M. L. DYEING LIMITED

Auditor's Report and Financial Statements
For the year ended June 30, 2020

SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS
R.K Tower
86, Bir Uttam C.R Datta Road, (312 Sonargaon Road), Level-10, Hatirpool, Dhaka-1205.

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

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Independent Auditor's Report
To the Shareholders of
M.L. Dyeing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **M.L. Dyeing Limited** (the "Company"), which comprise the Statement of Financial Position as at 30 June 2020 and 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 a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

Description of key audit matters	Our response to key audit matters
Revenue recognition	
At year end the company reported total revenue of BDT 2,388,452,683. The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations. There is also a risk that revenue may be overstated/understated due to the timing differences between L/C opening and goods exported. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company, which give risk to an	We have tested the design and operating effectiveness of key controls focusing on the following: - Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; - Segregation of duties in invoice creation and modification and timing of revenue recognition; - Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - Obtain supporting documentation for sale transaction recorded either side of year end to determine whether

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inherent risk of the existence and accuracy of the revenue.	revenue was recognized in the current period; - Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation; - Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. ***[See note number 17 for details]***
Valuation of Inventory	
The inventory of BDT 850,211,990 as at 30th June 2020, held in warehouses and across multiple product lines in the factory. Inventory value is measured as follows: Raw & packing materials including WIP on Moving average (Weighted) Cost, Finished Goods at lower of cost or estimated net realizable value, Stores Items at cost, Materials in-transit at Book value i.e. cost so far incurred. As a result, the management apply judgment in determining the appropriate values for value in use, working progress, values for slow moving or obsolete items. While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.	We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by: - Evaluating the design and implementation of key inventory controls operating across the company's factory and warehouse; - Checked and verified the stock count report done by the management as on date. - We have reconciled the inventory with purchase, production and sales to ensure the physically shown stock as on date was accurate. - Reviewing the historical accuracy of inventory provisioning and the level of inventory write- offs during the year; - We have considered the risk of inventory being expired/damaged due to the effect of COVID-19 and checked whether any provision was required for any such expiry/ obsolesce. - Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; - Obtaining a detailed review with the subsequent sales to compare with the net realizable value. ***[See note number 06 for details]***
Management's Consideration of the Potential Impact of COVID-19	
Management has made estimates and judgements that there was adverse impact of COVID-19 on the company. In doing so, management have made estimates	Our audit included the following procedures: - We obtained management's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the

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and judgments that are critical to the outcomes of these considerations with particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the financial statements. As a result of the impact of COVID-19 on the wider financial markets we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.	integrity of the forecasts, including mathematical accuracy. - We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19. - Based on our procedures, we have not identified any other matters to report with respect to both management's and the Board's considerations of the potential impact of COVID-19 on the current and future operations of the company. ***[See note number 3.22 for details]***

Other Matters

Due to the pandemic situation of COVID-19 all over the world, physical verification of inventory could not be held by us for the the year ended June 30, 2020 considering the health risks. However, during the course of our audit we have carried out audit procedures to ensure the value of inventory as on 30 June, 2020 is appropriate and free from any material misstatement. Detailed audit procedures are described in the key audit matter paragraph of this report.

Other information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on thefinancial 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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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 International Standards on Auditing (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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's abilityto 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 company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless 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.

We have not come across any other key audit issue for the year under audit, and as such noting is reportable.

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Report on other Legal and Regulatory Requirements

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

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Companyso far as it appeared from our examination of those books;

c) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and

d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka
28th October, 2020

SHIRAZ KHAN BASAK & CO. Dhaka Chartered Accountants

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

M. L. DYEING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

Particulars	Notes	Amount in Taka	
		30-06-2020	30-06-2019
ASSETS			
Non Current Assets			
Property, Plant & Equipment	4	1,876,447,157	1,855,513,740
Investment in Associate Company	5	-	-
Total Non-Current Assets		**1,876,447,157**	**1,855,513,740**
Current Assets			
Inventories	6	850,211,990	816,241,817
Trade Receivables	7	991,825,416	964,869,983
Advance, Deposits and Prepayments	8	48,457,035	26,339,128
Cash and Cash Equivalents	9	156,501,849	141,413,279
Total Current Assets		**2,046,996,290**	**1,948,864,207**
Total Assets		**3,923,443,447**	**3,804,377,947**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	10	2,213,658,000	1,924,920,000
Retained Earnings	11	1,413,471,116	1,597,243,835
		3,627,129,116	**3,522,163,835**
Non-Current Liabilities			
Deferred Tax Liabilites	12	140,449,127	135,121,121
Total Non-Current Liabilities		**140,449,127**	**135,121,121**
Current Liabilities			
Trade Payables	13	110,344,192	111,587,165
Short term Borrowings	14	4,695,600	3,718,561
Creditors & Accrues	15	8,714,677	8,914,113
Provision for Income Tax	16	32,110,735	22,873,152
Total Current Liabilities		**155,865,204**	**147,092,991**
Total Current & Non Current Liabilities		**296,314,331**	**282,214,112**
Total Equity and Liabilities		**3,923,443,447**	**3,804,377,947**
Net Asset Value Per Share	28	**16.39**	**18.30**

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

Chairman | **Managing Director** | **Director**

Company Secretary | **Chief Financial Officer**

Signed as per our annexed report on even date.

Place: Dhaka
Dated: October 28, 2020

SHIRAZ KHAN BASAK & CO. Chartered Accountants ★ Dhaka ★

Shiraz Khan Basak & Co.
Chartered Accountants

M. L. DYEING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Notes	Amount in Taka	
		30-06-2020	30-06-2019
Export	17	2,388,452,683	2,468,360,191
Less: Cost of Export	18	2,122,596,926	2,214,024,253
Gross Profit		**265,855,757**	**254,335,938**
Less: Operating Expenses	19	35,063,149	35,075,309
Operating Income		**230,792,608**	**219,260,629**
Less: Financial Expenses	20	612,405	716,528
Add/(Less): Foreign Exchange gain or loss	21	841,091	531,761
Net operating Income		**231,021,294**	**219,075,862**
Add: Other non-operating income	22	7,549,125	4,641,099
Add: Share of Profit/Loss of associate	23	-	4,596,829
Net profit before tax		**238,570,419**	**228,313,790**
Income Tax Expenses	24	**37,284,138**	**31,736,451**
Current Tax		31,956,132	22,700,689
Deferred Tax Income / (Expenses)		5,328,006	9,035,762
Net Profit after tax		**201,286,281**	**196,577,339**
Earnings Per Share (EPS)	27	**0.91**	**1.03**

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

Chairman **Managing Director** **Director**

Company Secretary **Chief Financial Officer**

Place: Dhaka
Dated: October 28, 2020

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Shiraz Khan Basak & Co,
Chartered Accountants

M. L. DYEING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2019	1,924,920,000	1,597,243,835	**3,522,163,835**
Issue during the year - Bonus share	288,738,000	(384,984,000)	**(96,246,000)**
IPO Expenses	-	(75,000)	**(75,000)**
Net Profit during the year	-	201,286,281	**201,286,281**
Total	**2,213,658,000**	**1,413,471,116**	**3,627,129,116**

M. L. DYEING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2018	1,404,100,000	2,113,291,573	**3,517,391,573**
Addition during the year - IPO	200,000,000	-	**200,000,000**
Issue during the year - Bonus share	320,820,000	(320,820,000)	-
IPO Expenses	-	(11,166,456)	**(11,166,456)**
Fire Loss of Investment on Asssociate		(380,638,621)	**(380,638,621)**
Net Profit during the year	-	196,577,339	**196,577,339**
Total	**1,924,920,000**	**1,597,243,835**	**3,522,163,835**

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

Chairman **Managing Director** **Director**

Company Secretary **Chief Financial Officer**

Signed as per our annexed report on even date.

