrina

Member of the Committee

Nomination and Remuneration Committee

K.A.M. Ferdous

Chairman of the Committee

Md. Mokarram Anwar Chowdhury

Member of the Committee

Sifat Sabrina

Member of the Committee

Chief Financial Officer

Md. Fazlul Hoque

Merchandiser Manager

Sumit Barua

Commercial Manager

Md. Yousuf

Head of Operations (Factory)

Nazmul Hasan



CORPORATE INFORMATION

- Registered Office** : Chowdhury Bari, Kornel Jones Road,
North Kattali, Pahartoli, Chittagong - 4217
- Corporate Office** : BM Heights (8th Floor), 318, Sk. Mujib Road,
Badamtali, Agrabad, Chittagong.
- Principal Place of Business** : Chowdhury Bari, Kornel Jones Road,
North Kattali, Pahartoli, Chittagong - 4217
- Legal Advisor** : Hasan Mohammed Reyad (L.LB (Hon's) & ITP)
Advocate (Supreme Court of Bangladesh)
35, Purana palton Lane (2nd & 3rd Floor)
Dhaka-1000, Bangladesh
- Bankers** : Islami Bank Bangladesh Limited
Agrabad Corporate Branch, Chittagong, 3, CDA,
SK. Mujib Road, Agrabad, Chittagong
- One Bank Limited
Agrabad Corporate Branch, Agrabad, Chittagong
- Auditors** : Asraf Uddin & Co.
Chartered Accountants,
142/B, Green Road (3rd & 4th Floor),
Dhaka-1215
- Insurers** : Rupali Insurance Co. Ltd.
Rupali Bima Bhaban ,7 Rajuk Avenue, Dhaka-1000
- Listing** : Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)



PROFILE OF THE BOARD OF DIRECTORS

Nasreen Hoque, Chairman

Nasreen Hoque; Chairman of the Company, comes from a reputed family in Chittagong. Her father's name is Late Syed S. M. Mowlana Abul Quasim & Mother is Late Qudsiyah Begum. After completion of her studies, she engaged herself in business. Her Foresightedness along with her sincerity, honesty and conceptual problem-solving ability helped her succeed in her career. Her interpersonal skills, leadership behavior, high analytical ability and hardworking nature made her worth as a business leader. She is also a sponsor Director of Takaful Islami Insurance Ltd.



Md. Emdadul Hoque Chowdhury, Managing Director

Md. Emdadul Hoque Chowdhury, Managing Director of the Company was born on February 23, 1957 in a well-known Muslim Family in Chittagong. His Father's name is Late Al-Haj Md. Anwar Chowdhury and mother is Late Salema Khatun. After completion of his Bachelor of Arts he engages himself in business since 1971. He became a successful businessman in short time of his business career with his sincerity, honesty, conceptual and practical problem-solving ability. During his tenure of a business career, he gained business knowledge in Textile, agro-based and readymade garments industries. At present, he is Vice Chairman of Takaful Islami Insurance Limited, Elected President (2018-2019) of the Rotary Club of Chittagong Pearl, Ex-Director Chittagong Chamber of Commerce and Industry also Ex-Director of BGMEA, Ex- MIC of Chittagong Club Limited, and lifetime member of Chittagong Rifle Club, Chittagong Press Club, Bhatiyari Golf and Country Club, Chittagong Boat Club & Chittagong Ma-O-Shishu.



MD. Anwarul Hoque Chowdhury, Director

Md. Anwarul Hoque Chowdhury, Director of Kattali Textile Limited. He is the eldest son of Md. Emdadul Hoque Chowdhury & Nasreen Hoque. He was born on October 8th; 1988. He completed his International Baccalaureate Diploma in 2007 from International School of Dhaka (ISD). Bachelor of Business Administration (Major Logistics and supply chain management) from Queensland University of Technology (QUT) in Brisbane, Australia in 2011 & Masters of Business Administration in Finance from Independent University Bangladesh (IUB) in 2016. He joined the company on a full-time basis immediately after his graduation. He is the head of business development of KTL. He worked as Customer Service representative at Yum Inc. Melbourne Central and worked as Admin Assistant at Service Stream Communications, Brisbane, QLD. At present, he is the key management personnel of the company.



Md. Mokarram Anwar Chowdhury, Director

Md. Mokarram Anwar Chowdhury, Director of the Kattali Textile Limited. He is the younger son of Emdadul Hoque Chowdhury & Nasreen Hoque Chowdhury. He was born on May 21, 1991. He completed his O level in 2008 and A level in 2010. He completed his Bachelor of Arts (Major in Communication & Public Relation) from Simon Fraser University. He has vast experience in Financial and Corporate Management. He is responsible for the Merchandising function of the company and therefore plays a vital role in the negotiations with the buyers.



Waduda Sabrina, Director (Nominee of Eian Apparels Ltd.)

Waduda Sabrina (Nominee Director of Eian Apparels Ltd.), Director of the Kattali Textile Limited. She is the elder daughter of Md. Emdadul Hoque Chowdhury & Nasreen Hoque Chowdhury. She was born in 1984. She completed her BBA from Independent University of Bangladesh, 2007; Diploma in Business Administration from Brisbane North Institute of TAFE 2008. She has wide experience in Management, Procurement, HR and Internal Audit in the Garments and Textile sector. She is responsible for the procurement and internal audit section of Kattali Textile Limited. She holds shares of several organizations.



Sifat Sabrina, Director (Nominee of Lucky Corner)

Mrs. Sifat Sabrina (Nominee of Lucky Corner), Director of the Kattali Textile Limited. She is the younger daughter of Md. Emdadul Hoque Chowdhury & Nasreen Hoque Chowdhury. She was born on September 10, 1985. She completed her BBA & MBA from North South University in 2008 & 2010. She has wide experience in HR and Internal Audit in the Garments and Textile sector. She is responsible for the Human Resource Section of the company and therefore plays a vital role in the Organization.



Mahbubur Rashid, Independent Director

Mahbubur Rashid, Independent Director of the Kattali Textile Limited. He is the Son of Abdur Rashed & Miss Mahabuba Rashid. He was born on 7th September 1945. He completed his SSC and HSC from St. Gregory's High English School and B.Com in Commerce from Dhaka University. After completion of his Bachelor of Commerce he joined banking service in the year 1969 as on Officer of a National City Bank of New York.. Then he service in Habib Bank Limited, Agrani Bank Limited, B.C.C.I., Southeast Bank Limited for total of 35 years. In 2004 he joined Bay Leasing and Investment Limited as its Managing Director and retired in September 2010 and he was a member of the Board of Directors of EXIM Bank Limited for five years.



K.A.M Ferdous, Independent Director

KAM Ferdous, Independent Director of the Kattali Textile Limited. He is the Son of KAM Khair& Miss Islam Khatun. He was born on 18 January, 1950. He completed his B.A from University of Chittagong, 1969. After completion of his Bachelor of Arts he joined banking service in the year 1970 as an Officer of a Nationalized Commercial Bank and rendered 16 years' service in the bank as: Branch Manager, In Charge loans & credit department. Then he service Dhaka Insurance Ltd. as Managing Director on 2006, Northern General Insurance Co. Ltd. as Managing Director on 2009, Asia Insurance Ltd. as Managing Director on 2010 and last served as Managing Director Takaful Islami Insurance Ltd. on 2012 and retired on 2017.



MD. FAZLUL HOQUE, (Chief Financial Officer)

Md. Fazlul Hoque is the Chief Financial Officer (CFO) of Kattali Textile Limited. He is 48 years old. He Obtained his B.Com (Accounting) degree from National University. Her long-time experience in relive department. He has more than 18 (eighteen) years of experience in reputed Group of Companies.



STATEMENT OF PERFORMANCE FROM THE CHAIRMAN

**Dear Valued Shareholders,
BismillahirRahmanir Raheem
Assalamualaikum,**

I am very grateful to all of you for presenting the annual report of Kattali Textile Limited for the year ended 30th June 2020. I am delighted to report that 2020 was yet another successful year for KTL despite the COVID-19 global pandemic and an uncertain global recovery. Our performance in 2020 once again demonstrates our ability to deliver substantial, sustained value for our shareholders.

During the year, KTL have made over \$10.5 Million in export sales, a small contribution to the overall total RMG export of \$27,949 Million made by Bangladesh. RMG sector continues to bring the highest foreign income to Bangladesh, contributing 83% of total exports during the year.

In view of the market challenge ahead, we believe our fully integrated ERP solution, state of the art facility, with fully automated machines and skilled labor and technicians will give us the competitive edge against our competitors. Our team shall strive to capture opportunities in the apparel and accessories business by adjusting its customer base and product mix and further strengthening the relationship with our existing key customers. KTL continues to focus on providing quality products, with great efficiency and speed.

On behalf of KTL, I would like to express my sincere appreciation and gratitude to all our customers, suppliers and shareholders for their dedicated support. Also, I wish to take this opportunity to thank all our employees for their invaluable service, dedication and perseverance throughout last year. Finally, I am grateful to my fellow Board members and the senior management for their contribution to the Group.

Thank You All

**SD
Mrs. Nasreen Hoque
Chairman**

STATEMENT OF PERFORMANCE FROM THE MANAGING DIRECTOR

BismillahirRahmanir Raheem
Assalamualaikum,
Dear Shareholders,

I am pleased to report another year of good performance with sales and earnings growth, some important new product approvals and continued cash returns to shareholders in line with expectations. I am pleased to inform that KTL has shown impressive turnaround during the current year, after sustaining through the global pandemic, COVID-19.

This performance was achieved by implementing measures to minimize increasing conversion cost, strengthening our sales mix, matching the international price competition, by achieving operational excellence and strategic decisions to diversify our portfolio by investing in profitable business segments.

Central to ensuring long-term delivery against the strategy is developing a culture which rewards high performance but also seeks to build on the values of the company. The Board was pleased to see employees support this, with a marked increase in employee engagement scores. The board has focused on improving both the framework and the culture for our control environment.

KTL acknowledges the need and importance of corporate governance as one of the essential elements in enhancing shareholder value. KTL is devoted to improving its corporate governance policies in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this report, the Company has formed the Audit Committee and Remuneration Committee all at the Board of Directors' (the "Board") level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure the protection of the interest of the Company's shareholders as a whole.

The strong performance of our Company throughout this year could not have been achieved without the dedication of our Management Team and we thank them for their strong leadership. We are extremely grateful to our valued employees and we would like to extend our appreciation to them for their support and loyalty; and we express our gratitude to our clients worldwide who continue to place their trust in KTL.

Working in partnership with all our customers, suppliers, business partners and Shareholders, we look forward to the coming year with higher ambition and greater spirit.

I assure you that if factors such as energy process, transport costs, natural disasters, social violence and international price/market situation could be rationally and internationally diplomatically controlled, our costs of operation would be competitive and investment would continue to be profitable in not only in Textiles/RMG sectors, but also in other existing/virgin sectors enabling the Country to attain its national goal to become a member of the rich income group by 2040.

Thank you All.

SD
Md. Emdadul Hoque Chowdhury
Managing Director

STATEMENT OF PERFORMANCE FROM THE DIRECTORS' REPORT

Bismillah-hirRahmanir Rahim
Honourable Shareholders,
AssalamuAlaikum,

On behalf of the Board of Directors and on my own behalf I welcome you all to 17th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for ended June 30, 2020, Auditors' report and the Directors' Report thereon along with Company's performance and other matters in terms of the Companies ACT 1994, the guideline issued by Bangladesh Securities and Exchange Commission and Bangladesh Accounting Standards.

BACKGROUND

Kattali Textile Limited (here in after referred to as "KTL" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) on June 26, 2002 and has been converted into a Public Limited Company on October 17, 2016 under the Companies Act, 1994.

