



Annual Report  
2019 - 2020

 **Rahim Textile Mills Ltd.**

## CONTENTS

# 39<sup>th</sup> Annual Report 2019-2020

Subject	Page
Transmittal Letter	2
Notice of The Shareholders	3
Corporate Governance	4-7
Corporate Review	8
Corporate History	9
Corporate Operational Result for 5 years	9
Message from the Chairman	10
Directors' Report	11-15
Corporate Governance Compliance Status Report	16-31
Audit Committee Report	32
Auditors' Report	33-35
Statement of Financial Position as at 30 <sup>th</sup> June, 2020	36
Statement of Comprehensive Income for the year ended June 30, 2020	37
Statement of Changes in Equity for the year ended June 30, 2020	38
Statement of Cash Flows for the year ended June 30, 2020	39
Notes to the Financial Statements	40-58
Form of Proxy	59



## Rahim Textile Mills Limited

**Registered Office:** 117/A, Tejgaon Industrial Area, Dhaka-1208

**Corporate Head Office:** Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208

**Factory:** Shafipur, Kaliakoir, Gazipur

Tel: IPT+8809612111177-92, 880-2-8878065, Fax: 880-2-8878064

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# Rahim Textile Mills Limited

## TRANSMITTAL LETTER

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

**Sub: Annual Report for the year ended 30<sup>th</sup> June, 2020.**

Dear Sir(s),

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements comprising Statement of Financial Position as at 30<sup>th</sup> June, 2020, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30<sup>th</sup> June, 2020 along with notes thereon for your information and records.

Yours sincerely



**Md. Kamruzzaman**  
Company Secretary

Dated: November 25, 2020

# Rahim Textile Mills Limited

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208

Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208

## NOTICE OF THE 39<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the **39<sup>th</sup> ANNUAL GENERAL MEETING** of the Shareholders of the Company will be held on **Thursday 24<sup>th</sup> December, 2020 at 9.00 a.m.** at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 (By observing Social/Sitting Distancing & other health related advices/directives of the Directorate General of Health Services (DGHS) of GOB & WHO like hand washing, compulsory face mask wearing, sanitization facilities at the entrance etc.) to transact the following business:

Agenda-1. To receive, consider and adopt the Audited Financial Statements for the year ended 30<sup>th</sup> June, 2020 together with the Report of the Directors' and the Auditors' thereon.

Agenda-2. To declare dividend for the year ended 30<sup>th</sup> June, 2020.

Agenda-3. To elect Directors in terms of the relevant provision of Articles of Association.

Agenda-4. To appoint Statutory Auditors for the year 2020-2021 and to fix their remuneration.

Agenda-5. To appoint Compliance Auditors for the year 2020-2021 and to fix their remuneration.

By order of the Board



**Md. Kamruzzaman**

Company Secretary

Dated: November 25, 2020

### **Notes:**

- (i) The Shareholders whose names would appear in the Share Register of the Company and/or Depository Register of CDBL on the **record date i.e. November 15, 2020** would be entitled to attend at the AGM and to receive the dividend.
- (ii) The Proxy form must be affixed with requisite revenue stamp and be deposited at the Corporate Head Office of the Company not less than 48 hours before the time fixed for the meeting.
- (iii) Admittance to the meeting venue will be on production of attendance slip sent with the Annual Report.
- (iv) The Annual Report is available in the Company's website at [www.rahimtextile.com](http://www.rahimtextile.com)

**N.B:** As per directive of Bangladesh Securities and Exchange Commission (BSEC), no food or gift will be arranged at the AGM.

## **Corporate Philosophy:**

### **Vision**

We view business as a means to the material and social well-being of the investors, employees and society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

### **Mission:**

Our mission is to produce and provide world class textile and garments products and services and position the country in the higher value segment in the international market.

### **Objectives:**

Our objectives are to conduct transparent business operation based on market mechanism within the legal & social frame work with aims to attain the mission reflected by our vision.

### **Quality Policy:**

Rahim Textile Mills Ltd. is committed to be a provider of world class textile products and services by offering unrivalled quality and satisfying the customers. The Company is committed to avoid use of dyes and chemicals those are health hazard and harmful for the mankind and environment.

### **Corporate Governance:**

Corporate Governance involves decisions making process for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorized as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present and future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of the stakeholders. To this end entire corporate governance efforts are blended with 'good governance practices' as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work live and exist.

### **The organisms through which the corporate governance functions are carried out:**

#### **BOARD OF DIRECTORS:**

##### **(a) Constitution:**

The Board of Directors, the top Management echelon, consisting of the founder entrepreneurs/ successors and Independent Directors, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of Seven (7) members including two Independent Directors with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when one –third of the members retires and seek re-election. A director is liable to be removed if the conditions of the Articles of Association, Regulations of BSEC and the provisions of the Companies Act 1994 are not fulfilled.

##### **(b) Role & Responsibilities:**

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the Company through appropriate delegation and accountability processes via the lines of command. However, the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the Company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility holds periodic meetings, at least once a quarter and provides appropriate decisions/directions to the Executive Management. Such meeting usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of

officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.

**(C) Relationship with Shareholders and Public:**

The shareholders as owners are required to be provided with material information on the Company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Affairs Division in matters of their various queries, shares transfer, dematerialization, rematerialization of shares, payment of dividends etc. The Board is, however, responsible to the public for publication of any Price Sensitive Information as per BSEC Regulation. A qualified & experienced person is in charge for all these responsibilities as Company Secretary. The Company has also a web site to provide permissible information/notices/price sensitive information/financial reports and others for the Shareholders and interested investors.

**(d) Relationship with Government:**

In its role on accountability to the government, the Board of Directors is to ensure payments of all dues to government in the form of import duty, custom duty, port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

**(e) Relationship with Financiers/ Bankers:**

The Board oversees the financial transactions and ensures to meet company's commitments to the lenders without default.

**(f) Relationship with Suppliers:**

The Company has to import plant and machinery and the raw materials from abroad, it has to maintain cordial relationship for mutually beneficial interest with its international as well as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the Company's image as a good customer.

**(g) Corporate Social Responsibilities (CSR):**

The Board of Directors is also aware of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion- regional equality, non-employment of child labor, human rights, environmental pollution, social-marketing and social-activities.

**SEPARATE ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR:**

The positions of Chairman and Managing Director are held by separate persons. The Chairman is responsible for the functions of the Board while the Managing Director serves as the Chief Executive Officer (CEO) of the Company.

**CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPLIANCE AND COMPANY SECRETARY:**

The Company has appointed Mohammad Sakhawat Hossain, as Chief Financial Officer, Md. Jamal Uddin, as Head of Internal Audit and Compliance and Md. Kamruzzaman, as Company Secretary of the Company as per requirement of the Corporate Governance Code of Bangladesh Securities and Exchange Commission.

**AUDIT COMMITTEE OF BOARD:**

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The present members of audit committee are as follows: (1) Mr. M. Sekander Ali, Independent Director- Chairman (2) Dr. Shamim Matin Chowdhury, Managing Director- Member and (3) Lt. Col. Serajul Islam, Bir Protik (BAR) Retd, Independent Director-Member. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinates with the Internal and External Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the Company and its Directors, officials, customers,

suppliers, government and any other interest groups and detect or remove any scope of insider trading in the Company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other agencies. The Audit Committee of the Board held 4 (four) Meetings during the year 2019-2020.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC) consisting of three Directors. The present Members of Nomination and Remuneration Committee (NRC) are as follows: (1) Lt. Col. Serajul Islam, Bir Protik (BAR) Retd, Independent Director, Chairman, (2) Dr. Shamim Matin Chowdhury, Managing Director- Member and (3) Mr. M. Sekander Ali, Independent Director, Member. The Nomination and Remuneration Committee (NRC) held 1 (one) meeting during the year 2019-2020.

#### **OTHER GOVERNANCE APPARATUS:**

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government, and the Public as highlighted below:

##### **(a) Independent Director:**

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. M. Sekander Ali, one of the Senior Development/Investment Bankers of the country, former Managing Director of Investment Corporation of Bangladesh, Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Sangstha and Senior Adviser of Bangladesh Securities and Exchange Commission, as the non-shareholder Independent Director.

Lt. Col. Serajul Islam, Bir Protik (BAR) Retd, a Director of Exim Bank Ltd. and Adviser of Nassa Group & Vice Chairman of Nassa Real Estate Ltd. has also been appointed as the non-shareholder Independent Director. It is expected that their expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

##### **(b) Bankers:**

The degree of efficient business operation largely depends on the quality & efficiency of banking services received by the company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely AB Bank Limited, The City Bank Limited, Mutual Trust Bank Ltd. and IFIC Bank Limited who provide most efficient service at minimum cost/interest that benefit the shareholders.

The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court.

##### **(c) Insurer:**

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The Company, based on these considerations, is maintaining insurance business relationship with the highly reputed and publicly listed insurance companies namely Reliance Insurance Ltd., Eastland Insurance Co. Ltd., United Insurance Co. Ltd. and Prime Islami Life Insurance Limited

##### **(d) Auditors:**

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows the code of International Accounting Standards (IAS), International Financial Reporting Standard (IFRS), The Securities and Exchange Rules 1987 and Financial Reporting Act. 2015 with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. Malek Siddiqui Wali, Chartered Accountants whose

performance has played a very trustworthy role in the protection of interest of the investors.

**MANAGEMENT COMMITTEE:**

The Management Committee is led by the Managing Director (CEO) who has been appointed by the Board of Directors for a term of 5 years (renewable) with the approval of Shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Mr. Ghaus Mohammad, Director-HR & Admin, Brig. General A F Jaglul Ahmed (Rtd.), Executive Director and Mohammad Sakhawat Hossain, Chief Financial Officer.

**SEGMENT REPORT:**

The company's operations are carried out on a single business and geographic segment within which the company operates and as such no segment reporting is felt necessary.

**RISK PERCEPTION:**

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific invention, WTO Regulation etc. and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks. The Company Management also perceives credit risk, liquidity risk, market risk, currency risk and interest rate risk.

**WE STRIVE FOR**

- We in Rahim, strive, above all, for top quality products at the least cost.
- We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.
- We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company.
- We strive for the best co-operation of the creditors and debtors the banks & financial institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities- power, gas & water etc. and the customers who buy our products and services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.
- We strive for fulfillment of our responsibility to the Government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.
- We strive, as responsible citizen, for a social order devoid of malpractices, anti environmental behaviors, unethical and immoral activities and corruptive dealings.
- We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information etc.
- We strive for equality in sexes, races, religions and regions in all sphere of operation without any discriminatory treatment.
- We strive for an environment free from pollution and poisoning.
- We strive for the achievement of Millennium development goals for the Human Civilization.



## CORPORATE REVIEW

### I. MANAGEMENT APPARATUS:

<b>(a) BOARD OF DIRECTORS:</b>	Mr. Didar A. Husain Dr. Shamim Matin Chowdhury Mr. A. Matin Chowdhury Ms. Saima Matin Chowdhury Mr. Azizur Rahim Chowdhury Mr. M. Sekander Ali Lt. Col. Serajul Islam, Bir Protik (BAR) Retd.	Chairman Managing Director Director Director Director Independent Director Independent Director
<b>(b) AUDIT COMMITTEE:</b>	Mr. M. Sekander Ali Dr. Shamim Matin Chowdhury Lt. Col. Serajul Islam, Bir Protik (BAR) Retd.	Chairman Member Member
<b>(c) NOMINATION AND REMUNERATION COMMITTEE:</b>	Lt. Col. Serajul Islam, Bir Protik (BAR) Retd. Dr. Shamim Matin Chowdhury Mr. M. Sekander Ali	Chairman Member Member
<b>(d) MANAGEMENT COMMITTEE:</b>	Dr. Shamim Matin Chowdhury Mr. Ghaus Mohammad Brig. Gen. A F Jaglul Ahmed (Retd.) Mr. Mohammad Sakhawat Hossain	Chairman Member Member Member
<b>(e) SENIOR CORPORATE OFFICIALS:</b>	Mr. Ghaus Mohammad Brig. Gen. A F Jaglul Ahmed (Retd.) Mr. Mohammad Sakhawat Hossain Mr. Mizanur Rahman Md. Kamruzzaman Md. Jamal Uddin	Director, HR & Admin Executive Director Chief Financial Officer General Manager Company Secretary Head of Internal Audit and Compliance
<b>(f) AUDITORS:</b>	Malek Siddiqui Wali	Chartered Accountants
<b>(g) BANKERS:</b>	i. AB Bank Ltd. ii. The City Bank Ltd. iii. Mutual Trust Bank Ltd. iv. IFIC Bank Ltd.	
<b>(h) INSURERS:</b>	i. Reliance Insurance Ltd. ii. Eastland Insurance Co. Ltd. iii. United Insurance Co. Ltd. iv. Prime Islami Life Insurance Limited	
<b>(i) LISTING:</b>	Dhaka Stock Exchange Ltd.	
<b>(j) REGISTERED OFFICE:</b>	117/A, Tejgaon Industrial Area, Dhaka-1208.	
<b>(k) CORPORATE HEAD OFFICE:</b>	Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208	
<b>(l) INVESTORS' RELATION DEPARTMENT:</b>	Md. Kamruzzaman	Fax No-880-2-8878064, E-mail: kamruzzaman@kntasia.com, Tel: 880-2-8878065, Cell: 8801709998863
<b>(m) FACTORY:</b>	Shafipur, Kaliakoir, Gazipur.	

## II. CORPORATE HISTORY:

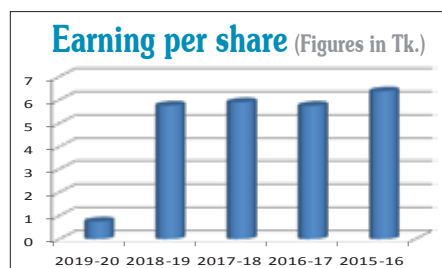
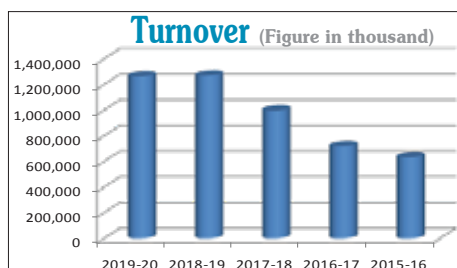
- Year of Incorporation : 31 December, 1981
- Year of Commencement of Production : 01 July, 1987
- Year of Initial Public Offering (IPO) : 1988
- Stock Exchange Listing date : 29 March, 1988
- Awarded Oeko-Tex Certificate : 20 September, 2010
- Awarded Better Cotton Initiative Certificate : 05 January, 2017
- Awarded Organic Content Standard Certificate : 31 August, 2016
- Authorized Capital : Tk.500 Million
- Paid Up Capital : Tk.94.597 Million
- Product Lines : Dyeing, Printing & Finishing for Woven & Knit Fabrics
- Number of Shareholders (30<sup>th</sup> June 2020) : 3178
- Number of Employees (30<sup>th</sup> June 2020) : 657

## III. FIVE YEARS OPERATIONAL RESULTS:

(Figures in thousand Tk.)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Turnover</b>	<b>1,262,897</b>	<b>1,269,322</b>	<b>995,951</b>	<b>717,463</b>	<b>630,290</b>
Gross Profit	140,778	172,130	157,205	118,454	108,568
Operating Profit	80,261	115,425	100,069	59,598	60,540
Net Profit before Tax	8,555	68,907	61,945	59,683	54,060
Net Profit after Tax	7,089	54,497	50,781	44,958	43,331
Total Assets	1,692,534	2,016,875	1,591,881	1,119,955	655,513
Fixed Assets	793,868	790,977	796,176	549,749	444,607
Total Bank Loan	1,105,458	1,163,337	828,956	456,235	197,886
Total Current Assets	898,666	1,225,898	795,704	570,205	210,906
Total Current Liabilities	1,096,017	1,385,246	978,488	646,772	365,522
Current Ratio	0.82:1	0.88:1	0.81:1	0.88:1	0.58:1
Authorized Capital	500,000	500,000	500,000	500,000	500,000
Paid up Capital	94,597	85,997	78,179	67,982	48,559
Number of shares (Nos.)	9,459,683	8,599,712	7,817,920	6,798,191	4,855,851
Shareholder's Equity	348,579	358,689	319,828	279,244	234,285
Face Value per Share	10	10	10	10	10
Cash Dividend Per Share (%)	11	20	20	15	0
Stock Dividend (%)	0	10	10	15	40
Return on Paid up Capital	11%	30%	30%	30%	40%
<b>Net Assets Value per Share (NAV)</b>	<b>36.85</b>	<b>41.71</b>	<b>40.91</b>	<b>41.08</b>	<b>48.25</b>
<b>Net Operating Cash Flow per Share</b>	<b>19.60</b>	<b>(28.50)</b>	<b>13.74</b>	<b>17.81</b>	<b>32.66</b>
<b>Earning per share (Tk.)</b>	<b>0.75</b>	<b>*5.76</b>	<b>*5.90</b>	<b>*5.75</b>	<b>6.37</b>
Number of Shareholders	3,178	2,517	2,759	2,808	2,555
Number of Employees	657	670	651	669	588
<b>Production (In Lac yards)</b>	<b>222.57</b>	<b>284.68</b>	<b>278.13</b>	<b>212.29</b>	<b>230.68</b>

- Earning per share for the year 2018-19, 2017-18 and 2016-17 has been restated



# MESSAGE

## FROM THE CHAIRMAN

### **Dear fellow Shareholders, Ladies and Gentlemen**

Welcome you on behalf of the Board of Directors to the 39<sup>th</sup> Annual General Meeting (AGM) of the Company and present before you the Annual Report along with the Audited Financial Statements and the Auditors' and Directors' Report thereon of the Company for the year ended 30<sup>th</sup> June, 2020.

