



ANNUAL  
REPORT | 2020

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**



# ANNUAL REPORT 2020

14<sup>th</sup> Annual General Meeting

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

Registered & Corporate Office: KBG Tower , 15 DIT Road  
Malibagh Chowdhurypara, Dhaka-1219, Bangladesh.

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## Letter of Transmittal

The  
Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Sub.: Annual Report for the year ended June 30, 2020**

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2020, Statement of Comprehensive Income, Changes in Equity and Statement of Cash Flows for the year ended June 30, 2020 along with notes thereon and for your record and necessary action.

Yours sincerely,



**(Tapan Kumar Sarker)**

Company Secretary

Dated: 9th December 2020

## Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower, 15 DIT Road, Malibagh Chowdhurypara,  
Dhaka-1219, Bangladesh

### NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of Khan Brothers PP Woven Bag Industries Ltd. will be held on Thursday the 24th December 2020 at 10.30 AM virtually by using Digital Platform to transact the following business:

- Item No.14/2020-01: To confirm the proceedings of the 13th Annual General Meeting held on 21st December 2019.
- Item No.14/2020-02: To receive, consider and adopt the Directors and the Auditors report to the shareholders and the Audited Accounts of the Company for the year ended 30th June 2020.
- Item No.14/2020-03: To approve 2% Cash Dividend (other than Sponsor & Directors) for the year ended 30th June 2020.
- Item No.14/2020-04: To elect/re-elect the Directors as per Articles of Association of the company.
- Item No.14/2020-05: To appoint Auditors for the year 2020-2021 and to fix their remuneration.
- Item No.14/2020-06: To appoint professionals for Corporate Governance Code.
- Item No.14/2020-07: To transact any other business of the company with the permission of the chair.

By order of the Board



**Tapan Kumar Sarker**  
Company Secretary

Place: Dhaka

Dated: 9th December 2020

#### Notes :

The Shareholders, whose names will appear in the Share Register of the Company or in the Depository Register of the record date i. e. 19th November 2020, will be entitled to receive the link to attend at the Annual General Meeting and to receive the dividend.

No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director	Mr. Tofayel Kabir Khan
Director	Mr. Md. Ruhul Kabir Khan
Director	Mr. Md. Hazrat Ali
Director	Mrs. Jerin Kabir Khan
	Representative Director from Khan Brothers Infotech Ltd.
Independent Director	Mr. Mohammed Shahid Ullah, FCMA
Independent Director	Mr. Md. Bahalul Kabir

### MANAGEMENT COMMITTEE

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director & CEO	Mr. Tofayel Kabir Khan
Director (Administration)	Mr. Md. Ruhul Kabir Khan
Director (Production)	Mr. Md. Mokhlesur Rahman
Company Secretary	Mr. Tapan Kumar Sarker
Chief Financial Officer	Mr. Azizul Jabbar, M.Com, PGDIM, FCMA
General Manager (Marketing)	Mr. Md. Mokhsedur Rahman Shirajee

### AUDITORS :

#### FAMES & R

Chartered Accountants  
Sharaqa Mac, Flat- 2A, House- 3/1 & 3/2,  
Bijoynagar,  
Dhaka- 1000

### LEGAL ADVISER:

**Amir & Amir Law Associates**  
203, Concord Tower (2nd Floor),  
113, Kazi Nazrul Islam Avenue  
Dhaka-1000

### COMPANY & TAX ADVISER:

**Biswas & Associates**  
16/A, B.B. Avenue (2nd Floor)  
Dhaka-1000

### COMPANY SECRETARY:

Mr. Tapan Kumar Sarker

### BANKER:

#### Mutual Trust Bank Limited.

Principal Branch  
Dhaka-1000, Bangladesh.

### FACTORY:

Borochala, Borobhabanipur, Joydebpur,  
Gazipur, Bangladesh

### REGISTERED & CORPORATE OFFICE :

KBG Tower, 15 DIT Road, Malibagh  
Chowdhurypara, Dhaka-1219  
Phone:+880-2-8332069,8332108;  
Fax:+880-2-8332576  
Email: info@kbgbd.com,  
Website: www.kbgbd.com

# Board of Directors



**Mohammed Enamul Kabir Khan**  
Chairman



**Tofayel Kabir Khan**  
Managing Director



**Md. Ruhul Kabir Khan**  
Director



**Hazrat Ali**  
Director



**Jarin Kabir Khan**  
Representative Director



**Mohammed Shahid Ullah FCMA**  
Independent Director



**Md. Bahalul Kabir**  
Independent Director





## CHAIRMAN'S MESSAGE

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Dear Shareholders,  
Bismillahir Rahmanir Rahim,  
Assalamualaikum and Very Good Morning

On behalf of the Board of Directors, I welcome you all and take immense pleasure and delight in addressing the 14th Annual General Meeting of the company. I also want to thank you all the honourable shareholders for joining us to make the event successful.

As most are aware, the year ending June 30, 2020 was a very challenging year for the PP Woven Bag Sector in Bangladesh, if not the most challenging to date. Apart from embargo from Bangladesh Government not to use PP Bags for the domestic market we have been facing challenges globally due to Global Environment Issues as well as World Economic Crisis which still continuing to effect the international market.

Despite significant economic challenges over the year, we have grown, delivering consistent results and creating substantial value for our Shareholders. Furthermore we continued to raise the performance of the company, clearly demonstrated by the success of our efficiency improvement initiative. In spite of various limitations and hindrances, the company had its successful year in 2020. This could not be possible without your continuous support, conscious suggestion, Boards prudent strategic decision and Management's successful execution for the same with passion and zeal.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders that the confidence has reposed on the Board of the company through the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks, Insurances and Financial Institutions for their support and patronage extended to the company from time to time.

I embrace your support and seek your co-operation by all means for a brighter future for all.

Thanking you.

Best Regards.

A handwritten signature in black ink, appearing to read 'Enamul Kabir Khan'.

**Mohammed Enamul Kabir Khan**  
Chairman



## MANAGING DIRECTOR'S MESSAGE

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Dear Shareholders,  
Bismillahir Rahmanir Rahim,  
Assalamualaikum and Very Good Morning

It gives me immense honour and pleasure to greet you, our partners, to this 14th Annual General Meeting of Khan Brothers PP Woven Bag Industries Ltd., your company. I am also privileged to address this 14th AGM of the company.

Despite the fact that the PP Woven Bag Sector is facing problems for the imposed regulations by the government I am happy to inform you that our company has tried best to keep the trend of growth by effective management and strategy throughout the year. Considering the present situation the management has also been trying to diversify the products and markets in the near future.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders that the confidence has shown on the Board of the company through the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks Insurances and Financial Institutions for their support and patronage extended to the company from time to time.

With warm regards

A handwritten signature in black ink, appearing to read 'Tofayel Kabir Khan'.

**Tofayel Kabir Khan**  
Managing Director

## COMPANY PROFILE

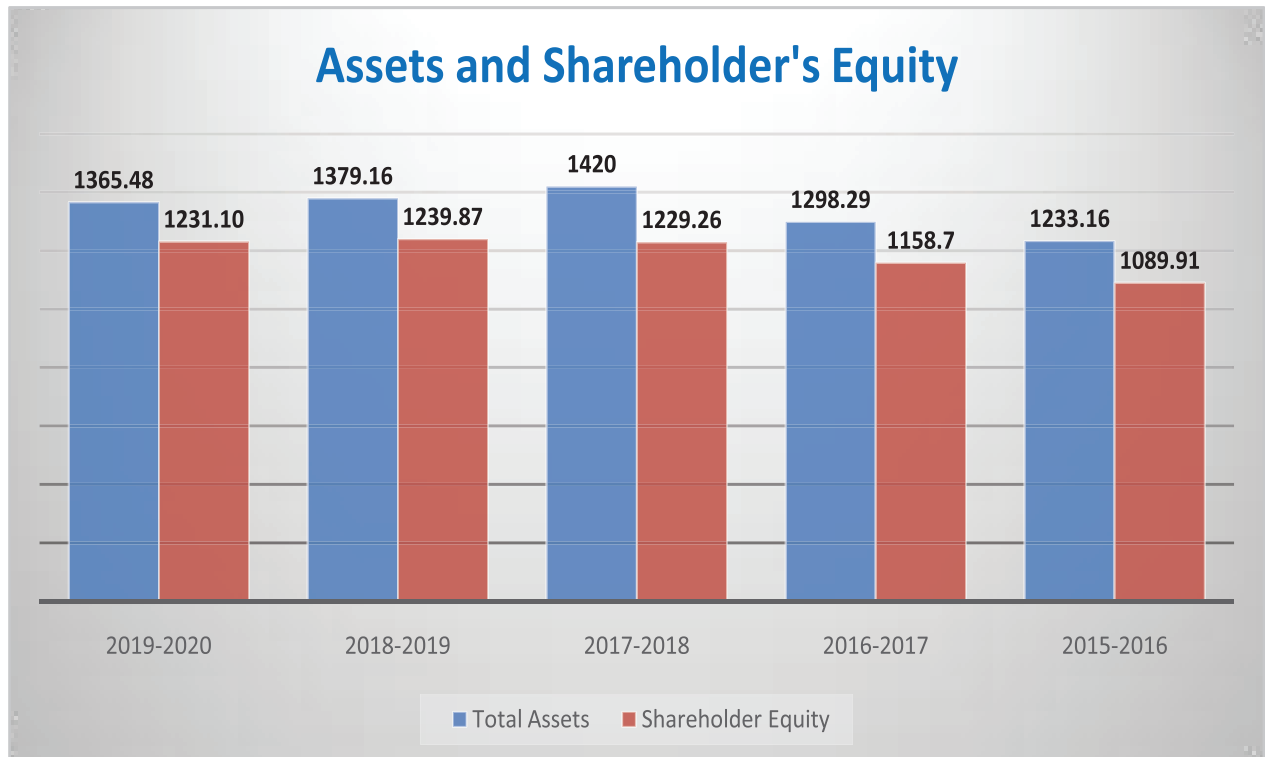
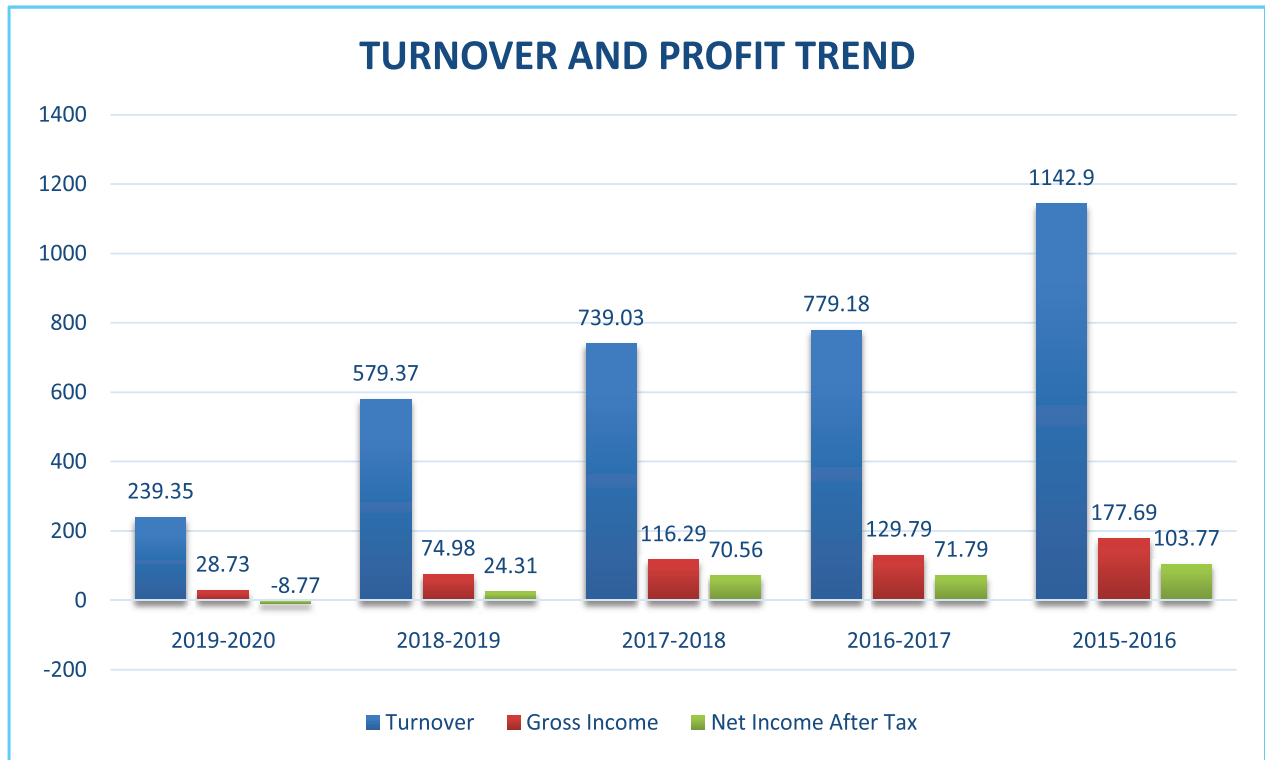
Year of Incorporation	: 2006
Commercial Production	: 1st December, 2007
Type of business	: Manufacturing different types of Polypropylene Woven Bags. The company procure polypropylene yarn, HDPE, LDPE, LLDPE, Calcium Carbonate, Printing Ink, Master Batch, etc from both overseas and local market to produce PP woven cloth / PP cloth laminated craft paper bags for cement, fertilizer, food grains, animal feeds, fish feeds, Spinning etc and then sells those goods to foreign and local customers.
Authorized Capital	: Tk. 1,500.00 Million
Issued & paid up capital	: Tk. 980.80 Million
Turnover in 2019-2020	: Tk. 239.35 Million
Number of Employees	: Officer-14 Nos. Staff- 10 Nos. Workers: Permanent-361 Nos. Temporary-78 Nos.
Production Capacity	: 6.95 Crore pcs./per year
Share Office	: KBG Tower (8th Floor), 15, DIT Road, Malibagh Chowdhurypara, Dhaka-1217, Bangladesh.