REVENUE

As you are aware that the Company is 100% export oriented, mainly engaged in the business of Textile sector. The sale proceeds stood at Tk.955,245,848.00 the efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

The operating financial results of the Company for the year 2019-2020 as compared to the previous year are summarized hereunder:

Particular	2020-2019	2019-2018	2018-2017	2017-2016
Turnover	955,245,848	1,122,356,999	630,369,942	595,295,265
Gross Profit	211,692,572	281,806,184	157,562,058	135,946,059
Financial Expenses	4,188,616	5,069,911	6,691,478	5,820,380
Non-Operating Income	173,948,183	241,178,490	126,330,223	105,723,116
Net Profit Before Tax (NPBT)	187,477,199	237,223,611	121,697,982	107,014,668
Provision for Taxation	32,998,221	28,466,833	14,603,757	128,840
Net Profit After Tax (NPAT)	154,478,978	208,756,778	107,094,225	106,885,828
Gross Margin (Turnover)	22.16%	25.108%	24.995%	22.87%
Net Margin Before Tax	19.626%	21.136%	19.31%	17.98%
Net Margin After Tax	16.17%	18.60%	16.99%	17.96%
Earnings Per Share (EPS) BDT	1.43	2.34	1.95	1.94
Weighted Average Number of Share	107,690,000	97,900,000	55,000,000	55,000,000
Number of Share Outstanding	107,690,000	97,900,000	55,000,000	55,000,000

In reference to provisions of Section 184 of the Companies Act 1994, Rule 12 (and the Schedule there under) of the Bangladesh Securities and Exchange rules 1987, BSEC Notification dated August 07, 2012 and IAS-1 (International Accounting Standard-1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Reports to the Members of the Company for the year ended 30 June, 2020 in the following segments:

The Cost of Goods sold (COGS) in the year ended June 30, 2020 amounting to 77.84% of Revenue, thereby resulting in Gross Profit Margin of 22.16%. This is fairly consistent with 25.11% Gross Profit Margin for the year ended June 30, 2019. (The Net Profit Margin has been increased to 16.17% in 2020 which was 18.60% in 2019).

Five Years Financial Position (Amount in Taka)

Operational Result	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
Turnover	955,245,848	1,122,356,999	630,369,942	595,295,265	486,266,104
Gross Profit	211,692,572	281,806,184	157,562,058	135,946,059	109,757,750
Profit from Operating	178,136,799	246,248,402	133,021,701	111,543,496	90,444,216
Net Profit before Tax	187,477,199	237,223,611	121,697,982	107,014,668	83,060,381
Net Profit after Tax	154,478,978	208,756,778	107,094,224	106,885,828	57,869,126

Financial Position	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
Non-Current Assets	864,064,685	808,478,875	733,557,763	776,871,445	594,139,198
Current Assets	1224,685,544	1120,289,790	640,388,039	485,151,282	442,827,429
Shareholder's Equity	1898,121,933	1763,164,058	1233,531,280	1126,437,056	543,501,980
Non-Current Liability	45,900,084	37,254,176	34,599,282	33,137,855	306,642,267
Current Liability	144,728,213	128,350,431	105,815,239	102,447,815	186,822,380

Key Financial Ratio	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
Current Ratio	8.46	8.73	6.05	4.74	2.37
Quick Ratio	5.04	5.91	3.29	2.49	1.21
Debt to Equity Ratio	0.10	0.09	0.11	0.12	0.91
Net Income Ratio (%)	16.18%	18.60%	17.0%	18.0%	11.9%
Return on Equity (%)	8.14%	11.84%	8.7%	9.5%	10.6%
Earnings Per Share	1.43	2.34	1.95	2.07	1.12

APPROPRIATION:

The net profit of Tk. 154,537,875 earned during the year ended June 30, 2020 has been recommended by the Board to be distributed in the following manner:

a) Provision for proposed Dividend @ 10% {Stock Dividend (Bonus Share) @ 8% and Cash Dividend @ 2%}.

UTILIZATION OF IPO FUND

The Company has raised Tk. 34.00 crore by issuing ordinary shares through IPO.

Particulars	Amount in Taka
IPO Expense	19,124,000.00
Factory Building	172,779,916.00
Dormitory for Employee	25,312,794.00
New Machinery	89,787,540.00
Electric Installation of Transformer & Generator	7,995,750.00
Bank Loan (One Bank)	25,000,000.00
Total	340,000,000.00

IPO UTILIZATION DETAILS

In line with the condition number 4, Part-C of the consent letter number BSEC/CI/IPO-263/2017/549 date: 31 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on 30 June 2020 is as follows:

Auditor's Certificate Regarding Monthly Status Report of Utilization of Fund Against Initial Public Offering (IPO) of Kattali Textile Limited For the Month of June 2020

We have examined the accompanying statement IPO Utilization as 30 June 2020 of Kattali Textile Limited with bank statements, Prospectus and other necessary documents as produced to us by the management of the company during the course of our examination. After due verification we certify that the company received Tk. 340,000,000 (Taka Thirty Four Crore) only as Initial Public Offering (IPO) proceeds through subscription from 28 August 2018 to 13 September 2018 in the company's separate Bank Account (A/C 1501203618441001) maintaining with BRAC Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212. In line with the condition number 4, Part-C of the consent letter number BSEC/CI/IPO-263/2017/549 date: 30 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on 30 June 2020 is as follows:

Sl No.	Particulars	Proceeds of Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to May 2020	Fund Utilization (Tk.) for this month of June 2020	Total Utilization of Fund (Tk.) up to 30 June 2020	Unspent Balance of IPO (Tk.)
1	IPO Expenses	19,124,000	19,124,000	-	19,124,000	-
2	Constriction of Factory Building Expansion Unit	172,779,916	61,112,125	-	61,112,125	111,667,791
3	Construction of Dormitory of Employee	25,312,794	16,000,000	-	16,000,000	9,312,794
4	Acquisition of New Machinery for Expansion Unit	89,787,540	-	-	-	89,787,540
5	Electric Installation of Transformer & Generator	7,995,750	-	-	-	7,995,750
6	Bank Loan Repayment (One Bank Limited)	25,000,000	25,000,000	-	25,000,000	-
Total IPO Proceeds		340,000,000	121,236,125	-	121,236,125	218,763,875

We draw attention to the following matter:

- 1) Construction of Factory: Apart from the above utilization the company paid BDT 8,36,19,096 as advance against construction of factory building extension unit out of sanction amount BDT 17,27,79,916. Out of the advance the company transferred BDT 6,11,12,125 to "Construction of Factory Building Expansion Unit" up the month. But no progress bill was submitted by the contractor. Further no withholding Tax and VAT was deducted from the advance.

2) The company paid a bill for BDT 1,60,00,000 against Construction of Dormitory of Employee out of sanction amount BDT 2,53,12,794 from which withholding Tax and VAT was not deducted.

3) The company kept Tk. 16,04,48,341 (Tk. Sixteen Crore Four Lac Forty Eight Thousand Three Hundred Forty One) in FDR with Islami Finance and Investment Limited, Chittagong for twelve month. But the company encashed Tk. 16,37,25,000 from BRAC Bank Limited and transferred to Company's CD A/C No. 441001 maintained with BRAC Bank, 316 Sheik Mujib Road, Chittagong.

4) The company earned interest income of BDT. 2,83,28,122/- from FDR on IPO proceeds deposits and Foreign Exchange gain BDT.58,897. Therefore the bank deducted Advance Income Tax BDT 28,32,813/-, KTL also have a balance for Tk. 1,077,661/- included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT 1,42,934 upto June 30, 2020. Therefore bank balance after adjusting above amount stood at BDT. 6,22,37,724/- on current account A/C No. 1501203618441001, BDT 43,255/- on USD account No. 1501203618441002 and BDT 17,238/- on EUR account A/C No. 1501203618441004 with IFIL BDT 16,04,48,341 aggregating BDT 22,27,50,515/- as in clause (3) above.

We also state that referred to above:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus;
- b) IPO proceeds have been utilized in line with the conditions of the BSEC's consent letter for the IPO;
- c) Utilization of IPO proceeds is being under completion within the time frame as specified in the prospectus;
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus;
- e) Audit statement has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with bank statement.

SEGMENT REPORTING

The company operates in one segment, which is the business of Textile.

A position on cost of goods sold, gross margin and net profit margin

	30-June 2020		30-June 2019		30-June 2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Turnover	955,245,848	100.00%	1,122,356,999	100.00%	630,369,942	100.00%
Cost of Goods Sold	743,553,276	77.84%	840,550,815	74.89%	472,807,884	75.00%
Gross Profit	211,692,572	22.16%	281,806,184	25.11%	157,562,058	25.00%
Net Profit during the year	154,478,978	16.17%	208,756,778	18.60%	107,094,224	16.99%

ELECTION OF DIRECTORS

Sifat Sabrina, Nominee Director of Lucky Corner and Waduda Sabrina, Nominee Director of Eian Apparels of the Company, retire as per article 125 & 126 of Articles of Association and being eligible offer themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.5 (xxii) of BSEC notification dated 7th August, 2012 are depicted in Annexure-III.

APPOINTMENT OF AUDITORS

The Auditors of the Company, Ashraf Uddin & Co., Chartered Accountant, 142/B, Green road (3rd Floor), Dhaka-1215, Bangladesh, has carried out the audit of the Company for the year ended 30 June 2020. They were appointed as Statutory Auditor in 16th AGM. As per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015 existing auditor is eligible for re-appointment. Accordingly the Board of Directors has recommended re-appointment new auditor of Ashraf Uddin & Co., Chartered Accountant, 142/B, Green road (3rd Floor), Dhaka-1215, Bangladesh. A proposal for appointment Ashraf Uddin & Co., Chartered Accountant as auditor for the year 2020-21 of the Company will be placed in the forthcoming 17th AGM for shareholders' approval and fixation of their fees.

REAPPOINTMENT OF INDEPENDENT DIRECTORS

The existing Independent Directors of the Company KAM Ferdous and Mahbubur Rashid expressed his interest to be re-appointed as Independent Directors of the Company for the next tenure.

DIRECTORS' REMUNERATION

Directors' remuneration is shown in the note no. 26.07 of the notes to the Financial Statements.

STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

In accordance with the Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 the Directors are pleased to confirm the following:

The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the companies state of affairs, the result of its operations, cash flow and changes in equity.

1. Proper books and accounts of the company have been maintained.
2. Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
3. The International Financial Reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
4. The systems of internal control are sound and have been implemented and monitored effectively.
5. The pattern of shareholding is provided in Annexure-II of the annual report.

RISK AND CONCERNS

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to a change in policy in the international market might hamper the production and profitability.

Moreover, the performance of the company may be affected by the political and economic instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Similarly, risks and concerns of the industry depend on the upcoming Government policy as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future.

DISCUSSION ON CONTINUITY OF EXTRAORDINARY GAIN OR LOSS

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. As to the Company, there was no such gain or loss during the year under reporting.

BOARD SIZE

The number of members in the Board of Directors of the Company stands at 08 (including Two Independent Director) which are within the limits given by the BSEC Notification.

DUTIES OF MANAGING DIRECTOR & CEO

The provision of BSEC regulation have been compiled in the Annual report.

MAINTAINING A WEBSITE

The company maintains an official website: www.ktlbd.com. This is linked with the website of the stock exchange.

SUBSIDIARY COMPANY

The company has no any subsidiary company.

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, HEAD OF INTERNAL AUDIT

As per corporate governance guidelines of BSEC, the company has allocated the responsibilities of the officials as follows:

Chief Financial Officer : Md. Fazlul Hoque
Head of Internal Audit : Md.Minhazul Hoque

AUDIT COMMITTEE

The Audit Committee, as a subcommittee of the Board of Director has been constituted with the Independent Director as Chairman and other Directors. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been started in the annual audit committee report.

CORPORATE GOVERNANCE

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the shareholders and to the society. A statement in pursuance to clause 1.5, The Directors Report to Shareholders. 3.5, Reporting to the Shareholders and General Investors, Certificate from the CEO and CFO to the Board as per clause 6, certificate from professional accountant as per clause 7(i) and the status of compliance with the conditions imposed by the Commission's Notification No. SEC/ CMRRCD/ 2006-158/207/Admin/80, dated 3 June 2018 issued by Bangladesh Securities & Exchange Commission is depicted in the Annexure-I, II, IV, VI and VII respectively.

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE-I

- * Related Party Transactions are depicted in Note no. 26.08 in the Notes to the Account.
- * Remuneration of Directors including Independent Director has been shown in Note no. 26.06 & 26.07 in the Notes to the Account.
- * The Financial Statement of the Company present true and fair view of the Company's state of affairs, the result of its operation, cash flows and changes in equity.
- * Proper books of accounts as required by the prevailing law have been maintained.
- * Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.

