

PRIVATE AND CONFIDENTIAL

DULAMIA COTTON SPINNING MILLS LIMITED

**AUDIT REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016**

**SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS**

**R. K. TOWER
86, BIR UTTAM C. R. DATTA Road
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Hatirpool, Dhaka-1205
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SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
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(312, Sonargaon Road), Dhaka-1205
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**AUDITOR'S REPORT TO THE SHAREHOLDERS
OF
DULAMIA COTTON SPINNING MILLS LIMITED**

We have audited the accompanying Statement of financial position of **DULAMIA COTTON SPINNING MILLS LIMITED** as of June 30, 2016 and the related of comprehensive Income Statement, Statement of Changes in Equity and Statement of Cash Flow for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We observed that:

In our opinion, the financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2016 and of the results of its operations and its cash flows and other statements for the year then ended and comply with the Companies Act 1994, and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- The company's Statement of financial position and Comprehensive Income Statement dealt with by the report are in agreement with the books of account; and
- The expenditure incurred was for purpose of the company's business.



Dated: Dhaka, October 24, 2016

(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

DULAMIA COTTON SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS ON JUNE 30, 2016

| Sl. No. | Particulars | Notes | 30-06-2016 | 30-06-2015 |
|-----------|---|--------------|--------------------|--------------------|
| A) | <u>SOURCES OF FUND:</u> | | | |
| | <u>Share-Holders Fund:</u> | | | |
| 1 | Share Capital | 2.00 | 75,566,000 | 75,566,000 |
| 2 | Reserve and Surplus: | | | |
| | Tax Holiday Reserve | 3.00 | 180,146 | 180,146 |
| 3 | <u>Loan Funds:</u> | | | |
| | Long Term Loan (Secured) | 4.00 | 71,662,036 | 71,662,036 |
| | Associates Loan | 5.00 | 204,924,456 | 170,740,446 |
| 4 | Current Liabilities and Provision | 6.00 | 83,161,400 | 367,965,471 |
| | TOTAL : | | 435,494,038 | 686,114,099 |
| B) | <u>APPLICATION OF FUND:</u> | | | |
| 5 | Property, Plant & Equipment | | | |
| | At Cost Less: Depreciation | Schedule-A/1 | 115,008,452 | 123,112,023 |
| 6 | Deferred Tax Assets | 1.12(b) | 600,000 | 600,000 |
| 7 | Current Assets | 7.00 | 55,958,154 | 59,279,862 |
| 8 | Balance of Comprehensive Income Statement | 8.00 | 262,480,604 | 353,351,970 |
| 9 | Preliminary and Start-up Expenses | 9.00 | 1,446,828 | 2,170,243 |
| 10 | Suspense Account | 10.00 | - | 147,600,000 |
| | TOTAL : | | 435,494,038 | 686,114,098 |

The annexed Notes from 1 to 26 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 23-10-2016 and were signed on its behalf by.


Managing Director



Director


Company Secretary

Subject to our separate report of even date.

Dated: Dhaka, October 24, 2016





(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

DULAMIA COTTON SPINNING MILLS LIMITED
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

| Sl. No. | Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------|---|-------|----------------------|----------------------|
| 1 | Sales | 11.00 | 214,781,016 | 243,566,107 |
| 2 | Less: Cost of Goods Sold | 12.00 | 214,498,667 | 243,343,503 |
| 3 | Gross Profit (1-2) | | 282,349 | 222,604 |
| 4 | Less: Operating Expenses: | | | |
| i) | Administrative Expenses | 13.00 | 11,857,687 | 13,664,350 |
| ii) | Financing Charges and Depreciation | 14.00 | 9,902,225 | 4,699,018 |
| | | | 21,759,912 | 18,363,368 |
| 5 | OPERATING PROFIT / (LOSS) (3-4) | | (21,477,563) | (18,140,764) |
| 6 | Tax Expenses: | | | |
| | Turn Over Tax Provision | | 644,343 | 730,698 |
| 7 | Net Profit / (Loss) for the year | | (22,121,906) | (18,871,463) |
| | Balance Brought Forward | | (350,206,238) | (331,334,775) |
| 8 | Dividend | | - | - |
| | Balance Carried Forward | | (372,328,144) | (350,206,238) |
| | Earning Per Share (EPS) | 15.00 | (2.93) | (2.50) |

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Managing Director


Director


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Subject to our separate report of even date.