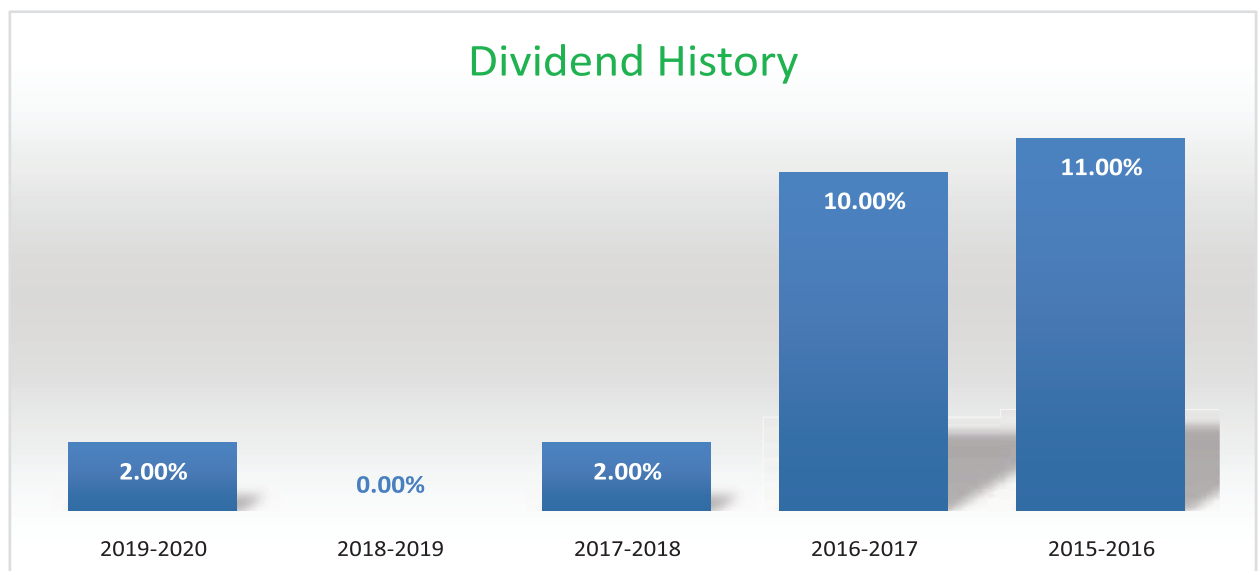
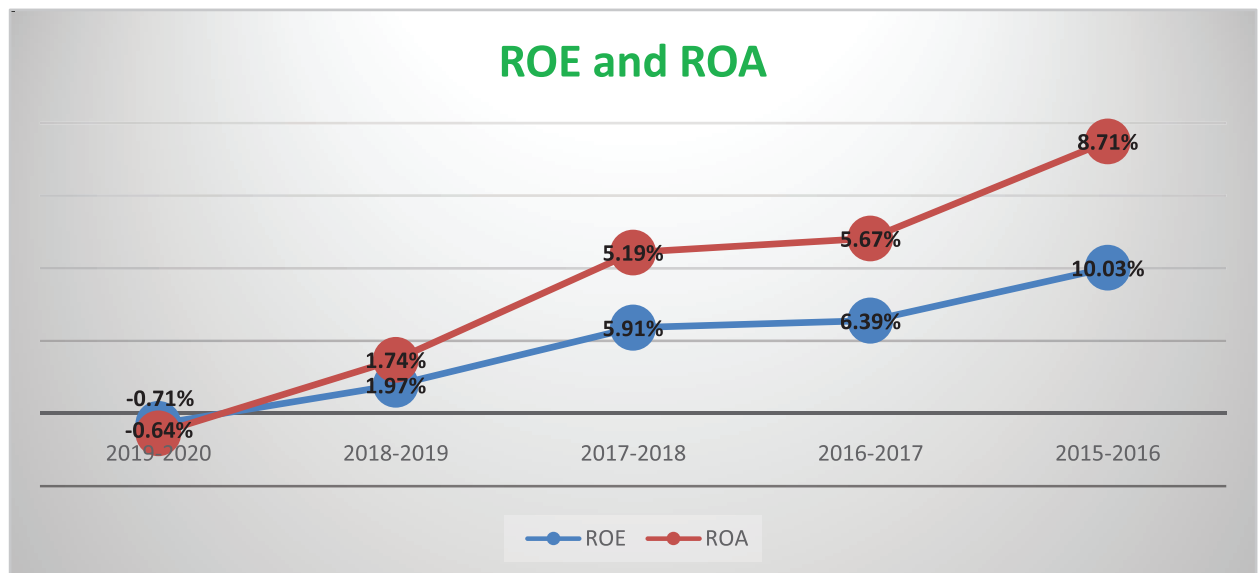
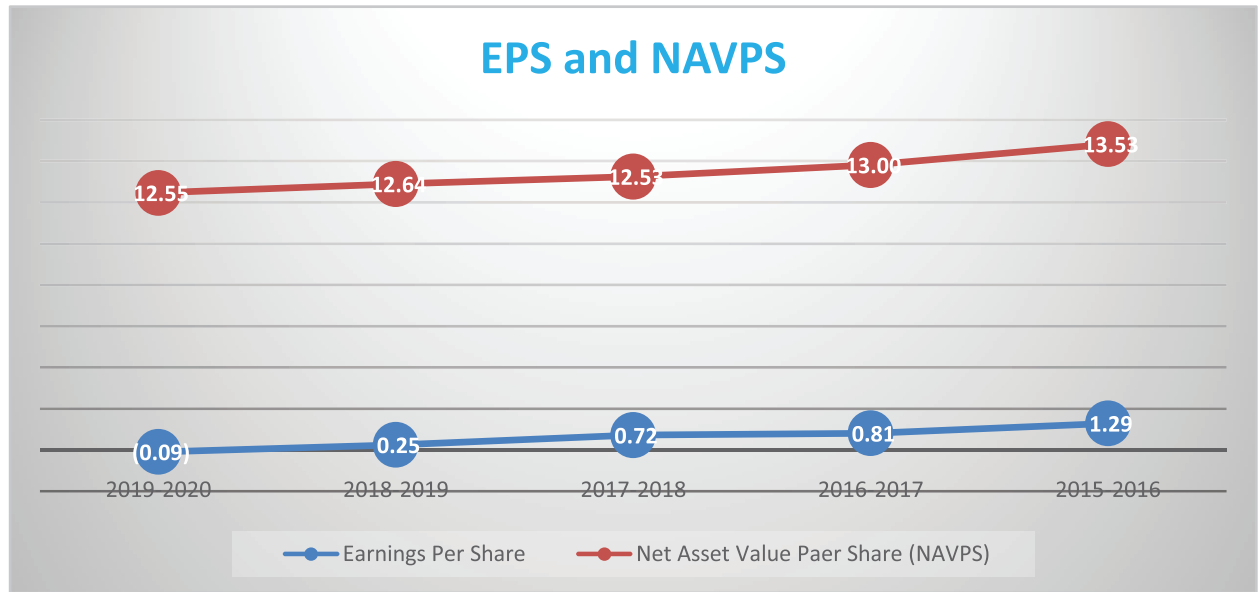
## COMPARATIVE GROWTH STATEMENT

Figure in Million Taka

Particulars	2020	2019	2018	2017	2016
Authorised Capital	1,500.00	1,500.00	1,000.00	1,000.00	1,000.00
Paid up Capital	980.80	980.80	980.80	891.64	803.28
Turnover	239.35	579.37	739.03	779.18	1142.90
Gross Profit	28.73	74.98	116.29	129.79	177.69
Net Profit Before Tax	(3.52)	30.44	85.67	87.38	125.30
Net Profit After Tax	(8.77)	24.31	70.56	71.79	103.77
Total Assets	1365.48	1379.16	1420.00	1298.29	1233.16
Shareholder's Equity	1231.10	1239.87	1229.26	1158.70	1086.91
Value Per Share	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=
Dividend	2% Cash	Nil	2% Cash	10% Bonus	11% Bonus
Return on Equity (ROE)	(0.71%)	1.97%	5.91%	6.39%	10.03%
Return on Assets (ROA)	(0.64%)	1.74%	5.19%	5.67%	8.71%
Earnings per share (Tk.)	(0.09)	0.25	0.72	0.81	1.29
Net Asset Value per share (NAVPS)	12.55	12.64	12.53	13.00	13.53

## FINANCIAL ANALYSIS





## DIRECTORS REPORT

### Bismillahir Rahman-Ir-Rahim

Dear Shareholders,  
Assalam-U-alaikum,

On behalf of the Board of Directors of Khan Brothers PP Woven Bag Industries Limited, I welcome you all to the 14th Annual General Meeting of the company. It is a pleasure to present to you the Audited Financial Statements of the company for the year ended June 30, 2020, Auditors' Report and the Directors' Report thereon along with company's performance and other matters in the term of Companies Act 1994, Listing Regulations of DSE and CSE, the Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and International Financial reporting Standards & International Accounting Standards and other applicable rules & regulations.

### Operations:

During the year 2019-2020 the company has achieved total turnover of Taka 239,352,526.00 and earned a net loss before tax of Taka (3,517,768.00) by controlling and minimising the operational expenditures compared to sales turnover of Taka 579,366,749.00 and net profit before tax of Taka 30,439,212.00 respectively in the previous year. This reflects a decrease of around 58.69% on sales and decrease around 111.56% on net profit before tax.

### Financial Results and Profit Appropriations:

The Directors are pleased to report the financial results of the Company for the year ended 30<sup>th</sup> June 2020 are as follows:

PARTICULARS	2019-2020	2018-2019	Percentage + / (-)
Turnover	239,352,526	579,366,749	(58.69%)
Gross Profit	28,727,589	74,978,978	(61.69%)
Net Profit before tax	(3,517,768)	30,439,212	(111.56%)
Provision for Tax(incl. deferred tax)	5,251,934	6,125,758	(14.26%)
Net Profit after Tax	(8,769,701)	24,313,454	(136.07%)
Gross Profit to Turnover	12.00%	12.94%	-
Net Profit to Turnover	(3.66%)	4.20%	-
Earning Per Shares (EPS)	Tk.(0.09)	Tk.0.25	-

### Profit appropriation:

Considering the need for ploughing back, available surplus and net profit for the year under review, the Board of Directors have the pleasure to recommend for profit appropriation as follows:

Sl No.	Particulars	Amount in Taka
1	Un-appropriated Profit from previous year	169,648,470
2	Add: Net profit after tax for the year	(8,769,701)
3	Total funds available for appropriation	160,878,769
4	Dividend	-
5	Depreciation on Revaluation Surplus	222,243
6	Balance to be carried forward	161,101,012

### Declaration of dividend:

The Board recommended for declaration 2% Cash Dividend (other than Sponsor & Directors for the year ended 30th June 2020, subject to approval of the shareholders in ensuing Annual General Meeting (AGM). Due to world market crisis export order declined resulting negative impact on revenue which has compelled Board not to declare more than 2% dividend for the year as a precautionary measure.

### Industry Outlook and possible future developments in the industry:

As mentioned, the company is a 100% export -oriented pp woven bag manufacturer and its products mainly used for packaging of fertilizer, foods, chemical, textile, cement, sand, poultry feed etc. Competitive wage rate together with easily trainable workforce, entrepreneurial skill, expanding supply side capacity and government policy support have helped to translate the comparative advantages into competitive advantages of this industry. We are the leading pp woven bag manufacturer in Bangladesh and our endeavour to explore the market globally while our business potentials and dynamics to benefit proportionally from the accelerating economic growth. Nevertheless we always bear in mind to keep uphold of the interest of our shareholders.

Bangladesh is a cost competitive country especially in respect of labour cost and thus our future aim is to grab the international market by diversifying our products considering global environmental aspects e.g. producing environment friendly products which will obviously attract the global market as well as local market.

### Segment report

The company operates only in one segment, which is manufacturing Poly Propylene (PP) Woven Bag for the packing of fertilizer, foods, chemical, textile, cement, sand, poultry feed etc.

### Risk Management

Risk management refers to the practice of identifying potential risk in advance, analysing them and taking precautionary steps to reduce the risk. There are internal and external risks to be dealt with. Internal risks are low production and sales, shortage of power, worker unrest and internal risks are interest rate, exchange rate, market risk, political risk and other regulatory risk.

The company is aware of the concerned risks and is well prepared to manage them by incorporating systematic control procedure. Efficient management of all the process help to minimize the above risks

### Discussion on Cost of Goods Sold, Gross Profit Margin, Net Profit Margin

During this reporting year, Revenue is decreased by Tk. 34.00 crore from last year. Cost of Goods Sold has also been decreased by Tk. 29.38 crore in the same ratios. The Company having strong internal control system along with proper supervision of Internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market. Comparative performances have been shown below:

### Comparative Presentation of Related Financial Data:

Particulars	2019-2020		2018-2019	
	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Sales	210,624,937	88.00%	504,387,771	87.06%
Gross Income	28,727,589	12.00%	74,978,978	12.94%

**Discussion on continuity of any extra ordinary gain–loss:**

Khan Brothers PP Woven Bag Industries Ltd. is a 100% export oriented industry and everybody know, Corona Virus Covid-19 pandemic affected all over the world specially in Europe country and that is our main export market. Due to world market crisis of export orders declined, as a result negative impact reflected on revenue on the financial statements for the year ended 30th June 2020.

**Basis for related party transaction:**

There are transactions with related parties carried out in the normal course of business in accordance with the requirements of IAS 24 Related Party Disclosure in note no. 23.01 and 23.02 of the financial statements.

**Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements:**

There was no significant variance between the quarterly and Annual Financial Statement.

**Directors also report that:**

The Directors are responsible for the governance of the Company, and in that capacity, the Directors confirm, to the best of their knowledge that-

- I. the financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- II. proper books of account of the Company have been maintained;
- III. appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments;
- IV. the IAS, IFRS, The Companies ACT 1994, the Securities and Exchange rules,1987and other applicable laws and regulations have been followed in preparation of the financial statements;
- V. the system of internal control is sound in design and has been effectively implemented and monitored;
- VI. there is no doubt, whatsoever, upon the Company’s ability to continue as a going concern.
- VII. 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.
- VIII. No bonus share or stock dividend has been or shall be declared as interim dividend.

**Ability to Continue as going concern:**

**As per IAS-1 paragraph 26** ‘In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

On the above circumstances, it can be said that there is no doubt that the company has the ability to continue as going concern.



**Significant deviation from last year:**

During the reporting period, very large deviation has been occurred in financial performance from last year. The Company's revenue have decreased by Tk. 340.02 million from last year. Gross Profit and Net Profit also have decreased by Tk. 46.25 million and Tk. 33.08 million respectively.