As you are aware of, the year under review has seen an invisible enemy in the name of CORONA COVID-19, that appeared in the 4<sup>th</sup> quarter of 2019-2020 as a halloween with demonic face that began to threaten the whole world wide with the name of pandemic COVID-19 that human civilization is known not to have ever seen or heard of. As a result, not only industrial operations, family lives, social lives as well as human civilization started crises of existence. In such a situation, continuation of any economic operation had almost came to a stand-still situation. Amidst this crises, we could marginally survive with a lower turnover, gross profit, net profit and almost surviving lower dividend. The years ahead are in darkness and our operational future is uncertain unless the scientists/researchers come up successfully with preventive/curative vaccines/drugs for survival of the civilization and human lives.

I would like to mention that due to adverse effect of covid-19 (Pandemic of Corona Virus), the company had succeeded in lower earning net profit of Tk.7,088,909 during the year 2019-2020 with decrease in turnover of Tk.6,425,012 as compared to previous period. The decrease of turnover dueto adverse effect of COVID-19 resulting closure of mill in 2 (two) months for lockdown by the government. As a result utilization of production capacity has decreased from 94.89% to 74.19% compared to the previous year.

As you may be aware of, Bangladesh Securities and Exchange Commission (BSEC) has introduced mandatory Guidelines on Corporate Governance Code. The Board of Directors of the Company is committed to establish good governance and exercise best practices in all respects, including effective business management in a transparent manner in respect of accountability and abiding by the laws of the land.

Thanks to all Shareholders, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., CDBL, RJSC, Bankers, Customers, Employees and other stake holders for their whole hearted support to the Company.



**Didar A. Husain**  
Chairman

# RAHIM TEXTILE MILLS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

### FOR THE YEAR 2019-2020

#### Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 of the Bangladesh Securities and Exchange Rules 1987, BSEC Notification on CGC dated 03 June, 2018 and IAS (International Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders of the Company for the year ended 30 June, 2020 in the following paragraphs:

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

Compared to the current pandemic situation and the downward trend of many of the worlds' leading businesses, textile is still growing up. As the war between the United State of America and China trade is influencing WTO, the current trade environment of Bangladesh is also affected. Although Bangladesh textile industries are going to encounter a lot of challenges, there are also so many hopes to overcome all those difficulties and maintain the previous growth. The development and growth of the industry have been hindered by two consecutive disruptions. COVID-19, immediately after the peak of Trade War among International Trade of WTO members, caused a continuation of slow development and growth in the industry. The low cost of production has always been a competitive advantage for Bangladesh. It is expected that Bangladesh will consolidate its position as COVID-19 razed apparel sector by the policy support through stimulus packages for export oriented industries by Government and also by the swift, strategic approach by the authorities.

#### The turn over growth of our company during past few years are given below:

Year	Company's Growth Rate
2019-2020	(0.51%)
2018-2019	27.45%
2017-2018	38.82%
2016-2017	13.83%
2015-2016	5.29%

#### Segment-wise or product wise performance:

The actual production performance for the year under review has decreased due to adverse effect of COVID-19 resulting closure of mill for 2 (two) months for lockdown by the government. As a result utilization of production capacity has decreased from 94.89% to 74.19% compared to the previous year. Earlier the Board of Directors had approved a BMRE plan No.-2 for Tk. 57.53 crore for which we obtained a loan of Tk.39.00 crore from The City Bank Ltd. and Tk.18.00 crore from Mutual Trust Bank Ltd.

A comparative statement of productions position are given below:

Particulars	2019-2020	2018-2019	% Increase/(decrease)
<b>01 Production Capacity:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	300.00	300.00	0%
<b>02 Actual Production:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	222.57	284.68	(21.82%)
<b>03 Capacity Utilization:</b>			
a) Dyeing, Printing & Finishing unit (Percentage)	74.19%	94.89%	(20.70%)

#### Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:

Continuous changes in the global market always invite the increase of fabric demand. Outbreak of COVID-19 and a long period of lockdown added extra pace to that change. The contagious nature of this breathing disease has added a few long-term multidimensional disruptions to the Industry, including Health and Safety concerns at the workplace. Maintaining a social distance at the workplace, could slow down the regular trend of the industry and the nature of the industry as well, Speed order & Super speed order are increased due to shift to online order rather than regular order. The changing demand health-conscious market will require new fabric development. That has to contain environment friendly manufacturing infrastructure and use of more expensive chemicals in response to go green call and environment and compliance requirements, health safety assurance, especially in post COVID-19 pandemic milieu.

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

### (a) Cost of Goods Sold:

This year's cost of goods sold was Tk.1,122.12 million (88.85% of turnover) as compared to last year's cost of goods sold of Tk.1,097.19 million (86.44% of turnover). This is due to the fact that there has been increase in average production cost by Tk.11.88 per yds (Tk.50.42 in 2019-2020 per yds and Tk.38.54 in 2018-2019 per yds). The decrease in production quantity is 6.21 million yards compared with the last year. Production capacity utilization during the year was 74.19%.

### (b) Gross Profit:

The turnover of the company during the year was Tk.1,262.90 million as against last year's turnover of Tk.1,269.32 million. The decrease in turnover is (0.51%) over the last year. Gross Profit earned during the year was Tk.140.78 million (11.15% of turnover) as against last year's gross profit of Tk.172.13 million (13.56% of turnover). The decrease in Gross Profit ratio due to increase of cost of imported grey fabrics and increase in prices of dyes & chemical and accordingly increased the overhead cost during the lock down period. As a result, Gross Profit ratio decreased by (2.41%) over the previous year.

### (c) Net Profit:

Net profit (after tax) earned during the year was Tk.7.09 million as compared to last year's Net profit (after tax) of Tk.54.50 million. During the year net profit after tax decreased due to fall in production capacity utilization and resulting in increase of factory overhead cost, fixed operating cost & financial cost accordingly and effect of COVID-19 (Pandemic Corona Virus).

### Discussion on continuity of any extraordinary activities and their implications (gain or loss):

During the year the company received interest on FDR Tk.1,111,496, Foreign Currency Translation Gain Tk.149,871 and unrealized Gain on Foreign Currency Exchange rate Export Tk.2,973,312 total Tk.4,234,679 less unrealized Foreign Currency Exchange rate Import loss (Tk.1,318,293) Tk.2,916,386 which has been shown as Non-Operating Income in note no. 23.00 in the Notes of Account.

### Detailed discussion on related party transactions:

Related party transactions are depicted in Note no.31.00 in the Notes of Account.

### Statement of utilization of proceeds raised through public issues, right issues and/or any other instruments:

There were no public issues and/or right issues offered during the year.

### 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.:

Initial Public Offering was made on 1988. There were no Repeat Public Offering, Rights Offer, Direct Listing, etc. in the history of the company.

### Explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements:

The unaudited Earning per share (EPS) for 1<sup>st</sup> quarter was Tk.1.87, 2<sup>nd</sup> quarter Tk.4.88 and 3<sup>rd</sup> quarter Tk.0.73. After Audit the Annual Earning per share (EPS) stood at Tk.0.75. The quarterly variance between 1<sup>st</sup> quarter to 2<sup>nd</sup> quarters occurred due to increase of sales revenue. The 2<sup>nd</sup> quarter to 3<sup>rd</sup> quarters variance occurred due to effect of COVID-19 (Pandemic Corona Virus). Some of our buyers have deferred their shipment schedule while some orders were delayed by our customers. Thus, market demand had reduced substantially. The immediate action they had taken to reduced their inventory as well as we faced with a lot of orders which were held up and placement of new orders was also much lower. As a result company could not perform satisfactorily in the 3<sup>rd</sup> quarter of 2019-2020.

### Statement of remuneration paid to the directors including independent directors:

Name of Directors	Designation	Remuneration paid from 1 <sup>st</sup> July 2019 to 30 <sup>th</sup> June 2020 (Tk.)
Mr. Didar A. Husain	Chairman	Nil
Dr. Shamim Matin Chowdhury	Managing Director	Nil
Mr. A. Matin Chowdhury	Director	2,114,285
Ms. Saima Matin Chowdhury	Director	Nil
Mr. Azizur Rahim Chowdhury	Director	1,057,143
Mr. M. Sekander Ali	Independent Director	30,000
Lt.Col. Serajul Islam, Bir Protik (BAR) Retd.	Independent Director	24,000
<b>Total</b>		<b>3,225,428</b>

\* Independent Directors remuneration means Board Meeting attendance fees.

The remuneration of Directors including Independent Directors are depicted in Note no.31.03&31.05 in the Notes of Account.

**Statement of Directors on Financial Reports:**

The above reports are depicted in **Annexure-I**

**Explanation that significant deviations from the last year's operating results of the company:**

Turnover decreased by (0.51%) over the last year. However, the Cost of goods sold (COGS) percentage increased by 2.41% due to increase in price of Dyes & Chemicals, other Raw materials and fixed overhead cost. Operating profit percentage decreased by 2.74% on sales compared to last year (2019-2020 was 6.36% and 2018-2019 is 9.09%).

**FINANCIAL RESULTS:**

The comparative statements of financial results of the Company for the year 2019-20 as compared to previous year 2018-19 are summarized as follows:

(Tk. in Thousand)

Particulars	2019-20	% on Sales	2018-19	% on Sales	% Increase/ (Decrease) on Turnover	Actual percentage Increase/ (Decrease)
Turnover	1,262,897	--	1,269,322	--	(0.51%)	(0.51%)
Cost of goods sold	1,122,120	88.85%	1,097,193	86.44%	2.41%	2.27%
Gross profit	140,778	11.15%	172,130	13.56%	(2.41%)	(18.21%)
Operating expenses	60,516	4.80%	56,705	4.47%	0.33%	6.72%
Financial expenses	74,194	5.87%	45,948	3.62%	2.25%	61.47%
Operating profit	80,260	6.36%	115,425	9.09%	(2.73%)	(30.47%)
<b>Net profit (AT)</b>	<b>7,089</b>	<b>0.56%</b>	<b>54,497</b>	<b>4.29%</b>	<b>(3.73%)</b>	<b>(86.99%)</b>
Gross profit margin	11.15%	--	13.56%	--	--	--
Net profit margin	0.56%	--	4.29%	--	--	--
<b>Earning per share (Tk.)</b>	<b>0.75</b>	--	<b>*5.76</b>	--	--	--
Face value per share	10	--	10	--	--	--

\*Earning per share restated in the year 2018-19.

**Key operating and financial data of last preceding 5 (five) years have been presented in summarized form in page no. 09**

**Dividend:**

Board of Directors recommended for declaration of a Cash Dividend @ 11% i.e. Tk.1.10 per share of Tk.10.00 each for every 01 (One) ordinary share held by the shareholders on the Record date.

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

No bonus share or stock dividend has been declared during the year 2019-2020 as interim dividend.

**The total number of Board Meetings held during the year 2019-2020 and attendance by each director, stated in Annexure-I.**

**Report on the pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June 2018, stated in Annexure-II.**

**Appointment/re-appointment of the directors:**

Brief resume and other required information of the Directors who seek re-appointed as Director in the ensuing AGM are stated in **Annexure-III.**

**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:**

Management's Discussion and analysis signed by CEO or MD are stated in Annexure-IV.

**Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) are disclosed in Annexure-A.**

**Report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 are disclosed in Annexure-B and Annexure-C.**

## MARKETING:

Since December, 2019; the outbreak of COVID caused a drastic change in the nature of apparel industry. International brands and retailers have suspended clothing orders from Bangladeshi suppliers for up to \$3 billion till April, 2020; and thousands of retail shops in big cities couldn't survive the lockdown and had to embrace bankruptcy. Now, the ebb is in the sales in the process of recovering. In the current state of wax and wane, all these new trends and thoughts are needed to be analyzed and implemented as well as the inclusion of new technologies and latest newer printing and dying houses, in order to capture greater market share. In post COVID-19 milieu, a new and unscratched ground of possibility has been opened, where innovative ideas are needed to showcase. In addition, a more compatible communication with the buyers can help to make the best outcome from this new hope of opportunities. Our marketing policy always aimed to achieve the greater market values by delivering as per the commitment and bonding with the convergence of innovation and incomparable ideas for buyers' satisfaction.

## CAPITAL EXPENDITURES:

During the year 2019-20 the following capital expenditure were incurred compared to 2018-2019:

(Tk. in million)

Particulars	2019-2020	2018-2019
Building/civil Structure	4.20	209.65
Plant & Machinery	106.39	14.29
Other Fixed Assets	5.38	9.19
<b>Total</b>	<b>115.97</b>	<b>233.13</b>

Sources of funds are borrowing from Banks and internal generation.

## LONG TERM LOAN REPAYMENT:

During the year the company has repaid the Term Loan amounting to Tk.134,981.651 and created new Term Loan for new BMRE plan. As a result the Term Loan position as on 30<sup>th</sup> June, 2020 stood at Tk.327,153,719.

## APPROPRIATION OF PROFIT:

The Board of Directors recommended for appropriation of profit as follows:

Retained Earnings brought forward from previous year : Tk.194,330,299.00

Less: Dividend distribution for the year 2018-2019 : (Tk.25,799,136.00)

**Balance surplus brought forward : Tk.168,531,163.00**

Add: Net Profit (after tax) during the year 2019-2020 : Tk. 7,088,909.00

Add: Transfer of excess depreciation of revalued assets : Tk. 1,173,767.00

**Total net free surplus available for appropriation : Tk.176,793,840.00**

## Appropriation Proposed:

(i) Cash Dividend @11% i.e. Tk.1.10 (One point one zero) per share of Tk.10.00 each : (Tk.10,405,651.30)

**Retained Earnings after payment of Dividend Tk.166,388,188.70**

## DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Cash Dividend @ 11% for the year 2019-2020. This will need cash disbursement of Tk.10,405,651.30 mostly out of Retained Earnings (free reserves). The balance of the free reserves be retained for ploughing back in the company for meeting liquidity and investment requirement as may be thought fit by Board of Directors. The cash dividend will be available to the Shareholders whose names would appear in the Share Register of the Company or in the Depository on the record date.

## ELECTION OF DIRECTORS:

### Rotation of Directors:

Pursuant to Article clause 120 of the Articles of Association of the Company, Mr. A. Matin Chowdhury, Director and Mr. Azizur Rahim Chowdhury, Director shall retire by rotation and being eligible as per Article 121 of the Articles of Association of the Company, they offered themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.(5) (xxiv) of BSEC notification dated 3 June, 2018 are depicted in **ANNEXURE-III**.

**APPOINTMENT OF STATUTORY AUDITORS:**

M/s. Malek Siddiqui Wali, Chartered Accountants, Auditors of the Company, will retire at this Annual General Meeting (AGM) and being eligible offered themselves for re-appointment as statutory auditors of the company for the year 2020-2021. M/s. Malek Siddiqui Wali, Chartered Accountants, is a panel auditors of BSEC. In recommendation of the Audit Committee, the Board recommended M/s. Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A, Dhaka-1000 for re-appointment as statutory auditors of the Company of the year 2020-2021 with fixation of their remuneration.