- * The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- * The internal control system is sound in design and is effectively implemented and monitored.
- * There is no significant deviation from the operating result of the last year.
- * Key operating and financial data of last five years have been presented in summarized form in page no.13

The number of Board Meeting and the Attendance of Directors for the year ended 30 June, 2020 were as follows:

Mrs. Nasreen Hoque	Chairman	10	9
Md. Emdadul Hoque Chowdhury	Managing Director	10	10
Md. Anwarul Hoque Chowdhury	Director	10	10
Md. Mokarram Anwar Chowdhury	Director	10	10
Waduda Sabrina (Nominee Director of Eian Apparels Ltd.)	Director	10	9
Sifat Sabrina (Nominee of Lucky Corner)	Director	10	10
Mahbubur Rashid	Independent Director	10	10
KAM Ferdous	Independent Director	10	9

The pattern of Shareholding as required by clause 1.5 (xxi) of the BSEC Notification dated 7th August, 2012, is stated in Annexure II.

ANNEXURE-II

Pattern of Shareholding as on 30th June, 2020.

SHAREHOLDING PATTERN

The shareholding of directors at the end of 30 June, 2020 is shown as below:

Sl.	Name of the Shareholder	Position	Shares Held	%
i.	Parent/Subsidiary/Associated companies and other related parties			
ii.	Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouse and Minor Children:			
	Nasreen Hoque	Chairman	4,768,852	4.43%
	Md. Emdadul Hoque Chowdhury	Managing Director	12,805,313	11.89%
	Md. Anwarul Hoque Chowdhury	Director	3,447,105	3.20%
	Md. Mokarram Anwar Chowdhury	Director	3,012,512	2.80%
	Eian Apparels Ltd. (Nominated Waduda Sabrina)	Director	4,550,355	4.23%
	Lucky Corner (Nominated Sifat Sabrina)	Director	4,064,474	3.77%
	Syed ManzurQuader	Independent Director	Nil	Nil
	KAM Ferdous	Independent Director	Nil	Nil
	Md. Fazlul Hoque	Chief Financial Officer	Nil	Nil
	Md.Minhazul Hoque	Head of Internal Audit	Nil	Nil
iii.	Executives	Nil	Nil	Nil
iv.	Shareholders holding 10% or more voting interest in the company :			
	Md. Emdadul Hoque Chowdhury	Managing Director	32,648,611	30.32%

1. No Company Secretary/CFO/ Internal Auditor and their spouse and minor children hold above mentioned shares of the Company.
2. No Executive holds any share of the Company except Managing Director.
3. No Shareholders hold 10% or more shares except Md. Emdadul Hoque Chowdhury hold 11.89% shares.

DIRECTORS INVOLVED IN OTHER COMPANIES

SI No	Name	Position in KTL	Involvement	
			Name of the Company	Position
1	Nasreen Hoque	Chairman	Eian Apparels Ltd. Stage 11 Ltd. Saint Garments Ltd The Lucky Apparels Ltd International pvt. Ltd. Takaful islami Insurance Ltd	Director Director Director. Director Director Director
2	Md. Emdadul Hoque Chowdhury	Managing Director	Takaful Islami Insurance Ltd. Eian Apparels ltd Stage 11 Ltd. Saint Garments Ltd. The Lucky Apparels pvt. Ltd.	Vice- Chairman Director Director Director Director
3	Md. Anwarul Hoque Chowdhury	Director		
4	Md. Mokarram Anwar Chowdhury	Director		
5	Eian Apparels Ltd. (Nominated Waduda Sabrina)	Director		
6	Lucky Corner (Nominated Sifat Sabrina)	Director		
7	Mahbubur Rashid	Independent Director		
8	KAM Ferdous	Independent Director		

MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless effort helped increase the productivity as well as the net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors.

The director humble express its gratitude and acknowledge with keen interest the cooperation and unflinching support it has received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue and other agencies of the public and the private sector. We look forward to a brighter future for all of us.

We look forward to a brighter future for all of us.

Thank you All.

SD

Mrs. Nasreen Hoque
Chairman

AUDIT COMMITTEE REPORT

For the year ended 30th June, 2020

The Board of Directors of Kattali Textile Limited has constituted an Audit Committee according to the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended at the Compliance Report enclosed with the Directors' Report. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements of effectively discharge their duties and responsibilities as members of the Audit Committee. The members of the Audit Committee are as follows:

Name of The Audit Committee	Position of the Committee
Mahbudur Rashid, Independent Director of the KTL	Chairman of the Committee
Md. Anwarul Hoque Chowdhury, Director of the KTL	Member of the Committee
Md. Mokarram Anwar Chowdhury, Director of the KTL	Member of the Committee
Sifat Sabrina (Nominee of Lucky Corner), Director of the KTL	Member of the Committee

PURPOSE OF AUDIT COMMITTEE

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- * Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, standards and principles.
- * Monitor internal control and business risk management process.
- * Monitor and review the effectiveness of internal audit function.
- * Oversee hiring and performance of external auditors.
- * Other matters as per the terms of reference and Audit Committee.

AUTHORITY

The Audit Committee is authorized by the Board to review and activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any requests made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

MEETING ATTENDANCE

The Audit Committee met 5 (Five) times during the year 30 June, 2020. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during the year 30 June, 2020 are as follows:

Audit Committee Meeting Attendance record of the Members

Board Member	Designation	Held of Meeting	Meeting Attended
Mahbudur Rashid	Chairman	5	5
Md. Anwarul Hoque Chowdhury	Member	5	5
Md. Mokarram Anwar Chowdhury	Member	5	5
Sifat Sabrina (Nominee of Lucky Corner)	Member	5	4

Summary of Activities 2019-2020

The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. During the year 30 June, 2020, the Audit Committee carried out the following activities:

1. Financial reporting reviewed the quarterly and annual audited financial statements of the Company with the CFO and MD, focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements before recommending them to the Board for approval.

2. Internal audit:

- a. Reviewed internal audit reports and corresponding actions to improve controls as agreed by management.
- b. Reviewed status reports of internal audit to ensure that appropriate actions had been taken to implement the audit recommendations.

3. External audit

- a. Reviewed with the external auditors the Company's Statement of Internal Control before recommending the same for inclusion in the Company's Annual Report of 2020.
- b. Reviewed the findings arising from audits particularly the comments and recommendations in management letter, before recommending them to the Board of Directors for approval.
- c. Reviewed the external auditors' audit plan including its nature and scope, audit report, evaluation of internal controls and coordination of the external auditors.

SD

Mahbubur Rashid
Chairman, Audit Committee.

Kattali Textile Limited **DECLARATION BY MD AND CFO**

Date: October 28, 2020

The Board of Directors
Kattali Textile Limited
Chowdhury Bari, Kornel Kones Road,
North Kattali, Pahartoli, Chittagong-4217.

Subject: Declaration on Financial Statements for the year ended on 30 June 2020.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Kattali Textile Limited for the year ended on 30 June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed.
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view.
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements.
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records.
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 30 June 2020 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely Yours,

SD
Md. Emdadul Hoque Chowdhury
Managing Director (MD)

SD
Md. Fazlul Hoque
Chief Financial Officer (CFO)



SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS
(An associate firm of D. N. Gupta & Associates)

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E-mail : shirazkhanbasak@yahoo.com
Website : www.shirazkhanbasak.bd.com

**Report to the Shareholders of Kattali Textile Ltd. on
Compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Kattali Textile Ltd. for the year ended on 30 June 2020. This Code relates to the Notification No. Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Dated: November 08, 2020
Place: Dhaka



Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

[As per condition No. 1(5) (xxvii)]

Kattali Textile Ltd.

REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE CODE UNDER CONDITION NO .9

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Size of the Board of Directors: The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 7 (seven) and more than 20 (Twenty).	✓	-	-
1(2)	INDEPENDENT DIRECTORS: All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with following:-			-
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓	-	-
1(2)(b)	For the purpose of this clause "independent director" means a director-			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓	-	-
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company : Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓	-	-
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (Two) financial years;	✓	-	-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓	-	-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓	-	-

1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (Three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	-	-
1(2)(b)(viii)	who is not independent director in more than 5 (Five) listed companies;	√	-	-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√	-	-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√	-	-
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√	-	-
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days; and	√	-	-
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (Three) year's, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap on one tenure, i.e, three years from his or her completion of consecutive two tenures [i.e. six years]. Provided further that the independent director shall not be subject to retirement by rotation as per the (Company Act, 1994). Explanation: For the purpose of counting tenure of term of independent Director, any partial term of tenure shall be deemed to be a full tenure.	√	-	-
1(3)	Qualification of Independent Director.-			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√	-	-
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√	-	N/A

1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√	-	
	Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent position and same level or ranked or salaried officials of the company			
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√	-	N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√	-	N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√	-	N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	√	-	No Such deviation Occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals ;	√	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company ;	√	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and /or Chief Executive Officer;	√	-	-

1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absences of the regular Chairperson shall be duly recorded in the minutes.	√	-	-
1(5)	The Directors Report to Shareholders. The Board of the Company shall include the following additional statements or disclosures in the Directors Report prepared under section 184 of the Companies Act, 1994 (Act. No.XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√	-	-
1(5)(ii)	The segment-wise or product-wise performance;	√	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√	-	-
1(5)(v)	A discussion on Continuity of any extraordinary activities and their implications (gain or loss);		-	No Such event arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√	-	-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and /or any other instruments;	√	-	-
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	√	-	-
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performances and Annual Financial Statements;	√	-	-
1(5)(x)	A Statement of remuneration paid to the directors including independent directors;	√	-	-
1(5)(xi)	A Statement that the financial statements prepared by the Management of the issuer company present fairly its state of affairs, the result of its operations, Cash flows and changes in equity;	√	-	-
1(5)(xii)	A Statement that proper books of account of the issuer company have been maintained;	√	-	-
1(5)(xiii)	A Statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√	-	-
1(5)(xiv)	A Statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√	-	-

1(5)(xv)	A Statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√	-	-
1(5)(xvi)	A Statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	-
1(5)(xvii)	A Statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, the fact along with reasons there of shall be disclosed;	√	-	-
1(5)(xviii)	An explanation that significant deviations from the last years operating results of the issuer company shall be highlighted and the reasons there of shall be explained;	√	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (Cash or stock) for the year;	√	-	The BOD declared dividend
1(5)(xxi)	Boards statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√	-	N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√	-	N/A
1(5)(xxiii)(b)	Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details) ;	√	-	-
1(5)(xxiii)(c)	Executives; and	√	-	-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); Expanation : For the purpose of these clause, the expression "Executive" means top 5 (five) salaried employees of the company, other than the directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	√	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholder:-	√	-	-
1(5)(xxiv)(a)	a brief resume of the director;	√	-	-
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	√	-	-
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√	-	-

1(5)(xxv)	A Managements Discussion and Analysis signed by CEO or MD presenting detailed analysis of the companys position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√	-	-
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√	-	-
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√	-	-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√	-	-
1(5)(xxv)(g)	future plan or projection or forecast for companys operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√	-	-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure - C.	√	-	-
1(6)	Meeting of the Board of Directors The Company shall conduct its Board meeting and record the minutes of the meetings as well as keep required books and records in line with the provision of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code;	√	-	-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company.	√	-	-
2	Governance of Board of Directors of Subsidiary Company. -			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√	-	N/A

2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary Company;	√	-	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√	-	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√	-	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√	-	N/A
3	Managing Director(MD), Chief Executive Officer(CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS). -			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director(MD) or Chief Executive Officer(CEO), Company Secretary (CS) a Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC);	√	-	-
3(1)(a)	The Board shall appoint a Managing Director(MD) or Chief Executive Officer(CEO), Company Secretary (CS) a Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC);	√	-	-
3(1)(b)	The positions of the Managing Director(MD) or Chief Executive Officer(CEO), Company Secretary (CS) Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) shall be filled by different individual;	√	-	-
3(1)(c)	The MD or CEO, CS, CFO, HIAC of a listed company shall not hold any executive position in any other company at the same time;	√	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s);	√	-	-
3(2)	Requirement to attend Board of Directors Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters;	√	-	-
3(3)	Duties of Managing Director(MD) or Chief Executive Officer(CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√	-	-
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√	-	-