**Financial Highlights:**

Particulars	Amount in Taka				
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Property, Plant & Equipment	555,600,248	560,699,848	575,492,932	563,589,824	578,766,883
Current Assets	808,827,154	817,413,866	843,458,588	733,648,071	653,338,895
Total Assets	1,365,477,401	1,379,163,713	1,420,001,520	1,298,287,895	1,233,155,778
Equity attributable to the shareholders	1,231,101,192	1,239,870,893	1,229,263,453	1,158,698,969	1,086,908,388
Non-current Liabilities	45,480,358	26,420,284	24,405,275	21,238,079	16,675,470
Current Liabilities	88,895,851	112,872,536	166,332,792	118,350,846	129,571,919
Total liabilities and Equities	1,365,477,401	1,379,163,713	1,420,001,520	1,298,287,895	1,233,155,778
Revenue	239,352,526	579,366,749	739,027,917	779,184,305	1,142,896,239
Cost of Sales	210,624,937	504,387,771	622,733,403	649,390,493	965,202,987
Gross Income	28,727,589	74,978,978	116,294,514	129,793,812	177,693,252
Operating Income	(1,955,041)	39,254,223	88,032,900	100,041,608	141,401,557
Net Income after Tax	(8,769,701)	24,313,454	70,564,484	71,790,581	103,770,041

**Number of Board Meetings held during the year and attendance:**

During the year ended 30 June 2020, there were 6 Board of Directors Meeting hold and the presence was as follows:

Name	Designation	Total Board Meeting Held	Total Attendance
Mr. Mohammed Enamul Kabir Khan	Chairman	6	6
Mr. Tofayel Kabir Khan	Managing Director	6	6
Md. Ruhul Kabir Khan	Director	6	6
Mr. Hazrat Ali	Director	6	4
Mrs. Jarin Kabir Khan	Nominee Director	6	3
Mr. Mohammed Shahid Ullah	Independent Director	6	3
Mr. Md. Bahalul Kabir	Independent Director	6	3

**Pattern of Shareholdings:**

Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	Parent/ Subsidiary/ Associated Companies and Other Related Companies	-	No such holding	-
2	Directors, CEO, CS, CFO, Head of Internal Audit & their spouse and minor children:			
2.1	Mr. Mohammed Enamul Kabir Khan	Chairman	7,534,369	7.68%
2.2	Mr. Tofayel Kabir Khan	Managing Director	9,746,980	9.94%
2.3	Md. Ruhul Kabir Khan	Director	7,208,079	7.35%
2.4	Mr. Hazrat Ali	Director	1,971,249	2.01%
2.5	Khan Brothers Infotech Ltd.	Nominee Director	3,089,130	3.15%
2.6	Mr. Mohammed Shahid Ullah	Independent Director	No such holding	-
2.7	Mr. Md. Bahalul Kabir	Independent Director	1,000	0.001%
2.8	CS, Head of Internal Audit & their spouse and minor children:	-	No such holding	-
2.9	Executives:	-	No such holding	-

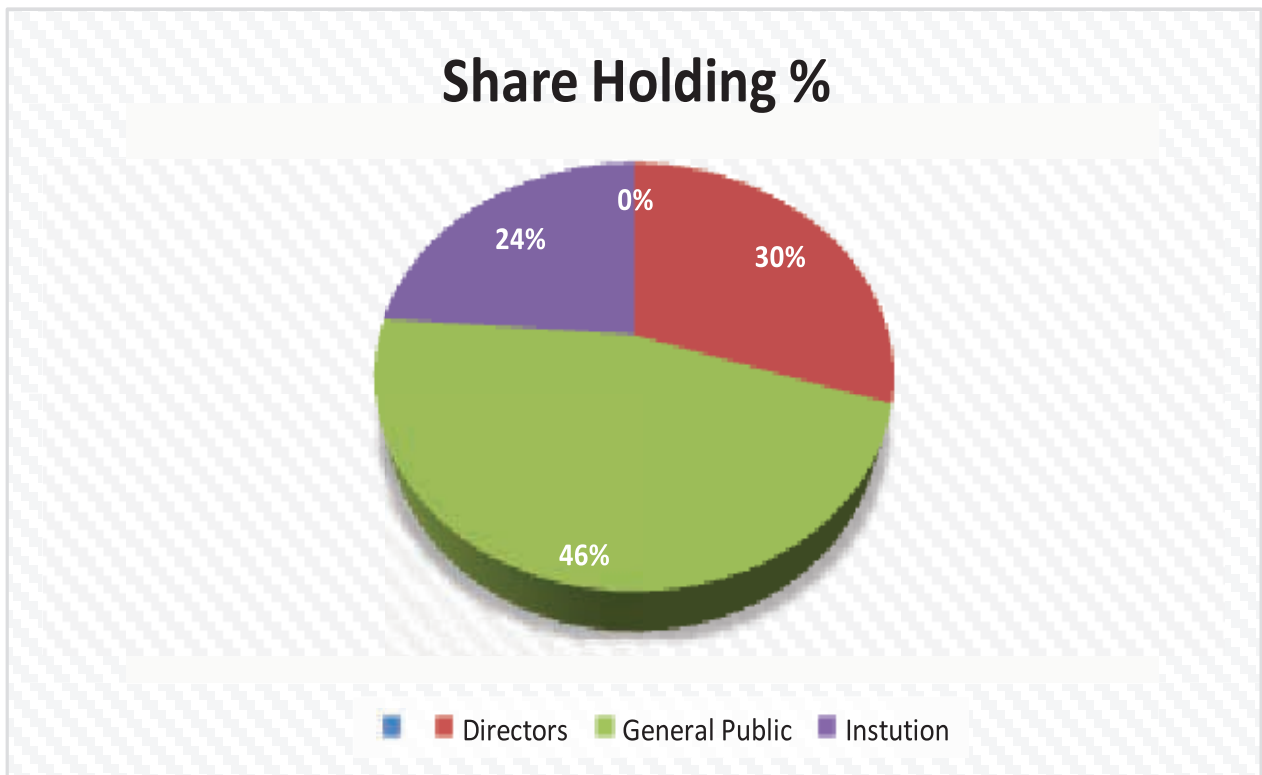
**Shareholders holding Ten percent (10%) or more voting interest in the company:**

Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	ICB	Shareholder	14,506,522	14.79%

**Shareholding Pattern:**

Sl.	Particulars	No. of Shares Holding	Holding %
1	General Public	44,644,850	45.52%
2	Directors	29,549,807	30.13%
3	Institution	23,885,220	24.35%
	Total	98,079,877	100.00%

## Graphical Presentation of Shareholding Pattern as on 30 June 2020



## Brief Resume of Directors:

### **Tofayel Kabir Khan**

Managing Director

Tofayel Kabir Khan was born on February 03, 1972 in Kishoregonj, Bangladesh. He received a Bachelor of commerce degree in Business Administration from Dhaka University and a Master of Commerce degree majoring in Marketing from Dhaka University. After having these degrees he also did his MBA to enrich his knowledge.

After completing his graduation, he joined Miracle Industries Ltd. as an Assistant Manager (marketing) and serves that company for the period of 1997 to 1998. His interests are in the areas of Marketing, Project Management, Communication, Team Building and Knowledge-Based Expert Systems give him the opportunity to work for Meghna Group in 1999 to 2001. He always looked forward to diversification and challenges which made him the employee of Ananda Bag Industries Ltd. in 2002 to 2006.

He has over 15 years' experience in the planning, design, procurement, operation and manufacturing of PP woven Bag projects while he was working in Ananda Bag Industries Ltd. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.

Currently he is the Managing Director of Khan Brothers PP woven Bag Industries Ltd. and some others company of Khan Brothers Group.

### **Mr. Mohammed Enamul Kabir Khan**

Chairman

Mohammed Enamul Kabir Khan the chairman of Khan Brothers PP Woven Bag Industries Ltd. was born in December 30, 1965 in Kishoregonj, Bangladesh. He completed his Honors and Masters in Accounting from the University of Dhaka in 1990 & 1991 respectively and he started his journey in corporate life in City Bank Ltd. with his accounting background. He served that company 14 years as a manager and he used to maintain the bank Account of Aljajira, Jeddah and Saudi Arab. He was gathered experience to serve managerial position in different companies.

During his tenure period in corporate life and abroad he learns the key objectives of a business and those objectives encourage him to an entrepreneur of Khan Brothers PP Woven Bag Industries Ltd.

### **Md. Ruhul Kabir Khan**

Director

Md. Ruhul Kabir Khan, one of the Directors of Khan Brothers PP Woven Bag Industries Ltd., is holding his position with his knowledge of Business management as he graduated (M.Com) from Dhaka University majoring in Management.

He joined Khan Brothers Group with his 16 years working experience in Bag Industries and he is showing his significant work from those years. Company faces a lot of achievement only because of his contribution and this contribution gives some new innovative idea for business.

## Brief Resume of Directors:

### **Md. Hazrat Ali**

Director

Hazrat Ali is one of the industrialists in Bangladesh in his early age of forty one. He holds directorship position in Khan Brothers PP Woven Bag Industries Ltd. As he has 17 years working experience in Bag industries operations. This company is looking forward to utilize his experience and insight in marketing and management. He is not only the director of this company but also the Managing Director of Khan Brothers Knitwear Industries Ltd.

### **Jarin Kabir Khan**

Nominee Director

Jerin Kabir Khan was born on November 01, 1978 and completed B.A (Pass) from National University. She is wife of Tofayel Kabir Khan and holds some shares in Khan Brothers Infotech Ltd.

Now she is a Representative Director of Khan Brothers PP Woven Bag Industries Limited for Khan Brothers Infotech Limited.

### **Mr. Mohammed Shahid Ullah FCMA**

Independent Director

Mr. Mohammed Shahid Ullah FCMA is Masters in Accounting from Dhaka University, Fellow Member of The Institute of Cost & Management Accountants of Bangladesh having 25 years experiences in the field of accounting, finance, auditing, administration and public relation. He served in various renowned organization like Bangladesh Power Development Board, Ashuganj Power Station Company Ltd. as Head of Finance & Accounts and other Corporate Affairs. Now he is an Executive Director (Finance) of Coal Power Generation Company Bangladesh Limited.

### **Mr. Md. Bahalul Kabir**

Independent Director

A catalyst in transformational change, Mr. Md. Bahalul Kabir is a Corporate lawyer by profession and senior member of Dhaka Taxes Bar Association. He has diversified qualifications in business and legal affairs and bagged B. Com., M. Com., LLB and LLM degrees. He gained momentum experience during his long services with local and multinational organizations in different capacities, especially as company secretary of a renowned joint venture state-owned listed company. His vast knowledge in corporate laws, secretarial practices, financial analysis and management, income tax, VAT, legal affairs and capital market regulations made him unparalleled in the field spanned over 28 years. He is now heading the law firm B. Kabir & Law Associates as Head of Chamber. He is leading a congenial family with two sons.

### Expertise in Specific functional area:

Name of Directors	Expertise
<b>Mr. Tofayel Kabir Khan</b>	All Business functional areas specially Marketing activities
<b>Mr. Mohammed Enamul Kabir Khan</b>	Overseas all activities specially export development
<b>Mr. Md. Ruhul Kabir Khan</b>	Production and Operational activities
<b>Mr. Hazrat Ali</b>	Strategic Business function, internal control and analytical review

### Holding of Directorship and membership of the committees of the board other than this company:

<b>Mr. Mohammed Enamul Kabir Khan</b>	Chairman	Khan Brothers Bag Ind. Ltd.
	Chairman	Khan Brothers Slipways & Engr.Works. Ltd.
	Chairman	Khan Brothers Shipping Lines Ltd
	Chairman	Khan Brothers Infotech Ltd.
	Chairman	ST Int. Ltd.
	Chairman	Khan Brothers Knitwear Ind. Ltd.
	Chairman	Khan Brothers Equi-Build Ltd.
	Chairman	Khan Brothers Marble & Granite Ltd.

<b>Mr. Tofayel Kabir Khan</b>	Managing Director	Khan Brothers Bag Ind. Ltd.
	Managing Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Managing Director	Khan Brothers Shipping Lines Ltd
	Managing Director	Khan Brothers Infotech Ltd.
	Managing Director	ST Int. Ltd.
	Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Khan Brothers Equi-Build Ltd.
	Managing Director	Khan Brothers Marble & Granite Ltd.

<b>Mr. Ruhul Kabir Khan</b>	Director	Khan Brothers Bag Ind. Ltd.
	Director	Khan Brothers Shipping Lines Ltd
	Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Director	Khan Brothers Infotech Ltd.
	Director	ST Int. Ltd.
	Director	Khan Brothers Equi-Build Ltd.
	Director	Khan Brothers Marble & Granite Ltd.

<b>Mr. Hazrat Ali</b>	Managing Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Madina Texware Ltd.

<b>Mrs. Jarin Kabir Khan</b>	Director	Khan Brothers Infotech Ltd.
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### Human Resources Development:

Company has initiated a comprehensive human resources development program keeping in view the regulatory changes and the latest technological advancements of the company. Local manpower of the factory have already been trained up by foreign engineers & technical personnel and they have now become well equipped to operate all the new modern machineries maintaining optimum level of quality & quantity of the diversified products.

### Appointment of Independent Directors:

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), Mr. Mohammed Shahid Ullah, FCMA & Mr. Md. Bahalul Kabir have full filled the required qualifications as per BSEC Notification for appointment of Independent Directors and they were appointed on 21.12.2019 as Independent Directors of the Company and they will continue for three years tenure.

### Auditors:

M/S. Fames & R, Chartered Accountants, appointed in the 13th Annual General Meeting, has completed the Audit of the Accounts for the year ended 30th June 2020. As per rule they will retire in this Annual General Meeting. Being M/S. Fames & R, Chartered Accountants have completed their audit last three years continuously so, there is no scope of re-appointment for the year 2020-2021 financial year as Auditor. M/S. Shiraz Khan Bashak have expressed their willingness and the Board of Directors appointed them as Auditor for the year 2020-2021. Now to be placed to the shareholders for approval and fixation their fees.

### Appointment of Professional:

M/s. Huda Hossain & Co., Chartered Accountants have completed the Audit and issued a certificate as professional for Corporate Governance Code and they have resigned from the post of professionals for Corporate Governance Code. The Board of Directors has appointed M/s. A.K.M. Delwer Hussain & Associates, Cost & Management Accountants for the year 2020-2021 as professional for Corporate Governance Code, and to be placed to the shareholders for their approval and fixation of fees.

### Directors' Remuneration and Allowances:

The Directors who are engaged in the company's day to day operations are receiving remuneration and other benefits from the company as disclosed in Notes No. 23.01 and 23.02 of the Financial Statements. No attendance allowances paid to executive directors.

### Audit Committee:

The Board of Directors have constituted the Audit Committee as follows:

- |    |   |                    |
|----|---|--------------------|
| 1. | Mr. Mohammed Shahid Ullah, Independent Director | : Chairman         |
| 2. | Mr. Md. Ruhul Kabir Khan, Director              | : Member           |
| 3. | Md. Hazrat Ali, Director                        | : Member           |
| 4. | Mr. Tapan Kumar Sarker, Company Secretary       | : Member Secretary |

### Nomination and Remuneration Committee

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), Nomination and Remuneration Committee has formed as follows:

- |    |   |                    |
|----|---|--------------------|
| 1. | Mr. Mohammed Shahid Ullah, Independent Director | : Chairman         |
| 2. | Mr. Md. Bahalul Kabir, Independent Director     | : Member           |
| 3. | Md. Hazrat Ali, Director                        | : Member           |
| 4. | Mr. Tapan Kumar Sarker, Company Secretary       | : Member Secretary |

### **Review of financial statements by the Audit Committee:**

Audit Committee has reviewed the annual financial statements for the year ended June 30, 2020 and placed its recommendation to the Board of Directors.

### **Corporate Governance Compliance Status Report:**

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Corporate Governance Compliance Status Report has been annexed.

### **Retirement/Re-appointment of Directors:**

As per provision of the Companies Act, 1994 & Articles of the Company, one-third of the total Directors of the Company shall have to retire in this annual general meeting except of the Managing Director. Following Directors of the Company shall have retired in 14th Annual General Meeting on their seniority basis:

1. Mr. Md. Ruhul Kabir Khan
2. Mrs. Jarin Kabir Khan

The above retiring Directors shall also be eligible for re-appointment and they have also applied for re-appointment.