Dated: Dhaka, October 24, 2016




(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

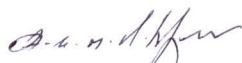
DULAMIA COTTON SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30,2016

| Particulars. | Share Capital | Tax holiday Reserve | Retained Earning | Total |
|---|-------------------|---------------------|----------------------|----------------------|
| Balance as on July 1, 2015 | 75,566,000 | 180,146 | (353,351,970) | (277,605,824) |
| Net Profit /(Loss) for the year | - | - | (22,121,906) | (22,121,906) |
| Prior year adjustment | - | - | 113,716,687 | 113,716,687 |
| Preliminary and start-up expense | - | - | (723,415) | (723,415) |
| Dividend for 2015-2016 | - | - | - | - |
| Balance as on June 30, 2016 Total: | 75,566,000 | 180,146 | (262,480,604) | (186,734,458) |

| Particulars. | Share Capital | Tax holiday Reserve | Retained Earning | Total |
|---|-------------------|---------------------|----------------------|----------------------|
| Balance as on July 1, 2014 | 75,566,000 | 180,146.00 | (333,757,094) | (258,010,948) |
| Net Profit /(Loss) for the year | - | - | (18,871,461) | (18,871,461) |
| Prior year adjustment | - | - | - | - |
| Preliminary and start-up expense | - | - | (723,415) | (723,415) |
| Dividend for 2014-2015 | - | - | - | - |
| Balance as on June 30, 2015 Total: | 75,566,000 | 180,146 | (353,351,970) | (277,605,824) |

The annexed Notes from 1 to 26 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 23-10-2016 and were signed on its behalf by.


Managing Director

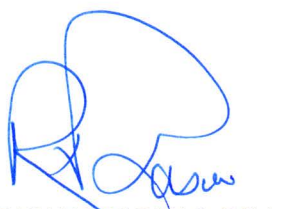

Director


Company Secretary

Subject to our separate report of even date.

Dated: Dhaka, October 24, 2016



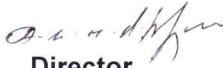

(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

DULAMIA COTTON SPINNING MILLS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016

| Sl. No. | Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------|--|-------|------------------|---------------------|
| A. | Cash Flow from Operating Activities: | | | |
| | Collection from Turn Over | | 82,778,581 | 78,457,740 |
| | Payment for Cost and Expenses | | 82,150,013 | 89,171,081 |
| | Net Cash Flow from Operating Activities | | 628,568 | (10,713,341) |
| B. | Cash Flow from Investing Activities: | | | |
| | Fixed Assets Addition | | - | (1,754,300) |
| | Net Cash Flow from Investing Activities | | - | (1,754,300) |
| C. | Cash Flow from Financing Activities: | | | |
| | Long term loan repaid | | (34,229,010) | (43,221,346) |
| | Associate Loan | | 34,659,010 | 55,168,048 |
| | Net Cash Flow from Financing Activities | | 430,000 | 11,946,702 |
| | Net Cash Inflow/(Outflow) for the year (A+B+C) | | 1,058,568 | (520,939) |
| | Cash and Bank Balance at Opening | | 480,476 | 1,001,415 |
| | Cash and Bank Balance at Closing Total: | 7.04 | 1,539,044 | 480,476 |
| | Net Operating Cash Flow Per Share | 17.00 | 0.08 | (1.42) |

The annexed Notes from 1 to 26 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 23-10-2016 and were signed on its behalf by.


Managing Director



Director


Company Secretary

Subject to our separate report of even date.