3(3)(a)(ii)	These statements together present a true and fair view of the companys affairs and are in compliance with existing accounting standards and applicable laws;	√	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the companys Board or its members.	√	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	√	-	-
4	Board of Directors Committee.- For ensuring good governance in the company, the Board shall have at least folling sub-committees:			
4(i)	Audit Committee; and	√	-	-
4(ii)	Nomination and Remuneration Committee	√	-	-
5	Audit Committee. -			
5(1)	Responsibility to the Board of Directors.	√	-	-
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements relect true and fair view of the state of affairs of the company and in ensuring a good monitoing system within the business;	√	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (Three) members;	√	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√	-	-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (Ten) years of such experience; Explanation : The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	√	-	-

5(2)(d)	When the term of service of any committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (Three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√	-	-
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√	-	-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	-
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√	-	-
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the Minutes.		-	No Such event arose
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit committee , any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	√	-	-
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√	-	-
5(5)	Role of Audit Committee The Audit Committee shall: -			
5(5)(a)	Oversee the financial reporting process;	√	-	-
5(5)(b)	Monitor choice of accounting policies and principles;	√	-	-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Report.	√	-	-

5(5)(d)	Oversee hiring and performance of external auditors;	√	-	-
5(5)(e)	Review along with the management, the annual financial statements before submission to the Board for approval;	√	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√	-	-
5(5)(h)	Review the adequacy of internal audit function;	√	-	-
5(5)(i)	Review the Managements Discussion and Analysis before disclosing in the Annual Report;	√	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	√	-	-
5(5)(k)	Review Management Letters or letter of Internal Control weakness issued by statutory auditors;	√	-	-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√	-	-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	√	-	-
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√	-	-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -			
5(6)(a)(ii)(a)	Report on conflicts of interests;	√	-	There was no reportable case of conflict of interest in 2019
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	√	-	There was no such case in the year
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	√	-	There was no such case in the year
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√	-	There was no such case in the year
5(6)(b)	Reporting to the Authorities:			

	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.		-	No Such event arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√	-	-
6	Nomination and Remuneration Committee (NRC). -			
6(1)	Responsibility to the Board of Directors.			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√	-	-
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√	-	-
6(1)(c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).	√	-	-
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√	-	-
6(2)(b)	All members of the Committee shall be non-executive directors;	√	-	-
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√	-	-
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√	-	-
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill	√	-	No Such event arose
	the vacancy within 180 (One hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√	-	No Such event arose

6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√	-	-
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√	-	-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√	-	No Such event arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the Shareholders: Provided that in absence of Chairperson of the NRC, any other member from NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	√	-	-
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√	-	-
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√	-	-
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√	-	-
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√	-	-
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√	-	-
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√	-	-
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√	-	-

6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√	-	-
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√	-	-
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√	-	-
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√	-	-
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√	-	-
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√	-	-
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria ; and	√	-	-
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√	-	-
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√	-	-
7	External or statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinion;	√	-	-
7(1)(ii)	financial information systems design and implementation;	√	-	-
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√	-	-
7(1)(iv)	broker-dealer services;	√	-	-
7(1)(v)	actuarial services;	√	-	-
7(1)(vi)	internal audit services or special audit services;	√	-	-
7(1)(vii)	any service that the Audit Committee determines;	√	-	-
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√	-	-
7(1)(ix)	any other service that creates conflict of interest.	√	-	No Such event arose

7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√	-	-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholder Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√	-	-
8	Maintaining a website by the Company. -			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	√	-	-
8(2)	The Company shall keep the website functional from the date of listing.	√	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√	-	-
9	Reporting and Compliance of Corporate Governance.-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√	-	-
9(2)	The Professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	√	-	Appointed will upcoming AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors report whether the company has complied with these conditions or not.	√	-	-

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-20/20/266

Date of issue : November 11, 2020



Renewed Certificate

This is to certify that

KATTALI TEXTILE LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2020.




Secretary-General

Photographs Gallery



Starting 16th AGM Proceeding



Shareholders delivering their speech at 16th AGM Meeting

Photographs Gallery



Mr.Md. Emdadul Hoque Chowdhury (Managing Director) delivering speech at 16th AGM



Shareholders and Directors at 16th AGM Meeting

Photographs Gallery

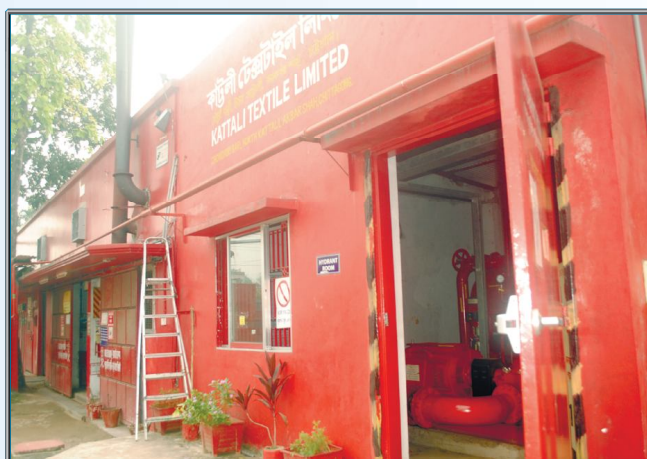


Shareholders are registering their presence at 16th AGM Meeting



Participation of Shareholders at 16th AGM

Photographs Gallery



Independent Auditor's Report To the Shareholders Kattali Textile Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the accompanying financial statements of **Kattali Textile Limited** ('the company) which comprise the Statement of Financial Position as on 30th June, 2020 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Basis for Disclaimer Opinion

The management of the company failed to provide us with required documents regarding realization & collection of revenue and purchase within due time. In addition to that, we were unable to perform physical stock count and find no other ways to satisfy ourselves by alternative means concerning the inventory valuation and quantities held as per the statement of financial position at 30th June, 2020.

Due to the outbreak of pandemic situation COVID-19 we were unable to perform our planned audit work within scheduled timeframe because of lack of cooperation and evidence provided by the management of the company. The company office and production facility were both declared as 'Red Zone' during the period our scheduled audit work. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of above mentioned issues which could be pervasive and the elements making up the statement of profit or loss, statement of changes in equity and statement of cash flows.

Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significant in our audit of the financial statements of the current period. 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.

1. Deferred Tax Liability	
Ref: Note 3.05 & 12	
Key audit matters	How our audit address the matter
As per IAS 12 Income Taxes, the two components of the company's estimated tax is Current Tax & Deferred Tax. There is a deferred tax liability of 44,984,320/- which is almost equivalent to 2.15% compared to total assets of the company.	-We verified that right opening balances are carried forward in deferred tax account. -We made sure that ,the tax base is according to 3 rd schedule of ITO 1984 and the accountant of the company have clear understanding of posting the associated journal entries.
The temporary difference of deferred tax consists critical calculation and forecast. The uncertainty in forecasting or lack of expertise may results in	- We recalculated the figures presented in the financial statements and made sure they are in

material misstatements which may have an impact on corporate tax.	<p>agreement with general ledger.</p> <ul style="list-style-type: none"> -We reviewed the amount of provision created for Deferred Tax in current year and the relevant adjustment against revaluation reserve. -We ensure that the correct rate of Tax is used to calculate the provisions for deferred tax. -We evaluated the adequacy of financial statement disclosures including key assumptions, judgments and sensitivities.
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2. Newly adopted IASs & IFRSs
Ref: Note 3

Key audit matters	How our audit address the matter
<p>The company has adopted new financial reporting standards and applied changes in its accounting policy and judgment in the preparation of financial statements for the year under audit.</p> <p>Adoption and application of new reporting standards require careful professional judgment and assumption. They have widespread impact on the preparation of the financial statements. Improper application may result in significant deviation among key performance indicators of the company.</p>	<ul style="list-style-type: none"> -Obtained an understanding from the management regard company policy in adoption of new International Accounting & Financial Reporting Standards. -We reviewed the process followed by the management in adopting and implementing new standards of reporting. - Assesses the assumptions made while applying those standards. - Analyze the impact on overall financial results due to adoption of new IFRS. -Carried out recalculation where necessary. - We checked the adequacy and appropriateness of disclosure requirements.

Other Information

As per the requirements of International Accounting Standards an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired.(IAS-36 para:9). Considering the overall economic, financial and political environment of Bangladesh, the company requires carrying out an impairment review of its fixed asset and should account for the subsequent impact in the financial statements following appropriate financial reporting standards.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

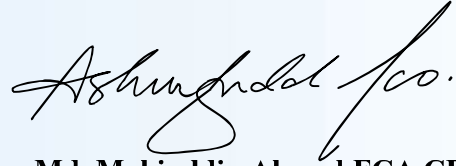
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- 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 accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) The statements 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 accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.



Md. Mohiuddin Ahmed FCA,CFC
Partner
Ashraf Uddin & Co.
Chartered Accountants

Place: Dhaka

Date: November 01, 2020

Kattali Textile Limited
Statement of Financial Position
as at 30 June 2020

Particulars	Note	Amounts in Taka	
		30-Jun-20	30-Jun-19
Non Current Assets		864,064,685	808,478,875
Property, Plant & Equipment	4	776,748,244	775,774,559
Capital Work In Process	5	87,316,441	32,704,316
Current Assets		1,224,685,544	1,120,289,790
Inventories	6	327,051,201	281,393,223
Account Receivables	7	443,892,457	435,234,849
Advances, Deposits and Prepayments	8	168,169,625	80,133,082
Cash and Cash Equivalents	9	285,572,261	323,528,636
Total Assets		2,088,750,229	1,928,768,665
Shareholder's Equity & Liabilities			
Shareholder's Equity		1,898,121,933	1,763,164,058
Share Capital	10	1,076,900,000	979,000,000
Other Comprehensive Income	31	58,897	-
Retained Earnings	11	821,163,036	784,164,058
Non-Current Liabilities		45,900,084	37,254,176
Deferred Tax	12	44,984,320	36,244,110
Long Term Loan (Long Term Portion)	13	915,764	1,010,066
Current Liabilities		144,728,213	128,350,430
Long term Loan (Current Portion)	13	456,000	456,000
Accounts Payable	14	3,547,854	3,673,793
Liabilities For Expenses	15	101,433,853	77,409,995
Liabilities for Workers Profit Participation Fund	16	9,373,860	17,946,080
Short Term Loan	17	29,916,646	28,864,563
Total Shareholder's Equity & Liabilities		2,088,750,229	1,928,768,665
Net Assets Value Per Share (NAV)	24.02	17.63	18.01

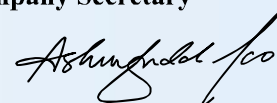
Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



Md. Mohiuddin Ahmed FCA, CFC
Partner
Ashraf Uddin & Co.
Chartered Accountants

Dated: November 01, 2020
Place: Dhaka

Kattali Textile Limited
Statement of Profit or Loss & Other Comprehensive Income
for the year ended 30 June 2020

Particulars	Note	Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
Turnover	18	955,245,848	1,122,356,999
Cost of Goods Sold	19	(743,553,276)	(840,550,815)
Gross Profit		211,692,572	281,806,185
Operating Expenses	20	(33,555,773)	(35,557,784)
Operating Profit		178,136,799	246,248,401
Financial Expenses	21	(4,188,616)	(5,069,911)
Profit before Non Operating Income		173,948,183	241,178,490
Other Income	22	22,902,876	7,906,301
Profit before Income Tax & WPPF		196,851,059	249,084,791
WPPF Expenses		(9,373,860)	(11,861,181)
Net Profit before Income Tax		187,477,199	237,223,610
Provision for Income Tax	23	(32,998,221)	(28,466,833)
Current Taxes	23.01	(24,258,012)	(25,402,879)
Deferred Taxes	23.02	(8,740,209)	(3,063,954)
Net Profit after Tax		154,478,978	208,756,777
Other Comprehensive Income:			
Unrealized Foreign Exchange Gain/(Loss)	31.00	58,897	-
Total Comprehensive Income for the year		154,537,875	208,756,777
Earnings Per Share (EPS)	24.01.1	1.43	2.11

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



Md. Mohiuddin Ahmed FCA, CFC
Partner
Ashraf Uddin & Co.
Chartered Accountants

Dated: November 01, 2020
Place: Dhaka

Kattali Textile Limited
Statement of Changes in Equity
For the year ended 30 June 2020

