

নিরীক্ষা প্রতিবেদন
AUDITORS' REPORT

OF

H.R Textile Mills Limited
Financial Statements
For the year ended June 30, 2017.



Solution.....Begins



রহমান মোস্তফা আলম এন্ড কোং
RAHMAN MOSTAFA ALAM & CO.
CHARTERED ACCOUNTANTS

Dhaka Office : Paramount Heights (7th Floor-D2 & C1), 65/2/1, Box Culvert Road,
Purana Paltan, Dhaka-1000, Tel # 02- 9553449, E-mail : rmadhaka@gmail.com,
web: www.rmaandco.com

Chittagong Office : Taher Chamber (2nd Floor), 10, Agrabad Commercial Area,
Chittagong, Tel : 031-725314, E-mail : rmactg@gmail.com, web: www.rmaandco.com



**Auditors' Reports
To
The Shareholders of H.R Textile Mills Limited**

We have audited the accompanying financial statements of **H.R Textile Mills Limited** ("the Company") which comprise the statement of financial position as at June 30, 2017, Statement of profit or loss and other comprehensive income, statement of cash Flows, statement of changes in equity and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-35 to the financial statements for the year then ended.

Management's responsibility for the Financial Statements

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs); the Companies Act, 1994 and Securities and Exchanges Rules, 1987 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of **H.R Textile Mills Limited** as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act, 1994, the Securities & Exchange Rules, 1987 and other applicable laws and regulations.

Other Matters

The comparative figures disclosed into the financial statements for the period from July 01, 2015 to June 30, 2016 has been compiled by the Company management from audited financial statements of two separate periods, i.e., October 01, 2014 to September 30, 2015 and October 01, 2015 to June 30, 2016.



We also report that:

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

Dated : Dhaka,
October 23 , 2017

Rahman Mostafa Alam & Co.
Chartered Accountants



Rahman Mostafa Alam & Co.
Chartered Accountants

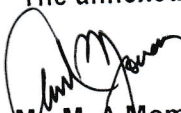
H.R Textile Mills Limited


Statement of Financial Position

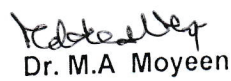
As on June 30, 2017

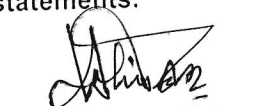
<u>Particulars</u>	<u>Notes</u>	As at June 30,2017 Taka	As at June 30,2016 Taka
Non-Current Assets			
Property, Plant and Equipment	2	654,955,516	622,435,333
Total Non-Current Assets		<u>654,955,516</u>	<u>622,435,333</u>
Current Assets			
Stocks and Stores	3	318,011,364	268,897,227
Trade and Other Debtors	4	308,746,156	441,549,311
Export Incentive Receivables	5	95,177,576	125,066,201
Advances, Deposits and Prepayments	6	49,288,275	43,394,886
Cash and Cash Equivalents	7	82,080,927	40,634,434
Total Current Assets		<u>853,304,298</u>	<u>919,542,059</u>
Total Assets		<u>1,508,259,814</u>	<u>1,541,977,392</u>
Shareholders' Equity			
Share Capital	8	253,000,000	253,000,000
General Reserve	9	6,956,752	6,956,752
Tax Holiday Reserve	10	22,378,988	22,378,988
Dividend Equalization Reserve	11	10,000,000	10,000,000
Unappropriated Profit		78,579,347	67,592,899
Total Shareholders' Equity		<u>370,915,087</u>	<u>359,928,639</u>
Long-term Liabilities			
Long-term Loans-Secured Future Maturity	12	181,745,275	199,048,499
Provision for Gratuity	13	29,166,174	31,304,282
Deferred Tax Liabilities	14	35,773,545	31,973,737
Total long-term Liabilities		<u>246,684,994</u>	<u>262,326,518</u>
Current Liabilities			
Bank Overdrafts- Secured	15	89,658,237	77,811,475
Time Loan	16	14,483,306	-
Trade Creditors	17	588,826,909	570,393,047
Accrued Expenses	18	27,324,749	23,380,222
Provision for Taxation	19	27,755,655	13,673,421
Bills Receivable Discounted	20	33,424,991	144,817,615
Workers' Participation /Welfare Funds	21	27,678,894	35,996,566
Current Maturity of Long-term Loans	22	81,506,992	53,649,889
Total Current Liabilities		<u>890,659,733</u>	<u>919,722,235</u>
Total Liabilities		<u>1,137,344,727</u>	<u>1,182,048,753</u>
Total Equity and Liabilities		<u>1,508,259,814</u>	<u>1,541,977,392</u>
Net Assets Value (NAV) per share of Tk.10		<u>14.66</u>	<u>14.23</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.


Mr. M. A Momen
Chairman


Mr. M. A Moyeed
Managing Director


Dr. M.A Moyeen
Director


Mr. Md. Wali ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated : Dhaka




Rahman Mostafa Alam & Co.
Chartered Accountants




Rahman Mostafa Alam & Co.
Chartered Accountants

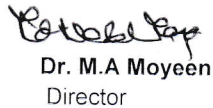
H.R. Textile Mills Limited
Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2017

