

Annual Report 2019-2020



Zaheen Spinning Limited



Zaheen Spinning Limited

House # 59/A, Road # 12/A (6th & 7th Floor), Near Takwa Masjid, Dhanmondi,
Dhaka-1209, Bangladesh, **Phone:**+88-02-8191588, 8191522; **Fax:**+88-02-8191522,
E-mail:info@zaheenspinningltd.com; **Web:**www.zaheenspinningltd.com

Zaheen Spinning Limited



Mission:

The mission of the Company is to provide highest quality yarn to our valued customers maintaining high ethical standards while we conduct business..



Vision:

The company thinks business not only for profit but also to provide satisfaction, quality, production and fulfill the market demands and major contribution in national economy as well as maintain positive investment of the share holders.



Objective:

Our primary business objective is to conduct transparent operations within legal and social framework, aiming to attain the mission with qualitative/ quantitative targets while we operate.



CONTENTS

LETTER OF TRANSMITTAL	03
NOTICE OF 13 TH ANNUAL GENERAL MEETING	04
CORPORATE DIRECTORY	05
COMPANY PROFILE	06
THE BOARD OF DIRECTORS	07
DIRECTOR'S REPORT	09
ANNEXURE-A: DECLARATION BY CEO & CFO	16
ANNEXURE-B: COMPLIANCE CERTIFICATE	17
ANNEXURE-C: STATUS OF COMPLIANCE	18
AUDIT COMMITTEE REPORT	26
NRC POLICY	27
STATUTORY AUDITOR'S REPORT	30
STATEMENT OF FINANCIAL POSITION	33
STATEMENT OF PROFIT OR LOSS & OHTER COMPREHENSIVE INCOME	34
STATEMENT OF CHANGES IN EQUITY	35
STATEMENT OF CASH FLOWS	36
NOTES TO THE ACCOUNTS	37
BAPLC CERTIFICATE	69
PROXY FORM	70



Letter of Transmittal

To

All Shareholders

Bangladesh Securities and Exchange Commission

Registrar of Joint Stock Companies & Firms

Dhaka Stock Exchange Limited

Chittagong Stock Exchange Limited

Subject: **Annual Report for the Year Ended on 30 June, 2020.**

Dear Sir/Madam (s),

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Statement of Financial Position as of 30th June 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flow for the Year Ended on 30 June, 2020, along with notes thereon of Zaheen Spinning Limited for your reference and record.

Yours sincerely,

(Md. Mohin Uddin)
Company Secretary

NOTICE OF 13TH ANNUAL GENERAL MEETING (VIRTUAL THROUGH DIGITAL PLATFORM)

Notice is hereby given that the 13th Annual General Meeting of Zaheen Spinning Limited will be held virtually by using **Digital Platform** through the link : <https://zaheenspin.bdvirtualagm.com> on Monday, 28th day of December, 2020, 11.00 a.m. to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Director's Report, Audited Financial Statements along with Auditors Report thereon for the year ended on 30th June 2020.
2. To approve the dividend for the year ended on 30th June 2020.
3. To elect/ reelect Directors.
4. To appoint Statutory Auditors of the Company for the year 2020-2021 and fix their remuneration.
5. To appoint Corporate Governance Code Auditors of the Company for the year 2020-2021 and fix their remuneration.
6. To transact any other business with the permission of the chair.

By Order of the Board of Directors



Md. Mohin Uddin
Company Secretary
Date: November 03, 2020

Notes:

1. The Board of Directors did not recommend any dividend for the year ended on 30th June 2020.
2. Record Date: Thursday, November 26, 2020.
3. The Shareholders whose name will appear in the Share Register/ Depository Registrar on the Record Date will be eligible to attend the meeting.
4. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMRC/04-231/25 dated 8th July 2020, the AGM will be a virtual Meeting of the Members, which will be conducted via live webcast by using digital Platform. The detailed procedures to attend the meeting will be communicated to the shareholder's e-mail ID in due course and it will also be available on the company's website at www.zaheenspinningltd.com
5. Any member eligible to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend and vote on his/her behalf. The proxy form duly stamped with a revenue stamps of Tk. 20/- and signed by the member must be submitted at the Share Department at House # 59/A, Road # 12/A, (6th & 7th Floor), Dhanmondi, Dhaka-1209, not less than 72 hours before the time fixed for the meeting.
6. Shareholders will be able to join the Virtual AGM through the link : <https://zaheenspin.bdvirtualagm.com>
7. The shareholders will be able to submit their questions, comments through e-mail: info@zaheenspinningltd.com 24 hours before commencement of the AGM and during the AGM.
8. For logging into the system, the shareholders need to put their 16 digit Beneficiary Owner (BO) ID number and other credentials as proof of their identity by using the link : <https://zaheenspin.bdvirtualagm.com>

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mrs. Farida Khanam	Chairman
Mr. Mahmudur Rahman	Managing Director
Mrs. Nusrat Jahan	Director
Mr. Mahbubur Rahman Khan	Director
Mrs. Masuma Khan	Director
Dr. Md. Abbas Ali Khan	Independent Director
Dr. M. Farid Ahmed	Independent Director

AUDIT COMMITTEE

Dr. Md. Abbas Ali Khan	Chairperson
Mr. Mahmudur Rahman	Member
Mrs. Nusrat Jahan	Member

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Dr. Md. Abbas Ali Khan	Chairperson
Mrs. Farida Khanam	Member
Mrs. Nusrat Jahan	Member
Md. Mohin Uddin	Company Secretary
Md. Ibrahim Khalil	Chief Financial Officer (CC)
Md. Tanjim Hossain	Head of Internal Audit & Compliance

MANAGEMENT COMMITTEE

Mr. Mahmudur Rahman	Managing Director/Chief Executive Officer
Mr. Md. Ibrahim Khalil	Chief Financial Officer (CC)
Mr. Sheikh Asadullah Ahmed	GM Admin & Production
Mr. Md. Shahidul Islam	DGM, Quality & Maintenance
Mr. Md. Tanjim Hossain	Head of Internal Audit & Compliance
Mr. Monotosh Dutta	Manager, Head of Commercial

Statutory Auditor

M/s. G. Kibria & Co.
Chartered Accountants

Corporate Governance Auditor

ARTISAN
Chartered Accountants

Legal Advisor

The Legal Edge

Bankers

Mutual Trust Bank Ltd.
Southeast Bank Ltd
BRAC Bank Ltd.
SBAC Ltd.
AB Bank Ltd.

Registered Office

House # 09, Flat # A/1, Road # 10
Dhanmondi, Dhaka -1205, Bangladesh

Corporate Office

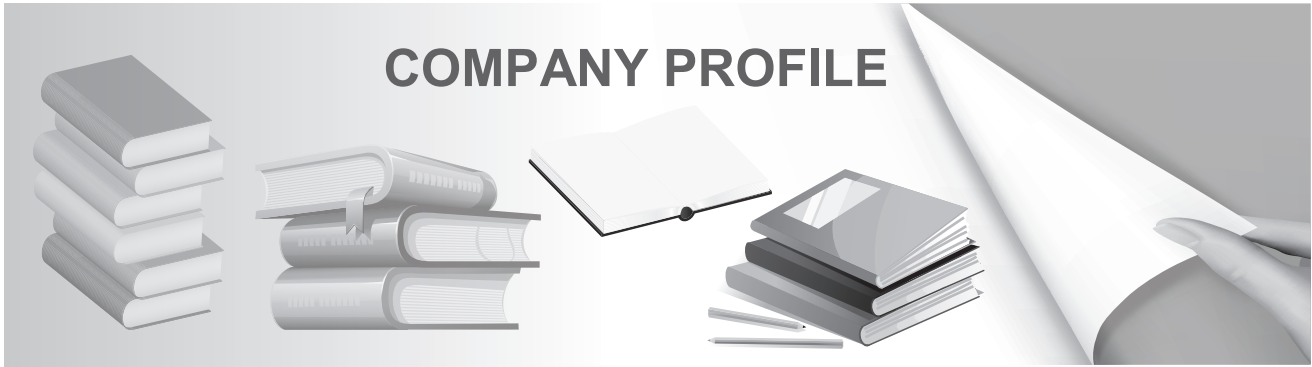
House # 59/A, Road # 12/A, (6th & 7th Flr),
Dhanmondi, Dhaka -1209.

Factory

Jhawgara, Araihasar, Narayangonj

Phone

+880-2-8191588, 8191522



Zaheen Spinning Limited was incorporated on July 22, 2007 as private limited company under the Companies Act 1994 vide registration no. C-67789(340)/07. On August 14, 2012 it was converted into a public limited company. The registered office of the company is located at House-9, Road-10, Flat-A/1, Dhanmondi, Dhaka-1205 and Corporate Office is located at House # 59/A, (6th & 7th Floor), Road # 12/A, Dhanmondi-1209, Bangladesh.

Bangladesh Securities and Exchange Commission (BSEC) has accorded consent for IPO on November 11, 2014 and on March 25, 2015 trading of shares of Zaheen Spinning Limited started on both the bourses namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

The Company was established with an Authorized Capital of Tk. 100,000,000.00 and Paid-up Capital of Tk. 10,000,000.00. The Authorized Capital and Paid-up Capital of the Company was subsequently raised to Tk. 4,000,000,000/- and Tk. 1,138,283,680/- respectively. The shares of the company has been denominated from Tk. 1000/- to Tk. 10/- per share as at July 29, 2012.

The company started its commercial operation on February 15, 2010. The Factory is situated at Jhawgara, Araihasar, and Narayanganj, Bangladesh. The main activity of the Company is concentrated in manufacturing 100% quality cotton yarn of different counts.

Profile of Subsidiary- Zaheen Polymer Limited

Zaheen Polymer Limited was incorporated and registered with the Registrar of Joint Stock Companies and Firms of Bangladesh under the Companies Act (Act XVIII) of 1994 on 3 November 2015 vide Registration No. C-126648/2015. Registered Office of the Company is located at House No-09, Road No. -10, Flat No. A/1, Dhanmondi, Dhaka, Bangladesh. The activities of the subsidiary are yet to be commenced.

THE BOARD OF DIRECTORS



Mrs. Farida Khanam
Sponsor Director & Chairman

Mrs. Farida Khanam, Chairman of Zaheen Spinning Limited is a business graduate with more than 16 years of experience. She has wide experience in management, procurement, HR and Textile sector. She is presently looking after HR and Administration.



Mr. Mahmudur Rahman
Sponsor Director, Managing Director & CEO

Mr. Mahmudur Rahman is an MBA graduate and Sponsor Director of the company having more than 11 years of experience in textile sectors. He is the General Secretary of Bangladesh-Greece Chamber of Commerce & Industry. He is currently engaged in different sectors, in his attempt to both contribute to the growth and development of the company as well as increase his knowledge of understanding about other industries.



Mrs. Nusrat Jahan
Director

Mrs. Nusrat Jahan is graduated in Computer Science and Engineering. She joined the company in 2012. In order to gain more practical experience in the field of textile sector, she has worked in various capacities in the company. Her constant research and development of modern means of taking the company forward, acts as a driving force for the company.



Mr. Mahbubur Rahman Khan
Director

Mr. Mahbubur Rahman Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. He is the eldest son of Late A.M. Badruzzaman Khashroo and Mrs. Farida Khanam. He graduated in Computer Science and Engineering from Bangladesh University of Engineering and Technology (BUET) and post graduated from USA in the same subject. He is a dynamic business personality. His acumen in business and flexible manner in terms of public relations made him a role model in developing the culture of the organization.



Mrs. Masuma Khan
Director

Mrs. Masuma Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. She is the only daughter of former Sponsor Director and former Managing Director Late A.M. Badruzzaman Khashroo and Sponsor Director Mrs. Farida Khanam, chairman of the Company. She obtained Bar-at-Law degree from UK..



Dr. Md. Abbas Ali Khan
Independent Director

Mr. Md. Abbas Ali Khan is the independent director of Zaheen Spinning Ltd. He is the Dean, Chairperson and Professor, Faculty of Business Administration, Eastern University. He is a retired Professor, Department of Management, Faculty of Business Studies, University of Dhaka. He obtained Ph.D. from University of Glasgow, UK. He started his career as a Lecturer of Management in 1975 in the University of Dhaka. He held many important positions and membership in Government and Non-Government, social, professional, research and policy making organizations and bodies. He made remarkable contribution to business and management discipline through research, teaching and financial administration.



Dr. M Farid Ahmed
Independent Director

Mr. M. Farid Ahmed is the independent director of Zaheen Spinning Limited. He is also the independent director of Oimex Electrode Ltd. He is the Professor, Department of Finance, Faculty of Business Studies, University of Dhaka and former Vice Chancellor, Bangladesh Open University, Gazipur. He obtained Ph.D. from Nagoya University, Japan. He started his career as a Lecturer of Finance and Banking in 1977 in the University of Dhaka. He held many important positions and membership in Government and Non-Government, social, professional, research and policy making organizations and bodies.

DIRECTORS' REPORT

Dear Shareholders,
Assalamu Alaikum Warah'matullahe,

The Board of Directors of Zaheen Spinning Limited welcomes you all to the 13th Annual General Meeting of the company. We are therefore pleased to submit before you the operational activities and audited financial statements of the company for the year ended on 30th June 2020.

The Directors' Report is prepared in compliance with section 184 of the Companies Act 1994, Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 and other applicable laws and regulations.

Industry outlook and Possible Future Development:

The company produces the 100% quality cotton yarn and delivers to the Garments Industries. The company has been operated in the market for long with reputation and commitment. Having long experience in yarn marketing we are confident of this value added yarn and believe that we can hold our reputation as a quality yarn supplier.

From the inception of the commercial operation, the company has become one of the very few spinning mills in Bangladesh where the garments manufacturer can rely for various types yarn. We believe this will add great value to the company in the coming days.

The segment wise or product-wise performance:

Particulars	Unit	2019-2020	2018-2019
Spindle	Number	29040	29040
Production Capacity (50 Auto & Normal Yarn)	MT	2,777.60	2777.60
Actual Production (50 Auto & Normal Yarn)	MT	2,000.50	2,774.36
Capacity Utilization	%	72.02%	99.88%

Risks and Concerns including internal and external risk factors, threat to sustainability and negative impact on environment is stated below::

Zaheen Spinning Limited being a yarn manufacturer and catering its risk is always associated with supply and demand of raw cotton. Any downturn in this industry has a direct impact in the business

Moreover, risks and concern of the industry solely depends on the upcoming Government policy as well.

