

A photograph of cotton bolls on a branch, with some bolls open and some closed. The cotton is white and fluffy, and the bolls are brown and dried. The image is framed by a yellow border.

# ANNUAL REPORT

2019-2020

THE NAME  
YOU CAN  
TRUST  
FOR BEST  
QUALITY  
YARN

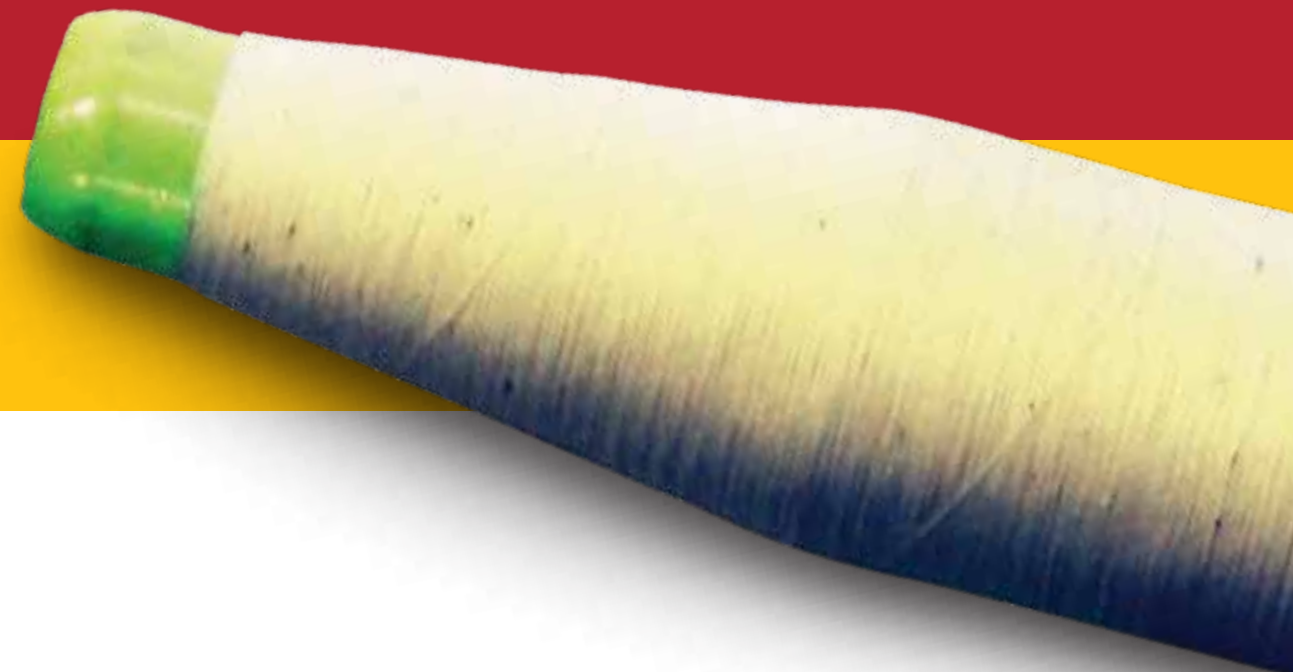


**METRO SPINNING LIMITED**  
THE NAME YOU CAN TRUST FOR BEST QUALITY YARN



# VISION

We see Business as a means to the well being of Shareholders, Stakeholders and Society at a large keeping in line with the Nation's interest.





# MISSION

To provide world class products to our valued Customers, maintaining high Ethical Standards while we conduct Business.

## OBJECTIVE

To conduct transparent Business Operations within Legal and Social framework, aiming to attain the mission with qualitative/quantitative targets while we operate.

## FINANCIAL MANAGEMENT POLICY

All Financial Policies like Investments, Dividend disbursement and other related Financial Policies are aimed to maximize the value of the organization within.

# CORPORATE FOCUS

Our vision is to polestar to our mission that fulfils our objectives with emphasis on the quality of product process and services blended with good governance that help build the image of the most venerable corporate citizenship at home and abroad.

1

To Provide top quality product at least possible prices

2

To protect Shareholder's Capital, ensuring highest return with promising growth

3

To Fulfill CSR and pay regular Taxes, Duties and claims by various public agencies like municipalities, Port Authorities, etc.

4

To Practice good Corporate Governance by not being limited to disclosures and reporting to Shareholders

5

To compensate all employees properly for they are core in driving the business forward

6

To avail an environment free from pollution and poisoning for all citizens

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# LETTER OF TRANSMITTAL

To

All Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

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

Dear Sir/Madam (s),

We are pleased to enclose a copy of the **Annual Report** together with the Audited Financial Statement including Statement of Financial Positions, Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flow for the Year Ended on **30 June, 2020**, along with notes thereon of Metro Spinning Limited for your reference and record.

Yours sincerely,



Noor Mohammad  
Company Secretary

# NOTICE OF THE 25th ANNUAL GENERAL MEETING

Notice is hereby given that the **25th Annual General Meeting** of the Shareholders of Metro Spinning Limited will be held on **Sunday, 27 December, 2020 at 11.30 am** by using Digital Platform through the Link <https://metrospinning.bdvirtualagm.com> to transact the following Business:

- Agenda 1:** To Receive, Consider and Adopt the Audited Financial Statements of the Company for the Year Ended on 30 June, 2020 and Report of the Auditor and Director thereon for the said Year.
- Agenda 2:** To Declare Dividend.
- Agenda 3:** To Elect Directors.
- Agenda 4:** To appoint Auditors of the company for the term until the next AGM and to fix their remuneration.
- Agenda 5:** To approve appointment of Compliance Auditor.

BY ORDER OF THE BOARD OF DIRECTORS



Noor Mohammad  
Company Secretary

Place & Dated: Dhaka – 27/10/2020

## Notes

- Monday, 23 November, 2020 is the "Record Date" for entitlement of Dividend. The Shareholders, whose names will appear in the Depository (CDBL) Register on that date, shall be entitled to participate in the AGM through digital platform.
- A Shareholder is entitled to participate and vote at this virtual AGM, may appoint a Proxy to participate and vote. The Proxy form, a specimen of which is enclosed, duly filled, signed and stamped at Tk. 20 (Revenue stamp) must be sent through email to [noor@maksonsgroup.com.bd](mailto:noor@maksonsgroup.com.bd) not later than 48 hours before commencement of AGM.
- The Shareholders will join the virtual AGM through the Link <https://metrospinning.bdvirtualagm.com>. The shareholders will be able to submit their questions/comments electronically before 48 (forty-eight) hours of commencement of the AGM through this link and during the AGM, for logging into the system the Members need to put their 16-digit Beneficiary Owners (BO) Account Number.
- We encourage the Members to log into the system prior to the meeting start time of 11.30 am. Please contact +8801841166170, +8801841166122, +8801841166223, for technical difficulties in accessing the virtual meeting.
- The Annual Report 2020 along with attendance slip, Proxy form and Notice of the AGM are being sent to all the members through email address available as per CDBL record. The Annual Report is also available in the company's web site at [www.maksonsgroup.com.bd](http://www.maksonsgroup.com.bd)

No benefit or gift in cash or kind shall be given to the Shareholders for attending the AGM as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

# CORPORATE GOVERNANCE

Corporate Governance involves decision-making process for all corporate bodies as an ongoing concern for the benefit of the whole race existing and for the future. These decisions may be categorized as policy and strategic, operational and executing, performance and evaluation and sharing of accretion assets between present and future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continual basis. The degree of involvement being a variable with the extent of delegation of authority top down and reporting for accountability bottom up of the management is a requirement. The Board of Directors, Executive Management Authority and Operational participants inclusive of workers and others share these aspects of governance in order to fulfill the common goal that converges in increasing the benefit of the stakeholders at the highest level. Till this time the entire corporate governance efforts are blended with "Good Governance Practice" as ethically and morally acceptable standards under a given socio political environmental phenomenon as per societal need we operate and exist with consistency.

## CORPORATE GOVERNANCE

Corporate Governance is the system through which the Company is directed, guided and controlled by the Board, keeping in view with its accountability to the shareholders. Now in accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is also annexed. Additionally, the Status Report that is required to be presented by the Company in pursuance to **Notification No. BSEC/CMRRCD/2006-158/207/Admin/80** of 03 June, 2018 issued by Securities & Exchange Commissions is attached as Annexure-C.

## BOARD OF DIRECTORS

### Constitution:

The Board of Directors, top Management echelon, consisting of the founder entrepreneurs/ successors and the inclusion of an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of **Six (6) Members** including the Independent Director with varied educational qualification and diversified experience, provides a balancing character in the decision making process. As the Board is reconstituted every year before each Annual General Meeting when one-third of the members retires and seeks re-election. A director is liable to be removed if the conditions of the Articles of Association and if the provisions of the Company Act 1994 are not fulfilled.

### Roles and Responsibilities:

The main role of the Board of Directors, considered the highest authority in the Company, is to provide general superintendence, oversee the operations and control the affairs of the Company through appropriate delegation and accountability process via the chain of command. The Board of Directors however, holds the ultimate responsibility and looks out for the Shareholders interest. They also look out for the best interest of the Stakeholders, the society at large including the country's overall benefit in terms of economy. The Board of Directors in respect of fulfilling its full responsibilities holds periodic meetings, at least once a quarter and delivers appropriate decisions and gives directions to the Executive Management body. Such meetings usually are based on operational performances, financial results, and review of overall allocated and actual budget,

capital expenditure, and proposals for BMRE or new project/ division/ product lines, collection of funds through issuance of shares or borrowing, procurement of raw materials, plant and machineries, pricing of product/ 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 takes special care in designing and articulating productivity and compensation plans of the employees and workers. Company employees are rewarded appropriately on the basis of quantity measures and quality of performance as an incentive. The Board also remains responsible for removal of operational hazards towards their life and care regarding their well being of health, provided friendly and cordial work environment and favorable social relation as demanded by a good citizen operating as a separate business entity in a country like Bangladesh.

### Appointment or reappointment of Directors:

In accordance with Article Nos. 124 & 125 Section 91(2) of Company Act 1994, Mr. Mohd. Showkot Ali and Mr. Mohd. Ferdous Kawser Masud, Directors both are due to Retire by rotation from the Board of Directors and being eligible, offer them for Re-Election. Board of Directors have re-elected both the Directors for the next term.

### Independent Director

The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to appointment of independent Director to the Board. Accordingly Metro Spinning Limited has two Independent Directors namely Md. Iftikhar-uz- Zaman and Dr. Mijanur Rahman.

### Board Committees

The Board has established different Board Committees to which it has delegated some of its responsibilities which are given below:

#### Audit Committee

The Board of Directors has constituted an Audit Committee of the Board consisting of Three Directors and one member secretary. The Audit Committee is headed by the Independent Director Mr. Md. Iftikhar-Uz- Zaman and accompanying him the other members are respectively, Mr. Mohd. Ferdous Kawser Masud (Director), Mr. Dr. Mijanur Rahman (Independent Director) Mr. Noor Mohammad, Company Secretary.

The Audit Committee carries out its responsibilities as per the provisions of law and subsequently submits its report to the Board of Directors in stipulated time. The Audit Committee synchronizes with the Internal and External Auditors as and when required. The Audit Committee ensures that adequate internal check & balance is maintained by adequate Management Information System that is in place for detection of errors, frauds and other deficiencies.

Other responsibilities comprise of inter alia, not being limited to, the anticipation of conflict of interests between the Company and its Directors, Officials, Customers, Suppliers, Government and any other Interest Groups, that may be present, and detect or eliminate possibilities of internal trading of the Company's stocks, which is strictly considered as a malpractice within the scope of compliance issue . The Audit Committee guarantees SEC and other Agencies, relevant, compliance issues as regulations and requirement.

#### Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee consists of three Directors including two Independent Director. Dr. Iftikhar-uz-Zaman, who is the Chairman of the Nomination and Remuneration Committee. The other members of the committee are Mohd. Ferdous Kawser

Masud, Dr. Mijanur Rahman and Noor Mohammad. The Committee will act as per the terms and conditions of the Corporate Governance Code of BSEC.

#### Other Committees

- Management Committees
- Product Planning & Development Committee
- Quality Control & Research Committee
- Product and Inventory Management Committee
- Export Promotion Committee

#### Board Meetings

The meetings of the Board of Directors of Metro Spinning Ltd are generally held at the Registered /Corporate Office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing to each director by the Company Secretary. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. The details of Board Meeting and attendance are given in the Directors' Report.

#### Relationship with Shareholders and Public

The shareholders as owners of the company are to be provided with material information of Company operations such as 1st Quarterly, Half-yearly, 3rd Quarterly unaudited and Annually audited financial statements published and distributed prior to and on the day of AGM. The Company Secretary, in this regard, outlined some routine services according to the prevailing rules and regulation and guide line of regulatory authorities. The Board is however obligated to the Shareholders for the publication of any Price Sensitive Information as per SEC Regulations. In order to better comply with all these responsibilities a qualified and efficient Company Secretary have been working diligently.

#### Relationship with Government

In its role on accountability to the government, the Board of Directors have to ensure up to date payment of all dues of Governmental Fees in the form of Import Duty, Custom Duty and Port Charges, VAT, Corporate Taxes and other tariffs. In case these fees are pending, on the basis of actual operations, it is then vital to make sure that corruption is avoided with highest priority. These practices have enabled the Company to enhance its contribution to the National Exchequer on a progressive rate since its commencement and are committed to do so in future.

#### Relationship with Financiers/Bankers

The Board oversees the financial transactions and ensures that those who are the lenders are being well taken care of and treated well, as per commitment, to meet Company's obligation to the lenders without making any default.

#### Relationship with Suppliers

As the Company has to import plant and machinery and almost all the raw materials from abroad, therefore the company makes sure that the international suppliers are well communicated at all times. Additionally, the company maintains cordial and mutually beneficial interest with its local suppliers. This has enabled the company to attain reduced number of legal disputes in both the international and local courts and thus enhanced the Company's illustration as a superior client to suppliers.

#### Corporate Social Responsibilities (CSR)

As Corporate Social Responsibility is a mandatory part of any artificial entity as per Company law.

Now being a public limited company the stake at this point is higher. The Board of Directors realizes this fact and concentrates on the Corporate Social Responsibilities (CSR) activities especially in the areas outlined below:

1. Encourages Gender equality within organization structure,
2. Discourages Racism within the workplace,
3. Demoralizes Religious distinguishing trend,
4. Highly discourages Child-labor in the facility layout locations,
5. Exercises Human Rights policy set at internal level,
6. Raise voice from time to time for emitting Environmental Pollution and also avoids operating on such values, and
7. Aiming to capitalize high on Social-Marketing and Social Welfare activities even more in future.
8. Equal Employment Opportunity providing employer.

#### Website

The Company has an official website linked with the website of the stock exchanges. All Financial results are posted on the Investor Relations section of the Company's website:

[www.maksonsgroup.com.bd](http://www.maksonsgroup.com.bd)

# INTRODUCING BOARD OF DIRECTORS

## Mr. Mohammad Ali Khokon

### Chairman

Mr. Mohammad Ali Khokon is the Chairman of the company. He has 34 years of Business Experience. He has visited many countries of the world in connection of business and thus gained vast experience and knowledge in Modern Methods, Technology, Production, Marketing and Management Techniques of textile industries. His wisdom helps company to formulate policy & to set strategic planning and direction for the Entire range of its activities. Involved to set business planning, financial planning, marketing policy, procurement policy, dividend policy, operational policy, expansion/future business policy and other business affairs of the company. Deals with financial institutions, Government Regulatory Bodies, International vendors, legal bodies, and other concern department. He is also Director of Asia Insurance Limited and a President of Bangladesh Textile Mills Associations (BTMA).



## Mr. Mohd. Showkot Ali

### Managing Director

Mr. Mohd. Showkot Ali, Managing Director of the company. He has 29 years of experience in the textile sector of the country. He has visited many countries and attended seminars, workshops, etc. which helped him gather knowledge in the sector. Mr. Ali have brought outside experience and expertise to the boardroom in a way that keeps companies on track and moving forward. He also provides guidelines to ensure the board and shareholders that the financial controls and systems of risk management are strong and defensible.



### Mr. Mohd. Amzad Ali Badal

Deputy Managing Director  
(Appointed)

Mr. Amzad Ali Badal, has graduated from Jagannath University, after which he undertook some on the job-training imparting basic knowledge of Textile Industry having associated with the Textiles Mills. He is hold the position of Dy. Managing Director of the Company. He remains associated in strategic decision involving production, pracurement af Capital Machinery, Raw Materials for more than 12 years in the company. He has also visited many countries and acquired skilled in the textiles sector.



### Mr. Mohd. Ferdous Kawser Masud

Director

Mr. Mohd. Ferdous Kawser Masud is the Director of the company. He has passed 20 auspicious years in this sector. He gathered knowledge in Modern Methods, Technology, Production and Marketing & Management Techniques of textile industries. He is expert in evaluating the performance of the management in meeting their goals and objectives. He also monitored the reporting of the company's performance.



### Mrs. Laila Ali

Director

Mrs. Laila Ali is the Director of the Company. She is a dynamic & hard working personnel and as well as bagged knowledge in Modern Methods, Technology, Production and Marketing & Management Techniques of textile industries by attending several course/seminars and visiting similar industrial concerns. Monitors organizational performance and aids the Managing Director to develop strategically goal which are attainable.



### Mr. Md. Iftikhar-Uz-Zaman

Independent Director

Mr. Md. Iftikhar-uz-Zaman is one of Independent Director of the company. He was a Managing Director of ICB and also served as the Deputy Managing Director of the Corporation. He was the Deputy Managing Director of Janata Bank Limited and CEO of ICB Capital Management Limited. He has expertise in investment banking as well as in the capital market development. Mr. Iftikhar-uz-zaman completed his B.A. (Hon's) and M.A. in Statistics from Rajshahi University. He served as the Chairman of ICB Asset Management Company Limited.