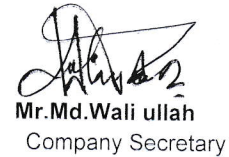
Particulars	Notes	For the year from July 16 to June 17 Taka	For the period from Oct 15 to June 16 Taka	For the period from July 15 to Sept 15 Taka	For the year from July 15 to June 16 Taka
Sales	23	1,640,655,729	1,120,410,794	311,043,281	1,431,454,075
Export Incentive	24	17,589,653	15,798,703	27,543,813	43,342,516
Turnover		1,658,245,382	1,136,209,497	338,587,094	1,474,796,591
Less: Cost of Goods Sold	25	1,417,026,861	970,976,267	281,518,585	1,252,494,852
Gross Profit		241,218,521	165,233,230	57,068,509	222,301,739
Less Administrative, Selling and General Expenses	26	184,707,006	128,572,245	39,393,923	167,966,168
Operating Profit		56,511,515	36,660,985	17,674,586	54,335,571
Add: Other income	27	365,400	274,050	409,641	683,691
Profit Before Workers' Participation/Welfare Funds		56,876,915	36,935,035	18,084,227	55,019,262
Less: Contribution to Workers' Participation/Welfare Funds	21	2,708,425	1,758,811	861,154	2,619,965
Net Profit/(Loss) before Tax		54,168,490	35,176,224	17,223,073	52,399,297
Income Tax Expenses		17,882,042	3,544,657	2,583,461	6,128,118
Provision For Income Tax (Current)	28	14,082,234	5,914,983	2,919,273	8,834,256
Provision For Income Tax (Deferred)	14	3,799,808	(2,370,326)	(335,812)	(2,706,138)
Net Profit/(Loss) after tax		36,286,448	31,631,567	14,639,612	46,271,179
(Transferred to the statement of Changes in Equity)					
Earning Per Share (EPS) of Tk. 10		1.43	1.25	0.58	1.83

The annexed notes from 1 to 35 form an integral part of these financial statements.


Mr. M.A. Momen
Chairman


Mr. M.A. Moyeed
Managing Director


Dr. M.A. Moyeen
Director


Mr. Md. Wali ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated : Dhaka
October 23, 2017


Rahman Mostafa Alam & Co.
Chartered Accountants





Rahman Mostafa Alam & Co.
Chartered Accountants

H.R. Textile Mills Limited
Cash Flows Statement
For the year ended June 30, 2017

		For the Year from July 16 to June 17	For the period from Oct 15 to June 16	For the period from July 15 to Sept 15	For the Year from July 15 to June 16
<u>Particulars</u>	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Cash flows from Operating Activities:					
Cash received from customers and export incentives		1,821,302,562	1,004,129,188	256,623,547	1,260,752,735
Cash paid for goods and services		(1,514,058,261)	(997,040,094)	(245,366,309)	(1,242,406,403)
Cash from operation		307,244,301	7,089,094	11,257,238	18,346,332
Interest paid		(54,111,083)	(33,421,647)	(9,917,967)	(43,339,614)
Income tax paid/deducted at sources		(14,018,289)	(7,882,139)	(4,294,435)	(12,176,574)
Net Cash inflows from operating activities		239,114,929	(34,214,692)	(2,955,164)	(37,169,856)
Cash flows from Investing Activities:					
Acquisition of fixed assets	2.2	(100,302,909)	(137,017,753)	(19,919,692)	(156,937,445)
Net Cash outflows from investing activities		(100,302,909)	(137,017,753)	(19,919,692)	(156,937,445)
Cash flows from Financing Activities:					
Bank Overdraft Received/(Repaid)		11,846,762	33,365,138	(10,814,324)	22,550,814
Long Term Loans Received/(Repaid)		10,553,879	58,284,979	(49,694,810)	8,590,169
Time Loan		14,483,306	-	-	-
Bills Receivable Discounted Paid/Received		(111,392,624)	66,115,539	60,756,331	126,871,870
Cash Dividend Paid		(22,856,850)	(9,546,817)	(2,348,860)	(11,895,677)
Net Cash inflow from financing activities		(97,365,527)	148,218,839	(2,101,663)	146,117,176
Net increase/(decrease) in cash and bank balances		41,446,493	(23,013,606)	(24,976,519)	(47,990,125)
Cash and bank balances on opening		40,634,434	63,648,040	88,624,559	88,624,559
Net increase/(decrease) in cash and bank balances		41,446,493	(23,013,606)	(24,976,519)	(47,990,125)
Cash and Cash equivalents at closing - Note 7		82,080,927	40,634,434	63,648,040	40,634,434
(NOCFPS) of Tk.10		9.45	(1.35)	(0.12)	(1.47)

Mr. M.A. Momen
Chairman

Mr. M.A. Moyeed
Managing Director

Dr. M.A. Moyeen
Director

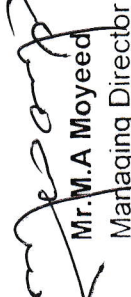
Mr. Md. Wali ullah
Company Secretary

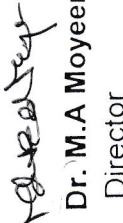



H.R. Textile Mills Limited
Statement of Changes in Shareholders' Equity
For the year ended June 30, 2017

Particulars	Share Capital	General Reserve	Tax Holiday Reserve	Dividend Equalization Reserve	Retained Earnings	Total Taka
Balance as at September 30, 2015	253,000,000	6,956,752	22,378,988	10,000,000	61,261,332	353,597,072
Net profit after Tax					31,631,567	31,631,567
Cash Dividend declared 2015					(25,300,000)	(25,300,000)
Balance as at June 30, 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Balance as at June 30, 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Net profit after Tax					36,286,448	36,286,448
Cash Dividend declared 2016					(25,300,000)	(25,300,000)
Balance as at June 30, 2017	253,000,000	6,956,752	22,378,988	10,000,000	78,579,347	370,915,087


Mr. M. A. Momen
Chairman


Mr. M. A. Moyeed
Managing Director


Dr. M. A. Moyeen
Director


Mr. Md. Wali ullah
Company Secretary





H.R TEXTILE MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

Forming an Integral Part of the Financial Statements

1. Notes-General

(a) Status and Activities:

This is a public limited company incorporated in Bangladesh under the Companies Act, 1913 on 3 December 1984 under the entrepreneurship of the Pride Group. The other shareholders are the general public and local financial institutions. The shares of the Company are listed with both the Dhaka and Chittagong Stock Exchanges in Bangladesh. The address of the registered office is B-87, Mailbag Chowdhury Para, Dhaka and the mills are located at Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

(b) Components of the Financial Statements:

- (i) Statement of Financial Position as on June 30, 2017;
- (ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2017;
- (iii) Statements of Changes in Shareholders' Equity for the year ended 30 June, 2017;
- (iv) Cash Flows Statement for the year ended June 30, 2017 and
- (v) Notes to the Financial Statements for the year ended June 30, 2017.