Place: Dhaka
Dated: October 28, 2020

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Shiraz Khan Basak & Co.
Chartered Accountants

M. L. DYEING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Amount in Taka	
	30-06-2020	30-06-2019
A .Cash Flow From Operating Activities:		
Collection from Customers	2,362,593,790	2,427,595,381
Collection from other non-operating income	7,549,125	5,616,317
Cash paid to Suppliers and others	(2,049,264,041)	(2,217,078,591)
Paid for operating Expenses	(33,656,996)	(32,642,355)
Cash generated by operations	**287,221,878**	**183,490,752**
Income tax paid	(21,401,346)	(13,489,605)
Net cash flow from Operating activities	**265,820,532**	**170,001,147**
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(154,732,530)	(250,133,531)
		-
Net cash flow from Investing activities	**(154,732,530)**	**(250,133,531)**
C. Cash Flow From Financing Activities:		
Increase/ Decrease in Short term loan from bank	977,039	3,718,561
Dividend Paid	(96,246,000)	
Issuance of Share Capital (IPO)	-	200,000,000
Payment for IPO Expenses	(135,000)	(11,166,456)
Payment for financial Expenses	(612,405)	(716,528)
Net Cash flow from financing activities	**(96,016,366)**	**191,835,577**
D.Increase/(Decrease) in cash and cash equivalents (A+B+C)	15,071,636	111,703,193
E.Foreign Exchange gain or loss (FC account)	16,934	14,937
E.Opening cash and cash equivalents	141,413,279	29,695,149
G.Closing cash and cash equivalents (D+E+F)	**156,501,849**	**141,413,279**
Net Operating Cash Flow Per Share	**1.20**	**0.88**

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

Chairman **Managing Director** **Director**

Company Secretary **Chief Financial Officer**

Signed as per our annexed report on even date.

Place: Dhaka
Dated: October 28, 2020

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Shiraz Khan Basak & Co.
Chartered Accountants

M. L. DYEING LIMITED
Notes, comprising summary of significant accounting policies and other explanatory information
For the year ended June 30, 2020

1.00 The Company and its operations

1.01 Legal form of the Company

The Company was incorporated on March 21, 2001 as a 'Private' company limited by shares, registered under the Companies Act 1994 vide Certificate of Incorporation No.C-42701(2060)2001. The company converted into a 'Public' Limited Company on 02-06-2010.

1.02 Address of the Registered and Corporate Office

The registered office of the company is located on Zamirdia, 10 Hobirbari, Valuka, Mymensingh and Corporate office at House No: 11 (Unit-6A), Road No: 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.

1.03 Nature of Business activities

The principal activities of the company are to carry on the business of dyeing and finishing yarn for 100% export oriented sweater industries in Bangladesh.

1.04.1 Capital Structure of the Company

Detailed break down of the capital structure of the company has been presented under.

Particulars	Taka.
Authorized Capital 310,000,000 Ordinary Shares of Taka 10/= each	3,100,000,000
Issued, subscribed, called-up and paid-up capital 221,365,800 ordinary shares of Taka 10/= each fully paid up	2,213,658,000

1.04.2 Production Plant

Production Plant of the company is situated at Valuka, Mymensingh. Production facility of the company comprises of namely 'Hanks' and 'Cone'. Production Plant of under construction Spinning Unit is situated at Mohona, Vabanipur, Gazipur Sadar, Gazipur in Bangladesh.

2.00 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.01 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other relevant local laws as applicable and in accordance with the applicable International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

2.02 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 198 ;
The Income Tax Rules 1984;
The Value Added Tax Act 2012;
The Value Added Tax Rules 2012;
The Customs Act, 1969;
Bangladesh Labour Law, 2006 (Amended 2013);

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Labor rules, 2015;
The Securities and Exchange Ordinance, 1969;
The Securities and Exchange Rules, 1987; and
Securities and Exchange Commission Act, 1993.

2.03 Components of the Financial Statements

According to the International Accounting Standards IAS-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

i. Statement of financial position as at June 30, 2020;
ii. Statement of Profit or Loss and other comprehensive income for the year ended June 30, 2020;
iii. Statement of cash flows for the financial year ended June 30, 2020;
iv. Statement of changes in equity for the financial year ended June 30, 2020;
v. Notes, comprising summary of significant accounting policies and other explanatory information for the year ended June 30, 2020.

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous period.

2.05 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of M. L. DYEING LIMITED.

2.07 Use of Estimates and Judgments

The preparation of these financial statements, in conformity with IAS/IFRS, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

Note: 4 Property, Plant and Equipment
Note: 6 Inventories
Note: 7 Trade & Other Receivables
Note: 8 Advances, Deposits and Pre-payments
Note: 12 Deferred Tax Liabilities
Note: 13 Trade Payables
Note: 16 Provision for Income tax

SHIRAZ KHAN BASAK & CO. Dhaka Chartered Accountants

2.08 Reporting Period

The financial period of the companies covers 1 (one) year from July 01, 2019 to June 30, 2020.

2.09 Statement of Cash Flows

Statement of cash flows is prepared in accordance with "IAS 7: Statement of Cash Flows and the cash flows from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

2.10 Compliance with the Requirements of Notification of the Securities and Exchange Commission dated 04.06.2008 under ref. # SEC/CMMRPC/2008-181/53/Adm/03/28

a) Notes to the financial statements marked from 3.00 to 3.24 setting out the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.

b) The accounting policies on all material areas have been stated clearly in the notes marked from 3.00 to 3.24.

c) The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements where is applicable:

Sl. No.	Name of the IAS	IAS's No.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in accounting Estimates & Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant and Equipment	16
8	Employee Benefits	19
9	The Effects of Changes in Foreign Exchange Rates	21
10	Borrowing Costs	23
11	Related Party Disclosures	24
12	Accounting and Reporting by Retirement Benefit Plans	26
13	Separate Financial Statements	27
14	Investment in Associates & Joint Venture	28
15	Earnings Per Share	33
16	Interim Financial Reporting	34
17	Impairment of Assets	36
18	Provision, Contingent Liabilities and Contingent Assets	37
19	Intangible Assets	38
20	Financial Instruments: Recognition & Measurement	39

SL. No.	Name of the IFRS	IFRS No.
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Financial Instruments	9
4	Revenue from Contracts with Customers	15
5	Leases	16

SHIRAZ KHAN BASAK & CO. Chartered Accountants Dhaka

d) The financial statements are in compliance with the International Financial Reporting Standards (IFRS) which are adopted from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3.00 SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies have been selected and applied for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial statements.