A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin is as follows:

Particulars	July 19 to June 20	July 18 to June 19	Variance Increase(+)/ Decrease(-)
Turnover	608,583,834	800,439,920	(191,856,086)
Cost of Goods Sold	574,554,956	684,820,391	(110,265,435)
Gross Profit Margin	5.59	14.44	(8.85)
Net Profit Margin	(63.40)	8.50	(54.90)

Gross Profit Margin decreased, because percentage of Cost of Goods Sold increased due to fall in production for Fire incident in December 2019, adverse effect of COVID 19 resulting closure of Mill around 2.5 months and decrease in sales. increase of price of Raw Materials and increase of utility cost like Gas and Electricity. Net profit margin were affected significantly due to provision made for bad and doubtful debts, write off advance, deposits and prepayments and write off of obsolete raw materials and obsolete finished goods.

Extra Ordinary Gain or loss:

There was no extraordinary activity during the year.

Related Party Transaction:

A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions has been shown in note 43 of these financial statements.

A Statement of Utilization of Proceeds from Public Issues, Rights Issues and/or any other instruments:

Not applicable for Zaheen Spinning Ltd. for the year ended on June 30, 2020.

An explanation if the financial results deteriorate after the company goes for Initial public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.:

After going for IPO in the 2014 the production capacity of the company was enhanced but due to the increase of cost of raw materials, utility cost like gas & fuel, fire incident in december 2019, adverse effect of Covid-19, the financial result of the company deteriorated remarkably. Besides fall of sales price in the market due to down trend in over all economy was another major factor behind the deterioration of financial results.

Variance between Quarterly Financial Performance and Annual Financial Statements:

Variation in financial result between quarterly financial performance and annual financial statements mainly due to fall in production for Fire incident in December 2019, adverse effect of COVID 19 resulting closure of Mill around 2.5 months and decrease in sales and increase in percentage of cost of goods sold on sales, increase in Administrative Expenses. Besides, Provision for bad and doubtful debts, write off of Advance, Deposits and Prepayments and Write off of obsolete Inventories were the major reasons for negative EPS.

Statement of remuneration paid to directors including independent directors is stated below:

Name of Directors	Designation	Transacted Amount	
		July 19 to June 20	July 18 to June 19
Mrs. Farida Khanam	Chairperson	700,000	700,000
Mr. Mahmuddur Rahman	Managing Director	2,800,000	2,800,000
Mrs. Nusrat Jahan	Director	280,000	210,000
Mr. Mahbubur Rahman Khan		350,000	-
Mrs. Masuma Khan		350,000	-
Dr. Md. Abbas Ali Khan	Independent Director	-	-
Dr. M. Farid Ahmed	Independent Director		
Total		4,480,000	3,710,000

Fair presentation of Financial Statements:

The management confirms that the financial statement prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and change in equity.

Proper Books of Account:

The management of Zaheen Spinning Limited states that proper books of accounts of the company have been maintained.

Appropriate Accounting Policies:

The management of Zaheen Spinning Limited confirms that the appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

Following of IAS or IFRS in preparation of Financial Statements:

The management confirms that the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

Internal Control System:

The management confirms that internal control system of Zaheen Spinning Limited is sound in design and has been effectively implemented and monitored.

A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress:

Not applicable for Zaheen Spinning Ltd.

Company's ability to continue as a going concern:

The management confirms that there is no significant doubt upon the issuer company's ability to continue as a going concern.

Significant deviation from last years operating result:

Turnover has been decreased by Tk. 191.86 million, compared to previous year due to fall in production for Fire incident in December 2019, adverse effect of COVID 19 resulting closure of Mill around 2.5 months. Consequently Retained Earnings have become negative Tk. (303.79) mn due to a Net Loss of Tk. 385.84 million for the year ended on June 30, 2020.

The management of the Company has made a provision for bad and doubtful debts Tk. 109.46 mn @ 25% on Accounts Receivables because of uncertainties cause by Covid-19. The Management has also written off obsolete Inventories Tk. 87.11 mn and written off of Advance, Deposits and Prepayments Tk. 78.71 mn, which the management have deemed unrecoverable.

All of these incidents mentioned have contributed to the Net Loss after tax rising to Tk. (385.84) mn for the reporting period.

A statement of key operating and financial data of preceding 5 (Five) years is given below :

Figure in thousand Taka

Particulars	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016 (18 months)
Paid-up Capital	1,138,284	1,084,080	985,527	856,980	745,200
Reserve, Surplus & Others	(139,433)	300,610	335,207	348,801	341,331
Shareholders Equity	998,851	1,384,690	1,320,734	1,205,781	1,086,531
Net Assets	998,851	1,388,798	1,320,734	1,205,781	1,086,531
Turnover	608,584	800,440	857,617	869,045	1,328,276
Gross Profit	34,029	115,620	176,377	190,539	231,927
Profit before Tax	(379,179)	80,216	135,390	140,487	176,784
Profit after Tax	(385,839)	68,064	114,953	119,249	147,066
Number of Shares	113,828	108,408	98,553	85,698	74,520
Number of Shareholders	6877	6263	5380	4210	4839
Earning per Share-EPS	(3.39)	0.60	1.01	1.05	1.29
Net Asset Value	8.78	12.16	11.60	10.59	9.55

Dividend:

Dividend is declared from the current year profit or undistributed profit, if any, based on audited financial statements. Since there is a Net Loss for the year ended on June 30, 2020 is Tk. 385.84 mn instead of profit and accordingly the retained earnings of the Company have become negative Tk. (303.79) mn as on June 30, 2020 due to the net loss of this financial year and having no other undistributed profite, the Board of Directors recommended no dividend for the year ended on June 30, 2020 for its shareholders

Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:

The company has not declared any bonus share or stock dividend as interim dividend.

Board Meeting:

During the year ended on June 30, 2020, 5 (five) Board Meeting was held & the attendance record of the Directors was as follows:

SI #	Name	Position	Meeting Held	Attendance
1.	Mrs. Farida Khanom	Director – HRD	5	5
2.	Mr. Mahmudur Rahman	Managing Director	5	5
3.	Mrs. Nusrat Jahan	Director -Planning	5	5
4.	Mr. Mahbubur Rahman Khan	Director	5	3
5.	Ms. Masuma Khan	Director	5	3
6.	Mr. Md. Abbas Ali Khan	Independent Director	5	5
7.	Dr. M. Farid Ahmed	Independent Director	4	3

A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by is given below:-

SI #	Name	Description	Number of	(%)
SI #	Name	Description	Number of share as on 30.06.2020	(%)
(a) Parent or Subsidiary or Associated Companies and other related parties (name wise details)		Nil	Nil	Nil
(b) Directors, Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details)				
1.	Mrs. Farida Khanam	Chairperson	8,474,235	7.44%
2.	Mahmudur Rahman	Director	14,993,286	13.17%
3.	Mrs. Nusrat Jahan	Director	3,791,986	3.33%
4.	Mahbubur Rahman Khan	Director	5,429,886	4.77%
5.	Masuma Khan	Director	2,714,943	2.39%
6.	Md. Abbas Ali Khan, Ph.D.	Independent Director	Nil	Nil
7.	Dr. M. Farid Ahmed	Independent Director	Nil	Nil
8.	Md. Mohin Uddin	Company Secretary	Nil	Nil
9.	Md. Ibrahim Khalil	Chief Financial Officer (CC)	Nil	Nil
10.	Md. Tanjim Hossain	HIAC	Nil	Nil
Sub-Total			35,404,336	31.10%
Institution & General Public			78,424,032	68.90%
Total			113,828,368	100%
(c) Executives (Top 5 salaried employees):				
11.	Sheikh Asadullah Ahmed	General Manager	Nil	Nil
12.	Md. Shahidul Islam	DGM		
13.	Monotosh Datta	Manager	Nil	Nil
14.	Md. Razib Mahmud	Electrical Engineer	Nil	Nil
15.	Md. Bayazid Hossain	Maintenance Engineer	Nil	Nil
(d) Shareholders holding ten percent(10%) or more voting interest in the company				
	Mahmudur Rahman	Director	14,993,286	13.17%

Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2020:

Range of Holdings	Number of Holders	Number of Shares	In %
Less than 500 shares	2,164	332,698	0.29
500 to 5000 shares	3,000	5,385,870	4.73
5001 to 10000 shares	705	5,139,365	4.52
10001 to 20000 shares	474	6,767,040	5.94
20001 to 30000 shares	188	4,665,015	4.10
30001 to 40000 shares	93	3,228,046	2.84
40001 to 50000 shares	67	3,054,253	2.68
50001 to 100000 shares	101	7,034,966	6.18
100001 to 1000000 shares	73	17,900,683	15.73
Over 1,000,000 shares	12	60,320,432	52.99
Total	6,877	113,828,368	100%

Appointment or reappointment of Directors:

With regard to the appointment, retirement and reappointment of directors, the company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the Annual General Meeting.

Mr. Mahbubur Rahman Khan, Director

Mr. Mahbubur Rahman Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. He is the eldest son of Late A.M. Badruzzaman Khashroo and Mrs. Farida Khanam. He graduated in Computer Science and Engineering from Bangladesh University of Engineering and Technology (BUET) and post graduated from USA in the same subject. He is a dynamic business

Mrs. Masuma Khan, Director

Mrs. Masuma Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. She is the only daughter of former Sponsor Director and former Managing Director Late A.M. Badruzzaman Khashroo and Sponsor Director Mrs. Farida Khanam, chairman of the Company. She obtained Bar-at-Law degree from UK. She is also eligible for reappointment.

The Management Discussion and Analysis signed by CEO/MD presenting detailed analysis of the company's position and operation is attached in an **Annexure-01**

Declaration or certificate by the CEO and the CFO to the Board as required under condition No. 3(3) has been disclosed as per **Annexure-A**.

The report as well as certificate regarding compliance of conditions of these Code as required under condition No. 9 has been disclosed as per **Annexure-B** and **Annexure-C**.

Re-appointment of Statutory Auditors.

M/S G. KIBRIA & CO. Chartered Accountants, the present statutory auditor of the Company, retired at this Annual General Meeting, being eligible, offered themselves for re-appointment, the Board in its meeting held on 3rd November 2020 recommended to re-appoint in its meeting held on 3rd November 2020 as the statutory auditor of the Company for the year 2020-21 at a remuneration based on mutual agreement.

Appointment of Corporate Governance Code Auditor.

The Board in its meeting held on 3rd November 2020 recommended to appoint M/s ARTISAN, Chartered Accountants as Corporate Governance Auditor of the company for the financial year 2020-21.

Acknowledgement

On behalf of the Board, I would like to acknowledge the continued support and cooperation from our valued shareholders, and the confidence and trust our customers have bestowed in our products and company. I would like to particularly thank all the employees for their commitment, sacrifice, and hard work throughout this Covid-19 pandemic in Bangladesh as we try to develop a recovery strategy for the future. We look forward to your continued cooperation and support as the driving force of your Company in the future.

On behalf of the Board



Mahmudur Rahman
Managing Director.

November 3, 2020
Dhaka

Management Discussion and Analysis

Annexure - 01

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition no 5(xxv) of Corporate Governance Code dated June 3, 2018.

The company has prepared and presented its financial statements as per BAS adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The following BASs are applicable for the financial statements for the period under review:

- IAS-01 Presentation of Financial Statements
- IAS-02 Inventories
- IAS-07 Statement of Cash Flows
- IAS-08 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS-10 Events after the Reporting Period
- IAS-12 Income Taxes
- IAS-16 Property, Plant and Equipment
- IAS-19 Employee Benefits
- IAS-21 The Effects of Changes in Foreign Exchange Rates
- IAS-23 Borrowing Costs
- IAS-24 Related Party Disclosures
- IAS-32 Financial Instruments: Presentation
- IAS-33 Earning Per Share
- IAS-36 Impairment of Assets
- IAS-37 Provision, Contingent Liabilities and Contingent Assets
- IAS-39 Financial Instruments: Recognition and Measurement

The accounting policies applied are consistent with those applied in the previous financial year except for implementation of IFRS 16.

Comparative Analysis of Key Financials

Comparative analysis of financial performance or results and financial position (including effects of inflation) as well as cash flows for current financial year with immediate preceding five years explaining reasons are as follows:

(In thousand)

Particulars	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016 (18 months)
Turnover	608,584	800,440	857,617	869,045	1,328,276
Gross Profit	34,029	115,620	176,377	190,539	231,927
Profit before Tax	(379,179)	80,216	135,390	140,487	176,784
Profit after Tax	(385,839)	68,064	114,953	119,249	147,066
Shareholders Equity	998,851	1,384,690	1,320,734	1,205,781	1,086,531
Total Assets	1,262,702	1,530,557	1,471,163	1,354,193	1,208,535
Current Assets	555,203	774,227	693,684	600,735	478,771
Current Liabilities	228,028	115,777	123,037	133,048	95,588
Current Ratio	2.43	6.69	5.64	4.52	5.01
Net Assets Value	8.78	12.16	11.60	10.59	9.55
Earning per Share-EPS	(3.39)	0.60	1.01	1.05	1.29
NOCFPS	0.07	0.34	0.56	0.56	1.25

Comparative Financial Performance with Peer Companies

(in thousand)

Particulars	Zaheen Spinning Ltd. June 30, 2020	Dulamia Cotton Spinning Mills Ltd. June 30, 2019	Malek Spinning Mills Ltd. June 30, 2019	Matin Spinning Mills Ltd. June 30, 2019	Mozaffar Hossain Spinning Mills Limited June 30, 2019
Revenue	608,584	164,821	2,779,889	4,324,532	352,279

Gross Profit	34,029	4,740	241,741	375,345	15,113
Operating Expenses	315,064	15,857	101,763	227,902	17,880
Financial Expenses	4,843	5,344	66,011	99,388	93,581
Net Profit before tax	(379,179)	(16,229)	73,515	121,898	(95,986)
Net Profit After Tax	(385,839)	(17,218)	59,288	94,348	(92,482)
Net Profit in%	(63.40)	(10.45)	2.13	2.18	(26.25)
Earning Per Share (EPS)	(3.39)	(2.28)	0.31	0.97	(0.93)
NOCFPS	0.07	(0.88)	0.06	4.75	4.01

Financial and Economic Scenario of the Country and Globe

The Covid-19 pandemic has caused unprecedented economic loss, and was more severe in the first half of 2020 than was earlier anticipated. The International Monetary Fund (IMF) World Economic Outlook Update (June 2020) has projected negative global growth of a higher magnitude (-4.9 percent) in 2020. According to the World Trade organization (WTO), global trade will experience considerable negative growth (-13 percent) due to the pandemic, which will contribute to the projected negative global growth as well.