(c) Reporting Period:

The financial period of the Company covers an accounting year from July 01, 2016 to June 30, 2017 next consistently.

(d) Reporting Currency:

The figures in the financial statements represent Bangladesh Taka currency, which have been rounded off to the nearest Taka, except where indicated otherwise.

(e) Comparative Information

Comparative information have been disclosed in respect of the year 2016 for all numerical information in the financial statements and also narrative and descriptive information when it is relevant to an understanding of the current year's financial statements. Figures of the previous year have been re-classified whenever considered necessary to ensure comparability with the current year.





(f) Statement of compliance with local laws:

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994; Securities and Exchange Rules, 1987 and other relevant laws as applicable. The cash flows from operating activities are computed by the direct method as prescribed by the Securities and Exchange Rules, 1987.

(g) Statements of compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs):

The financial statements complied with requirements of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

(h) Statement of Measurement Basis:

The financial statements have been prepared using the Historical Cost basis, except for the earlier revaluation of certain non-current assets.

(i) Accrual basis Accounting:

The financial statements have been prepared, except for cash flows information, under the accrual basis of accounting.

(j) Statement of Specific Accounting Policies Applied:

(j) Revenue Recognition:

Sales are recognized at the time of delivery from go down.

(k) Fixed Assets and Depreciation:

Fixed Assets i.e. Property, Plant, Equipment are stated at their historical cost less accumulated depreciation. No Depreciation has been charged on land and land development and on the Capital Work In progress. Depreciation is charged on all other fixed assets on straight-line method. Depreciation on "revaluation surplus" is charged to "Capital Reserve." The rates at which assets are depreciated depend on the nature and estimated useful life of each asset, and are given below:

<u>Item</u>	<u>Rate</u>
Factory Building	2.50%
Plant and Machinery	7.00%
Factory Shed	7.50%





Electric, Gas, Water, Steam and Telephone Installation,

Furniture & Fixture, Office Equipment, Factory Equipment and

Tools & Apparatus. 10.00%

Motor Vehicles 15.00%

Net carrying amounts (written down value) is arrived at after deduction of accumulated depreciation from gross carrying amounts (cost) The gross carrying amounts (cost) represent cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction period and lease payments. Leased plant and machinery has been capitalized at "Principal amount" thereof and proportionate interest hereof has been charged to interest expenses in terms of BAS 17-"Lease".

(iii) Stocks and Stores:

Stocks and Stores are valued at lower of weighted average cost and net realizable value. Cost of Work in Process includes material and proportionate conversion cost. Finished goods include material and conversion cost.

(iv) Provision for Tax:

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%. Provision for deferred tax has been made at 15% on the timing difference relating to Wren down value in terms of BAS 12- "Income Taxes."

(v) Foreign Currency Transaction:

Transactions in Foreign Currencies are translated into Bangladesh Taka at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Bangladesh Taka at the rate of exchange ruling at the date of Statement of Financial position.

(vi) Translation of closing balances of foreign currencies:

These are converted into Bangladesh Taka at the exchange rate ruling on the date of Statement of Financial Position as follows:

	2017		2016	
	<u>Receivables</u>	<u>Payables</u>	<u>Receivables</u>	<u>Payables</u>
I US Dollar	79.67	79.83	77.60	77.85

(vii) Trade Receivables:

Trade Receivables are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.





Rahman Mostafa Alam & Co.
Chartered Accountants

(viii) Payables:

Trade payables are stated at their nominal value.

(ix) Cash and cash equivalents:

Cash in hand and cash at bank have been considered as the cash and cash equivalents for the preparation of these financial statements, which were held and available for use by the Company without any restriction and there was insignificant risk of changes in value of these current assets.

(x) Related Party Transaction:

The Company has some related party transactions at arm's length basis with its related parties.

(xi) Earnings per Share (EPS):

The Company calculates Earning per Share (EPS) in accordance with Bangladesh Accounting Standard, BAS -33 "Earning per Share."

(xii) Retrial Benefits (Gratuity):

The retrial benefits (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more.



2. Property, Plant and Equipment

2.1 The make-up of Fixed Assets of Unit-1 is as below:

Particulars	Cost or valuation			Depreciation		W.D.V. As on June 30, 2017
	As on July 01, 2016	Addition/ (Deletion)	As on June 30, 2017	During the Period	As on June 30, 2017	
Factory Land and Development	7,250,000	-	7,250,000	-	-	7,250,000
Factory Building	23,230,710	-	23,230,710	580,768	13,709,810	9,520,900
Factory Shed	6,823,475	-	6,823,475	-	6,823,470	5
Plant and Machinery	89,257,661	-	89,257,661	-	89,257,656	5
Electric Installation	3,601,103	-	3,601,103	-	3,601,098	5
Gas Installation	2,171,914	-	2,171,914	-	2,171,909	5
Water Installation	1,168,842	-	1,168,842	-	1,168,837	5
Steam Installation	1,991,090	-	1,991,090	-	1,991,085	5
Furniture and Fixtures	718,694	-	718,694	-	718,689	5
Telephone Installation	449,033	-	449,033	-	449,028	5
Motor Vehicles	5,783,524	-	5,783,524	-	5,783,519	5
Office Equipment	3,723,054	-	3,723,054	-	3,723,049	5
Loose Tools	142,382	-	142,382	-	142,377	5
Factory Equipment	153,885	-	153,885	-	153,880	5
Total Taka	146,465,367	-	146,465,367	580,768	129,694,407	15,770,960