Amount in Taka

Particulars	Share Capital	Retained Earnings	Other Comprehensive Income	Total Equity
Opening Balance as on 01 July 2019	979,000,000	784,164,058		1,763,164,058
Issue of Bonus (Stock Dividend 10% and Cash Dividend 2%) for the year -2019	97,900,000	(117,480,000)		(19,580,000)
Unrealized Foreign Exchange Gain/(Loss)	-	-	58,897	58,897
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	154,478,978		154,478,978
Balance at the end of the year 30 June 2020	1,076,900,000	821,163,036	58,897	1,898,121,933

For the year ended 30 June 2019

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total Equity
Opening Balance as on 01 July 2018	550,000,000	683,531,281	1,233,531,281
Addition during the period (IPO Fund)	340,000,000	-	340,000,000
Issue of Bonus Share (Stock Dividend for the year - 2018)	89,000,000	(89,000,000)	-
IPO Expenses		(19,124,000)	(19,124,000)
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	208,756,777	208,756,777
Balance at the end of the year 30 June 2019	979,000,000	784,164,058	1,763,164,058

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Dated: November 01, 2020

Place: Dhaka

Kattali Textile Limited
Statement of Cash Flows
For the year ended 30 June 2020

Particulars	Notes	Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
A. Cash Flows from Operating Activities			
Received from Customers	27	946,588,240	1,028,987,561
Paid to Suppliers	28	(614,178,327)	(725,231,566)
Paid to Employees	29	(115,546,547)	(113,133,882)
Paid for Other Operating Expenses	30	(51,819,290)	(49,758,106)
Received from Other Sources		22,902,876	7,641,995
Payment of Income Tax		(4,619,487)	(5,619,714)
Net Cash Inflow from Operating Activities		183,327,465	142,886,288
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(60,300,679)	(94,117,642)
Proceeds from Capital Work In Progress		(54,612,125)	(31,500,000)
Advance against Flat Purchase and Construction		(83,619,096)	
Net Cash Outflow from Investing Activities		(198,531,900)	(125,617,642)
C. Cash Flows from Financing Activities			
Paid for Bank Overdraft		-	(31,567,484)
Paid for IPO Expenses		-	(19,124,000)
Proceeds from IPO		-	340,000,000
Proceeds from Short Term Loan		1,052,083	16,252,242
Proceeds / (Repayment) of Long Term Loan		(94,302)	(409,060)
Cash Dividend paid		(19,580,000)	-
Paid for Financial Expenses		(4,188,616)	(5,069,911)
Net Cash Inflow/(Outflow) from Financing Activities		(22,810,836)	300,081,787
D. Net Increase of Cash and Cash Equivalents for the year (A+B+C)		(38,015,271)	317,350,433
E. Cash and Cash Equivalents at the Beginning of the year		323,528,636	5,913,898
F. Foreign Exchange Gain (loss)		58,897	264,306
G. Cash and Cash Equivalents at the end of the year (D+E)		285,572,261	323,528,636
Net Operating Cash Flow Per Share (NOCFPS) 24.03.1		1.70	1.45

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Dated: November 01, 2020

Place: Dhaka

Kattali Textile Limited

Notes, Comprising Summary of Significant Accounting Policies and Other Explanatory Information

For the year ended 30 June, 2020

1 Background and Introduction

1.01 Formation and Legal Status

Kattali Textile Limited (hereinafter referred to as "the Company") was incorporated as private company limited by shares on 26 June 2002 under the Companies Act, 1994. The Company started its commercial operation on 01 March, 2004 and converted to Public Limited Company on 17 October, 2016. The registered office of the company is located at Chowdhury Bari, Cornel Jones Road, Pahartoli, Chittagong, Bangladesh.

1.02 Nature of Business

The principal activities of the company are to produce and export of different types of garment products like Man's Long Shirt, Boys Pant, Ladies shirt, Boy's Polo Shirt, Boys Long Pant, Boys Jacket, Men's Flt Front Short, Ladies Shorts, Boy's Trouser, Girl's Pant, Girl's Skirts, Girl's Top, Man's Top etc. It is serving many international buyers in the North American and the European markets and continues to strive in the highly competitive apparel-manufacturing sector. The principal buyers of the company are Wal-mart, Kohls, Jc Penney, Target, K-mart, Mango, Calvin Klein, At-Last, Weatherproof, ENYCE, Kenneth Cole, Nautical, etc. The company won many awards for its quality products and compliance to economy standards. The company's current production capacity is 437250 pcs of garment products monthly by using modern sewing machineries.

2 Basis of Preparation

2.01 Statement of Compliance

The Financial Statements of the company under reporting have been prepared under the historical cost convention on going concern concept and consistently accrual Basis in accordance with generally accepted accounting principles and practices in Bangladesh in compliance with The Companies Act 1994, International Accounting Standards (IAS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), and other applicable laws and regulations of the country.

The Company also complies with amongst others, the following laws and regulation:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

The Securities & Exchange Ordinance 1969

The Securities and Exchange Rules 1987

2.02 Functional and Reporting Currency

The Financial Statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of Financial Statements were rounded off to the nearest Taka.

2.03 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with IFRS 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. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated Financial Statements.

3.03.1 Changes in Accounting Policy & Judgement

Operating Segment

All entities shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environment in which it operates. As per IFRS-8 Operating Segments, an operating segments is a component of an entity;

- i. that engaged in business, earns revenue & incur expenses;

- ii. economic results and performance evaluated by chief operating decision maker on regular basis and;
- iii. for which discrete financial information is available.

In line with clause 3 (three) of IFRS-8 Operating Segment, the company is not required to apply this IFRS as it has no such segmented operation that comply with the requirements of IFRS 8.

Financial Instruments

At initial recognition as per IFRS-9 Financial Instrument, an entity shall measure a financial asset or financial liability as its fair value plus or minus (in the case of a financial asset or a financial liability not at fair value through profit or loss) the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition (subsequent measurement) an entity shall measure a financial asset or financial liability in either of the following subject to specific circumstance specified in the standard (sec 4.1.1-4.1.5)& (4.2.1-4.2.2):

- i. amortized cost;
- ii. fair value through other comprehensive income;
- iii. fair value through profit or loss.

The entity shall recognize loss allowance or Expected Credit Loss (impairment requirement). At each reporting date the entity account for the impairment of financial assets or financial liability in the following manner:

- I. an amount equal to the lifetime expected credit loss (if the credit risk of the instrument has increased significantly since initial recognition)
- II. an amount equal to the 12 (twelve) month expected credit loss (if the credit risk of the instrument has not increased significantly since initial recognition)

Leases

An entity shall assess a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In line with IFRS-16 Leases, an entity shall determine the lease term as the non-cancellable period of a lease together with both:

- I. Period covered by the option to extend the lease and;
- II. Period covered by the option to terminate the lease.

Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model.

The company does not hold any such right of use of asset for non-cancellable period of time in exchange for any consideration.

Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 established the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

The company has not yet assessed in potential impact of IFRS 17 on its financial statements.

2.04 Reporting Period

The Financial Statements of the Company consistently cover One year from 01 July, 2019 to 30 June,

2.05 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of Kattali Textile Limited is responsible for the preparation and presentation of Financial Statements of the Company.

2.06 Comparative Information

Comparative information have been disclosed in respect of the previous year for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements.

Rearrangement of Financial Statement:

Previous year figure has been rearrangement whenever considered necessary to ensure comparability with the current year presentation as per IAS: 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The following information have rearranged during the financial year:

Before Rearrangement	After Rearrangement
Foreign exchange Gain/(Loss) included with 'received from other sources' in the 'Statement of Cash Flows'	Foreign exchange Gain/(Loss) have separated from 'received from other sources' and presented separately in the 'Statement of Cash Flows'
Cash Paid to Employee included with 'Paid for Operating Expenses' and 'Paid to Suppliers & Others' in the 'Statement of Cash Flows'	Cash Paid to Employee have separated from 'Paid for Operating Expenses' and 'Paid to Suppliers & Others' and presented separately under the head of 'Cash Paid to Employee' in the 'Statement of Cash Flows'

3 Significant Accounting Policies

The Financial Statements have been prepared in compliance with requirement of IASs (International Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IASs/IFRSs are applicable for preparation the Financial Statements for the year:

IASs

- IAS-1 Presentation of Financial Statements
- IAS-2 Inventories
- IAS-7 Statement of Cash Flows
- IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS-10 Events after the Reporting Period
- IAS-12 Income Taxes
- IAS-16 Property, Plant & Equipment
- IAS -19 Employee Benefits
- IAS-21 The effects of Changes in Foreign Exchange Rates
- IAS-23 Borrowing Costs
- IAS-24 Related Party Disclosures
- IAS-33 Earnings Per Share
- IAS-36 Impairment of Assets
- IAS-37 Provisions, Contingent Liabilities and Contingent Assets

IFRSs

- IFRS-7 Financial Instrument: Disclosure
- IFRS-8 Operating Segments
- IFRS-9 Financial Instruments
- IFRS-15 Revenue from Contracts with Customers
- IFRS-16 Leases
- IFRS-17 Insurance Contracts

3.01 Going Concern:

This Financial Statements has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation. The company has adequate resources to continue its operation for the foreseeable future. As such, the director intended to adopt the going concern basis is preparing the Financial Statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

3.02 Property, Plant and Equipment (PPE)

These are capitalized at cost or fair value and subsequently stated net of accumulated depreciation in compliance with the IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost inclusive of inward freight, duties and non-refundable taxes for bringing the asset to its operating condition for its intended use. Expenditure on repairs and maintenance of Property, Plant and Equipment is treated as expense when incurred. Subsequent expenditure on property, Plant and Equipment is only recognized when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

ii) Depreciation

Depreciation on fixed asset is computed using the reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant & Equipment the annual depreciation rates applied under which is considered reasonable by the management. Depreciation rates varying from 3% to 10%. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. No depreciation is charged on land and land development. In case of disposal, no depreciation is charged on the date of disposal. 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 operations for the period.

The depreciation rates are as follows:

Category of Fixed Assets	Rate %
Factory Building and other Construction	3%
Plant & Machinery	10%
Electric Installation	10%
Tools and Equipment	10%
Office Equipment	10%
Furniture & Fixture	10%
Fire Fighting Equipment	10%
Motor Car	10%
Electric Substation	10%
Factory equipment	10%

iii) Retirement and Disposals:

An asset is recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the Statement of Profit or Loss & Other Comprehensive Income.

iv) Impairment of Assets:

The company reviews the recoverable amount of its assets at each reporting date. If there exist any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with IAS-36 "Impairment of Assets".

3.03 Inventories & Consumables:

Inventories comprise of Raw Materials, Work-in-Process, Finished Goods, Stores & Accessories, Oil & Lubricants and Packing Materials, which are valued lower of cost or net realizable value in accordance with the Para of 21 & 25 of IAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

i)	Raw Materials	at average cost
ii)	Work-in-process	at estimated cost
iii)	Finished goods	at cost or net realizable value whichever is
iii)	Stores & Spare Parts, Oil & Lubricants and Packing Materials	at cost

3.04 Revenue Recognition

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

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

3.05 Taxation

Income tax expense comprised of current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income and is accounted for in accordance with the requirement of IAS 12: "Income Taxes".

i) Current Tax

Current tax is the expected tax payable on the taxable income for the period/year and any adjustment to tax payable in respect of previous years as per the Provisions of Income Tax Ordinance, 1984 and duly amended by the Finance Act from time to time.

ii) Deferred Tax

Deferred tax is provided for all temporary differences comprising between the tax base of assets and liabilities and their carrying amounts in Financial Statements in accordance with the provision of IAS-12. During the year the company has recognized for Deferred Tax as per provision of IAS-12.

3.06 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount.

3.07 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with IAS- 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the reporting date are translated into Bangladesh Taka at the rate of exchange prevailing at the reporting date. All exchange differences are recognized in the Statement of Profit of Loss & Other Comprehensive Income.

3.08 Provision:

In accordance with the guidelines as prescribed by IAS 37, provisions are recognized when all the following criteria are meeting:

- i) When the company has a present obligation as a result of past event;
- ii) When it is probable that an outflow of resources embodying economic benefit will be required to settle the Obligation; and
- iii) Reliable estimate can be made of the amount of the obligation.

We have shown the provisions in the statement of financial position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the reporting date.