Bangladesh has recorded an impressive 5.24% GDP growth (provisional) in FY 2019-2020, despite the devastating impact of the Covid-19 pandemic. Bangladesh's GDP growth, which has averaged around 8% during the past few years, has been disrupted by the outbreak of Covid-19. The incidence of poverty has also increased, and over two million people could be added to the ranks of the poor in 2020.

The increase of private investment during a pandemic period is somewhat puzzling. Entrepreneurs and bankers have expressed concern about the decline in business and investments. As of June 2020,

- Private sector credit growth was only 8.4 percent
- Foreign Direct Investment (FDI) has declined by 42.5 percent
- Bangladesh Received USD 18.20 billion remittances in FY 2019-20, compared to USD 16.42 billion in FY 2018-19
- The reported number of unemployed people now ranges from 10 million to 15 million, compared to 2.7 million in 2017
- Manufacturing dropped to 5.48%

Like other parts of the economy the textile industry has also been severely affected, with order cancellations, virtual freeze on new business, delayed shipments, and consequent financial impacts, and disruptions in the supply of raw materials India, Australia, and Africa. As a result, about one quarter of the total number of factories are struggling to survive. In the face of these challenges, the government has undertaken several measures to support the sector. Bangladesh has so far fared better than expected, but will need to rapidly improve its speed to market and competitiveness, if it is to grow this sector.

Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment is stated below:

We are always concerned about any credit risk, liquidity risk, market risk, currency risk, and interest rate risk which can affect our business and shareholders value. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit risk exposures from financial assets are very nominal and with regards to liquidity risk, the company ensures that it has the ability to meet expected operational expenses, including financial obligations through positive cash flow forecasting. Currency risk is associated with business especially for exports along with changes in competitors foreign exchange rates, change in tariff rates, changes in import/export policies of any foreign country. All of these can impact our business and management is constantly seeking best possible ways to mitigate such risks. Interest rate risk arises due to changes in interest rates in borrowings. There was no foreign currency loan, subject to floating rates of interest. Local borrowings, however, significantly affected by fluctuations in local interest rates, even though our banking partners work closely with us to offer the most competitive pricing due to our credit worthiness and financial track record.

The management of the Company had a plan for maximization its profitability by installing a new set of machineries. But due to liquidity crisis and insufficient cash flow forecasting, along with the adverse effect of Covid-19 pandemic, it has not been possible to implement the plan. Nevertheless, the management is exploring alternative sources to meet this requirement and all obligations in time.



Mahmudur Rahman
Managing Director

Zaheen Spinning Limited
Declaration by CEO and CFO

November 3, 2020

The Board of Directors

Zaheen Spinning Limited,
House # 59/A, Road # 12/A,
5th & 6th Floor, Dhanmondi,
Dhaka-1209.

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

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

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

In this regard, we also certify that:-

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



Mahmudur Rahman
Managing Director & CEO



Md. Ibrahim Khalil
Chief Financial Officer (CC)



**REPORT TO THE SHAREHOLDERS
OF
ZAHEEN SPINNING LIMITED
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE
[Certificate as per condition No. 1(5) (xxvii)]**

We have examined the compliance status to the Corporate Governance Code by **ZAHEEN SPINNING LIMITED** for the year ended on 30th June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place: Dhaka
Dated: 26th November 2020


AFM Alamgir, FCA
 Chief Executive Partner
ARTISAN
 Chartered Accountants



ZAHEEN SPINNING LIMITED

Status of Compliance with the Corporate Governance Code (CGC)

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

(Report under Condition No. 9)

Condition No .	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	Board of Directors			
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board of Directors of Zaheen Spinning Limited is comprised of 7 Directors including 2 Independent Directors.
1.2	Independent Directors			
1(2)(a)	All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following-At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1(2)(b)	For the purpose of this clause "independent director" means a director-			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		
(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994). Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	✓		
1.3	Qualification of Independent Directors (ID)			

1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1.4	Chairman of the Board and Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		

1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			No Such Issue Arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			N/A
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			No Such Matter To Explain
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		Explanation given
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		No Such Matter to Explain
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	(a) a brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		

1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.6	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		✓	Under Progress
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and interdependency.		✓	Do
2	Governance of Board of Directors of Subsidiary Company.			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;		✓	Activities Yet to be Commenced
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;		✓	Do
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;		✓	Do
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;		✓	Do
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.		✓	Do
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).			
3(1)(a)	Appointment-The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		

3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3.2	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee			
4(i)	For ensuring good governance in the company, the Board shall have at least following sub-committees: Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		

5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(C)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	Role of Audit Committee			
5(5)(a)	The Audit Committee shall: Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			Not Such Incident Arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Such Incident Arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Do
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Do
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No Such reportable incident Arose
5.(7)	Reporting to the Shareholders and General Investors			

	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No Such Incident Arose
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No Such Incident Arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	✓		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No Such Incident Arose
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		

6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;and	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	External or Statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No.9(1);and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company			
(1)	The company shall have an official website linked with the website of the stock exchange	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		


Mahmudur Rahman
Managing Director

AUDIT COMMITTEE REPORT

For the year ended June 30, 2020

Composition of the Audit Committee

The Board constituted an Audit Committee as a sub-committee of the Board in the year 2015.

Composition of Audit Committee is as follows:

Dr. Md. Abbas Ali Khan, Independent Director	- Chairman
Mahmudur Rahman, Director	- Member
Nusrat Jahan, Director	- Member

The Company Secretary acts as the Secretary of the Audit Committee.

Terms of Reference (TOR) of the Audit Committee

- The Board defined Terms of Reference (TOR) for the Audit Committee. Activities of the Committee are performed as per the said TOR.
- The Committee submits its report directly to the Board of Directors.

Meeting of the Audit Committee

- The Committee had its four (04) meeting during the year. Attendance of the Members was as follows

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Md. Abbas Ali Khan	4	4
Mahmudur Rahman	4	4
Nusrat Jahan	4	4

- Minutes of the Committee are properly recorded.

Activities

In order to discharge the duties and responsibilities of the Audit Committee, the Committee-

- Reviewed the financial statements of the first quarter, half year, third quarter and the year ended 30 June 2020 and subsequently recommended to the board for consideration and approval.
- Reviewed the work of the Internal Audit & Compliance Department and made suggestions for improvement.
- Recognized the observations of the Internal Audit & Compliance Department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.
- Reviewed the integrity of the financial statements of the company to ensure that these reflect a true and fair view of the Company's state of affairs for the year ended 30 June 2020.
- Ensure, while reviewing the financial statements, that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable to textile industries.
- Discussed with the statutory auditors about the nature and scope of audit as well as had post audit discussions to address areas of concern;
- Approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the company or its assets are not exposed to undue risk;
- Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation; and
- Reviewed the Internal Control System and Financial Statements.

Reporting

- Pursuant to Condition # 5.6 of the Corporate Governance Code issued by BSEC, the Committee reports that it did not find any conflict of interest or any fraud, irregularity, material defect in the Internal Audit and Compliance process. There are no infringement of laws, rules and regulations also.
- The committee is of the view that risk management associated with the business of the Company is adequately controlled.

On behalf of the Audit Committee



Dr. Md. Abbas Ali Khan
Chairman-Audit Committee

Nomination and Remuneration Committee (NRC) Policy

1. OVERVIEW:

Preface

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), This policy on nomination and remuneration of Directors and top level executives of the company formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors.

Applicability

This Policy shall be applicable on the Directors and top level executives of the Company.

2. TERMS OF REFERENCE (TOR):

The Terms Reference (TOR) of the Nomination and Remuneration Committee (NRC) has been determined by the Board as per the BSEC Notification. The NRC assists the Board in formulation of the Nomination criteria or policy for determining qualifications, positive attributes, experiences and independence and top level executives as well as a policy for formal processes of considering remuneration of Directors and top level executives.

3. CONSTITUTION OF NRC:

As per BSEC's Corporate Governance Code, the NRC shall comprise of at least three members including an Independent Director. All members of the committee shall be non-executive directors. The members of the Committee shall be nominated and appointed by the Board of Directors. The NRC is a sub-committee of the Board.

4. CHAIRPERSON OF THE NRC:

The Board shall select one member of the NRC to be the Chairperson of the Committee, who shall an Independent Director. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting.

5. MEETING AND QUORUM OF THE NRC:

The NRC shall conduct at least one meeting in a financial year. The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the Committee, whichever is higher, where presence of an independent director is must.

6. ROLE OF THE NRC:

- NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board;

- (i) formulating the criteria for determining qualifications, positive attributes and of a Director and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives, considering the following:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
 - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (ii) devising a policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.
- (iii) identifying persons who are qualified to become Directors and who may be appointed in top Level Executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board.
- (iv) formulating the criteria for evaluation of performance of Independent Directors and the Board;
- (v) identifying the Company 's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- (vi) developing recommending and reviewing annually the Company's human resources and training policies;

7. APPOINTMENT, EVALUATION AND REMOVAL/RETIREMENT OF DIRECTOR, TOP LEVEL EXECUTIVES AND SENIOR MANAGEMENT:

(i) Appointment Criteria

- (a) The Committee shall identify and ascertain the integrity, qualification experience of the person for appointment as Director, top level executive or at senior Management level and recommend his/her appointment, as per Company's Policy.
- (b) A person should possess adequate qualification, expertise and experience for the position he/she considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the position.

(ii) Evaluation

The Committee shall carry out the evaluation of performance of Directors and top level executive yearly or at such intervals as may be considered necessary.

(iii) Removal

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchanges.

(iv) Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, considering the benefit of the Company.

8. REMUNERATION TO DIRECTORS AND TOP LEVEL EXECUTIVES:

- a) The remuneration to be paid to Managing Director / Other Directors as recommended by the NRC and approved by the Board.
- b) The Nomination and Remuneration Committee (NRC) shall make such recommendations to the Board, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive/Independent Directors shall receive meeting fees as recommended by the Nomination and Remuneration Committee (NRC) shall be approved by the Board of Directors.
- d) The remuneration to top level executive shall be fixed considering their performances and in accordance with the Company's Policy.

9. IMPLEMENTATION:

The Committee may issue guidelines, formats, reporting mechanisms and manuals in supplement and for better implementation of this policy as considered appropriate.

10. COMPOSITION OF NRC OF ZAHEEN SPINNING AND ITS ACTIVITIES DURING THE YEAR:

The Nomination and Remuneration Committee (NRC) of Zaheen Spinning Limited comprises of the following members;

- | | |
|----------------------------------|--------------|
| 1. Mr. Md. Abbas Ali Khan, Ph.D. | -Chairperson |
| 2. Mr. Mahmudur Rahman | -Member |
| 3. Mrs. Nusrat Jahan | -Member |

The NRC of Zaheen Spinning met one time during the reporting year. The NRC of Zaheen Spinning Limited reviewed the followings:

- (i) Organization structure where reporting line is clearly defined for the Directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirements.
- (ii) Standard pay structure for each job level based on education, experience and competency.
- (iii) Target based performance management system to evaluate performance of employees. This leads to yearly increment, promotion of individual.
- (iv) Employee benefits policy to attract the job and retain internal talents.
- (v) Succession planning of the Company to have future leaders according to the requirements.
- (vi) Extensive training and development plan for the individual or group of people.
- (vii) Transparent recruitment and selection policy where competent candidates get hired.
- (viii) Practicing a clear career path system for employees which reflect in Organization Structure.



(Prof. Dr. Md. Abbas Ali Khan)
Independent Director and
Chairperson of Nomination and Remuneration Committee (NRC)



Independent Auditor's Report To the Shareholders of Zaheen Spinning Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zaheen Spinning Limited ("the Company"), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER	How our audit addresses the Key Audit Matter
<p>Revenue Recognition</p> <p>Revenue of BDT 60.86 Crore (BDT 80.04 Crore for the year ended June 30, 2019) is recognized in the Statement of Profit and Loss and Comprehensive Income of Zaheen Spinning Limited. The Company's revenue recognition policies and procedures are not complex, and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customer. However, Revenue is highly material to the financial statement users and is the primary driver of key investor metrics such as Earnings per Share etc. This account is also subject to some risk due to the risks such as management override and bias.</p> <p>Details of the Revenue Section are summarized in Note 22 to the Financial Statements</p>	<p>Our audit procedures included:</p> <p>Understanding the process of estimating, recording and reassessing going concern.</p> <ul style="list-style-type: none"> ▶ Obtain an understanding of Company's internal controls specifically geared towards adoption of the new accounting standard. ▶ Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfer from Company to Customer. ▶ Reviewing Invoices, Shipping Documents and other supporting documentation to ensure revenue recognition is occurring appropriately ▶ Examine Payment documentation to ensure completion of revenue cycle is documented appropriately
<p>Details of Revenue Recognition are included in Note 22.00 to the Financial Statements</p>	

Ref: GKC/20-21/A/063



Sadharan Bima Sadan (5th Floor) 24-25, Dilkusha Commercial-area Dhaka-10000, Bangladesh
TEL : +88-02-+9568071, +88-02-9570717, +88-02-9575324
E-mail : gkibria@gkibriaandco.com, kibria03@hotmail.com, Web : <http://gkibriaandco.com>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 2020 Annual Report. The Annual Report comprises of the Director's Report, Corporate Governance Compliance Report and Management Discussion and Analysis.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless

Ref: GKC/20-21/A/063



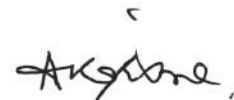
law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- ▶ 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;
- ▶ In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- ▶ 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 account and returns;
- ▶ The expenditures incurred were for the purpose of the Company's business.