**APPOINTMENT OF CORPORATE GOVERNANCE COMPLIANCE AUDITORS:**

It is required to appoint a practicing Professional Accountant/Secretary for conducting compliance audit for the year 2020-21 on corporate governance code by Bangladesh Securities and Exchange Commission (BSEC) in compliance with the provision of 9(2) of BSEC Notification dated 3 June 2018 Ref. No. BSEC/CMRRCD/2006-158/207/Admin/80 in order to obtain a certificate on compliance of conditions of the said Corporate Governance Code of the Commission.

M/s. Das Chowdhury Dutta & Co., Chartered Accountants, existing compliance auditors of the company being eligible offered themselves for re-appointment as corporate governance compliance auditors of the company for the year 2020-2021. In recommendation of the Audit Committee, the Board recommended M/s. Das Chowdhury Dutta & Co., Chartered Accountants, Well Tower (1st Floor), Flat-A/1, 12/A, Purana Paltan Line, Dhaka for re-appointment as corporate governance compliance auditors of the Company of the year 2020-2021 with fixation of their remuneration.

**COMPLIANCE REPORT IN ANNEXURE:**

We are pleased to confirm that the company has complied with all necessary guidelines in accordance with the requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The Corporate Governance Compliance Report for 2019-2020 is attached (**Annexure-C**) in Annual Report along with the certificate of Compliance required under the said guidelines.

The company obtained a certificate from Das Chowdhury Dutta & Co., Chartered Accountants, regarding compliance of conditions of corporate governance code of the Commission, which is enclosed in the Annual Report as **Annexure-B**.

**ACKNOWLEDGEMENT:**

The Directors are pleased to express their gratitude for the co-operation and support provided by the Shareholders, Customers, Bankers, Insurance Companies, Suppliers, BSEC, DSE, CDBL, RJSC and dedication by Workers and Employees of the company without whose active support the result would not have been possible.

Looking forward to a bright future for all of us.

On behalf of the Board of Directors,



**Didar A. Husain**  
Chairman



## ANNEXURE –I

### The Directors also report that:

- Related Party Transactions are depicted in **Note no. 31.00** in the Notes of Account.
- Remuneration of Directors including Independent Director have been shown in **Note no. 31.03 & 31.05** in the Notes of Account.
- The Financial Statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/IFRS as applicable in Bangladesh and any departure there from has been adequately disclosed.
- The internal control system is sound in design and is effectively implemented and monitored.
- The 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.
- There is no significant doubt about the company's ability to continue as a going concern.
- Significant deviation from the operating result compared to the last year is depicted in **page no. 13 above**.
- Key operating and financial data of last five years have been presented in summarized form in **page no. 09**
- No bonus share or stock dividend has been declared during the year 2019-2020 as interim dividend.
- The total number of Board Meeting and the attendance of directors during the year 2019-2020 were as follows:

<b>Name of Directors</b>	<b>Position</b>	<b>Meeting Held</b>	<b>Attended</b>
Didar A. Husain	Chairman	07	06
Dr. Shamim Matin Chowdhury	Managing Director	07	07
Mr. A. Matin Chowdhury	Director	07	06
Saima Matin Chowdhury	Director	07	03
Azizur Rahim Chowdhury	Director	07	07
Mr. M. Sekander Ali	Independent Director	07	05
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd	Independent Director	07	04

- The pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-II**.
- Information of Directors who seek appointment/re-appointment as required by clause 1.(5) (xxiv) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-III**.
- Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission is enclosed as **Annexure –C**.

## ANNEXURE-II

### Pattern of Shareholding as on 30<sup>th</sup> June, 2020:

Name of the Shareholders	Status	Shares held	%
<b>i. Parent/Subsidiary/Associated Companies and other related parties</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>ii. Directors:</b>			
Didar A. Husain	Chairman	1,789,223	18.91
Dr. Shamim Matin Chowdhury	Managing Director	1,169,359	12.36
A. Matin Chowdhury	Director	1,633,046	17.26
Saima Matin Chowdhury	Director	1,777,168	18.79
Azizur Rahim Chowdhury	Director	342,256	3.62
M. Sekander Ali	Independent Director	Nil	Nil
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd	Independent Director	Nil	Nil
<b>iii. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit &amp; Compliance and their Spouses and Minor Children:</b>			
Dr. Shamim Matin Chowdhury	Chief Executive Officer	1,169,359	12.36
Md. Kamruzzaman	Company Secretary	Nil	Nil
Mohammad Sakhawat Hossain	Chief Financial Officer	Nil	Nil
Md. Jamal Uddin	Head of Internal Audit & Compliance	Nil	Nil
A. Matin Chowdhury	Husband of Dr. Shamim Matin Chowdhury	1,633,046	17.26
<b>iv. Executives</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>v. Shareholders holding 10% or more voting interest in the Company</b>			
Didar A. Husain	Chairman	1,789,223	18.91
Dr. Shamim Matin Chowdhury	Managing Director	1,169,359	12.36
A. Matin Chowdhury	Director	1,633,046	17.26
Saima Matin Chowdhury	Director	1,777,168	18.79

## ANNEXURE-III

### Brief Resume of the Directors

#### Directors who seek re-appointment:

##### Mr. A. Matin Chowdhury:

Mr. A. Matin Chowdhury is a Sponsor Director of the Company since 1981. He is a renowned and dynamic personality in the Textile Sector of Bangladesh. After his active participation in the liberation War of Bangladesh in 1971, he voluntarily retired from the Bangladesh Army as a Major. He entered into the family business with his brother late Mr. A. Malek Chowdhury into Graphics Limited, a company that pioneered printing, office equipment and other technology equipment.

In the last many years, he moved from indenting to the manufacturing and is currently the Managing Director of Malek Spinning Mills Ltd, Salek Textile Ltd, Knit Asia Ltd, Hejaz Publications Ltd., New Asia Ltd. and the Chairman of J.M. Fabrics Ltd., Newasia Synthetics Ltd. and Director of Rahim Textile Mills Ltd. and Fatehbagh Tea Co. Ltd.

He is the former Chairman of Bangladesh Textile Mills Association (BTMA), Under Privileged Children's Programs (UCEP) and Education, Science, Technology and Cultural Development Trust (ESTCDT). He is also involved with many other non-profit organizations including Diabetic Association of Bangladesh (DAB) as a Member of the National Council, Founder Trustee of Independent University Bangladesh (IUB), Founder Member, Board of Governors of Bangladesh Enterprise Institute (BEI), Board Member of Bangladesh Legal Aid and Services Trust (BLAST) and many other voluntary organizations. He has more than 48 (forty eight) years' experience in the textile sector.

##### Mr. Azizur Rahim Chowdhury:

Mr. Azizur Rahim Chowdhury is a Director of the Company since 2007, son of Mr. A. Matin Chowdhury. He obtained graduation from Purdue University in the U.S.A. with a major in Computer Science and Business Management. He has more than 13 (thirteen) years working experience in the textile sector. He is also the Director of Malek Spinning Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and also the Managing Director of J.M. Fabrics Limited and Director of Bangladesh Textile Mills Association (BTMA).

## ANNEXURE-IV

### Management's Discussion and Analysis

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 1.5(xv) of Corporate Governance Code dated June 03, 2018.

- (a) The company has prepared and presented its financial statement as per IAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The following IAS are applicable for the financial statements for the year under review:

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flow
IAS-8	Accounting Policies, Changes in Accounting Estimates and errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IFRS-8	Operating Segment
IAS-16	Property, Plant & Equipment
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Leases
IAS-19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-27	Separate Financial Statements
IAS-28	Investment in Associates and Joint Venture
IAS-33	Earning Per Share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-38	Intangible Assets
IFRS-9	Financial Instruments
IAS-40	Investment Property

- (b) There is no changes in accounting policies and estimation for preparation of financial statement for the year ended June 30, 2020. Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "presentation of financial statements". The previous year's figures were presented following the same accounting principles.
- (c) Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons are as follows:

*Figures in Million Taka*

Particulars	Jul 19 to Jun 20	Jul 18 Jun 19	Jul 17 Jun 18	Jul 16 Jun 17	Jul 15 Jun 16	Jul 14 Jun 15
Turnover	1,262.90	1,269.32	995.95	717.46	630.29	598.62
Gross Profit	140.78	172.13	157.20	118.45	108.57	92.31
Net Profit before tax	8.56	68.91	61.94	59.68	54.06	33.72
Net Profit after tax	7.09	54.50	50.78	44.96	43.33	23.56
Shareholders' Equity	348.58	358.69	319.83	279.24	234.29	190.95
Total Assets	1,692.53	2,016.87	1,591.88	1,119.95	655.51	624.34
Total Current Assets	898.67	1,225.90	795.70	570.21	210.91	175.85
Total Current Liabilities	1,096.02	1,385.25	978.49	646.77	365.52	327.94
Current Ratio	0.82	0.88	0.81	0.88	0.58	0.54
Net Asset Value per share	36.85	41.71	40.91	41.08	48.25	55.05
Earning per share	0.75	5.76	5.90	6.61	8.92	6.79
NOCFPS	19.60	(28.50)	13.74	17.81	32.66	26.89

**Turnover:**

Turnover has increased over the last 5 (five) years due to increase in production capacity by implementing BMRE plan and increase in business volume for fabrics printing & finishing work. But during the year 2019-20 turnover has decreased compared to the previous year due to fall in production capacity utilization and resulting in increase of factory overhead cost, fixed operating cost and financial cost.

**Net Profit after Tax:**

Net Profit after tax decreased during the year 2019-20 compared with last 5 (five) years' due to under-utilization of production capacity during the year in adverse effect of COVID-19, the company was unable to utilize production overhead. The mill was closure for 2 (two) months due to lockdown.

**Earning Per Share (EPS):**

Earning Per Share (EPS) decreased during the year 2019-20 compared with last 5 (five) years due to fall in production capacity utilization and resulting in increase of factory overhead cost, fixed operating cost and financial cost. Due to under-utilization of production capacity during the year in adverse effect of COVID-19, the company was unable to utilize production overhead. Another cause to fall in EPS are declaration and allotment of stock dividend @ 10%, 20%, 15%, 40% & 40% respectively in the year 2019, 2018, 2017, 2016 and 2015.

**Net Operating Cash Flow Per Share (NOCFPS):**

Net Operating Cash Flow Per Share (NOCFPS) has been increased during the year 2019-20 compared with financial year 2018-19 due to regular and smooth collection against sales revenue and decrease of current assets e.g. Inventories, Accounts Receivable and Advances & Prepayment.

**(d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario:**

Particulars	Rahim Textile Mills Ltd. June 30, 2020	Evince Textiles Ltd. June 30, 2019	Square Textiles Ltd. June 30, 2019	Paramount Textile Ltd. June 30, 2019
Revenue (Turnover)	1,262.90	1,826.67	8,896.24	5,673.85
Gross Profit	140.78	383.55	951.35	855.04
Operating Expenses	60.52	87.50	253.50	269.69
Financial Expenses	74.19	180.74	254.16	235.99
Net Profit before tax	8.56	181.38	435.91	465.40
Net Profit after tax	7.09	145.18	346.46	411.55
Net Profit in %	0.56%	7.95%	3.89%	7.25%
Earnings per share (EPS)	0.75	0.92	1.76	3.04
NOCFPS	19.60	2.67	(3.48)	4.40
Shares Outstanding	9,459,683	158,400,000	1,972,520,000	135,499,829
Shareholders' Equity	348.58	2,259.25	7,224.42	3,003.86
Total Assets	1,692.53	4,400.53	12,954.55	8,245.08
Total Liabilities	1,343.96	2,141.29	5,730.13	5,240.74
Current Assets	898.67	1,589.90	6,396.84	3,349.23
Current Liabilities	1,096.02	1,371.65	5,494.43	3,177.27

**(e) Financial and Economic Scenario of Bangladesh and the Globe (in brief):**

Increasing economic growth and creating opportunities for productive employment are among the major socio-economic goals of any developing country like Bangladesh. Government of Bangladesh has set an ambitious GDP growth target of 8.2 percent in the current fiscal year (2019-20), and seeks to achieve still higher growth in the years of the forthcoming five to eight year plan. Looking at the current change of the economy and the behavior of principal macroeconomic indicators, it is not only possible to achieve elevated GDP growth rates, but also the target may even be exceeded only if investment picks up and the policy support promised by the Government continues. Attaining the government's socioeconomic goals, it requires vastly increased investment, but the volume of investment has historically been very low in the country due to low level of domestic savings. Bangladesh's economy is now growing at over 7% annually amidst

unfavorable investment climate like shortage of skilled labor, price hike of power and gas and scarcity of land. Fresh investment in this sector may face lower encouragement due to above. Official estimate of the investment –GDP ratio in the country for the past (2018-19) fiscal year was 31.6 percent, which is far below the 35-40 percent level deemed necessary to sufficiently boost GDP growth and create additional jobs. The National Budget has been increasing at a faster rate during the last decade with substantial developments in socio-economic and human resources indices for which Bangladesh is now being considered as a Model on the High-way to Mid-Level rich country by 2030 and a rich country by 2040.

**(f) Risk and concerns related to the financial statements and such risk and concerns mitigation plan:**

**(1) Credit Risk:**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing bases. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

**(2) Liquidity Risk:**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

**(3) Market Risk:**

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

**(4) Currency Risk:**

The company is exposed to currency risk on certain purchases such as import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

**(5) Interest Rate Risk:**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**(g) Future plan or projection or forecast for company's operation, performance and financial position:**

The Company has, for now, necessary plan outlines to continue its current strategies until any change in national/international business outlook.



**Dr. Shamim Matin Chowdhury**  
Managing Director

## Annexure-A

### [As per condition No.1 (5) (xxvi)]

#### Rahim Textile Mills Limited Declaration by CEO and CFO

Date: October 13, 2020

The Board of Directors  
Rahim Textile Mills Limited  
117/A, Tejgaon Industrial Area  
Dhaka-1208  
Bangladesh

#### **Subject: Declaration on Financial Statements for the year ended on 30<sup>th</sup> June 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 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

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

In this regard, we also certify that:-

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

Sincerely yours,



**(Dr. Shamim Matin Chowdhury)**  
Managing Director



**(Mohammad Sakhawat Hossain)**  
Chief Financial Officer

## Annexure-B

### [Certificate as per condition No.1 (5) (xxvii)]

#### **Report to the Shareholders of Rahim Textile Mills Limited on Compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by **Rahim Textile Mills Limited** for the year ended on **30 June 2020**. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018** of the Bangladesh Securities and Exchange Commission (BSEC).

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 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 and explanation is given in Annexure-C;
- (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 satisfactory.