3.09 Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS-37 Provisions, Contingent Liabilities and Contingent Assets should not be recognized in the year in which the recognition criteria of provision have been made.

3.1 Statement of Cash flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the Cash Flow from the operating activities has been presented under direct method.

3.11 Events after the Reporting Period

Events after the reporting period that provide additional information about the Company's position at the reporting period or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the Notes when they are material.

3.12 Borrowing Cost:

Interest bearing borrowings include Term Loan (HPSM) and Short Term Bank Loan. Interest bearing borrowings are recognized initially at fair value. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost using the effective interest method.

3.13 Advertisement and Promotional Expenses

All cost associated with advertising and promotional activities are charged out in the year incurred.

3.14 Trade Receivable

i) Recognition and Measurement

Trade receivable consists of export sales and local sales, export sales proceeds against sales through L/C with a tenure of 90 days to 120 days and realizable at the maturity date.

ii) Bad and Doubtful Debts

The Company does not make any provision for bad and doubtful debts because its local sales is realized during the year and export sales are based on 100% confirm letter of credit with fixed maturity date.

3.15 Creditors and Accrual

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

3.16 Cash and Cash Equivalents:

According to IAS 7 "Statement of Cash Flows" cash comprises Cash in Hand and Bank Deposit and Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value IAS 1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of IAS 7 and IAS 1, Cash in Hand, Short term Fixed Deposits and Bank Balances have been considered as Cash and Cash Equivalents.

3.17 Components of the Financial Statements:

According to the International Accounting Standard IAS-1, Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- i) Statement of Financial Position as at 30 June 2020.
- ii) Statement of Profit of Loss & Other Comprehensive Income for the year ended 30 June 2020
- iii) Statement of Changes in Equity for the year ended 30 June 2020
- iv) Statement of Cash Flows for the year ended 30 June 2020
- v) Selected Notes, Comprising a Summary of Significant Accounting Policies and other Explanatory Information to the year ended 30 June 2020

3.18 Earnings Per Share:

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard IAS-33 "Earnings Per Share".

i) Basic Earnings Per Share:

Basic Earnings Per Share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

ii) Diluted Earnings Per Share:

No diluted Earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

3.19 Related Party Transactions

The objective of "Related Party Disclosure", IAS - 24 is to ensure that an entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its Financial Position and Profit or Loss may have been affected by the existence of related parties and by transactions and outstanding balances with such Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

A party is related to an entity if: [IAS 24.9] directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the entity has an interest in the entity that gives it significant influence over the entity, has Joint control over the entity, the party is a member of the key management personnel of the entity or its parent, the party is a close member of the family of any individual, the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual and the party is a post-employment benefit plan for the benefit of employees of the entity. The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'.

3.2 Financial Expenses

Financial Expenses comprise the interest on external borrowings and bank charges and are recognized as they

3.21 Employee Benefits

Short Term Employee Benefits

Salaries, bonuses and allowances are accrued in the year in which the associated services are rendered by the employees of the Company.

Workers Profit Participation Fund

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the worker's as per provision of Labor Law 2006 chapter-15.

3.22 Approval of the Financial Statements

These Financial Statements have been approved by the Board on 29 October 2020

3.23 Financial Risk Management Policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative Financial Instruments for speculative or trading purposes.

Interest Rate Risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk. The Company has not entire into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Foreign Currency Risk

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

Credit Risk

Credit risk is the potential Financial loss resulting from the failure of a customer or counterparty to settle its Financial and contractual obligations to the company as and when they fall due. Management has a credit policy in place and the exposure to Credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of Credit Risk. The maximum exposure to Credit Risk is represented by the carrying amount of each Financial Asset in the Statement of Financial Position. However, due to a large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

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 as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligation through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

3.24 Risk and Uncertainties for use of Estimates in preparation of Financial Statements

The Preparation of Financial Statements 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 disclosure requirements for contingent assets and liabilities during and at the date of Financial Statements. Actual results may differ from those 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.

3.25 Significant Deviation

For the period July' 2019 to June' 2020, EPS decreased compared to the previous year (July 2018 to June 2019), the major reason being decrease as COVID-19 is affect of Sales Revenue. Sales volumes, but Sales Rate as well as positive exchange rate along with Increasing interest income on IPO account are main reason to excess Revenue Generation and the high demand in foreign market through new buyer. NOCFPS also increase for increase of Collection in relation with the Sales volume.

3.26 Implication of COVID-19 on our business:

The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by Bangladesh Government to contain the virus has negatively affected the group's results in the reporting period.

COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

There was no significant difficulties in meeting loan covenants based on the aroused COVID-19 situation and the company managed to meet all obligations for the reporting period.

		Amounts in Taka	
		30-Jun-2020	30-Jun-2019
4.00	Property, Plant & Equipment		
	A. Cost		
	Opening Balance	1,156,051,609	993,222,667
	Addition during the Period	60,300,679	162,828,942
	Total Cost	1,216,352,288	1,156,051,609
	B. Accumulated Depreciation		
	Opening Balance	380,277,050	329,580,520
	Depreciation for the Period	59,326,994	50,696,530
	Total Depreciation	439,604,044	380,277,050
	Written Down Value (WDV)	776,748,244	775,774,559
	Detail of Property, Plant & Equipment and depreciation as on 30 June 2020 are shown in the Annexure -A		
5.00	Capital Work In Progress		
	A. Kattali Expansion Unit		
	Opening Balance	32,704,316	69,915,616
	Addition During the year	54,612,125	31,500,000
	Construction of Factory Building	50,112,125	11,000,000
	Construction of Dormatory Building	-	16,000,000
	Lease Rent for the year (Factory Building Expansion Unit)	3,900,000	3,900,000
	Lease Rent for the year (Dormatory Building)	600,000	600,000
		87,316,441	101,415,616
	Less: Transfer to Fixed Asset (Land Development of	-	(68,711,300)
	Closing Balance	87,316,441	32,704,316
6.00	Inventories		
	Raw Materials in Stock - Note 19.01	185,263,584	173,112,484
	Packing materials Note- 19.02	465,380	370,886
	Work- in - process Note- 19.00	23,479,837	20,323,444
	Oil and Lubricants Note -19.04.1	327,340	333,808
	Stores & Spares - Note 19.04.2	782,041	519,583
	Finished Goods - Note 19.03	116,733,019	86,733,019
		327,051,201	281,393,223
7.00	Account Receivables		
	Opening Balance	435,234,849	341,865,410
	Add : Addition during the Period	955,245,848	1,122,356,999
		1,390,480,697	1,464,222,409
	Less : Realized during the Period	(946,588,240)	(1,028,987,560)
		443,892,457	435,234,849
7.01	Disclosure as per schedule-XI, Part-I, of The Company Act,1994		
	Debts exceeding 6 Months	-	-
	Debts below 6 Months	443,892,457	435,234,849
	Other debts less provision	-	-
	Debts considered Good & secured	443,892,457	435,234,849
	Debts considered Good without security	-	-
	Debts considered doubtful or Bad	-	-
	Debts due by directors or other Officers	-	-
	Debts due from companies under same management	-	-
	Maximum debt due by Directors or Officers at any time of the Period	-	-
		443,892,457	435,234,849

Amounts in Taka	
30-Jun-2020	30-Jun-2019

There is no related party transaction including in A/C Receivable

Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount. All receivables have been considered as good and realizable.

8.00 Advance, Deposits & Prepayments

Advances - Note 8.01

Deposits and Prepayments - Note 8.02

120,870,355	32,833,812
47,299,270	47,299,270
168,169,625	80,133,082

8.01 Advances

Advance Against Salary

L/C margin

Advance Income Tax - Note 8.01.1

Advance against Flat Purchase Note 8.01.2

1,362,171	1,683,491
2,117,631	1,998,351
24,771,457	20,151,970
92,619,096	9,000,000
120,870,355	32,833,812

8.01.1 Advance Income Tax

Opening Balance

Addition during the Year

Adjustment during the Year

20,151,970	14,532,256
4,619,487	5,619,714
24,771,457	20,151,970
-	-
24,771,457	20,151,970

8.01.2 Advance against Flat Purchase and Construction

Opening Balance

Addition Construction of Factory Building (IPO Proceed)

Transfer to Fixed Asset

9,000,000	9,000,000
83,619,096	-
92,619,096	9,000,000
-	-
92,619,096	9,000,000

8.02 Deposits

C & F Association

Advance against Land Lease

Electricity Board

T & T Security

WASA Security

40,000	40,000
47,005,000	47,005,000
129,150	129,150
70,120	70,120
55,000	55,000
47,299,270	47,299,270

9.00 Cash & Cash Equivalents

Cash in Hand

Short Term Fixed Deposit (FDR) Note- 9.01

Cash at Bank - Note 9.02

5,625,701	6,847,234
160,448,341	161,333,333
119,498,219	155,348,069
285,572,261	323,528,636

9.01 Short Term Fixed Deposits

Particulars	Branch	A/C No	Amounts in Taka	
BRAC Bank Limited	Gulshan	1501303618441000	-	151,250,000
Islamic Finance & Investment Limited	Agrabad	0022970000787-1002	160,448,341	5,041,667
				5,041,667
			160,448,341	161,333,333

9.02 Cash at Bank

Particulars	Branch	A/C No.	Amounts in Taka	
Islami Bank Bangladesh Ltd.	Agrabad	AWCA20501030100333101	20,387,642	11,278,742
Islami Bank Bangladesh Ltd.	Agrabad	MDA 20501032500006609	15,867,762	7,441,624
Islami Bank Bangladesh Ltd.	Agrabad	ERQ 20501032100006605	6,736,127	10,810,700
Islami Bank Bangladesh Ltd.	Agrabad	FC 20501032300006607	14,206,127	10,481,663
One Bank Limited	Agrabad	FC 30060462127	1,588	1,502
One Bank Limited	Agrabad	Margin 0030060462291	756	715
Brac Bank IPO	Gulshan	USD Account	43,255	142,725
Brac Bank IPO	Gulshan	EUR Account	17,238	59,005
Brac Bank IPO	Gulshan	BDT Account	62,237,724	115,131,392
			119,498,219	155,348,069

10.00 Share Capital

Authorized Capital

150,000,000 Ordinary Shares @ Tk 10 each

1,500,000,000 **1,500,000,000**

10.01 Issued, subscribed and paid-up Capital

97,900,000 Ordinary Shares of Tk 10 each issued for cash

Add. Bonus Allotment 10% on 30 June 2019

Total 1076,900,000 no of Shares @ 10.00 each

979,000,000

890,000,000

97,900,000

89,000,000

1,076,900,000 **979,000,000**

Name of Share Holder	Number of Share	Nature of Shareholdin	% of Shareholding	Amounts in Taka
Mrs. Nasreen Hoque	4,768,852	Chairman	4.43%	47,688,520
Md. Emdadul Hoque Chowdhury	12,805,313	Managing Director	11.89%	128,053,130
Md. Anawarul Haque Chowdhury	3,447,105	Director	3.20%	34,471,050
Md. Mokarrom Anwar Chowdhury	3,012,512	Director	2.80%	30,125,120
Waduda Sabrina	4,550,355	Nominee Director of	4.23%	45,503,550
Sifat Sabrina	4,064,474	Nominee Director of	3.77%	40,644,740
Others	75,041,389	Shareholders	69.68%	750,413,890
Total	107,690,000		100.00%	1,076,900,000

Shareholding Position as on 30th June 2020

Particulars	Share	Percentage
Directors	32,648,611	30.32%
Company/Institute	8,401,806	16.05%
Foreign	233,859	0.10%
Individual/Public	66,405,724	53.53%
Total	107,690,000	100.00%

11.00 Retained Earnings

Opening Balance

784,164,058

683,531,281

Add: Addition during the year

154,478,978

208,756,778

Less: IPO Expenses

-

(19,124,000)

Less: Issue of Bonus Share

(117,480,000)

(89,000,000)

Closing Balance

821,163,036

784,164,058

12.00 Deferred Tax

Written down value (Accounting Base)	827,444,775	775,774,559
Written down value (Tax Base)	452,575,444	473,740,305
Temporary/(Deductible) Difference	374,869,331	302,034,254
Effective Tax Rate	12%	12%
Deferred Tax Liability/(Asset)	44,984,320	36,244,110

13.00 Long Term Loan

Opening Balance	1,466,066	1,875,126
Addition During this year	-	2,716,469
	1,466,066	4,591,595
Less. Adjustments during this year	94,302	3,125,529
	1,371,764	1,466,066
Curentt Portion of Longterm Loan	456,000	456,000
	915,764	1,010,066

Details of Bank Loan

Limit Amount	2.75 Million
Purpose	For Importing, Procuring fabrics & Associates as raw materials of Garments as
Renewal Date	29.12.2016

Particulars of Security		Ownership	Location
Security	9.00 dec. of Land with 5,815 sqft Building	Emdadul Haque Chowdhury	Chittagong
	74 decimal Land	Eian Apparels Limited	North Kattali, Chittagong
	17 decimal Land	Emdadul Haque Chowdhury	
	9 decimal Land	Kattali Textile Limited	
	6.13 decimal Land		
	Factory Building 6 stored		
Limit	2.75 Million		
Bank name	Islami Bank Bangladesh Ltd.		