2.2 The make-up of Fixed Assets of Unit-2 is as follows:

Land Development	1,229,375	-	1,229,375	-	-	1,229,375
Factory Building	181,447,748	-	181,447,748	4,536,194	47,333,826	134,113,922
Plant and Machinery	990,004,288	92,779,634	1,082,783,922	53,184,710	614,473,209	468,310,713
Gas Installation	4,304,121	-	4,304,121	-	4,304,116	5
Electric Installation	12,649,615	2,317,000	14,966,615	1,378,806	12,394,244	2,572,371
Water Installation	4,885,573	770,000	5,655,573	528,802	4,091,268	1,564,305
Steam Installation	572,262	-	572,262	-	572,257	5
Telephone Installation	578,828	-	578,828	-	578,823	5
Motor Vehicles	32,019,043	2,091,185	34,110,228	2,630,189	18,488,246	15,621,982
Furniture and Fixtures	7,358,498	265,500	7,623,998	760,202	7,407,004	216,994
Office Equipment	32,047,973	586,700	32,634,673	3,234,962	21,650,524	10,984,149
Factory Equipment	8,386,767	1,492,890	9,879,657	948,093	6,308,932	3,570,725
Loose Tools	41,493	-	41,493	-	41,488	5
Total Taka	1,275,525,584	100,302,909	1,375,828,493	67,201,958	737,643,937	638,184,556
Grand Total June, 2017	1,421,990,951	100,302,909	1,522,293,860	67,782,726	867,338,344	654,955,516
Grand Total June, 2016	1,284,973,198	137,017,753	1,421,990,951	42,594,854	799,555,618	622,435,333





<u>Particulars</u>	<u>As at June 30. 2017 Taka</u>	<u>As at June 30, 2016 Taka</u>
2.3. Depreciation for the year is charged as below:		
Cost of Goods Sold-Note 24.1	54,226,180	34,073,828
Administrative and General Expenses-Note 25.1	13,556,546	8,521,026
	<u>67,782,726</u>	<u>42,594,854</u>

3. Stocks and stores

3.1 The make-up is as below:

	<u>As at June 30, 2017</u>		<u>As at June 30, 2016</u>	
	<u>In Kg</u>	<u>Taka</u>	<u>In Kg</u>	<u>Taka</u>
Stock of Yarn	3.2 607,086	152,051,570	396,809	108,346,285
Stock of Dyes and Chemicals	3.3 160,105	38,419,208	229,294	36,872,872
Stock of Work-in-Process	3.4	57,568,320		59,829,824
Stock of Finished Goods	3.5	52,089,632		52,569,300
Stock of Accessories		3,494,275		4,189,289
Goods in Transit		8,756,232		3,565,230
		<u>312,379,237</u>		<u>265,372,800</u>
Stock of Spares		5,632,127		3,524,427
		<u>318,011,364</u>		<u>268,897,227</u>

3.2 Stock of Yarn

Stock of Yarn	607,086	152,051,570	396,809	108,346,285
	<u>607,086</u>	<u>152,051,570</u>	<u>396,809</u>	<u>108,346,285</u>

3.3 Stock of Dyes and Chemicals

Dyes	22,285	19,857,080	38,242	21,159,015
Chemicals	137,820	18,562,128	191,052	15,713,857
	<u>160,105</u>	<u>38,419,208</u>	<u>229,294</u>	<u>36,872,872</u>

3.4 Stock in Work in Process

Cost of Materials	17,490,070	31,567,322
Costs of Conversion	40,078,250	28,262,502
	<u>57,568,320</u>	<u>59,829,824</u>

3.5 Stock of Finished Products

Finished Garments	11,540,584	17,421,726
Knitted Fabrics	125,545	40,549,048
	<u>125,545</u>	<u>52,089,632</u>
		<u>88,475</u>
		<u>52,569,300</u>

4. Trade and Others Debtors

	<u>As at June 30, 2017</u>		<u>As at June 30, 2016</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
Export Sales Receivable (Below 180 Days)	3,292,652	262,325,556	5,400,120	419,049,311
Other Debtors	-	46,420,600	-	22,500,000
	<u>3,292,652</u>	<u>308,746,156</u>	<u>5,400,120</u>	<u>441,549,311</u>

These include a sum of Tk.46,420,600 (2016;Tk.22,500,000) due from Fashion Knit Garments Ltd., expected to be realized /adjusted within a year from the financial statement end date.

These are unsecured but considered good.

5. Export Incentives Receivable

Opening Balance	125,066,201	109,841,798
Less : Received during this year	47,478,278	574,300
	77,587,923	109,267,498
Add: During the year	17,589,653	15,798,703
Closing Balance	<u>95,177,576</u>	<u>125,066,201</u>



6. Advances, Deposits and Prepayments

Advances :

Salary Advance
Prepaid Factory Insurance
Operational Advance
Tax deducted at source

Deposits :

Security Deposit
Bank Guarantee Margin
LC Margin

As at June 30, 2017 Taka	As at June 30, 2016 Taka
958,512	745,199
1,345,431	1,116,354
5,973,962	6,182,265
26,361,405	12,343,116
34,639,310	20,386,934
8,984,221	6,416,121
3,392,820	1,085,070
2,271,924	15,506,761
14,648,965	23,007,952
49,288,275	43,394,886

The advances are unsecured but considered good.

