

**AUDITORS' REPORT**  
**AND**  
**THE FINANCIAL STATEMENTS**  
**OF**  
**KHAN BROTHERS PP WOVEN BAG**  
**INDUSTRIES LTD.**

*for the year ended 30 June, 2020*

**FAMES & R**  
Chartered Accountants  
Sharaq Mac, Flat-2A  
House- 3/1 & 3/2 Bijoyagar  
Dhaka-1000

**Independent Auditor's Report**  
**To the Shareholders**  
**of**  
**Khan Brothers PP Woven Bag Industries Ltd.**  
**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 requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis 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 #2.5 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>
<p><b>Reference note no 13.00 to the financial statements</b></p>	

#### **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.

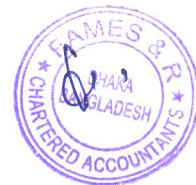
#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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.

Date : 28 October, 2020  
Place : Dhaka

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



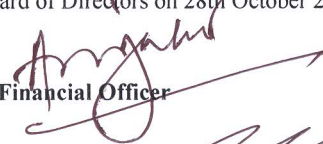
**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219  
**STATEMENT OF FINANCIAL POSITION**

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



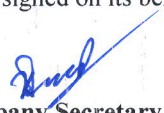

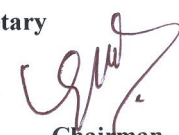
  
Md. Abdur Rashid, FCA  
**FAMES & R**  
Chartered Accountants



**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>

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
  Company Secretary
  Managing Director
  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 CHANGES IN EQUITY**  
For the Year ended 30 June, 2020

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance as on 01 July, 2019	980,798,775	89,423,648	169,648,470	1,239,870,893
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.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year ended 30 June, 2019

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance as on 01 July, 2018	980,798,775	89,754,876	158,709,802	1,229,263,453
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 :

  
**Chief Financial Officer**

  
**Director**


  
**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 CASH FLOWS**  
For the Year ended 30 June, 2020


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 :

  
**Chief Financial Officer**

  
**Company Secretary**


  
**Director**

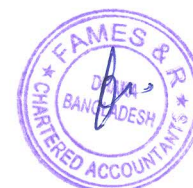
  
**Managing Director**

  
**Chairman**

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

Place: Dhaka  
Dated: 28 October, 2020

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



## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD

KBG Tower, 15 DIT Road  
MalibaghChoudhurypara, 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. When the company has an obligation ( legal or constructive) as a result of past events;
- b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. Reliable estimates can be made of the amount of the obligation.

**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**

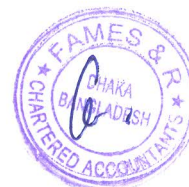
Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

**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 IAS: 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.

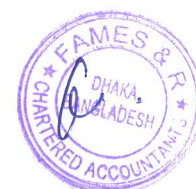
Revaluation surplus of Tk. 97,975,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

**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 2019	30 June 2018
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**

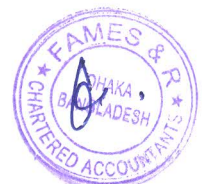
Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized 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 it's 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 Goods 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

Amount in Taka		
30 June 2020	30 June 2019	
LDK TEXTILE TRADING LLC	9,676,574	-
OCEAN WISDOM ENTERPRISE UAE	-	13,574,852
TAISA (SUISSE) SA SWITZERLAND	7,979,836	-
COMMODITY FIRST PTE LTD SINGAPORE	-	14,411,814
BLUE OCEAN SHIPPING PTE LTD.	17,959,577	29,170,701
ETS, CONGO	-	11,590,785
RMD GOODS WHOLESALERS LLC	12,340,837	-
RMB GENERAL TRADING U.A.E	-	11,224,836
MODERN LOTUS GENERAL TRADING, U.A.E	4,690,259	15,255,362
M/S BERY MARITIME AS, NORWAY	-	11,574,257
ACCENCIS GOODS WHOLESALERS LLC	9,395,067	-
EPITOME, NIGERIA	-	12,240,067
<b>Total</b>	<b>62,042,150</b>	<b>119,042,674</b>

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
<b>Total</b>	<b>62,042,150</b>

-	119,042,674
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.	62,042,150	119,042,674
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	936,513	2,341,756
Receivables considered doubtful bad.	-	-
<b>Total</b>	<b>62,978,663</b>	<b>121,384,429</b>

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	8,000	8,000
Titas Gas	448,900	448,900
Pallibidyut	240,600	240,600
Advance Income Tax: Note- 7.01	8,964,903	2,294,414
CDBL-Security deposit	500,000	500,000
Advance agst. L/C : Note- 7.02	55,463,801	85,803,786
Salary Advance	845,000	745,850
Advance against Local Purchase : Note: 7.03	9,038,335	11,571,800
<b>Total</b>	<b>75,509,539</b>	<b>101,613,350</b>

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	886,824	2,082,655
Advance Tax on Import	7,101,995	-
Advance Tax on other Income (Interest Income)	15,966	11,925
Advance Tax on FDR Interest Income & others	960,118	199,834
<b>Total</b>	<b>8,964,903</b>	<b>2,294,414</b>