14.00 Trade Payable

Al- Idrish Stationeries	31,350	33,850
Alam Enterprise	73,120	67,701
Alam Trading	164,340	157,250
AR Enterprise	218,400	134,465
AYZ Express Service	190,370	210,209
Badar Box Inds. Ltd.	234,530	241,538
Brightex Garments	71,251	33,548
Crystal wash	468,320	568,503
Islam Trading	32,860	85,430
Jahan Traders	291,580	304,457
JAM Washing	-	115,381
M/S Billah Printers	348,620	235,821
M/S Islam & Brothers	210,690	159,789
Make Electric	218,370	261,828
Munna Enterprise	161,940	186,768
MR Enterprise	368,831	445,943
Sears Accessories	315,690	291,201
Othithi International	69,240	48,030
Shiftless International	78,352	92,080
	3,547,854	3,673,793

15.00 Liability for Expenses

Audit Fees	100,000	95,000
Electric Bill Payable	128,023	400,285
Lease Rent Payable	540,000	540,000
Gas Bill Payable	30,858	63,772
Salary and Allowance	1,550,269	1,482,720
Remuneration Payable	290,000	290,000
Telephone Bill Payable	2,721	4,248
Provision for Income Tax Note 16.01	98,791,982	74,533,970
	101,433,853	77,409,995

15.01 Income Tax Provision

Opening Balance	74,533,970	49,131,091
Addition During the Year	24,258,012	25,402,879
	98,791,982	74,533,970
Adjustment During the year	-	-
	98,791,982	74,533,970

16.00 Provision for Workers Profit Participation Fund

Opening Balance	17,946,080	6,084,899
Addition During the Year	9,373,860	11,861,181
	27,319,939	17,946,080
Adjustment During the year	(17,946,080)	-
	9,373,860	17,946,080

17.00 Short Term bank Loan

Foreign BB LC Usance	Islami Bank Bangladesh Ltd	5,690,241	2,866,644
Inland B/B LC Usance	Islami Bank Bangladesh Ltd	6,152,551	5,411,618
BAI SALAM	Islami Bank Bangladesh Ltd	7,079,406	6,227,349
Bai As Sarf	Islami Bank Bangladesh Ltd	514,018	14,358,952
COVID-19 Fund	Islami Bank Bangladesh Ltd	10,480,430	-
		29,916,646	28,864,563

Details of Bank Loan

Limit Amount	Composite Loan Limit 250 Million (L/C 220 Million, Cash L/C 5 Million, PSI 25 Million)
Purpose	For Importing, Procuring fabrics & Associates as raw materials of Garments as well as import of garments machinery/ Spare Parts under Cash L/C.
Sanction Date	21.05.2014
Security	Land 9.71 dec. with 5815 sqft Flat, Chittagong, 91 Dec. Land with 6 storied building (74,487 sqft) North Kattali, Chittagong & 1.65 dec Land with 4 storied building, Islampur, Dhaka
Bank name	Islami Bank Bangladesh Ltd.

COVID -19Fund Details

Limit Amount	Composite Loan Limit 2,03,85,906/=
Purpose	For Worker / Employee Salary purpose
Sanction Date	23.04.2020
Security	Export L/C 4, Contract Export proceeds realized.
Bank name	Islami Bank Bangladesh Ltd.

	Amounts in Taka	
	Fy(2019-2020)	Fy(2018-2019)
18.00 Turnover		
Mans L/S Shirt	120,065,020	136,743,053
Boys Pant	85,081,299	103,978,719
Ladies Shirt	209,283,800	196,118,844
Boys Polo Shirt	42,421,957	63,882,734
Boys Long Pant	70,348,462	85,928,266
Boys Jacket	78,883,840	102,290,518
Men's Flt Front Short	81,826,548	114,268,121
Ladies Shorts	50,985,155	58,087,417
Boys Trouser	58,864,085	74,098,265
Girls Pant	61,485,682	73,432,955
Girls Top	45,525,580	49,326,207
Man's Top	50,474,420	64,201,903
	955,245,848	1,122,356,999
19.00 Cost of Goods Sold		
Raw Materials Consumed - Note 19.01	599,732,178	713,046,313
Packing Materials Consumed - Note: 19.02	1,955,336	2,054,926
Opening Work-In-Process	20,323,444	10,295,394
Closing Work-In-Process	(23,479,837)	(20,323,444)
Total Consumption	598,531,122	705,073,189
Factory Overhead - Note 19.04	175,022,154	178,246,533
Cost of Goods Manufactured	773,553,276	883,319,722
Opening Finished Goods	86,733,019	43,964,112
Cost of Goods Available for Sale	860,286,295	927,283,834
Closing Finished Goods -Note-19.03	(116,733,019)	(86,733,019)
Cost of Goods Sold	743,553,276	840,550,815
19.01 Raw Materials Consumed		
Opening Inventory	173,112,484	163,524,458
Purchase during the Year	611,883,278	722,634,339
Total Materials Available	784,995,762	886,158,797
Closing Inventory	(185,263,584)	(173,112,484)
Raw Materials Consumed during the Year	599,732,178	713,046,313
19.02 Packing Materials Consumed		
Opening Inventory	370,886	280,972
Purchase during the Year	2,049,830	2,144,840
Total Materials Available	2,420,716	2,425,812
Closing Inventory	(465,380)	(370,886)
Packing Materials Consumed during the Year	1,955,336	2,054,926
19.03 Finished Goods		
Opening Inventory	86,733,019	43,964,112
Cost of Goods Manufactured	773,553,276	883,319,722
Total Materials Available	860,286,295	927,283,834
Cost of Goods sold	(743,553,276)	(840,550,815)
Closing Finish Stock	116,733,019	86,733,019
19.04 Factory Overhead		
Carrying & Handling	3,402,887	2,929,283
C & F Expenses	3,579,629	3,397,284
Carrying Inward	2,332,891	1,561,661
Depreciation Annexure-1	56,953,914	48,668,668
Gas Bill	1,043,070	787,236
Festival Bonus	6,208,958	5,740,144
Medical Expenses	503,986	429,799
Wasa Bill	666,181	535,247
Electricity Bill	5,884,779	4,963,239
Repair & maintenance	3,796,328	4,321,293
Oil & Lubricants - Note 19.4.1	6,020,357	5,638,905
Stores & Spare Parts - Note 19.4.2	5,822,690	6,967,317
Salary, Wages & Allowence	78,806,485	92,306,457
	175,022,154	178,246,533

		Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
19.04.1	Oil & Lubricants		
	Opening Inventory	333,808	396,616
	Purchase during the Year	6,013,889	5,576,097
	Total Materials Available	6,347,697	5,972,713
	Closing Inventory	(327,340)	(333,808)
	Consumed during the Year	6,020,357	5,638,905
19.04.2	Stores & Spare Parts		
	Opening Inventory	519,583	963,150
	Purchase during the Year	6,085,148	6,523,750
	Total Spare Parts Available	6,604,731	7,486,900
	Closing Inventory	(782,041)	(519,583)
	Consumed during the Year	5,822,690	6,967,317
20.00	Operating Expenses		
	Administrative Expenses	28,464,872	30,217,688
	Selling & Distribution Expenses	5,090,901	5,340,096
		33,555,773	35,557,784
20.01	Administrative Expenses		
	Audit Fees	376,000	235,000
	Depreciation -Annexure-1	1,186,540	1,013,931
	Director Remuneration	3,480,000	3,480,000
	Board Meeting Allowance	770,000	930,000
	Recruitment Expenses	12,490	9,320
	Lease Rent of Land	1,980,000	1,980,000
	Donation	49,280	43,312
	Electricity Bill	2,059,673	1,467,510
	Entertainment	634,913	803,235
	Vehicle Maintenance	338,918	519,179
	Legal and Professional Fee	263,838	346,449
	Miscellaneous Expenses	380,834	472,516
	Newspaper & Periodical	54,580	12,229
	Printing & Stationery	733,615	854,462
	Office Maintenance	1,232,269	1,750,945
	Salaries & Allowance	13,018,978	14,029,236
	Stamp & Postage	200,606	281,841
	Telephone & Communication	874,473	960,385
	Traveling & conveyance	817,866	1,028,138
		28,464,872	30,217,688
20.02	Selling & Distribution Expenses		
	Business Promotion	285,700	366,084
	Depreciation -Annexure-1	1,186,540	1,013,931
	Discount Allowed	168,380	179,883
	Carriage Outward	380,750	427,094
	Mobile Bill	71,500	75,800
	R & D Expenses	61,682	65,835
	Salaries & Allowance	1,913,874	2,093,236
	Sales Commission	624,170	594,931
	Forwarding Expenses	211,923	283,789
	Traveling & conveyance	186,382	239,513
		5,090,901	5,340,096
21.00	Financial Expenses		
	Bank Interest	4,038,452	4,932,294
	Bank Charge	150,164	137,617
		4,188,616	5,069,911
22.00	Other Income		
	Interest Income (IPO Account & FDR)	22,530,160	7,134,072
	Wastage Sales	372,716	507,923
	Foreign Exchange Gain (loss)	-	264,306
		22,902,876	7,906,301

		Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
23.00	Provision for Income Taxes	32,998,221	28,466,833
23.01	Current Taxes Expenses		
	A. Income Tax on Business Income (Net of Other Income)		
	Income Before Taxes	164,574,323	237,223,610
	Add: Depreciation	59,326,994	50,696,530
	Less: Capital Allowance	(69,465,542)	(76,229,481)
		154,435,775	211,690,659
	Tax Rate	12%	12%
	Current Taxes	18,532,293	25,402,879
	B. Income Tax on Other Income		
	Interest Income (IPO Account & FDR)	22,530,160	
	Wastage Sales	372,716	
	Total Other Income	22,902,876	
	Income Tax on Other Income @25%	5,725,719	
	Total Income Tax Expenses (A+B)	24,258,012	
23.02	Deferred Tax Expenses		
	Deferred Tax Liability as on 30 June 2020	44,984,320	36,244,110
	Less: Deferred Tax Liability Opening	36,244,110	33,180,156
		8,740,209	3,063,954
24.00	INFORMATION BASED ON PER SHARE		
24.01.1	Earnings Per Share (EPS) Basic		
	The computation of EPS is given below:		
	Earning attributable to the ordinary shareholders	154,478,978	208,756,777
	Weighted Average Number of Shares Note: 24.01.2	107,690,000	98,840,685
	Earnings Per Share (EPS) Basic	1.43	2.11
24.01.2	Calculation of Weighted average Number of Shares		
	Paid Up Capital (in Share)	97,900,000	55,000,000
	Issue of Bonus (in Share) 2019	9,790,000	9,790,000
	Issue of Bonus (in Share) 2018	-	8,900,000
	Weighted Average of IPO Fund (in Share)	-	25,150,685
		107,690,000	98,840,685
24.02	NET ASSETS VALUE PER SHARE (NAV)		
	Total Assets	2,088,750,229	1,928,768,665
	Less. Total Liabilities	190,628,296	165,604,607
	Net Assets Value (NAV)/ Shareholders Equity	1,898,121,933	1,763,164,059
	Number of Ordinary shares outstanding during the Year	107,690,000	97,900,000
	Net Assets Value Per Share (NAV)	17.63	18.01
24.03	NET OPERATING CASH FLOW PER SHARE (NOCFPS)		
24.03.1	Net Operating Cash Flows per share (NOCEPS)		
	Net Operating cash Flows (from statement of Cash Flows)	183,327,465	142,886,288
	Number of ordinary shares outstanding during the Year	107,690,000	98,840,685
	Net Operating Cash Flows per share (NOCEPS)	1.70	1.45
25.00	Reconciliation of Net Profit with Cash Flow from Operating Activities (Notification No. BSEC/ CMRRCD/2006-158/ 2008/Admin/81, dated: 20 June 2018.		
		Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
	Net Profit for the Year (Before Tax & WPPF)	196,851,059	249,084,791
	Adjustment:		
	Depreciation	59,326,994	50,696,530
	Financial Expenses	4,188,616	5,069,911
	(Increase)/Decrease in Inventory	(45,657,978)	(61,968,521)
	(Increase)/Decrease in Accounts Receivable	(8,657,608)	(93,369,438)
	Increase/(Decrease) in Accounts Payable	(125,939)	557,671
	Increase/(Decrease) in Liabilities	(234,154)	28,703
	(Increase)/Decrease in Advance & Prepayment	202,040	(1,329,339)
	Payment of Income Tax	(4,619,487)	(5,619,714)
	Adjustment of Workers Profit Participation Fund	(17,946,080)	-
	Foreign Exchange Gain/ (loss)	-	(264,306)
		183,327,464	142,886,288

26.00 OTHER COMMITMENTS, CONTINGENCIES AND RELEVANT INFORMATION

26.01 Contingencies

There is no contingent event that may require recognition of contingent liabilities for the year ended 30 June 2020.