### **Acknowledgement:**

The Board of Directors take this opportunity of expressing its heart-felt appreciation and gratitude to the all members of the company, as well as all customers, suppliers and associates for their continued support and cooperation. The Board also expresses its deep gratitude to Securities & Exchange Commission, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. Our performance would not have been possible without their support.

### **Conclusions:**

The Board of Directors now presents the accounts and auditors reports for the year 2019-20 and requests our valued shareholders to kindly accept the annual accounts for which we shall remain ever grateful to you all.

I again express my thanks for your kindly making it convenient to attend this annual general meeting.

May Allah, in His infinite mercy, grant peace and happiness to us all.

On behalf of the Board of Directors



**Mohammed Enamul Kabir Khan**  
Chairman

Place: Dhaka  
Dated: The 28<sup>th</sup> October 2020



## Management Discussion and Analysis on Financial Position and Performance

During the year 2019-2020 the company has achieved total turnover of Taka 239,352,526.00 and earned a net loss before tax of Taka (3,517,768) by controlling and minimising the operational expenditures compared to sales turnover of 579,366,749.00 and net profit before tax of Taka 30,439,212.00 respectively in the previous year. This reflects a decrease of around 58.69% on sales and around -111.56% on net profit before tax. During this reporting year, Revenue is decreased by Tk. 34 crore from last year. Cost of Goods Sold has also been decreased by Tk 29.38 crore in the same ratios. The Company having strong internal control system along with proper supervision of Internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market.

Risk management refers to the practice of identifying potential risk in advance, analysing them and taking precautionary steps to reduce the risk. There are internal and external risks to be dealt with. Internal risks are low production and sales, shortage of power, worker unrest and internal risks are interest rate, exchange rate, market risk, political risk and other regulatory risk.

The company is aware of the concerned risks and is well prepared to manage them by incorporating systematic control procedure. Efficient management of all the process help to minimize the above risks



**Tofayel Kabir Khan**  
Managing Director

Annexure- A  
[As per condition No. 1(5)(xxvi)]  
Khan Brothers PP Woven Bag Industries Limited  
Declaration by CEO and CFO

Date: 28.10.2020

Board of Directors  
Khan Brothers PP Woven Bag Industries Ltd.  
KBG Tower, 15 DIT Road, Malibagh Chowdhurypara,  
Dhaka-1219.

**Subject: Declaration on Financial Statement 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/2006-158/2017/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 Khan Brothers PP Woven Bag Industries Ltd. 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.

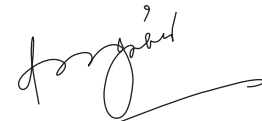
In this regard, we also certify that:--

- (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,



Tofayel Kabir Khan  
Managing Director



Azizul Jabbar, M.Com, PGDIM, FCMA  
Chief Financial Officer (CFO)

**Khan Brothers PP Woven Bag Industries Ltd.**

**Status of Compliance with the Corporate Governance Guideline Code (CGC)**

Status of Compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRC-D/2006-158/207/Admin/80 dated 03 June 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate column)		Remarks (if any)
		Compl ied	Non- compli ed	
1	<b>Board of Directors</b>			
1.1	<b>Size of the Board of Directors</b>			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	$\checkmark$		
1.2	<b>Independent Directors</b>			
1.2(a)	At least on fifth (1/5) of the total number of directors in the company's board shall be independent directors.	$\checkmark$		
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;	$\checkmark$		
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 shall not hold above mentioned shares in the company;	$\checkmark$		
1.2 (b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	$\checkmark$		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	$\checkmark$		
1.2 (b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	$\checkmark$		
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;	$\checkmark$		
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;	$\checkmark$		
1.2 (b)(viii)	who is not independent director in more than 5 (five) listed companies;	$\checkmark$		
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 (NBF1);	$\checkmark$		
1.2 (b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	$\checkmark$		

1.2 (c)	Independent director shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM);	√		
1.2 (d)	The post of independent director cannot remain vacant for more than 90 (ninety) days;	√		
1.2 (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only;	√		
<b>1.3</b>	<b>Qualification of Independent Director(ID)</b>			
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 business;	√		
1.3 (b)	Independent Director shall have following qualifications			As per new notification new independent directors have been appointed.
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	-		
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;	-		
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;	-		
1.3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;			
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;	-		
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1.3 (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;			No such issue arose
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1.4 (a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		

1.4 (b)	The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		
1.4 (e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such issue arose
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
	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;	√		
1.5 (v)	A discussion on continuity of any Extra-Ordinary gain or loss;	√		
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such issue arose
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;			No such issue arose
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;			No such matter to explain
1.5 (x)	A statement of remuneration paid to the directors including independent directors	√		
1.5 (xi)	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)	Proper books of account of the issuer company have been maintained;	√		
1.5 (xiii)	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)	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)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		

1.5 (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1.5 (xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	√		
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1.5 (xix)	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;			
1.5 (xxi)	Board statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed;	√		
<b>1.5 (xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-</b>			
1.5 (xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxiii)(c)	Executives;	√		
1.5 (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	√		
1.5 (xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5 (xxiv)(a)	A brief resume of the director;	√		
1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
<b>1.5 (xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
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 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)	The financial and economic scenario of the country and the globe;	√		

1.5 (xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, 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;	√		
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.	√		
<b>1.6</b>	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).	√		
<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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;	√		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2 (a)	Provisions relating to the composition of the Board of the holding company 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

<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)-</b>			
<b>3.1</b>	<b>Appointment</b>			
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3.1 (c)	The MD or CEO, CS, CFO and 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).	√		
<b>3.2</b>	<b>Requirement to attend the Board Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the companies shall attend the meetings of the Board of Directors provided that the CS, CFO and /or the HIAC shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating of their personal matters.	√		
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3.3 (a)	The MD or CEO and CFO have reviewed financial statements for the year 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;	√		
3.3 (a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3.3 (b)	This is also certified that no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
	For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4 (i)	Audit Committee;	√		
4 (ii)	Nomination and Remuneration Committee;	√		
<b>5</b>	<b>Audit Committee</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			



5.1 (a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors;	√		
5.1 (b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5.1 (c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
<b>5.2</b>	<b>Constitution of Audit Committee</b>			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5.2 (b)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company 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;	√		
5.2 (d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee;			No such incident arose
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.	√		
<b>5.3</b>	<b>Chairman of the Audit Committee</b>			
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5.3 (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.			No such incident arose
5.3 (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
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.	√		
<b>5.5</b>	<b>Role of Audit Committee shall include the following:</b>			

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 Plan and review of the Internal Audit and Compliance Report;	√		
5.5 (d)	Oversee hiring and performance of external auditors;	√		
5.5 (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5.5 (f)	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 Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5.5 (j)	Review statement of significant related party transactions submitted by the management;	√		
5.5 (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5.5 (m)	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:			N/A
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
<b>5.6 (a)</b>	<b>Reporting to the Board of Directors</b>			
5.6 (a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5.6 (a)(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			
5.6 (a)(ii)(a)	Report on conflicts of interests;			No such incident arose
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			No such incident arose
5.6 (a) (ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations; and			No such incident arose
5.6 (a) (ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately			No such incident arose

<b>5.6 (b)</b>	<b>Reporting to the Authorities</b>			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such incident arose
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) above during the year shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			
6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee 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).	√		
<b>6.2</b>	<b>Constitution of the NRC</b>			
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, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such incident arose
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 incident 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 any remuneration for any advisory role or otherwise, other than Director's fees or honorarium from the company;	✓		
<b>6.3</b>	<b>Chairperson of the NRC</b>			
6.3 (a)	The Board 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 incident arose
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		
<b>6.4</b>	<b>Meeting of the NRC</b>			
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.	✓		
<b>6.5</b>	<b>Role of the NRC</b>			
6.5 (a)	NRC shall be independent and accountable to the Board and shareholders;	✓		
6.5 (b)	NRC shall oversee, among others, the following matters:	✓		
6.5 (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, 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;	✓		
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;	✓		
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.	✓		

<b>7</b>	<b>External/Statutory Auditors.</b>			
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 opinions;	√		
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 clause (i) of condition No. 9 (1);	√		
7.1 (ix)	Any other service that creates conflict of interest;	√		
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	√		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8.1	The company 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).	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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;	√		
9.3	The directors of the company shall state, in accordance with the <b>Annexure</b> attached, in the directors' report whether the company has complied with these conditions.	√		



## A. K. M. Delwer Hussain & Associates Cost & Management Accountants

### Report to the Shareholders of Khan Brothers PP Woven Bag Industries Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Khan **Brothers PP Woven Bag Industries Ltd.** for the year ended on June 30, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006- 158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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


This is 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:

- 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 except Condition no 1.3
- 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;
- 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
- The governance of the company is satisfactory.

Place-Dhaka.  
Date- November 20, 2020

**For AKM Delwer Hussain & Associates**

  
A.K.M. Delwer Hussain  
Cost & Management Accountant



## Report of the Audit Committee For the Year 2019-2020

I am pleased to present the Report of the Audit Committee for the year of 2019-2020.

The Audit Committee Report presented under condition No.3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee.

The Audit Committee are governed by the Terms of Reference (TOR) approved by the Board of Directors in line with the conditions of BSEC Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report.

The Committee is comprised of Mr. Mohammed Shahid Ullah FCMA, Mr. Md. Ruhul Kabir Khan, Mr. Hazrat Ali. Mr. Mohammed Shahid Ullah FCMA is an Independent Director and also the Chairman of the Committee. Mr. Tapan Kumar Sarker Company Secretary performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. As required, all Members of the Audit committee are 'financially literate' and are able to analysis and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

### Reporting to the Board of Directors

The Audit Committee is acting as a sub-committee of the Board and reports to the Board of Directors immediately to the Board of Directors on the following outcomes, if any:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

### The Role of Audit Committee

The role of the Audit Committee is to monitor their liability of the financial statements of the Company and make recommendations, when appropriate to the Board on operational risk, internal controls and compliance. The committee gets satisfied, using suitable steps and appropriate information, that proper and satisfactory internal control system are in place and ensured that the Company's business is directed in a proper and economically sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

The role of the Audit Committee includes the following:

- a. Review and recommend to the Board to approve the 1st quarter, 2nd quarter, 3rd quarter and Annual Financial Statements prepared for statutory purpose;
- b. Monitor and oversee choice of accounting policies and principles, internal control, risk Management process, auditing matter, hiring and performance of external auditors;
- c. Review statement of significant related party transactions submitted by the management.
- d. Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors;
- e. Review and consider the report of internal auditors and statutory auditors' observations on internal control; and
- f. Review of IPO proceeds utilization
- g. Evaluate the company's continuous growth.
- h. Monitoring the company's standard operating procedures followed or not.
- i. Observe the Companies overall policies and procedures.
- j. Other matters as per Terms of Reference (TOR) of the Audit Committee and also as directed by the Board.

### Authority

In terms of Corporate Governance Guidelines, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms of Reference (TOR). It is authorized to seek any information it requires from, and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The TOR of the Audit Committee may be amended from time to time as required for the business in line with BSEC Notifications subject to approval by the Board of the Company.

### Activities carried out during the year

The Audit Committee met four times during the year 2019-2020. All the Members were present in all meetings of The Committee. The Committee reviewed the integrity of the quarterly and annual financial statement in due time. The Committee found, adequate arrangements were taken to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.



**Conclusion:**

The Audit Committee is satisfied that the effectiveness of the organization structure of the company in implementation of the accounting policies and operational controls, provide reasonable assurance that the affair of the company are managed in accordance with accepted policies and the assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the company's internal and external audit have been effective and independent throughout period under review. The Committee is also pleased of having adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.



**Mohammed Shaid Ullah FCMA**

Chairman

Internal Audit Committee

# Independent Auditor's Report To the Shareholders of Khan Brothers PP Woven Bag Industries Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Khan Brothers PP Woven Bag Industries Ltd., which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended 30 June 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

### Basis for Opinion

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

### Emphasis of Matters

Without qualifying our opinion, we draw attention in the Note # 8.00 to the financial statement, the company disclosed under Cash and Cash Equivalents an FDR amounting to Taka 3,00,00,000 with one of Non-Banking Financial Institution (NBFI) namely **Peoples Leasing and Financial Services Limited**. Currently the NBFI's ability is in doubt to continue as a going concern.

### Going Concern

We draw attention to note # 2.05 to the financial statements describe the event or matters that may cause significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this event or matter.

### Key Audit Matters

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

Risk	Our response to the risk
<b>Valuation of Inventory</b>	
<p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by computer automated interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</p>	<p>Due to covid-19 Pandemic we could not take part in physical counting of the inventories. However we obtained assurance over relevance and appropriateness of management assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>* evaluating the design and implementation of key inventory controls operating across the company;</li> <li>* comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>* reviewing the historical accuracy of inventory provisioning ,and the level of inventory write-offs during the year.</li> </ul>
<b>Reference note no 5.00 to the financial statements</b>	

<b>Impairment of Property, Plant and Equipment</b>	
<p>The economic climate and levels of competition remain challenging for the Company. The Company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. Therefore there is a risk that the impairment change may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgemental areas that our audit has concentrated on</p>	<p>Our audit procedures included, among others, considering the impairment risk associated with the following different types of asset :</p> <ul style="list-style-type: none"> <li>* We critically assessed and checked the company's impairment model. This included consideration of discounted cash flow forecast.</li> <li>* We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumption</li> </ul>
<b>Reference note no 2.15 and 3.00 to the financial statements</b>	

<b>Measurement of Deferred Tax Liability</b>	
<p>The company reports net deferred tax liability to totaling BDT 2,78,46,431 as at 30 June 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is probable that taxable profit will be reduced against which the taxable temporary differences can be recognized over a number of years.</p>	<ul style="list-style-type: none"> <li>* We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the company's future taxable income.</li> <li>* We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>* We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
<b>Reference note no 13.00 to the financial statements</b>	

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report there on. The directors are responsible for the other information.

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

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

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

Management is responsible for the preparation 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 judgement 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 cause 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 gives a true and fair view.


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, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
  
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
  
- c) The Company's statement of financial position and statement of profit or loss with by the report are in agreement with the books of account.
  
- d) The expenditure incurred was for the purpose of the Company's business.