Dhaka, 11 November 2020



**Dipak Ranjan Datta FCA**  
Partner  
Das Chowdhury Dutta & Co.  
Chartered Accountants

## Annexure-C

[As per condition No. 1(5)(xxvii)]

### Corporate Governance Compliance Report

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	Complied	Not Complied	Remarks (if any)
<b>1</b>	<b>Board of Directors.-</b>			
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).	√		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2) (a)	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) (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;	√		
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;	√		
1(2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
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 (NBFIs); 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;	√		



Condition No.	Title	Complied	Not Complied	Remarks (if any)
<b>1(3)</b>	<b>Qualification of Independent Director.-</b>			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or	√		
1(3) (b) (iii)	Former official of government or statutory or autonomous body 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	√		
1(3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not Applicable
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;			Not Applicable
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.			Not Applicable
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-</b>			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (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 non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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;			Not Applicable
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.;			Not Applicable
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 abuse actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
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;	√		
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;			Not Applicable
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;	√		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
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) (a)	a brief resume of the director;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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)	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 the 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 <b>Annexure-A</b> ; 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 <b>Annexure-B and Annexure-C</b> .	√		
1(6)	<b>Meetings of the Board of Directors</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer.-</b>			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	<b>Governance of Board of Directors of Subsidiary Company.-</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not Applicable
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;			Not Applicable
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 comp-any;			Not Applicable

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-</b>			
3(1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange (s).	√		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b> 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.	√		
<b>3 (3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and chief financial officer (CFO)</b>			
3 (3) (a)	The MD or CEO and CFO 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.	√		
<b>4</b>	<b>Board of Directors' Committee.-</b>			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		
<b>5</b>	<b>Audit Committee.-</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors.</b>			
5(1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
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	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
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 circumstances 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.	√		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
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):	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year:	√		
5(4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5) (a)	Oversee the financial reporting process;	√		
5(5) (b)	monitor choice of accounting policies and principles;	√		
5(5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5) (d)	oversee hiring and performance of external auditors;	√		
5(5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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;			Not Applicable
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6) (a)</b>	<b>Reporting to the Board of Directors</b>			
5(6) (a) (i)	The Audit Committee shall report on its activities to the Board	√		
5(6) (a) (ii) (a)	report on conflicts of interests;	√		
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;	√		
5(6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	√		
5(6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		
5(6) (b)	Reporting to the Authorities			Not Applicable
5(7)	Reporting to the Shareholders and General Investors	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)-</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a 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)	√		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2) (a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2) (b)	All members of the Committee shall be non-executive directors;	√		
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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;	√		
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 adviser 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;			Not Applicable
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.	√		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	√		
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No.6(2)(h);	√		
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
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.	√		
<b>7</b>	<b>External or Statutory Auditors.-</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1) (i)	appraisal or valuation services or fairness opinions;	√		
7(1) (ii)	financial information systems design and implementation;	√		
7(1) (iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1) (iv)	broker-dealer services;	√		
7(1) (v)	actuarial services;	√		
7(1) (vi)	internal audit services or special audit services;	√		
7(1) (vii)	any service that the Audit Committee determines;	√		
7(1) (viii)	audit or certification services on compliance of corporate governance as required under 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:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company.-</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance.-</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the AGM	√		
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not	√		



## **AUDIT COMMITTEE REPORT**

### **For the Year 2019-2020**

Rahim Textile Mills Limited having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

#### **The Audit Committee consists of the following persons:**

Mr. M. Sekander Ali, Independent Director	-Chairman
Dr. Shamim Matin Chowdhury, Managing Director	-Member
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd, Independent Director	-Member
Md. Kamruzzaman, Company Secretary	-Secretary

#### **Meetings of the Audit Committee:**

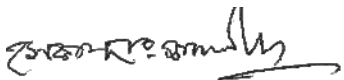
- The Committee held four (04) meetings during the year.
- The Committee submits its report directly to the Board of Directors.
- Minutes of the Committee meeting are properly recorded.

#### **The scope of Audit Committee was defined as under:**

- a. Review with the management and recommend to the Board to approve the quarterly, half yearly and annual financial statements prepared for statutory purpose;
- b. Monitor and oversee financial reporting process, choice of accounting policies and principles, internal audit and compliances process to ensure that it is adequately resourced, approval of the internal audit and compliances plan, review of the internal audit and compliance report, hiring and performance of external auditors;
- c. Meeting with the auditors for review of the annual financial statements before submission to the Board for approval;
- d. Review the adequacy of internal audit function, Management's Discussion and Analysis before disclosing in the Annual Report;
- e. Review statement of all related party transactions submitted by the management;
- f. Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- g. Review and consider the report of internal auditors and statutory auditors' observations on internal control.

#### **Activities carried out during the year:**

The Committee reviewed with the management the quarterly, half yearly and annual financial statements and recommended to the Board for consideration. The Committee had overseen, financial reporting process, hiring and performance of external auditors, monitor choice of accounting policies and principles, internal audit and compliances process, reviewed and approved the procedure and task of the internal audit, financial report preparation, Management's Discussion and Analysis and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial statements of the company and an appropriate monitoring system within the business and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.



**M. Sekander Ali**  
Chairman  
Audit Committee  
Date: 19<sup>th</sup> October, 2020

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2<sup>nd</sup> Floor,

Dhaka-1000, Bangladesh.

Extension Office: Property Heights, 1<sup>st</sup> Floor

12, R. K. Mission Road, Dhaka-1000

**মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস**

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

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Web : www.msw-bd.com

**Independent Auditor's Report**  
**To the Shareholders of Rahim Textile Mills Limited**  
 Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of **Rahim Textile Mills Limited** which comprise the Statement of financial position as at June 30, 2020, 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 a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of 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), the company act 1994, the Securities and Exchange Rules 1987 and other applicable law 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 Auditors' 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**

<b>Risk</b>	<b>Our response</b>
<b>Revenue recognition</b>	
<p>At the year ended, the company's reported total revenue of Tk. 1,262,897,426 in the company's financial statements respectively.</p> <p>Revenue is measured net of trade discount and VAT. Time of revenue recognition is matter. The revenue may overstated for the early recognition of revenue to achieve the desire result.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Policy of revenue recognition;</li> <li>• Issuance of VAT challan;</li> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• VAT is correctly dealt with;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting Standards.</li> </ul>
Please see the note 19 in this financial statements.	
<b>Valuation of inventory</b>	
<p>The balance of inventory of the Company at the year-end was Tk. 349,324,811 respectively held in the company's warehouse.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory and related provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the Company in respect of inventory management;</li> </ul>

Risk	Our response
<p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	<ul style="list-style-type: none"> <li>• to attend the physical inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• to review the inventory costing procedures and methodology.</li> <li>• comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and</li> <li>• Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow- moving/obsolete stock are valid and complete.</li> </ul>
<p>Please see the note 6 in this financial statements.</p>	
<p><b>Measurement and recognition of deferred tax</b></p>	
<p>The balance of reported consolidated and separate deferred tax liability of the company was Tk. 29,398,901 respectively as on June 30, 2020.</p> <p>The risk for the financial statements is that these provisions are not properly measured for all types of temporary difference as per IAs 12: Income Tax</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax.</p> <p>We have assessed the appropriateness of the carrying amounts of net asset value as per tax base and accounting base.</p> <p>We have also assessed the rate of deferred for each temporary difference.</p> <p>Also, we examined the accounting treatment of deferred tax.</p>
<p>Please see the note 14 in this financial statements.</p>	

## Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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.

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

## 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 as explained, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 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.

#### **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 there of;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
October 22, 2020

  
**Md. Waliullah**  
Chartered Accountants

# Rahim Textile Mills Limited

## Statement of Financial Position

As at 30<sup>th</sup> June 2020

Particulars	Notes	Amount in Tk.	
		30.06.2020	30.06.2019
<b>ASSETS:</b>			
<b>Non Current Assets:</b>			
Property Plant & Equipment	04.00	779,011,869	743,100,177
Capital Work-In-Progress	05.00	14,855,877	47,877,257
<b>Total Non Current Assets</b>		<b>793,867,746</b>	<b>790,977,434</b>
<b>Current Assets:</b>			
Inventories	06.00	349,324,811	562,276,081
Accounts Receivable	07.00	417,041,331	546,275,465
Advances, Deposits & Pre-Payments	08.00	45,220,640	60,333,972
Cash & Bank Balances	09.00	87,079,218	57,011,992
<b>Total Current Assets</b>		<b>898,666,000</b>	<b>1,225,897,510</b>
<b>TOTAL ASSETS</b>		<b>1,692,533,746</b>	<b>2,016,874,944</b>
<b>SHARE HOLDER'S EQUITY &amp; LIABILITIES:</b>			
<b>Shareholder's Equity:</b>			
Share Capital	10.00	94,596,830	85,997,120
Retained Earnings	11.00	176,793,840	194,330,299
Revaluation Surplus of Fixed Assets	12.00	77,187,952	78,361,719
<b>Total Shareholder's Equity</b>		<b>348,578,622</b>	<b>358,689,138</b>
<b>Non-Current Liabilities:</b>			
Long Term Loan	13.00	218,539,033	241,572,251
Deferred Tax Liabilities	14.00	29,398,901	31,367,776
<b>Total Non-Current Liabilities</b>		<b>247,937,934</b>	<b>272,940,027</b>
<b>Current Liabilities:</b>			
Accounts Payable	15.00	133,872,811	389,422,005
Current Portion of Long Term Loan	16.00	108,614,686	96,141,253
Short Term Loan From Bank	17.00	778,305,273	825,624,484
Others Provision & Liabilities	18.00	75,224,421	74,058,037
<b>Total Current Liabilities</b>		<b>1,096,017,190</b>	<b>1,385,245,779</b>
<b>Total Liabilities</b>		<b>1,343,955,124</b>	<b>1,658,185,806</b>
<b>TOTAL SHARE HOLDER'S EQUITY &amp; LIABILITIES:</b>		<b>1,692,533,746</b>	<b>2,016,874,944</b>
<b>Net Asset Value (NAV ) per share</b>	28.00	<b>36.85</b>	<b>41.71</b>
<b>Par Value Tk. 10.</b>			

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 22, 2020 and were signed on it's behalf by.



**Md. Kamruzzaman**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Director



**Dr. Shamim Matin Chowdhury**  
Managing Director

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



**Malek Siddiqui Wali**  
Chartered Accountants

Place : Dhaka

Date : October 22, 2020.

**Rahim Textile Mills Limited**  
**Statement of Profit or Loss and other Comprehensive income**  
**For the year ended 30<sup>th</sup> June 2020**

Particulars	Notes	Amount in Tk.	
		30.06.2020	30.06.2019
<b>Sales Revenue</b>	19.00	1,262,897,426	1,269,322,438
Cost of Goods Sold	20.00	(1,122,119,923)	(1,097,192,535)
<b>Gross Profit</b>		<b>140,777,503</b>	<b>172,129,903</b>
<b>Operating Expenses:</b>			
Administrative & Selling Expenses	21.00	(60,516,952)	(56,704,806)
<b>Operating Profit</b>		<b>80,260,550</b>	<b>115,425,097</b>
Financial Expenses	22.00	(74,194,028)	(45,948,027)
Non Operating Income/(Loss)	23.00	2,916,386	2,875,117
<b>Net Profit before WPPF &amp; WF and Tax</b>		<b>8,982,909</b>	<b>72,352,187</b>
Contribution to WPPF & WF	24.00	(427,757)	(3,445,342)
<b>Net Profit / (Loss) for the year</b>		<b>8,555,151</b>	<b>68,906,844</b>
<b>Income Tax Expenses</b>			
Current Tax	25.00	(3,435,118)	(12,228,572)
Prior years under / (over) provision		-	1,174,804
Deferred Tax during the year	26.00	1,968,875	(3,355,651)
<b>Net Profit / (Loss) for the year after tax</b>		<b>7,088,909</b>	<b>54,497,426</b>
Other comprehensive income:		-	-
<b>Total comprehensive income</b>		<b>7,088,909</b>	<b>54,497,426</b>
<b>Earning Per Share (EPS).(Restated in 2019)</b>	27.00	<b>0.75</b>	<b>5.76</b>
<b>Per Value Tk.10</b>			
<b>Number of shares used to compute EPS</b>		<b>9,459,683</b>	<b>9,459,683</b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 22, 2020 and were signed on it's behalf by.



**Md. Kamruzzaman**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Director



**Dr. Shamim Matin Chowdhury**  
Managing Director

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

Place : Dhaka  
Date : October 22, 2020.



**Malek Siddiqui Wali**  
Chartered Accountants

**Rahim Textile Mills Limited**  
**Statement of Changes in Equity**  
For the year ended 30<sup>th</sup> June 2020

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
As at July 1, 2019	85,997,120	78,361,719	194,330,299	358,689,138
Net Profit this period	-	-	7,088,909	7,088,909
Stock Dividend	8,599,710	-	(8,599,710)	-
Cash Dividend	-	-	(17,199,426)	(17,199,426)
Transfer of Excess Depreciation of Revalued Assets	-	(1,173,767)	1,173,767	-
<b>For the year ended 30th June 2020</b>	<b>94,596,830</b>	<b>77,187,952</b>	<b>176,793,840</b>	<b>348,578,622</b>

**Rahim Textile Mills Limited**  
**Statement of Changes in Equity**  
For the year ended 30<sup>th</sup> June 2019

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
As at July 1, 2018	78,179,200	79,672,229	161,976,124	319,827,552
Net Profit this period	-	-	54,497,426	54,497,426
Stock Dividend	7,817,920	-	(7,817,920)	-
Cash Dividend	-	-	(15,635,840)	(15,635,840)
Transfer of Excess Depreciation of Revalued Assets	-	(1,310,510)	1,310,510	-
<b>For the year ended 30th June 2019</b>	<b>85,997,120</b>	<b>78,361,719</b>	<b>194,330,299</b>	<b>358,689,138</b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 22, 2020 and were signed on it's behalf by.



**Md. Kamruzzaman**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Director



**Dr. Shamim Matin Chowdhury**  
Managing Director

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

Place : Dhaka

Date : October 22, 2020.



**Malek Siddiqui Wali**  
Chartered Accountants

# Rahim Textile Mills Limited

## Statement of Cash Flows

For the year ended 30<sup>th</sup> June 2020

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
<b>Cash Flow From Operating Activities</b>			
Collections from turnover, bills receivable and other receipts.		1,396,216,369	1,083,672,732
Payment for purchase of raw materials, accessories, creditors and other expenses		(1,123,356,053)	(1,276,336,294)
Financial Expenses Paid	22.00	(74,194,028)	(45,948,027)
Payment to Employee against contribution to WPPF & WF	18.02	(3,896,089)	-
Income Tax Paid	08.04(i)	(9,365,293)	(6,453,386)
<b>Net cash generated/(used) in operating activities</b>		<b>185,404,906</b>	<b>(245,064,974)</b>
<b>Cash Flow From Investing Activities</b>			
Acquisition of Property Plant & Equipment		(82,950,229)	(70,383,680)
Disposal of Machinery	23.01	1,808,500	-
<b>Net cash generated/(used) in investing activities</b>		<b>(81,141,729)</b>	<b>(70,383,680)</b>
<b>Cash Flow From Financing Activities</b>			
Long Term Loan received/(repayment) from Bank		(10,559,785)	1,012,640
Short Term Loan received/(repayment) from Bank	17.00	(47,319,211)	304,227,967
Sale of Faction share against stock dividend	18.03(i)	277,064	205,469
Dividend Paid	18.03(i)	(16,743,890)	(15,218,025)
<b>Net cash generated/(used) in financing activities</b>		<b>(74,345,823)</b>	<b>290,228,050</b>
<b>Net Cash Inflow / ( Outflow )</b>		<b>29,917,355</b>	<b>(25,220,603)</b>
<b>Cash &amp; Cash Equivalent as at July 01, 2019</b>		<b>57,011,992</b>	<b>82,132,581</b>
<b>Foreign Currency Translation Gain/(Loss)</b>	23.00	<b>149,871</b>	<b>100,014</b>
<b>Cash &amp; Cash Equivalent as at June 30, 2020</b>		<b>87,079,218</b>	<b>57,011,992</b>
<b>Net Operating Cash Flow Per Share ( NOCFPS ) Per Value Tk.10</b>	30.00	<b>19.60</b>	<b>-28.50</b>
<b>Number of shares used to compute NOCFPS</b>		<b>9,459,683</b>	<b>8,599,712</b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 22, 2020 and were signed on it's behalf by.



**Md. Kamruzzaman**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Director



**Dr. Shamim Matin Chowdhury**  
Managing Director

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

Place : Dhaka

Date : October 22, 2020.



**Malek Siddiqui Wali**  
Chartered Accountants



# RAHIM TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 1.0 Significant Accounting Policies and Relevant Information:

#### 1.1 Legal form of the enterprise:

Rahim Textile Mills Limited (RTML) was incorporated as a Private Limited Company on 31st December 1981, under the Companies Act 1913 (Repealed in 1994) with Registered of Joint Stock Companies and Firms, Bangladesh bearing Certificate of Incorporation # C - <sup>9702</sup>/<sub>528</sub> of December 31, 1981. Subsequently the company was converted into Public Limited Company in the year of 1988. The Company was listed in the Dhaka Stock Exchange Limited on 29th March 1988.

#### 1.2 Address of registered office & factory:

The Registered office of the company is situated at "Tower 117", 117/A, Tejgaon Industrial Area, Dhaka-1208 and its factory office is located at Shafipur, Kaliakair, Gazipur, Bangladesh.

#### 1.3 Nature of business activities:

Rahim Textile Mills Limited is a 100% export-oriented industry of textile sector engaged in dyeing, printing & finishing fabrics. The company has pioneered the printing of knit and others fabrics. Our fabric product in the factory is Oeko-Tex@Standard 100, Class 1 certified. We have also certified by Control Union for organic content standard (OCS 100, blended) and proud member of Better Cotton Initiative (BCI). Our major customer includes H & M, CARREFOUR, C & A, OODJI etc.