Dated: Dhaka, October 24, 2016




(SHIRAZ KHAN BASAK & CO.)
CHARTERED ACCOUNTANTS

DULAMIA COTTON SPINNING MILLS LIMITED
SCHEDULE OF PROPERTY, PLANT & EQUIPMENT
AS ON JUNE 30, 2016

Schedule-A/1

| PARTICULARS | COST | | | Rate | DEPRECIATION | | | W.D. V as on 30-06-2016 | W.D. V as on 30-06-2015 |
|---|--------------------------|--------------------------|------------|-------------------|------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | Balance as on 01-07-2015 | Addition during the year | Adjustment | | Total as on 30-06-2016 | Balance as on 01-07-2015 | Charged During The Year | | |
| LAND | 5,713,706 | - | - | 5,713,706 | - | - | - | 5,713,706 | 5,713,706 |
| LAND DEVELOPMENT | 2,298,479 | - | - | 2,298,479 | - | - | - | 2,298,479 | 2,298,479 |
| ROADS | 237,031 | - | - | 237,031 | - | - | - | 237,031 | 237,031 |
| CULVERTS | 10,094 | - | - | 10,094 | - | - | - | 10,094 | 10,094 |
| SUB-TOTAL TAKA | 8,259,310 | - | - | 8,259,310 | - | - | - | 8,259,310 | 8,259,310 |
| <u>BUILDING & OTHER CONSTRUCTIONS</u> | | | | | | | | | |
| FACTORY BUILDING | 52,116,826 | - | - | 52,116,826 | 5% | 765,997 | - | 37,562,892 | 15,319,930 |
| OFFICE BUILDING | 5,406,791 | - | - | 5,406,791 | 5% | 82,462 | - | 3,840,020 | 1,649,232 |
| RAW COTTON GODOWN | 3,610,096 | - | - | 3,610,096 | 5% | 56,037 | - | 2,545,397 | 1,120,736 |
| FINISHED GOODS GODOWN | 2,056,614 | - | - | 2,056,614 | 5% | 28,890 | - | 1,507,712 | 577,791 |
| RAW COTTON MIXING ROOM | 209,010 | - | - | 209,010 | 5% | 4,260 | - | 128,064 | 85,206 |
| BOUNDARY WALL & MAIN GATE | 475,056 | - | - | 475,056 | 5% | 10,442 | - | 276,659 | 208,839 |
| GAS LINE INSTALLATION | 752,997 | - | - | 752,997 | 10% | 11,102 | - | 653,075 | 111,024 |
| ELECTRIC LINE INSTALLATION | 1,994,029 | - | - | 1,994,029 | 10% | 16,242 | - | 1,847,847 | 162,424 |
| YARD ELECTRIFICATION | 338,576 | - | - | 338,576 | 10% | 3,684 | - | 305,421 | 36,839 |
| WORKSHOP BUILDING | 146,553 | - | - | 146,553 | 5% | 2,433 | - | 100,323 | 48,663 |
| G.M.BANGLAW | 2,408,062 | - | - | 2,408,062 | 5% | 38,595 | - | 1,674,758 | 771,899 |
| CANTEEN BUILDING | 457,822 | - | - | 457,822 | 5% | 7,228 | - | 320,486 | 144,564 |
| WORKERS SHED | 519,457 | - | - | 519,457 | 5% | 10,976 | - | 310,919 | 219,514 |
| A.C. DUNCTION | 3,446,385 | - | - | 3,446,385 | 5% | 47,766 | - | 2,538,822 | 955,330 |
| SECURITY BARAK | 818,621 | - | - | 818,621 | 5% | 19,645 | - | 445,373 | 392,893 |
| GENERATOR HOUSE | 1,163,425 | - | - | 1,163,425 | 10% | 18,658 | - | 995,503 | 186,580 |
| GENERATOR HOUSE WATER TANK | 216,893 | - | - | 216,893 | 10% | 3,495 | - | 185,442 | 34,946 |
| GENERATOR PUMP HOUSE | 167,200 | - | - | 167,200 | 10% | 2,649 | - | 143,359 | 26,490 |
| RES. Building for Workers | 755,384 | - | - | 755,384 | 5% | 16,310 | - | 445,497 | 326,197 |
| OTHER CONSTRUCTION | 978,200 | - | - | 978,200 | 10% | 29,093 | - | 716,360 | 290,933 |
| SUB-TOTAL TAKA: | 78,037,997 | - | - | 78,037,997 | - | 1,175,963 | - | 56,543,929 | 22,670,031 |