Date: 03 November 2020
Dhaka, Bangladesh



A. K. Gulam Kibria, FCA
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants

A. K. GULAM KIBRIA, FCA
G. KIBRIA & CO.
Chartered Accountants
24/25, Dilkusha C/A
Dhaka-1000




Ref: GKC/20-21/A/063



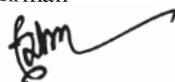
ZAHEEN SPINNING LIMITED
Statement of Financial Position
As of 30 June 2020

	Notes	30 June 2020	30 June 2019
		Taka	Taka
Assets			
Non-Current Assets			
		707,499,098	756,330,332
Property, Plant and Equipment	4.00	707,499,098	741,576,013
Work in Progress	Annex-A/1	-	14,754,319
Current Assets			
		555,203,393	774,226,770
Inventories	5.00	82,474,124	289,300,635
Trade & Other Receivables	6.00	437,826,100	388,677,883
Advances, Deposits & Prepayments	7.00	26,652,089	87,285,203
Cash & Cash Equivalents	8.00	8,251,080	8,963,049
Total Assets		1,262,702,492	1,530,557,102
Shareholders Equity and Liabilities			
Shareholders Equity			
		998,850,687	1,384,689,982
Share Capital	9.00	1,138,283,680	1,084,079,700
Tax Holiday Reserve	10.00	31,538,864	31,538,864
Revaluation Surplus	11.00	132,818,398	132,818,398
Retained Earnings	12.00	(303,790,255)	136,253,020
Non-Current Liabilities			
		35,823,853	30,089,666
Deferred Tax Liability	13.00	29,798,965	26,558,757
Long Term Loan (Non-Current Portion)	14.01	6,024,888	3,530,909
Current Liabilities			
		228,027,952	115,777,455
Trade & Other Payable	15.00	9,066,016	6,545,808
Short Term Bank Loan	16.00	18,424,258	18,520,499
Long Term Loan (Current Portion)	14.02	7,362,838	13,569,628
Provision for Bad & Doubtful Debts	17.00	109,456,525	-
Liabilities for Income Tax	18.00	63,245,169	59,825,841
Liabilities for WPPF	19.00	1,871,718	5,364,722
Liabilities for Expenses	20.00	18,601,428	11,950,957
Total Shareholders Equity and Liabilities		1,262,702,492	1,530,557,102
Net Asset Value (NAV) Per Share	21.00	8.78	12.16

The accompanying notes form an integral part of these financial statements.



Chairman



CFO (Current Charge)




Managing Director



Company Secretary



Director



G. Kibria & Co.
 Chartered Accountants



Dated: 03 November 2020

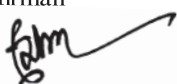
Place: Dhaka

ZAHEEN SPINNING LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

Particulars	Notes	June 30, 2020	June 30, 2019
		Taka	Taka
Sales Revenue (Net off VAT)	22.00	608,583,834	800,439,920
Less: Cost of Goods Sold	23.00	574,554,956	684,820,391
Gross Profit/ (Loss)		34,028,878	115,619,529
Add: Other Income	24.00	10,572,490	1,201,007
		44,601,368	116,820,536
Less: Operating Expenses		315,063,874	27,771,113
Administrative Expenses	25.00	30,318,565	21,920,913
Marketing Expenses	26.00	9,470,482	5,850,200
Obsolete Inventory Written Off	27.00	87,105,026	-
Advance, Deposits & Prepayments Write Off	28.00	78,713,276	-
Provision for Bad & Doubtful Debts	17.00	109,456,525	-
Profit from Operations		(270,462,506)	89,049,422
Less: Financial Expenses	29.00	4,842,721	4,839,198
Add/ (Less): Foreign Exchange Gain/(Loss)	30.00	895	17,074
Profit/ (Loss) before Charging WPPF		(275,304,332)	84,227,298
Less: WPPF Expenses	19.00	-	4,010,824
Net Profit/ (Loss)		(275,304,332)	80,216,474
Less: Fire Loss	31.00	103,874,707	-
Net Profit/ (Loss) before income tax		(379,179,039)	80,216,474
Less: Tax Expenses	32.00	6,660,256	12,152,572
Current Tax		3,420,049	5,612,768
Deferred Tax		3,240,207	6,539,804
Net Profit/ (Loss) after Tax		(385,839,296)	68,063,903
Add: Other Comprehensive Income		-	-
Total Comprehensive Income		(385,839,296)	68,063,903
Earnings Per Share (EPS)	33.00	(3.39)	0.60



Chairman



CFO (Current Charge)



Managing Director



Company Secretary



Director



G. Kibria & Co.
Chartered Accountants



Dated: 03 November 2020

Place: Dhaka

ZAHEEN SPINNING LIMITED
Statement of Changes in Equity
For the year ended 30 June 2020

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on July 01, 2019	1,084,079,700	31,538,864	132,818,398	136,253,020	1,384,689,982
Bonus Share	54,203,980	-	-	(54,203,980)	-
Net Profit after Tax for the period	-	-	-	(385,839,296)	(385,839,296)
Balance as on June 30, 2020	1,138,283,680	31,538,864	132,818,398	(303,790,255)	998,850,687

For the year ended 30 June 2019

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on July 01, 2018	985,527,000	31,538,864	132,818,398	166,741,817	1,316,626,079
Bonus Share	98,552,700	-	-	(98,552,700)	-
Net profit after Tax for the period	-	-	-	68,063,903	68,063,903
Balance as on June 30, 2019	1,084,079,700	31,538,864	132,818,398	136,253,020	1,384,689,982



Chairman



CFO (Current Charge)



Managing Director



Company Secretary



Director

Dated: 03 November 2020

Place: Dhaka

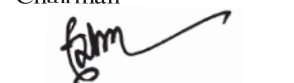


ZAHEEN SPINNING LIMITED
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Notes	June 30, 2020	June 30, 2019
		Taka	Taka
A. Cash Flows from Operating Activities			
Collection from Customers & Others	34.00	570,008,107	760,319,211
Payment and Advance to Suppliers & Others	35.00	(508,254,014)	(647,733,783)
Tax Paid		(721)	(4,000,000)
Cash Generated from Operating Activities		61,753,372	108,585,428
B. Cash Flows from Investing Activities			
Cash payment for Expenses	36.00	(110,018,861)	(30,289,086)
Payment against Advance, Deposits & Prepayments		60,633,114	(34,640,236)
Finance Cost	37.00	(4,842,721)	(4,839,198)
Net Cash Flows from Operating Activities	39.00	7,524,904	38,816,908
C. Cash Flows from Financing Activities			
Acquisition of Fixed Assets		(4,428,717)	(8,435,294)
Work in Progress		-	(14,754,319)
Investment in Listed Co. Shares			
Net Cash Flows from Investing Activities		(4,428,717)	(23,189,613)
D. Net Cash inflow/(outflow) for the year (A+B+C)			
		(712,865)	2,287,254
E. Cash & Cash Equivalent at beginning of the year		8,963,049	6,658,721
F. Foreign Exchange Gain/Loss		895	17,074
G. Cash & Cash Equivalent at end of the year (D+E)		8,251,080	8,963,049
Net Operating Cash Flows (NOCF) Per Share	38.00	0.07	0.34



Chairman



CFO (Current Charge)



Managing Director



Company Secretary



Director

Dated: 03 November 2020

Place: Dhaka



Zaheen Spinning Limited
Notes, Summary of Significant Accounting Policies and other Explanatory Information
For the year ended June 30, 2020

1.00 Background of the Company

1.01 Legal Status

Zaheen Spinning Limited was incorporated on July 22, 2007 as private limited companies under the Companies Act 1994 vide registration no. C-67789(340)/07. The company started its commercial operation on February 15, 2010. On August 14, 2012 it was converted into a public limited company. Bangladesh Securities and Exchange Commission (BSEC) has accorded consent for IPO on November 11, 2014 and on March 25, 2015 trading of shares of Zaheen Spinning Limited started on both the bourses namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.02 Registered office & location of the factory of the company

The registered office of the company is located at House-9, Road-10, Flat-A/1, Dhanmondi, Dhaka-1205 and Factory is situated at Jhawgara, Araihasar, and Narayanganj, Bangladesh.

1.03 Nature of business activities

The company is a 100% cotton yarn manufacturer of different counts.

1.04 Capital Structure of the Company

Particulars	Taka
Authorized Capital	
300,000,000 Ordinary Shares of Tk. 10.00 each	3,000,000,000
100,000,000 Preference Shares of Tk. 10.00 each	1,000,000,000
Issued, subscribed, called-up and paid-up capital	
113,828,368 Ordinary Shares of Tk. 10.00 each	1,138,283,680

1.05 Board of Directors

The composition of the Board of Directors is as follows:

Name	Position
Mrs. Farida Khanam	Chairman
Mr. Mahmudur Rahman	Managing Director
Mrs. Nusrat Jahan	Director
Mr. Mahbubur Rahman Khan	Director
Ms. Masuma Khan	Director
Mr. Md. Abbas Ali Khan	Independent Director
Mr. M. Farid Ahmed	Independent Director

2.00 Basis of Preparation of Financial Statements

2.01 Measurement bases and going concern

The financial statements have been prepared on historical cost convention under mercantile system, accounting for all accruals and pre-payments, on the assumption that the company will function as a going concern in the foreseeable future.

2.02 Reporting framework and compliance thereof:

The financial statement have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the listing regulation of Dhaka and Chittagong Stock Exchanges Limited and other relevant local laws as applicable, and in accordance with the applicable International Financial Reporting Standards (IFRSs) including with International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.03 Presentation of financial statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS: 1 'Presentation of Financial Statements'.

- (i) statement of financial position as at June 30, 2020;
- (ii) statement of profit or loss and other comprehensive income for the year ended 01 July 2019 to 30 June 2020;
- (iii) statement of changes in equity for the year ended 01 July 2019 to 30 June 2020;
- (iv) statement of cash flows for the year ended 01 July 2019 to 30 June 2020; and
- (v) notes, summary of significant accounting policies and other explanatory information for the year ended 01 July 2019 to 30 June 2020.

2.04 Risk and Uncertainties for use of Estimates in preparation of financial statements.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure requirements for contingent assets and liabilities during and at the date of financial statements. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS-8: Accounting Policies, Changes in Accounting Estimates and Errors.

In particular, information about significant areas of estimation on uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the financial statements are included in the following notes:

Note: 4 Properties, Plant and Equipment

Note: 5 Inventories

Note: 6 Trade & Other Receivables

Note: 7 Advances, Deposits and Pre-payments

Note: 15 Trades & Other Payable

Note: 17 Liabilities for Income Tax

2.05 Reporting period

The financial statements cover 1 (One) year from 01 July 2019 to 30 June 2020.

2.06 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on November 03, 2020.

2.07 Functional and presentation currency

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

2.08 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS-7: 'Statement of Cash Flows'. The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules-1987 and as the benchmark treatment of IAS-7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

2.09 IAS and IFRS Adopted by the Management

The following IAS and IFRS are applicable and adopted by management for preparation of financial statements for the year ended June 30, 2020;

Sl. No.	Name of the IAS	IAS's No.	Status
1	Presentation of Financial Statements	1	Applied
2	Inventories	2	Applied
3	Statement of Cash Flows	7	Applied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the Reporting Period	10	Applied
6	Income Taxes	12	Applied
7	Property, Plant and Equipment	16	Applied
8	Leases	17	N/A
9	Employees Benefits	19	Applied
10	Accounting for Government Grants & Disclosure of Government Assistance	20	N/A
11	The Effects of Changes in Foreign Exchange Rates	21	Applied
12	Borrowing Costs	23	Applied
13	Related Party Disclosures	24	Applied
14	Accounting and Reporting by Retirement Benefit Plans	26	N/A
15	Separate Financial Statements	27	N/A
16	Investment in Associates and Joint Ventures	28	N/A
17	Financial Reporting in Hyperinflationary Economics	29	N/A
18	Financial Instruments: Presentation	32	Applied
19	Earnings Per Share	33	Applied
20	Interim Financial Reporting	34	N/A
21	Impairment of Assets	36	Applied
22	Provision, Contingent Liabilities and Contingent Assets	37	Applied
23	Intangible Assets	38	N/A
24	Financial Instruments: Recognition & Measurement	39	Applied
25	Investment Property	40	N/A
26	Agriculture	41	N/A

SL. No.	Name of the BFRS/IFRS	IFRS No.	Status
1	First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
2	Share based payment	2	N/A
3	Business Combinations	3	N/A
4	Insurance Contracts	4	N/A
5	Non-Current Assets held for sale and discontinued operations	5	N/A
6	Exploration for and evaluation of mineral resources	6	N/A
7	Financial Instruments: Disclosures	7	Applied
8	Operating Segments	8	N/A
9	Financial Instruments	9	N/A
10	Consolidated Financial Statements	10	N/A
11	Joint Arrangements	11	N/A
12	Disclosure of Interests in Other Entities	12	N/A
13	Fair Value Measurement	13	Applied
14	Regulatory Deferral Accounts	14	N/A
15	Revenue from Contracts with Customers	15	Applied
16	Leases	16	N/A
17	Insurance Contracts	17	N/A

3.00 Significant Accounting Policies

3.01 Principal Accounting Policies

The accounting policies and methods of computation used in preparation of the financial statements for the year ended 30 June 2020 are consistent with those adopted in the financial statements for the period ended 30 June 2019.

3.02 Revenue Recognition

Revenue from net sales of the company represents invoiced value of sale of Knit Yarn selling to the customers. Revenue is recognized in accordance with IFRS 15 and the recognition process involves the following 5-step process:

- Identifying the contract from a customer;
- Identifying the performance obligation;
- Determining the transaction prices;
- Allocating the transaction price to the performance obligation; and
- Recognizing revenue when/as performance obligation(s) is satisfied.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognizes Accounts Receivable in its statement of financial position. Similarly, if the Company receives a consideration before the performance obligation, a contract liability is recognized. As at June 30, 2019, the Company did not receive any consideration before performance obligation was completed and there is no amount recognized on the Statement of Financial position as of the end of the year.

In compliance with the requirements of IFRS 15, the Company recognizes revenue when control of the goods or services has been transferred to the customer and the performance obligation has been completed. Revenue is measured at the fair value of the amount of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent that it is highly probable that a significant reversal will not occur.

Net Revenue reflects the Company's sale of goods less returns and discounts. Revenue is recognized at the point of delivery measured at fair value of the consideration received, net of discounts. IFRS 15 requires Companies to determine variable factors such as sales returns when calculating the fair value of the consideration to be received. The magnitude and quantity of sales returns as a percentage of sales has been historically extremely minute and there were no returns recognized in the current year. As a result, the Company does not make a sales return allowance at the end of the year.

3.03 Property, Plant and Equipment

3.03.1 Recognition and Measurement

Property, Plant and Equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of IAS 16: 'Property, Plant and Equipment'. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non refundable taxes. Capital work-in-progress represents cost of effluent treatment plant & civil work-in-progress for such plant.