### 2.0 Basis of preparation:

#### 2.1 Statement of compliance:

The financial statements of the company under reporting have been prepared under historical cost convention other than land & building which stated at revalued amount as a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act, 1994, the Securities and Exchange Rules 1987, International Accounting Standards (IAS) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), International Financial Reporting Standard (IFRS), Financial Reporting Act.2015 and other applicable laws and regulations.

#### 2.2 Responsibility for preparation and presentation of financial statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standards Board (IASB) and completion with the requirement of Bangladesh Securities and Exchange Commission rules 1987 and International Accounting Standards (IAS).

#### 2.3 Reporting period:

Financial statements of the company cover the period from 01 July 2019 to 30 June, 2020.

#### 2.4 Components of the financial statements:

Financial Statements includes the following components in accordance with the International Accounting Standard IAS-1 "Presentation of Financial Statements" the complete set of:

- i. Statement of Financial Position as on 30 June 2020;
- ii. Statement of Comprehensive Income for the year ended 30 June 2020;
- iii. Statement of Changes in Equity for the year ended 30 June 2020;
- iv. Statement of Cash Flows for the year ended 30 June 2020;
- v. Accounting Policies and Explanatory Notes.

#### 2.5 Comparative information:

Comparative information has been provided in accordance with in respect of the year 2018-19 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statement.

#### 2.6 Reporting currency and level of precision:

The figures in the financial statements are represents in Bangladesh currency (Taka) which has been rounded off to the nearest Bangladeshi Taka.

#### 2.7 Going Concern:

The company has adequate resources to continue in operation for the foreseeable future for this reason the Management continue to adopt going concern basis in preparing the financial statements.

#### 2.8 Foreign currency translation:

Transactions in foreign currencies are translated into Bangladeshi Taka at the exchange rate prevailing on the date of transactions in accordance with IAS- 21 "The Effects of Changes in Foreign Exchange Rate." Foreign Currency balance have been translated into taka at prevailing rate of cutoff date and the difference between translation value or realization value and initial recognition is recognized in the face in statement of comprehensive income .

#### 2.9 Statement of cash flows:

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Cash Flow Statement" 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 Net Asset Value (NAV) per share:

This has been calculated on the basis of available net worth. However, current year's NAV is also calculated considering the revaluation surplus of revalued assets.

### 2.11 Earning per share (EPS):

The company calculates earning per share (EPS) are according with IAS 33 "Earning per Share" which has been shown on face of profit and loss account and computation is stated in accounts. This has been arrived at on the basis of profit attributable ordinary shareholder divided by weighted average no of shares.

### 2.12 Risk and uncertainties for use of estimates in preparation of Financial Statement:

The Preparation of Financial Statement is Conformity with, the International Accounting Standards requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of effects Financial Statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for, accounting of certain items such as long term contract, provision for doubtful accounts, depreciation and amortization, employees benefit plans, taxes, reserve and contingencies.

### 2.13 Compliance with local laws:

As required Rahim Textile Mills Ltd. Comply with the following legal provisional in addition to the company act 1994 and other applicable laws and regulations

- i. The Income Tax Ordinance 1984
- ii. The Income Tax Rules 1984
- iii. The Value Added Tax Act 2012
- iv. The Value Added Rules 2016
- v. The Custom act 1969
- vi. Bangladesh Labor law 2006 amend 2018.

### 2.14 Compliance with International Accounting Standard (IAS):

The financial statements have been prepared in compliance with requirements of IAS's adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

### 2.15 Current Tax :

Current tax is measured at the amount expected to be paid to (or receivable from) the taxation authorities based on taxable profit for the company, using the applicable tax rates as per ITO 1984 and considering the announcement applicable tax rate finance act or SRO, for the company at the end of the reporting period. The provision for the current tax for the year is recognized in profit or loss statement as income tax expenses along with corresponding credit entry of current tax liabilities.

### 3.00 Significant accounting policies:

#### 3.01 Principal accounting policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Preparation of Financial Statement". The previous year's figures were presented following the same accounting principles.

#### 3.02 Recognition of property, plant and equipment and depreciation:

Fixed assets are stated at their historical cost less accumulated depreciation in accordance with IAS-16 "Property, Plant and Equipment". Cost represents cost of acquisition or construction and includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use.

Depreciation has been charged on assets including particular revalued assets, where applicable, at the rates varying from 10% to 15% applying reducing balance method irrespective which is allocated to Cost of Goods Sold and Administrative Overhead proportionately. No depreciation was charged on land and land development.

Impairment test has been done at the end of reporting year and no impairment of assets were identified. Thus the assets were depreciated as per regular policy of the company.

The annual depreciation rates are applied on principal category of assets as below:

Category of Property Plant & Equipment's	Rate	Category of Property Plant & Equipment's	Rate
Building and Civil Structure	10%	Utility Facility	15%
Plant and Machinery	10%	Transport Facility	15%
Equipment and Installation	15%	Other Assets	15%
Furniture and Fixtures	10%	Land and Land Development	Nil

#### 3.03 Revaluation of Property Plant & Equipment's:

The Company has revalued fixed assets, viz. land, building and construction and machinery which have been included in the balance sheet being revalued depreciated value. It is relevant to note that some assets were revalued in June 30, 2007 by M/S. Asian Surveyors Limited.

#### 3.04 Inventories:

Inventories comprise of Raw Materials, Dyes and Chemical, Grey Fabrics, Spare parts, Work in Progress and WIP Finished stage. They are stated at the lower of cost or net realizable value in accordance with the Para 21 and 25 of IAS-2 " Inventories" after making due allowance for any obsolete or slow moving item. The cost of inventories is assigned by using average cost.Net realizable value is determined after deducting the estimated cost of completion and or cost to be incurred for the sale from sales price.

#### 3.05 Accounts receivables:

These are carried at original at invoice amount, trade & other receivables are unsecured and considered goods and collectible.

#### 3.06 Cash and cash equivalent:

According to IAS-7 'Statement of Cash Flows' comprise of cash-in-hand and demand deposits and cash equivalents are short terms, highly liquid investments that are readily convertible to know amounts of cash and which are subject to and insignificant risk of changes in value, IAS-1. Presentation of Financial Statements' provides that cash and cash equivalents are not restricted in use. Considering the provisions of IAS-7 and IAS- I, Cash in hand and Bank balances have been considered as cash and cash equivalents.

#### 3.07 Reserve for revaluation of Property Plant & Equipment's:

This has been created against revalued value of fixed assets, viz. land, building and construction and machinery and stated in the statement of financial position being surplus of revalued value of aforesaid assets and its book value.

**3.08 Accounts payable:**

This has been recognized for the amounts to be paid in future for goods and services received, whether or not billed by the suppliers.

**3.09 Others Liabilities:**

This has been recognized for amounts to be paid within short time for expenses and utilities services etc.

**3.10 Revenue from goods sold:**

The company recognizes revenue when a risk and renewal relating to sold goods has been transfer to buyer as well as when satisfied all other conditions sets out in IFRS-15 "Revenue from contracts with customers"

**3.11 Revenue Recognition:**

In compliance with the requirements of IFRS 15: Revenue from contracts with customers, the Revenue is recognized when (or as) the company satisfies a performance obligation relating to sales contract with customers. Revenue is measured at the fair value of consideration received or receivable

**3.12 Other Income and expenses:**

Other income and expenses are recognized under accrual concept of International Accounting Standard (IAS)

**3.13 Bad and doubtful debts:**

No provision for bad and doubtful debt was made as the company's sales / export are based on 100% confirmed letter of credit with fixed maturity date.

**3.14 Contribution to Workers' profit participation fund:**

The company made provision for worker's profit participation fund at 5% of the net profit before tax as per provision of the complained profit and is payable to the workers as per law. Bangladesh Sromo Ain-2006 amend by 2018.

**3.15 Income tax provision:**

This has been recognized in the profit or loss account except to the extent that it relates directly to equity and income tax provision is made in accordance with IAS-12 following the applicable tax rate 15 % for SRO No. 2019-20 SRO # 218-Ain/Income Tax/2019 U/S-44 textile sector industries in accordance with the provisions of Income Tax Ordinance 1984.

**3.16 Deferred tax:**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts of said assets and liabilities at taxation purposes. The movement of deferred tax balance at the beginning and deferred tax balance at the period end is accounted for through the profit/loss statement or other comprehensive income or equity as appropriate.

**3.17 Basic Earnings:**

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

**3.18 Basic earnings per share:**

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year.

**3.19 Diluted earnings per share:**

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

**3.20 General Comments & Observations:**

- a. All shares have been fully called and paid up. There were no preference shares issued by the company.
- b. There was no bank guarantee issued by the company on behalf of their directors or the company itself except bank loan.
- c. The company has not incurred any foreign currency against royalties, technical fees etc.
- d. Auditors are paid only statutory audit fee approved by the shareholders in the last AGM.
- e. There were no foreign exchanges remitted to the relevant shareholders during the year under audit.
- f. There has no claim against the company not acknowledged as debit at the date of Financial Statement.
- g. No amount of money was expended by the company for compensating any number of the board of special service.

**3.21 Application of Bangladesh Accounting Standards (IAS):**

IAS-1	Presentation of Financial Statements	Complied with
IAS-2	Inventories	Complied with
IAS-7	Statement of Cash Flow	Complied with
IAS-8	Accounting Policies, Changes in Accounting Estimates and errors.	Complied with
IAS-10	Events after the Reporting Period	Complied with
IAS-12	Income Taxes	Complied with
IFRS-8	Operating Segment	N/A
IAS-16	Property, Plant and Equipment	Complied with
IFRS-15	Revenue from Contracts with Customers	Complied with
IFRS-16	Leases	Complied with
IAS-19	Employee Benefits	Complied with
IAS-21	The Effects of Changes in Foreign Exchange Rates	Complied with
IAS-23	Borrowing Costs	Complied with
IAS-24	Related Party Disclosures	Complied with
IAS-27	Separate Financial Statements	Complied with
IAS-28	Investment in Associates and Joint Venture	N/A
IAS-33	Earning Per Share	Complied with
IAS-36	Impairment of Assets	Complied with
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied with
IAS-38	Intangible Assets	N/A
IFRS-9	Financial Instruments:	Complied with
IAS-40	Investment Property	N/A

### **3.22 Retirement Benefit:**

The Company has operated provident fund, Worker participation fund, life insurance and gratuity benefit to its employees.

### **3.23 Even after the Reporting Period:**

In compliance with the requirements of "IAS-10 : Even after the reporting period" that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and even after the reporting period that are not adjusting events are disclosed in the note-35.00 when materials.

### **3.24 Financial Risk Management:**

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

#### **3.24.1 Credit risk:**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

#### **3.24.2 Liquidity risk:**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

#### **3.24.3 Market risk:**

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

### **3.25 Currency risk:**

The company is exposed to currency risk on certain purchases such as import of raw material, machineries and equipment Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

### **3.26 Interest rate risk :**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date

### **3.27 Impairment of Asset**

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

### **3.28 Operating Segment :**

These financial statements have been prepared on the basis of single reportable segment.

### **3.29 New accounting standard adopted for the first in the financial statements for the year ended June 30, 2020**

#### **IFRS 16: Lease**

Changes to the company's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS 16 Lease.

IFRS 16 supersedes IAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

The IFRS 16 requires to recognise the present value of minimum lease payment under the lease agreement as asset and Liability namely "Right to Use of Asset" and "Lease Liability" respectively. However, IFRS 16 also allows the company to recognise the lease payment as expenses in respect of short term lease agreement and lease for which the underlying asset is of short term (temporary) lease and low value. The head office lease agreement of the company are fallen in second category. As such, lease (rental) payment was recognised as expenses in the Profit or Loss statement, when they incurred, for short term (temporary) lease and low value lease agreement.

#### **Subsequent Measurement:**

##### **The lease liability:**

Upon initial recognition, the lease liability is being accounted for using amortised cost. Meaning that the initial liability is added by finance charge at company's incremental borrowing cost less subsequent rental payment on monthly basis.

##### **Right to Use of assets:**

The leased assets (Right to Use of Asset) are depreciated over its useful life on monthly basis using straight line depreciation method.

**04.00 Property, Plant & Equipment :**

Details of Fixed Assets and Depreciation as on 30<sup>th</sup> June, 2020 are shown in the Schedule A-1

This is arrived at as follows:

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Cost :</b>		
Opening balance	1,214,757,895	981,632,345
Add : Addition during the year	115,971,609	233,125,550
Less: Adjustment during the year	(11,288,505)	-
<b>Closing balance</b>	<b>1,319,440,998</b>	<b>1,214,757,895</b>

**Accumulated Depreciation :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Opening balance	563,847,974	489,807,216
Add : Depreciation during the year	76,870,513	74,040,758
Less: Adjustment during the year	(9,480,005)	-
<b>Closing balance</b>	<b>631,238,482</b>	<b>563,847,974</b>

**Written Down Value of Cost at Reporting Date**

<b>688,202,516</b>	<b>650,909,920</b>
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**Revaluation of Property, Plant & Equipment :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening balance</b>	123,251,997	123,251,997
Addition during the year	-	-
Less: Adjustment during the year on Revaluation	-	-
<b>Written Down Value at Reporting Date:</b>	<b>123,251,997</b>	<b>123,251,997</b>

**Accumulated Depreciation :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening balance</b>	31,061,741	29,519,965
Add : Depreciation during the year	1,380,903	1,541,776
Less: Adjustment during the year on Revaluation	-	-
<b>Closing balance</b>	<b>32,442,644</b>	<b>31,061,741</b>

**Written Down Value at Reporting Date:**

<b>90,809,353</b>	<b>92,190,256</b>
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**Written Down Value of Property Plant & Equipment at Reporting Date:**

<b>779,011,869</b>	<b>743,100,177</b>
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**04.01 The factory land has charged to the AB bank Ltd. and pariparsu agreement was also made with The City Bank Ltd. & Mutual Trust Bank Ltd. for same properties against bank loan facilities.**

**05.00 Capital Work-In-Progress :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening Balance</b>	47,877,257	210,619,128
Add : Payment during this year	78,594,752	66,852,219
Less : Capital working progress transfer to CAPEX	(111,616,132)	(229,594,089)
<b>Closing Balance</b>	<b>14,855,877</b>	<b>47,877,257</b>

**06.00 Inventories :**

The total amount is arrived as follows :

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Dyes & Chemicals	06.01	85,056,143	115,444,752
Grey Fabric	06.02	150,517,587	232,977,392
Printing, Design & Packing Material	06.03	6,985,234	6,804,405
Spares & Stores	06.03	11,512,382	14,083,848
Work in Process	06.04	10,117,549	20,735,477
Work in Process (Finished Stage)	06.05	85,135,916	172,230,207
<b>Closing Balance</b>		<b>349,324,811</b>	<b>562,276,081</b>

**06.01 Dyes & Chemicals :**

Items	30.06.2020		30.06.2019	
	Qty. (Kg)	Tk.	Qty. (Kg)	Tk.
Dyes	25,948	30,455,544	44,564	43,966,714
Chemicals	275,318	54,600,599	347,090	71,478,038
<b>Closing Balance</b>	<b>301,266</b>	<b>85,056,143</b>	<b>391,654</b>	<b>115,444,752</b>

**06.02 Grey Fabrics :**

Items	30.06.2020		30.06.2019	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Grey Fabrics	2,168,369	150,517,587	2,820,210	232,977,392

**06.03 Printing & Design Materials & Spares Accessories :**

Items	30.06.2020	30.06.2019
	Tk.	Tk.
Printing, Design & Packing Materials	6,985,234	6,804,405
Spare Parts & Stores	11,512,382	14,083,848
<b>Closing Balance</b>	<b>18,497,616</b>	<b>20,888,253</b>

**06.04 Work-In-Process :**

Items	30.06.2020		30.06.2019	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Work-In-Process	636,606	10,117,549	542,383	20,735,477

**06.05 Work in Process (Finished Stage) :**

Items	30.06.2020		30.06.2019	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Work in Process (Finished Stage)	1,842,193	85,135,916	3,656,675	172,230,207