26.02 Capital expenditure commitment

There was no capital expenditure commitment or contract at 30 June 2020. There was no material capital expenditure authorized by the Board but not contracted for for the year ended 30 June 2020.

26.03 Directors' interest in contracts with the company

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

26.04 Segment Reporting

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

26.05 Credit Facility Not Availed

There was no credit facility available to the company under any contract, but not availed for the year ended 30 June 2020 other than trade credit available in the ordinary course of business.

26.06 Attendance Status of Board Meeting of Directors

During the year ended 30 June 2020., there were Twelve Board Meetings were held. The attendance status of all the meetings is as follows:

Sl. No	Name Of Directors	Position	Meeting Attend	Meeting Attendance Fees
1	Md. Emdadul Hoque Chowdhury	Managing Director	10	100,000
2	Mrs. Nasreen Hoque	Chairman	9	90,000
3	Md. Anwarul Haque Chowdhury	Director	10	100,000
4	Md. Mokarrom Anwar Chowdhury	Director	10	100,000
5	Waduda Sabrina (Eian Apparels Limited)	Director	9	90,000
6	Sifat Sabrina (Lucky Corner Ltd.)	Director	10	100,000
7	KAM Ferdous	Independent Director	9	90,000
8	Mahbubur Rashid		10	100,000
				770,000

26.07 The total amount of remuneration paid to Directors and Managing Directors is as follows :

Sl.	Name	Designation	Amounts In Taka	
			30-Jun-20	30-Jun-19
1	Md. Emdadul Haque Chowdhury	Managing Director	1,440,000	1,440,000
2	Mrs. Nasreen Haque	Chairman	960,000	960,000
3	Md. Anwarul Haque Chowdhury	Director	600,000	600,000
4	Sifat Sabrina (Eian Apparels Limited)	Director	480,000	480,000
			3,480,000	3,480,000

26.08 Related party disclosures (IAS-24)

The Company has no related party transactions as per International Accounting Standards (IAS) -24 "Related Party Disclosures" executive compensation received by the following executives as Directors, Lease Rentals received by Mr. Md. Emdadul Haque Chowdhury and Eian Apparels Limited. Eian Apparels Limited has directorship in Kattali Textile Ltd. The Company carried out a number of transactions with related parties in the normal course of business on arms length basis.

Sl. No	Name Of Directors	Name of the Transactions	Transaction during the year
1	Md. Emdadul Hoque Chowdhury	Director Remuneration & Meetin Attendance Fees	1,540,000
2	Mrs. Nasreen Hoque		1,050,000
3	Md. Anwarul Haque Chowdhury		700,000
4	Md. Mokarrom Anwar Chowdhury		120,000
5	Waduda Sabrina (Eian Apparels Limited)		570,000
6	Sifat Sabrina (Lucky Corner Limited)		100,000
7	KAM Ferdous	Meeting Att.	90,000
8	Mahbubur Rashid		100,000
9	Md. Emdadul Hoque Chowdhury	Lease rent	600,000
10	Eian Apparels Limited		5,880,000
			10,750,000

- 26.09 The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial year to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

Particulars	Amounts in Taka	
	30-Jun-20	30-Jun-19
Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	4,250,000	4,020,000
Expenses reimbursed to Managing Agent		
Commission or Remuneration payable separately to a managing agent or his associate		
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 by such concerns with the company		
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 period.		
Any other perquisite or benefits in cash or in kind stating approximate money value where applicable.		
Other allowances and commission including guarantee commission Pensions etc.		
(i) Pensions		
(ii) Gratuities		
(iii) Payments from a provident funds, subscription and interest thereon		
iv) Share Based payments		

- 26.10 As per IAS- 24: Para 17

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term Employee benefits	4,250,000	4,410,000
(b) Post-employee Benefits	-	-
(c) Other Long term Benefits	-	-
(d) Termination Benefits and	-	-
(e) Share- Based Payment	-	-

- 26.11 Aggregated amount of Remuneration, Fess, Salary & Wages of employees are given below :

Particulars	Amounts in Taka	
	30-Jun-2020	30-Jun-19
Directors Remuneration	3,480,000	3,480,000
Board Meeting Attendance Fees	770,000	930,000
Salary, Wages & Allowance	78,806,485	92,306,457
Salary & Allowance	14,932,852	16,122,472
	97,989,337	112,838,929

- 26.12 Disclosure requirements of IAS 24, Para 18 minimum disclosure shall include:

a) The amount of transaction	4,250,000	4,410,000
b) The amount of outstanding balance, including commitments	210,000	290,000
i) Their terms & condition, including whether they are secured, and the nature of the consideration to be provided in settlement	Remuneration & Meeting Fee	Remuneration & Meeting Fee
ii) details of any guarantee given or received	Nil	Nil
c) Provisions for doubtful debts related to the amount of outstanding balance	Nil	Nil
d) The expenses recognized during the period in respect of bad or doubtful debts due from related parties	Nil	Nil

- 26.13 Number of Employee - Para 3 of Schedule XI, Part II

Salary Range (monthly)	Number of Employee		Total
	Staff	Worker	
Below 8,000	-	-	-
Above 8,000	51	1,315	1,370

- 26.14 Disclosure as per requirement of Para 7 of Part II of Schedule XI of the Companies Act, 1994

Utilization of Capacity - Para 7 of Schedule XI, Part II

	30-Jun-2020	30-Jun-19
Installed Capacity (Pcs) Per Month	437,250	429,250
Actual Production (Pcs) Per Month	345,273	364,198
Capacity Utilization (%) for the year	78.96%	84.85%

		Amounts in Taka	
		Fy(2019-2020)	Fy(2018-2019)
26.24	The Requirement of Schedule XI Part-II, Para-3 (a) : Turn Over		
	Turn Over in BDT.	955,245,848	1,122,356,999
	Turnover in Quantity	6,095,239	7,445,154
	The Requirement of Schedule XI Part-II, Para-3 (d) (i): Raw Material Consumed		
	Raw Material (Yarn) (kgs)	1,487,862	2,989,057
	Raw Material (yarn) (Value in BDT)	611,883,278	722,634,339
	Packing Material (Pcs)	155,999	201,393
	Packing Material (Pcs) (Amount in BDT)	2,049,830	2,144,840
	The Requirement of Schedule XI Part-II, Para-3 (d) (ii): Goods Manufactured		
	Opening Inventory (Pcs)	395,008	310,514
	Production (Pcs)	4,145,578	4,456,405
	Closing Inventory (Pcs)	402,393	395,008
26.25	Material Events after the Reporting Period		
	No material events had occurred from end of reporting period to the date of issue of Financial Statements, which could materially affect the values stated in the Financial Statements.		
27.00	Cash Received from Customers		
	Revenue	955,245,848	1,122,356,999
	Add: Opening A/R	435,234,849	341,865,410
	Less: Closing A/R	(443,892,457)	(435,234,849)
		946,588,240	1,028,987,560
28.00	Cash Paid to Suppliers		
	Purchase of raw material	613,933,108	724,779,179
	Add: closing advance for LC Margin	2,117,631	1,998,351
	Less: opening advance for LC Margin	1,998,351	988,292
	Add: opening Accounts Payable	3,673,793	3,116,121
	Less: closing Accounts Payable	3,547,854	3,673,793
	Less: Depreciation Expense	-	-
		614,178,327	725,231,566
29.00	Cash Paid to Employee		
	Salary Expense during the year	97,989,337	112,838,929
	Add: closing Advance for Salaries	1,362,171.00	1,683,491.00
	Less: opening Advance for Salaries	1,683,491.00	1,364,211.00
	Add: opening Liabilities for Salaries	1,772,720.00	1,748,393.00
	Less: Closing Liabilities for Salaries	1,840,269.00	1,772,720.00
	Paid for WPPF Fund	17,946,080	-
		115,546,547	113,133,882
30.00	Cash Paid for Manufacturing & Operating Expenses		
	Operating Expense	110,588,590	100,965,387
	Add: opening Liabilities for expenses	1,103,305	1,098,929
	Less: closing Liabilities for expenses	801,602	1,103,305
	Add: closing Advance deposit & prepayment	47,299,270	-
	Less: opening Advance deposit & prepayment	(47,299,270)	-
	Add: Purchase of Spare Parts Consume	6,085,148	6,523,750
	Less: Spare Parts Consume	5,822,690	6,967,317
	Add: Purchase of Oil & Lubricants	6,013,889	5,576,097
	Less: Oil & Lubricants Consume	6,020,357	5,638,905
	Less: Sample Expense	-	-
	Less: Depreciation Expense	59,326,994	50,696,530
		51,819,290	49,758,106
31.00	Other Comprehensive Income		
	Unrealized Foreign Exchange Gain/(Loss)	58,897	-
		-	-
		58,897	-

Kattali Textile Limited
Schedule of Property, Plant & Equipment
as at 30 June 2020

Particulars	Cost		Rate of Dep. (%)	Depreciation		Annexure-A Written Down Value as on 30.06.2020
	Balance as on 01.07.2019	Addition during the year		Balance as on 30.06.2020	Charge during the year	
Land & Land Development	116,917,880	8,412,340	0%	-	-	125,330,220
Factory Building and other Construction	238,487,865	316,825	3%	5,967,329	45,693,536	193,111,154
Plant & Machinery	641,842,183	46,233,499	10%	42,024,468	284,522,045	403,553,637
Electric Installation	19,900,343	2,247,133	10%	1,567,430	6,538,411	15,609,065
Tools and Equipment	27,695,247	532,510	10%	2,041,400	9,494,799	18,732,958
Office Equipment	21,227,276	900,855	10%	1,478,009	8,258,385	13,869,746
Furniture & Fixture	26,633,006	452,800	10%	1,840,602	10,243,749	16,842,057
Fire Fighting Equipments	15,834,343	401,697	10%	1,158,702	5,547,991	10,688,049
Motor Car	9,005,435	-	10%	428,044	5,153,043	3,852,392
Electric Substation	4,922,058	-	10%	375,038	1,546,720	3,375,338
Factory Equipment	33,585,973	803,020	10%	2,445,972	11,908,836	22,480,157
Balance as on 30.06.2020	1,156,051,609	60,300,679		59,326,994	388,907,513	827,444,775
Balance as on 30.06.2019	993,222,667	162,828,942		50,696,530	380,277,050	775,774,559

Allocation of depreciation

Manufacturing Expenses Note: 20.04

Administrative Expenses Note: 21.01

Selling & Distribution Expenses Note: 21.02

	96%	56,953,914
	2%	1,186,540
	2%	1,186,540
100%		59,326,994



KTL KATTALI TEXTILE LIMITED

Registered Office : Chowdhury Bari, Kornel Jones Road, North Kattali, Pahartoli, Chittagong - 4217