Dated: 28 October, 2020  
Place : Dhaka

  
**Md Abdur Rashid, FCA**  
**Partner**  
**FAMES & R**  
Chartered Accountants

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

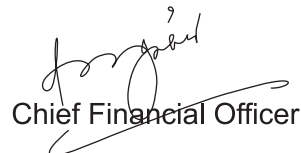
**STATEMENT OF FINANCIAL POSITION**

As on June 30, 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
<b>ASSETS:</b>			
<b>Non -Current Assets (A)</b>			
Property, Plant and Equipments	3	555,600,248	560,699,848
Investment in Share	4	1,050,000	1,050,000
<b>Total Non -Currents Assets</b>		<b>556,650,248</b>	<b>561,749,848</b>
<b>Current Assets (B)</b>			
Inventories	5	579,724,480	460,345,434
Trade and other Receivables	6	62,978,663	121,384,429
Advances, Deposits & Pre-Payments	7	75,509,539	101,613,350
Cash and Cash Equivalents	8	90,614,471	134,070,652
		<b>808,827,154</b>	<b>817,413,866</b>
<b>Total Assets ( A+B)</b>		<b>1,365,477,401</b>	<b>1,379,163,713</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholder's Equity (C)</b>			
Share Capital	9	980,798,775	980,798,775
Revaluation Reserve	10	89,201,405	89,423,648
Retained Earnings	11	161,101,012	169,648,470
<b>Total shareholders' Equity</b>		<b>1,231,101,192</b>	<b>1,239,870,893</b>
<b>LONG TERM LIABILITIES (D)</b>			
Long term loan	12	17,633,927	-
Deferred Tax Liability	13	27,846,431	26,420,284
<b>Total Long Term Liabilities</b>		<b>45,480,358</b>	<b>26,420,284</b>
<b>Current Liabilities (E)</b>			
Trade and other Payables	14	264,705	270,280
Short term Bank loan	15	65,396,090	91,097,996
Accrued Expenses	16	3,021,025	2,821,823
IPO Application Fund	17	5,765,858	5,765,858
Provision for Workers Profit Participation Fund	18	-	2,287,264
Provision for Taxation	19	14,069,713	10,243,927
Dividend Payable	20	378,460	385,389
<b>Total Current Liabilities</b>		<b>88,895,851</b>	<b>112,872,536</b>
<b>Total Shareholder's Equity and Liabilities (C+D+E)</b>		<b>1,365,477,401</b>	<b>1,379,163,713</b>
Net Asset Value including Revaluation Surplus	29	<b>12.55</b>	<b>12.64</b>
Net Asset Value excluding Revaluation Surplus	29	<b>11.64</b>	<b>11.73</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 28th October 2020 and were signed on its behalf by :

  
Director

  
Chief Financial Officer

  
Managing Director


  
Company Secretary

  
Chairman

Signed in terms of our separate report of even date annexed.

Dated: 28 October, 2020

Place: Dhaka

  
Md. Abdur Rashid, FCA  
**FAMES & R**  
Chartered Accountants

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

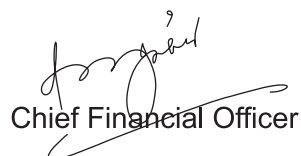
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Year ended 30 June, 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
<b>Revenue</b>			
Turnover	21	239,352,526	579,366,749
Less: Cost of Sales	22	210,624,937	504,387,771
Gross Profit		<b>28,727,589</b>	<b>74,978,978</b>
<b>Operating Expenses:</b>		<b>30,682,630</b>	<b>35,724,755</b>
Administrative Expenses	23	27,208,130	30,262,687
Marketing, Selling and Distribution Expenses	24	3,474,500	5,462,068
<b>Operating Profit/(Loss)</b>		<b>(1,955,041)</b>	<b>39,254,223</b>
Add: Non Operating Income	27	9,558,684	2,064,366
Less : Financial expenses	25	11,121,411	9,357,416
<b>Net Profit/(Loss) before WPPF</b>		<b>(3,517,768)</b>	<b>31,961,173</b>
Less: Provision for WPPF	17	-	1,521,961
Net Income before Tax		<b>(3,517,768)</b>	<b>30,439,212</b>
Provision for Income Tax:	26	<b>5,251,934</b>	<b>6,125,758</b>
Current Tax	19	3,825,786	4,110,749
Deferred Tax	13	1,426,148	2,015,009
Net Profit after Tax		<b>(8,769,701)</b>	<b>24,313,454</b>
<b>Earnings Per Share</b>	28	<b>(0.09)</b>	<b>0.25</b>

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KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

**STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2020

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01 July, 2019</b>	<b>980,798,775</b>	<b>89,423,648</b>	<b>169,648,470</b>	<b>1,239,870,893</b>
Net Income for the year	-	-	(8,769,701)	(8,769,701)
Dividend for the year	-	-	-	-
Dep. on Revaluation Surplus		(222,243)	222,243	
<b>Balance as on 30 June, 2020</b>	<b>980,798,775</b>	<b>89,201,405</b>	<b>161,101,012</b>	<b>1,231,101,192</b>

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

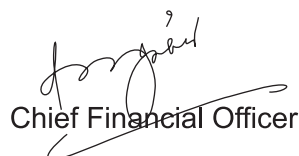
**STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2019

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01 July, 2018</b>	<b>980,798,775</b>	<b>89,754,876</b>	<b>158,709,802</b>	<b>1,229,263,453</b>
Net Income for the year	-	-	24,313,454	24,313,454
Dividend for the year 2018	-	-	(13,706,014)	(13,706,014)
Dep. on Revaluation Surplus		(331,228)	331,228	
<b>Balance as on 30 June, 2019</b>	<b>980,798,775</b>	<b>89,423,648</b>	<b>169,648,470</b>	<b>1,239,870,893</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 28th October 2020 and were signed on its behalf by :

  
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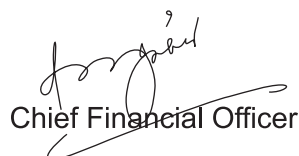
**STATEMENT OF CASH FLOWS**

For the Year ended 30 June, 2019

Particulars	Notes	Amount in Taka	
		30 June, 2020	30 June, 2019
<b>A. Cash Flows from Operating Activities :</b>			
Collection from Turnover		297,758,293	584,351,270
Payment to suppliers and creditors for expenses		(294,399,783)	(475,790,746)
Payment for Financial Expenses		(11,121,411)	(9,357,416)
Payment for WPPF		(2,287,264)	(4,336,717)
Payment for Income Tax		-	(5,809,560)
Add: Receipt From Other Sources		9,460,834	1,967,603
Add: Gain/(Loss) on Foreign Currency Fluctuation		97,850	96,763
<b>Net cash generated from operating activities</b>	36	<b>(491,482)</b>	<b>91,121,197</b>
<b>B. Cash flow from Investing Activities:</b>			
Acquisition of Property, Plant & Equipment		(34,889,791)	(27,071,000)
<b>Net cash used in Investing Activities</b>		<b>(34,889,791)</b>	<b>(27,071,000)</b>
<b>C. Cash flow from Financing Activities:</b>			
Receipts from ordinary shares issued		-	-
Payment of Cash Dividend		(6,929)	(13,320,625)
Short term loan Received/(Re-paid)		(25,701,906)	(45,980,848)
Long term loan Received/(Re-paid)		17,633,927	-
<b>Net cash used in financing activities</b>		<b>(8,074,908)</b>	<b>(59,301,473)</b>
<b>D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>(43,456,181)</b>	<b>4,748,723</b>
<b>E. Opening Cash and Cash Equivalent</b>		<b>134,070,652</b>	<b>129,321,929</b>
<b>F. Ending Cash and Cash Equivalent (D+E)</b>		<b>90,614,471</b>	<b>134,070,652</b>
<b>Net Operating Cash flows per Shares (NOCFPS)</b>	30	<b>(0.01)</b>	<b>0.93</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 28th October 2020 and were signed on its behalf by :

  
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Company Secretary

  
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Dated: 28 October, 2020

Place: Dhaka

  
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Chartered Accountants

## **KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

### **Notes to the Financial Statements**

As at and for the year ended June 30, 2020

#### **1.00 Corporate History of the Reporting Entity**

##### **1.01 Legal Status of the Entity**

Khan Brothers PP Woven Bag Industries Ltd. (The Company) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-61800(3809)/2006 dated 18 May, 2006 subsequently converted into a public limited company vide special resolution dated 26.10.2011. The company applied for Initial Public Offering and consent has been accorded by Bangladesh Securities and Exchange Commission vide their letter no. SSC/CI/IPO-208/2012/447 dated 24 June 2014. The company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and its shares are traded in the regular market.

##### **1.02 Corporate Business**

The Company's main business is to Manufacture of different types PP Woven Bag, FIBC bag, Jumbo bag, HDPE Bag, LDPE Bag, Liner, Multi-layer Sack Kraft Paper and selling them in local and the international market.

#### **2.00 Basis of preparation, presentation and disclosures of financial statements**

##### **2.01 Statement of Compliance**

The financial statements have been prepared under historical cost convention on a going concern assumption following accrual basis of accounting in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994 and Securities and Exchange Rules, 1987.

##### **2.02 Other regulatory compliances**

In addition the Company also complied with the following laws and regulations.  
The Income Tax Ordinance, 1984  
The Income Tax Rules, 1984  
The Value Added Tax Act, 1991  
The Value Added Tax Rules, 1991  
The Customs Act 1969

##### **2.03 Corporate Financial Statements and Reporting**

This comprises Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and explanatory notes and disclosures covering accounting policies.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements. The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets and liabilities at the reporting date. Uncertainty involved in making estimates and actual result reported might differ from those estimates.

#### **2.04 Fundamental Accounting Concepts/ Assumption**

The financial statements have been prepared under historical cost concept, based on going concern assumption, under Accrual basis and such other convention as required by IAS-1 for fair presentation of financial statements.

#### **2.05 Going Concern**

The company has adequate resources to continue in operation for the foreseeable future. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business. For this reasons the directors continue to adopt going concern basis in preparing the financial statements.

#### **2.06 Reporting Period**

The period of the financial statements covered the period from July 01, 2019 to June 30, 2020 of the following year.

#### **2.07 Provisions, Contingent Liabilities and Contingent Assets**

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

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

#### **2.08 Events after the Reporting Period**

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

#### **2.09 Functional and Presentational (Reporting) Currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's' functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

Figures in brackets indicated negative balance.

## 2.10 Comparative Information and Rearrangement Thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

## 2.11 Principal Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements within the framework of IAS-1 "Presentation of Financial Statements", have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies Changes in Accounting Estimate and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property Plant & Equipment
IFRS 9	Financial Instruments
IAS 19	Employees Benefits
IAS 21	The Effect of Changes in Foreign Exchange Rate
IAS 23	Borrowing Cost
IAS 33	Earnings Per Share
IAS 36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets,
IFRS 8	Segment Reportings
IFRS 15	Revenue from contract with customers

The other related BFRSs are also complied for the preparation of these financial statements.

## 2.12 Property, Plant & Equipment (PPE)

These are stated at cost and revalued amount less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the PPE, the expenditure is capitalized as an additional cost of the PPE.

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

## 2.13 Revaluation of Property, Plant & Equipment (PPE)

PPE have been stated at revalued amounts in accordance with 1AS: 16 Property, Plant & Equipment.

- i) Effective date of revaluation to the financial Statements 30.06.2010
- ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric Equipment has been revalued by G.KIBRIA & CO. Chartered Accountants, an independent valuer.

Revaluation surplus of Tk. 97,975,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

## 2.14 Depreciation

Depreciation on Property, Plant & Equipment other than Land and land development has been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on additions on the basis of when it is available for use.

After considering the useful life of PPE as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

Particulars	30 June 2020	30 June 2019
Land and Land Development	0%	0%
Building and other Constriction	5%	5%
Plant and Machinery	10%	10%
Generator and Electric Equipment	15%	15%
Motor Vehicle	20%	20%
Office Decoration and Fittings	10%	10%
Furniture and Fixture	10%	10%

## 2.15 Impairment of assets

All assets have been reviewed and it was confirmed that no such assets have been impaired during the year and for this reason no provision has been made for impairment of assets.

## 2.16 Revenue Recognition

Revenue has been recognized as per IFRS 15: Revenue from contract with customers under 05 (five) step approach of recognizing revenue. According to the core principal of IFRS15, the entity has recognized revenue to the depict transfer of promise goods or service to custom in an amount that reflects the consideration (payment ) to which the entity expects to be entitled in exchanging for those goods or services.

05 (five) step approach applied are as follows:

- i. Identify the contract
- ii. Identify the separate performance obligation
- iii. Determine the transaction price
- iv. Allocate the price to the performance obligations
- v. Recognize revenue.

## 2.17 Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services.

**2.18** Inventories comprise of raw materials, finished yarn, stores, spares & packing materials, store- in – transit and work – in – process. They are stated at the lower of cost and net realizable value in accordance with IAS 2 “Inventories” after making due allowance for any obsolete or slow moving item. The costs of inventories are assigned by using weighted average cost formula. Net realizable value is determined after deducting the estimated cost of completion and/or cost to be incurred for effecting the sale from sales price.

## 2.19 Income Tax

### Provision for Tax

A provision for Taxation @ .60% on Turnover due to incurring loss by the company during the year under audit.

### Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date. The company has recognized Deferred Tax as per provision of IAS-12 (Income Taxes).

## 2.20 Statement of Cash Flows

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

## 2.21 Borrowing Costs

Financial Expenses (Borrowing Costs) incurred during the year was recognized as revenue expenses in accordance with IAS-23 “Borrowing Cost”.

## 2.22 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2020 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

## 2.23 Financial Instruments

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

### 2.23.1 Financial Assets

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which a contractual right is created to receive cash or another financial asset from another company. The company derecognizes a financial asset when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

### Cash and Cash Equivalents

According to IAS 7 'Statement of Cash Flows ' cash comprises of cash in hand, demand deposits and cash equivalents which are short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. IAS 1 “Presentation of Financial Statements” provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of IAS 7 & IAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash and Cash Equivalents.

### Available for Sale of Financial Assets

During the year the company had no financial asset for sale.

### Trade and other Receivables

Trade Receivable is measured at fair value without making any provision for doubtful debts, because of the fact that sales / export are based on 100% confirmed letter of credit with fixed maturity date.



### 2.23.2 Financial liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

### 2.24 Employee Benefit Plan

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

#### a) Short Term Employee Benefits

Short-term employee benefits include salaries, bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided

#### b) Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund

The Company makes a regular allocation of 5% on net Profit before tax and after charging of such WPPF to these funds and payment is made to the workers as per provisions of Labor Act 2006 as amended in 2013.

### 2.25 Related Party Disclosures

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

During the year the company did not have any transactions with related party other than payment to directors disclosed in note # 23.01 and 23.02 to the financial statements.

## 2.26 Segment Reporting

No segmental reporting is applicable for the company as required by IFRS 8: "Segment Reporting" as the company operates in a single industry segment. Though the company has some local sale but this is very insignificant as such the geographical territory has also been considered single.

## 2.27 Earnings Per Share

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share has been calculated by the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period and retrospective effect has also been given for calculation of previous year earnings as well to conform the current year presentation.

## 2.28 Non operating Income

Non Operating income includes the interest income of IPO Fund, Interest on FDR and gain/loss from foreign currency transactions.