### Mr. Dr. Mijanur Rahman

Independent Director

Dr. Mijanur Rahman is the Independent Director of the Company. He holds the position of Professor in the Department of Marketing at Dhaka University. He is one of the leading scholars in the country which led him to become the proud Vice Chancellor of Jagannath University. He has completed his PhD. in Business Administration from Aligarh Muslim University, India. He chaired more than one and half dozens of key positions in Dhaka University, ICB, ICMA, B Dhaka University Club, GB Udayan Bidlaya, Sheikh Borhanuddin College Pabna University of Science and Technology and many other organizations throughout his professional career. He has visited more than 15 countries and has vast knowledge in Corporate Governance Rules and Regulations. Mr. Mijan is a well versed author of more than 2 dozens of Articles and 6 books.

# INTRODUCING SENIOR EXECUTIVES



Mr. A.K.M. Wahiduzzaman

Executive Director (Estate &amp; Admin)



Noor Mohammad

Company Secretary



Mr. Mohd. Aslam Parvez

Chief Financial Officer



Mr. Abdul Jalil Sheikh

General Manager (Admin &amp; HR)



Ms. Iffat Adnan Dina

Head of Internal Audit &amp; Compliance



Mr. Md. Motiur Rahman

Sr. DGM (COM)



Mr. Prodip Kumar Sen

Sr. DGM (Marketing)

# CORPORATE DIRECTORY

## Chairman

Mohammad Ali khokon

## Managing Director

Mohd. Showkot Ali

## Directors

Mohd. Ferdous Kawser Masud

Mrs Laila Ali

## Independent Director

Dr. Mijanur Rahman

Md. Iftikhar-Uz- Zaman

## Company Secretary

Noor Mohammad

## Chief Financial Officer

Mohd. Aslam Parvez

## Head of Internal Audit & Compliance

Ms. Iffat Adnan Dina

## Senior Executives

A.K.M. Wahiduzzaman

Mohd. Aslam Parvez

Abdul Jalil Sheikh

Md. Motiur Rahman

Prodip Kumar Sen

## Corporate & Share office

House 17, Road 6, Sector 1, Uttara, Dhaka

Location of Factory -

Kornogoph, Rugganj, Narayanganj

Year of incorporation- 1993

## Authorized Capital

TK 100,00,00,000

## Paid up Capital

TK. 61,69,82,750

## Legal Status

Public Limited Company Listed with Dhaka Stock Exchange Limited &amp; Chittagong Stock Exchange Limited.(on March 14, 2002)

## Audit Committee

Md. Iftikhar-Uz- Zaman, Chairman

Mr. Mohd. Ferdous Kawser Masud, Member

Dr. Mijanur Rahman, Member

Mr. Noor Mohammad, Member Secretary

## Bankers & Financial Institution

SOUTHEAST BANK LTD

Principal Branch, Dilkusha, Dhaka.

JAMUNA BANK LTD.

Dilkusha Branch, Dilkusha, Dhaka

BAY LEASING &amp; INVESTMENT LIMITED

Motijheel C/A, Dhaka.

## Insurers

Progati Insurance Ltd.

Asia Insurance Co. Ltd.

Continental Insurance Ltd.

## Auditor

M/S. G. Kibria &amp; Co. Chartered Accountants

Sadharan Bima Sadan

24-24 Dilkusha C/A, Dhaka 1000

## Corporate Governance Auditor

M/S. Saifur Enayet &amp; Associate

House-73, Shah Makhdum Avenue Sector 12

Uttara, Dhaka.

## Brand

KANGAROO &amp; CROCODILE

## Capacity

34,872 Spindle

## Nomination & Remuneration Committee (NRC)

Md. Iftikhar-uz-Zaman, Chairperson

Mohd. Ferdous Kawser Masud, Member

Dr. Mijanur Rahman, Member

Noor Mohammad, Member Secretary

Dear Shareholders,  
Assalamu Alaikum,

It is my enormous pleasure to welcome you all to the **25th Annual General Meeting** of your company **Metro Spinning Limited**, on behalf of the members of the Board of Directors. I also present the Annual Report for the Year Ended on 30 June 2020 to you with great pleasure.

The textile sector provides the single source of growth in Bangladesh's rapidly in developing our economy. Exports of textiles and garments are the principal source of foreign exchange earnings. As you may also be aware, the textile sector specifically, spinning sector had faced numerous external and internal challenges including volatile raw materials price, decrease of yarn price, misused of bonded facility, hike of utility tariff, which all had direct impact on production cost and overall profitability of the industry. Since the beginning of Covid-19 the activities of entire manufacturing sector of the world have gone stagnant. Our textile industry is not an exception.

As far we know, due to covid-19 pandemic about 3.2 billion US\$ readymade garments order has been cancelled. Subsequently our export-oriented spinning, and weaving mills faced similar situation of 1.4 billion US\$. It was our sincere efforts to identify the challenges and take steps accordingly to overcome the uncertainty. The Sales revenue for the year 2019-20 is Tk. 676,708,440/-, Net profit after tax is Tk. 4,744,288/- and earnings per share is Tk. 0.08/-. During the lockdown, we had to shut down factory from 27th March 2020 to 24th April 2020 but we had to bear wages and salaries and other operational cost which resulted decreases in the earnings of the company. You know export oriented spinning sector fully depend on RMG sector. Needless to mention here that during this pandemic lots of RMG order canceled/withheld/deferred and price renegotiated by the major buyers. The impact of this also came on spinning sector and we are not exception of that. As a result, we were not able to continue with its considerable sales volume during the year for the world-wide pandemic situation for covid-19.

Our customers are our top priority and we are as always prepared to continue delivering our best efforts for maintaining the standard of operational levels.

The Board of Directors is committed to establish the highest standard of corporate governance such as integrity, transparency, accountability and responsible business conduct to safeguard the interest of its shareholders and stakeholders and I would like to assure you that, our firm efforts to increase the shareholders' interest will continue as before. We are confident of our ability and team spirit; it is due to this prudent management.

I would also like to take this opportunity to show my utmost gratitude to all the valued shareholders, customers, well-wishers for their continuous support and my deepest gratitude goes to our regulators especially BSEC, DSE, CSE and RJSC for their prudent guidance and advice. Now let us all move ahead to a greater future though Innovation, Achieving Excellence in Service.

Thank you.



**Mohammad Ali Khokon**  
Chairman



# CHAIRMAN'S MESSAGE



## MANAGING DIRECTORS' MESSAGE

Dear Shareholders,

Assalamu Alaikum.

Firstly, I would like to thank you for your continued trust in Metro Spinning Limited and cordially welcome you on behalf of the Board of Directors in this 25th Annual General Meeting of your company. It's my privilege to place before you Annual Report for the Year Ended 30 June, 2020 along with Auditors & Directors report and overall performance of the company and its prospects for the future.

Ready Made Garments (RMG) sector plays an important role in the total economy of Bangladesh. Now-a-days RMG sector is a multi-billion-dollar earning business and export industry in Bangladesh. Therefore, this sector is number one earner of foreign currency in Bangladesh. The journey of RMG sector in Bangladesh has been started in 1980s since then; this sector did not require for looking back. RMG sector improves our GDP, which makes us new rising countries on the earth. The RMG industry also became the major foreign currency-earning sector with highest source of employment and interestingly, women comprise more than 80 percent of the total labor force.

The local backward linkage/spinning industry fulfills a substantial portion (around 75% - 90%) of the demand of yarns by the Ready-Made Garments (RMG) industry; however, as you know that the spinning sector of the country is experiencing a significant recession ever, they face. The demand of apparels has been decreased in the international market as a result demand & prices of yarn fell drastically in our market. Moreover, most of the spinning of Bangladesh used to procure cotton on call basis which means basis plus index will be the fixation price of cotton. To keep the supply chain smooth we have to fix the price of cotton on the base of the season of the origin of cotton. At the time of fixation, the raw cotton price was volatile and higher but after a certain period the international cotton index drastically fell down. As a result, effective raw material price was higher than the present market considering increased manufacturing cost. Besides hike of utility cost, labor charges, financial charges the higher raw material cost is the main reason for the decreasing operational profit.

The textile industry, which has been pivotal in the economic growth of Bangladesh, is facing an uncertain future following the COVID-19 pandemic. The industry, which is the world's second largest exporter of readymade garment, is now staring at a loss of nearly \$6 billion following the cancellation or suspension of orders by its buyers. The cancellation of orders was the result of the lack of demand from the US and European markets, following the closure of hundreds of shops, owing to the pandemic-centric lockdown. RMG exporters have sought the cooperation of the global community to save the country's primary industry and the labor force.

Bangladesh's RMG sector started facing obstacles much earlier than the world. The initial challenges were related to sourcing of the raw material following the suspension of economic activities in China as the virus spread in that country. The industry relies heavily on China for its raw

materials. This is also a significant portion of Bangladesh's billions dollar imports from China. The diversification of supply chain and the opening of the economic activities in China now has resolved the raw materials issue. However, then came the cancellation of orders, which is now threatening the survival of the sector.

Metro Spinning Limited is one of the renowned companies in textile sector of the country. The Board of Directors, Management and Employees are obligated to the valued Shareholders to offer them assurance of our sincere efforts in maintaining operational results up to their expectations. Our major responsibility is to accomplish our commitments, in our own sphere of activities, so that the nation may attain its expected goals leading through eradication of poverty, employment for all, substantial improvement of living standard for the mass population through our part of contribution to the GDP considering the overall economy of the nation.

Despite facing all the challenges, the operation of your company of this year is more or less profitable. This is due to the continued efforts of every single member of your company. Full details may be found later in the Annual Report; here I will only summarize our business outcome for the Year 2019-2020. Consolidated Sales amounted to Tk. 67.67 Crore consolidated Gross Profit stood at Tk. 11.11 crore and net profit after tax is Tk. 47.44 lac. You may aware export oriented spinning sector fully depend on RMG sector. Needless to mention here that during this pandemic lots of RMG order canceled/withheld/deferred and price renegotiated by most of the buyers. The impact of this also came on spinning sector and we are not exception of that. As a result, we were not able to continue with its considerable sales volume during the year for the world-wide pandemic situation for covid-19.

The Board of Directors are very much concern to overcome the existing situation by setting a new plant to achieve desire target of profit.

Finally, I would like to express my heartfelt gratitude to the company's shareholders for their trust and enduring support to the Board of Directors to operate the company. I also would like to put on record my sincere thanks to the Banks, Financial and Regulatory Agencies, Suppliers Customers, various people with whom we have interacted in course of business, management staff and members of the Company at all levels for their loyalty and extensive hard work, and express our hope for and prosperity.

With best wishes for the time ahead,

Thanking you all,

**Mohd. Showkat Ali**  
Managing Director



# **DIRECTOR'S REPORT**

# DIRECTORS' REPORT

## For the Financial Year Ended On 30 June, 2020

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, (Act no. XVIII of 1994), it is the pleasure of Board of Directors to submit its Report to the Shareholders for the Year Ended 30 June, 2020 in the following paragraph.

### (i) Industry outlook

Metro Spinning Limited is one of the pioneers in the spinning industry in Bangladesh which was established in 9th May 1993. It is a Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange in the year of March 14, 2002. It has a capacity of 34,872 spindles with state of art machinery, imported from Japan, China, India, Italy, USA, Germany and Taiwan. The company is producing quality yarn for the both export and local market with an annual production capacity of 4.50 million kg. Metro usually produces 20/1 to 80/1 count of 100 % Cotton Yarn, Grey Mélange Yarn and 100% white viscose. Metro is successfully created excellent name and fame for itself both in local and export market for its product and services provided to the customer from its inception till to date.

Spinning sub-sector remains crucial to RMG value chain helping to stabilize supply chain, while controlling costs. The products of the spinning sub-sector are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton and polyester of different counts (mostly up to 80 count). Yarns are being used by the weaving sub-sectors like specialized textiles, handlooms and knitting and hosiery. The growth in the export of clothing with the phasing out of MFA in 2005 has led to the setting up of 350 spinning mills and there has been a boost in investment since 2001. The private sector spinning mills can now meet around 100% demand of yarn at the domestic level as well as 95% of the demand for yarn for export oriented knit fabrics mills. In addition, almost 85% of cotton yarns and 50% demand for synthetic and blended yarn of export-oriented fabric producing mills are being met by the private sector spinning mills.

### (ii) The segment wise or product wise performance

Particular	Unit	Year	
		2019-2020	2018-2019
Spindle	Number	34,872	34,872
Production Capacity (Yarn)	KG	4500 M.Ton	4500 M.Ton
Actual Production (Yarn)	KG	2,630 M.Ton	3,212 M.Ton
Capacity Utilization	%	58.44%	71.38%

### (iii) Risk and Concern

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

#### 1. Industry Risk

Textile is the largest industrial sub-sector in Bangladesh. It contributes highest in the country's total export earnings, gives employment to over four million people meets the second basic need for clothing of the country and contributes around 50% of the industrial value addition. But after phasing out of the, Multi Fiber Agreement (MFA) the global textile trade is now free from quota restriction.

#### Management Perception

The textile industry has successfully coped with the post Multi Fiber Agreement (MFA) competitive situation. The force, which is helping the sector for its strong existence is emergence of backward linkage industry. Backward linkage industries are supporting for minimizing lead- time and cost of production. The company is a first state of backward linkage industry of yarn production that facilitates for better existence.

#### 2. Interest Rate Risks

Interest / Financial charges are paid against any kind of borrowed fund. Volatility in money and increased demand for loan presses on interest rate structure to be fixed in high. Raising of interest rate increases the cost of fund for a company, which have borrowed fund, and consequently profit is squeezed.

#### Management Perception

The management of the Company is always aware of interest rate, which is concerned to the cost of fund the company. The Management prefers in procuring of the long- term fund with minimum fixed interest rate and the short term fund with reasonable competitive rate. On the other hand management of the company is emphasizing on equity based financing.

#### 3. Exchange Rate Risk

The Company is export oriented. The products of the company are sold against foreign currency and payments for raw material are also made in foreign currency. If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On the hand if exchange rate goes down margin is squeezed in local currency.

#### Management Perception

The exchange rate of the country is traditionally witnessed of upward trends, which markets ample opportunity of export. On the other hand, management perceives revaluation of local currency i.e. down trend of exchange rate will have little impact on profitability of the company.

#### 4. Market and Technology related Risk

Among the functional areas in a yarn company, marketing exerts the sheet part of the importance. Proper implementation of the marketing tools as well as identifying new client will ensure the success of the project. The continuous changes on performance in the garment and textile market will force company to catch the trend. For which the company has to produce yarn for international demand.

#### Management Perception

The company set its focus only in countries export Market through inland back-to-back letter of credits. The management is trying to sell through direct contact with the customers (RMG & Knitting industries) in the selected regions understanding their needs. The company also has established relationship with potential buyers across the country and expects to find market for its capacity despite competition prevailing in the sector. Further the commercial bank and financial institutors provide a thrust in the textile sector as they provide credit facilities to RMG & knitting industries to acquire the yarn for their final products.

#### 5. Changes in Economic & Political Condition

Changing economic conditions may affect the demand for the product offered by the company. Downturn of economic activity or uncertainty may result in a downturn in demand for loan funds for industry.

#### Management Perception

Social unrest due to political reasons may cause downturn the economic activity which will have impact on demands of textile. But as elected Government is in place, we can expect that political

rivalry within democratic environment will not affect the manufacture sector.

#### 6. Energy costs may rise

Due to the adverse power situation in the country especially insufficient availability natural gas, the utility cost increased. Continuous hike in power generating energy cost we are using captive gas line from Titas and producing own energy to run the factory by using world class gas generator. In this process tariff of gas, lube oil, spare parts cost and maintenance cost increased remarkably, causing increase in cost of goods sold and reducing profitability.

The Company itself sufficient in generating power by its own generators. However, in case of gas shortfall and subsequent rationing if any, then the productivity will be reduced. In that scenario, the overall sector will be affected.

#### 7. Operational risks

Shortage of power supply, labor unrest unavailability or price increase of raw material, natural calamities like flood, cyclone, earth quack etc. May disrupt the production of the Company and can adversely impact the profitability of the Company.

#### Management Perception

The compensation as well the benefit package will restrain the employees to leave their assignment and got for any employee movement for higher benefit packages. The project of the company is situated at a high land where less record of flood. The factory building has strong RCC foundation, RCC floor, pre-fabricated steel structure to withstand wind, storm rain etc. along with good drainage facility. The risks from these factors are also covered through insurance. The Company is also facilitated to keep a rational reserve for any future price escalation of the raw material.

#### (iv) COGS, Gross/ Net Profit Margin Analysis

A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin is as follows;

Particular	Year		Deviation (Increase/Decrease)
	2019-2020	2018-2019	
Cost of Goods sold	565,598,013	776,501,007	(210,902,994)
Gross Profit Margin	16.42%	14.14%	2.28%
Net profit Margin	0.70%	1.87%	(1.17%)

Cost of Goods sold decreased due to decrease raw material cost, direct expenses and manufacturing overhead. Gross Profit Margin Increased due to decreased cost of Goods Sold. Net profit decreased due to decrease turnover and Non-Operating Income.

#### (v) Extra-ordinary activities

There were no extraordinary activities during the year.

#### (vi) Related party transactions

The following statement showing the related party transactions as per IAS-24 along with amount, nature of related party, nature of transactions and basis of transactions:

Particular	Nature of Relationship	Outstanding Balance as on 30 June, 2020
Maksons Spinning Mills Ltd.	Common Director	(130,218,929)

#### (vii) Utilization of Proceeds from Public Issue

This is not applicable for MSL as no such event of collecting fund from public issues took place during the year which would require adjustment or disclosure in the annual report.

#### (viii) Financial Result Deterioration after the Public Issue

An explanation if the financial results deterioration after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.:  
Not applicable.

#### (ix) Variance within the Quarterly Financial Statement and Annual Financial Statements

No significant variance occurs between Quarterly Financial performances and Annual Financial Statements.