**06.06 Physical counting of the stock was carried out at the year end.****06.07 Inventories are valued at lower of average cost and net realizable value****06.08 The inventories are collateralised against short term loan.****07.00 Accounts Receivable:**

The total amount is arrived as follows :

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Opening Balance	546,275,465	357,850,659
Add : Sales During the Year	1,262,897,426	1,269,322,438
Less : Realized During the Year	(1,392,131,560)	(1,080,897,632)
<b>Closing Balance</b>	<b>417,041,331</b>	<b>546,275,465</b>

Trade receivable are considered fully secured and guaranteed by Bank against letter of credit (L/C) within 120 days from the date of acceptance. Classification schedule as required by Schedule XI, Part-I of Companies Act 1994 are as follows :

**'07.01 Aging of the Receivable :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Below 30 days	58,167,693	42,024,286
Within 31-60 days	57,503,677	85,668,616
Within 61-90 days	9,107,753	139,438,801
Within 91 -120 days	164,913,771	135,988,553
Within 121 -180 days	127,348,437	143,155,209
Within 181 -365 days	-	-
Above one years	-	-
<b>Total</b>	<b>417,041,331</b>	<b>546,275,465</b>

**07.02 The above amount is receivable from debtors against confirm export L/C & credit sales. It considered as good.****07.03 The above balance included due to related party & other parties**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Related Party	31.01	3,068,605	13,519,849
Other Parties		413,972,726	532,755,615
<b>Total</b>		<b>417,041,331</b>	<b>546,275,464</b>

**08.00 Advance Deposite & Pre-payments :**

This consists as follows:

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Security Deposits for long term	08.01	7,447,938	7,422,938
Security Deposits for Short term	08.02	1,049,000	2,279,737
Advance & Prepayments	08.03	20,905,022	44,177,911
Advance Income Tax	08.04	15,818,679	6,453,386
<b>Closing Balance</b>		<b>45,220,640</b>	<b>60,333,972</b>

**08.01 Security Deposit for Long Term :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Security Deposit to CDBL	100,000	100,000
Security Deposit to Titas Gas	2,962,437	2,962,437
Security Deposit to Grameen Phone	5,616	5,616

	Amount in Tk.	
	30.06.2020	30.06.2019
Security Deposit to REB	2,795,580	2,795,580
Security Margin Against Bank Guarantee	584,305	559,305
Security Deposit to Appellate Tribunal	1,000,000	1,000,000
<b>Closing Balance</b>	<b>7,447,938</b>	<b>7,422,938</b>

**08.02 Security Deposits for Short Term :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Deposit to DGDP (Army) for sales contract	1,049,000	2,202,200
Advance to United Finance Ltd.	-	77,537
<b>Closing Balance</b>	<b>1,049,000</b>	<b>2,279,737</b>

**08.03 Advance & Prepayments :**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Advance for Local Procurement		3,565,572	1,634,210
Advance to Barrister Khurshid Alam		250,000	250,000
Advance to Sohel & Brothers		-	133,000
Advance to Office Work & Others		2,706,796	2,638,550
Advance to Pioneer Insurance Company Ltd.		2,241,117	-
Material in Transit	08.03.A.	12,141,537	39,522,151
<b>Closing Balance</b>		<b>20,905,022</b>	<b>44,177,911</b>

**08.03.A. Material in Transit :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening Balance</b>	39,522,151	60,748,701
Add : Payment during this year	526,515,605	831,228,935
Less : Transfer to purchase A/C	(553,896,218)	(852,455,485)
<b>Closing Balance</b>	<b>12,141,537</b>	<b>39,522,151</b>

**08.04 Advance Income Tax :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Advance Income Tax -Export	11,086,985	4,236,616
Advance Income Tax -Local Supply	3,746,915	1,609,052
Advance Income Tax -Vehicle	358,000	192,500
Advance Income Tax -Import & Others	387,272	286,861
Advance Income Tax -FDR	239,507	128,357
<b>Closing Balance</b>	<b>15,818,679</b>	<b>6,453,386</b>

**08.04 (i) Advance Income Tax Deducted at Source :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening balance</b>	6,453,386	9,317,769
Add : Addition during this year	9,365,293	6,453,386
Less : Tax adjustment	-	(9,317,769)
<b>Closing Balance</b>	<b>15,818,679</b>	<b>6,453,386</b>

**08.05 Security deposit are made to statutory authorities and it will be realized when the service received from government authority will discontinue**

**08.06 In the opinion of the Directors, all of the current assets , loans and advances considered goods and realizable in the ordinary course of business, at a value at least equal to the amount at which they are stated in the Financial Position.**

**08.07 There was no outstanding balance due to Related parties, Directors & other sister Concern.**

**08.08 Guarantee Margin includes Guarantee issued to Titas gas & DGDP against Performance and workorder.**

**08.09 Maturity Analysis of Advance :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Advance adjustable/realizable within 1 (one) year	37,772,702	52,911,034
Advance adjustable/realizable above 1 (one) year	7,447,938	7,422,938
<b>Total :</b>	<b>45,220,640</b>	<b>60,333,972</b>

**09.00 Cash and Bank Balance**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Cash in Hand	09.01	56,056	18,940
Cash at Bank	09.02	87,023,162	56,993,052
<b>Closing Balance</b>		<b>87,079,218</b>	<b>57,011,992</b>

**09.01 Cash in Hand :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Cash in hand - (Head Office)	4,782	11,081
Cash in hand - (Factory)	51,274	7,859
<b>Closing Balance</b>	<b>56,056</b>	<b>18,940</b>

**09.02 Cash at Bank Balance:**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
AB Bank Limited	09.02 (i)	19,039,044	14,983,328
The City Bank Limited	09.02 (ii)	56,986,797	40,308,873
IFIC Bank Limited	09.02 (iii)	10,959,387	796,213
Mutual Trust Bank Limited	09.02 (vi)	37,934	904,637
<b>Closing Balance</b>		<b>87,023,162</b>	<b>56,993,052</b>

**09.02 (i) AB Bank Limited**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Current Account-4005 240125 001	703,575	57,682
Current Account-4005 240125 002	609,183	2,421,017
Current Account-4005 240125 003	1,075	1,075
ERQ Account-4005 240125-047	2,528,753	2,661,090
FDR Account-4005 240125-200	2,806,958	2,621,830
DAD Account-4005 240125 251	516	516
DAD Account-4005 240125 254	12,388,983	7,220,119
<b>Closing Balance</b>	<b>19,039,044</b>	<b>14,983,328</b>

**09.02 (ii) The City Bank Limited**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Current Account-1101 068626 001	239,848	(1,000,000)
ERQ Account- 5121 06862 6001	27,890,225	14,136,843
FBPAR Account-1006 110412099 0071	15,013,965	14,141,988
FDR Account- 4481068626001	11,585,266	10,889,687
FDR Account- 4401068626001	2,257,494	2,140,355
<b>Closing Balance</b>	<b>56,986,797</b>	<b>40,308,873</b>

**09.02 (iii) IFIC Bank Limited**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Current Account- 1001 113304 001	10,959,387	796,213
<b>Closing Balance</b>	<b>10,959,387</b>	<b>796,213</b>

**09.02 (vi) Mutual Trust Bank Limited**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Current Account- 0046 021000 9262	7,018	76,588
ERQ Account- 0046 026000 0882	4,022	139,542
FBPAR Account- 0108 026000 2189	26,893	688,507
<b>Closing Balance</b>	<b>37,934</b>	<b>904,637</b>

**09.03 Cash in hand was physically counted at the end of the year and found in order.**

**09.04 The Bank Balances were confirmed and reconciled with Bank statements and found in order.**

**09.05 It includes foreign currency available balance USD \$ 688,165.13 as on 30th June 2020 (2019 USD \$ 335,564) equivalent of Tk. 57,852,841.58 as on 30<sup>th</sup> June 2020 (2019 Tk.38,988,088).**

**10.00 Share Capital :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>a) Authorized Capital :</b>		
50,000,000 Ordinary Shares of Tk. 10/- each	<b>500,000,000</b>	<b>500,000,000</b>
<b>b) Issued, Called &amp; Paid up Capital :Tk. 94,596,830</b>		
9,459,683 Ordinary shares of Tk. 10/- each fully paid up	<b>94,596,830</b>	<b>85,997,120</b>



**(i) Composition of Shareholding :**

Particulars	30.06.2020		30.06.2019	
	No. of Share	%	No. of Share	%
Sponsors & Directors	6,711,052	70.94%	6,191,868	72.00%
Government	-	0.00%	-	0.00%
Institutions	495,408	5.24%	276,610	3.22%
Foreign Investors	-	0.00%	-	0.00%
General Investors /Public	2,253,223	23.82%	2,131,234	24.78%
<b>Closing Balance</b>	<b>9,459,683</b>	<b>100.00%</b>	<b>8,599,712</b>	<b>100.00%</b>

**Details of Sponsors & Directors Share Capital are as Follows :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
01. A. Matin Chowdhury	16,330,460	14,845,880
02. Dr. Shamim Matin Chowdhury	11,693,590	11,539,630
03. Didar A. Husain	17,892,230	16,265,670
04. Saima Matin Chowdhury	17,771,680	16,156,080
05. Azizur Rahim Chowdhury	3,422,560	3,111,420
06. M. Sekander Ali ( Independent Director)	-	-
07. Lt. Col Serajul Islam, Bir Protik (BAR) Retd.( Independent Director)	-	-
	<b>67,110,520</b>	<b>61,918,680</b>

**Details of the Share holding as on 30.06.2020 are given below :**

Holding Range	No. of Holders	No. of Share	Percentage
1 - 50	566	9,804	0.10%
51-500	1,773	415,955	4.40%
501-5,000	783	717,999	7.59%
5,001-10,000	23	150,327	1.59%
10,001-20,000	17	227,099	2.40%
20,001-30,000	6	149,124	1.58%
30,001-40,000	1	33,000	0.35%
40,001-50,000	1	40,976	0.43%
50,001-100,000	-	-	-
100,001-1,000,000	4	1,346,603	14.24%
1,000,000 to above	4	6,368,796	67.33%
<b>Total:</b>	<b>3,178</b>	<b>9,459,683</b>	<b>100.00%</b>

**10.01 The number of share holding by Sponsors & Directors and others increased as on 30th June,2020 from that of 30th June, 2019 due to declaration and allotment of 10% Stock Dividend for the year of 2018-2019.**

**10.02 Detailed Break-up of paid up capital :**

Bangladesh Securities and Exchange Commission notification no BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, 5(2) (a)

Year	Status	% of Bonus Share	Addition of Share	Paid up Share Share	Paid up Capital Amount
1988	After IPO	-	-	1,820,000	18,200,000
2010-11	Bonus	10%	182,000	2,002,000	20,020,000
2011-12	Bonus	10%	200,200	2,202,200	22,022,000
2012-13	Bonus	25%	550,550	2,752,750	27,527,500
2013-14	Bonus	26%	715,715	3,468,465	34,684,650
2014-15	Bonus	40%	1,387,386	4,855,851	48,558,510
2015-16	Bonus	40%	1,942,340	6,798,191	67,981,910
2016-17	Bonus	15%	1,019,729	7,817,920	78,179,200
2017-18	Bonus	10%	781,792	8,599,712	85,997,120
2018-19	Bonus	10%	859,971	9,459,683	94,596,830

**11.00 Retained Earnings:**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening Balance</b>	194,330,299	161,976,124
Add : Profit during this year	7,088,909	54,497,426
Less : Declaration & payment of Stock Dividend	(8,599,710)	(7,817,920)
Less : Declaration & payment of cash Dividend	(17,199,426)	(15,635,840)
Add : Excess Depreciation on Revaluation Assets Adjustments	1,173,767	1,310,510
<b>Closing Balance</b>	<b>176,793,840</b>	<b>194,330,299</b>

**12.00 Revaluation Surplus of Fixed Assets :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening Balance</b>	78,361,719	79,672,229
Less: Excess Depreciation Adjustment during the year	(1,173,767)	(1,310,510)
<b>Closing Balance</b>	<b>77,187,952</b>	<b>78,361,719</b>

**12.01** Land, Building, Plant & Machinery were revalued on 30.07.2007 by M/S Asian Surveyors Ltd. 28 dikusha C/A, 12th floor, Suite No.1203, Dhaka-1000 a firm of professional valuer on the basis of present market price prevailing in the country. The valuation of land was assessed on the basis of market price prevailing in the locality, Valuation of Building were assessed on the basis of present construction cost, Present market value of plant & Machinery has been estimated on the basis of devaluation of Bangladesh currency, inflation over the years, Increase of price level in international market.

**13.00 Long Term Loan :**

The consists of the above head as follows :

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Long Term loan from AB Bank Ltd.		25,420,803	39,761,811
Long Term loan from City Bank Ltd.		216,528,872	297,285,297
Long Term loan from Mutual Trust Bank Ltd.		85,204,044	-
United Leasing Company Ltd.		-	666,396
Total Loan Amount		327,153,719	337,713,504
Less: Current portion of Long Term Loan	16.00	(108,614,686)	(96,141,253)
<b>Closing Balance</b>		<b>218,539,033</b>	<b>241,572,251</b>

**13.01**

Name of Bank	Sanction Limit	Outstanding Amount	Terms and conditions of sanction letter
AB Bank Limited	65.00 Million	25.42 Million	Purpose : Imported capital machinery
			Tenor : 4 Years from the date of 1st disbursement and 1 year moratorium period.
			Repayment : 16 (Sixteen) quarterly installment
			Installment Size : Tk. 3,507,680/= Per Quarter
			Rate of Interest : 12 % & 9.00 % PA.
			Date of maturity : February 2022
			Security agreement : Personal gurantee of all the Directors of Rahim Textile Mills Limited.
			Corporate Gurantee N/A
The City Bank Limited	390.00 Million	216.53 Million	Purpose : Imported capital machinery and new
			Tenor : 4 Years from the date of 1st disbursement and 1 year moratorium period.
			Repayment : 16 (Sixteen) quarterly installment
			Installment Size : Tk. 29,676,195/= Per Quarter
			Rate of Interest : 11 % & 9.00 % PA.
			Date of maturity : December 2023
			Security agreement : Personal gurantee of all the Directors of Rahim Textile Mills Limited.
			Corporate Gurantee Knit Asia Ltd & Salek Textile Ltd.
Mutual Trust Bank Limited	180.00 Million	85.20 Million	Purpose : Imported capital machinery and new construction.
			Tenor : 4 Years from the date of 1st disbursement and 1 year moratorium period.
			Repayment : 16 (Sixteen) quarterly installment
			Installment Size : Tk. 6,400,240/= Per Quarter
			Rate of Interest : 11 % & 9.00 % PA.
			Date of maturity : December 2024
			Security agreement : Personal gurantee of all the Directors of Rahim Textile Mills Limited.
			The factory land has charged to the AB bank Ltd. and pariparsu agreement was also made with The City Bank Ltd. & Mutual Trust Bank Ltd. for same properties against bank loan facilities.

**14.00 Deferred Tax Liabilities :**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Opening Balance		31,367,776	28,012,125
Add: Provision during this Year	26.00	(1,968,875)	3,355,651
<b>Closing Balance of Deferred Tax</b>		<b>29,398,901</b>	<b>31,367,776</b>

**14.01 Calculation of Deferred Tax on each types of Temporary difference**

Particulars	Accounts Based	Tax Based	Temporary Diff.	Temporary Diff.
			2019-2020	2018-2019
WDV of Fixed Assets	688,202,516	583,019,199	105,183,317	116,928,250
Revaluation Surplus of Fixed Assets	90,809,353	-	90,809,353	92,190,256
<b>Total</b>	<b>779,011,869</b>	<b>583,019,199</b>	<b>195,992,670</b>	<b>209,118,506</b>
Deferred tax rate			15%	15%
<b>Closing balance of Deferred tax</b>			<b>29,398,901</b>	<b>31,367,776</b>

**15.00 Accounts Payable:**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Raw Materials	99,907,573	359,539,644
Spareparts, Repair maintenance	11,406,333	5,083,308
Security Margin against construction works	98,361	11,233,642
Transport service for carrying import and other goods.	2,850,571	2,287,040
C & F agencies	5,343,493	1,861,135
Stationery	329,364	459,371
Motor Gerage	368,170	126,303
Internet, Cleaning,Service & Others	13,568,946	8,831,562
<b>Closing Balance</b>	<b>133,872,811</b>	<b>389,422,005</b>

**15.01** Trade Creditors for supply of fabrics, chemicals, spareparts of machineries & service charges are the regular suppliers of the Company and the amount are due on account. Most of the bills have been paid within 120 days.