3.1 Property, Plant & Equipment

3.1.1 Property, Plant and equipment

Property, Plant and Equipment are accounted for according to IAS 16 (Property, Plant and Equipment) at Historical cost less accumulated depreciation except land and Land development. The cost of self constructed /installed assets includes the cost of materials, direct labor and other cost directly attributable to bringing the assets to the working condition for the indented use and for dismantling and removing the items and restoring the site on which they are located.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as non operating income or loss and reflected in the profit and loss account.

3.1.2 Depreciation of fixed assets

Depreciation is provided on reducing balance method (except Land & Land Development) on the cost at which the asset is carried in the books of account.
Depreciation has been charged on additions of fixed assets on the period of available for utilization.
The depreciation /amortization rate(s) are as follows:

Category of fixed assets	Rate %
Land and Land Development	-
Factory Building	2.50
Plant & Machinery	10
Power Generator set	10
Electrical Installation	10
Boiler	10
Compressor	10
Fork lift	10
ETP Plant	10
Gas Installation	10
Air Condition Installation	10
Telephone Installation	20
Office Equipment	10
Furniture & Fixture	20
Motor Car	20

3.1.3 Impairment of Assets

No fact and circumstances indicate that company's assets including property, plant and equipment may be impaired. Hence, no evaluation of recoverability of assets was performed.

3.2 Inventories

3.2.1 Valuation of Inventories

Inventories are valued by the following basis in compliance with the requirements of Para 21 and 25 of IAS 2: inventories

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Category of Stocks	Basis of valuation
Raw & packing materials including WIP	: Moving average (Weighted) Cost
Finished Goods at Factory	: At lower of cost or net estimated realizable value
At warehouses	: At cost
Stores Items	: At cost
Materials in-transit	: Book value (i.e. cost so far incurred).

Cost comprises of the value of materials and attributable direct labor, depreciation & production overheads.

3.3 Revenue Recognition

In compliance with the requirements of IFRS 15 "Revenue from contracts with customers", Entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized only when following steps match with a transaction;

a) Identification of the contract(s) with a customer;
b) Identification the performance obligation in a contract;
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contract;
e) Recognition revenue when (or as) the entity satisfies a performance obligation;

3.4 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to IAS 21: The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (Financial position) date. Non monetary assets and liabilities denominated in foreign currencies, which are related at historical cost are translated into Bangladesh Taka at the exchange rate ruling at the date of transactions. Foreign exchange gain/loss has been recognized in connection with foreign currency transaction since all such transactions are in US dollars and significant gains/losses evens out during regular course of companies business.

3.5 Financial Instruments

Non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents.

Trade Receivables

Trade and other receivables are recognized initially at invoice value and subsequently measured at the remaining amount less allowance for doubtful receivable at the year end, if any. Receivables from foreign currency transactions are recognized in Bangladeshi Taka using exchange rates prevailing on the date of transaction.

Trade Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company, whether or not billed by the suppliers.

Investment in Associate Company

The company has share investment in R.N. Spinning Mills Limited for 20,420,000 ordinary shares of Tk. 10/- each (at par) amounting Tk. 204,200,000. Carrying value of the investment as on June 30, 2020 stood at Tk. Nil being the proportioned fire loss has been adjusted with the investment for no. of 34,589,966 ordinary shares being 8.812% of total ordinary shares of R.N. Spinning Mills Ltd.

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Cash and Cash Equivalents
Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.6 Taxation

3.6.1 Current Tax
Provision for income tax has been made on operating income at the rate of 15% as per Income Tax Ordinance, 1984. Income from other sources like sale of wastage is taxed at 35% and adequate provision has been made in this regard.

3.6.2 Deferred Tax
The company has decided to adopt policy of recognition of deferred tax in accordance with the International Accounting Standard 12 (IAS-12), deferred tax is provided using the liability method for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective income tax rate prevailing at the statement of financial position date.

3.7 Provisions
As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets' a provision recognized on the date of statement of financial position if, as a result of past event, the company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.8 Contingencies
Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. The company has no contingent assets or liabilities which require disclosure under IAS -37 "Provisions, contingent liabilities and contingent assets" and are not recognized in the financial statements.

3.9 Earnings Per Share (EPS)
The company calculates Earnings Per Share (EPS) in accordance with IAS 33 "Earnings Per Share" which has been shown on the face of statement of profit or loss and other Comprehensive Income and the computation of EPS is stated in Note-27 of the financial statements.

Basic Earnings Per Share
This represents earnings for the period attributable to the ordinary shareholders. As there no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share has been calculated by dividing the net profit or loss by the number of ordinary share outstanding during the period.

Diluted Earnings Per Share (DEPS)
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, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.10 Operating Segment
No segmental reporting is applicable for the company as required by "IFRS 8: Operating Segments" as the company at present operates in a single industry segment and within as a geographical segment. Another production unit called "Spinning Unit" is under construction level and will go into production shortly, and then segment wise report will be presented.

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estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

3.15 Employee benefits (IAS 19):

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

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

The company's employee benefits include the following:

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

Contribution to Sector based Central Fund.

The company will contribute to the Central Fund after established of the fund by relevant authority as per provisions of the Bangladesh Labor Law (amended), 2013 and is payable to workers as defined in the said law.

3.16 Borrowing costs

In compliance with the requirements of IAS 23 (Borrowing Costs), borrowing costs of operational period on short term loan and overdraft facilities from Islami Bank Bangladesh Ltd .was charged off as revenue expenditure as they incurred.

3.17 Investment in Associate

In compliance with the requirements of IAS 28 (Investment in Associate and Joint Venture), Equity method has been applied to determine carrying value of investment in Associate company , Proportioned profit of associate company has been charged in relevant year's Statement of Profit or Loss and Other comprehensive Income. In order to determine any Impairment loss necessary step has been followed and no impairment loss incurred during the period.

3.18 Intangible Assets

The company has no intangible assets.

3.19 Bad and doubtful debts

No provision has been made for bad and doubtful debts since sales / export are based on 100% confirmed letter of credit with fixed maturity date.

3.20 Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged in the period they were incurred.