#### (x) A statement of remuneration paid to the directors including independent directors

The Directors of the company did not take any kind of remuneration except Board meeting fee during the year.

#### (xi) Fairness of Financial Statements

The management confirms that the financial statements i.e. the result of its operations, statement of cash flows and changes in equity of Metro Spinning Limited is prepared and presented fairly.

#### (xii) Proper Books of Accounts

The management of Metro Spinning Limited states that proper books of accounts have been maintained.

#### (xiii) Adaptation of Proper Accounting Policies and Estimates

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

#### (xiv) IAS/BAS/IFRS/BFRS Application

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

#### (xv) Internal Control

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

#### (xvi) Minority Shareholders

A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress:  
Not applicable.

#### (xvii) Going Concern

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

#### (xviii) Significant deviation from last year's operating result

During the country wide lockdown, we had to shut down factory from 27th March 2020 to 24th April 2020 but we had to bear wages and salaries and other operational cost which resulted decreases in the earnings of the company. It is mentionable that, export oriented spinning sector fully depend on

RMG sector. Needless to mention here that during this pandemic lots of RMG order canceled/withheld/deferred and price renegotiated by the major buyers. The impact of this also came on spinning sector and we are not exception of that. As a result, we were not able to continue with its considerable sales volume during the year for the world-wide pandemic situation for covid-19. Thus, total turnover, gross profit and net profit of the company decreased remarkably during the year under review compare to the previous financial year.

#### (xix) Key Operating and Financial Data

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

FIVE YEARS FINANCIAL STATISTICS					
	Value in '000				
Financial Position	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Authorised Capital	10,00,000	1,000,000	1,000,000	1,000,000	1,000,000
Paid-up-capital	6,16,982	616,982	604,885	604,885	604,885
Retained Earnings	13,461	12,926	5,649	-38,726	11,035
Turnover	6,76,708	904,362	878,507	818,904	809,245
Gross Profit	1,11,110	127,861	132,703	99,236	175,007
Gross Profit in %	16.42%	14.14%	15.11%	12.12%	21.63%
Net Profit Before Tax	6,282	16,883	12,042	-32,240	13,181
Net Profit Before Tax in %	0.93%	1.87%	1.37%	-0.39%	1.63%
Fixed Asset	7,79,662	798,482	811,295	821,851	806,393
Current Asset	10,04,968	1,032,565	1,162,108	1,153,145	1,084,432
Current Liabilities	7,59,751	779,454	941,974	1,086,908	964,333
Net Current Assets	2,45,217	253,111	220,134	66,237	120,099
<b>Key Financial Ratios</b>					
Current Ratio (Times)	1.32	1.32	1.23	1.06	1.12
Quick Ratio (Times)	0.69	0.657	0.71	0.645	0.667
Debt- Equity Ratio (Times)	0.78	0.78	0.92	1.073	.91 times
Time interest earned ratio (Times)	1.052	1.11	1.126	0.639	1.14
Inventory Turnover (Times)	1.353	1.785	1.858	1.832	1.69
Assets Turnover	35.94%	45.27%	42.03%	40.17%	41.26%
Return on Assets	0.33%	0.85%	0.58%	-0.16%	0.67%
Return on Equity	69.00%	1.82%	1.27%	-0.34%	1.32%
Earning per Share (EPS)	0.08	0.21	0.09	-0.64	0.18
Net Operating Cash Flow Per Share	0.76	2.65	0.69	-1.58	-0.83
Net Asset Value Per Share	14.53	14.88	15.53	15.88	16.12
Dividend Per Share (DPS)	2%	2%	2%	2%	No Dividend
Book Value Per Share	Cash 8.5	Cash 7.8	Stock 9.4	Cash 8.7	8.1
<b>Other Information</b>					
Total Share	6,16,98,275	61,698,275	60,488,505	60,488,505	60,488,505
Number of Shareholders	6,822	7,682	7,707	8,086	8,813
Number of Employees	665	914	895	825	860

#### (xx) Dividend

Since the company has declared dividend so no explanation is required.

#### (xxi) Interim Dividend

The company did not declare any stock dividend or bonus share as interim dividend during the year.

#### (xxii) Board Meetings and Attendance

The total number of Board meetings held during the year and attendance by each Member:

Name Of Director	Position	Meeting Held	Meeting Attended
Md Haider Ahmed Khan, FCA	Chairman & Independent Director, Till 26/12/2019	4	2
Mohammad Ali Khokon	Managing Director, Till 26/12/2019 now Chairman	4	4
Mohd. Showkot Ali	Director, Till 26/12/2019 now Managing Director	4	4
Mohd. Ferdous Kawser Masud	Director	4	4
Mrs. Laila Ali	Director	4	4
Dr. Mijanur Rahman	Independent Director (Appointed on 26/12/2019)	4	2
Mohd. Aslam Parvez	Chief Financial Officer	4	4
Md. Iftikhar-Uz-Zaman	Independent Director	4	4
Mohd. Aslam Parvez	CFO	4	4
Noor Mohammad	Company Secretary	4	4
Iffat Addnan Dina	HIAC	4	4

#### (xxii) Pattern of Shareholding and Name wise details

A report on the pattern of shareholding disclosing the aggregate numbers of shares (along with name wise details) of the company for the year ended on 30th June 2020 stands as follows:

Name of the Shareholders	Status	Shares held	%
(a) Parent/Subsidiary/ Associated companies and other related parties	Nil	Nil	Nil
(b) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children:	Nil	Nil	Nil
Mr. Mohammad Ali Khokon	Sponsor & Chairman	35,82,423	5.81%
Mr. Mohd. Showkot Ali	Sponsor & Managing Director	14,57,260	2.37%
Mr. Ferdous Kawser Masud	Director	50,73,726	8.22%
Mrs. Laila Ali	Director	48,23,700	7.82%
Mr. Amzad Ali Badal	Sponsor	5,80,966	0.94%
Mrs. Hurer Nahar	Sponsor	6,43,881	1.04%
	Sub-Total	1,61,61,956	26.20%
	Institutions & General Public	4,55,36,319	73.80%
	Total	6,16,98,275	100%
Mr. Mohd. Aslam Parvez	Chief Financial Officer	Nil	Nil
Mr. Noor Mohammad	Company Secretary	Nil	Nil
Ms. Iffat Adnan Dina	Head of Internal Audit & Compliance	Nil	Nil
(c) Executives	Nil	Nil	Nil
(d) Shareholders holding 10% or more voting interest in the company	Nil	Nil	Nil

### Shareholding Structure

Category	Total Shareholding	Percentage (%)
Sponsors/Directors	16,161,956	26.20%
Financial Institutions	7,416,133	12.02%
General Public	38,120,186	61.78%
Total	6,16,98,275	100%

### (xxiv) Appointment or reappointment of Directors

In accordance with Article Nos. 124 & 125 Section 91(2) of Company Act 1994, Mr. Mohd. Showkot Ali and Mr. Mohd. Ferdous Kawser Masud, Directors both are due to Retire by rotation from the Board of Directors and being eligible, offer them for Re-Election. Board of Directors have re-elected both the Directors for the next term.

#### Mr. Mohd. Showkot Ali, Director

Mr. Mohd. Showkot Ali, Director of the company. He has 29 years of experience in the textile sector of the country. He has visited many countries and attended seminars, workshops, etc. which helped him gather knowledge in the sector. Mr. Ali have brought outside experience and expertise to the boardroom in a way that keeps companies on track and moving forward. He also provides guidelines to ensure the board and shareholders that the financial controls and systems of risk management are strong and defensible. He is also a nominated Director of Maksons Spinning Mills Ltd.

#### Mr. Mohd. Ferdous Kawser Masud, Director

Mr. Mohd. Ferdous Kawser Masud is the Director of the company. He has passed 20 auspicious years in this sector. He gathered knowledge in Modern Methods, Technology, Production and Marketing & Management Techniques of textile industries. He is expert in evaluating the performance of the management in meeting their goals and objectives. He also monitored the reporting of the company's performance. He is also Director of Maksons Spinning Mills Ltd.

### (xxv) Management Discussion and Analysis

The Management Discussion and Analysis signed by CEO/MD presenting details analysis of the company's position and operation is attached herewith as **Annexure 01**.

### (xxvi) Declaration by the CEO and the CFO

Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3 (3) is disclosed herewith as **Annexure A**; and

### (xxvii) Report on Compliance of the Corporate Governance Code

The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 is disclosed as herewith **Annexure B** and **Annexure C**.

### Dividend

The Board of Directors has recommended 2% Cash dividend (excluding Sponsors/Directors of the company) for the year ended 30 June, 2020 to the shareholders whose name shall appear on the register of members on record date.

### Contribution To National Exchequer

During the Financial Year under review the Company has contributed an amount of Tk. 60.50 lac to National Exchequer as Value Added Tax, Custom Duty and Income Tax.

### Appointment Of Auditors

The Auditors M/S. G. Kibria & Co. Chartered Accountants, Sadharan Bima Sadan (5th Floor) 24-25 Dilkusha C/A, Dhaka-1000 have expressed their willingness to work with us as Statutory Auditor of the company. The Board of Directors has decided to appoint M/S. G. Kibria & Co. Chartered Accountants as Statutory Auditors of the company for the term (2019-2020) until next Annual General Meeting subject to approval of Shareholders.

### Appointment of Compliance Auditor

M/S. Saifur Enayet & Associates, Cost & Management Accountants, 73 Shah Makhdum Avenue, Sector-12, Uttara, Dhaka-1230, have express their willingness to work with us as Compliance Auditor of the company. The Board of Directors has decided to appoint them as compliance auditor for the term 2020-2021 subject to approval of Shareholders in 25th AGM of the company.

For and on Behalf of the Board Of Directors,



Mohammad Ali Khokon  
Chairman

## Annexure 01

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition No. 5 (XXV) of Corporate Governance Code dated June 03, 2018.

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

Sl. No.	Name of the IAS	IAS's No.	Comments
1	Presentation of Financial Statements	1	A
2	Inventories	2	A
3	Cash Flow Statements	7	A
4	Accounting policies, Changes in accounting Estimates & Errors	8	A
5	Events after the Reporting Period	10	A
6	Construction Contracts	11	N/A
7	Income Taxes	12	A
8	Property, Plant and Equipment	16	A
9	Leases	17	N/A
10	Revenue	18	A
11	Employees Benefits	19	A
12	Accounting for Government Grants & Disclosure of Government Assistance	20	N/A
13	The Effects of Changes in Foreign Exchange Rates	21	A
14	Borrowing Costs	23	A
15	Related Party Disclosures	24	A
16	Accounting and Reporting by Retirement Benefit Plans	26	N/A
17	Consolidated and Separate Financial Statements	27	N/A
18	Investment in Associates	28	N/A
19	Interest in Joint Ventures	31	N/A
20	Financial Instruments: Presentation	32	A
21	Earning Per Share	33	A
22	Interim Financial Reporting	34	A
23	Impairment of Assets	36	A
24	Provision, Contingent Liabilities and Contingent Assets	37	A
25	Intangible Assets	38	N/A
26	Financial Instruments Recognition & Measurement	39	A
27	Investment Property	40	N/A
28	Agriculture	41	N/A

b. There is no change in accounting policies and estimation for the preparation of financial statement for the year ended June 30, 2020.

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:

FIVE YEARS FINANCIAL STATISTICS					Value in '000
Financial Position	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Turnover	676,708	904,362	878,507	818,904	809,245
Gross Profit	111,110	127,861	132,703	99,236	175,007
Net Profit Before Tax	6,282	16,883	12,042	-32,240	13,181
Fixed Asset	779,662	798,482	811,295	821,851	806,393
Current Asset	1,004,968	1,032,565	1,162,108	1,153,145	1,084,432
Current Liabilities	759,751	779,454	941,974	1,086,908	964,333
Net Current Assets	245,217	253,111	220,134	66,237	120,099
Current Ratio (Times)	1.32	1.32	1.23	1.06	1.12
Earnings per Share (EPS)	0.08	0.21	0.09	-0.64	0.18
Net Operating Cash Flow Per Share	0.76	2.65	0.69	-1.58	-0.83
Net Asset Value Per Share	14.53	14.88	15.53	15.88	16.12

Metro Spinning Ltd is continuing its growth from the year 2017-2018 to 2018-2019 but decrease in 2019-20 including its gross profit margin, net profit before & after tax due to country wide lockdown and pandemic situation. There was variance in net operating cash flows. The Net Operating Cash Flows per Share are positive/negative and are different in every financial year as this depends on different issues mainly, Collection from export sales proceed and payment for costs and expenses. This scenario is changeable time to time depending on the circumstances.

d. Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;

Particulars	in '000'		
	Metro Spinning Ltd. June 30, 2020	RN Spinning Mills Ltd. June 30, 2020	Mozaffar Hossain Spinnin Mills Ltd. June 30, 2020
Gross Profit	111,110	(233,231)	(15,898)
Net Profit before tax	6,282	(335,152)	(131,788)
Net profit after tax	4,744	(344,939)	(119,837)
Earnings per share	0.08	(0.88)	(1.19)
Net Operating cash flow per share	0.76	0.61	(7.43)

e. Briefly explain the financial and economic scenario of the country and the globe:

The Economic growth of Bangladesh slowed to an over 10-year low in FY 2020 (July 2019–June 2020), reflecting disruptions related to the pandemic. The unprecedented shutdown of the global economy led industrial production and exports, especially of ready-made garments, to nosedive in the final quarter of FY 2020. In turn, remittances, a key source for consumer spending, dropped in April and May, although they rebounded in June and July following the easing of restrictions in the Gulf region. Meanwhile, the reopening of the economy in May is expected to have supported domestic activities, while the upcoming Christmas season could reinvigorate demand for Bangladeshi goods. The fiscal stimulus plan unveiled in April and a looser monetary policy should also support the economy. In that regard, the government is considering unveiling fresh stimulus, particularly to support the vital ready-made garments sector.

Against the backdrop of a raging and devastating pandemic, the world economy is projected to shrink by 3.2 per cent in 2020. Under the baseline scenario, GDP growth in developed countries will plunge to -5.0 per cent in 2020, while output of developing countries will shrink by 0.7 per cent. The projected cumulative output losses during 2020 and 2021—nearly \$8.5 trillion—will wipe out nearly all output gains of the previous four years. The pandemic has unleashed a health and economic crisis unprecedented in scope and magnitude. Lockdowns and the closing of national borders enforced by governments have paralyzed economic activities across the board, laying off millions of workers worldwide. Governments across the world are rolling out fiscal stimulus measures—equivalent overall to roughly 10 per cent of the world GDP—to fight the pandemic and minimize the impact of a catastrophic economic downturn.

Economic activity in Bangladesh is expected to regain some momentum this fiscal year—which started in July—as the country should benefit from the gradual reopening of the global economy as well as solid fiscal and monetary stimuli. That said, the country's poor health infrastructure and lackluster global economic growth will limit the strength of the recovery. Our panelists project GDP to expand 5.7% in FY 2021, which is unchanged from last month's forecast, and 7.0% in FY 2022.

Bangladesh also suffers from other challenges: frequent social strikes, terrorist threats, poor-quality infrastructure, an under-performing financial system, public sector inefficiency, inadequate exploitation of the country's natural resources, limited availability of capital and population growth (even though it has slowed down considerably in recent years). Moreover, Bangladesh is among the most exposed countries to climate change worldwide. The national budget also gave priority to the development of education, technology, transport, communication, and defense.

f. Risks and concerns issues related to the financial statement, explaining such risk and concerns mitigating plan of the company:

Since the management of the company needs to have working capital loan with variable interest rate, which is highly interest rate fluctuation risk. To cope up with this risk, the Company always preferred to maintain and monitor loan liability wisely.

The project also dependent on imported raw cotton which is also in risk of foreign exchange rate. As far as raw material import is concerned, the company always tried to capitalize exchange rate gain.

g. The management is planning to replace old machinery to increase the volume and quality of the production with different count of cotton yarn as per customer demand.



Mohd. Showkot Ali  
Managing Director

## Annexure A

As per condition No. 1(5)(xxvi)

### METRO SPINNING LIMITED Declaration by MD and CFO

29 October 2020

The Board of Directors,  
Metro Spinning Limited  
House 17, Road 6, Sector 1,  
Uttara, Dhaka.

Subject: Declaration on Financial Statements for the year ended on 30 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 Metro Spinning Limited for the year ended on 30 June, 2020 have been prepared in compliance with International Accounting Standard (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 materials 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 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,



Mohd. Aslam Parvez  
Chief Financial Officer (CFO)



Mohd. Showkot Ali  
Managing Director (MD)

## Annexure B

Certificate as per condition No. 1(5)(xxvii)



### CORPORATE OF GOVERNANCE COMPLIANCE CERTIFICATION

#### Report to the Shareholders of Metro Spinning Limited On Compliance on the Corporate Governance Code

We have examined the compliance status to the corporate governance Code by Metro Spinning Limited for the year ended on June 30, 2020. This code relates to the Notification No. BSEC/CMRRCD/2006/158/207/Admin/80, Dhaka, Dated: 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

This is scrutiny and verification and an independent audit on compliance of the condition 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 those standards are not inconsistent with any condition of this Corporate Governance Code.

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

- The company has complied with the condition of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- 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.
- Proper books and records have been kept by the company as required under the Companies Acts, 1994, the securities laws and other relevant laws, and
- The Governance of the company is satisfactory

Place: Dhaka

Date: 18 November 2020



For Saifur Enayet & Associates

Md. Saifur Rahman FCMA  
Principal & CEO  
Cost & Management Accountants

## Annexure C

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

### Status of Compliance with the Corporate Governance Code (CGC) of Metro Spinning Limited for the year ended 30th June 2020

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018.