7. Cash and Cash Equivalents

Cash at Banks with Banks on Current Account:

Brac Bank Ltd, Dhanmondi Branch, CD A/c
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c
HSBC, Anchor Tower Branch, MDA Margin A/c
Trust Bank Ltd, SKB Branch, Dollar A/c
Trust Bank Ltd, SKB Branch, FCAD A/c
Trust Bank Ltd, SKB Branch, CD A/c
Dutch Bangla Bank Ltd., Gulshan Branch, CD A/c
AB Bank Ltd, Motijheel Branch, CD A/c
AB Bank Ltd, Motijheel Branch, CD A/c
AB Bank Ltd, Motijheel Branch, Notice A/c
AB Bank Ltd, Motijheel Branch, Notice A/c

286,353	38,389
125,197	930,039
22,874,983	270,584
91,597	703,344
13,837,729	14,214,415
39,093,343	10,530,901
1,366,509	386,874
9,630	-
704,838	8,022,704
74,868	76,168
873	1,089,416
2,342	2,287
324,132	1,161,253
78,792,394	37,426,374

With Bank on Short Term Deposit Account:

Trust Bank Ltd., SKB Branch, SND A/c
Southeast Bank Ltd, Principal Branch, STD A/c

Cash at Banks
Cash in Hand

879,995	1,421,470
982,908	960,956
1,862,903	2,382,426
80,655,297	39,808,800
1,425,630	825,634
82,080,927	40,634,434

8. Share Capital

8.1 Authorized:

100,000,000 Ordinary Shares of Tk.10 each

8.2 Issued, Subscribed and Paid-up:

253,000,000 Ordinary Shares of Tk.10 each fully paid-up
Ordinary Shares
113,000,000 Ordinary Shares of Tk.10 each issued
as fully paid-up bonus shares

Amount in Taka	
As at June 30, 2017	As at June 30, 2016
1,000,000,000	1,000,000,000

253,000,000	253,000,000
140,000,000	140,000,000
113,000,000	113,000,000
253,000,000	253,000,000



8.3 Composition of Shareholdings:

Classes of Holdings	As at June 30, 2017		As at June 30, 2016	
	No. of Shares	%	No. of Shares	%
Sponsors	12,911,855	51.04	12,911,855	51.04
Financial Institutions	2,219,127	8.77	1,589,117	6.28
ICB	72,697	0.29	280,645	1.10
ICB Investors A/c	29,459	0.12	-	-
ICB Mutual Fund	3,000	0.01	559,741	2.21
ICB Unit Fund	1,166,370	4.61	1,297,119	5.13
General Public	8,897,492	35.17	8,661,523	34.24
	25,300,000	100	25,300,000	100

Distribution schedule-Disclosures Under the Listing Regulations of Stock Exchanges:

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the "Listing Regulations of Dhaka and Chittagong Stock Exchange".

Range of Holdings	As at June 30, 2017			As at June 30, 2016		
	No. of shareholders	No. of Shares	Holdings %	No. of Shareholders	No. of Shares	Holdings %
0000001-0000499	5,022	1,274,967	5.04	5,119	1,257,049	4.97
0000500-0000500	5,454	2,727,000	10.78	5,898	2,949,000	11.66
0000501-0002000	728	764,850	3.02	837	769,436	3.04
0002001-0005000	765	1,683,256	6.65	671	1,376,888	5.44
0005001-0010000	187	949,568	3.75	129	1,149,054	4.54
0010001-0050000	61	629,436	2.49	48	526,911	2.08
0050001-0100000	16	849,108	3.36	12	961,387	3.80
0100001-0250000	11	1,198,753	4.74	7	942,584	3.73
0250001-0500000	4	1,248,071	4.93	8	1,261,953	4.99
050001 and above	7	13,974,991	55.24	7	14,105,738	55.75
Total	12,255	25,300,000	100.00	12,736	25,300,000	100

8.4 Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

9. General Reserve

	Amount in Taka	
	As at June 30, 2017	As at June 30, 2016
Opening and Closing Balance	6,956,752	6,956,752
	6,956,752	6,956,752
100. Tax Holiday Reserve		
Opening and Closing Balance	22,378,988	22,378,988
	22,378,988	22,378,988
101. Dividend Equalization Reserve		
Opening and Closing Balance	10,000,000	10,000,000
	10,000,000	10,000,000
102. Long-term Loan -Secured Future Maturity		
10201. Loan - Note 12.1	-	293,360
10202. Loan - Note 12.2	168,657,945	113,572,966
10203. Guaranteed LC Liabilities -Note 12.3	13,087,330	85,182,173
	181,745,275	199,048,499

10204. The movement of loan is as follows:





12.2 The movement of loan is as follows:

Opening Balance
Add: Loan received this Year

Less: Current Maturity
Less: Loan re-paid this Year
Closing Balance

Amount in Taka	
As at June 30, 2017	As at June 30, 2016
113,572,966	140,140,253
139,106,507	70,953,963
252,679,473	211,094,216
(81,506,992)	(53,649,889)
(2,514,536)	(43,871,361)
168,657,945	113,572,966

The offshore term loan has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam C R Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery. The loan carries interest at 5% and is repayable in 16 monthly installments, starting from 1 January, 2014.