3.21 Related Parties disclosure

3.21.1 Equity Participation

M. L. Dyeing Limited has share investment in R.N. Spinning Mills Limited for 20,420,000 ordinary shares of Tk. 10/- each (at par) amounting Tk. 204,200,000. Carrying value of the investment as on June 30, 2019 stood at Tk. Nil being the proportioned fire loss has been adjusted with the investment for no. of share 34,589,966 ordinary shares being 8.812% of total ordinary shares of R.N. Spinning Mills Ltd.

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3.21.2 Business Transaction

SL. No.	Name of company	Nature of transaction	Balance as at 30-06-2020 (Tk.)
01.	R. N. Spinning Mills Ltd.	Bills Payable	Nil
02.	Far Chemical Industries Ltd.	Bills Payable	998,368
03.	Samin Food and Beverage Inds. And Textile Mills Ltd.	Bills Payable	77,979,822

3.22 Impact of COVID 19

COVID- 19 has impacted in some cases on the business of the company as the company's products are deemed exported and the final destination are overseas. Due to worldwide impact of prevailing COVID-19 pandemic, the company faces declining revenue and earnings in somewhat and thereafter sustainability recovered. The company management believes that the company has adequate resources to continue as a going concern despite to adverse Covid-19 impact.

3.23 Date of Authorization and Proposed Dividend

The financial statements were authorized for issue by the Board of Directors of the company on October 28, 2020. Board of Directors recommended 5% cash dividend and 5% stock dividend for the financial year ended 30th June, 2020. Therefore, amount to be distributed as dividend will be BDT. 221,365,800 subject to final approval by the shareholders at the company's forthcoming AGM.

3.24 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 period have been rearranged wherever considered necessary to ensure comparability with the current period.

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4.00 Property, Plant & Equipment : Tk. 1,876,447,157

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
A. At cost		
Opening balance	3,174,423,905	2,924,290,374
Add: Acquisition during the year	154,732,530	250,133,531
Total available	**3,329,156,435**	**3,174,423,905**
B. Accumulated Depreciation		
Opening balance	1,318,910,165	1,182,621,911
Charged during the year	133,799,113	136,288,254
Total accumulated depreciation	**1,452,709,278**	**1,318,910,165**
Written down value as on June 30 (A-B)	**1,876,447,157**	**1,855,513,740**

Details shown in Annexure-A.

5.00 Investment in Associate Company :Tk. Nil

The above balance is made up as follows:

Particulars	Not	30-06-2020	30-06-2019
R.N.Spinning Mills Ltd (Cost of Investment Tk. 204,200,000)		-	376,041,792
Less: Fire loss		-	(380,638,621)
Share of Profit in Associates during the year		-	4,596,829
Total:		-	-

No loss for the year 2019-2020 is recognized as total investment become nil.

5.01 Fire loss :Tk. Nil

The above balance is made up as follows:

Particulars	Not	30-06-2020	30-06-2019
Total post acquisition profit		-	171,841,792
Total fire loss		-	6,123,281,989
% of Investment in R.N Spinning Mills ltd.		**8.81%**	**8.81%**
Share of fire loss in Associates		-	**539,566,688**
Total Investment in Associates as on 30-06-2020		-	**380,638,621**
Maximum amount of fire loss, lower one		-	**380,638,621**

6.00 Inventories: Tk. 850,211,990

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Raw Materials - Yarn	6.01	568,105,246	574,051,869
Raw Materials - Chemicals	6.02	80,152,477	80,621,537
Work in process	6.03	8,917,632	9,357,214
Packing Materials	6.04	2,203,791	2,184,631
Finished Goods	6.05	187,682,416	147,350,216
Store Items	6.06	3,150,428	2,676,350
Total:		**850,211,990**	**816,241,817**

6.01 Raw Materials-Yarn : Tk. 568,105,246

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	574,051,869	417,245,774
Add: Purchase during the year	1,752,540,637	1,967,152,943
Raw materials available for production	**2,326,592,506**	**2,384,398,717**
Less: Input to production	1,758,487,260	1,810,346,848
Closing balance	**568,105,246**	**574,051,869**

6.02 Raw Materials- Chemicals: Tk. 80,152,477

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	80,621,537	74,202,700
Add: Purchase during the year	150,541,836	168,541,648
Raw materials available for production	**231,163,373**	**242,744,348**
Less: Input to production	151,010,896	162,122,811
Closing balance	**80,152,477**	**80,621,537**

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6.03 Work in process: Tk. 8,917,632

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	9,357,214	9,506,397
Add: Current year	1,915,076,446	1,977,764,538
	1,924,433,660	**1,987,270,935**
Less: Transfer to finished goods	1,915,516,028	1,977,913,721
Closing balance	**8,917,632**	**9,357,214**

6.04 Packing Materials: Tk. 2,203,791

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	2,184,631	2,051,364
Add: Purchase during the year	5,597,450	5,428,146
	7,782,081	7,479,510
Less: Consumption during the year	5,578,290	5,294,879
Closing balance	**2,203,791**	**2,184,631**

6.05 Finished Goods : Tk. 187,682,416

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	147,350,216	134,815,588
Add: Production during the year	2,163,314,842	2,226,956,405
Less: Cost of free issue	(385,716)	(397,524)
Production available for export	2,310,279,342	2,361,374,469
Less: Cost of goods sold	2,122,596,926	2,214,024,253
Closing balance	**187,682,416**	**147,350,216**

6.06 Store Items: Tk. 3,150,428

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	2,676,350	2,569,063
Add: Purchase during the year	6,795,263	6,682,410
	9,471,613	**9,251,473**
Less: Consumption during the year	6,321,185	6,575,123
Closing balance	**3,150,428**	**2,676,350**

Raw Materials: It consist of import value and local expenses incurred upto warehouse. Inventory system is maintained on FIFO basis.

Work in process: It consist of cost of raw materials, chemicals and packing materials only.
Finished Goods: It includes the cost incurred upto cost of goods available for sale.
Store Items: It consist of the total cost of spare parts, loose tools and consumable items.

7.00 Trade and other Receivables: Tk. 991,825,416

The above is the amount of receivable against export bills as on June 30, 2020. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

Particulars	30-06-2020	30-06-2019
Opening balance	964,869,983	924,105,173
Add:Export	2,388,452,683	2,468,360,191
	3,353,322,666	3,392,465,364
Less: Realization during the year	2,361,497,250	(2,427,595,381)
Total:	**991,825,416**	**964,869,983**

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

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Sl	Particulars	Amount		
		2020		2019
I	Receivables considered good and in respect of which the company is fully secured.	991,825,416		964,869,983
II	Receivables considered good for which the company holds no security other than the debtors personal security.	-		-
III	Receivables considered doubtful or bad.	-		-
IV	Receivables due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-		-
V	Receivables due by companies under same management.	-		-
VI	The maximum amount due by directors or other officers of the company at any time during the year.	-		-
	Total	**991,825,416**		**964,869,983**

Ageing of the above Receivables is given below:

1-6 Months	935,431,236	964,869,983
More than 6 months	56,394,180	-

8.00 Advances, Deposits & Prepayments: Tk. 48,457,035

The above balance is made up as follows:

Particulars	Note		30-06-2020	30-06-2019
Titas Gas			1,868,000	1,868,000
Electricity			278,920	278,920
Security deposit			4,849,920	7,849,920
Sundry Advances	8.01		30,380,073	4,004,963
Advance Income Tax	8.02		11,080,122	12,337,325
		Total:	**48,457,035**	**26,339,128**

8.01 Sundry Advances: Tk. 30,380,073

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
M/S. Gazi Enterprise		3,517	17,541
Advance Salary		1,063,800	917,300
Md. Shajedur Rahman		1,972,814	1,685,081
M/S. SB Communication		522,151	750,022
M/S. Jubair Construction		26,817,791	635,019
	Total:	**30,380,073**	**4,004,963**

8.02 Advance Tax: Tk. 11,080,122

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Opening Balance		12,337,325	42,823,139
Addition during the year - Interest Income		748,572	395,688
Addition during the year - Export		10,331,550	11,941,637
		23,417,447	**55,160,464**
Less: Adjustment during the year		12,337,325	42,823,139
	Total:	**11,080,122**	**12,337,325**

9.00 Cash and Cash Equivalents: Tk. 156,501,849

The above balance is made up as follows:

Particulars	Notes		30-06-2020	30-06-2019
IPO Fund	9.01		125,547,592	126,023,432
Cash and Bank balance	9.02		30,954,257	15,389,847
		Total:	**156,501,849**	**141,413,279**

9.01 IPO Fund: Tk. 125,547,592

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Cash at Bank -Islami Bank Ltd.-MSND A/C		5,522,277	3,164,673
Cash at Bank - SIBL- MND A/C		25,315	2,858,759
Cash at Bank - FDR		120,000,000	120,000,000
	Total:	**125,547,592**	**126,023,432**

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9.02 Cash and Cash Equivalents: Tk. 30,954,257

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Cash in hand-Factory	1,561,766	1,763,501
Cash in hand-Head Office	1,274,512	1,205,039
Cash at Bank -Islami Bank Ltd.- S/D A/C	30,586	3,997,174
Cash at Bank -Islami Bank Ltd.- C/D A/C	390,449	1,277,132
Cash at Bank -Islami Bank Ltd.- F/C A/C	22,659,009	3,434,499
Cash at Bank -Islami Bank Ltd.	5,033,717	3,585,664
Cash at Bank - SBAC - C/D A/C	4,218	-
Cash at Bank -Social Islami Bank Ltd.- C/D A/C	-	126,838
Total:	**30,954,257**	**15,389,847**

The Bank balance are in agreement with respective bank statement balances.

10.00 Share Capital:

	30-06-2020	30-06-2019
10.01 Authorized Share Capital :		
310,000,000 ordinary shares of Taka 10/= each.	**3,100,000,000**	**2,100,000,000**
10.02 Issued, subscribed, called-up and paid-up share capital:		
221,365,800 ordinary shares of Tk 10/= each fully paid-up	2,213,658,000	1,924,920,000
	2,213,658,000	**1,924,920,000**

10.03 Paid-up Share Capital:

Opening Share Capital	1,924,920,000	1,404,100,000
Issued during the period - Bonus Issue	288,738,000	320,820,000
Issued during the period - IPO	-	200,000,000
	2,213,658,000	**1,924,920,000**

The shareholding position of the company are as under:

Name	No. of shares	Percentages %	Amount in Tk.
Rezaur Rahman Rajon	14,092,974	6.37%	140,929,740
Faiaz Kader	17,913,090	8.09%	179,130,900
Al-Haj Mustafizur Rahman	11,316	0.01%	113,160
Shirin Faruk	9,591,000	4.33%	95,910,000
Abdul Kader Faruk	9,591,000	4.33%	95,910,000
Total Spinning Mills Ltd.	9,411,600	4.25%	94,116,000
Rajon Textiles Mills Ltd.	8,901,000	4.02%	89,010,000
Lee Jung Kook	48,449,526	21.89%	484,495,260
S.F Textile Industries Ltd.	12,876,293	5.82%	128,762,930
Sadman Textiles Mills Ltd.	9,591,000	4.33%	95,910,000
Better Life Hospital Ltd.	9,591,000	4.33%	95,910,000
Samin Food & Beverage Inds and Textile Mills Ltd.	9,591,000	4.33%	95,910,000
Other shareholders	61,755,001	27.90%	617,550,010
Total	**221,365,800**	**100%**	**2,213,658,000**

10.04 Classification of Shareholders by holdings

Ranges of Shareholdings	30-06-2020	
	No. of Holder	% of Holdings
Less than or equal to 500 Shares	698	0.04%
501 to 1,000 Shares	447	0.14%
1,001 to 5,000 Shares	217	0.26%
5,001 to 10,000 Shares	82	0.28%
10,001 to 20,000 Shares	55	0.36%
20,001 to 30,000 Shares	30	0.33%
30,001 to 40,000 Shares	20	0.31%
40,001 to 50,000 Shares	12	0.24%
50,001 to 100,000 Shares	29	0.95%
100,001 to 1,000,000 Shares	71	10.79%
Over 1,000,000 Shares	22	86.28%
Total	1683	100%

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11.00 Retained Earnings: Tk. 1,413,471,116

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Opening balance		1,597,243,835	2,113,291,573
Less: Bonus Issue		(384,984,000)	(320,820,000)
Add: Current year Profit		201,286,281	196,577,339
		1,413,546,116	**1,989,048,912**
Less: IPO Expenses	11.01	75,000	11,166,456
Less: Fire loss of Investment in Associates		-	380,638,621
Total:		**1,413,471,116**	**1,597,243,835**

11.01 IPO Expenses: Tk. 18,403,756

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening balance	18,328,756	7,162,300
Add: Current year	75,000	11,166,456
Total:	**18,403,756**	**18,328,756**

12.00 Deferred Tax liabilites: Tk. 140,449,127

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Opening balance		135,121,121	126,085,359
Addition during the year	24.02	5,328,006	9,035,762
Total:		**140,449,127**	**135,121,121**

13.00 Trade Payables: Tk. 110,344,192

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Trade payables	110,344,192	111,587,165
Total:	**110,344,192**	**111,587,165**

14.00 Short Term Borrowings: Tk. 4,695,600

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
EDF/MDB - IBBL	4,695,600	3,718,561
Total:	**4,695,600**	**3,718,561**

14.01 The Islami Bank Bangladesh Limited sanctioned a composite working capital limit for Tk 65.00 crore to make stock of raw materials, work in process and finished goods in form of:

a) L/C limit for Tk 540.00 million
b) Bai-Murabaha & MPI for Tk 110.00 million

Terms and Conditions :

a) Rate of profit 11 % per annum
b) Validity uptc 21.10.2020 but every year renewable.