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.00	Board of Directors (BOD)			
1(1)	Board Size shall not be less than 5(five) and more than 20 (twenty)	✓		The board of directors comprises with 6 directors
1(2)	Independent Directors			
1(2)(a)	At least one-fifth (1/5) of the total number of board of directors shall be Independent Directors (ID);	✓		The BoD includes 2 ID which is more than 1/5 of the total Number
1(2)(b)(i)	IDs do not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		
1(2)(b)(ii)	ID is not a sponsor and not connected with any sponsor or director or nominated director or shareholder 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 and his or her family members shall not hold above mentioned shares;	✓		
1(2)(b)(iii)	ID has not been an executive of the company in immediately preceding two financial years;	—	—	No such ID appointed
1(2)(b)(iv)	ID does not have any relationship whether pecuniary or otherwise relationship with the company or its subsidiary/associated companies;	✓		
1(2)(b)(v)	ID is not a member or TREC holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	ID 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)	ID is/was not a partner or an executive of company's audit firms engaged in Statutory Audit or Internal Audit or Special Audit or Compliance Certification of the Codes during preceding three years;	✓		
1(2)(b)(viii)	ID shall not be independent director in more than five listed companies;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(2)(b)(ix)	ID 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 NBF;I;	✓		
1(2)(b)(x)	ID has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	Appointment of ID shall be done by Board and approved by the shareholders in AGM.	✓		
1(2)(d)	The Post of ID cannot remain vacant more than 90 days.	—	—	No such incidence occurred
1(2)(e)	The tenure of office of an ID shall be for three (3) years, which may be extended for one(1) tenure only;	✓		
1(3)	<b>Qualification of Independent Director (ID)</b>			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, corporate laws, regulatory requirements and can make meaningful contribution to the business;	✓		
1(3)(b)	<b>Independent director shall have following qualifications:</b>			
1(3)(b)(i)	ID is a Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of One Hundred million or any listed company or a member of any national or international chamber of commerce or business association;	—	—	No such category ID appointed
1(3)(b)(ii)	ID is/was a Corporate Leader as top level executive as adopted by the code and a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		
1(3)(b)(iii)	ID was Former official of government in the position not below 5th Grade of the national pay scale and educational background of bachelor degree in economics or commerce or business or law;	—	—	No such category ID appointed
1(3)(b)(iv)	ID is/was University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	—	—	No such category ID appointed
1(3)(b)(v)	ID is/was a professional or an advocate practicing in the HCD of Bangladesh Supreme Court or a CA, CMA, CFA, CCA, CPA and CS or equivalent qualification;	✓		One of the ID is a Chartered Accountant
1(3)(c)	The ID shall have at least Ten (10) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission;	—	—	No such event occurred
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or CEO</b>			
1(4)(a)	The Position of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
	(CEO) of the Company shall be filled by different Individuals;			
1(4)(b)	MD and/or 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 form among the non-executive directors;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO;	✓		
1(4)(e)	In absence of Chairman, the remaining members may elect one from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence shall be duly recorded in the minutes.	—	—	No such matter arose during the year
1(5)	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	Industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	Segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	—	—	No such matter arose during the year
1(5)(vi)	A detailed discussion and statement on 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)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.;	—	—	Not applicable
1(5)(ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		
1(5)(x)	Remuneration to Directors including Independent Director;	✓		
1(5)(xi)	Statement that financial statements prepared by the management of the issuer present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	Proper books of account of the issuer company have been maintained;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	There are no significant doubts 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 thereof should be disclosed;	✓		
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons thereof should be explained;	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized;	✓		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year;	✓		
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 number of Board meetings held during the year and attendance by each Director;	✓		
1(5)(xxiii)	<b>A report on the pattern of shareholding disclosing the aggregate (name wise details)</b>			
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details)	✓		
1(5)(xxiii)(c)	Executives; &	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	✓		
1(5)(xxiv)	<b>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</b>			
1(5)(xxiv)(a)	A brief resume of the director.	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the Board;	✓		
1(5)(xxv)	<b>Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Presenting detailed Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance and position as well as cash flows for current financial year with immediately 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 globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure A;	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure B and as per Annexure C.	✓		
1(6)	<b>Meetings of the Board of Directors</b>			
	Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line BSS as adopted by the ICSB;	✓		
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);	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;	✓		
<b>2</b>	<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 of holding company shall be a director on the Board of subsidiary company;	—	—	Not Applicable
2(c)	Minutes of subsidiary to be placed in the meeting of holding company;	—	—	Not Applicable
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)	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC;	✓		
3(1)(b)	The positions of the MD or CEO, CS, CFO and 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)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and stock exchange(s).	✓		
3(2)	<b>Requirement to attend Board of Directors' Meetings</b>			
	MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board;	✓		
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and CFO</b>			
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(ii)	The 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)	Certification of CEO and CFO that to the best of their knowledge and belief there was no fraudulent, illegal transactions during the year;	✓		
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee;	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
<b>5</b>	<b>Audit Committee</b>			
5(1)	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	Company shall have an Audit Committee as a sub-committee of the Board.	✓		
5(1)(b)	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)	Audit Committee shall be responsible to the Board. The duties of Audit Committee shall be clearly set forth in writing.	✓		
5(2)	<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)	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 one Independent director (ID);	✓		
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 years of such experience;	✓		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
5(2)(e)	The Company Secretary shall act as the Secretary of the Audit Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director;	✓		
5(3)	<b>Chairperson of the Audit Committee</b>			
5(1)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	Election of Chairman of the particular meeting in absence of regular Chairperson of Audit Committee recording the reasons of such absence in the minutes.	—	—	No such situation occurred
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	✓		
5(4)	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	✓		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher, where presence of an ID is a must.	✓		
5(5)	<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)	Internal Audit and Compliance process to ensure that it is adequately resourced;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5(5)(h)	Review 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;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;	✓		
5(5)(m)	Oversee whether the proceeds raised IPO or RPO or Rights Share Offer have been utilized per the purposes stated in relevant offer document or prospectus approved by the Commission;	—	—	Not Applicable
5(6)	<b>Reporting of the Audit Committee</b>			
5(6)(a)	<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)	<b>The audit committee shall immediately report to the board on the following findings, if any</b>			
5(6)(a)(ii)(a)	Report on conflicts of interests;	—	—	No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process;	—	—	No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation;	—	—	No such event occurred
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	—	—	No such event occurred
5(6)(b)	<b>Reporting to the Authorities</b>			
	If any material impact on the financial condition and results of operation, unreasonably ignored by the management;	—	—	No such event occurred
5(7)	<b>Reporting to the Shareholders and General Investors</b>			
	Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii);	✓		
6	<b>Nomination and Remuneration Committee (NRC)</b>			
6(1)	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a 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;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b);	✓		
6(2)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director (ID);	✓		
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)	Board shall have authority to remove and appoint any member of the committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	—	—	No such incident occurred
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	—	—	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;			
6(3)	<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;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6(4)	<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;	✓		
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders;	✓		
6(5)(b)(i)(a)	NRC shall oversee, formulate & recommend to the Board regarding 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)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	Formulating 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;	✓		
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC 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 services;	✓		
7(1)(vii)	Any other 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);	✓		
7(1)(ix)	Any other service that may create 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 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/Secretary (Chartered Accountant/ Cost and Management Accountant / Chartered Secretary) other than its statutory auditor 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.	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure C attached, in the directors' report whether the Company has complied with these conditions or not.	✓		



## FINANCIAL HIGHLIGHTS

### Financial Result and Appropriation

The presentation herewith of the comparative financial results of the Year under review (2019-2020) and the immediate Past Year (2018-2019) is provided below for you. Also recommendations have been placed before you for appropriation of the Profits generated during the Year under review:

Particular	Figure in '000' Tk.	
	2019-20	2018-2019
Net Profit before Providing Income tax	6,282	16,883
Add: Revaluation Adjustments	24,01	2,527
Add: Profit brought Forward from Previous Year	15,422	12,535
Profit available for Appropriation	24,105	31,945
Recommended for Appropriation		
Less: Transfer to Tax Provision	(1,538)	(3,957)
Less: Dividend	(9,107)	(12,097)
Less Prior adjustment of deferred tax		(469)
Un-appropriated Profit Carried Forward	13,461	15,422

### Value Added Statement

Value in '000

Particular	2019-20		2018-19	
	(In BDT Tk.)	In %	(In BDT Tk.)	In %
Source of Fund				
1 Net Turnover	678,951		912,687	
2 Less: Brought in Materials & Services	421,561		678,403	
Value Added Total	<b>257,390</b>	100.00	234,284	100.00

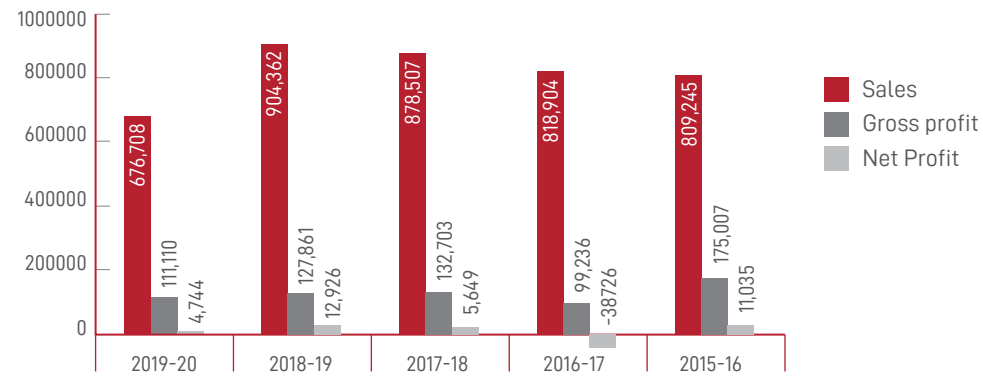
### Applied In The Following Way

Employees				
1 Salaries, Wages, Gratuity & Other Benefits	81,586	31.70%	98,036	41.84%
Government				
2 Duties & Taxes	59,528	23.13%	9,425	4.02%
Provider Of Capital				
3 Dividend	9,107	3.54%	12,097	5.16%
Retained by the Company				
4 Depreciation & Retention	24,128	9.37%	29,393	12.55%
Lenders				
2 Financial Charges	83,041	32.26%	85,333	36.43%
Value Added Total	<b>257,390</b>	100%	234,284	100%

## Sales &amp; Profitability over 5 Years

(Tk. in '000)

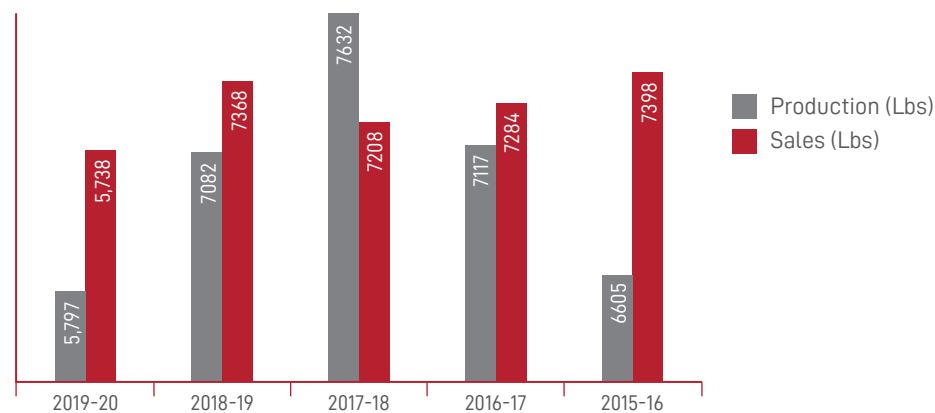
Particular	2019-20	2018-2019	2017-2018	2016-2017	2015-2016
Sales	676,708	904,362	878,507	818,904	809,245
Gross Profit	111,110	127,861	132,703	99,236	175,007
Net Profit	4,744	12,926	5,649	-38,726	11,035



## Sales &amp; Production in Terms of Quantity over 5 Years

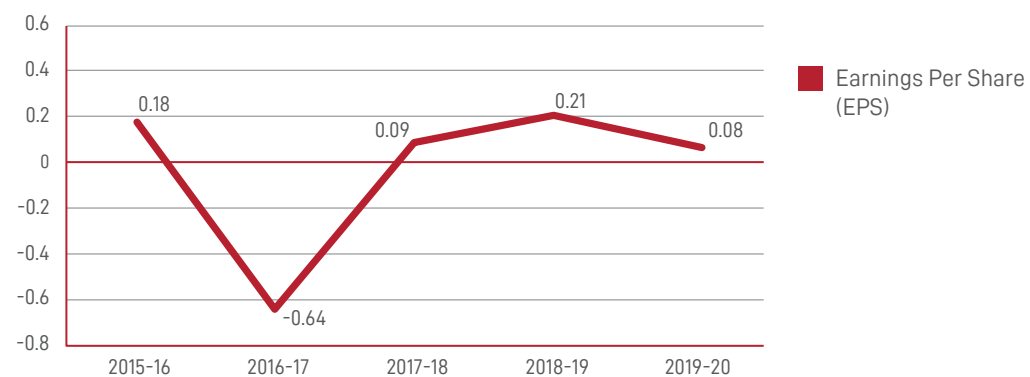
(Qty. in '000)

Particular	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Production (Lbs.)	6,605	7,117	7,632	7,082	5,797
Sales (Lbs.)	7,398	7,284	7,208	7,368	5,738



## Earning Per Share (EPS)

Particular	2015-2016	2016-2017	2017-2018	2018-2019	2019-20
Earnings Per Share	0.18	-0.64	0.09	0.21	0.08



# AUDIT COMMITTEE REPORT

## For the financial year 2019-2020

Metro Spinning Limited having an Audit Committee as a subcommittee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities

### Audit Committee

The Audit Committee of the Company comprises of the following:

Name	Designation	Position in the Committee
Mr. Iftikhar-Uz-Zaman	Independent Director	Chairman
Mr. Mohd. Ferdous Kawser Masud	Director	Member
Dr. Mijanur Rahman	Independent Director	Member
Mr. Noor Mohammad	Company Secretary	Member Secretary

Terms of Reference (TOR) of the Audit Committee

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

### Meetings of the Audit Committee

Name of Member	Meeting Date and Attendance			
	20/10/19	20/10/19	23/01/20	23/01/20
Mr. Iftikhar-Uz-Zaman	✓	✓	✓	✓
Mr. Mohd. Ferdous Kawser Masud	✓	✓	✓	✓
Mr. Mohd. Showkot Ali	✓	✓		
Dr. Mijanur Rahman			✓	✓
Mr. Noor Mohammad	✓	✓	✓	✓

Minutes of the audit committee are properly recorded.

### Activities carried out during the year

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

- Reviewed the financial statements of the first quarter, second quarter, third quarter and the year ended 30 June, 2020 and subsequently recommended to the Board for consideration and approval.
- Reviewed the work of the Internal Audit Department and made suggestions for improvement.
- Recognized the observations of the Internal Audit Department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.
- Reviewed the integrity of the financial statements of the Company to ensure that these reflect a true and fair view of the Company's state of affairs for the year ended 30 June, 2020.
- Ensured, while reviewing the financial statements, that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied

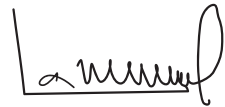
with the Companies Act and various other rules and regulations applicable to textile industries.

- Discussed with the statutory auditors about the nature and scope of audit as well as had post-audit discussions to address areas of concern;
- Approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the Company or its assets are not exposed to undue risk;
- Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation; and
- Reviewed the performance of External Auditors during the last term and recommended them for re-appointment.
- Reviewed the Internal Control System and Financial Statements.

#### Reporting

- Pursuant to Condition no. 6 (ii) the Corporate Governance Code issued by BSEC, the Committee reports that it did not find any conflict of interest or any fraud, irregularity, material defect in the Internal Control System. There are no infringement of laws, rules and regulations also.
- The Committee is of the view that risk management associated with the business of the Company is adequately controlled.

On behalf of the Audit Committee,



Mr. Iftikhar-Uz-Zaman  
Chairman, Audit Committee

# NOMINATION AND REMUNERATION COMMITTEE REPORT

In compliance with the Commission's Notification on Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/88 dated June 3, 2018, the Board of Directors of Metro Spinning Limited constituted the Nomination and Remuneration Committee ("NRC").

#### Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of the following members:

Name	Position in the Committee
Mr. Iftikhar-Uz-Zaman	Chairman
Dr. Mijnur Rahman	Member
Mr. Mohd. Ferdous Kawser Masud	Member
Mr. Noor Mohammad	Member Secretary

#### Meeting

During the year ended on 30th June 2020, the Nomination and Remuneration Committee held one meeting. Proceeding of the Nomination and Remuneration Committee meetings were reported to the Board of Directors. The details of attendance of the Nomination and Remuneration Committee members have been shown below:

Name	Position	Meeting Held	Meeting Attended
Mr. Iftikhar-Uz-Zaman	Chairman	1	1
Dr. Mijanur Rahman	Member	1	1
Mr. Mohd. Ferdous Kawser Masud	Member	1	1
Mr. Noor Mohammad	Member Secretary	1	1

#### Nomination and Remuneration Policy

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other Employees has been formulated by the Committee pursuant to the Corporate Governance Code 2018 of BSEC. Metro Spinning Limited believes that the Board should be able to effectively develop a long term vision for the Company, provide guidance in effectively implementing its policies and managing operations efficiently and ensuring the compliance of all prevailing laws. Further, the Board constitution should ensure that its members have diversified expertise and experience so that the Board is able to discharge its duties and responsibilities effectively.

#### Membership

The Committee shall consist of a minimum Three (3) non-executive directors, majority of them being independent. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

### Chairperson

Chairperson of the Committee shall be an Independent Director. Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of NRC. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson. Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### Meeting of the Committee

The NRC shall conduct at least one meeting in a financial year. The quorum of the meeting shall be constituted in presence of either 2 members or two third members of the committee, whichever is higher and the presence of independent director is compulsory.