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| PARTICULARS | COST | | | Rate | DEPRECIATION | | | | W.D. V as on 30-06-2016 | W.D. V as on 30-06-2015 | |
|---|--------------------------------|--------------------------------|------------|--------------------|------------------------------|--------------------------------|-------------------------------|--------------------|----------------------------|----------------------------|--------------------------------|
| | Balance as on 01-07-2015 | Addition during the year | Adjustment | | Total as on 30-06-2016 | Balance as on 01-07-2015 | Charged During The Year | Adjustment | | | Balance as on 30-06-2016 |
| | | | | | | | | | | | |
| PLANT MACHINERY & EQUIPMENTS | | | | | | | | | | | |
| FACTORY PLANT & MACHINERY | 318,385,151 | 2,460,965 | - | 320,846,116 | 244,143,900 | 7,670,222 | | 251,814,122 | 69,031,994 | 74,241,251 | |
| GENERATOR MACHINERY-New | 10,000,000 | - | - | 10,000,000 | 1,597,222 | 840,278 | | 2,437,500 | 7,562,500 | 8,402,778 | |
| GENERATOR MACHINERY-2 | 22,902,120 | - | - | 22,902,120 | 17,412,298 | 548,982 | | 17,961,280 | 4,940,840 | 5,489,822 | |
| GENERATOR COOLING TOWER | 1,108,004 | - | - | 1,108,004 | 908,914 | 19,909 | | 928,823 | 179,181 | 199,090 | |
| FIRE FIGHTING EQUIPMENT. | 165,511 | - | - | 165,511 | 164,201 | 262 | | 164,463 | 1,048 | 1,310 | |
| WORKSHOP MACHINERY & EQUIPMENT. | 364,880 | - | - | 364,880 | 184,342 | 9,027 | | 193,369 | 171,511 | 180,538 | |
| LOOSE TOOLS & LAB-EQUIPMENT | 163,403 | - | - | 163,403 | 111,315 | 2,604 | | 113,920 | 49,483 | 52,088 | |
| A.C. INSTALLATION. | 1,083,328 | - | - | 1,083,328 | 714,148 | 18,459 | | 732,607 | 350,721 | 369,180 | |
| POWER HOUSE PLANT MACHINERY | 598,766 | - | - | 598,766 | 223,943 | 37,482 | | 261,425 | 337,341 | 374,823 | |
| SCALE | 182,120 | - | - | 182,120 | 168,353 | 1,377 | | 169,730 | 12,390 | 13,767 | |
| SUB-TOTAL TAKA: | 354,953,283 | 2,460,965 | - | 357,414,248 | 265,628,637 | 9,148,602 | - | 274,777,238 | 82,637,010 | 89,324,646 | |
| VEHICLE | 4,448,448 | - | - | 4,448,448 | 2,861,231 | 158,722 | | 3,019,953 | 1,428,495 | 1,587,217 | |
| FURNITURE AND FIXTURE | 1,540,208 | 50,925 | - | 1,591,133 | 1,370,181 | 22,095 | | 1,392,276 | 198,857 | 170,027 | |
| SUNDRY ASSETS | 1,345,444 | - | - | 1,345,444 | 854,355 | 49,109 | | 903,464 | 441,980 | 491,089 | |
| OFFICE FURNITURE & FIXTURE | 189,056 | - | - | 189,056 | 117,327 | 7,173 | | 124,500 | 64,556 | 71,729 | |
| RES.FURNITURE AND FIXTURE | 302,028 | - | - | 302,028 | 160,785 | 14,124 | | 174,909 | 127,119 | 141,243 | |
| OFFICE EQUIPMENT | 820,373 | - | - | 820,373 | 423,641 | 39,673 | | 463,314 | 357,059 | 396,732 | |
| SUB-TOTAL TAKA: | 8,645,557 | 50,925 | - | 8,696,482 | 5,787,521 | 290,896 | - | 6,078,417 | 2,618,065 | 2,858,036 | |
| GRAND TOTAL | 449,896,147 | 2,511,890 | - | 452,408,037 | 326,784,123 | 10,615,462 | - | 337,399,585 | 115,008,452 | 123,112,023 | |

Note: Depreciation has been charged during the year on addition of Fixed Assets.