**16.00 Current Portion of Long Term Loan:**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Long Term loan from AB Bank Ltd.	14,039,792	14,505,075
Long Term loan from The City Bank Ltd.	80,836,388	80,969,782
Long Term loan from Mutual Trust Bank Ltd.	13,738,506	666,396
<b>Total</b>	<b>108,614,686</b>	<b>96,141,253</b>

**17.00 Short Term Loan from Bank :**

The consists of this head as follows:

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
AB Bank Ltd.	17.01	112,908,977	149,016,523
The City Bank Ltd.	17.02	469,560,660	395,896,115
Mutual Trust Bank Ltd.	17.03	195,835,637	280,711,846
<b>Total</b>		<b>778,305,273</b>	<b>825,624,484</b>

**17.01 AB Bank Ltd.**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Cash Credit Account- 4005240125000	10,780,150	8,863,675
Inland Document Bill Purchase A/C- 4005240125707	-	21,334,907
EDF Liability Account- 4005240125711	102,128,827	118,817,941
<b>Total</b>	<b>112,908,977</b>	<b>149,016,523</b>

**17.02 The City Bank Ltd.**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Cash Credit Account- 6331068626001	10,333,352	10,150,692
Short Term Loan-9171 06862 6001	30,372,500	-
Inland Document Bill Purchase A/C- 9911 06862 6001	39,545,530	186,311,073
Deferred/UPAS Liability	223,320,183	83,800,874
EDF Liability Account	165,989,095	115,633,477
<b>Total</b>	<b>469,560,660</b>	<b>395,896,115</b>

**17.03 Mutual Trust Bank Ltd.**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Cash Credit Account- 00460134000129	29,663,172	30,489,572
Inland Document Bill Purchase A/C	18,952,368	40,033,005
Deferred/UPAS Liability	134,205,734	88,843,720
EDF Liability	13,014,363	121,345,549
<b>Total</b>	<b>195,835,637</b>	<b>280,711,846</b>

17.04	Particulars	AB Bank Ltd.	The City Bank Ltd.	Mutual Trust Bank Ltd.
	Sanction Facility	22.00 Crore	48.00 Crore	58.00 Crore
	Tenor	1 year renewable	1 year renewable	1 year renewable
	Repayment Terms	N/A	N/A	N/A
	Installment Size	N/A	N/A	N/A
	Interest Rate	9.00%	9.00%	9.00%
	Security	Pari-Passue security of Stock & Book Debts sharing agreement.		

**18.00 Others Provision & Liabilities :**  
The consists of this head as follows:

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
Liability for Expenditure	18.01	43,441,068	42,974,070
Provision For WPPF & WF	18.02	12,961,461	16,429,793
Unclaimed Dividend	18.04	3,158,203	2,425,603
Provision For Income Tax	18.06	15,663,689	12,228,571
<b>Total</b>		<b>75,224,421</b>	<b>74,058,037</b>

**18.01 Liability for Expenditure :**  
The consists of this head as follows:

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Directors' Remuneration Payable	251,500	251,500
Salary Payable	12,043,622	9,790,827
Wages Payable	5,951,918	6,007,944
Overtime Payable	40,860	324,211
Electricity Bills Payable	681,122	526,300
Audit fees	138,000	115,000
Gas Bill Payable	3,309,110	2,595,991
Utility Payable	-	2,400,000
Deduction of Tax & VAT at source	20,370,171	20,187,303
Payable to PF Employees' contribution	213,055	218,234
Payable to PF Employer's Contribution	213,055	218,234
Employees PF Loan	17,667	34,043
Employees Income Tax Against Salary	210,988	304,483
<b>Total</b>	<b>43,441,068</b>	<b>42,974,070</b>

**18.02 Provision For WPPF & WF:**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening balance</b>	16,429,793	12,984,451
Less: Paid to WPPF & WF Members A/C	(3,896,089)	-
Add: Provided this year @ 5% (Note-24)	427,757	3,445,342
<b>Closing balance</b>	<b>12,961,461</b>	<b>16,429,793</b>

a) The company established a separate trustee board for maintenance of WPPF as per Labour Law, 2006 and all payments of WPPF are administer by this board of trustee.

**18.03 Unclaimed Dividend :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
<b>Opening Balance</b>	2,425,603	1,802,319
Add : Cash Dividend during this year	17,199,426	15,635,840
Add : Sale of Faction Share	277,064	205,469
<b>Total Unclaimed Dividend</b>	<b>19,902,093</b>	<b>17,643,628</b>
Less : Dividend issue during this year	(16,743,890)	(15,218,025)
<b>Closing Balance</b>	<b>3,158,203</b>	<b>2,425,603</b>

**18.03 (i) Unclaimed Dividend :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Unclaimed Dividend up to -2015	1,203,338	1,203,338
Unclaimed Dividend -2016	99,400	99,400
Unclaimed Dividend -2017	496,113	496,113
Unclaimed Dividend -2018	625,940	626,753
Unclaimed Dividend -2019	733,413	-
<b>Total</b>	<b>3,158,203</b>	<b>2,425,603</b>

**18.04** This is the amount which represents dividend warrant issued including sale proceeds of faction bonus share but not presented to the bank for payment.

**18.05 Provision For Income Tax:**

Particulars	Note	Amount in Tk.	
		30.06.2020	30.06.2019
<b>Opening Balance</b>		12,228,571	10,492,573
Add: Income Tax for the current year	25.00	3,435,118	12,228,572
Less: Adjustment during the year		-	(10,492,573)
<b>Closing Balance</b>		<b>15,663,689</b>	<b>12,228,571</b>

**19.00 Sales Revenue :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Sales to Customers	1,242,673,338	1,249,049,688
Sales to Related Parties	20,224,088	20,272,749
<b>Total Sales Revenue :</b>	<b>1,262,897,426</b>	<b>1,269,322,438</b>

**20.00 Cost of Goods Sold :**

Raw Material Consumed :

Particulars	Note	30.06.2020		30.06.2019	
		Amount in Tk.	Percentage	Amount in Tk.	
Grey Fabrics	20.01	445,392,390	65.43%	537,301,740	
Dyes & Chemicals	20.02	200,332,206	29.43%	308,685,542	
Printing & Design Materials	20.03	35,024,625	5.15%	33,051,344	
<b>Raw Material Consumed</b>		<b>680,749,221</b>	<b>100.00%</b>	<b>879,038,626</b>	
Direct Wages & Salaries including bonus		185,333,341		182,895,507	
Factory Overhead	20.04	158,325,142		154,626,166	
<b>Direct and Factory Overhead</b>		<b>343,658,483</b>		<b>337,521,673</b>	
<b>Total Manufacturing Cost</b>	<b>Qty. (yards)</b>	<b>1,024,407,704</b>	<b>Qty. (yards)</b>	<b>1,216,560,298</b>	
Add: Opening Work in Process	542,383	20,735,477	597,127	6,812,893	
<b>Cost of Goods Available for Use</b>	<b>542,383</b>	<b>1,045,143,181</b>	<b>597,127</b>	<b>1,223,373,191</b>	
Less: Closing Work in process	636,606	10,117,549	542,383	20,735,477	
<b>Cost of Production :</b>	<b>Qty. (yards)</b>	<b>1,035,025,632</b>	<b>Qty. (yards)</b>	<b>1,202,637,714</b>	
Add: Opening W.I.P.(Finished Stage)	3,656,675	172,230,207	3,309,966	66,785,027	
<b>Cost of Goods Available for Sales</b>	<b>3,656,675</b>	<b>1,207,255,840</b>	<b>3,309,966</b>	<b>1,269,422,742</b>	
Less: Closing W.I.P.( Finished Stage)	1,842,193	85,135,916	3,656,675	172,230,207	
<b>Cost of Goods Sold :</b>		<b>1,122,119,923</b>		<b>1,097,192,535</b>	

**20.01 Grey Fabrics Consumed :**

Name of Products:	Qty. (yards)	30.06.2020		30.06.2019	
		Amount in Tk.	Qty. (yards)	Amount in Tk.	Qty. (yards)
Opening Stock	2,820,210	232,977,392	1,122,056	91,152,174	
Purchase During the year (A)	5,602,500	362,932,585	10,294,188	679,126,958	
Less : Closing Stock	(2,168,369)	(150,517,587)	(2,820,210)	(232,977,392)	
<b>Consumption during the year</b>	<b>6,254,341</b>	<b>445,392,390</b>	<b>8,596,034</b>	<b>537,301,740</b>	

**20.02 Dyes & Chemicals Consumed :**

Name of Products:	Qty. (kgs)	30.06.2020		30.06.2019	
		Amount in Tk.	Qty. (kgs)	Amount in Tk.	Qty. (kgs)
Opening Stock	391,654	115,444,752	303,039	85,111,171	
Purchase during the year (B)	780,744	169,943,597	1,928,856	339,019,123	
Less : Closing Stock	(301,266)	(85,056,143)	(391,654)	(115,444,752)	
<b>Consumption during the year</b>	<b>871,132</b>	<b>200,332,206</b>	<b>1,840,241</b>	<b>308,685,542</b>	

**20.03 Printing & Design Materials, Spares & Accessories Consumed :**

Name of Products:	Qty. (kgs)	30.06.2020		30.06.2019	
		Amount in Tk.	Qty. (kgs)	Amount in Tk.	Qty. (kgs)
Opening Stock	Uncountable	20,888,253	Uncountable	23,480,790	
Purchase during the year (C)	Uncountable	32,633,988	Uncountable	30,458,807	
Less : Closing Stock	Uncountable	(18,497,616)	Uncountable	(20,888,253)	
<b>Consumption during the year</b>		<b>35,024,625</b>		<b>33,051,344</b>	

**(A) Procurement / Supplied by Raw Materials :**

Name of Products:	Qty. (yards)	30.06.2020		30.06.2019	
		Amount in Tk.	Qty. (yards)	Amount in Tk.	Qty. (yards)
Grey Fabrics Foreign Import	5,602,500	362,932,585	9,792,214	612,587,764	
Grey Fabrics Local Import	-	-	501,974	66,539,194	
<b>Closing Balance</b>	<b>5,602,500</b>	<b>362,932,585</b>	<b>10,294,188</b>	<b>679,126,958</b>	

**(B) Dyes & Chemicals :**

Name of Products:	Qty. (Kgs)	30.06.2020	Qty. (Kgs)	30.06.2019
		Amount in Tk.		Amount in Tk.
Imported	780,744	169,943,597	1,312,578	301,566,755
Local Import	-	-	616,277	37,452,367
<b>Closing Balance</b>	<b>780,744</b>	<b>169,943,597</b>	<b>1,928,856</b>	<b>339,019,123</b>

**(C) Printing & Design Material, Spares & Accessories :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Imported	21,020,035	17,138,675
Local Purchase	11,613,953	13,320,132
<b>Closing Balance</b>	<b>32,633,988</b>	<b>30,458,807</b>

**20.04 Factory Overhead :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Gas Charges	44,280,798	36,942,777
Electricity Charges	11,035,257	9,778,947
Insurance Premium	1,335,713	2,069,676
Uniform & Liveries	461,883	218,745
Repairs & Maintenance	6,712,819	11,804,026
Telephone Charges	864,370	692,046
Travelling & Conveyance	3,787,191	3,865,282
Fuel Lubricant	4,986,577	5,144,211
Medical expenses	88,627	207,746
Contribution to P.F.	1,988,744	1,838,745
Entertainment	530,061	568,449
Stationery	1,140,891	1,385,147
Newspaper & Periodicals	4,880	8,520
Testing Charges	960,187	1,095,937
Rent, Rates & Taxes	297,715	120,000
Back Processing Charges	748,648	591,809
Compliance Expenses	282,628	686,379
Training Expenses	-	365,220
Food & Refreshment Expenses for Staff & Workers.	1,575,705	2,041,100
Lab Expenses	574,732	1,071,761
Loading & Unloading Exp.	-	410,280
Depreciation	76,667,716	73,719,362
<b>Total Factory Overhead</b>	<b>158,325,142</b>	<b>154,626,166</b>

**21.00 Administrative & Selling Expenses :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Director's Remuneration	3,000,000	4,800,000
Salary & Allowances	28,429,754	27,295,150
Festival Bonus	2,846,870	2,546,399
Electricity Charges	354,726	420,589
Stationery	295,495	436,393
Advertisement	552,184	544,237
Insurance Premium	63,650	28,200
Telephone & Fax Charges	443,511	422,252
Travelling & Conveyance	1,844,176	1,961,463
Fees, Forms & Stamps	1,858,102	2,190,318
Donation & Subscription	60,000	60,000
Selling & Distribution Expenses	9,589,587	5,016,728
Training Expenses	10,350	18,860
Postage & Telegram	152,742	46,046
Repairs & Maintenance	911,527	546,788
Head Office Rent	6,539,545	6,242,292
Annual General Meeting Expenses	321,524	323,664
Entertainment	19,805	73,705
Contribution to P.F.	616,493	522,881
Audit Fees (Note: 21.01)	531,050	138,000
Software Servicing Charges	105,300	154,368
Income Tax Expenses	-	431,299
Board Meeting Fees	54,000	81,250
Food & Refreshment Expenses for Staff	332,862	540,752
Depreciation	1,583,700	1,863,172
<b>Total</b>	<b>60,516,952</b>	<b>56,704,806</b>

**21.01 Audit Fees :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Statutory Audit Fees	126,500	115,000
Provident Fund audit fee	11,500	5,750
Corporate Governance Compliance Audit Fees	17,250	17,250
Compliance Audit Fees	375,800	-
	<b>531,050</b>	<b>138,000</b>

**22.00 Financial Expenses :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Bank Charges & Commission	97,016	455,062
Excise Duty	525,319	417,220
Bank Interest on Overdraft	4,882,180	7,882,346
Bank Interest on STL	2,427,886	-
Bank Interest on IDBP Loan	14,683,322	-
Bank Interest on EDF & UPAS	17,776,524	-
Bank Interest on Long Term Loan	33,768,756	37,060,311
Lease Interest	33,025	133,089
<b>Total</b>	<b>74,194,028</b>	<b>45,948,027</b>

**23.00 Non Operating Income/(Loss) :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Interest received on FDR	1,111,496	1,283,567
Wastage Sales	-	175,600
Foreign Currency Translation Gain/(Loss)	149,871	100,014
Gain/(Loss) on Foreign Currency Exchange rate-Export	2,973,312	3,893,163
Gain/(Loss) on Foreign Currency Exchange rate-Import	(1,318,293)	(2,577,227)
<b>Total</b>	<b>2,916,386</b>	<b>2,875,117</b>

**23.01 Gain/( Loss ) on Disposal of Machinery:**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Cost Value	11,288,505	-
Less :Accumulated depreciation at disposal date	(9,480,005)	-
<b>Witen Down Value</b>	<b>1,808,500</b>	-
Sale Proceeds of Machinery	1,808,500	-
Profit/Loss on sale of machinery	-	-

**24.00 Provision for WPPF & WF**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Contribution this year @ 5% (Net profit before WPPF & WF (8,982,909/21)	427,757	3,445,342
	<b>427,757</b>	<b>3,445,342</b>

**25.00 Income Tax Provision (Current Tax)**

Current tax provision	3,435,118	12,228,572
	<b>3,435,118</b>	<b>12,228,572</b>

**25.01 Calculation of effective tax rate calculation**

Particulars	Based Amount	Effective Tax Rate	30.06.2020	30.06.2019
			Tax Amount	Tax Amount
Business Income	7,443,655	15.00%	1,116,548	11,863,780
Other Income	1,111,496	25.00%	277,874	364,792
	<b>8,555,151</b>	<b>16.30%</b>	<b>1,394,422</b>	<b>12,228,572</b>
Deductable Temporary difference		-23.01%	(1,968,875)	3,355,651
Prior Year adjustment		0.00%	-	(1,174,804)
Effect of Minimum Tax		23.85%	2,040,695	-
		<b>17.14%</b>	<b>1,466,243</b>	<b>14,409,419</b>

**26.00 Income Tax Provision (Deferred Tax) :**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Deferred Tax Liabilities as on 30.06.2020	29,398,901	31,367,776
Deferred Tax Liabilities as on 30.06.2019	31,367,776	28,012,125
<b>Income Tax Provision (Deferred Tax)</b>	<b>(1,968,875)</b>	<b>3,355,651</b>

**27.00 Earnings Per Share (EPS):**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
A. Net Profit/ ( Loss) after Tax for this year	7,088,909	54,497,426
B. Weighted average Number of Share	9,459,683	9,459,683
<b>Earning per share (EPS).(Restated in 2019) (A/B)</b>	<b>0.75</b>	<b>5.76</b>

**27.01 Disclosure of EPS : as per clause 5(2)c of the BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June,2018 :**

Earning Per Share (EPS) has been decreased from Tk. 5.76 per share to Tk. 0.75 per share during the financial year 2019-20 due to fall in production capacity utilisation and resulting in increase of factory overhead cost, fixed operating cost and financial cost. Due to under utilisation of production capacity during the year in effect for COVID-19, the company was unable to utilise production overhead.