## 2.29 General

- a) The figures appearing in these financial statements are expressed in Taka currency and rounded off to the nearest Taka.
- b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

Amount in Taka	
30 June 2020	30 June 2019

**3.00 Property, Plant and Equipments: Tk. 555,600,248**

This includes the written down value as on 30 June, 2020. Break up of the PPE is as follows :

Land & Land Development	140,887,199	140,887,199
Building & Other Construction	146,579,434	154,294,141
Plant & Machinery	227,856,672	217,315,128
Generator & Electric Equipment	15,136,882	17,808,097
Motor Vehicle	17,725,561	22,156,951
Office Decoration & Fittings	5,581,017	6,201,130
Furniture & Fixture	1,833,483	2,037,203
	<b>555,600,248</b>	<b>560,699,848</b>

Fixed assets have been physically verified by management as at the balance sheet date.

Details of PPE has been given in Annexure-'A'

The property, plant and equipment of the company has been pledged as security against loan with Jamuna Bank Ltd, Shantinagar Branch, Dhaka.

**4.00 Investment in Share: Tk. 1,050,000**

This includes the investment made in shares of associate companies under Khan Brothers Group as following:

Khan Brothers Knitwear Industries Ltd.	10,000 Shares	1,000,000	1,000,000
Khan Brothers Group of Industries Ltd.	500 Shares	50,000	50,000
		<b>1,050,000</b>	<b>1,050,000</b>

This represents the face value of shares held by Khan Brothers PP Woven Bag Industries Ltd.

**5.00 Inventories Tk. 579,724,480**

Break-up of this item is as follows:

Finished Goodes Note-5.1	25,120,630	14,140,560
Raw Materials: Notes- 22.06	538,989,211	419,798,235
Working-in-process	14,050,613	18,540,750
Store Materials	1,564,026	7,865,890
	<b>579,724,480</b>	<b>460,345,434</b>

The above Inventories are as per physical counting made by the inventory team consisting of management staff and auditors and valued and certified by management. Inventories in hand have been valued at lower of cost and net realizable value as per IFRS-2. Inventories are hypothecated against working capital facilities from the bank (Jamuna Bank Ltd.).

**5.01 Closing Stock of Finished Goods: Tk. 25,120,630**

Quantity (kg)	124,606	70,264
Rate	201.60	201.25
<b>Total Amount</b>	<b>25,120,630</b>	<b>14,140,560</b>

**6.00 Trade and other Receivables: Tk. 62,978,663**

Break-up of this item is as

Export Bills Receivable: Note- 6.01	62,042,150	119,042,674
Ashirbad Syndicate	114,000	325,680
Bombay Sweets & Co.	96,500	175,450
D H Plastic	85,425	165,000
Kabir Enterprise	245,850	710,520
Kazi Agro	45,560	150,400
Mehera Corporation	74,588	198,530
R M Trade Line	74,560	145,450
Shuvo Enterprise	85,455	150,600
S N Traders	114,575	320,126
	<b>62,978,663</b>	<b>121,384,429</b>

These are considered good.

**6.01 Export Bills Receivables: Tk. 62,042,150**

**Party Name & Country**

LDK TEXTILE TRADING LLC  
 OCEAN WISDOM ENTERPRISE UAE  
 TAISA (SUISSE) SA SWITZERLAND  
 COMMODITY FIRST PTE LTD SINGAPORE  
 BLUE OCEAN SHIPPING PTE LTD.  
 ETS, CONGO  
 RMD GOODS WHOLESALERS LLC  
 RMB GENERAL TRADING U.A.E  
 MODERN LOTUS GENERAL TRADING, U.A.E  
 M/S BERY MARITIME AS, NORWAY  
 ACCENCIS GOODS WHOLESALERS LLC  
 EPITOME, NIGERIA

**Total**

Amount in Taka	
30 June 2020	30 June 2019
9,676,574	-
-	13,574,852
7,979,836	-
-	14,411,814
17,959,577	29,170,701
-	11,590,785
12,340,837	-
-	11,224,836
4,690,259	15,255,362
-	11,574,257
9,395,067	-
-	12,240,067
<b>62,042,150</b>	<b>119,042,674</b>

**6.02 Ageing of Receivables: Tk. 62,042,150**

Dues up to 60 days

Dues Over 60 days

-	-
62,042,150	119,042,674
<b>62,042,150</b>	<b>119,042,674</b>

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

Receivable considered good in respect of which the company is fully secured.

Receivable considered good in respect of which the company holds no security other than the debtor personal security.

Receivables considered doubtful bad.

**Total**

62,042,150	119,042,674
936,513	2,341,756
-	-
<b>62,978,663</b>	<b>121,384,429</b>

**7.00 Advances, Deposits & Pre-Payments: Tk. 75,509,539**

This consist of the following:

T & T Phone  
 Titas Gas  
 Pallibidyut  
 Advance Income Tax: Note- 7.01  
 CDBL-Security deposit  
 Advance agst. L/C : Note- 7.02  
 Salary Advance  
 Advance against Local Purchase : Note: 7.03

8,000	8,000
448,900	448,900
240,600	240,600
8,964,903	2,294,414
500,000	500,000
55,463,801	85,803,786
845,000	745,850
9,038,335	11,571,800
<b>75,509,539</b>	<b>101,613,350</b>

**7.01 Advance Income Tax Tk. 8,964,903**

This consist of the following:

Advance Tax on Export  
 Advance Tax on Import  
 Advance Tax on other Income (Interest Income)  
 Advance Tax on FDR Interest Income & others

886,824	2,082,655
7,101,995	-
15,966	11,925
960,118	199,834
<b>8,964,903</b>	<b>2,294,414</b>

**7.02 Advance against L/C: Tk. 55,463,801**

**LC No**

**Bank Name**

LC No-221719010145 Mutual Trust Bank Ltd  
 LC No-221719010203 Mutual Trust Bank Ltd  
 LC No-221719010252 Mutual Trust Bank Ltd  
 LC No-221719010253 Mutual Trust Bank Ltd  
 LC No-221719010445 Mutual Trust Bank Ltd  
 LC No-221719020095 Mutual Trust Bank Ltd  
 LC No-221719020096 Mutual Trust Bank Ltd  
 LC No-221719020097 Mutual Trust Bank Ltd  
 LC No-221719020122 Mutual Trust Bank Ltd  
 LC No-221719020123 Mutual Trust Bank Ltd

3,648,750	-
2,984,580	-
3,564,870	-
3,752,680	-
4,526,320	-
3,945,782	-
4,453,253	-
3,456,235	-
3,259,407	-
4,632,352	-

cont....

		Amount in Taka	
		30 June 2020	30 June 2019
LC No-304119010039	Jamuna bank limited	3,926,519	-
LC No-304119010040	Jamuna bank limited	3,549,220	-
LC No-304119010041	Jamuna bank limited	2,745,256	-
LC No-304119010042	Jamuna bank limited	3,456,252	-
LC No-304119010043	Jamuna bank limited	3,562,325	-
LC No-0000221718020402	Mutual Trust Bank Ltd	-	3,777,560
LC No-0000221718020403	Mutual Trust Bank Ltd	-	3,296,450
LC No-0000221718020404	Mutual Trust Bank Ltd	-	2,945,680
LC No-0000221718020405	Mutual Trust Bank Ltd	-	3,489,750
LC No-000022178010857	Mutual Trust Bank Ltd	-	3,578,945
LC No-0000221718010887	Mutual Trust Bank Ltd	-	3,445,635
LC No-0000221718020453	Mutual Trust Bank Ltd	-	3,397,564
LC No-0000221718020454	Mutual Trust Bank Ltd	-	2,978,546
LC No-0000221718020455	Mutual Trust Bank Ltd	-	3,894,560
LC No-0000221718011280	Mutual Trust Bank Ltd	-	3,145,680
LC No-0000221719020027	Mutual Trust Bank Ltd	-	3,458,900
LC No-0000221719010076	Mutual Trust Bank Ltd	-	3,785,690
LC No-0000221719010078	Mutual Trust Bank Ltd	-	3,778,950
LC No-304118010159	Jamuna Bank Ltd	-	3,456,980
LC No-304118010157	Jamuna Bank Ltd	-	3,780,450
LC No-304119010024	Jamuna Bank Ltd	-	3,645,800
LC No-304119010022	Jamuna Bank Ltd	-	4,150,875
LC No-304118010154	Jamuna Bank Ltd	-	4,785,060
LC No-304118010117	Jamuna Bank Ltd	-	3,945,680
LC No-304118010118	Jamuna Bank Ltd	-	3,765,900
LC No-304118010092	Jamuna Bank Ltd	-	4,145,890
LC No-304117010091	Jamuna Bank Ltd	-	4,975,845
LC No-304118010089	Jamuna Bank Ltd	-	4,177,396
		<b>55,463,801</b>	<b>85,803,786</b>
<b>7.03 Advance against Local Purchases: Tk. 9,038,335</b>			
Mr. Mehbubul Hasan Pavel		3,873,827	4,004,640
Mr. Shafiullah		3,302,218	1,725,500
Shah Dewanbagi Machineries & Boiler		1,405,840	2,764,560
Rubel Enterprise			1,326,500
SD Machineries & Boiler		456,450	1,750,600
		<b>9,038,335</b>	<b>11,571,800</b>
<b>7.04 Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994</b>			
Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured		1,197,500	1,197,500
Advance, deposit and pre-payments considered good without security		73,467,039	99,670,000
Advance, deposit and pre-payments considered doubtful and bad		-	-
Advance, deposit and pre-payments due by directors or others officers		845,000	745,850
Advance, deposit and pre-payments due from companies from same management		-	-
Maximum advance, deposit and pre-payments due by Directors or other officers at any time		-	-
<b>Total</b>		<b>75,509,539</b>	<b>101,613,350</b>
<b>8.00 Cash and Cash Equivalents: Tk. 90,614,471</b>			
This consist of the following balances;			
<b>Cash in hand</b>		4,394,637	3,653,533
<b>Cash at Banks:</b>			
Jamuna Bank Ltd.-CD-6233		21,987,676	28,623
Mutual Trust Bank Ltd.-CD-11251		6,538	39,937
Mutual Trust Bank Ltd.-STD-2508		5,215,506	5,075,229
Mutual Trust Bank Ltd.-FC-4399 (USD)		504,484	504,484
Mutual Trust Bank Ltd.-FC-4406 (POUND)		126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)		108,028	108,028
Mutual Trust Bank Ltd.-CD-0002-0210029939		368,392	388,012
FDR (Mutual Trust Bank & Jamuna Bank Ltd.)		27,903,042	26,146,639
FDR (People's Leasing And Financial Services Ltd.)*		30,000,000	98,000,000
		<b>86,219,834</b>	<b>130,417,119</b>
		<b>90,614,471</b>	<b>134,070,652</b>

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

\* Tk. 7,45,29,000 (Principal Tk. 6,80,00,000 and interest Tk. 65,29,000) has been adjusted during the year under audit.

**9.00 Share Capital: Tk. 980,798,775**

This represents the followings:

**Authorized capital:**

150,000,000 ordinary Shares of tk 10/= each

**Issued Subscribed and Paid up Capital:**

This amount consists as follows:

6,35,00,000 Ordinary shares of Taka 10/- each, fully paid up in cash

Bonus (Note: 09.01)

Amount in Taka	
30 June 2020	30 June 2019
1,500,000,000	1,500,000,000
635,000,000	635,000,000
345,798,775	345,798,775
<b>980,798,775</b>	<b>980,798,775</b>
345,798,775	345,798,775
<b>345,798,775</b>	<b>345,798,775</b>

**9.01 Bonus share Capital Tk. 345,798,775**

Opening Balance

The position of shareholders as on 30 June 2020 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2019-2020	Percentage of Share Holding 2018-2019
Sponsor	5	29549807	30.13%	30.13%
Directors other than Sponsor	-	-	-	-
General Public	7074	44644850	45.52%	45.14%
Investor's A/c	-	-	-	-
Institutes	112	23885220	24.35%	24.73%
<b>Total</b>	<b>7191</b>	<b>98079877</b>	<b>100</b>	<b>100</b>

**9.02 Classification of Shareholders by Holding :**

Holdings	Numbers of Holders		Shareholdings %	
	2020	2019	2020	2019
Less than 500 Shares	1814	1963	0.35%	0.39%
501 to 5,000	3798	4268	6.88%	7.87%
5,001 to 10,000	691	825	5.20%	6.26%
10,001 to 20,000	459	505	6.74%	7.30%
20,001 to 30,000	170	183	4.31%	4.65%
30,001 to 40,000	64	77	2.28%	2.75%
40,001 to 50,000	44	45	2.03%	2.06%
50,001 to 100,000	99	86	7.13%	6.02%
100,001 to 1,000,000	44	39	8.40%	6.44%
Over 1,000,000	8	8	56.68%	56.26%
<b>Total</b>	<b>7191</b>	<b>7999</b>	<b>100%</b>	<b>100%</b>

**9.03 Market Price:**

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Quoted market price was TK 6.10 at Dhaka Stock Exchange Limited and TK 6.20 at Chittagong Stock Exchange Limited as on 30 June 2020.

**10.00 Revaluation Reserve: Tk. 89,201,405**

This is made up as follows:

Opening balance

89,423,648

89,754,876

Dep. On Revaluation Surplus (Net off Deferred Tax)

(222,243)

(331,228)

**89,201,405**

**89,423,648**

**11.00 Retained Earnings TK. 161,101,012**

This is made up as follows:

**Opening Balance**

169,648,470

158,709,802

Net Income for the year

(8,769,701)

24,313,454

Dividend for the year

-

(13,706,014)

Revaluation Surplus (Net off Deferred Tax)