12.3 The movement of Deferred L/C liabilities is as follows:

Opening Balance
Less: Paid during the year
Closing Balance

85,182,173	85,182,173
72,094,843	-
13,087,330	85,182,173

The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C R Dutta Road Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

13. Provision for Gratuity

Opening Balance
Add: Contribution this Year

Less: Paid this Year
Closing Balance

31,304,282	30,226,996
2,157,254	2,078,343
33,461,536	32,305,339
4,295,362	1,001,057
29,166,174	31,304,282

14. Deferred Tax Liability

Opening Balance
Add: Provision for Current year
Closing balance

31,973,737	34,344,063
3,799,808	(2,370,326)
35,773,545	31,973,737

Deferred tax liabilities for 2017

	As per Accounting base W.D.V	As per Accounting Tax base W.D.V	Temporary Difference Taxable/ (Deductable)
Property, Plant and Equipments	654,955,516	387,299,042	267,656,474
Tax rate			15%
Deferred tax liabilities			40,148,471
Gratuity provision		29,166,174	
Deferred tax assets 15%			4,374,926
Net deferred tax liabilities			35,773,545

15. Bank Overdrafts

Trust Bank Ltd, SKB Branch
HBC Bank, Plc, Anchor Tower Branch, Kawranbazar

51,180,303	50,796,333
38,477,934	27,015,142
89,658,237	77,811,475

These are secured.

16. Term Loan Bank

Loan received during this year
Less: Loan re-paid during this year
Closing Balance

24,929,537	-
(10,446,231)	-
14,483,306	-

The loan has been taken from Trust Bank Ltd, Motijheel Branch for Working Capital requirement. The loan carries interest at 15% and is repayable in 6 months. The loan is secured by hypothecation of stock, machinery, equipment and book.



17. Creditors

	As at June 30,2017		As at June 30,2016	
	US\$	Taka	US\$	Taka
For Import Purchases	6,050,037	482,974,454	5,927,548	461,459,624
For Local Purchases		7,045,533		12,449,573
For Unclaimed Dividend		98,098,972		95,655,822
For Staff Income Tax		336,481		456,559
For Refund Warrant		371,469		371,469
		<u>588,826,909</u>		<u>570,393,047</u>

These are unsecured but creditors for import purchases are against back to back L/Cs. Unclaimed Dividend inclusive of Sponsors Share holder for the period from 2012 to 2016.

18. Accrued Expenses

Gas Bill	18,725,237	17,263,009
Electricity Bill	214,310	264,606
Telephone	57,682	12,738
Salaries, Wages and Allowances	7,047,020	4,315,169
Security Bill	348,000	592,200
Legal Fee	60,000	60,000
Auditors' Fee	172,500	172,500
AGM Expenses	700,000	700,000
	<u>27,324,749</u>	<u>23,380,222</u>

19. Provision for Taxation

Opening balance	13,673,421	7,758,438
Add: During the year	14,082,234	5,914,983
	<u>27,755,655</u>	<u>13,673,421</u>

20. Bills Receivable Discounted

Opening Balance	144,817,615	78,702,076
Add: Discounted during the year	232,827,641	248,454,129
	<u>377,645,256</u>	<u>327,156,205</u>
Less: Collected during the year	344,220,265	182,338,590
Closing Balance	<u>33,424,991</u>	<u>144,817,615</u>

21. Workers' Participation/Welfare Funds

Opening Balance	35,996,566	39,549,613
Less: Payment this year	12,768,223	7,135,170
	<u>23,228,343</u>	<u>32,414,443</u>
Add: Contributions for this year	2,708,425	1,758,811
Add: Interest during this year	1,742,126	1,823,312
Closing Balance	<u>27,678,894</u>	<u>35,996,566</u>

Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.

22. Current Maturity of long-term loans

Opening Balance	53,649,889	43,871,361
Add: Current Maturity	81,506,992	53,649,889
	<u>135,156,881</u>	<u>97,521,250</u>
Less: Paid this year	53,649,889	43,871,361
Closing Balance	<u>81,506,992</u>	<u>53,649,889</u>

The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C R Dutta Road Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment



21. Sales

Export sales:

	For the year from July 16 to June 17			For the year from July 15 to June 16		
	Quantity	USD	Taka	Quantity	USD	Taka
Fabrics (Kgs)	1,663,903	10,166,450	809,961,061	1,492,239	9,042,966	705,496,113
Garments (pcs)	4,782,867	10,426,693	830,694,668	4,528,814	9,329,356	725,957,962
Total		20,593,143	1,640,655,729		18,372,322	1,431,454,075

24. Export Incentives

Cash Incentive

	For the year from July 16 to June 17	For the period from Oct 15 to June 16	For the period from July 15 to Sept 15	For the year from July 15 to June 16
	Taka	Taka	Taka	Taka
	17,589,653	15,798,703	27,543,813	43,342,516
	17,589,653	15,798,703	27,543,813	43,342,516

25. Cost of Goods Sold

25.1 The break-up is as

Materials Consumed - Note 25.2	1,112,025,337	761,386,309	250,521,368	1,011,907,677
Wages and Allowances - Note 25.3	134,996,325	97,794,299	35,185,120	132,979,419
Travel & Entertainment Expenses	465,953	412,850	130,540	543,390
Depreciation - Note 2.3	54,226,180	34,073,828	13,114,299	47,188,127
Tools and Spares Consumed	1,659,635	2,069,856	825,294	2,895,150
Freight/Conveyance	565,965	458,965	216,938	675,903
Power and Gas	95,570,014	52,470,102	14,745,875	67,215,977
Security	1,617,264	1,558,760	-	1,558,760
Freight Expenses	1,185,963	1,156,345	268,981	1,425,326
Repairs and Maintenance	1,459,635	2,525,632	689,141	3,214,773
Freight/Loading Expenses	985,692	1,012,564	533,108	1,545,672
Freight/Landing, Clearing and Insurance	1,159,642	1,256,950	162,157	1,419,107
Freight/Stationary Expenses	865,326	945,632	262,724	1,208,356
Freight/Inward and Outward	1,252,642	1,469,856	443,925	1,913,781
Freight/Sewing & Processing Charge	1,298,456	1,942,563	999,119	2,941,682
Freight Insurance	4,229,793	2,819,437	3,934,130	6,753,567
Freight/Machine Rental	575,887	625,000	354,898	979,898
Freight/Utilities	145,980	150,600	99,980	250,580
Total Manufacturing Costs for the year	1,414,285,689	964,129,548	322,487,597	1,286,617,145
Cost of Closing Work in Process	59,829,824	59,659,420	36,713,406	96,372,826
Total Manufacturing Costs	1,474,115,513	1,023,788,968	359,201,003	1,382,989,971
Cost of Closing Work in Process	57,568,320	59,829,824	59,659,420	119,489,244
Cost of Goods Manufactured	1,416,547,193	963,959,144	299,541,583	1,263,500,727
Cost of Closing Finished Goods	52,569,300	59,586,423	41,563,425	101,149,848
Cost of Goods available for use	1,469,116,493	1,023,545,567	341,105,008	1,364,650,575
Cost of Closing Finished Goods	52,089,632	52,569,300	59,586,423	112,155,723
Cost of Goods Sold	1,417,026,861	970,976,267	281,518,585	1,252,494,852