**27.02 Computation of Number of Shares after reporting date**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Number of Shares Outstanding (Opening Balance)	8,599,712	7,817,920
Declaration of Stock Dividend @ 15% for the FY-2017-18	-	781,792
<b>Total Number of Share</b>	<b>8,599,712</b>	<b>8,599,712</b>
Declaration of Stock Dividend @ 10% for the FY-2018-19	859,971	859,971
<b>Number of Shares Outstanding as at 30.06.2020</b>	<b>9,459,683</b>	<b>9,459,683</b>

**28.00 Net Assets Value (NAV) Per Share**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Total Assets	1,692,533,746	2,016,874,944
Less : Total Liability	(1,343,955,124)	(1,658,185,806)
<b>A. Net Assets</b>	<b>348,578,622</b>	<b>358,689,138</b>
B. Total Number of Share outstanding at the year end	9,459,683	8,599,712
<b>Net Assets Value (NAV) Per Share (A/B)</b>	<b>36.85</b>	<b>41.71</b>

**28.01 Disclosure of NAV : as per clause 5(2)b of the BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June,2018 :**

Net Assets Value per share (NAV) has been decreased compared to financial year June 30,2019 due to increase in number of shares for declaration and allotment of 10% bonus share as well as decreased retained earning for distribution of cash dividend and reduction profit for the year (Please see the note 27.01).

**29.00 Reconciliation from net profit to net operating cash flow :**

Disclosure with calculation: as per clause 5(2)e of the BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated: 20 June, 2018:

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Operating Profit/(Loss)	80,260,550	115,425,097
Depreciation	78,251,416	75,582,534
Financial Expenses	(74,194,028)	(45,948,027)
Non Operating Income/(Loss)	2,766,515	2,775,103
Accounts Receivable (Increase)/Decrease	129,234,134	(188,424,806)
Inventories (Increase)/Decrease	212,951,270	(288,934,026)
Advance,Deposit & Prepayment (Increase)/Decrease	24,478,626	19,180,846
Accounts Payable & Other Liability Increase/(Decrease)	(255,549,194)	69,699,091
Payment to Employee against Contribution to WPPF	(3,896,089)	-
Liability for Expenditure Increase/(Decrease)	466,998	2,032,601
Income Tax Paid	(9,365,293)	(6,453,386)
<b>Total</b>	<b>185,404,906</b>	<b>(245,064,975)</b>

**30.00 Net Operating Cash Flow Per Share ( NOCFPS )**

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
A. Net Operating Cash Flow	185,404,906	(245,064,974)
B. Number of Shares outstanding at the year end	9,459,683	8,599,712
<b>Net Operating Cash Flow Per Share ( NOCFPS ) (A/B)</b>	<b>19.60</b>	<b>(28.50)</b>



**30.01 Disclosure of NOCFPS : as per clause 5(2)d of the BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated: 20 June, 2018:**

Net Operating Cash Flow Per Share (NOCFPS) has been increased compared to financial year June 30,2019 due to regular and smooth collection against sales revenue. and decrease of current assets e.g. Inventories, Accounts Receivable and Advances & Prepayment.

**31.00 Related Party Disclosure Under IAS-24**

**31.01 Related Party Transaction :**

**Related parties disclosure : As per IAS 24 Para 21 in the from sales of finished goods against export L/C.**

The company, in normal course of business carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24. Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and business with them as at 30 June 2020 were as follows :

Name of Sister Concern	Nature of Relationship	Nature of Business	Opening Balance	Transition		Accounts Receivable
				Dr./ Sales	Cr./ Realization	
J. M. Fabrics Limited	Common Director	Sales	300,473	2,920,231	3,071,378	149,325
Knit Asia Limited	Common Director	Sales	13,219,376	17,303,857	27,603,953	2,919,280
Hejaz Publications Ltd.	Common Director	Office Rent	-	6,539,545	6,539,545	-
<b>Total Amount</b>			<b>13,519,849</b>	<b>26,763,633</b>	<b>37,214,876</b>	<b>3,068,605</b>

No particular transaction with the related party was exceeded one percent of revenue or total tansable assets of the company for the year / at the year end June 30 2020. As such, no approval is necessary in respect of related party transaction from the honorable shareholders of the company as required by BSEC directive.

**31.02 Related party disclosure as per IAS-24 Para 17 regarding key management personnel compensation :**

Short term employees benefits	Monthly Salary Two Festival Bonus Medical Assistance Profit Participant
Post Employment Benefits	Provident Fund Gratuity
Other long term benefits	Life insurance
Termination Benefits	As per company policy
Share Based payment	Company does not provided any share based payment

**31.03 Disclosure of director remuneration and attendance fees under para - 4 of schedule XI part II of the companies act 1994 :**

Name	Position	2019-2020	2018-2019
Mr. Didar A. Husain	Chairman	Nil	1,200,000
Dr. Shamim Matin Chowdhury	Managing Director	Nil	Nil
Mr. A. Matin Chowdhury	Director	2,114,285	2,400,000
Ms. Saima Matin Chowdhury	Director	Nil	Nil
Mr. Azizur Rahim Chowdhury	Director	1,057,143	1,200,000

**31.04 Remuneration for Directors and Executives :**

Particulars	2019-20		2018-19	
	Directors	Executive	Directors	Executive
Remuneration	1,714,285	6,306,276	2,742,857	6,146,640
House Rent	857,143	3,153,138	1,371,428	3,073,320
Bonus	171,428	1,051,046	457,142	1,024,440
Conveyance	257,144	945,941.40	411,430	921,996
Medical	171,428	630,627.60	274,285	614,664
<b>Total</b>	<b>3,171,428</b>	<b>12,087,029</b>	<b>5,257,142</b>	<b>11,781,060</b>
<b>Number of person</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>5</b>

No meeting fee has been paid to the sponsor Directors during the year.

**31.05 Independent director have received the following meeting attendance fees :**

Name	Position	2019-2020	2018-2019
M. Sekander Ali	Independent Director	30,000	31,250
Md. Qamrul Huda	Independent Director	-	43,750
Lt. Col Serajul Islam, Bir Protik (BAR) Retd.	Independent Director	24,000	6,250

**31.06 Disclosure under para 3 of the schedule XI para II of the companies act 1994**

Particulars	Range		No of employees			Total
			Head Office	Factory	Worker	
Remuneration	100,000	200,000	2	-	-	2
Salary	-	10,000	Nil	10	-	10
Salary	10,001	14,999	2	40	-	42
Salary	15,000	29,999	4	97	-	101
Salary	30,000	59,999	10	60	-	70
Salary	60,000	99,999	7	10	-	17
Salary	100,000	Above	8	10	-	18
Wages	-	5,299	-	-	Nil	Nil
Wages	5,300	6,999	-	-	5	5
Wages	7,000	9,999	-	-	112	112
Wages	10,000	Above	-	-	280	280
<b>Total</b>			<b>33</b>	<b>227</b>	<b>397</b>	<b>657</b>

**31.07 Disclosure of Remuneration for External Auditors under para b of schedule XI part II of the Companies Act 1994:**

Malek siddiqui wali has been appointed as a statoty auditor and fixes their remuneration of Tk. 110,000+VAT by the honorable shareholder of the company in the last AGM (38th AGM). No other fees was paid to the auditor for any other services.

**32.00 Disclosure of production shortfall and achievement under para 7 schedule XI Para II of the Companies Act 1994 :**

Particulars	Unit Measurement	Amount in Tk.	
		30.06.2020	30.06.2019
Production Capacity	Yard	30,000,000	30,000,000
Actual Production	Yard	22,257,164	28,468,113
% Achievement	%	74.19%	94.89%
Short Fall	Yard	7,742,836	1,531,887

The production has fallen from 94.89% to 74.19% due to the effect of COVID 19.

**33.00 Disclosure of Imported and Local raw material consumption under para 8 schedule XI part II of Companies Act 1994 :**

Value of Dyes & Chemical, Design & Spare parts, Packing Materials and Capital Machinery

Particulars	Local Purchase	Import	Total Purchase	Consumed
Grey Fabrics	-	362,932,585	362,932,585	445,392,390
Dyes & Chemical	-	169,943,597	169,943,597	200,332,206
Printing, Design & Spare Parts & Packing etc.	11,613,953	21,020,035	32,633,988	35,024,625
<b>Total</b>	<b>11,613,953</b>	<b>553,896,218</b>	<b>565,510,171</b>	<b>680,749,221</b>

**34.00 Contingent Liabilities :**

The company has Tk. 153,162,855 contingent liabilities against Letter of Credit (EDF Liability) and Bank Guarantee for the year ended 30th June, 2020. The break up of the amount is as follows:

Particulars	Amount in Tk.	
	30.06.2020	30.06.2019
Letter of Credit (City Bank Limited)	127,585,625	14,432,585
Letter of Credit (AB Bank Limited)	7,928,719	9,496,305
Letter of Credit (Mutual Trust Bank Limited)	-	107,684,103
Bank Guarantee (AB Bank Limited)	7,648,511	7,235,922
Bank Guarantee (The City Bank Limited)	10,000,000	-
<b>TOTAL</b>	<b>153,162,855</b>	<b>138,848,915</b>

**35.00 Events after the reporting period :**

- After the year end, the Financial Reporting Council of Bangladesh has directed to the companies for giving back of laps & forfeiture of company's contribution from Employees' Provident Fund and showing them as other income of the company. The company is committed to follow this rules from 2020-2021 onward and taking back of forfeited empolyer's contribution based on audited financial statements of Provident Fund. No adjustment is necessary in these financial statements 2019-2020.
- The Board of Directors of the company has approved the financial statements as on October 22, 2020 and they recom-mended 11% Cash dividend for the financial year 30<sup>th</sup> June 2020. Except the fact stated above, on circum-stances have arisen that to be disclosed as note or adjusted in the financial statements.

# Rahim Textile Mills Limited

## Property, Plant & Equipment

As at 30<sup>th</sup> June 2020

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as on 30.06.20
	Balance as on 01.07.19	Addition During the Year	Adjustment During the Year	Total as on 30.06.20		Balance as on 01.07.19	Charges During the Year	Adjustment During the Year	Total as on 30.06.20	
Land & Land Development	14,345,373	-	-	14,345,373	-	-	-	-	-	14,345,373
Building And Civil Structure	344,363,262	4,201,014	-	348,564,276	10%	112,136,189	23,642,809	-	135,778,997	212,785,279
Plant & Machinery	718,031,629	106,388,654	11,288,505	813,131,778	10%	373,582,663	43,954,911	9,480,005	408,057,568	405,074,210
Equipment And Installation	40,957,943	1,838,964	-	42,796,907	15%	25,574,806	2,583,315	-	28,158,121	14,638,785
Furniture & Fixtures	12,629,947	1,130,908	-	13,760,855	10%	3,405,346	1,035,551	-	4,440,897	9,319,958
Utility Facility	41,152,640	2,014,600	-	43,167,240	15%	27,873,538	2,294,055	-	30,167,593	12,999,647
Transport Facility	22,418,018	-	-	22,418,018	15%	11,860,031	1,583,700	-	13,443,731	8,974,287
Other Assets	20,859,082	397,469	-	21,256,551	15%	9,415,402	1,776,172	-	11,191,574	10,064,977
<b>As at 30th June 2020</b>	<b>1,214,757,895</b>	<b>115,971,609</b>	<b>11,288,505</b>	<b>1,319,440,998</b>		<b>563,847,974</b>	<b>76,870,513</b>	<b>9,480,005</b>	<b>631,238,482</b>	<b>688,202,516</b>

### Revalued Property Plant & Equipments As on 30<sup>th</sup> June 2020

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as on 30.06.20
	Balance as on 01.07.19	Addition During the Year	Adjustment During the Year	Total as on 30.06.20		Balance as on 01.07.19	Charges During the Year	Adjustment During the Year	Total as on 30.06.20	
Land & Land Development	78,760,479	-	-	78,760,479	-	-	-	-	-	78,760,479
Building And Civil Structure	24,745,906	-	-	24,745,906	10%	17,451,167	729,474	-	18,180,641	6,565,265
Plant & Machinery	16,339,721	-	-	16,339,721	10%	10,963,185	537,654	-	11,500,839	4,838,882
Utility Facility	3,405,891	-	-	3,405,891	15%	2,647,389	113,775	-	2,761,164	644,727
<b>Sub Total as at 30.06.20</b>	<b>123,251,997</b>	<b>-</b>	<b>-</b>	<b>123,251,997</b>		<b>31,061,741</b>	<b>1,380,903</b>	<b>-</b>	<b>32,442,644</b>	<b>90,809,353</b>
<b>Grand Total as at 30.06.20</b>	<b>1,338,009,892</b>	<b>115,971,609</b>	<b>11,288,505</b>	<b>1,442,692,996</b>		<b>594,909,715</b>	<b>78,251,416</b>	<b>9,480,005</b>	<b>663,681,126</b>	<b>779,011,869</b>
<b>Total as at 30.06.19</b>	<b>1,104,884,342</b>	<b>233,125,550</b>	<b>-</b>	<b>1,338,009,892</b>		<b>519,327,181</b>	<b>75,582,534</b>	<b>-</b>	<b>594,909,715</b>	<b>743,100,177</b>

#### Depreciation charged to :

A ) Depreciation of Cost Of Goods Sold.	76,667,716
B ) Depreciation of Administrative & Selling Expenses.	1,583,700
	<b>78,251,416</b>

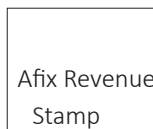
# Rahim Textile Mills Limited

Registered Office: "Tower-117", 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh  
Corporate Head Office: "Tower-117", 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

## PROXY FORM

I/We .....  
of.....  
being a shareholder(s) of Rahim Textile Mills Limited and a holder of .....shares  
hereby appoint Mr/Mrs/Miss.....  
of.....  
as my/our proxy to attend and vote on my/our behalf at the 39<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday, December 24, 2020 at 9.00 a.m. at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1,  
Dhaka-1212 and at any adjournment thereof.

Signed this .....day of December, 2020



Signature of shareholder(s).....

Signature of Proxy.....

Name of shareholder (s) .....

Name of Proxy.....

Folio/BOID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Folio/BOID No. of Proxy (if any):

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Note:** A member entitled to attend and vote at the Annual General Meeting may appoint proxy to attend and vote in his/her stead. The proxy form should reach the Corporate Head Office of the Company not less than 48 hours before the time fixed for the meeting.

# Rahim Textile Mills Limited

Registered Office: "Tower-117", 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh  
Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

## Attendance Slip

I hereby record my attendance at the 39<sup>th</sup> Annual General Meeting of Rahim Textile Mills Limited being held today, the  
December 24, 2020 at 9.00 a.m.at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 as a  
holder of .....shares of the Company.

Signature of Shareholder/Proxy.....

Name of Shareholder/Proxy.....

Folio/BOID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**NOTE:** Shareholder(s) attending the meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.



## **Rahim Textile Mills Limited**

### **Registered Office:**

“Tower-117”, 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

### **Corporate Head Office:**

Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208  
Tel: IPT+880961211177-92, 880-2-8878065, Fax: 880-2-8878064  
E-mail: [allabj@newasiabd.com](mailto:allabj@newasiabd.com), Website: [www.rahimtextile.com](http://www.rahimtextile.com)

### **Factory:**

Shafipur, Kaliakoir, Gazipur