3.03.2 Subsequent Expenditure

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. 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 fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.03.3 Depreciation

Depreciation is recognized in statement of profit or loss and other comprehensive income on diminishing balance method over the estimated useful lives of fixed assets. Depreciation is charged on addition from the date of the assets when available for use. Depreciation is provided on a diminishing balance method at the rate(s) shown below:

Particulars	Rate
Land & land development	0%
Plant & machinery	10%
Building	10%
Office equipment	15%
Furniture & fixture	15%
Generator	15%
Vehicles	15%
Electrical equipment	10%

Depreciation is provided on all fixed assets except land and land development.

3.03.4 Retirement and disposal

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as gain or loss from disposal of asset under other income in the statement of comprehensive income. There was no disposal of assets during the year.

3.03.5 Revaluation of Fixed Assets

The company revalued its Land & Land Development for the 1st time in the year ended 31 December 2015 by WASO Engineers & Consultants (BD) Ltd. dated on 12 March 2016 and subsequently the auditor (AHMAD & AKHTAR, Chartered Accountant) certified the revaluation report dated on 15 March 2016.

3.03.6 Inventories

Inventories are valued at the lower of cost or net realizable value with cost determined by weighted average cost basis. The cost of inventories comprises of expenditure incurred (raw materials, work-in process, finished goods, waste cotton, packing materials, store and spares and stock-in transit) in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.03.7 Impairment of Assets

In accordance with the provision of IAS-36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the year.

3.04 Borrowing Costs

Borrowing costs comprise of interest expense on long and short term loan. The costs are charged to revenue except those are capitalized in accordance with IAS-23: Borrowing Costs.

3.05 Financial Assets

Financial assets of the company include cash and cash equivalents and accounts receivable.

3.06 Trade & Other Receivables

Trade receivables are created at original invoice amount less any provision for doubtful debts. Provision is made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the statement of comprehensive income.

3.07 Advance, Deposits and Prepayment

Advance is initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of profit or loss comprehensive income.

3.08 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and include cash in hand and with banks on current deposit and marginal deposits accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.09 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.10 Provision

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

3.11 Tax holiday

The national board of revenue (NBR) had granted tax holiday for a period of 5 (Five) years vide Ref. No. 11(23) Abz-1/2010 dated-27-06-2010 under Income Tax Ordinance 1984 (XXXVI of 1984) section 46A(3). The company is maintaining tax holiday reserve @ 30.00% of Net Profit before Tax in the statement of financial position.

3.12 Tax holiday reserve

This is being created out of tax holiday profit to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of listed companies or in government bonds or securities or for other purposes as required by the Income Tax Ordinance 1984.

3.13 Taxation

3.13.1 Current Tax

Current tax is the expected tax payable on the taxable income for the period ended, using tax rates enacted or subsequently enacted after the reporting date and any adjustment to tax payable in respect of previous years. Provision for taxation is calculated on the basis of applicable current tax rate and incompliance with Finance Act, 2018.

3.13.2 Deferred tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction which is recognized in the statement of profit or loss and other comprehensive income. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future period recognized in the current period as per "IAS 12: Income Tax".

3.14 Earnings per share (EPS)

This has been calculated by dividing the earnings attributable to the ordinary shareholders by total number of ordinary shares outstanding during the year. The company calculated earning per share (EPS) in accordance with IAS-33: 'Earnings Per Share' which has been shown on the face of profit and loss account and the computation of EPS is stated in Note no: 33.

3.14.1 Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax holiday reserve for the period has been considered as fully attributable to the ordinary shareholders.

3.14.2 Diluted Earnings Per Share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, no dilution of EPS is applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.15 Foreign Currencies Transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with IAS-21 'the Effects of changes in Foreign Exchange Rates'. Foreign currency transactions translated at the financial position date are charged/ credited to the statement of Profit or Loss and Other Comprehensive Income whenever arise.

3.16 Workers Profit Participation Fund

The Board of Directors of the Company in their 32nd meeting has decided to comply with the Labor Law 2006 and introduced workers profit participation fund (5% of profit before tax). The company has decided to establish a contributory provident fund and gratuity fund and to form a trusty body for operation of provident fund which will be effective after due approval of relevant authority.

3.17 Segment Reporting

No segment reporting is applicable for the company as required by "IFRS-8: 'Operating Segments' as the company operates in a single industry segment and within as geographical segment.

3.18 Events after the Reporting Period

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

3.19 Related Party Disclosures

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS-24: 'Related Party Disclosures' has been disclosed in a separate note (Note no: 43) to the accounts.

3.20 Leases (IFRS 16)

The Company applied IFRS 16 Leases for the first time on 1 July 2019. A Lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the Company used to charge the consideration paid in its books as rent expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. Company has only office rent agreement, which is classified as operating leases, which under IFRS 16 are required to be recognized on the Company's statement of financial position. These rental agreements are less than or equal to 12 (Twelve) months and therefore fall under the definition of a short-term lease. In accordance with paragraph 6 of IFRS 16, the Company recognizes the rental expenses as they are accrued by the Company. The Company did not record any right-of-use assets and lease liabilities related to these rental agreements in the current year.

3.21 Comparative information and General

- i) Comparative figures have been re-arranged where 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.
- ii) Figures for the year ended 30th June 2019 have been rearranged wherever considered necessary to ensure comparability with the current period.

30 June 2020

Taka

30 June 2019

Taka

4.00 Property, Plant and Equipment

The details of Fixed Assets and allocation of depreciation has been shown in **Annexure-A** of the enclosed Financial Statement. The Break up is given below:

Name of Assets	Cost Value	Accumulated Depreciatio	Written Down Value	Written Down Value
Land & Land Development	101,770,505	-	101,770,505	101,719,995
Plant & Machinery	561,221,586	251,678,201	309,543,386	343,937,095
Building & Constructions	142,261,497	47,100,963	95,160,534	95,722,102
Office Equipment	3,463,485	2,269,171	1,194,314	1,365,075
Furniture & Fixture	2,679,956	1,763,950	916,006	1,077,654
Generator	30,445,188	6,032,369	24,412,819	28,720,963
Vehicles	14,921,300	8,151,115	6,770,185	4,623,747
Electrical Equipment	38,411,642	7,606,475	30,805,167	27,483,200
Revaluation Surpluse of Land & Land Development	136,926,183	-	136,926,183	136,926,183
Total	1,032,101,342	324,602,244	707,499,098	741,576,013

Since inception, the company revalued its Land & Land Development for the 1st time in the year ended 31 December 2015 by WASO Engineers & Consultants (BD) Ltd. dated on 12 March 2016 and subsequently the auditor (Ahmad & Akhtar Chartered Accountant) certified the revaluation report dated on 15 March 2016. Revaluation Surplus has arisen Tk. 136,926,183

5.00 Inventories

Raw Materials	61,238,923	226,653,153
Work-in-Process	2,447,022	2,879,650
Finished Goods	15,518,205	53,935,850
Wastage Goods	505,183	2,678,980
Spare Parts	2,764,791	3,153,002
	82,474,124	289,300,635

- Quantity reconciliation of products were done properly.
- The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IAS-2.
- Conduction of physical verification/stock taking of above inventories as on 30.06.2020 was done.
- Raw Materials consists of import value and expnses incurred upto warehouse. Inventory system maintained in Weighted Average Method
- Work in process consists of raw materials only.
- Finished Goods includes the cost incurred upto cost of goods available for sale.
- Spare parts consists of the total cost of spare parts.

Details Shown in Annexure-B

	30 June 2020	30 June 2019
	Taka	Taka
6.00 Trade & Other Receivables		
Opening Balance	388,677,883	347,356,167
Add: Sales during the year	608,583,834	800,439,920
Total	997,261,717	1,147,796,087
Less: Realised during the year	559,435,617	759,118,204
Closing Balance	437,826,100	388,677,883

This is considered as fully secured and is considered good & realizable within one year. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	30 June 2020 (Taka)	30 June 2019 (Taka)
i. Receivables considered good in respect of which the company is fully		
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	328,369,575	388,677,883
iii. Receivables considered doubtful or bad	109,456,525	
iv. Receivables due by directors or other officers & staffs		
v. Receivables due from companies under same management		
vi. The maximum amount of receivable due by any director or other officer of the company		
Total	437,826,100	388,677,883

Ageing of the above Trade Receivable is given below:

Particular	Less than 6 Months	6 Months Above	Total	Total
Customers	103,049,680	334,776,420	437,826,100	388,677,883

Details Shown in Annexure-C

7.00 Advance, Deposit & Prepayments

Advances:

Salary & others	250,000	340,633
Tax, Vat & Others	196,186	604,916
Others Advance	140,000	12,015,000
Contractor/ Supplier	14,349,725	36,190,508
Sub Total=	14,935,911	49,151,057

Deposits:

Margin & Deposit		26,417,968
Security Deposit	11,716,178	11,716,178
Sub Total=	11,716,178	38,134,146
Grand Total=	26,652,089	87,285,203

There is no amount of loans advances due for payment for a period of more than 12 months from the date of Balance Sheet.

There is no aggregate amount due from Directors.

All advance and deposit amount considered good and recoverable.

There is no agreement with director and officers of the company regarding advance or due amount

There are no claims against the company, which can be acknowledged as bad debt.

	30 June 2020	30 June 2019
	Taka	Taka
8.00 Cash & Cash Equivalents		
a) Cash in Hand	5,320,089	7,433,602
b) Cash at Bank	2,930,991	1,529,447
MTBL A/C No - 4589	-	-
MTBL A/C No - 4920	-	824
MTBL A/C No -01356	234,589	229,474
MTBL A/C No -0086	25,482	25,942
MTBL A/C No -01612	209,749	208,854
MTBL A/C No -9037	5,933	6,195
SBAC A/C No -81390/117	1,442	1,442
SBAC A/C No -79742/4956	5,279	463,092
Southeast Bank A/C no -0064	2,309,170	25,543
Southeast Bank A/C no -2315	21,114	441,630
The City Bank Ltd. A/C No. 81001	97,000	98,495
NRB Ltd. A/C No. 316	4,310	5,000
BRAC Bank Ltd. A/C No-302001	11,008	11,583
UCBL A/C No- 01221110001608/0041	2,180	3,330
Al-Arafa Islami Bank Ltd A/C No- 96988	3,735	4,425
AB Bank Ltd. A/c No-4017-794013-000	-	3,618
Total Cash & Cash Equivalents (a+b)	8,251,080	8,963,049

Foreign currency account balances have been converted to Taka at the ruling rate at the reporting date.

9.00 Share Capital

Authorized Share Capital

300,000,000 Ordinary Shares of Tk. 10.00 each
100,000,000 Preference Shares of Tk. 10.00 each

4,000,000,000	4,000,000,000
3,000,000,000	3,000,000,000
1,000,000,000	1,000,000,000

Issued, subscribed and paid up capital :

11,38,28,368 Ordinary Shares of Tk. 10.00 each

1,138,283,680	1,084,079,700
----------------------	----------------------

Shareholding Position:

Sponsors & Directors
Institutions
General Public

No. of Share	No. of Share
35,404,336	33,718,416
32,810,042	29,630,552
45,613,990	45,059,002
113,828,368	108,407,970

10.00 Tax Holiday Reserve

Opening Balances
Add: Provision made during the period

31,538,864	31,538,864
-	-
31,538,864	31,538,864
-	-
31,538,864	31,538,864

Less: Adjustment of tax holiday reserve as per BAS-8

30 June 2020
Taka

30 June 2019
Taka

- i) This have been provided as per provisions of section 46(A) of the Income Tax Ordinance, 1984.
ii) Tax holiday reserve have been adjusted as per IAS-8, Para-42 for the period ended 30 June 2016 due to over provision of Tax holiday reserve for the period ended 30 June 2015.

Para-42: Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Para-43: A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

11.00 Revaluation Surplus

Opening Balance	132,818,398	136,926,183
Less: Prior Year Correction (Refer to Note 45)	-	(4,107,785)
Adjusted Opening Balance	132,818,398	132,818,398
Add: Revaluation Surplus for current year	-	-
	<u>132,818,398</u>	<u>132,818,398</u>

12.00 Retained Earnings

Opening Balance	136,253,020	166,741,817
Add: Net Profit/(Loss) for the year	(385,839,296)	68,063,903
Less: Bonus shares capitalised	(54,203,980)	(98,552,700)
Retained Earnings	<u>(303,790,255)</u>	<u>136,253,020</u>

***Retained Earnings excluding Fire Loss:

Opening Balance	136,253,020	166,741,817
Add: Net Profit/(Loss) for the year	(385,839,296)	68,063,903
	<u>(249,586,276)</u>	234,805,720
Add: Fire Loss	103,874,707	-
	(145,711,569)	234,805,720
Less: Bonus shares capitalised	54,203,980	98,552,700
Retained Earnings excluding Fire Loss	<u>(199,915,549)</u>	<u>136,253,020</u>

13.00 Deferred Tax Liability

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment as per financial statements and tax based written down value and financial position's liability method for gratuity obligation.

Opening Balance		15,911,168
Add: Prior Year Error Correction (Refer to Note 45):		4,107,785
Adjusted Opening Balance as at July 01, 2019	26,558,757	20,018,953
Expenses/ (Income) of Deferred Tax for the year	3,240,207	6,539,804
Deferred Tax Liability /(Assets) as on 30 June 2020	<u>29,798,965</u>	<u>26,558,757</u>

Details Shown in Note 30.02

30 June 2020
Taka

30 June 2019
Taka

14.00 Long Term Loan

14.01 Long Term Loan (Non-Current Portion):

Name of Bank	Type of A/C	Branch	Account No	30 June 2020		30 June 2019
MTBL	Term Loan	Dilkusha	0012-5161000314	892,521		430,242
MTBL	Term Loan	Dilkusha	0012-5161000225	1,080,678		2,608,937
MTBL	Term Loan	Dilkusha	0012-5161000252	4,051,689		491,730
Total				6,024,888		3,530,909

14.02 Long Term Loan (Current Portion)

Name of Bank	Type of A/C	Branch	Account No	30 June 2020		30 June 2019
MTBL	Term Loan	Dilkusha	0012-5161000314	401,148		1,695,396
MTBL	Term Loan	Dilkusha	0012-5161000225	635,774		10,804,504
MTBL	Term Loan	Dilkusha	0012-5161000252	6,325,916		1,069,728
Total				7,362,838		13,569,628

Mode of adjustment	Quarterly Installment
Security	The loan are secured by registered mortgage of 354.59 decimals land owned by company, Factory Building, Hypothecation Import & Local machineries and Master cheque covering the total loan amount.