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

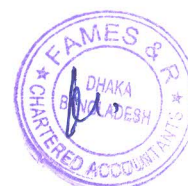
LC No

LC No-221719010145	Mutual Trust Bank Ltd	3,648,750	-
LC No-221719010203	Mutual Trust Bank Ltd	2,984,580	-
LC No-221719010252	Mutual Trust Bank Ltd	3,564,870	-
LC No-221719010253	Mutual Trust Bank Ltd	3,752,680	-
LC No-221719010445	Mutual Trust Bank Ltd	4,526,320	-
LC No-221719020095	Mutual Trust Bank Ltd	3,945,782	-
LC No-221719020096	Mutual Trust Bank Ltd	4,453,253	-
LC No-221719020097	Mutual Trust Bank Ltd	3,456,235	-
LC No-221719020122	Mutual Trust Bank Ltd	3,259,407	-
LC No-221719020123	Mutual Trust Bank Ltd	4,632,352	-

Bank Name

Mutual Trust Bank Ltd	3,648,750	-
Mutual Trust Bank Ltd	2,984,580	-
Mutual Trust Bank Ltd	3,564,870	-
Mutual Trust Bank Ltd	3,752,680	-
Mutual Trust Bank Ltd	4,526,320	-
Mutual Trust Bank Ltd	3,945,782	-
Mutual Trust Bank Ltd	4,453,253	-
Mutual Trust Bank Ltd	3,456,235	-
Mutual Trust Bank Ltd	3,259,407	-
Mutual Trust Bank Ltd	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. Shafullah		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>

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

Opening Balance

345,798,775	345,798,775
<b>345,798,775</b>	<b>345,798,775</b>

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

Dep. On Revaluation Surplus (Net off Deferred Tax)

89,423,648	89,754,876
(222,243)	(331,228)
<b>89,201,405</b>	<b>89,423,648</b>

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

This is made up as follows:

**Opening Balance**

Net Income for the year

Dividend for the year

Revaluation Surplus (Net off Deferred Tax)

**Closing Balance**

169,648,470	158,709,802
(8,769,701)	24,313,454
-	(13,706,014)
222,243	331,228
<b>161,101,012</b>	<b>169,648,470</b>



**12.00 Long Term Bank Loan: Tk. 17,633,927**

This is made up as follows:

Term Loan- 002819

Less: Current Portion

Amount in Taka	
30 June 2020	30 June 2019
29,364,863	-
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.

**13.00 Deferred Tax Liability TK. 27,846,431**

This has been arrived as under:

**A. Temporary difference:**

Carrying Amount of PPE

Tax Base Value of PPE

Taxable Timing Differences

Tax rate (50% of 25%)

**Deferred Tax Liabilities Closing Balance ( A )**

Less: Opening balance of Deferred Tax Liabilities

**Deferred Tax Expenses ( C )**

414,713,048	419,812,649
219,690,933	236,513,470
195,022,115	183,299,179
12.50%	12.50%
<b>24,377,764</b>	<b>22,912,397</b>
22,912,397	20,897,388
<b>1,465,367</b>	<b>2,015,009</b>

**B. Revaluation:**

Carrying value of land

Other than Land

**Tax rate:**

Land

Other than Land

**Closing Deferred Tax Liabilities: ( B )**

Land

Other than Land (After adjustment of Deferred tax)

99,430,849	99,430,849
10,128,463	10,128,463
2%	2%
15%	15%
<b>3,468,667</b>	<b>3,507,886</b>
1,988,617	1,988,617
1,480,050	1,519,269

**Less: Opening Deferred Tax Liabilities:**

Land

Other than Land

Deferred Tax Income/ Expense (D)

<b>3,507,886</b>	<b>3,507,886</b>
1,988,617	1,988,617
1,519,269	1,519,269
<b>39,219</b>	<b>-</b>

**Deferred Tax Liabilities at the end of the year (A+B)**

**Total Deferred Tax Income/Expense (C+D)**

<b>27,846,431</b>	<b>26,420,284</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).

**14.00 Trade and other Payables: Tk. 264,705**

This is made up as follows:

Bills Payable (Note 14.01)

264,705	270,280
<b>264,705</b>	<b>270,280</b>

**14.01 Bills Payable: Tk. 264,705**

This is made up as follows:

Sumayed Enterprise

Desh Electric

Rahman

Tanuka Traders

Sheikh Enterprise

Janata Machineries

Dewan

The J.S Machineries Stores

-	22,000
75,940	17,500
-	13,650
87,230	25,000
-	45,000
101,535	56,000
-	65,450
-	25,680
<b>264,705</b>	<b>270,280</b>

**15.00 Short Term Bank Loan: Tk. 65,396,090**

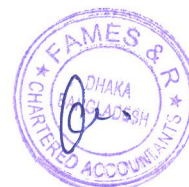
This is made up as follows:

Cash Credit (Hypo) From JBL, Account No. 0240

Loan Against Trust Receipts (LTR): (Note # 15.01)