222,243

331,228

**Closing Balance**

**161,101,012**

**169,648,470**

	Amount in Taka	
	30 June 2020	30 June 2019
<b>12.00 Long Term Bank Loan: Tk. 17,633,927</b>		
This is made up as follows:		
Term Loan- 002819	29,364,863	-
Less: Current Portion	11,730,936	-
	<b>17,633,927</b>	<b>-</b>
This represent loan from Mutual Trust Bank Ltd. against import pf machinery which is repayble within three years. The loan is secured against hypothecation of machinery.		
<b>13.00 Deferred Tax Liability TK. 27,846,431</b>		
This has been arrived as under:		
<b>A. Temporary difference:</b>		
Carrying Amount of PPE	414,713,048	419,812,649
Tax Base Value of PPE	219,690,933	236,513,470
Taxable Timing Differences	195,022,115	183,299,179
Tax rate (50% of 25%)	12.50%	12.50%
<b>Deferred Tax Liabilities Closing Balance ( A )</b>	<b>24,377,764</b>	<b>22,912,397</b>
Less: Opening balance of Deferred Tax Liabilities	22,912,397	20,897,388
<b>Deferred Tax Expenses ( C )</b>	<b>1,465,367</b>	<b>2,015,009</b>
<b>B. Revaluation:</b>		
Carrying value of land	99,430,849	99,430,849
Other than Land	10,128,463	10,128,463
<b>Tax rate:</b>		
Land	2%	2%
Other than Land	15%	15%
<b>Closing Deferred Tax Liabilities: ( B )</b>	<b>3,468,667</b>	<b>3,507,886</b>
Land	1,988,617	1,988,617
Other than Land (After adjustment of Deferred tax)	1,480,050	1,519,269
<b>Less: Opening Deferred Tax Liabilities:</b>	<b>3,507,886</b>	<b>3,507,886</b>
Land	1,988,617	1,988,617
Other than Land	1,519,269	1,519,269
Deferred Tax Income/ Expense (D)	<b>39,219</b>	<b>-</b>
<b>Deferred Tax Liabilities at the end of the year (A+B)</b>	<b>27,846,431</b>	<b>26,420,284</b>
<b>Total Deferred Tax Income/Expense (C+D)</b>	<b>1,426,148</b>	<b>2,015,009</b>
The company has recognised deferred tax in accordance with the International Accounting Standard 12 (IFRS). Deferred tax is provided using the liability method for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective Income Tax rate Prevailing at balance sheet date. The company has recognised Deferred Tax on revaluation reserve from land as per provision of IFRS-12 (Income Taxes).		
<b>14.00 Trade and other Payables: Tk. 264,705</b>		
This is made up as follows:		
Bills Payable (Note 14.01)	264,705	270,280
	<b>264,705</b>	<b>270,280</b>
<b>14.01 Bills Payable: Tk. 264,705</b>		
This is made up as follows:		
Sumayed Enterprise	-	22,000
Desh Electric	75,940	17,500
Rahman	-	13,650
Traders	87,230	25,000
Sheikh Enterprise	-	45,000
Janata Machinerics	101,535	56,000
Dewan	-	65,450
The J.S Machinerics Stores	-	25,680
	<b>264,705</b>	<b>270,280</b>
<b>15.00 Short Term Bank Loan: Tk. 65,396,090</b>		
This is made up as follows:		
Cash Credit (Hypo) From JBL, Account No. 0240	32,711,891	30,980,983
Loan Against Trust Receipts (LTR): (Note # 15.01)	20,953,263	60,117,013
Current portion of long term loan	11,730,936	-
	<b>65,396,090</b>	<b>91,097,996</b>

		Amount in Taka	
		30 June 2020	30 June 2019
<b>15.01</b>	<b>LTR Number</b>		
	<b>Bank Name</b>		
	0002-0124108678	-	3,049,875
	0002-0124108721	-	1,920,561
	0002-0124109060	-	11,796,567
	0002-0124109113	-	2,497,107
	0002-0124109622	-	1,877,775
	0002-0124110441	-	8,332,315
	0002-0124110861	-	8,329,007
	0009-0124014898	-	1,893,820
	0009-0124014905	-	1,826,068
	0009-0124015039	2,069,804	1,834,536
	0009-0124015048	4,201,222	3,726,083
	0009-0124015057	2,116,203	1,876,722
	0009-0124015066	2,021,492	1,793,010
	0009-0124015075	10,544,542	9,363,568
	<b>Total</b>	<b>20,953,263</b>	<b>60,117,013</b>

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and export bills receivable at terms & condition given below.

1. Purpose of Investment - To purchase/import raw materials.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return -9 % per annum or the rate to be determined by the bank from time to time.
4. Collateral:
  - A. Lien on Shipping Documents.
  - B. Counter Guarantee.
  - C. Post-dated Cheque covering the entire limit.
  - D. Usual Charge Documents.

**16.00 Accrued Expenses Tk. 3,021,025**

This is made up as follows:

Factory Electricity Bill	36,270	81,555
Factory Gas Bill	85,876	389,903
VAT Payable	-	25,780
Audit Fee Payable	115,000	115,000
Annual Listing fee payable	980,798	-
CDBL Fees Payable	106,000	-
Telephone Bill	6,540	5,650
Internet Bill	7,868	5,650
Printing Bill	8,760	8,750
Office electricity, Wasa & Others	52,345	49,785
Salary and Allowance	868,882	720,450
Wages & salary	752,686	1,356,800
Dividend Payable		62,500
	<b>3,021,025</b>	<b>2,821,823</b>

**17.00 IPO Application Fund Tk. 5,765,858**

Mutual Trust Bank Ltd.-STD-2508	5,027,178	5,027,178
Mutual Trust Bank Ltd.-FC-4399 (USD)	504,484	504,484
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
	<b>5,765,858</b>	<b>5,765,858</b>

**18.00 Provision for Workers Profit Participation Fund Tk. 0**

Opening balance	2,287,264	5,102,020
Add: Addition during the year		1,521,961
Paid during the year as per rule	(2,287,264)	(4,336,717)
	<b>-</b>	<b>2,287,264</b>



**19.00 Provision for Tax: Tk. 14,069,713**

This has been arrived as under:

**Opening Balance**

**Provision during the year:**

Tax charge during the period@25%

Tax Rebate on Export Sales

Tax charge during the period on Turnover

Tax charge during the period on Non Operating Income

**Less :Adjusted/ Payment during the period:**

Adjustment

Payment

**Closing Balance**

Amount in Taka	
30 June 2020	30 June 2019
10,243,927	11,942,738
-	7,609,803
-	(3,499,054)
1,436,115	-
2,389,671	-
<b>3,825,786</b>	<b>4,110,749</b>
-	5,809,560
-	-
-	<b>5,809,560</b>
<b>14,069,713</b>	<b>10,243,927</b>

**20.00 Dividend Payable: Tk. 378,460**

Opening balance

Paid

385,389	385,389
6,929	-
<b>378,460</b>	<b>385,389</b>

**21.00 Turnover: Tk. 239,352,526**

This is the value of export made during the year through Advance TT and L/Cs:

Export

Local

230,980,161	569,585,234
8,372,365	9,781,515
<b>239,352,526</b>	<b>579,366,749</b>

**22.00 Cost of Sales: Tk. 210,624,937**

This has been arrived as under:

Opening Work-in-Process

Raw materials consumed: (Notes-22.01)

Wages & Salaries (Note-22.02)

Manufacturing overhead (Note-22.03)

Less: Closing Work-in-Process

**Cost of Production**

Opening stock of Finished Goods

**Cost of Goods Available for Sale**

Closing stock of Finished Goods

**Cost of Sales**

18,540,750	29,504,870
167,360,105	414,797,927
10,023,559	24,967,450
39,731,207	48,001,460
(14,050,613)	(18,540,750)
<b>221,605,007</b>	<b>498,730,956</b>
14,140,560	19,797,375
<b>235,745,567</b>	<b>518,528,331</b>
(25,120,630)	(14,140,560)
<b>210,624,937</b>	<b>504,387,771</b>

**22.01 Raw Materials Consumed: Tk. 167,360,105**

This is made up as follows:

Opening Stock ( Note: 22.04)

Add: Purchase during the Year (Note: 22.05)

Less: Closing Stock (Note: 22.06)

Raw Materials Consumed during the year

419,798,235	424,166,776
286,551,081	410,429,386
<b>706,349,316</b>	<b>834,596,162</b>
(538,989,211)	(419,798,235)
<b>167,360,105</b>	<b>414,797,927</b>

**22.02 Wages & Salaries: Tk. 10,023,559**

This consists of the following:

Wages & Salary

Overtime & Incentive

9,032,233	19,770,365
991,326	5,197,085
<b>10,023,559</b>	<b>24,967,450</b>

**22.03 Manufacturing Overhead: Tk. 39,731,207**

This consists of the following:

	Amount in Taka	
	30 June 2020	30 June 2019
Workers Food Allowance	243,259	540,508
Electricity Bill	434,281	840,284
Gas Bill	1,019,079	4,001,838
Diesel for Generator	342,938	1,494,580
Spare Parts	640,398	645,324
Factory Maintenance	535,175	852,145
Machinery Maintenance	768,195	1,380,029
Electric Materials	242,437	495,641
Daily Labor	75,732	739,889
Worker Transport Expenses	127,111	765,550
Medical Expenses	67,483	72,142
Hardware Materials	500,950	764,055
Depreciation	34,734,169	35,409,475
	<b>39,731,207</b>	<b>48,001,460</b>

**22.04 Opening Stock of Raw Materials: Tk. 419,798,235**

Item wise break up of stock have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	49,200	Bag	4,256	209,395,200
CaCo3	8,060	Bag	1,475	11,888,500
HDPE	8,850	Bag	3,152	27,895,200
LDPE	7,750	Bag	4,128	31,992,000
LLDPE	5,840	Bag	3,626	21,175,840
Omagh CaCo3	3,654	Bag	2,215	8,093,930
Master Batch(White)	1,822	Bag	3,415	6,222,130
Master Batch(Red)	2,077	Bag	4,430	9,201,110
Master Batch(Blue)	1,520	Bag	4,250	6,460,000
Master Batch(Beige)	2,070	Bag	4,280	8,859,600
Master Batch(Yellow)	1,311	Bag	4,150	5,440,650
Master Batch(Green)	2,515	Bag	4,320	10,864,800
Master Batch(Orange)	2,415	Bag	4,225	10,203,375
PP Lamination	9,560	Bag	4,220	40,343,200
Sweing Thread	5,650	Kg	194	1,096,100
Poly Tape	1,355	Roll	355	481,025
PP Clip	1,280	Pkt	75	96,000
Printing Ink	6,410	Kg	271	1,737,110
Sweing Oil	879	Ltr	175	153,825
Gear Oil	881	Ltr	181	159,461
Mobil	518	Ltr	51	26,418
Diamond Gum	369	Kg	221	81,549
Retader	3,755	Ltr	136	510,680
Exetiter	345	Ltr	126	43,470
Adhesive Tape(Both side) -2"	549	Roll	45	24,705
Solvent/Thiner	11,740	Ltr	176	2,066,240
Hydrolic Oil	605	Ltr	155	93,775
Compassor Oil	94	Ltr	165	15,510
Nalco-2000	96	Kg	709	68,064
Greeze	42	Kg	107	4,494
Adhesive Gum(Glue)	4,450	Kg	29	129,050
Adhesive Tape-2"	88	Roll	48	4,224
Krapt Paper	75,318	Kg	66	4,971,000
<b>Total</b>				<b>419,798,235</b>

**22.05 Purchase Raw Materials: Tk. 286,551,081**

Item wise break up of purchase have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	39,800	Bag	3,492	138,999,990
CaCo3	4,000	Bag	1,946	7,784,267
HDPE	16,240	Bag	3,267	53,047,974
LDPE	11,220	Bag	3,602	40,417,277
LLDPE	11,220	Bag	3,725	41,792,627
Master Batch(White)	400	Bag	4,187	1,674,764
Mobil	2,450	Bag	81	198,820
Thiner	13,200	Bag	200	2,635,362
<b>Total</b>				<b>286,551,081</b>

**22.06 Closing Stock of Raw Materials: Tk. 538,989,211**

Item wise break up of stock have given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	70,999	Bag	3,915	277,929,327
CaCo3	8,360	Bag	1,631	13,637,175
HDPE	19,590	Bag	3,226	63,199,553
LDPE	13,870	Bag	3,817	52,942,366
LLDPE	12,260	Bag	3,691	45,251,665
Omagh CaCo3	2,052	Bag	2,215	4,545,500
Master Batch(White)	1,467	Bag	3,554	5,213,656
Master Batch(Red)	1,392	Bag	4,430	6,166,560
Master Batch(Blue)	720	Bag	4,250	3,060,000
Master Batch(Beige)	1,480	Bag	4,280	6,334,400
Master Batch(Yellow)	506	Bag	4,150	2,099,900
Master Batch(Green)	1,910	Bag	4,320	8,251,200
Master Batch(Orange)	1,690	Bag	4,225	7,140,250
PP Lamination	7,004	Bag	4,220	29,556,880
Sweing Thread	5,519	Kg	194	1,070,686
Poly Tape	1,304	Roll	355	462,920
PP Clip	1,154	Pkt	75	86,550
Printing Ink	5,560	Kg	271	1,506,760
Sweing Oil	844	Ltr	175	147,700
Gear Oil	757	Ltr	181	137,017
Mobil	2,723	Ltr	76	206,645
Diamond Gum	241	Kg	221	53,261
Retader	3,501	Ltr	136	476,136
Exetiter	290	Ltr	126	36,540
Adhesive Tape(Both side) -2"	420	Roll	45	18,900
Solvent/Thiner	24,097	Ltr	189	4,542,683
Hydrolic Oil	501	Ltr	155	77,655
Compassor Oil	80	Ltr	165	13,200
Nalco-2000	72	Kg	709	51,048
Greeze	28	Kg	107	3,003
Adhesive Gum(Glue)	3,204	Kg	29	92,916
Adhessive Tape-2"	66	Roll	48	3,160
Krapt Paper	70,818	Kg	66	4,674,000
<b>Total</b>				<b>538,989,211</b>

**23.00 Administrative Expenses: Tk. 27,208,130**

This consists of the following:

	Amount in Taka	
	30 June 2020	30 June 2019
AGM Expenses	145,000	267,818
Salary and Allowances	8,935,460	9,382,690
Directors Remuneration Note: 23.01	4,357,200	4,357,200
Directors Meeting Allowances Note: 23.02	55,200	68,800
Donation & Subscription	197,000	245,600
Credit Rating Fee	34,500	57,142
Entertainment	422,960	414,500
Fuel & Lubricant	1,010,000	1,045,173
Listing Fee	980,798	1,491,046
CDBL Fee	106,000	-
Traveling & Conveyance	394,500	392,060
Office Rent	600,000	600,000
Office Electricity, Wasa and Others Bill	440,201	399,660
Office Maintenance	309,565	257,835
Printing & Stationery	657,450	614,407
Postage & Telegram	32,230	44,846
Registration & Renewals	312,602	273,905
Telephone Bill	35,600	36,145
Legal Fee	185,000	265,950
Mobile Bill	323,000	386,680
Internet Bill	142,000	126,160
Audit Fees	115,000	115,000
RJSC Expenses	-	584,693
Vehicle Maintenance	1,034,315	1,124,191
Newspaper & Periodicals	14,650	25,585
Other Expenses	1,213,005	1,356,031
Depreciation	5,154,894	6,329,570
	<b>27,208,130</b>	<b>30,262,687</b>

**23.01 Directors Remuneration Tk.4,357,200**

Name of	Designation		
Tofayel Kabir Khan	Managing Director	1,182,000	1,182,000
Mohammed Enamul Kabir Khan	Chairman	894,000	894,000
Md. Ruhul Kabir Khan	Director	894,000	894,000
Hazrat ali	Director	721,200	721,200
Khairul Kabir Khan	Executive Director	666,000	666,000
		<b>4,357,200</b>	<b>4,357,200</b>

**23.02 Directors Meeting Allowances Tk.55,200**

Name of	Designation		
Tofayel Kabir Khan	Managing Director	9,000	12,000
Mohammed Enamul Kabir Khan	Chairman	9,000	12,000
Md. Ruhul Kabir Khan	Director	7,200	10,200
Hazrat ali	Director	5,400	7,200
Md. Zakirul Kabir Khan	Nominee Director	5,400	7,200
Mrs. Jarin Kabir Khan	Nominee Director	7,200	7,200
Bahalul kabir	Independent Director	6,000	7,000
Md. Shahid ullah	Independent Director	6,000	6,000
		<b>55,200</b>	<b>68,800</b>

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

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

**24.00 Marketing, Selling & Distribution Expenses: Tk. 3,474,500**

This consists of the following:

	Amount in Taka	
	30 June 2020	30 June 2019
Sales Commission	620,500	1,070,945
Car Repair & Maintenance	294,707	375,682
Carriage Outward & Delivery	306,892	955,520
Advertisement	136,200	227,875
Fuel & Lubricants	451,296	635,213
Salary & Allowances	1,491,133	2,014,660
Toll Expenses	73,442	57,135
Depreciation	100,330	125,038
	<b>3,474,500</b>	<b>5,462,068</b>

**25.00 Financial Expenses: Tk. 11,121,411**

This consists of the following:

Bank Charges & Others	70,090	185,987
Bank Interest on CC (hypo)	3,761,528	3,851,034
Interest & Charges on LTR	5,287,280	5,283,745
Interest on Term Loan	1,892,863	-
Excise Duty on CC (hypo)	12,000	36,650
Excise Duty FDR & TDR	85,650	-
Excise Duty on Term Loan	12,000	-
	<b>11,121,411</b>	<b>9,357,416</b>

**26.00 Income Tax Expenses: Tk. 5,251,934**

This has been arrived as under:

Current Tax Note- 19	3,825,786	4,110,749
Deferred Tax Note- 13	1,426,148	2,015,009
Income tax expenses	<b>5,251,934</b>	<b>6,125,758</b>

**27.00 Non Operating Income : Tk. 9,558,684**

This consists of the following:

Interest on IPO Subscription Fund	159,663	119,255
Gain/(Loss) on Foreign Currency Fluctuation	97,850	96,763
Interest on FDR fund	9,301,171	1,848,348
	<b>9,558,684</b>	<b>2,064,366</b>

**28.00 Earnings Per Share: Tk. -0.09**

This has been calculated in compliance with the requirements of IFRS 33: Earning per share is the basic earning dividing by the weighted average number of ordinary shares outstanding the end of the year.