15.00 Trade & Others Payable

Trade Payable	3,026,565	742,084
Others Payable	6,039,451	5,803,724
Total	9,066,016	6,545,808

This represents the amount payable to regular suppliers, packing materials, utilities and others services rendered to the company. All suppliers were paid on a regular basis.

16.00 Short Term Bank Loan

(MTBL A/C No - 0398 (Cash Credit))	18,424,258	18,520,499
	18,424,258	18,520,499

Above facility has been enjoyed against working capital sanctioned from Mutual Trust Bank Ltd., Dilkusha, Dhaka and secured by hypothecation of stock & stores and collateral security of land.

	30 June 2020	30 June 2019
	Taka	Taka
Nature	CC (Hypo) Cash	
Sanction Limit	17.50 million	
Purpose of Loan	Working Capital	
Margin	25 % on Stock in Trade	
Rate of Interest	16 % p.a & Late Payment Interest @ Tk. 2%.	
Execution Date	14.05.2008	
Mode of Adjustment	Within 90 days from the date of advance and account outstanding.	
Security	Stock of Imported raw materials, work-in- process and finished goods (yarn), spare parts of machineries stores in office /factory located at Jhawgara, Araihasar, Narayanganj & security clause of term loan.	

17.00 Provision for Bad Doubtful Debts

Opening Balance	-	-
Add: Provision made for the year	109,456,525	-
	109,456,525	-

18.00 Liabilities for Income Tax

Opening Balance	59,825,841	58,213,073
Add: Provision made for the year	3,420,049	5,612,768
	63,245,890	63,825,841
Less: Tax Paid/Adjustment for the year	721	4,000,000
Closing balance	63,245,169	59,825,841

Current Tax have been adjusted for the period ended 30 June 2016 as per BAS-8, Para-42 due to under provision of current tax for the period ended 30 June 2015.

Para-42: Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Para-43: A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

19.00 Liabilities for Workers Profit Participation Fund (WPPF)

Opening Balances	5,364,722	6,769,490
Add: Provision for the year	-	4,010,824
	5,364,722	10,780,314
Less: Current year payment	3,493,004	5,415,592
Closing balance	1,871,718	5,364,722

	30 June 2020	30 June 2019
	Taka	Taka
20.00 Liabilities for Expenses		
Salary & Allowance	231,969	1,815,758
Wages & Salary	3,164,660	2,416,830
Director Remuneration	375,000	1,065,000
Director Bonus	-	195,000
Overtime	-	661
Withholding Tax	106,955	67,500
VAT Payable	271,111	-
Unauthorities leave & others	-	110,366
Gas Bill	9,831,495	2,628,296
Audit Fee	149,500	103,500
Printing Bill Payable	26,000	-
Listing Fee Payable	1,411,388	-
Other Expenses (Payable)	81,239	245,643
Electricity & Utility Bill	2,952,111	3,302,403
Total	18,601,428	11,950,957

21.00 Net Asset Value (NAV) Per Share (including revaluation surplus)		
Share Capital	1,138,283,680	1,084,079,700
Tax Holiday Reserve	31,538,864	31,538,864
Revaluation Surplus	132,818,398	132,818,398
Retained earnings	(303,790,255)	136,253,020
A. Total shareholders equity	998,850,687	1,384,689,982
B. No. of ordinary shares outstanding	113,828,368	113,828,368
Net asset value (NAV) per share (A/B)	8.78	12.16

Net Asset Value (NAV) Per Share (Excluding revaluation surplus)

A. Net asset value (NAV)	866,032,289	1,251,871,584
B. No. of ordinary shares outstanding	113,828,368	113,828,368
Net Asset Value (NAV) Per Share (Excluding revaluation surplus) (A/B)	7.61	11.00

Comparative Net Asset Value (NAV) Per Share is adjusted using current period weighted average number of shares.

	30 June 2020	30 June 2019
22.00 Sales Revenue		
Gross Sales	611,390,925	803,050,805
Less: Value Added Tax (VAT)	2,807,091	2,610,885
Net Sales	608,583,834	800,439,920

Sales has been decreased due to fall in production for Fire incident in December 2019, adverse effect of COVID 19 resulting closure of Mill around 2.5 months and decrease in sales

	30 June 2020	30 June 2019
	Taka	Taka
23.00 Cost of Goods Sold		
Raw material consumed (Note-23.01)	387,813,651	568,604,900
Add: Work-in-process- Opening	2,879,650	2,567,890
	390,693,301	571,172,790
Less: Work-in-process-Closing	2,447,022	2,879,650
Materials transferred to finished goods	388,246,279	568,293,140
Add: Factory overhead (Note-23.02)	170,019,582	150,975,202
Cost of goods manufactured	558,265,861	719,268,342
Add: Opening Finished goods	53,935,850	19,578,970
Add: Opening Wastage goods	2,678,980	2,587,909
Cost of goods available for sale	614,880,691	741,435,221
Less: Closing Finished goods	15,518,205	53,935,850
Less: Closing Wastage Goods	505,183	2,678,980
Less: Fire Damaged (Finished Goods)	12,666,901	-
Less: Obsolete Finished Goods Written Off	11,635,445	-
Cost of goods sold for the period	574,554,956	684,820,391
23.01 Raw Material Consumed		
Opening stock	226,653,153	259,867,589
Add: Purchase during the year	386,783,752	535,390,464
Raw material available for consumption	613,436,905	795,258,053
Less: Closing stock	61,238,923	226,653,153
Less: Obsolete Raw Materials Written Off	75,469,581	-
Less: Fire Damaged	88,914,750	-
Raw material consumed	387,813,651	568,604,900
23.02 Factory Overhead		
Wages & Salary	42,352,134	28,921,622
Over time	381,833	615,450
Gas bill	19,025,259	11,028,893
Packaging expenses	4,639,676	4,295,121
Spare parts consumed	8,260,668	9,601,550
Daily labour	126,425	90,180
Loading & Unloading Expenses	670,740	655,736
Fire Protection	350,700	22,500
Transport & Others	3,092,036	1,991,994
Miscellaneous Expenses	302,726	348,588
Electricity, Utility & others bill	38,591,311	50,455,155
Repairing & Maintenance	979,970	530,365
Mobil, Oil & Lubricant	2,879,850	1,979,105
Workshop expenses	144,300	279,060
Fax, Phone & Fooding exp.	287,997	255,293
Depreciation (Annexure-A)	47,933,957	39,904,590
	170,019,582	150,975,202

	30 June 2020	30 June 2019
	Taka	Taka
24.00 Other Income		
Wastage Sales	2,039,753	1,195,205
Sale of Obsolete Raw Materials	7,347,081	-
Sale of Obsolete FG	1,178,450	-
Interest Income from Bank (Note-24.01)	7,206	5,802
	10,572,490	1,201,007
24.01 Interest Income from Bank		
Interest Income	7,206	5,802
Total Income	7,206	5,802
25.00 Administrative Expenses		
Salary and Allowances	6,746,723	4,699,990
Directors remuneration	4,480,000	3,710,000
Vehicle Maintenance	452,553	271,500
Stationery & Printing	180,047	199,801
Medical Expenses	416,480	305,000
Advertisement	228,000	-
Meeting exp. & others	668,508	72,000
Insurance	411,209	131,446
Travelling, tour and conveyance	1,582,162	2,351,424
Fax, telephone & photocopy expenses	125,484	172,666
Renewal & others fees	207,737	263,788
Consultancy & Legal Fee	90,350	100,000
Audit Fee	149,500	155,000
Other Professional Expenses	17,250	588,900
Office rent	1,075,000	990,000
C & F Charge	450,000	535,204
Office expenses	95,036	84,670
Regulatory & others Expenses	1,464,943	1,847,237
Relief	4,668,937	-
Fooding & Entertainment	166,279	165,953
Electric & Utility bill	310,678	294,802
News paper, books & forms	4,785	5,330
Repairs & maintenance	56,000	56,859
Misc. & Others exp.	944,909	485,500
Depreciation (Annexure-A)	5,325,995	4,433,843
	30,318,565	21,920,913
26.00 Marketing Expenses		
Business Promotional Expenses	2,612,750	1,144,600
Commission & Others	6,857,732	4,705,600
	9,470,482	5,850,200

		30 June 2020		30 June 2019	
		Taka		Taka	
27.00	Obsolete Inventory Writte Off				
		Quantity(Lbs)			
	Raw Materialls	1049583	75,469,581		-
	Finished Goods	90650	11,635,445		-
			87,105,026		-
28.00	Advance, Deposits & Prepayemnts Write Off				
	Other Advanced		11,875,000		-
	Margin and Deposite		26,417,968		-
	Supplier		40,420,308		-
			78,713,276		-
29.00	Financial Expenses				
	Bank charge & commission		72,715		76,230
	Interest on long term loan		2,568,247		2,036,743
	Interest on CC hypo		2,201,759		2,726,225
			4,842,721		4,839,198
30.00	Foreign Exchange Gain/ (Loss)				
	Exchange Gain / (loss)		895		17,074
			895		17,074
31.00	Fire Loss	Quantity (Lbs)			
	Raw Materials	1,177,084	88,914,750		-
	Finished Goods	100,800	12,666,901		-
	Wastage Goods	100,369	2,293,056		-
			103,874,707		-
<p>N.B.: Company's fire affected assets and inventories are partially covereded by Crystal Insurance Company Limited. Inventorieshave been accounted for as fire loss because the application for fire claim is still under process. As there is no estimaion that tobe recovered from the insurance company, no insurance benefit have been obtained yet from the insurance company. Thus the company has recognized the full amount of fire affected inventories as fire loss and charged in the Statement of Profit or Loss and other Comprehensive Income. The subsequent status and financial event will be recognized and reflected in the onward relevant financial statements as and when be enacted.</p>					
32.00	Income Tax Expenses				
	Current Tax	32.01	3,420,049		5,612,768
	Deferred Tax	32.02	3,240,207		6,539,804
			6,660,256		12,152,572

		30 June 2020	30 June 2019
		Taka	Taka
32.01 Current Tax			
Current Tax on Operating Income	32.01.A	(61,702,937)	5,312,516
Current Tax on Other Income	32.01.B	2,643,123	300,252
Total Current Tax		<u>(59,059,814)</u>	<u>5,612,768</u>
Tax as per ITO Section 82 (C) @ 0.60%	32.01.C	<u>3,420,049</u>	
Current Tax, Which ever is higher		<u>3,420,049</u>	
32.01.A Current Tax on Operating Income			
Net Profit Before Tax		(379,179,039)	80,216,475
Add: Depreciation as accounting base		53,259,952	44,338,434
Add: WPPF Expenses		-	4,010,824
Less: Depreciation as per tax base		71,368,331	86,532,360
Less: Other income		10,572,490	1,201,007
Less: Payment for WPPF		<u>3,493,004</u>	<u>5,415,592</u>
Taxable operating income		<u>(411,352,912)</u>	<u>35,416,774</u>
Income tax @ 15%		<u>(61,702,937)</u>	<u>5,312,516</u>
32.01.B Current Tax on Other Income @ 25%		<u>2,643,123</u>	<u>300,252</u>
32.01.C Calculation of Gross Receipts as per 82(C):			
Sales during the year		608,583,834	
Add: Other Income during the year		10,572,490	
Add: Trade Receivables as on July 1, 2019		388,677,883	
Less: Trade Receivables as on June 30, 2020		<u>(437,826,100)</u>	
Gross Receipts		<u>570,008,107</u>	
Tax as per ITO Section 82 (C) @ 0.60%		<u>3,420,049</u>	
32.02 Deferred Tax			
Total income tax for the year		6,660,256	12,152,572
Less: Current Tax		<u>3,420,049</u>	<u>5,612,768</u>
Deferred Tax		<u>3,240,207</u>	<u>6,539,804</u>
Deferred tax for the year		<u>3,240,207</u>	<u>6,539,804</u>
Details are as follows:			
Carrying Value as per Accounts			

	30 June 2020	30 June 2019
	Taka	Taka
Property, Plant & Equipment	468,802,410	502,929,835
Carrying Value as per Tax Base		
Property, Plant & Equipment	295,656,162	347,891,967
Taxable Difference	173,146,248	155,037,868
Less: Liability to Employees	1,871,718	5,364,722
Net Taxable Difference	171,274,530	149,673,146
Applicable Income Tax Rate	15%	15%
Deferred Tax Liability at the end of the year	25,691,179	22,450,972
Deferred Tax Liability at the beginning of the year	22,450,972	15,911,168
Deferred Tax Expenses for the year	3,240,207	6,539,804

33.00 Earning Per Share (EPS)

(i) Earnings from core business

a) Net Profit/(Loss) after tax excluding Extraordinary Income & Fire Loss	(292,473,644)	67,163,148
b) Weighted average number of shares (Note-31.01)	113,828,368	113,828,368
Earnings Per Share (EPS) from core business before fire loss (a/b)	(2.57)	0.59

(ii) Earnings from Extra Ordinary Income

a) Extra Ordinary Income after tax	10,509,055	900,755
b) Weighted average number of shares (Note-31.01)	113,828,368	113,828,368
Earnings Per Share (EPS) from extraordinary income (a/b)	0.09	0.01

(iii) Basic Earnings per Share (EPS) before fire loss (i+ii)

(2.48)	0.60
---------------	-------------

(iv) Fire Loss

a) Fire loss	(103,874,707)	-
b) Weighted average number of shares (Note-31.01)	113,828,368	113,828,368
Earnings per Share (EPS) from fire loss (a/b)	(0.91)	-
Basic Earning per Share (iii+iv)	(3.39)	0.60

Comparative Earnings Per Share (EPS) is adjusted using current year weighted average number of shares.