### Committee Members' Interests

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

### Role of the Nomination and Remuneration Committee

Major responsibilities of the Nomination and Remuneration Committee are as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of Directors and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives and recommend their appointment and removal;
2. Formulate the criteria for evaluation of performance of Independent Directors and the Board;
3. Assess that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
4. Evaluate that remuneration to Directors and top-level executives 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;
5. Identify the company's needs for employees at different levels and lay down the criteria of their selection, transfer or replacement and promotion;
6. Review annually the Company's human resources and training policies; and
7. Recommend the Code of Conduct for the Chairman of the Board, other Board Members and Chief Executive Officer of the Company.

### Appointment criteria and qualifications

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Senior Management level and recommend to the Board for appointment.

The NRC is responsible to ensure that the procedures for appointing new Directors are transparent. A combination of age, gender, experience, ethnicity, educational background, nationality and other relevant personal attributes in the Board is important in providing a range of perspectives, insights and challenges needed to support right decision making. Recruitment and selection processes for Board members identify candidates with the most suitable skills, knowledge, experiences and personal values.

### Evaluation

The Committee shall carry out evaluation of performance of the Board, Independent Directors and top-level executives. The NRC is responsible for ensuring the effectiveness of the Board. The evaluation includes a review of the administration of the Board and its committees covering their operations, agenda, reports, and information produced for consideration, and relationship with Management.

### Remuneration to Non-Executive Directors

The remuneration to Non-Executive Directors will be paid only in the form of meeting fees. The Nomination and Remuneration Committee recommends the sitting fees to be paid for both the Board and Committee thereof after considering the provisions of the Companies Act, 2013 and prevailing corporate practices.

### Top-Level Executive Selection and Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Top-Level Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives. The recruitment process for Top Level Executives shall be transparent. The objective of remuneration policy is to secure that reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders.

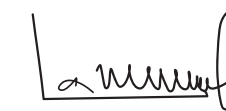
### Remuneration to other employees

Employees are assigned grades according to their qualifications, experience, competencies, role and responsibility in the organization. Individual remuneration is determined within the grade and based on various factors such as job, profile, skill set, seniority, experience and prevailing remuneration levels for equivalent jobs.

### Implementation

The Committee may issue guidelines, procedures, reporting mechanism and manuals in as supplement for better implementation of NRC policy as and when considered appropriate.

On behalf of the Nomination and Remuneration Committee,



Md. Iftekhar-Uz-Zaman  
Independent Director and  
Chairperson of Nomination and Remuneration Committee (NRC)

# MINUTES OF THE 24<sup>TH</sup> AGM

The 24th Annual General Meeting (AGM) of shareholders of Metro Spinning Limited was held on December 26, 2019 at 10.00 AM at the Maksons Group Conference Hall (Situating at Maksons Spinning Mills Ltd., Holding 87, Ward 5, Block B, Shahid Minnat Ali Road 4, Gouripur, Ashulia, Savar, Dhaka). A large number of shareholders attended at the Annual General Meeting.

Mr. Haider Ahmed Khan, Chairman of the company, presided over the meeting. Mr. Mohammad Ali Khokon, Managing Director of the company along with other Directors of the company was also present in the meeting. Verses from the Holy Quran along with its translation in Bengali were recited at the very outset of the meeting.

The Chairman of the meeting welcomed the shareholders in the Annual General Meeting. With the permission of the Chair, the meeting began and the shareholders expressed their valued opinion on the audited financial statement of the Company for the year ended 30 June 2019 and also on their affairs.

Mr. Mohammad Ali Khokon, Managing Director of the company replied to the queries and explained various comments of distinguished shareholders. He also gave hints of future activities of the Company.

After approving the audited financial statements, declaring dividend (2% Cash), electing directors, appointing auditors and fixing their remuneration by the shareholders, the meeting ended with a vote of thanks to and from the Chair.



**Mohammad Ali Khokon**  
Chairman of the meeting





**AUDITOR'S  
REPORT**

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Metro Spinning Limited

Report on the Audit of the Financial Statements

### Opinion

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

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

### KEY AUDIT MATTER

#### Revenue Recognition

Revenue of BDT 67.67 Crore (BDT 90.43 Crore for the year ended June 30, 2019) is recognized in the Statement of Profit and Loss and Comprehensive Income of Metro Spinning Mills Limited. The Company's revenue recognition policies and procedures are not complex, and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customer. However, Revenue is highly material to the financial statement users and is the primary driver of key investor metrics such as Earnings per Share etc. This account is also subject to some risk due to the risks such as management override and bias.

Details of the Revenue Section are summarized in Note 20 to the Financial Statements.

### How our audit addresses the Key Audit Matter

Our audit procedures included:

Understanding the process of estimating, recording and reassessing going concern.

- Obtain an understanding of Company's internal controls specifically geared towards adoption of the new accounting standard.
- Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfer from Company to Customer.
- Reviewing Invoices, Shipping Documents and other supporting documentation to ensure revenue recognition is occurring appropriately.
- Examine Payment documentation to ensure completion of revenue cycle is documented appropriately.

Details of Revenue Recognition are included in Note 20.00 to the Financial Statements

### KEY AUDIT MATTER

#### Adoption and Implementation of IFRS 16 Leases

With reference to Note 5.00 to the –financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing International Accounting Standard 17 Leases. Metro Spinning Mills Limited has implemented the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 July 2019 opening balance sheet, of right of use of asset and lease liability. The Company had a closing balance of BDT 10,709,370 of Right-of-Use Asset and Lease Liability of BDT 9,365,002as at June 30, 2020. The impact of the adaptation of the new standard is disclosed in Note 3.04, 4.01 and 12.02 of the notes to the fi–nancial statements.

### How our audit addresses the Key Audit Matter

We obtained an understanding of the management's process for implementing IFRS 16 Leases, including –financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Obtained and read the accounting policy for compliance with IFRS 16 Leases;
- Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16 Leases. In respect of the contracts selected for testing;
- Obtained and assess the borrowing rates;
- Tested the assumptions used in the calculation model for the sample contracts selected for testing;
- Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability;

Assessed the disclosures within the financial statements.

Details of IFRS 16 Leases have been included in Note 3.04, 4.01 and 12.02to the Financial Statements

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns;
- The expenditures incurred were for the purpose of the Company's business.

Date: 27 October, 2020  
Dhaka, Bangladesh



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

# METRO SPINNING LIMITED

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4.00	77,96,62,401	79,84,82,049
Right of Use Asset	4.01	33,55,026	-
Investments in Share	5.00	6,45,60,489	82,173,172
		<b>84,75,77,916</b>	<b>88,06,55,221</b>
<b>Current Assets</b>			
Inventories	6.00	48,04,00,688	52,02,54,373
Trade and Others Receivable	7.00	47,41,05,009	43,98,98,412
Advance, Deposit & Prepayments	8.00	4,55,45,623	6,30,96,533
Cash and Cash Equivalents	9.00	49,16,712	93,15,904
		<b>1,00,49,68,031</b>	<b>1,03,25,65,222</b>
<b>Total Assets</b>		<b>1,85,25,45,947</b>	<b>1,91,32,20,443</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share Capital	10.00	61,69,82,750	61,69,82,750
Reserve & Surplus	11.00	27,93,97,657	30,13,73,316
		<b>89,63,80,407</b>	<b>91,83,56,066</b>
<b>Non-Current Liabilities</b>			
Long term Loan	12.00	13,57,40,657	157,515,468
Lease liability-Right-of-use Assets	12.01	34,93,588	-
Deferred Tax Liability	13.00	5,71,79,607	57,894,040
		<b>19,64,13,852</b>	<b>21,54,09,508</b>
<b>Current Liabilities</b>			
Trade and other payables	14.00	97,97,691	12,080,313
Liability for WPPF	15.00	30,28,892	3,070,768
Current Portion of Long Term Loan	16.00	16,15,92,898	43,263,834
Short Term Loan from Bank & others	17.00	53,37,17,849	668,910,511
Provision for Tax	18.00	32,90,828	5,635,016
Liabilities for Expenses	19.00	4,83,23,530	46,494,426
		<b>75,97,51,688</b>	<b>77,94,54,869</b>
<b>Total Equity and Liabilities</b>		<b>1,85,25,45,947</b>	<b>1,913,220,443</b>
<b>Net Assets Value (NAV) per share</b>	27.00	<b>14.53</b>	<b>14.88</b>

The annexed notes (1-37) form an integral part of these financial statements.



Chief Financial Officer



Company Secretary



Director



Managing Director

As per our annexed report of even date


G. KIBRIA & CO.  
Chartered AccountantsPlace: Dhaka  
Date: 27 October 2020

# METRO SPINNING LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
Sales (Net off VAT)	20.00	67,67,08,440	90,43,62,119
Less: Cost of Goods Sold	21.00	56,55,98,013	77,65,01,007
Gross Profit		<b>11,11,10,427</b>	<b>12,78,61,112</b>
<b>Less : Operating Expenses</b>			
Administrative Expenses	22.00	1,61,88,116	2,26,85,549
Selling & Distribution Expenses	23.00	75,27,708	1,04,40,153
		<b>2,37,15,824</b>	<b>3,31,25,702</b>
Operating Profit before financial expenses & WPPF		<b>8,73,94,603</b>	<b>9,47,35,410</b>
Less: Financial Expenses	24.00	8,30,41,556	8,53,33,224
Operating Profit/(Loss) before WPPF		<b>43,53,046</b>	<b>94,02,186</b>
Add. Non-operating income	25.00	22,43,604	83,25,724
Profit before WPPF		<b>65,96,651</b>	<b>1,77,27,910</b>
Less: WPPF		3,14,124	8,44,186
Profit before Tax		<b>62,82,527</b>	<b>1,68,83,724</b>
Provision for Taxation		<b>15,38,239</b>	<b>39,57,223</b>
Provision for Current tax		22,52,672	43,42,336
Provision Deferred Tax		(7,14,433)	(3,85,113)
Net Profit after Tax for the year		<b>47,44,288</b>	<b>1,29,26,501</b>
<b>Other Comprehensive Income</b>			
Gain/(Loss) on Marketable Securities (Unrealized)		(1,76,12,683)	(2,64,19,025)
Total Comprehensive Income/Loss for the year		<b>(1,28,68,396)</b>	<b>(1,34,92,524)</b>
Basic Earning per Share (EPS)	26.00	<b>0.08</b>	<b>0.21</b>

The annexed notes (1-37) form an integral part of these financial statements.



Chief Financial Officer



Company Secretary



Director



Managing Director

As per our annexed report of even date


G. KIBRIA & CO.  
Chartered AccountantsPlace: Dhaka  
Date: 27 October 2020


# METRO SPINNING LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

Particulars	Share Capital	Share Premium	Revaluation Reserve	Loss on Marketable Securities (Unrealized)	Retained Earnings	Total
Balance as on 01-07-2019	61,69,82,750	10,35,00,000	28,06,77,382	(9,82,26,829)	1,54,22,763	91,83,56,066
Dividend	-	-	-	-	(91,07,264)	(91,07,264)
Adjustment of Revaluation	-	-	(24,01,324)	-	24,01,324	-
Comprehensive income for the period	-	-	-	(1,76,12,683)	47,44,288	(1,28,68,396)
<b>Balance as on 30-06-2020</b>	<b>61,69,82,750</b>	<b>103,500,000</b>	<b>27,82,76,058</b>	<b>(11,58,39,512)</b>	<b>1,34,61,111</b>	<b>89,63,80,407</b>
Balance as on 01-07-2018	60,48,85,050	103,500,000	28,32,05,089	(7,18,07,804)	1,20,66,255	93,18,48,590
Dividend	1,20,97,700	-	-	-	(1,20,97,700)	-
Adjustment of Revaluation	-	-	(25,27,707)	-	25,27,707	-
Comprehensive income for the period	-	-	-	(2,64,19,025)	1,29,26,501	(1,34,92,524)
<b>Balance as on 30-06-2019</b>	<b>61,69,82,750</b>	<b>103,500,000</b>	<b>28,06,77,382</b>	<b>(9,82,26,829)</b>	<b>1,54,22,763</b>	<b>91,83,56,066</b>

The annexed notes (1-37) form an integral part of these financial statements.

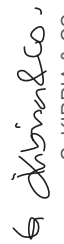
  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

Place: Dhaka  
Date: 27 October 2020

As per our annexed report of even date  
  
G. KIBRIA & CO.  
Chartered Accountants

## METRO SPINNING LIMITED

# STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
<b>A. Cash Flows from Operating Activities</b>			
Cash Received from Turnover and Others		64,44,41,470	958,563,143
Payment for Cost and Expenses		(50,99,64,421)	(705,484,537)
Income Tax Paid		(45,96,860)	(4,262,606)
Interest Paid		(8,30,41,556)	(85,333,224)
Net cash inflow /(outflow) from Operating Activities		<b>4,68,38,633</b>	163,482,776
<b>B. Cash Flows from Investing Activities</b>			
Acquisition of Fixed Assets		(84,87,636)	(18,489,850)
Sale of Assets		-	3,657,000
Net cash inflow /(outflow) from Investing Activities		<b>(84,87,636)</b>	(14,832,850)
<b>C. Cash Flows from Financing Activities</b>			
Dividend Paid		(44,15,758)	(121,994)
Long Term Loan-Net		9,65,54,254	(37,938,990)
Short Term Loan from Bank & others		(13,51,92,662)	(102,795,425)
Net cash inflow /(outflow) from Financing Activities		<b>(4,30,54,166)</b>	(140,856,408)
<b>D. Net increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>		(47,03,169)	7,793,518
<b>E. Unrealized Gain/(Loss) on Foreign Currency Fluctuation</b>		3,03,977	(218,607)
<b>F. Cash and cash equivalents at the beginning</b>		93,15,904	1,522,368
<b>G. Cash and cash equivalents at the end (D+E+F)</b>		<b>49,16,712</b>	9,097,279
Cash and cash equivalents as on 30 June 2020			
Cash In Hand		2,48,438	295,727
Cash at Bank		46,68,274	9,020,177
		<b>49,16,712</b>	9,315,904
Net Operating Cash Flows Per Share (NOCFPS)	28	0.76	2.65

The annexed notes (1-37) form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

Place: Dhaka  
Date: 27 October 2020

As per our annexed report of even date

  
G. KIBRIA & CO.  
Chartered Accountants

# METRO SPINNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2020

### 1.00 Background of the Company

Metro Spinning Mills Limited ("The Company") was incorporated in Bangladesh on 9 May, 2003 with the Registrar of Joint Stock Companies and Firms as a Private Limited Company under the Companies Act, 1913. Subsequently, The Company was converted into Public Limited Company on 02 June 1994 by Special Resolution. The Company went on (IPO) in the year 2001. As of 28 July 2018, the registered office of the Company is located at Plot-11, Paradise Tower, Floor - 08, Road - 02, Sector - 03, Uttara, Dhaka. Previously, the registered offices were located at 28, Dilkusha C/A. 4th Floor, Dhaka-1000. The manufacturing facility is located in Rugganj, Narayanganj. The Company is listed with the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a publicly quoted Company. The shares of the Company have been trading in both the stock exchanges from 14 March 2002.

### 1.01 Nature of Business

The principal activities of the Company are manufacturing Knit Yarn and selling to the export oriented Knit Garments industry against back to back letter of credit and receiving foreign currency on deferred payment basis.

### 1.02 Business with Associates Company

Name of Related Party	Relationship	Nature of Business
Maksons Pharmaceuticals Limited	Affiliated	Medicine
Maksons Spinning Mills Limited	Affiliated	Spinning

### 2.00 Basis of Preparation of Financial Statements

#### 2.01 Statement of Compliance

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

#### 2.02 Regulatory Compliances

- |                                     |  |
|-------------------------------------|--|
| i. The Income Tax Ordinance 1984;   | vi. Bangladesh Labour Law, 2006;                   |
| ii. The Income Tax Rules 1984;      | vii. The Securities and Exchange Ordinance, 1969;  |
| iii. The Value Added Tax Act 1991;  | viii. The Securities and Exchange Rules, 1987; and |
| iv. The Value Added Tax Rules 1991; | ix. Securities and Exchange Commission Act, 1993.  |
| v. The Customs Act, 1969;           |  |

#### 2.03 Structure, content and presentation of financial statements

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

- Statement of financial position as at 30 June 2020;
- Statement of profit or loss and other comprehensive income for the financial year 30 June 2020;
- Statement of cash flows for the financial year 30 June 2020;
- Statement of changes in equity for the financial year 30 June 2020;
- Accounting policies and other explanatory notes for the financial year 30 June 2020.

#### 2.04 Basis of Measurement of Elements of Financial Statements

The financial statements have been prepared on the historical cost basis, except for Investment in Shares and Land & Building within Property, Plant & Equipment which are measured in fair value, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

#### 2.05 Functional and presentation currency & Level of precision

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

#### 2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Metro Spinning Mills Limited.

#### 2.07 Use of Estimates and Judgments

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

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

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

- Note: 6 Inventories – Inventories are valued at lower of cost of net realizable value. Cost of inventory includes cost of purchase (purchase price, transport, handling and other costs directly attributable to the acquisition of inventories), cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in the financial statements of loss and comprehensive loss in the current year on any difference between book value and net realizable value.
- Note: 4 Property, Plant & Equipment (Impairment) - Tangible assets with finite lives will be reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Intangible assets not yet put into use are evaluated for impairment at least annually. Whether an asset is impaired requires management to determine whether there is an indication of impairment based on the consideration of internal and external indicators. If an indication of impairment exists, management must determine if the carrying amount of an asset, or the CGU in

which the asset is included, exceeds its recoverable amount. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, future capital requirements and future operating performance. The estimation of the future cash flows requires assumptions to be made by management. Therefore, the determination of the recoverable amount implies estimates that may affect the amount of an impairment loss, if any.