Current portion of long term loan

32,711,891	30,980,983
20,953,263	60,117,013
11,730,936	-
<b>65,396,090</b>	<b>91,097,996</b>



	LTR Number	Bank Name	Amount in Taka	
			30 June 2020	30 June 2019
	0002-0124108678	MTBL	-	3,049,875
	0002-0124108721	MTBL	-	1,920,561
	0002-0124109060	MTBL	-	11,796,567
	0002-0124109113	MTBL	-	2,497,107
	0002-0124109622	MTBL	-	1,877,775
	0002-0124110441	MTBL	-	8,332,315
	0002-0124110861	MTBL	-	8,329,007
	0009-0124014898	JBL	-	1,893,820
	0009-0124014905	JBL	-	1,826,068
	0009-0124015039	JBL	2,069,804	1,834,536
	0009-0124015048	JBL	4,201,222	3,726,083
	0009-0124015057	JBL	2,116,203	1,876,722
	0009-0124015066	JBL	2,021,492	1,793,010
	0009-0124015075	JBL	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:

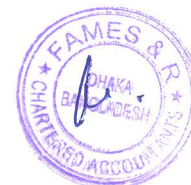
Factory Electricity Bill	36,270	81,555
Factory Gas Bill	85,876	389,903
VAT Payable	-	25,780
Audit Fee Payable	115,000	115,000
Annual Listing fee payable	980,798	-
CDBL Fees Payable	106,000	-
Telephone Bill	6,540	5,650
Internet Bill	7,868	5,650
Printing Bill	8,760	8,750
Office electricity, Wasa & Others	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	-
3,825,786	4,110,749
-	5,809,560
-	-
-	5,809,560
14,069,713	10,243,927

20.00 Dividend Payable: Tk. 378,460

Opening balance

Paid

385,389	385,389
6,929	-
378,460	385,389

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
239,352,526	579,366,749

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

Amount in Taka	Amount in Taka
30 June 2020	30 June 2019
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)
221,605,007	498,730,956
14,140,560	19,797,375
235,745,567	518,528,331
(25,120,630)	(14,140,560)
210,624,937	504,387,771

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
706,349,316	834,596,162
(538,989,211)	(419,798,235)
167,360,105	414,797,927

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
10,023,559	24,967,450



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

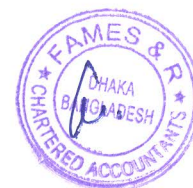
This consists of the following:

	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
Hydrolc 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**

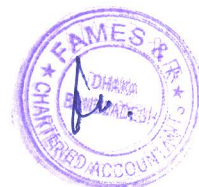
Item wise break up of purchase have been given below;

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	1,141,899,787	1,150,447,245
<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	(0.01)	0.93
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: Depreciation	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 Transaction:**  
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 Transaction</u>
Khan Brothers Bag Industries Ltd.	Receipts, payment, Bank transaction
Khan Brothers International (Proprietorship)	Receipts, payment, Bank transaction

**38.00 General:**

**Initial Public Offering**

The company applied for initial public offering for 2,00,00,000 ordinary 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**

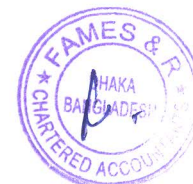
Following events occurred since the balance sheet date:

- 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

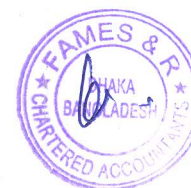
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk . The company has not entered into any type of derivative 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 at 30.06.2019	Written down value as at 30.06.2020
	As at 01.07.2019	Addition During the year	As at 30.06.2020		As at 01.07.2019	Addition During the year	As at 30.06.2020		
Land & Land Development	140,887,199	-	140,887,199	0%	-	-	-	140,887,199	140,887,199
Building & Other Construction	216,254,286	-	216,254,286	5%	61,960,145	7,714,707	69,674,852	146,579,434	154,294,141
Plant & Machinery	424,863,946	34,889,791	459,753,737	10%	207,548,818	24,348,247	231,897,065	227,856,672	217,315,128
Generator & Electric Equipment	57,782,068	-	57,782,068	15%	39,973,971	2,671,215	42,645,186	15,136,882	17,808,097
Motor Vehicle	31,722,303	-	31,722,303	20%	9,565,352	4,431,390	13,996,742	17,725,561	22,156,951
Office Decoration & Fittings	10,922,885	-	10,922,885	10%	4,721,755	620,113	5,341,868	5,581,017	6,201,130
Furniture & Fixture	4,869,065	-	4,869,065	10%	2,831,862	203,720	3,035,582	1,833,483	2,037,203
<b>Total as on 30 June 2020</b>	<b>887,301,752</b>	<b>34,889,791</b>	<b>922,191,543</b>		<b>326,601,904</b>	<b>39,989,392</b>	<b>366,591,296</b>	<b>555,600,248</b>	<b>560,699,848</b>
<b>Total as on 30 June 2019</b>	<b>860,230,752</b>	<b>27,071,000</b>	<b>887,301,752</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
	<u>39,989,392</u>

Note: Land & Land Development represents only Land.



ANNEXURE-1

**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	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.