25.2 Materials Consumed

25.2.1

25.2.2

25.2.3 Materials Consumption

For the year from July 16 to June 17		For the year from July 15 to June 16	
Quantity (Kg.)	Taka	Quantity (Kg)	Taka
2,899,038	791,553,246	2,662,618	724,817,831
221,373	122,483,245	199,132	110,078,273
1,474,679	121,292,314	1,265,098	110,126,741
	76,696,532	-	66,884,832
	1,112,025,337		1,011,907,677



25.3 Salaries, Wages and Allowances

Employees drawing Tk.3,000
or more per month

Employees drawing less
than Tk.3,000 per month

Total

For the year from July 16 to June 17		For the year from July 15 to June 16	
No. of Employees	Taka	No. of Employees	Taka
1,847	134,996,325	1,826	132,979,419
-	-	-	-
1,847	134,996,325	1,826	132,979,419

25.4 Administrative, Selling and General Expenses

The break-up is as below:

Directors' Remuneration-Note 26.2
Salaries and Allowances Note 26.3
Security Service charges
Depreciation - Note 2.3
Electricity Expenses
Postage, Courier, Telephone and Fax
Travel
Traveling and Conveyance
Legal and Professional Expenses
Auditors' Fee-Note 26.2
Audit Expenses
Registration and Fees
Software
Stationery Expenses
Office Repairs and Maintenance
Vehicle Expenses
Entertainment Expenses
Contribution for RMG
Buying House Commission
Freight Charges & Freight out
Garments Testing Charges
Interest Expense-Note-26.4
Currency Gain(Loss)
Bank Charges
Miscellaneous

	For the year from July 16 to June 17	For the period from Oct 15 to June 16	For the period from July 15 to Sept 15	For the year from July 15 to June 16
Taka	Taka	Taka	Taka	Taka
2,600,000	1,900,000	700,000	2,600,000	
53,169,532	38,305,564	9,962,720	48,268,284	
2,088,000	2,397,944	127,221	2,525,165	
13,556,546	8,521,026	2,314,287	10,835,313	
2,682,725	1,051,198	-	1,051,198	
1,196,523	815,698	270,730	1,086,428	
539,990	519,583	-	519,583	
995,762	825,632	205,278	840,632	
60,000	60,000	15,000	75,000	
172,500	172,500	25,000	197,500	
874,890	844,468	140,203	984,671	
975,320	905,296	241,079	1,146,375	
1,265,320	1,062,569	400,039	1,462,608	
1,285,692	1,064,952	237,303	1,302,255	
1,354,200	2,056,340	1,519,437	3,575,777	
3,863,240	3,061,345	1,249,943	4,311,288	
1,062,300	545,962	198,897	744,859	
380,733	-	-	-	
1,470,543	1,269,852	165,980	1,435,832	
5,956,759	6,599,294	2,316,965	8,916,259	
7,836,802	4,239,686	766,626	5,006,312	
54,111,083	33,421,647	12,638,908	46,060,555	
458,437	-	-	-	
25,981,589	18,381,489	5,478,563	23,860,052	
768,520	550,200	419,744	969,944	
184,707,006	128,572,245	39,393,923	167,966,168	

The remuneration or fee, other than that specified in note 26.1, was paid to directors and auditors.

25.5 Salaries and Allowances:

Employees drawing Tk.3,000 or more per month

Employees drawing less than Tk.3,000 per month

For the year from July 16 to June 17		For the year from July 15 to June 16	
No of Employees	Taka	No of Employees	Taka
132	53,169,532	127	48,268,284
-	-	-	-
132	53,169,532	127	48,268,284



25.4 Interest expense is as follows:

	For the year from July 16 to June 17	For the period from Oct 15 to June 16	For the period from July 15 to Sept 15	For the year from July 15 to June 16
	Taka	Taka	Taka	Taka
Interest on Workers' Participation/Welfare Funds	1,742,126	1,823,312	1,293,686	3,116,998
Interest on Long Term Loans	11,526,611	5,702,278	2,736,648	8,438,926
Interest on Bills Discounted	32,284,534	20,661,720	6,934,006	27,595,726
Interest on Bank Overdraft	7,618,236	5,234,337	1,674,568	6,908,905
Interest on Time Loan	939,576			
	54,111,083	33,421,647	12,638,908	46,060,555

27. Other Income

Rental income	365,400	274,050	365,400	639,450
Bank interest	-	-	44,241	44,241
	365,400	274,050	409,641	683,691