- Note: 11 Reserve and Surplus – Land & Development and Buildings & Other Constructions are presented in the financial statements at fair value. Management has performed the fair value calculation for these assets using the expertise of expert valuers. The valuation represents management's best judgment on what the value of these assets would be on the open market.
- Note 18 Provision for Tax – Provision for income tax expense for the current year represents management's best estimate on how much tax the Company has to pay to the National Board of Revenue ("NBR") for profits generated in the current year. They do not represent the final tax bill assessed by the NBR which could have deviations based on deductions allowed or disallowed through the assessment process. Once assessments are finalized by the NBR, the Company will record an adjustment to reflect the change.

#### 2.08 Reporting Period

The financial statements of the company cover from 1 July 2019 to 30 June 2020.

#### 2.09 Cash Flow Statement

Statement of cash flows is prepared 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". In addition to disclosures on direct method of cash flows, a reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for nonoperating items and for the net changes in operating accruals A reconciliation of Cash flow related to operating activities is also provided in Note 29.

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

- Notes to the financial statements marked from 3.00 to 3.19 set out the accounting policies on all material accounting areas. These accounting policies are based on IFRS and IAS as issued by the IASB and adopted by ICAB.
- The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

Sl No.	Name of the IAS	IAS's no.	Financial Statement or Note disclosure
1	Presentation of Financial Statements	1	FS and all notes
2	Inventories	2	Note 6
3	Cash Flow Statements	7	Statement of Cash Flow
4	Accounting policies, Changes in accounting Estimates & Errors	8	Note 3
5	Events after the Reporting Period	10	Note 38
6	Income Taxes	12	Note 13 & 18
7	Property, Plant and Equipment	16	Note 4

Sl No.	Name of the IAS	IAS's no.	Financial Statement or Note disclosure
8	Employees Benefits	19	Note 15
9	The Effects of Changes in Foreign Exchange Rates	21	Note 25, 7 & 17
10	Borrowing Costs	23	Note 24
11	Related Party Disclosures	24	Note 34
12	Financial Instruments (Investment in Shares)	32	Note 5
13	Earnings Per Share	33	Note 26
14	Impairment of Assets	36	Note 4

Sl No.	Name of IFRS	IFRS no.	Financial Statement or Note disclosure
1	Financial Instruments: Disclosures	7	Note 5
2	Fair Value Measurement	13	Note 5
3	Revenue	15	Note 20
4	Leases	16	Note 3.04, 4.01, 12.01

- International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and adopted with Institute of Chartered Accountants (ICAB).

#### 2.11 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

On January 13, 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16"), which outlines requirements for lessees to recognize assets and liabilities for most leases. Lessees are required to recognize the lease liability for the obligations to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lease liability is measured at the present value of lease payments to be made over the term of the lease. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for prepayments, direct costs and incentives received. The new standard became effective for annual periods beginning on or after January 1, 2019 and has been adopted by the Company.

#### 3.00 Significant Accounting Policies

The specific accounting policies have been selected and applied for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial statements. There have been no changes in policies for all material accounting areas.

#### 3.01 Property, Plant & Equipment

##### 3.1.1 Recognition and Measurement

Property, plant & Equipment are accounted for according to IAS-16 "Property, Plant and Equipment" at Historical cost less cumulative depreciation except land & land development and Building & Other Construction which is considered at revalued amount. The cost of assets includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed/installed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

Fair Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

### 3.1.2 Depreciation

Depreciation has been charged on addition from the date of acquisition & revaluation date. Depreciation was computed using the diminishing balance method. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation:

Category	Rate
Land and Land Development	0%
Building & Other	5%
Plant & Machinery	10%
Furniture & Fixture	15%
Office Equipment	10%
Motor Vehicle	20%

#### Disposal:

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement. Sales of land and buildings are accounted for when there is an unconditional exchange of contracts.

#### Impairment:

Tangible assets are amortized over their corresponding useful economic lives and assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets that are not yet available for use are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU (i.e., the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, group of assets or CGUs) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset or a CGU exceeds its recoverable amount by the amount of this excess. An impairment loss is recognized immediately in income or loss in the year during which the loss is incurred. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount; on reversal of an impairment loss, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

There were no indicators of impairment that were identified by Management for the current year.

### 3.02 Inventories

#### Valuation of Inventories

Inventories comprise Raw Materials, Finished Yarn, Waste Cotton, Store & Spares, Stores-in-Transit and Work in process. They are stated at the lower of cost or net realizable value in accordance with IAS 2 "Inventories" after making due allowance for any obsolete or slow-moving item. The costs of inventories are assigned by using weighted average cost method. Net realizable value of Work in Process is determined after deducting the estimated cost of completion and estimated cost necessary to make the sale from estimated selling price.

Provisions are made in the consolidated statements of loss and comprehensive income for any difference between carrying value and net realizable value.

### 3.03 Capital Work-In-Progress

Property, Plant and Equipment under construction/acquisition is accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

### 3.04 Leased assets

The Company applied IFRS 16 Leases for the first time on 1 July 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

A Lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. Previously the Company used to charge the consideration paid in its books as rent expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized right of use assets representing its rights to use underlying assets and lease liabilities representing its obligation to make lease payments. The Company applied IFRS 16 on 1 January 2019 for the existing lease contracts.

The Company has only office rent agreement, which is classified as operating leases, which under IFRS 16 are required to be recognized on the Company's statement of financial position. The nature and timing of expenses related to those leases has changed as IFRS 16 replaced the straight-line operating lease expense (as per IAS-17) with an amortization charge for the right of use assets and interest expense on lease liabilities.

The Company applied the practical expedient to the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company applied IFRS 16 initially on 1 July 2019, using the modified retrospective approach. Accordingly, the comparative information presented for fiscal 2019 has not been restated. The 2019 numbers are presented, as previously reported, under IAS 17 and related

interpretations. This includes recognizing a lease liability at 1 July 2019, measured at the present value of the remaining lease payments and discounted at the incremental borrowing rate. A right-of-use asset has been recognized at 1 July 2019 measured at an amount equal to the lease liability and adjusted by any prepaid or accrued lease payments relating to that lease contained in the statement of financial position immediately before 1 July 2019. There was no material impact on the retained earnings due to the transition.

The Company's all contractual payments to the lessor contains only fixed amounts of lease payment and no variable lease payments are embedded with the lease payments. The rental agreements do not include any automatic renewals, nor do they include any guaranteed residual values of the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

In addition to rental lease agreements which were previously termed as operating leases, the Company also has existing leased assets which fall under "finance lease" category under IAS 17. For these leases, all the risk and rewards incidental to ownership are substantially transferred to the Company and therefore were recognized as finance leases. There is no change in the accounting treatment for these assets. The leased asset is capitalized at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. The leased asset is depreciated over the useful life of the asset.

### 3.05 Revenue Recognition

Revenue from net sales of the company represents invoiced value of sale of Knit Yarn selling to the export oriented Knit Garments industry against back to back letter of credit and receiving foreign currency on deferred payment basis. Revenue is recognized in accordance with IFRS 15 and the recognition process involves the following 5-step process:

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

If the Company satisfies a performance obligation before it receives the consideration, the Group recognizes and Accounts Receivable (See Note 7) in its statement of financial position. Similarly, if the Company receives a consideration before the performance obligation, a contract liability is recognized. As at June 30, 2020, the Company did not receive any consideration before performance obligation was completed and there is no amount recognized on the Statement of Financial position as of the end of the year.

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

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

### 3.06 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to IAS 21: "The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date. Non-monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to Statement of profit or loss and other Comprehensive Income for the respective period.

### 3.07 Financial Expenses

Financial costs comprise of interest expense on short - term and long - term loan as well interest costs paid on finance leases. The costs are charged to profit and loss except those are capitalized in accordance with IAS 23: Borrowing Costs.

### 3.08 Financial Assets & Liabilities

Financial Assets are classified at initial recognition and subsequently measured at either amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. This is done in accordance with IFRS 9. Financial Liabilities are classified at initial recognition at fair value and then measured subsequently at fair value through profit and loss or at amortized cost (loans and borrowings). The Company has the following Financial Assets and Liabilities:

#### 3.8.1 Trade Receivables

Trade Receivables do not contain a significant financing component Trade receivable so the Company has applied the practical expedient and have recognized the asset at transaction price (Invoice value). For foreign currency transactions, the receivables are recorded by translating the foreign currency amount to Bangladesh Taka using the rate prevailing on the date of transaction. For impairment, the practical expedient allows the Company to not track changes in credit risk but instead recognize an allowance for doubtful receivable at the year end. The allowance is based on historical credit loss experience, adjusting for forward-looking factors such as debtor's economic environment. Trade receivables which are denominated in foreign currency are translated to BDT using the prevailing exchange rate applicable at the reporting date.

**3.8.2 Trade Payables**

Trade payables are measured at fair value and recorded through profit and loss. Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company, whether or not billed by the suppliers.

**3.8.3 Cash and Cash Equivalents**

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

**3.8.4 Investment in Shares**

The company holds ordinary shares of other Companies which are presented on the Statement of Financial Position as Investment in Shares. These investments are classified as available for sale and presented at fair value. All shares held by the Company Level 1 on the fair value hierarchy as they quoted process on active markets (the Dhaka Stock Exchange). The investments are not classified as "Held for Trading" as they are not acquired principally for the purpose of selling or repurchasing but rather earn long term returns through dividends. As a result, the assets are terms as Available for Sale and any changes in fair value of the instrument are recorded in other comprehensive income. Gains and losses on these financial assets are never recycled through profit or loss. If Dividends are received, they are recorded as other income in the statement of profit or loss when the right of payment have been established.

**3.8.5 Loans and Borrowings**

Loans and borrowings include long-term loans and short-term trade financing as well lease payables. They are recorded at amortized cost on the statement of financial position and interest is accrued as they are incurred on the loans and finance leases.

**3.09 Taxation****3.9.1 Current Tax**

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

**3.9.2 Deferred Tax**

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**3.10 Provisions**

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

A provision is recognized if, as a result of a past event, the company has a present legal or

constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

**3.11 Contingencies**

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

**3.12 Earning Per Share (EPS)**

The company calculates Earning Per Share (EPS) in accordance with IAS 33 "Earning Per Share" which has been shown on the face of statement of profit or loss and other Comprehensive Income and the computation of EPS is stated in (Note -32) of the financial statements.

**Basic Earnings**

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

**Diluted Earnings per Share (DEPS)**

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

**3.13 Contingent Liabilities and Assets**

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non- occurrence of one or more uncertain future events, which are not within the control of the company.

**3.14 Worker's profit participation & welfare funds**

The company contributed 5% of net profit before charging the amount to the aforementioned fund in accordance with the requirement of section 234 of Labour Act. 2006 and as amended in 2013. But trustee board and Trust deed not yet executed and are under process.

**3.15 Segment Reporting**

No segmental reporting is applicable for the company as required by "IAS 14: Segment Reporting" as the company operates in a single industry segment and within one geographical area.

**3.16 Event after Statement of Financial Position Date**

In compliance with the requirements of "IAS-10: Event 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 events after the reporting period that are not adjusting events are disclosed.

**3.17 Going Concern**

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

**3.18 Related Party Disclosures**

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS 24: Related Party Disclosures has been disclosed in a separate Note 34 to the accounts.

**3.19 Financial Risk Management Policies**

The management of Company under the supervision of the Board 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 change in market conditions and the company's activities. The Company has exposure to the following risks for its use of financial instruments.

**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.

**Foreign Currency Risk**

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

**Credit Risk**

Credit risk is the 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. As at 30 June 2020 substantial part of the receivables are secured against LC and subject to insignificant credit risk. Risk exposures from other financial assets i.e. Cash at bank and other receivables are nominal.

**Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach 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 equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. After the recent capital raising, even in extreme stressed conditions it is unlikely that the Company would require further financing at least within next couple of years.

**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.

**3.19 Post Retirement Employment Benefits**

The Company does not maintain any post-retirement employment benefits. For the year ended 30 June 2020 and 30 June 2019, the Company did not record any provision related to defined contribution or defined benefit plans since the Company does not have any established policy to provide such benefits to their employees. The Company does maintain a Worker's Profit Participation and Welfare Fund which is line with Bangladesh Labor (amendment) Act 2014.

**3.20 General**

Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements. Details of changes in prior year presentation have been included in Note 39.

**4.00 Property, Plant & Equipments****(A) At Cost**

	Amount in Taka	
	June 30, 2020	June 30, 2019
Opening Balance as at 30.06.19	1,28,61,72,210	1,27,533,033
Add: Addition during the year	84,87,636	18,489,851
Less : Disposal during the period	-	4,850,674
Closing Balance as at 30.06.20	<b>1,29,46,59,846</b>	1,28,61,72,210

**(B) Accumulated Depreciation**

Opening Balance as at 30.06.19	48,76,90,161	46,123,624
Add:Charged during the period	2,73,07,284	28,564,247
Less : Disposal during the period	-	2,111,710
Closing Balance as at 30.06.20	<b>51,49,97,445</b>	48,76,90,160

Written Down Value June 30, 2020 (A-B)

**77,96,62,401** 798,482,049

*\*\*Details have been presented in Schedule-A*

**4.01 Right of Use Asset**

Opening Balance	-	-
Add: Additions during the year: 01 July 2020	45,39,152	-
Less: Amortization charged during the year:	(11,84,127)	-
	<b>33,55,026</b>	-

**5.00 Investments in Share**

Maksons Pharmaceutical limited	4,00,000	4,00,000
Maksons Spinning Mills limited	6,41,60,489	8,17,73,172
Total Investment in Shares	<b>6,45,60,489</b>	8,21,73,172

Maksons Pharmaceuticals Limited (MPL) was incorporated as a public limited company in 3rd February 2002. Metro Spinning Limited (MSL) has made an investment in shares of Maksons Pharmaceuticals Limited (MPL) at the time of incorporation. The project of the company is in the preliminary stage of the implementation. Maksons Pharmaceuticals Limited (MPL) is not a listed company.

Metro Spinning Ltd. has 3,000,000 ordinary shares of Tk.10 each in Maksons Spinning Mills Ltd. (MSML), After Attaining 1:2 right share consists of 6,000,000 shares @ 25. Initially, Metro Spinning Mills Limited has invested Taka 3,00,00,000 against 30,00,000 shares of Taka 10/- each of Maksons Spinning Mills Limited. Then again invested Taka 15,00,00,000 after attaining 1:2 Right Share, consists of 60,00,000 shares @ Taka 25/- each. Thus the total investment is now Taka 18,00,00,000. Presently, Metro Spinning Mills Limited holds 1,25,80,488 number of shares in Maksons Spinning Mills Limited after receiving bonus shares. Which Market Value is Tk 6,41,60,488.80 as on 30.06.2020.

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>6.00 Inventories</b>			
Raw Cotton (Note: 6.01)		33,58,58,543	37,16,56,680
Work in Process (Note: 6.02)		52,84,317	44,71,038
Finished Goods (Note: 6.03)		13,04,06,963	13,26,53,098
Store & Spares		88,50,865	1,14,73,557
<b>Total Inventories</b>		<b>48,04,00,688</b>	52,02,54,373
<b>6.01 Raw Cotton</b>			
Cotton		33,58,58,543	37,16,56,680
<b>Total Raw Cotton</b>		<b>33,58,58,543</b>	37,16,56,680
<b>6.02 Work in Process</b>			
This is made up as follows:			
Blow Room		7,53,107	11,27,504
Carding		1,07,522	1,15,015
Drawing		1,36,831	3,86,646
Simplex		13,87,814	11,39,769
Ring		23,91,329	10,46,483
Cone Winding		5,07,716	6,55,621
<b>Total</b>		<b>52,84,317</b>	44,71,038
<b>6.03 Finished Goods</b>			
This is made up as follows:			
Yarn (Various Count)		13,04,06,963	13,26,53,098
<b>Total</b>		<b>13,04,06,963</b>	13,26,53,098
<b>7.00 Trade Other Receivable</b>			
This is made up as follows:			
Trade Debtor-Secured		43,98,98,412	48,66,91,748
Add. Increased during the year		67,67,08,440	90,43,62,119
Less: Realised During the year		(64,25,01,843)	(95,11,55,455)
<b>Total</b>		<b>47,41,05,009</b>	43,98,98,412
Ageing Schedule of Trade Receivable:			
Due within 06 Months		28,45,84,365	22,65,44,295
Due Over 06 Months		18,95,20,644	21,33,54,117
<b>Total</b>		<b>47,41,05,009</b>	43,98,98,412

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>8.00 Advance, Deposit &amp; Prepayment</b>			
This is made up as follows:			
Advance (Note: 8.01)		4,08,09,119	5,83,60,029
Deposit (Note: 8.02)		32,36,504	32,36,504
Prepayment (Note: 8.03)		15,00,000	15,00,000
<b>Total</b>		<b>4,55,45,623</b>	6,30,96,533
<b>8.01 Advance</b>			
This is made up as follows:			
Advance to Parties		3,03,55,816	3,14,00,259
Advance Income Tax (Note: 8.01.01)		14,75,463	45,96,860
Raw Cotton in Transit		71,427	1,34,39,702
Claim of Short Weight		89,06,413	89,23,209
<b>Total Advances</b>		<b>4,08,09,119</b>	5,83,60,029
<b>8.01.1 Advance Income Tax (AIT)</b>			
Opening Balance		45,96,860	38,62,606
Add: addition during the year		14,75,463	45,96,860
Less: Transfer to Provision for Tax		45,96,860	38,62,606
<b>Closing Balance</b>		<b>14,75,463</b>	45,96,860
<b>8.02 Deposit</b>			
Titas Gas		15,75,442	15,75,442
Other Deposit		16,61,062	16,61,062
<b>Total Deposits</b>		<b>32,36,504</b>	32,36,504
<b>8.03 Prepayments</b>			
This is made up as follows:			
Prepaid Office rent		15,00,000	15,00,000
<b>Total Prepayments</b>		<b>15,00,000</b>	15,00,000
<b>9.00 Cash and Cash Equivalent</b>			
This is made up as follows:			
Cash in hand		2,48,438	2,95,727
Cash at Bank (Note: 9.01)		46,68,274	90,20,177
<b>Total Cash and Cash Equivalents</b>		<b>49,16,712</b>	93,15,904
<b>9.01 Cash at Bank</b>			
This is made up as follows:			
Current Account (Note-9.01.1)		45,23,106	88,97,376
Short Term Deposit (Note-9.01.2)		1,45,167	1,22,801
<b>Total Cash at Bank</b>		<b>46,68,274</b>	90,20,177