15.00 Creditors & Accrues : Tk. 8,714,677

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Gas Bill		3,405,418	3,745,261
Electricity Bill		63,824	62,405
Water Bill		6,312	6,418
Rent		2,000	2,000
Salary & Wages		4,583,926	4,501,247
MD's Remuneration and Fees		50,000	50,000
Sundry Creditors	15.01	308,197	236,782
Audit Fees		295,000	310,000
Total:		**8,714,677**	**8,914,113**

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15.01 Sundry Creditors: Tk. 308,197

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
M/S. Technocrate Enterprise		30,412	37,058
M/S Engineering Network Ltd		277,785	199,724
Total	**Total:**	**308,197**	**236,782**

16.00 Provision for Income Tax: Tk. 32,110,735

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Opening Balance		22,873,152	44,147,882
Add:Income Tax charged	24.00	31,956,132	22,700,689
		54,829,284	66,848,571
Less: Adjustment during the year		22,718,549	43,975,419
	Total:	**32,110,735**	**22,873,152**

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17.00 Export: Tk. 2,388,452,683

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Export		2,388,452,683	2,468,360,191
	Total:	**2,388,452,683**	**2,468,360,191**

17.01 Particualrs of Import, Export, Production and Stock in Quantity (Lbs) during the year:

Particulars	30-06-2020	30-06-2019
Opening Raw Materials - Yarn	5,767,728	4,060,482
Add: Purchase during the year	18,285,417	19,896,524
Total available	**24,053,145**	**23,957,006**
Less: Input to Production	18,179,870	18,189,278
Closing stock of Raw materials	**5,873,275**	**5,767,728**
Input to Production	18,179,870	18,189,278
Add:Opening WIP	94,000	92,527
	18,273,871	**18,281,804**
Less: Closing WIP	92,873	94,000
	18,180,998	**18,187,804**
Add:Opening Finished goods	1,187,861	1,061,324
	19,368,858	**19,249,128**
Less:Wastage	211,846	209,751
Finished goods available to Export	**19,157,012**	**19,039,377**
Less:Closing Finished goods	1,556,017	1,187,861
Export Quantity during the year	**17,600,995**	**17,851,516**

18.00 Cost of Export : Tk. 2,122,596,926

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Raw materials consumed-Yarn	18.01	1,758,487,260	1,810,346,848
Raw materials consumed-Chemicals	18.02	151,010,896	162,122,811
Packing materials consumed	18.03	5,578,290	5,294,879
		1,915,076,446	**1,977,764,538**
Work in process- opening		9,357,214	9,506,397
Work in process- closing		8,917,632	9,357,214
Change in work in process		**439,582**	**149,183**
Total consumption		**1,915,516,028**	**1,977,913,721**
Add: Manufacturing Overhead	18.04	115,605,290	114,389,889
Add: Depreciation		132,193,524	134,652,795
Cost of production		**2,163,314,842**	**2,226,956,405**
Finished goods - opening		147,350,216	134,815,588
Finished goods - closing		187,682,416	147,350,216
Change of finished goods stock		**(40,332,200)**	**(12,534,628)**
Cost of free issue		385,716	397,524
	Total:	**2,122,596,926**	**2,214,024,253**

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18.01 Raw materials consumed-Yarn: Tk. 1,758,487,260

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Opening Stock		574,051,869	417,245,774
Add: Purchase during the year		1,752,540,637	1,967,152,943
Raw materials available for production		2,326,592,506	2,384,398,717
Less: Closing Stock		568,105,246	574,051,869
	Total:	**1,758,487,260**	**1,810,346,848**

18.02 Raw materials consumed-Chemicals: Tk. 151,010,896

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Opening Stock		80,621,537	74,202,700
Add: Purchase during the year		150,541,836	168,541,648
Chemicals available for Production		231,163,373	242,744,348
Less: Closing Stock		80,152,477	80,621,537
	Total:	**151,010,896**	**162,122,811**

18.03 Packing materials consumed: Tk. 5,578,290

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Opening Stock		2,184,631	2,051,364
Add: Purchase during the year		5,597,450	5,428,146
Packing materials available for packing		7,782,081	7,479,510
Less: Closing Stock		2,203,791	2,184,631
	Total:	**5,578,290**	**5,294,879**

18.04 Manufacturing overhead: Tk. 115,605,290

The above balance is made up as follows:

Particulars	Notes		30-06-2020	30-06-2019
Salary & Wages			47,852,639	47,682,405
Fuel, Water & Power			5,279,652	5,240,861
Printing & Stationary			1,034,210	1,096,432
Conveyance			682,041	634,107
Mobile bill			43,874	44,108
Store & Spares Consumed	6.06		6,321,185	6,575,123
Insurance			1,524,063	1,350,846
Gas Bill			45,182,469	43,972,101
C & F Expenses			5,287,196	5,365,081
Rent, Rates and Taxes			108,713	93,642
Repairs & Maintenance	18.04.A		2,179,577	2,236,635
Other Overhead			109,671	98,548
		Total:	**115,605,290**	**114,389,889**

18.04.A Repairs & Maintenance: Tk. 2,179,577

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Plant and Machinery		1,577,832	1,524,942
Building		512,074	632,051
Others		89,671	79,642
	Total:	**2,179,577**	**2,236,635**

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19.00 Operating Expenses: Tk. 35,063,149

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Warehouse, Distribution & Selling Exp.	19.01	14,773,555	14,631,667
Administrative Expenses	19.02	20,289,594	20,443,642
	Total:	**35,063,149**	**35,075,309**

19.01 Warehouse, Distribution & Selling Exp.: Tk. 14,773,555

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Advertising Expenses	197,518	10,763
Salary & Welfare	6,582,417	6,505,278
Transportation and Handling Expenses	3,898,714	3,875,416
Repair and Maintenance	355,417	342,109
Rent	36,500	34,500
Electricity, Fuel & Water	82,718	78,692
Sales promotion Expenses	476,351	508,469
Traveling Expenses	1,341,824	1,482,517
Entertainment Expenses	520,418	539,061
Miscellaneous Expenses	107,458	94,736
Sample,Test & Analysis	306,827	271,964
Cost of free issue	385,716	397,524
Depreciation	481,677	490,638
Total:	**14,773,555**	**14,631,667**

19.02 Administrative Expenses: Tk. 20,289,594

The above balance is made up as follows:

Salary & Welfare	7,741,526	7,652,408
MD's Remuneration	600,000	450,000
Postage & Telecommunication	352,408	341,052
Traveling, Haultage & passage	2,841,639	3,140,849
Repair & Maintenance	736,533	723,518
Vehicle Expenses	553,857	594,125
Electricity, Fuel & Water	925,129	912,416
Printing and Stationery	605,412	655,240
Rent, Rates and Taxes	3,509,671	3,405,163
Subscription & Donation	277,241	201,539
Entertainment	307,549	297,541
Legal & Professional Charge	175,841	274,153
Audit fees	295,000	435,000
Miscellaneous Expenses	110,524	109,854
Newspaper & periodical	69,352	71,563
Board Meeting attendance Fees	64,000	34,400
Depreciation	1,123,912	1,144,821
Total:	**20,289,594**	**20,443,642**