28. Income tax (Current Tax)

	As at June 30,17	As at June 30,16
	Taka	Taka
Profit before tax	54,168,490	35,176,224
Add: Depreciation as per Accounting base	67,782,726	42,594,854
Less: Depreciation as per Tax base	121,951,216	77,771,078
	90,976,585	48,981,537
Add: Gratuity fund	30,974,631	28,789,541
	2,157,254	2,078,343
Less: Other income (Separate calculation)	33,131,885	30,867,884
	365,400	274,050
Less: Payment for Gratuity	32,766,485	30,593,834
	4,295,362	1,001,057
Tax Rate @ 15%	28,471,123	29,592,777
Minimum tax	4,270,668	4,438,917
Add: Other income tax	14,018,289	5,867,024
Rental income		
Less: Maintenance @ 30%	365,400	274,050
	109,620	82,215
Add: Tax Rate @ 25%	255,780	191,835
Current tax	63,945	47,959
	14,082,234	5,914,983

29. Remuneration/Payments to Directors/Officers:

29.1 The aggregate amount paid/provided during the period in respect of directors and officers of the Company as defined in the Securities and Exchange Rules, 1987 are disclosed below :

	For the period from July 16 to June 17		For the period from July 15 to June 16	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000		2,600,000	
Secretary		32,156,320		29,060,985
House Rent Allowance		15,848,560		14,585,620
Other benefits and perquisites		5,164,652		4,621,679
	2,600,000	53,169,532	2,600,000	48,268,284



29.2 No compensation was allowed by the Company to its Managing Director.

29.3 No amount of money was spent by the Company for compensating any member of the Board for services rendered except as stated above.

30. The Company has obtained bank credit facilities from the following banks:

Bank & Branch Name	Type of facility	Limit	Utilized	Unutilized	
				As at June 30,17	As at June 30,16
		Taka	Taka	Taka	Taka
Trust Bank Ltd	B to B L/C ,EDF & Sight	650,000,000	402,369,532	247,630,468	147,479,707
SMB Branch, Dhaka	IBP	70,000,000	64,402,441	5,597,559	(202,641,513)
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,180,303	(1,180,303)	(796,333)
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Time Loan	20,000,000	14,483,306	5,516,694	2,206,640
		831,500,000	532,435,582	299,064,418	(12,251,499)
Mutual Trust Bank Ltd	B to B L/C ,EDF & Sight	400,000,000	185,935,623	214,064,377	199,486,500
Gulshan Branch, Dhaka	IDBP/FDBP	100,000,000	92,637,365	7,362,635	15,623,200
		500,000,000	278,572,988	221,427,012	215,109,700
HSEC	Foreign Exchange Limit	20,000,000	-	20,000,000	20,000,000
Anchor Tower, 108 Gulshan	Import Line (PRM)	395,000,000	262,957,852	132,042,148	142,594,972
CIF Dhaka	Import Line	600,000,000	288,964,534	311,035,466	164,310,500
Road/Dhaka-1205	Overdraft	50,000,000	38,477,934	11,522,066	22,984,858
	Bank guarantee	20,000,000	15,466,200	4,533,800	9,149,300
	Term Loan	20,000,000	-	20,000,000	20,000,000
	Export Cash Limit	80,000,000	78,358,878	1,641,122	(26,322,922)
	Credit Card	1,200,000	-	1,200,000	1,200,000
		1,186,200,000	684,225,398	501,974,602	353,916,708

31. The analysis of consumption of materials and spares as to origin is as below:

	For the year from July 16 to June 17		For the year from July 15 to June 16	
	Taka	%	Taka	%
Imported	368,808,649	33.12	325,227,596	32.05
Local	744,876,323	66.88	689,575,231	67.95
	1,113,684,972	100.00	1,014,802,827	100.00

32. The capacity and actual production of the Company are as below :

Item	Capacity	Actual Production	Percentage (%) of achievement
Printed/Garments (Lac Pcs.)	84	47.83(2016:45.29)	56.94%(2016:53.92%)
Knit/Fabrics (MTs.)	4,500	2,461(2016:1,492)	54.68%(2016:49.90%)

33. Dividend after Balance Sheet Date:

The Board of Directors of the Company in its meeting held on October 23, 2017 (2016: 26th October 2016) recommended 10% cash dividend i.e. Tk.1.00 per share of Tk. 10.00 each (2016:10.00% cash dividend) for all shareholders of the company subject to their approval in the AGM.





34. Related Parties Disclosures

The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24: "Related party Disclosures". Total Balance Sheet exposure with the related parties as at June 30, 2016 is as under:

Name of the related party	Relationship	Nature of Transaction	As at June 30, 17	As at June 30, 16
Fashion Knit Garments Ltd	Common Director	Sale of Finished Fabrics	809,961,061	705,496,113
		Receivable	46,420,600	22,500,000

35. General

35.1

There was no sum for which the Company was contingently liable as at June 30, 2017 and June 30, 2016.

35.2

There was no claim, except an aggregate amount of Tk 21,095,550 (2015: 21,095,550) claimed by the Tax Authority but appealed against by the Company, not acknowledged as debt as at June 30, 2017 and June 30, 2016. Such claim, being contingent liability, needs not be provided for.

35.3

There was no credit facilities available to the Company, except trade credits and back to back L/c facilities, during the Nine Months ended June 30, 2017 and year ended June 30, 2016.

35.4

There was no foreign shareholder of the Company as at June 30, 2017 and June 30, 2016 and no dividend was remitted to any foreign shareholders during the years ended June 30, 2017 and June 30, 2016.

35.5

There was no capital expenditure contracted but not incurred or provided for at June 30, 2017 and June 30, 2016.

35.6

There was no capital expenditure authorized by the Board but not contracted for at June 30, 2017 and June 30, 2016.

Mr. M.A. Moyeed
Managing Director

Dr. M.A. Moyeen
Director

Mr. Md. Wali ulah
Company Secretary