			30 June 2020	30 June 2019
			Taka	Taka
33.01 Weighted Average Number of Shares				
	Particulars	Number of Share outstanding	Weight average no. of Share	Weight average no. of Share
	Opening Shares Capital	52,800,000	52,800,000	52,800,000
	IPO Shares	12,000,000	12,000,000	12,000,000
	Bonus Shares-2014	9,720,000	9,720,000	9,720,000
	Bonus Shares-2015-16	11,178,000	11,178,000	11,178,000
	Bonus Shares-2016-17	12,854,700	12,854,700	12,854,700
	Bonus Shares-2017-18	9,855,270	9,855,270	9,855,270
	Bonus Shares-2018-19	5,420,398	5,420,398	5,420,398
	Total	113,828,368	113,828,368	113,828,368
34.00 Cash Received from Customers				
	Revenue		608,583,834	800,439,920
	Add: Other income		10,572,490	1,201,007
	Add/Less: Decrease/(Increase) in accounts receivable		(49,148,217)	(41,321,716)
	Total Cash inflows		570,008,107	760,319,211
35.00 Cash paid to Suppliers				
	Cost of goods sold		574,554,956	684,820,391
	Fire Loss in Inventory		103,874,707	-
	Obsolete Inventory Write Off		87,105,026	
	Increase/(decrease) in inventory		(206,826,511)	2,276,280
	(Increase)/decrease in accounts payable		(2,520,208)	541,702
	Less: Depreciation		(47,933,957)	(39,904,590)
	Total Cash outflow		508,254,014	647,733,783
36.00 Cash Payment for Expenses				
	Administrative, Selling & Distribution expenses		30,318,565	21,920,913
	Add: Marketing expenses		9,470,482	5,850,200
	Add: Increase in liabilities for expenses		(6,650,471)	1,536,224
	Add: WPPF paid		3,493,004	5,415,592
	Add: Advance, Deposits & Prepayments Write Off		78,713,276	
	Less: Depreciation		(5,325,995)	(4,433,843)
			110,018,861	30,289,086
37.00 Finance Cost				
	Bank charge & commission		72,715	76,230
	Interest payment on long term loan		2,568,247	2,036,743
	Interest payment on short term loan		2,201,759	2,726,225
			4,842,721	4,839,198
38.00 Net Operating Cash Flow Per Share (NOCFPS)				
	Net Operating Cash Flows		7,524,904	38,816,908
	Weighted average number of shares (Note: 33.01)		113,828,368	113,828,368
			0.07	0.34

30 June 2020
Taka

30 June 2019
Taka

Comparative NOCFPS is adjusted using current period weighted average number of shares.

39.00 Reconciliation of cash generated by operations

Net Profit After Tax	(385,839,296)	68,063,903
Depreciation as Non Cash Expenses	53,259,952	44,338,434
(Increase)/Decrease of Account Receivables	(49,148,217)	(41,321,716)
(Increase)/Decrease of Inventories	206,826,511	(2,276,280)
(Increase)/Decrease of Advance, Deposits & Prepayments	60,633,114	(34,640,236)
Increase/(Decrease) of Liabilities for expenses	6,650,471	(1,536,224)
Increase/(Decrease) of Accounts Payable	2,520,208	(541,702)
Increase/(Decrease) of Provision for Income Tax	3,419,328	1,612,768
Increase/(Decrease) of Deferred Tax Liability	3,240,207	6,539,804
Increase/(Decrease) of WPPF Expenses	(3,493,004)	(1,404,768)
Provision for Bad & Doubtful Debts	109,456,525	-
Foreign Exchange Gain	(895)	(17,074)
Net Cash Flows from Operating Activities	7,524,904	38,816,908

40.00 Employees Position (as of June 30, 2020)

Employee Position of Zaheen Spinning Limited as per requirement of schedule XI, Part II, Para 3 of company Act 1994.

Salary range (Monthly)	Total	Officer & Worker	
		Head Office	Factory
Below 5,500	-	-	-
Above 5,500	497	27	470

41.00 Bank Guarantee

The company have no Bank Guarantee on the reporting date.

42.00 Capital Commitment

The company have no Capital Commitment at the reporting date.

43.00 Related Party Transaction

During the period the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

Particulars	Relationship	Transaction during the year / period	Outstanding as on 30.06.2020	Outstanding as on 30.06.2019
Dainik Desh Bortoman	Sister Concern	-	352,260	552,260
Zaheen Polimer	Subsidiary	-	-	45,000
Zaheen Green Tech	Sister Concern	-	-	268,970
Zaheen Capital Ltd	Sister Concern	-	-	3,200
Mrs. Farida Khanam	Chairman	1,200,000	50,000	200,000
Mr. Mahmuddur Rahman	Director	4,150,000	200,000	1,000,000
Mrs. Nusrat Jahan	Director	1,050,000	25,000	60,000
Mr. Mahbubur Rahman Khan	Director	550,000	50,000	-
Mrs. Masuma Khan	Director	800,000	50,000	-
Total		7,750,000	727,260	2,129,430

During the year 2019-2020, the Board of Directors of Zaheen Spinning Limited have taken Tk. 50,000.00 as board meeting attendance fees.

30 June 2020
Taka

30 June 2019
Taka

During the period from 01-07-2019 to 30-06-2020, there were 5 (five) Board Meetings held. The attendance status of all the meetings is as follows:

Name of Directors	Designation	No. of Meetings Attended
Mrs. Farida Khanam	Chairman	5
Mr. Mahmuddur Rahman	Managing Director	5
Mrs. Nusrat Jahan	Director	5
Mr. Mahbubur Rahman Khan	Director	3
Mrs. Masuma Khan	Director	3
Dr. Md. Abbas Ali Khan	Independent Director	5
Dr. M. Farid Ahmed	Independent Director	3

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

Name of Directors	Designation	Remuneration	Festival Bonus	Total Payment
Mrs. Farida Khanam	Chairman	600,000	100,000	700,000
Mr. Mahmuddur Rahman	Managing Director	2,400,000	400,000	2,800,000
Mrs. Nusrat Jahan	Director	240,000	40,000	280,000
Mr. Mahbubur Rahman Khan	Director	300,000	50,000	350,000
Mrs. Masuma Khan	Director	300,000	50,000	350,000
Total				4,480,000

Transaction with Key Management Personnel of the entity:

- | | |
|---|---------|
| (a) Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager. | 375,000 |
| (b) Expenses reimbursed to Managing Agent | Nil |
| (c) Commission or Remuneration payable separately to a managing agent or his associate | Nil |
| (d) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company. | Nil |
| (e) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year. | Nil |
| (f) Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable. | Nil |
| (g) Other allowances and commission including guarantee commission | Nil |
| (h) Pensions etc. | Nil |
| (i) Pensions | Nil |
| (ii) Gratuities | Nil |
| (iii) Payments from a provident funds, in excess of own subscription and interest thereon | Nil |
| (i) Share Based payments | Nil |

As per IAS- 24 Para 17:

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

(a) Short-term employee benefits	-	7,750,000
(b) Post-employee benefits	-	
(c) Other long term benefits	-	
(d) termination benefits and	-	
(e) share- based payment	-	

As per IAS- 24 Para 18:

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

a) the amount of transaction	7,750,000
b) the amount of outstanding balance, including commitments	727,260
i) their terms & condition, including whether they are secured, and the nature of the consideration to be provided in statement	Remuneration and Advance
ii) details of any guarantee given or received	Nil
c) provisions for doubtful debts related to the amount of outstanding balance	Nil
d) the expenses recognized during the period in respect of bad or doubtful debts due from	Nil

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

Details of production capacity utilization

Particulars	Licence Capacity	Installed Capacity in MT	Actual Production in MT from 1st	Capacity Utilization from 1st July 2019 to 30th June 2020
Annual Production Capacity	Not mentioned in the Licence	2,777.60	2,000.50	72%

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

Requirements under condition No.	Compliance status of Disclosure of Schedule XI, Part II, Para 3
3(i)(a) The turnover	Tk. 608,583,834
3(i)(b) Commission paid to selling agents	Tk. 6,857,732
3(i)(c) Brokerage and discount of sales, other than the usual trade discount	Nil
3(i)(d)(i) The value of the raw materials consumed, giving item-wise as as possible	Tk. 387,813,651
3(i)(d)(ii) The opening and closing stocks of goods produced	Op Stock: 413,087 Lbs Tk. 5,39,35,850/- Closing Stock: 120,900 Lbs and Tk. 1,55,18,205/-
3(i)(e) In the case of trading companies, the purchase made and the opening and closing stocks	N/A

3(i)(f) In the case of Companies rendering or supplying services, the gross income derived from services rendered or supplied	N/A
3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Company, which falls under one or more categories i.e. manufacturing and/or trading	Show n in Annexure-B
3(i)(h) In the case of other companies, the gross income derived under different heads	N/A
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period	Show n in Annexure-B
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets	Tk. 5,32,59,952/-
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	N/A
3(i)(l) Charge for income tax and other taxation on profits	Tk. 66,60,256/-
3(i)(m) Reserved for repayment of share capital and repayment	No Reserved
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, known to exist at the date as at which the balance sheet is made up.	N/A
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	N/A
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	N/A
3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required.	N/A

3(i)(p) Expenditure incurred on each of the following items,			
separately for each item: (i) Consumption of stores and spare parts	(i) Consumption of Stores & Spare Parts: Tk. 82,60,668.00		
(ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of	(ii) Power and Fuel: Tk. 5,76,16,570.00	(iii) Rent: tk. 10,75,000.00	(iv) Repairs of Buildings: Tk. Nil
Machinery (vi)(1) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	(vi)(1) Salaries, wages and bonus: Tk.42,352,134	(vi)(2) Contribution to provident and other funds: Tk. Nil	(3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve: Tk. Nil

44.00 VAT, Income Tax, Customs Duty or Other Tax Liability Including Contingent Liabilities which is yet to be paid with reason for non-payment:

(i) VAT: There has VAT liability by the Company as on June 30, 2020 Tk. 271,111.00.

(ii) Income Tax: Zaheen Spinning Limited enjoyed tax holiday facilities for a period of 5 (five) years starting from February 01, 2010 to January 31, 2015; first two years 100%, next two years 50% and last one year 25% Tax Holiday as per approval granted by the National Board of Revenue (NBR) vide their letter bw_ bs-11(23) Aby-1/2010 dated 27/06/2010 under section 46A & 46(A) (1A)(I) of Income Tax Ordinance 1984.

The Company's tax assessment position is as under:

Income year	Assessment year		Remarks
2010	2011-2012	The company is enjoyed Tax holiday.	Assessment completed
2011	2012-2013		Assessment completed
2012	2013-2014		Assessment completed
2013	2014-2015		Assessment completed
2014	2015-2016		Assessment completed
01 January 2015 30 June 2016	2016-2017		Assessment not yet completed
2017	2017-2018		Assessment not yet completed
2018	2018-2019		Assessment not yet completed
2019	2019-2020		Assessment not yet completed

(iii) Custom duty or other Tax and contingent liabilities:

There is no custom duty or any other tax & contingent liability by the Company.

45.00 Management through their financial statement review identified a material difference between the Notes to the Financial Statements (Note 13) and Statement of Financial Position. Upon further review, it was noted that this error was done several years ago and had been carried forward since. Management performed a prior year error correction by correcting the opening retained earnings balance as at July 01, 2019 and adjusting the opening Deferred Tax balance and Revaluation Surplus. IAS 8 Paragraph 43 states that prior period error correction should be corrected through retrospective re-statement except to the extent that is is impracticable to determine either the period-specific effects or the cumulative effect of the error.

As we have already stated, the error was done multiple years ago and has been carried forward for a long time. In addition, the error does not impact multiple aspects of the financial statement. It is limited to the revaluation of land as per IAS 16. Finally the error does not have material impact on share price sensitive information. There is no impact on Earnings Per Share and Net Operating Cash Flow per Share. The Net Asset Value per share for June 30, 2019 is reduced by BDT 0.04 which is a reduction of less than 0.5%. Therefore it is considered impractical to determine the cumulative effect of an error on all prior periods. Therefore in line with paragraph 45 of IAS 8, we have restated the comparative information to correct

Nature of the Error: The Company performed Revaluation of their Land in 2016 which resulted in a revaluation surplus of BDT 136,926,183. As per existing tax rules, the revaluation of fixed asset does not impact taxable profit in the period of revaluation or restatement and consequently, the tax base of the asset is not adjusted. Therefore, as per IAS 12 Paragraph 20, even though the accounting value of land held by the company increased by the revaluation surplus, the tax base of this asset remained the same which resulted in a temporary difference between accounting and tax basis giving rise to a deferred tax liability.

Paragraph 51B of IAS 12 states that if a deferred tax liability arises from a non-depreciable asset using revaluation model in IAS 16 (Land for the case of the Company), the measurement of the deferred tax liability shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale. As per current tax laws in the country, the Company will have to pay capital gains tax at the rate of 3% when the asset is sold. Therefore deferred tax liability is calculated using the rate of 3%

Revaluation Surplus:	136,926,183
Deferred Tax Asset - 3% of Revaluation Surplus	4,107,785

Revaluation Surplus

Opening Balance as at July 01, 2019	136,926,183
Less: Deferred Tax related to revaluation reserve	<u>(4,107,785)</u>
Adjusted Revaluation Surplus as at July 01, 2019	132,818,398

Deferred Tax Liability

Opening Balance as at July 01, 2019	15,911,168
Add: Deferred Tax related to revaluation reserve	<u>4,107,785</u>
Adjusted Deferred Tax Liability as on July 01, 2019	20,018,953

46.00 Commission, Brokerage or Discount against sales

Commission paid against sales as Discounts amounting tk. 6,857,732

47.00 Credit Facility Not Availed

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

48.00 Internal Control

The following steps have been taken for implementation of an effective internal control procedure of the Company:
A strong internal control and compliance division has been formed with a view to establish a well designated
Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect if
To establish an effective management system that includes planning, organizing and supervising culture in the

49.00 General Comments and Observations factory as well as at Head Office.

All shares have been fully called and paid up.

Auditor's are paid only statutory audit fees.

No foreign exchange remitted to the relevant shareholders during the period under audit.

No amount of money was expended by the company for recompensating any members of the Board for special service rendered.

There was no bank guarantee issued by the company on behalf of Directors.