20.00 Financial Expenses: Tk. 612,405

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Interest on Loan	20.01	612,405	716,528
	Total:	**612,405**	**716,528**

20.01 Interest on loan: Tk. 612,405

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Interest on MDB Loan	17,319	351,420
Interest on IBP Loan	9,358	129,428
Interest on Murabaha TR / EDF	585,728	235,680
Total:	**612,405**	**716,528**

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21.00 Foreign Exchange gain or loss: Tk. 841,091

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Foreign Exchange gain or Loss - Realized		824,157	516,824
Foreign Exchange gain or Loss - Unrealized		16,934	14,937
	Total:	**841,091**	**531,761**

22.00 Other non-operating income: Tk. 7,549,125

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Sale of Wastage		63,402	684,215
Interest Income		7,485,723	3,956,884
	Total:	**7,549,125**	**4,641,099**

23.00 Share of Profit of Associate : Tk. Nil

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Share of Associate Profit during the year	23.01	-	4,596,829
	Total:	**-**	**4,596,829**

23.01 Share of Associate Profit during the year: Tk. Nil

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Associate Profit/Loss during the year		(344,939,466)	52,167,197
Total No.of Share of Associate		392,544,834	392,544,834
No. of Share of Associate held by the Company		34,589,966	34,589,966
Percentage of holding in Asssociate Company		8.8117%	8.8117%
Share of Associate Profit during the period	**Total:**	**(30,395,113)**	**4,596,829**

No loss is recognized as total investment in assciated become Nil.

24.00 Income Tax Expenses during the year: Tk. 37,284,138

The above balance is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Current Tax on operating Income	24.01	29,313,938	21,076,304
Current Tax on other Income		2,642,194	1,624,385
Deferred Tax	24.02	5,328,006	9,035,762
	Total:	**37,284,138**	**31,736,451**

24.01 Current Tax on operating Income : Tk. 29,313,938

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Profit before tax		238,570,419	228,313,790
Less: IPO Expenses		(75,000)	(11,166,456)
Less: Other non-operating income		(7,549,125)	(4,641,099)
Less: Share of Profit/Loss of associate		-	(4,596,829)
Add: Depreciation on Accounting base		133,799,113	136,288,254
Less: Depreciation on Tax base		(169,319,154)	(203,688,969)
		195,426,253	**140,508,691**
Applicable Tax Rate		**15%**	**15%**
Current tax on operating Income	**Total:**	**29,313,938**	**21,076,304**

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24.02 Deferred Tax during the year: Tk. 5,328,006

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Carrying amount as Accounting base:			
Property, Plant & Equipment		1,876,447,157	1,855,513,740
Carrying amount as Tax base:			
Property, Plant & Equipment		940,119,638	954,706,261
Difference		936,327,519	900,807,479
Applicable Tax Rate		15%	15%
Deferred Tax liabilities at the end of year		140,449,128	135,121,122
Opening balance		135,121,122	126,085,359
Deferred tax expenses/(income) for the year	Total:	5,328,006	9,035,762

25.00 IPO Expenses: Tk. 75,000

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Issue Management fees		-	2,300,000
Audit fees		75,000	135,000
Data Transmission fees		-	400,000
Underwritting fees		-	402,500
CDBL fees		-	849,116
Printing, Publication and Distribution		-	7,079,840
	Total:	75,000	11,166,456

26.00 Reconcilation of cash generated by operations

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Profit before Income tax	238,570,419	228,313,790
Add: Depreciation charged	133,799,113	136,288,254
Add: Financial Expenses	612,405	716,528
Less: Share of Profit/Loss of associate	-	(4,596,829)
Add(Less): Increase or decrease in inventory	(33,970,173)	(175,850,931)
Add(Less): Increase or decrease in trade receivable (foreign exchange gain or loss adjusted)	(26,955,433)	(40,764,810)
Add(Less): Increase or decrease in trade payable (foreign exchange gain or loss adjusted)	(1,242,973)	3,996,651
Add(Less): Increase or decrease in advance, deposit and pre payments	(23,375,110)	34,605,541
Add(Less): Increase or decrease in Foreign Exchange gain or loss - FC Account	(16,934)	(14,937)
Add(Less): Increase or decrease in creditors and accrues	(199,436)	797,495
	287,221,878	183,490,752

27.00 Earnings Per Share (Basic EPS) : Tk. 0.91

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
a) Net Profit after Tax	201,286,281	196,577,339
b) Weighted average number of shares outstanding (Note-27.01)	221,365,800	190,300,219
Earnings per share (EPS)	0.91	1.03

27.01 Weighted average No. of Shares outstanding

The above balance is made up as follows:

Particulars	30-06-2020	30-06-2019
Opening Share	192,492,000	140,410,000
Issued during the year - Bonus Issue	28,873,800	32,082,000
Issued during the year - IPO (20,000,000 X 325/365)	-	17,808,219
Weighted average No. of Shares outstanding	221,365,800	190,300,219

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28.00 Net Asset Value per Share (NAV) : Tk. 16.39

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Net Asset Value		3,627,129,116	3,522,163,835
No. of Shares Outstanding		221,365,800	192,492,000
Net Asset Value per Share (NAV)	Total:	**16.39**	**18.30**

29.00 Net Operating Cash Flows per Share : Tk. 1.20

The above balance is made up as follows:

Particulars		30-06-2020	30-06-2019
Net Operating Cash Flows		265,820,532	170,001,147
No. of Shares Outstanding		221,365,800	192,492,000
Net Operating Cash Flows per Share	Total:	**1.20**	**0.88**

30.00 Disclosure as per requirment of Schedule XI, part II, note 5 of para 3

31.A Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended June 30, 2020 are given below:

i) Sales

Particulars	01-07-2019 to 30-06-2020	01-07-2018 to 30-06-2019
Amount in Taka	2,388,452,683	2,468,360,191
Quantity in Lbs	17,600,995	17,851,516

ii) Raw Materials - Yarn Consumed in Quantities (Lbs):

	01-07-2019 to 30-06-2020	01-07-2018 to 30-06-2019
Opening Stock	5,767,728	4,060,482
Purchase	18,285,417	19,896,524
Total available	24,053,145	23,957,006
Less: Closing Stock	5,873,275	5,767,728
Raw Materials - consumed	**18,179,870**	**18,189,278**

iii) Particulars in respect of Opening Stock and Closing Stock of Inventories

Particulars	Opening Stock		Closing Stock	
	Quantity	Amount in Tk.		Amount in Tk.
Raw Materials -Yarn	5,767,728 Lbs	547,051,869	5,873,275 Lbs	568,105,246
Raw Materials -Chemicals	619,754 Kg	80,621,537	612,934 Kg	80,152,477
Work in Process	94,000 Lbs	9,357,214	92,873 Lbs	8,917,632
Finished goods	1,187,861 Lbs	147,350,216	1,556,017 Lbs	187,682,416