## 9.01.1 Current Account

This is made up as follows:

	Amount in Taka	
	June 30, 2020	June 30, 2019
Sonali Bank - Local Office	69,732	69,732
City Bank Ltd - Nikunja Branch	28,450	28,647
Mutual Trust Bank Ltd - Principal Branch	59,175	59,175
Dutch Bangla Bank Ltd - Uttara Branch	6,61,827	2,59,200
Islami Bank Bangladesh Ltd. - Local Office	714	714
Jamuna Bank Ltd. - Uttara Branch	78,382	20,89,015
Southeast Bank Ltd. - Principal Branch	2,82,033	2,27,834
Southeast Bank Ltd. - Uttara Branch	8,02,471	13,85,054
Southeast Bank Ltd. - Uttara Branch	26,011	26,747
Southeast Bank DAD A/C-Principal	17,67,663	38,03,053
City Bank - Foreign Exchange Branch	1,66,539	1,67,379
Exim Bank Ltd. - Motijheel Branch	109	109
NRB Global - Uttara Branch	9,234	10,039
NRB Bank - Hatirpul Branch	3,16,832	5,87,761
One Bank Ltd. - Motijheel Branch	493	493
Jamuna Bank Ltd. - Dilkusha Branch	84,513	1,51,114
Bank Asia - Banani Branch	7,320	8,010
Social Islami Bank - Uttara Branch	13,559	13,559
Bank Asia - Banani Branch	2,815	3,505
Shahjalal Islami Bank - Dhaka Branch	6,236	6,236
bkash Ltd. A/C	1,39,000	-
<b>Total Current Account</b>	<b>45,23,106</b>	<b>88,97,376</b>

## 9.01.2 Short Term Deposit

This is made up as follows:

Dhaka Bank Ltd. - Local Office	2,025	2,025
HSBC Bank Ltd. - Dhaka Branch	15,274	15,274
Southeast Bank Ltd. - Principal Branch	1,812	7,445
Southeast Bank Ltd. - Uttara Branch	69,759	69,408
Southeast Bank Ltd. - Principal Branch	6,765	9,339
Southeast Bank Ltd. - Uttara Branch	30,222	-
First Security Bank - Dilkusha Branch	2,997	2,997
Exim Bank Ltd. - Motijheel Branch	16,313	16,313
<b>Total</b>	<b>1,45,167</b>	<b>1,22,801</b>

## 10.00 Share Capital

This represents

	June 30, 2020	June 30, 2019
<b>Authorized</b>		
1,000,00,000 ordinary shares of Tk. 10/- each	1,00,00,00,000	1,00,00,00,000
<b>Issued, Subscribed and Paid-up</b>		
61,69,82,750	61,69,82,750	61,69,82,750
<b>Paid up Share Capital of Tk. 6,16,98,27,50 is arrived at as follows:</b>		
Sponsor's Contribution 1,61,61,956 Ordinary Shares @TK 10/each	16,16,19,560	16,16,19,560
Public Issue of 4,55,36,319 Ordinary Shares @TK 10/each	45,53,63,190	45,53,63,190
<b>Total Ordinary Shares</b>	<b>61,69,82,750</b>	<b>61,69,82,750</b>

Distribution Schedule-Disclosures under the listing regulation of Stock Exchanges: The distribution schedule showing the number of shareholders and their shareholdings in percentage has been disclosed below as a requirement of the "Listing Regulations of Dhaka and Chittagong Stock Exchanges".

Range of Holding	% of Share Capital		% of Share Capital		% of Share Capital		% of Share Capital	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Below 500	2175	2260	31.88%	29.42%	313169	332774	0.51%	0.54%
500 to 5,000	3401	3841	49.85%	50.00%	5910595	6876677	9.58%	11.15%
5,001 to 10,000	531	676	7.78%	8.80%	3746693	4711082	6.07%	7.64%
10,001 to 20,000	343	444	5.03%	5.78%	4855464	6232138	7.87%	10.10%
20,001 to 30,000	116	175	1.70%	2.28%	2877841	4223014	4.66%	6.84%
30,001 to 40,000	58	74	0.85%	0.96%	2019521	2529000	3.27%	4.10%
40,001 to 50,000	32	47	0.47%	0.61%	1443728	2130200	2.34%	3.45%
50,001 to 100,000	93	110	1.36%	1.43%	6526880	7684914	10.58%	12.46%
100,001 to 1,000,000	67	50	0.98%	0.65%	15751951	10828897	25.53%	17.55%
1,000,001 above	6	5	0.09%	0.07%	18252433	16149579	29.58%	26.18%
<b>Total</b>	<b>6822</b>	<b>7,682</b>	<b>100.00%</b>	<b>100.00%</b>	<b>6,16,98,275</b>	<b>6,16,98,275</b>	<b>100.00%</b>	<b>100.00%</b>

## Market Price

The Company was listed on the Dhaka and Chittagong Stock Exchanges on 14/03/2002. Each share was quoted at Tk.8.50 (on 30-06-2020) in the Dhaka Stock Exchange Ltd and Tk.8.50 (on 30-06-2020) in the Chittagong Stock Exchange Ltd.

## Summerized list of Shareholders as on 30 June 2020

Sponsors	6	1,61,61,956	26.20%
Financial Institutions	58	74,16,133	12.02%
General Public	6,758	3,81,20,186	61.78%
<b>Total</b>	<b>6,822</b>	<b>6,16,98,275</b>	<b>100%</b>

## Option on Unissued Shares:

There is no option regarding the authorized capital not yet issued can be used to increase the Issued, Subscribed and Paid-up Capital through the issuance of new shares against cash contribution and bonus.

## 11.00 Reserve &amp; Surplus

	Amount in Taka	
	June 30, 2020	June 30, 2019
Revaluation reserve	27,82,76,058	28,06,77,382
Retained Earnings	1,34,61,111	1,54,22,763
Share Premium	10,35,00,000	10,35,00,000
Loss on Marketable Securities (Unrealized)	(11,58,39,512)	(9,82,26,829)
<b>Total Reserves &amp; Surplus</b>	<b>27,93,97,657</b>	<b>30,13,73,316</b>

## 12.00 Long Term Loan

This is made up as follows:

Southeast Bank Ltd.	13,57,40,657	15,75,15,468
<b>Total Long Term Loan</b>	<b>13,57,40,657</b>	<b>15,75,15,468</b>

## 12.01 Lease liability Right-of-use Assets

Lease liability-Right-of-use Assets	34,93,588	-
<b>Total</b>	<b>34,93,588</b>	<b>-</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>13.00 Deferred Tax Liabilities</b>		
This is made up as follows:		
Opening balance	5,78,94,040	5,82,79,153
Addition during the year	(7,14,433)	(3,85,113)
<b>Total Deferred Tax Liabilities</b>	<b>5,71,79,607</b>	<b>5,78,94,040</b>
WDV as per Accounting Base (excluding Land)	42,54,51,927	44,42,71,576
WDV as per Tax Base	9,26,15,910	10,66,72,669
Difference	<b>33,28,36,018</b>	33,75,98,907
Tax @ 15% on Difference [A]	4,99,25,403	5,06,39,836
WDV on Accounting Base (Land)	35,42,10,473	35,42,10,473
WDV as per Tax Base (Land)	11,24,03,663	11,24,03,663
Difference	<b>24,18,06,810</b>	24,18,06,810
Tax @ 3% on Difference [B]	72,54,204	72,54,204
<b>Total [A+B]</b>	<b>5,71,79,607</b>	<b>5,78,94,040</b>
<b>14.00 Trade and other payables</b>		
Trading Suppliers	97,97,691	1,20,80,313
<b>Total Trade and Other Payables</b>	<b>97,97,691</b>	<b>1,20,80,313</b>
<b>15.00 Liability for (WPPF)</b>		
Opening Balance	30,70,768	26,48,082
Add: Provision made during the year (15.01)	3,14,124	8,44,186
Less: Paid this year	(3,56,000)	(4,21,500)
<b>Total Liability for WPPF</b>	<b>30,28,892</b>	<b>30,70,768</b>
Provision for Workers Participation Fund has been made @ 5% of net profit after charging the contribution and such contribution provided as per provision of the Companies Profits (Workers Participation) (amendment) Ordinance, 1985 and payable to workers as defined in the said Ordinance.		
<b>15.01 WPPF during the year</b>		
Net Profit after charging the Contribution	65,96,651	1,77,27,910
WPPF Percentage	5%	5%
<b>Total</b>	<b>3,14,126</b>	<b>8,44,186</b>
<b>16.00 Current Portion of Long Term Loan</b>		
Southeast Bank Ltd.	16,15,92,898	4,32,63,834
<b>Total Current Portion of Long Term Loan</b>	<b>16,15,92,898</b>	<b>4,32,63,834</b>
<b>17.00 Short Term Loan from Bank and Other</b>		
Short Term Loan from Bank: (17.01)	40,34,98,920	52,22,61,591
Loan From Maksons Spinning Mills Ltd. (17.02)	13,02,18,929	14,66,48,920
<b>Total</b>	<b>53,37,17,849</b>	<b>66,89,10,511</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>17.01 Short Term Loan from Bank</b>		
This is made up as follows:		
Jamuna Bank OD A/c-134000403	4,34,47,289	4,13,14,534
Southeast Bank Ltd. OD A/C-73300000358	8,63,97,185	8,26,24,278
PAD	-	1,28,12,793
Loan on Export	3,25,10,596	4,94,12,896
Southeast Bank Ltd. - Time Loan	63,22,450	-
Southeast Bank Ltd. - EDF	12,53,31,319	23,33,12,550
Jamuna Bank Ltd. - LTR	10,70,01,178	10,27,84,540
Southeast Bank Ltd. - Force Loan	14,52,296	-
Southeast Bank Ltd. - LTR	10,36,607	-
<b>Total</b>	<b>40,34,98,920</b>	<b>52,22,61,591</b>
<b>17.02 Loan From Maksons Spinning Mills Ltd</b>	<b>13,02,18,929</b>	<b>14,66,48,920</b>
Jamuna Bank Limited (Cash Credit Hypo)		
The Cash credit was sanctioned by Jamuna Bank limited (Dilkusha Branch) for one year and usually renewed on annual basis .the interest rate is subject to change from time to time, Such loan is secured against stock of raw materials and finished goods.		
Southeast Bank Limited (Overdraft)		
The Overdraft limit was sanctioned by Southeast Bank Limited (Principal Branch) for one year a revolving limit of Tk.80,000,000 and is usually renewed on annual basis .The interest rate is subject to change from time to time.		
Southeast Bank Limited (Loan against Trust Receipt)		
The loan against trust receipt (LTR) were sanctioned by Southeast Bank Limited (Principal Branch) for 180 days is usually renewed on annual basis. the interest rate is subject to change from time to time. Such loan is secured against project finance security.		
Jamuna Bank Limited (Loan against Trust Receipt)		
The loan on trust receipt (LTR) were sanctioned by Jamuna Bank Limited (Principal Branch) for 180 days. The interest rate is subject to change that May be Made By the Bank from time to time .Such loan is secured against Land.		
<b>18.00 Provision for Tax</b>		
This is made up as follows:		
Opening Balance	56,35,016	55,55,286
Add : Provision made for the year	22,52,672	43,42,336
Less: Tax Paid/Adjustment during the year	(45,96,860)	(42,62,606)
<b>Total Provision for Tax</b>	<b>32,90,828</b>	<b>56,35,016</b>
<b>18.01 Current Tax Calculation Detail</b>		
Net Profit before Income Tax	62,82,527	1,68,83,724
Income Tax Rate	15%	15%
<b>Income Tax Payable [A]</b>	<b>9,42,379</b>	<b>25,32,559</b>
<b>Minimum Tax [B]</b>	<b>22,52,672</b>	<b>43,42,336</b>
Income Tax Expense for the year	<b>22,52,672</b>	<b>43,42,336</b>

As per Ministry of Finance SRO Dated 30th June, 2019 (SRO#218)

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>19.00 Liabilities for Expenses</b>		
This is made up as follows:		
Audit Fees	1,72,500	1,72,500
Other Expenses	1,05,98,408	1,24,22,632
Salary & Wages	62,82,206	68,41,920
Others Liability	3,12,70,415	2,70,57,374
<b>Total Liabilities for Expenses</b>	<b>4,83,23,530</b>	<b>4,64,94,426</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>20.00 Sales</b>		
This is made up as follows:		
Sale of Cotton Yarn (Local)	33,28,05,963	48,87,44,577
Less: Value Added Tax (VAT)	44,14,563	54,68,532
Total Local Sales	32,83,91,400	48,32,76,045
Add: Export Sales	34,83,17,040	42,10,86,074
<b>Total Sales</b>	<b>67,67,08,440</b>	<b>90,43,62,119</b>

	Quantity(Lbs)	Amount in Taka	
		June 30, 2020	June 30, 2019
<b>21.00 Cost of Goods Sold</b>			
Opening Work in Process	49,388	44,71,038	48,46,159
Raw Material Consumed (Note-21.01)	63,65,914	40,70,83,237	55,79,09,467
	64,15,302	41,15,54,275	56,27,55,626
Less: Recovery during the year	5,50,742	14,22,306	22,09,201
	58,64,560	41,01,31,969	56,05,46,425
Less: Invisible during the year	5,218	-	-
<b>Material available for Consumption</b>	<b>58,59,341</b>	<b>41,01,31,969</b>	<b>56,05,46,425</b>
Less: Closing Work in Process	62,056	52,84,317	44,71,038
<b>Production during the year</b>	<b>57,97,285</b>	<b>40,48,47,651</b>	<b>55,60,75,387</b>
Add: Direct Expenses (Note 21.02)	-	5,29,19,422	6,45,52,827
Add: Manufacturing Overhead (Note 21.03)	-	10,55,84,805	12,75,18,111
<b>Cost of Production</b>	<b>57,97,285</b>	<b>56,33,51,878</b>	<b>74,81,46,325</b>
Opening Finished Goods	12,12,904	13,26,53,098	16,10,07,780
Finished Goods available for Sale	70,10,190	69,60,04,976	90,91,54,105
Less: Closing Finished Goods	12,71,753	13,04,06,963	13,26,53,098
<b>Total Cost of Goods Sold</b>	<b>57,38,437</b>	<b>56,55,98,013</b>	<b>77,65,01,007</b>

	Quantity(Lbs)	Amount in Taka	
		June 30, 2020	June 30, 2019
<b>21.01 Raw Material Consumed</b>			
This is made up as follows:			
Opening Stock of Raw Cotton	46,20,231	37,16,56,680	31,63,43,603
Add: Purchase of Raw Cotton	60,52,946	37,12,85,100	61,32,22,544
Raw Cotton Consumption for available	1,06,73,177	<b>74,29,41,780</b>	92,95,66,147
Less: Closing Stock of Raw Cotton	(43,07,262)	(33,58,58,543)	(37,16,56,680)
<b>Total Raw Material Consumed</b>	<b>63,65,914</b>	<b>40,70,83,237</b>	<b>55,79,09,467</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>21.02 Direct Expenses</b>		
This is made up as follows:		
Direct Labour/Wages	4,83,93,715	5,81,13,823
Overtime (Workers)	12,32,809	31,06,284
Bonus (Workers)	32,92,898	33,32,720
<b>Total Direct Expenses</b>	<b>5,29,19,422</b>	<b>6,45,52,827</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>21.03 Manufacturing Overhead</b>		
This is made up as follows:		
Factory Salary & Allowances	1,79,05,297	1,77,78,285
Factory Bonus	12,59,136	14,11,157
Overtime	3,40,591	5,31,488
Entertainment	3,11,126	3,15,692
Fuel For Vehicle	5,92,605	2,79,830
Gas for Vehicle	4,32,832	3,31,278
Gas Bill	3,49,33,343	3,14,44,622
Insurance Premium	27,26,759	30,57,800
Land Revenue	1,15,715	1,95,400
Lease Installment	-	66,79,098
Loading Unloading	5,85,196	8,48,612
Carrying charge	12,320	5,200
Office Expense (Factory)	1,70,980	82,262
Electricity Bill	43,44,825	1,72,39,293
Printing & Stationery	2,10,952	2,36,387
Repair & Maintenance (building)	3,36,902	15,55,118
Repairs & Maintenance (Gas Generator)	16,62,795	28,57,969
Repairs & Maintenance (Machinery)	13,92,456	25,98,574
Sanitation	77,483	21,186
Store & Spare	1,06,88,881	1,10,59,708
Uniform	-	1,500
Vehicle Running & Maintenance	3,68,263	5,90,184
Fire Fighting & Safety Expenses	44,160	89,290
Medical Expenses	63,154	39,932
Traveling & Conveyance	1,45,468	1,65,212
Depreciation (Schedule-A)	2,68,63,566	2,81,03,034
<b>Total Manufacturing Overhead</b>	<b>10,55,84,805</b>	<b>12,75,18,111</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>22.00 Administrative Expenses</b>		
This is made up as follows:		
Salary & Allowances	83,11,387	1,27,79,673
Festival Bonus	8,52,710	9,85,150
Printing & Stationery	52,429	36,526
Traveling & Conveyance	4,27,950	3,97,524
Documentation	6,55,245	15,36,408
Telephone & Fax	71,814	1,05,570
Board Meeting fees & Expense	3,60,000	4,00,000
Vehicle maintenance	57,678	40,894
Office Expense	1,26,125	12,99,270
Entertainment Expense	4,26,078	3,25,816
Fees & professionals	-	65,825
Share Department Expense	3,15,750	1,12,496
Internal Audit Committee Fees	48,000	54,000
AGM Expense	2,44,495	8,62,488
Postage & Telegram	1,555	740
Credit Rating Expense	53,750	69,000
CDBL Expense	-	1,06,000
Membership Fee	1,11,320	2,02,907
Courier Expense	37,605	15,525
Stock Exchange Fee	6,16,982	6,60,786
Rates & Taxes	87,250	47,100
License & Renewal	1,11,115	4,32,922
Fuel for Vehicles	3,57,590	4,27,110
Gas For Vehicle	-	22,244
Audit Fees	1,72,500	1,72,500
Sanitation	30,541	47,386
Miscellaneous Expense	5,78,000	4,74,820
Utility Expense	1,62,067	1,50,057
ICT Expenses	2,74,335	1,88,561
Legal Expenses	16,000	2,05,038
Depreciation (Schedule-A)	16,27,845	4,61,213
<b>Total Administrative Expenses</b>	<b>1,61,88,116</b>	<b>2,26,85,549</b>