ZAHEEN SPINNING LIMITED
Schedule of Property, Plant and Equipment
As at 30 June 2020 (Apr to Jun-2020)

Annexure-A

A. At Cost		Cost				Rate %	Depreciation			W.D.V. Balance as at 30.06.2020
		Balance as at 01.04.2020	Addition During the year	Balance as at 31.03.2020	Charged During the year		Balance as at 01.04.2020	Total Charges 30.06.2020		
1	Land & Land Development	101,770,505	-	101,770,505	-	-	-	-	101,770,505	
2	Plant & Machinery	561,221,586	-	561,221,586	10%	243,079,772	8,598,427	251,678,199	309,543,388	
3	Building & Constructions	142,261,497	-	142,261,497	10%	44,470,341	2,630,622	47,100,963	95,160,534	
4	Office Equipment	3,463,485	-	3,463,485	15%	2,216,481	52,690	2,269,171	1,194,314	
5	Furniture & Fixture	2,679,956	-	2,679,956	15%	1,723,538	40,412	1,763,950	916,006	
6	Generator	30,445,188	-	30,445,188	15%	4,955,333	1,077,036	6,032,369	24,412,819	
7	Vehicles	14,921,300	-	14,921,300	15%	7,857,726	293,390	8,151,116	6,770,184	
8	Electrical Equipment	38,411,642	-	38,411,642	10%	6,759,650	846,825	7,606,475	30,805,167	
	A. Sub-Total	895,175,159	-	895,175,159		311,062,841	13,539,402	324,602,243	570,572,916	
B. At Revaluation										
1	Land & Land Development	136,926,183	-	136,926,183	-	-	-	-	136,926,183	
	B. Sub-Total	136,926,183	-	136,926,183	-	-	-	-	136,926,183	
	Balance as on 31 March 2020 (A+B)	#####	-	1,032,101,342	-	311,062,841	13,539,402	324,602,243	707,499,099	
	Balance as on 30 June 2019	887,254,470	125,663,836	1,012,918,306		192,420,977	34,582,882	227,003,859	785,914,447	

Allocation of Depreciation:

Note: Depreciation Charged in the following Manner:

Particulars	Rate	Amount
Factory Overhead	90%	12,185,462
Administrative Expenses	10%	1,353,940
Total	100%	13,539,402

ZAHEEN SPINNING LIMITED
Schedule of Property, Plant and Equipment
As at 30 June 2020 (July 2019 to June 2020)

Annexure-A

Sl. No.	Particulars	Cost		Rate %	Depreciation Charged During the year	Total Charges 30.06.2020	W.D.V. Balance as at 30.06.2020
		Balance as at 01.07.2019	Addition During the year				
1	Land & Land Development	101,719,995	50,510	-	-	-	101,770,505
2	Plant & Machinery	561,221,586	-	10%	34,393,710	251,678,201	309,543,386
3	Building & Constructions	132,758,747	9,502,750	10%	10,064,318	47,100,963	95,160,534
4	Office Equipment	3,423,485	40,000	15%	210,761	2,269,171	1,194,314
5	Furniture & Fixture	2,679,956	-	15%	161,648	1,763,950	916,006
6	Generator	30,445,188	-	15%	4,308,144	6,032,369	24,412,819
7	Vehicles	11,721,300	3,200,000	15%	1,053,562	8,151,115	6,770,185
8	Electrical Equipment	32,021,866	6,389,776	10%	3,067,809	7,606,475	30,805,167
	A. Sub-Total	875,992,123	19,183,036		53,259,952	324,602,244	570,572,915
B. At Revaluation							
1	Land & Land Development	136,926,183	-	-	-	-	136,926,183
	B. Sub-Total	136,926,183	-	-	-	-	136,926,183
	Balance as on 31 March 2020 (A+B)	#####	19,183,036	-	53,259,952	324,602,244	707,499,098
	Balance as on 30 June 2019	887,254,470	125,663,836		44,338,434	271,342,293	741,576,013

Allocation of Depreciation:

Note: Depreciation Charged in the following Manner:

Particulars	Rate	Amount
Factory Overhead	90%	47,933,957
Administrative Expenses	10%	5,325,995
Total	100%	53,259,952

Schedule of Property, Plant and Equipment (Tax Base)

Annexure-A

A. At Cost

(Amount in Taka)

Sl. No.	Particulars	Cost		Rate %	Depreciation		W.D.V. Balance as at 30.06.2020
		Balance as at 01.04.2020	Addition During the period		Balance as at 01.04.2020	Charged During the period	
2	Plant & Machinery	561,221,586	-	20%	366,100,383	11,477,718	183,643,485
3	Building & Constructions	142,261,497	-	20%	75,909,267	3,849,170	62,503,060
4	Office Equipment	3,463,485	-	10%	1,777,867	45,557	1,640,061
5	Furniture & Fixture	2,679,956	-	10%	1,393,964	34,756	1,251,236
6	Generator	30,445,188	-	20%	10,718,074	1,160,418	18,566,696
7	Vehicles	14,921,300	-	20%	9,058,276	335,472	5,527,552
8	Electrical Equipment	38,411,642	-	20%	14,519,752	1,367,818	22,524,072
	A. Sub-Total	793,404,654	-		479,477,583	18,270,910	295,656,161

Schedule of Property, Plant and Equipment (Tax Base)

Annexure-A

A. At Cost

(Amount in Taka)

Sl. No.	Particulars	Cost		Rate %	Depreciation		W.D.V. Balance as at 30.06.2020
		Balance as at 01.07.2019	Addition During the period		Balance as at 01.07.2019	Charged During the year	
2	Plant & Machinery	561,221,586	-	20%	331,667,229	45,910,871	183,643,486
3	Building & Constructions	132,758,747	9,502,750	20%	65,278,091	14,480,346	62,503,060
4	Office Equipment	3,423,485	40,000	10%	1,641,195	182,229	1,640,061
5	Furniture & Fixture	2,679,956	-	10%	1,289,694	139,026	1,251,236
6	Generator	30,445,188	-	20%	7,236,818	4,641,674	18,566,696
7	Vehicles	11,721,300	3,200,000	20%	8,211,860	1,181,888	5,527,552
8	Electrical Equipment	32,021,866	6,389,776	20%	11,055,274	4,832,296	22,524,072
	A. Sub-Total	774,272,128	19,132,526		426,380,161	71,368,331	295,656,162
		895,175,159					

ZAHREEN SPINNING LIMITED

Schedule of Capital Work in Progress
as at 30 June 2020 (July 2019 to June 2020)

Annexure-A/1

Sl. No.	Particulars	Cost				Rate %	Depreciation		Balance as at 30.06.2020
		Balance as at 01.07.2019	Addition During the year	Transferred to Fixed Asset	Balance as at 30.06.2020		Charged During the year	Total Charges 30.06.2020	
1	Plant & Machinery	-	-	-	-	0%	-	-	-
2	Generator	-	-	-	-	0%	-	-	-
3	Electrical Equipment	5,590,968	-	5,590,968	-	0%	-	-	-
4	Building & Constructions	9,163,351	-	9,163,351	-	0%	-	-	-
	A. Sub-Total	14,754,319	-	14,754,319	-	-	-	-	-

ZAHREEN SPINNING LIMITED
Quantity-wise break-up of Inventory
As of June 30, 2020

Annexure-B

Raw Materials: (Amount in Taka)

Items Name	Balance as on 01.07.2019		Purchased		Consumed/Used		Fire Damagded		Obsolete Items Written Off		Balance as on 30.06.2020	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
MCU-5	2,143,302	166,974,527	3,602,745	258,309,987	3,609,440	270,232,164	778,469	58,836,687	760,557	53,880,751	597,581	42,334,912
Cameroon	602,765	48,365,845	1,441,192	106,185,304	1,157,442	88,216,177	370,398	27,783,554	289,026	21,588,830	227,091	16,962,588
Australia	8,708	696,640	89,727	6,594,948	98,435	7,291,588						
CIS			77,967	5,875,636	77,967	5,875,636						
Tencile			21,008	2,731,088	21,008	2,731,088						
Benin			22,877	1,658,608							22,877	1,658,608
Mali Juli			46,192	3,311,480	42,247	3,028,665					3,945	282,815
Loose Cotton	126,329	10,616,141	30,256	2,116,700	128,368	10,438,332	28,217	2,294,509				
Sub Total	2,881,104	226,653,153	5,331,964	386,783,752	5,134,907	387,813,651	1,177,084	88,914,750	1,049,583	75,469,581	851,494	61,238,923

Finished Goods:

Items Name	Balance as on 01.07.2019		Production		Delivered		Fire Damagded		Obsolete Items Written Off		Balance as on 30.06.2020	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
50 (Aurb) Yarn	398,911	50,149,967	4,342,724	553,875,779	4,446,935	570,559,000	88,500	11,121,238	85,650	10,993,667	120,550	15,473,281
50 Normal Yarn	14,176	3,785,883	67,650	8,628,155	64,176	8,234,030	12,300	1,545,664	5,000	641,779	350	44,924
60 Normal Yarn												
Sub Total:	413,087	53,935,850	4,410,374	562,503,935	4,511,111	578,793,030	100,800	12,666,901	90,650	11,635,445	120,900	15,518,205

Work in Process:

Items Name	Balance as on 01.07.2019		Current Year		Transfer to Finished Goods		Fire Damadged		Obsolete Items Written Off		Balance as on 30.06.2020	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
Blow Room	5,669	358,228	5,134,907	387,813,651	5,108,207	385,724,857					5,080	328,880
Carding	419	27,069			419	27,069					198	12,969
Drawing	1,783	118,930			1,783	118,930					1,643	111,584
Simplex	8,279	590,040			8,279	590,040					6,454	464,445
Ring	15,408	1,225,579			15,408	1,225,579					14,039	1,107,277
Cone Winding	6,542	559,804			6,542	559,804					4,986	421,867
Sub Total:	38,100	2,879,650	5,134,907	387,813,651	5,140,638	388,246,279					32,400	2,447,022

Wastage Goods:

Items Name	Balance as on 01.07.2019		Production/Production Loss		Sold		Fire Loss		Obsolete Items Written Off		Balance as on 30.06.2020	
	Quantity (Kg)	Amount	Quantity (Kg)	Amount	Quantity (Kg)	Amount	Qty (Kg)	Amount	Quantity (LBS)	Amount	Quantity (Kg)	Amount
Dropping -1	10,209	295,342	12,913	329,468	13,694	319,897	13,460	459,912			1,487	44,610
Dropping -2	17,291	89,816	17,006	238,084	8,627	129,405	2,759	62,549			882	14,112
Filter- Blow Room	10,346	417,065	11,281	157,934	8,222	127,974	2,752	48,398			905	15,385
Filler Carding	21,674	1,176,836	80,815	3,636,675	24,011	930,750	22,008	1,515,585			6,245	324,740
Sweeping	12,519	213,924	17,728	124,956	17,607	187,906	1,721	36,141			1,423	14,230
Roving	3,442	303,066	3,015	67,270	1,410	145,368	384	33,258			510	35,700
Hardwaste	1,313	179,996	8,357	340,706	6,283	198,453	2,443	137,213			1,343	56,406
Old PP Bag	99	2,936	99	2,936	-	-	-	-			-	-
Sub Total:	76,893	2,678,980	151,214	4,898,029	79,854	2,039,753	45,527	2,293,056			12,795	505,183

Spare Parts		3,153,002		7,872,457		8,260,668						2,764,791
-------------	--	-----------	--	-----------	--	-----------	--	--	--	--	--	-----------

Total Amount:		289,300,635		1,349,871,824		1,365,153,381		103,874,707		87,105,026		82,474,124
----------------------	--	--------------------	--	----------------------	--	----------------------	--	--------------------	--	-------------------	--	-------------------

ZAHREEN SPINNING LIMITED

Schedule of Accounts Receivable

As of June 30, 2020

Annexure-C

SL. No.	Name of the Party	Items	Less than 6 Months	Above 6 Months	June 30, 2020		June 30, 2019	
					Total BDT	Total BDT	Total BDT	Total BDT
1	M/s. Provati Yarn Traders	Yarn	49,938,867	67,806,700	117,745,567	99,534,139		
2	M/s. Raya Spinning Mills Ltd	Yarn	5,513,000	17,571,000	23,084,000	20,623,247		
3	M/s. Sakib Traders	Yarn	6,712,000	16,296,500	23,008,500	19,525,299		
4	M/s. Babul Textile	Yarn	4,506,000	20,050,750	24,556,750	23,185,768		
5	M/s. Prime Print Shari	Yarn	9,275,000	22,560,500	31,835,500	29,685,963		
6	M/s. A.F. Fabrics Mills Ltd	Yarn	1,500,000	20,560,580	22,060,580	21,088,782		
7	M/s. Asrafal Islam Traders	Yarn	3,065,000	19,500,875	22,565,875	22,863,847		
8	M/s. Shukhi Textile Ltd	Yarn	2,925,500	16,507,430	19,432,930	19,099,957		
9	M/s. Daliya Print Shari	Yarn	1,500,480	20,100,775	21,601,255	21,208,652		
10	M/s. Tahmid Print Shari	Yarn	960,000	21,330,440	22,290,440	20,375,669		
11	M/s. Shamiul Textile Ltd	Yarn	2,130,000	15,699,020	17,829,020	15,907,529		
12	M/s. Masud Textile Ltd	Yarn	1,600,000	17,068,000	18,668,000	16,577,955		
13	M/s. Unitex Knitwear Ltd	Yarn	1,515,200	17,012,800	18,528,000	16,150,532		
14	M/s. Yusuf Textile	Yarn	2,020,000	16,520,000	18,540,000	16,566,686		
15	M/s. MK Fashion Ltd	Yarn	1,715,000	26,191,050	27,906,050	26,283,858		
16	M/s Shimul Textile	Yarn	2,000,000	-	2,000,000	-		
17	M/s Dhaka Enterprise	Yarn	4,341,133	-	4,341,133	-		
18	M/s Kawsar Textile	Yarn	1,832,500	-	1,832,500	-		
	Total		103,049,680	334,776,420	437,826,100	388,677,883		

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: 01-2020/218

Date of issue: September 23, 2020

BAPLC

Renewed Certificate

This is to certify that

ZAHEN SPINNING LIMITED

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

This certificate remains current until 31st December 2020.




Secretary-General

ZAHEEN SPINNING LIMITED

Corporate Headquarter: House # 59/A, Road # 12/A, (6th & 7th Floor), Dhanmondi, Dhaka-1209.

PROXY FORM

I/We _____

of _____
being a shareholder of Zaheen Spinning Limited do hereby appoint

Mr./Mrs./Miss _____

of _____ as my/ our proxy to attend and vote for me/ us and on my/ our behalf at the 13th Annual General Meeting of the Company to be held on Monday the 28th December, 2020 at 11.00 a.m. virtually by using Digital Platform and/or at any adjournment thereof.

As witness my/ our hand this _____ day of _____ 2020 signed by the said in presence

of Mr./Mrs./Miss _____

Revenue
Stamp
Tk. 20.00

(Signature of the Proxy)

(Signature of Witness)

(Signature of the Shareholder)

Register Folio/ B.O _____

Shares _____

Dated:

- Notes:
1. A Shareholder entitled to attend and vote at the General Meeting may appoint a Proxy on his/her behalf.
 2. The Proxy Form duly stamped, must be deposited at the Share office of the Company at least 48 (Forty eight) hours before the time fixed for the Meeting.