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31.B Disclosure as per requirment of Schedule XI, part II, note 5 of para 3

Employee Position (as on June 30, 2020)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6000	11	2	92	105
Above 6000	37	48	458	543
Total	**48**	**50**	**550**	**648**

31.C Disclosure as per requirment of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the year ended 30.06.2020

Directors Remuneration & Fees : Tk. 664,000

Directors' are entitled Tk 1,000 as Board Meeting fee for attending each Board Meeting as per Articles of Association. The break down is as follows-

Name of Board of Directors	Designation	Director Remuneration	No. of Meeting attending	Fees	Amount in Taka
Mr. Faiaz Kader	Chairman	-	13	13,000	13,000
Mr.Rezaur Rahman Rajon	Director	-	12	12,000	12,000
Mr. Golam Azam Chowdhury (Representive of Rajon Textile Mills Ltd	Managing Director	600,000	13	13,000	613,000
Mr. Abul Khair Manik (Representive of Total Spinning Mills Ltd	Director	-	13	13,000	13,000
Mr. Syed Md. Tajon Islam	Independent Director	-	13	13,000	13,000
Total		**600,000**		**64,000**	**664,000**

31.D Disclosure as per requirment of Schedule XI, part II, para 7

Details of Capacity as given below:

Particulars	Attainable Capacity in Lbs	Actual Production in Lbs	Percentage of Capacity Utilization
Annual Production of Acrylic & Cotton Yarn Dyeing in Lbs	19,840,000	17,969,152	90.57%
Total	**19,840,000**	**17,969,152**	**90.57%**

32 Disclosure as per requirement of Schedule XI, Part II, para 8 of Companies Act,1994.

32.A During the year ended June 30 , 2020 total value of import in respect of raw material, spare parts calculated on CIF basis are given as below:

Particulars	Amount (Tk.)
Raw Materials - yarn	1,752,540,637
Raw Materials - Chemical	150,541,836

32.B The company has not incurred any expenditure in foreign currencies during the period of 01 July, 2019 to 30 June, 2020 on account of royalty, know-how, professional fees, consultancy fees, interest and other matters.

32.C Value of both imported and indigenous raw materials, spare parts and components consumed and the percentage of each to the total consumption during the period of 01 July, 2019 to June 30, 2020 are given as below:

Particulars	Total Comsumption	Imported Taka.	(%)	Local Taka.	(%)
Raw Materials - Yarn	1,758,487,260	1,758,487,260	100%	-	0.00%
Raw Materials - Chemical	151,010,896	151,010,896	100%	-	0.00%
Packing Materials	5,578,290	-	0%	5,578,290	100.00%
Store Items	6,321,185	-	0%	6,321,185	100.00%
Total	1,921,397,631	1,909,498,156		11,899,475	

32.D The company has not remitted any amount during the period of 01 July, 2019 to June 30, 2020 in foreign currencies on account of dividend for non-resident shareholders.

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32.E Earnings in foreign exchange classified under the following heads as follows:

i) Total Export for the period ended 30 June 2020 is US$ 28,388,414.76 which equivalent to BDT. 2,388,452,683
ii) No royalty, know-how, professional and consultancy fees were received.
iii) No interest and dividend received.
iv) No other income received.

33.00 Capital Expenditure Commitment:

The Company has no other capital expenditure commitment other than IPO fund utilization at the reporting date.

34.00 Directors' interest in contracts with the company :

There was no other transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors which mentioned in accounts.

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M. L. DYEING LIMITED
SCHEDULE OF FIXED ASSETS
AS AT JUNE 30, 2020

Annexure-A

Particulars	Cost			Rate of Depreciation (%)	Depreciation			Written Down Value as at 30-06-2020	Written Down Value as at 30-06-2019
	Balance as on 1st July 2019	Addition during the year	Balance as on 30th June 2020		Balance as on 1st July 2019	Charge during the year	Balance as on 30th June 2020		
Land & Land Development	31,901,605	-	31,901,605	0.00%	-	-	-	31,901,605	31,901,605
Land & Land Development - Spinning Unit	-	132,445,512	132,445,512	0.00%	-	-	-	132,445,512	-
Factory Building	767,802,219	6,552,688	774,354,907	2.5%	102,742,409	16,694,752	119,437,161	654,917,746	665,059,810
Plant & Machinery	1,993,082,486	14,845,386	2,007,927,872	10%	1,010,324,560	98,894,350	1,109,218,910	898,708,962	982,757,926
Power Generator Set	135,276,849	-	135,276,849	10%	81,607,846	5,366,900	86,974,746	48,302,103	53,669,003
Electrical Installation	62,671,595	618,427	63,290,022	10%	28,058,832	3,487,044	31,545,876	31,744,146	34,612,763
Boiler	59,486,248	-	59,486,248	10%	33,911,449	2,557,480	36,468,929	23,017,319	25,574,799
Compresser	22,693,441	-	22,693,441	10%	11,082,058	1,161,138	12,243,196	10,450,245	11,611,383
Fork lift	5,521,489	-	5,521,489	10%	3,489,309	203,218	3,692,527	1,828,962	2,032,180
ETP Plant	60,715,717	-	60,715,717	10%	26,795,707	3,392,001	30,187,708	30,528,009	33,920,010
Gas Installation	7,372,265	-	7,372,265	10%	4,235,444	313,683	4,549,127	2,823,138	3,136,821
Air Condition Installation	7,443,460	-	7,443,460	10%	4,562,275	288,118	4,850,393	2,593,067	2,881,185
Telephone Installation	703,072	-	703,072	20%	329,112	74,792	403,904	299,168	373,960
Office Equipment	4,546,823	-	4,546,823	10%	2,013,172	253,365	2,266,537	2,280,286	2,533,651
Furniture & Fixture	7,708,636	270,517	7,979,153	20%	3,041,056	956,059	3,997,115	3,982,038	4,667,580
Motor Car	7,498,000	-	7,498,000	20%	6,716,936	156,213	6,873,149	624,851	781,064
Total	**3,174,423,905**	**154,732,530**	**3,329,156,435**		**1,318,910,165**	**133,799,113**	**1,452,709,278**	**1,876,447,157**	**1,855,513,740**

Allocation of depreciation

Manufacturing Expenses	98.80%	132,193,524
Administrative Expenses	0.84%	1,123,912
Selling & Distribution Expenses	0.36%	481,677
	100%	**133,799,113**

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3.11 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

3.12 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.

3.13 Financial Risk Management Policies

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

Interest Rate Risk

The company has no significant risk of fluctuations in interest rates.

Foreign Currency Risk

The company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity Risk

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company operations and to mitigate the effects of fluctuations in cash flows.

Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

3.14 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

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