**23.00 Selling & Distribution Expenses**

This is made up as follows:

Packing Materials	72,63,021	1,00,68,647
Advertisement	2,64,688	3,71,506
<b>Total Selling &amp; Distribution Expenses</b>	<b>75,27,708</b>	<b>1,04,40,153</b>

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>24.00 Financial Expenses</b>		
Interest on Bank & Other	8,07,54,525	8,35,97,197
Bank Charges and Commission	22,87,032	17,36,027
<b>Total Financial Expenses</b>	<b>8,30,41,556</b>	<b>8,53,33,224</b>

Details break up of Interest on Bank &amp; Other Financial Interest is given below:

Jamuna Bank Hypo	45,20,755	53,71,069
Loan on Export	55,39,160	1,39,60,433
Jamuna Bank Ltd. - LTR	1,15,92,858	1,32,60,617
Southeast Bank Ltd. - Overdraft A/C	97,47,903	1,09,51,979
Southeast Bank Ltd. - Term Loan	2,35,89,277	3,08,40,578
PAD	4,56,517	22,05,377
Southeast bank Ltd. - EDF	1,54,14,017	64,01,921
Southeast Bank Ltd. - LTR A/C	3,615	33,316
Southeast Bank Ltd. - Force Loan	66,02,684	2,37,597
Southeast Bank Ltd. - Time Loan	1,22,450	-
Other Interest	27,56,764	3,34,310
Interest Expense (Lease liability-Right-of-use Assets)	4,08,524	-
	<b>8,07,54,525</b>	<b>8,35,97,197</b>

**25.00 Non-Operating Income**

Interest received on Bank A/C	10,170	4,593
Currency Fluctuation Gain/(Loss) realized	19,29,457	13,22,258
Currency Fluctuation Gain/(Loss) unrealized	3,03,977	(2,18,607)
Dividend Income	-	62,90,244
Profit/loss on sale of Assets	-	9,18,036
Miscellaneous Income	-	9,200
<b>Total Non-Operating Income</b>	<b>22,43,604</b>	<b>83,25,724</b>

**26.00 Basic Earning Per Share (EPS)**

(a) Earning attributable to the ordinary shareholders (Net Profit after WPPF)	<b>47,44,288</b>	1,29,26,501
(b) Weighted average number of ordinary shares outstanding during the year	<b>6,16,98,275</b>	6,16,98,275
(c) Basic EPS (Before Considering Unrealized Gain/Loss on Marketable Securities)	<b>0.08</b>	0.21
(d) Basic EPS (Comparative Adjusted)	<b>0.08</b>	0.21
(e) Basic EPS (After Considering Unrealized Gain/Loss on Marketable Securities)	<b>(0.21)</b>	(0.22)

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

Total Assets	1,85,25,45,947	1,91,32,20,443
Total Liabilities	95,61,65,540	99,48,64,377
A. Net Assets	<b>89,63,80,407</b>	91,83,56,066
B. Total Number of Shares outstanding	<b>6,16,98,275</b>	6,16,98,275
C. Net Assets Value (NAV) per share (A/B)	<b>14.53</b>	14.88
D. Net Operating Cash Flow Per Shares (Comparative Adjusted)	<b>14.53</b>	14.88

	Amount in Taka	
	June 30, 2020	June 30, 2019
<b>28.00 Net Operating Cash Flow Per Share (NOCFPS)</b>		
A. Net Operating Cash Flow (Numerator)	4,68,38,633	16,34,82,776
B. No. of Shares Outstanding	6,16,98,275	6,16,98,275
C. Net Operating Cash Flow Per Shares (A/B)	<b>0.76</b>	2.65
D. Net Operating Cash Flow Per Shares (Comparative Adjusted)	<b>0.76</b>	2.65

**29.00 Net Operating Cash Flow Reconciliation**

As per Clause No. 5 (2) (e) of Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, Dated: 20 June 2018: A Reconciliation of Net operating cash flow under Indirect Method is provided below:

Net Income After Tax	(1,28,68,396)	(1,34,92,524)
<b>Non Cash and Non Operating Adjustment:</b>		
Depreciation	2,73,07,284	2,85,64,246
Unrealized FX Gain	(3,03,977)	-
Right of Use Asset Depreciation	11,84,127	-
Lease Finance Interest expense	4,08,524	-
Loss on Shares	1,76,12,683	2,64,19,025
Gain in Disposal	-	(9,18,036)
FX Loss on ST Loan	-	12,39,684
Gain on Def. Tax	(7,14,433)	(3,85,113)
<b>Working Capital Adjustments</b>		
(Increase/Decrease) in Inventory	3,98,53,684	(2,69,88,315)
(Increase/Decrease) in Trade & Rec.	(3,42,06,597)	4,67,93,336
(Increase/Decrease) in Advance	1,75,50,910	11,75,32,169
AP & Other Liabilities	(89,85,177)	(1,52,81,697)
<b>Net Cash from Flow Operating Activities</b>	<b>4,68,38,633</b>	16,34,82,776

**30.00 Disclosure As per Requirement BSEC/CMRRCD/2006-15/134/ 1.5 (XVII)**

Significant deviation from the Last Year's Operating Results

Particulars	30.06.20	30.06.19	Deviation	Reason
EPS	0.08	0.21	(0.13)	EPS decreased due to decrease in turnover and non-operating income during the year
NOCFPS	0.76	2.65	(1.89)	NOCFPS decrease due to decrease of collection from turnover

**31.00 Value of Export**

Particulars	Quantity (LBS)	In foreign Currency \$	In BDT
Export	31,78,234	41,88,821	34,83,17,040

**32.00 Plant Capacity and Capacity Utilization as per requirement of Schedule XI, Part II Para 7**

Particulars	Installed Capacity	Utilization during the periods
Annual Production of Yarn in KG	45,00,000	26,29,596

**33.00 Employee Position as per Schedule XI, Para II, Note 5 of Para 3**

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 5999	4	0	114	118
Above 5999	48	58	441	547
<b>Total</b>	<b>52</b>	<b>58</b>	<b>555</b>	<b>665</b>

**34.00 Disclosure on Related party Transaction as per IAS-24 "Related Party Disclosure"**

Particulars	Relationship	Nature of Transaction	Opening Balance as on 01 July 2019	Payment made during the year	Payment received during the year	Closing Balance as on 30 June 2020
Makson Spinning Mills Ltd.	Common Director	Short Term Loan	14,66,48,919	8,95,09,401	7,30,79,411	13,02,18,929
<b>Total</b>			<b>14,66,48,919</b>	<b>8,95,09,401</b>	<b>7,30,79,411</b>	<b>13,02,18,929</b>

**35.00 Proposed Dividend**

The Board of Directors in its meeting held on 27 October 2020 recommended cash dividend at 2% (excluding sponsors/directors) on per share of Taka 10/= each fully paid up subject to the approval of the shareholders at the Annual General Meeting (AGM) for the year ended 30 June, 2020.

The said proposed dividend is not recognized as a liability but instead has been disclosed as non-adjusting events after the reporting period in accordance with IAS -10 "Events after the Reporting Period" and IAS-1 "Presentation of Financial Statements".

IAS-1 "Presentation of Financial statement" also requires that the dividend proposed after the balance sheet date but before the Financial Statement are authorised for issue be disclose either on the face of the balance sheet as a Separate component of equity or in the notes to the Financial statements.

**36.00 Approval of the Financial Statements**

These financial statements were authorised for issue in accordance with a resolution of the company's Board of Directors on 27 October 2020.

**37.00 Events after the reporting period**

There is no adjusting and non-adjusting post balance sheet events, except events that have already been disclosed, of such importance, non disclosure or recognition of which would affect the ability to the users of the financial statements to make proper evaluation and decisions.

**37.01 Capital Expenditure Commitment**

There was no contingent liabilities as on 30.06.2020 except L/C liabilities.

There was no credit facility available to the company under any contract, other than trade credit available in the ordinary course of business and not availed of as on 30.06.2020.

**37.02 Payment of Foreign Currency**

Import of Machinery & spare parts of the machinery. Import of Raw Materials.

No other expense included consultancy fee, royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.

## 37.03 Foreign Exchange Earned

Exported in USD.

No other income included consultancy fee, royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.

## 37.04 Commission, Brokerage or Discount against sales

No commission was incurred or paid to distributors, agents nor any brokerage or discount was incurred or paid against sales.

## 37.05 Credit Facility Not Availed

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

## 37.06 Attendance Status of Board Meeting of Directors

During the period from 01.07.2019 to 30.06.2020 there were 4 (Four) Board Meetings were held. The attendance status of all the meetings is as follows:

Name Of Director	Position	Meeting Held	Meeting Attended
Md Haider Ahmed Khan, FCA	Chairman & Independent Director (Till 26/12/2019)	4	2
Mohammad Ali Khokon	Managing Director (Till 26/12/2019) now Chairman	4	4
Mohd. Showkot Ali	Director, Till 26/12/2019 now Managing Director	4	4
Mohd. Ferdous Kawser Masud	Director	4	4
Mrs. Laila Ali	Director	4	4
Dr. Mijanur Rahman	Independent Director (Appointed on 26/12/2019)	4	2
Mohd. Aslam Parvez	Chief Financial Officer	4	4
Md. Iftikhar-Uz-Zaman	Independent Director	4	4
Mohd. Aslam Parvez	CFO	4	4
Noor Mohammad	Company Secretary	4	4
Iffat Addnan Dina	HIAC	4	4

## 37.07 Disclosure as per requirement of Schedule XI, Part II, Para 8

## i) Raw Materials, Store &amp; Spares, Packing Materials and Capital Machinery

Items	Purchase in Taka			Consumption in Taka	% of Consumption of total purchas
	Import	Local	Total		
Raw Materials	27,25,93,930	9,86,91,170	37,12,85,100	40,70,83,237	109.64
Store & Spares	1,27,299	89,38,084	90,65,383	1,06,88,881	117.91
Packing Materials	-	72,18,227	72,18,227	72,63,021	100.62
Capital machinery	23,66,957	-	23,66,957	-	-
<b>Total</b>	<b>27,50,88,186</b>	<b>11,48,47,481</b>	<b>38,99,35,667</b>	<b>42,50,35,139</b>	

## METRO SPINNING LIMITED

# SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

As at June 30, 2020

Particulars	Schedule-A		Rate %	Cost		Rate %	Depreciation		WDV as on June 30, 2020
	As on July 01, 2019	As on June 30, 2020		Addition	Disposal		Charged during the year	Adjustment	
Land & Land Development	11,24,03,663	-	-	-	-	-	-	-	11,24,03,663
Building & Other Construction	16,71,37,186	59,39,187	5	59,39,187	-	5	48,95,715	7,56,57,807	9,74,18,566
Plant & Machinery	65,53,48,566	23,66,957	6.66	23,66,957	-	6.66	1,91,42,765	38,71,73,719	27,05,41,804
Furniture & Fixture	48,15,891	-	15	-	-	15	67,192	44,35,136	3,80,755
Office Equipment	90,73,117	42,992	10	42,992	-	10	3,63,493	58,07,402	33,08,707
Transport	-	1,38,500	20	1,38,500	-	20	13,033	13,033	1,25,467
<b>Balance As on June 30, 2020 (A)</b>	<b>94,87,78,423</b>	<b>84,87,636</b>		<b>84,87,636</b>	<b>-</b>		<b>2,44,82,198</b>	<b>47,30,87,097</b>	<b>48,41,78,962</b>
<b>Balance As on June 30, 2019</b>	<b>93,51,39,246</b>	<b>1,84,89,851</b>		<b>1,84,89,851</b>	<b>48,50,674</b>		<b>2,55,90,472</b>	<b>44,86,04,898</b>	<b>50,01,73,525</b>
<b>Fixed Asset: Revaluation Surplus</b>									
Particulars	As on July 01, 2019	As on June 30, 2020	Rate %	Addition	Disposal	Rate %	Charged during the year	Adjustment	WDV as on June 30, 2020
Land & Land Development	24,18,06,810	24,18,06,810	-	-	-	-	-	-	24,18,06,810
Building & Other Construction	9,55,86,977	9,55,86,977	5%	-	-	5%	28,25,086	4,19,10,348	5,36,76,629
<b>Balance As on June 30, 2020 (B)</b>	<b>33,73,93,787</b>	<b>33,73,93,787</b>		<b>-</b>	<b>-</b>		<b>28,25,086</b>	<b>4,19,10,348</b>	<b>29,54,83,439</b>
<b>Balance As on June 30, 2019</b>	<b>33,73,93,787</b>	<b>33,73,93,787</b>		<b>-</b>	<b>-</b>		<b>29,73,774</b>	<b>3,90,85,262</b>	<b>29,83,08,525</b>
<b>Total Balance as on June 30, 2020 (A+B)</b>	<b>1,28,61,72,210</b>	<b>1,29,46,59,846</b>		<b>84,87,636</b>	<b>-</b>		<b>2,73,07,284</b>	<b>51,4,997,445</b>	<b>77,96,62,401</b>
<b>Total Balance as on June 30, 2019</b>	<b>1,27,25,33,033</b>	<b>1,84,89,851</b>		<b>1,84,89,851</b>	<b>48,50,674</b>		<b>2,85,64,246</b>	<b>48,76,90,160</b>	<b>79,84,82,050</b>
<b>Right off use Assets</b>									
Particulars	As on July 01, 2019	As on June 30, 2020	Rate %	Addition	Disposal	Rate %	Charged during the year	Adjustment	WDV as on June 30, 2020
Office Space	-	45,39,152	-	45,39,152	-	-	11,84,127	-	11,84,127
<b>Depreciation charged for the year has been allocated as follows:</b>									
Particulars	Amount								
Manufacturing Overhead	2,68,63,566								
Administrative Expenses	16,27,845								
<b>Total</b>	<b>2,84,91,410</b>								

**METRO SPINNING LIMITED**

Corporate &amp; Head Office: House 17, Road 6, Sector 1, Uttara Model Town, Dhaka 1230

**PROXY FORM**

The Managing Director  
 Metro Spinning Limited  
 House 17, Road 6, Sector 1  
 Uttara Model Town, Uttara, Dhaka 1230

Register Folio/BO No. \_\_\_\_\_  
 No. of Shares held \_\_\_\_\_

I / We \_\_\_\_\_ of \_\_\_\_\_  
 being a Member of **Metro Spinning Limited** do hereby appoint Mr./Ms. \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_ or (failing him/her)  
 Mr./Ms \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ as my/our proxy, to vote for me/us and on my/our behalf at the **25th Annual General Meeting** of the Company to be held on **Sunday, 27 December, 2020** and any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

\_\_\_\_\_  
 Signature of Proxy

Revenue  
 Stamp  
 TK 20/=

Signature of Shareholder \_\_\_\_\_  
 Folio/BO No. \_\_\_\_\_  
 No. of Shares held \_\_\_\_\_

**Please Note:**

1. This Form of Proxy, duly completed, must be deposited at least **72 hours** before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the Shareholder should agree with the Specimen Signature registered with the Company.

Signature Verified  
 Authorized Signature

**METRO SPINNING LIMITED**

Corporate &amp; Head Office: House 17, Road 6, Sector 1, Uttara Model Town, Dhaka 1230

**SHAREHOLDERS ATTENDANCE SLIP**

I hereby record my attendance at the **24th ANNUAL GENERAL MEETING** of the Company being held on **Sunday, 27 December, 2020, Venue: Digital Platform at 11.30 AM.**

Name of Shareholder/Proxy \_\_\_\_\_  
 Folio/BO No. \_\_\_\_\_ Dated \_\_\_\_\_  
 Authorized Signature \_\_\_\_\_

**Please Note:**

1. Shareholders attending the meeting in Person or by Proxy are requested to complete the attendance slip and Deposit the same at the entrance of the Meeting Hall.

SHAREHOLDER/PROXY  
 (Please Tick Above)

# ORGANIC MELANGE YARN

By Metro Spinning Ltd.

## Products

- Combed Compact Yarn
- Carded Compact Yarn
- Slub Compact Yarn
- Grey Melange Yarn
- Cotton Modal Yarn
- 100% Viscose Yarn
- **Organic Cotton** Yarn
- **USA Cotton** Yarn
- **BCI Cotton** Yarn

## Group Concern

- Maksons Spinning Mills Ltd.
- Metro Spinning Ltd.
- La-Muni Apparels Ltd.
- Mak Sourcing Ltd.
- Maksons Logistics Ltd.
- Maksons Textile Mills Ltd.
- Maksons Apparels Ltd.
- Makcot International
- Mak Fashion





**METRO SPINNING LIMITED**  
THE NAME YOU CAN TRUST FOR BEST QUALITY YARN

**CORPORATE & SHARE OFFICE**

📍 House 17, Road 06, Sector 01, Uttara, Dhaka 1230

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📠 +88 02 893365

✉ info@maksonsgroup.com.bd

**REGISTERED OFFICE**

📍 Plot 11, Paradise Tower, Floor 8, Road 2, Sector 3, Uttara, Dhaka 1230