**Earnings Per Share**

Net Income after tax	(8,769,701)	24,313,454
Weighted average no. of ordinary Shares Note-28.01	98,079,878	98,079,878
	<b>(0.09)</b>	<b>0.25</b>

Due to world market crisis, export orders have declined significantly as a result negative impact reflected on revenue and Earnings per Share (EPS). On the other hand there was no significant change of fixed cost and that is the reason for significant deviation in Earnings per Share (EPS)

**28.01 Weighted Average Number of shares: 98,079,878**

Item	Number of Shares	Issue date	End Date	Days	Factor	Weighted Number
Balance	98,079,878	1-Jul-19	30-Jun-20	365	1.00	98,079,878
Stock Dividend	-	1-Jul-19	30-Jun-20	365	1.00	-
	98,079,878					
<b>Weighted Average Number of Shares</b>						<b>98,079,878</b>

\*Previous year's EPS has been adjusted as per the requirement of IFRS-33 "Earning per share".

	Amount in Taka	
	30 June 2020	30 June 2019
<b>29.00 Net Asset Value Per Share (NAVPS)</b>		
Total Assets	1,365,477,401	1,379,163,713
Current Liabilities+Long Term Liabilities	134,376,209	139,292,820
Net Assets Value(NAV) including Revaluation surplus	<b>1,231,101,192</b>	<b>1,239,870,893</b>
Number of ordinary shares outstanding	98,079,878	98,079,878
<b>Net Assets Value(NAV) Per Share including Revaluation surplus</b>	<b>12.55</b>	<b>12.64</b>
Net Assets Value(NAV) excluding Revaluation surplus	<b>1,141,899,787</b>	<b>1,150,447,245</b>
<b>Net Assets Value(NAV) Per Share excluding Revaluation surplus</b>	<b>11.64</b>	<b>11.73</b>
<b>30.00 Net Operating Cash flows per Shares (NOCFPS)</b>		
Cash inflow/ (outflow) per share	<b>(0.01)</b>	<b>0.93</b>
The composition of cash inflow/(outflow) value per share is given below		
Operating cash flow during the year	(491,482)	91,121,197
Number of ordinary shares	98,079,878	98,079,878
	<b>(0.01)</b>	<b>0.93</b>

Inventories were increased in the financial year ended 30th June 2020 in comparison to the previous year. So, this is the reason for increasing Net Operating Cash Flow Per Share (NOCFPS) against Previous Year NOCFPS.

**31.00 The requirement of schedule XI part-II, Para 3 (a) : Turn Over**

Turnover in BDT.	239,352,526	579,366,749
Turnover Quantity in pcs.	10,888,990	27,649,769

**32.00 Information relating to Purchase, Production, Sale and Stock on Quantity Basis**

Particulars	30-Jun-20		30-Jun-19	
	Total			
<b>Opening Stock</b>				
Raw Materials	2666	MT	2,453	MT
Finished Goods	70	MT	98	MT
<b>Purchase</b>				
Raw Materials	2463	MT	2,717	MT
<b>Production</b>				
Finished Goods	1146	MT	2,829	MT
<b>Closing Stock</b>				
Raw Materials	3583	MT	2,666	MT
Finished Goods	125	MT	70	MT
<b>Total available for Consumption/Sale</b>				
Raw Materials	5129	MT	5,171	MT
Finished Goods	1216	MT	2,927	MT
<b>Consumed/Sold</b>				
Raw Materials	1547	MT	2,504	MT
Finished Goods	1091	MT	2,857	MT

**33.00 Value of Import on CFR Basis**

Import of raw materials (US Dollar)	3,366,972	4,446,150
Import of raw materials (BDT)	284,677,497	384,133,880

**34.00 Value of Export on FOB Basis**

Export of finished goods (US Dollar)	2,722,247.50	6,912,442
Export of finished goods (BDT)	230,980,161	569,585,234

**35.00 Capacity and Capacity Utilization**

Installed Capacity	Actual Capacity	Utilization
8.70 Crore Pieces of Different types of Bags	6.95 Crore Pcs	16%

	Amount in Taka	
	30 June 2020	30 June 2019
<b>36.00 Reconciliation of Net Cash Flows From Operating Activities</b>		
Net Profit after Tax	(8,769,701)	24,313,454
Add: Depreciaton	39,989,392	41,864,083
Add:Deferred Tax	1,426,148	2,015,009
Add: Increase/Decrease of Current Assets	(34,869,469)	30,793,446
Less: Decrease of Current Liabilities	1,732,150	(7,864,796)
<b>Net Cash Flows From Operating Activities</b>	<b>(491,482)</b>	<b>91,121,197</b>

**37.00 Related Party Tansaction:**

The company has carried on transactions with related parties in the normal course of business .The name of related parties and nature of transactions have been presented in accordance with the provision of BFRS 24:Related Party Disclosures.

<u>Name of Related Party</u>	<u>Nature of Transation</u>
Khan Brothers Bag Industries Ltd.	Receipts,payment,Bank transaction
Khan Brothers International (Propitorship)	Receipts,payment,Bank transaction

**38.00 General:**

**Initial Public Offering**

The company applied for initial public offering for 2,00,00,000 ordianry shares @ Tk.10.00 per share and consent from Bangladesh Securities Exchange Commission has been accorded vide their letter no. SEC/CI/IPO-208/2012/447 Dated 24 June 2014. Subscription closed on 6 September 2014 and allotment made observing due formalities.

**38.01 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2020.

**38.02 Claims not Acknowledged**

There is no claim against the Company acknowledged as debt as on 30.06.2020

**38.03 Commission, Brokerage or Discount Against Sales**

In some cases commission, brokerage or discount was incurred or paid by the Company against sales during the year ended June 30, 2020

**38.04 Directors Responsibility Statements**

The Board of Directors taken the responsibility for the preparation and presentation of these financial statements.

**38.05 Employee Details:**

- During the year there were 283 employees employed for the full year and 78 employees less than the full year at a remuneration of Taka 7,000 per month and above.
- At the end of the period, there were 361 employees in the company.
- Each employees received salaries more than Tk. 6,000.00 per month

**39.00 Event after the reporting period**

Following events occurred since the balance sheet date:

- The board of directors recommended 2% cash dividend (other than Directors & Sponsors) at the Board meeting held on October 28, 2020 for the year ended June 30, 2020. This is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.
- Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

**40.00 Financial Risk Management**

The management of company has overall for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risk for its use of financial instruments.

Credit Risk  
Liquidity Risk  
Market Risk

**Credit Risk**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2020 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

**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 in 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.

**Market Risk**

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

(a) Currency risk

The company is exposed to currency risk on 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.

(b) 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 entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**41.00 Authorization for issue**

The financial statements were authorized for issue by the Board of Directors of the company on 28 October 2020.

**42.00 Re-arrangement in Presentation**

Last year figures have been re-arranged where necessary to conform with the current years presentation.



**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

**Schedule of Property, Plant and Equipment**

For the year ended June 30, 2020

Annexure A

Particulars	COST/REVALUATION		Rate of Dep.	DEPRECIATION			Written down value as on 30.06.2019
	As at 01.07.2019	Addition During the year		As at 30.06.2020	As at 01.07.2019	Addition During the year	
Land & Land Development	140,887,199	-	0%	-	-	-	140,887,199
Building & Other Construction	216,254,286	-	5%	61,960,145	7,714,707	69,674,852	146,579,434
Plant & Machinery	424,863,946	34,889,791	10%	207,548,818	24,348,247	231,897,065	227,856,672
Generator & Electric Equipment	57,782,068	-	15%	39,973,971	2,671,215	42,645,186	15,136,882
Motor Vehicle	31,722,303	-	20%	9,565,352	4,431,390	13,996,742	17,725,561
Office Decoration & Fittings	10,922,885	-	10%	4,721,755	620,113	5,341,868	5,581,017
Furniture & Fixture	4,869,065	-	10%	2,831,862	203,720	3,035,582	1,833,483
<b>Total as on 30 June 2020</b>	<b>887,301,752</b>	<b>34,889,791</b>		<b>326,601,904</b>	<b>39,989,392</b>	<b>366,591,296</b>	<b>555,600,248</b>
<b>Total as on 30 June 2019</b>	<b>860,230,752</b>	<b>27,071,000</b>		<b>284,737,821</b>	<b>41,864,083</b>	<b>326,601,904</b>	<b>560,699,848</b>

**Allocation of depreciation:**

Admin	5,154,894
Marketing	100,330
Manufacturing	34,734,169
	<b>39,989,392</b>

Note: Land & Land Development represents only Land.

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

Disclosure as per requirement of Schedule XI, Part II, Para-3, Note 4 (i) and (ii)

Employees position of the company as at 30 June, 2020:

Complied -Disclosed in Note No-34

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

Para	Compliance status of disclosure of Schedule XI, Part II, Para 3
3(i)(a) The turnover	Complied -Disclosed in Note No- 21
3 (i)(b) Commission paid to the selling agent	Complied
3(i)(c ) Brokerage and discount on sales, other than the usual trade discount.	Not Applicable
3(i)(d)(i) The value of the raw materials consumed, giving item wise breakup as possible.	Complied -Disclosed in Note No-22 and 22.1
3(i)(d)(ii) The opening and closing stocks of goods produced.	Complied - Disclosed in Note No-22
3(i)(e) In the case of trading companies, the purchase made and the opening and closing stocks.	Not applicable
3(i)(f) In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied.	Not Applicable
3(i)(g) Opening and closing stocks, purchases and sales and consumption of raw materials with value and quantity break-up for the company, which falls under one or more categories i.e. manufacturing and/or trading.	Complied -Disclosed in Note No- 22.3,22.4 and 22.5
3(i)(h) In the case of other companies, the gross income derived under different heads.	Not Applicable
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period.	Complied- Disclosed in Note No-22
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets.	Complied -Disclosed in Schedule No- 1
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and Manager.	Not Applicable
3(i)(l) Charge of income tax and other taxation on profits.	Complied -Disclosed in Note No-26
3(i)(m) Revised for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up.	Not Applicable
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable
3(i)(p) Expenditure incurred on each of the following items, separately for each item: (i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonous (2) Contribution to provident and other funds (3) Worksmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	Complied -Disclosed in Note From 22,23,24 and in Income Statement

**Disclosure as per requirement of Schedule XI, Part II, Para 4:**

**Payment/Perquisites to Directors & Managers**

Complied and Disclosed in Note-23.01 and

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

Details of production capacity utilization:

**2019-2020**

Particulars	Installed Capacity Pieces	Actual Production Pieces	Capacity Utilization in %
Annual Production capacity	87,000,000	16,060,952	18.46

**2018-2019**

Particulars	Installed Capacity (In MT)	Actual Production (In MT)	Capacity Utilization
Annual Production capacity	87,000,000	38,871,600	44.68

**Disclosure as per requirement of Schedule XI, Part II, Para 8 (C) :**

Raw materials:

Items	Total Purchase (Tk.)		Consumption (Tk.)		% of consumption of total purchase	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Raw materials	286,551,081	410,221,985	167,360,105	578,703,344	58%	101%
Spare parts	640,398	645,324	845,250	1,266,939	132%	100%
Packing materials		207,401	82,456	139,940	0%	96%
<b>Total</b>	<b>287,191,479</b>	<b>411,074,710</b>	<b>168,287,811</b>	<b>580,110,223</b>		

**Value of export:**

Particulars	In foreign currencies (US\$)	In Tk.
Export	2,722,248	230,980,161

- i) The company has not incurred any expenditure in foreign currencies for the period from 01 July, 2019 to 30 June, 2020 on account of royalty, know-how, professional fees, consultancy fees and interest;
- ii) The company has not earned any foreign exchanges for royalty, know-how, professional fees, consultancy fees and interest;
- iii) The Company has not remitted any foreign currencies on account of dividend.

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

KBG Tower, 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

### PROXY FORM

I/We..... of.....  
..... being shareholders (s) of KHAN BROTHERS  
PP WOVEN BAG INDUSTRIES LTD. hereby appoint. Mr./Mrs./Ms. ....  
..... as my/our proxy to attend and vote for me/us and on my/our behalf at the  
14TH ANNUAL GENERAL MEETING of the Company to be held on 24th December, 2020  
at 10.30 am virtually through digital platform. As witness my/our hand this .....  
day of ..... 2020

Signature of Proxy

Folio No.....

Signature

Register Folio No. ....

REVENUE  
STAMP  
(TK. 10.00)

#### NOTE:

1. A member entitled to attend and vote at the meeting may appoint his/her proxy to attend and vote on his/her behalf.
2. Forms of proxy, duly stamped and signed must be deposited at the Company's Registered Office not later than 72 hours before the time appointed for the meeting. In default, forms of proxy will not be treated as valid.

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

KBG Tower, 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

### ATTENDANCE SLIP

I hereby record my attendance at the 14th Annual General Meeting being held on 24th  
December 2020 at 10.30 am virtually through digital platform.

Name of Member/Proxy.....

Register Folio No.....

\_\_\_\_\_  
Signature

NOTE: Please complete this attendance slip and hand it over at the entrance of the hall.





## **KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

Registered & Corporate Office: KBG Tower , 15 DIT Road  
Malibagh Chowdhurypara, Dhaka-1219, Bangladesh.