Conversion Cost 6,900,050
 Financing Charged & Depreciation 12.01(d)
 Depreciation 3,715,412 14.00
10,615,462



DULAMIA COTTON SPINNING MILLS LIMITED
Notes on Statement of financial position and other relevant information
For the year ended June 30,-2016

1.00 **SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION:**

1.01 **Legal Form of the Company:**

- (i) The Company was incorporated in Bangladesh on February 28, 1987 as a Public Limited Company under the Companies Act, 1913. The certificate of incorporation number is Reg. No. C-16189 (175)/87.
- (ii) The Company started its commercial production on January 18, 1990 and April 01, 1993 for Unit-I & Unit-II respectively.
- (iii) The shares of the company listed in the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

1.02 **Nature of Business Activities:**

Principal activities of the Company is to manufacture different counts of yarn through the Cotton Spinning Mills situated at Dagonbhuiyan Thana in Feni District, Marketing of the Products are undertaken through Agents of the Company.

1.03 **Components of Financial Statements:**

- (i) Statement of financial position as on June 30, 2016.
- (ii) Comprehensive Income Statement for the year ended June 30, 2016.
- (iii) Cash Flow Statement for the year ended June 30, 2016.
- (iv) Statement of Changes in Equity as on June 30, 2016 and
- (v) Notes on Statement of financial position and other relevant information.

1.04 **Statement on Compliance of IASs, Statutes & Rules:**

The Financial Statements have been prepared in compliance with disclosures and presentational requirement of:

- (a) The International Accounting Standard (IAS)s approved by the International Accounting Standards Committee (IASC) and as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- (b) The Companies Act, 1994;
- (c) Securities and Exchange Ordinance 1969 and Securities and Exchange Rules, 1987;
- (d) Listing Rules of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited; and
- (e) Other relevant Local Laws as applicable.

1.05 **Application of Standards:**

The following BASs are applicable for the Financial Statements under Audit:

- BAS-1: Presentation of Financial Statements
- BAS-2: Inventories
- BAS-7: Cash Flow Statements
- BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors
- BAS-10: Events after Balance Sheet Date
- BAS-12: Income Taxes
- BAS-16: Property, Plant and Equipment
- BAS-18: Revenue
- BAS-19: Employee Benefits
- BAS-21: The effects of changes in Foreign Exchange Rates
- BAS-23: Borrowing Costs
- BAS-24: Related Party Disclosure
- BAS-33: Earnings per Share
- BAS-37: Provision, Contingent Liabilities and Contingent Assets



1.06 **Property, Plant and Equipment:**

Fixed assets are accounted for in accordance with the requirements of BAS-16: Property, Plant and Equipment at historical cost less accumulated depreciation. Fixed assets are depreciated at Diminishing Balance Method. Depreciation has been charged during the year on addition of Fixed Assets.

Rates of Depreciation:

| | | |
|-----------------------------------|---|----------|
| Land and Land Developments | - | 0% |
| Building and Other Constructions. | - | 5% - 10% |
| Plant, Machinery and Equipments. | - | 5% - 20% |
| Vehicles. | - | 10% |
| Furniture and Fixture. | - | 10% |
| Sundry Assets. | - | 10% |

The item-wise break-up of the cost and depreciation on Property, Plant & Equipment have been shown in Schedule-A/1.

1.07 **Inventories:**

In accordance with BAS-2 the Company stated Inventories at cost which is lower than net realizable value. Stock of Raw Cotton, Stores and Spares have been valued at average cost method. Stock of Finished Goods has been valued at cost, which is lower than the Sales Value. Work in process has been valued at cost.

1.08 **Cash and Cash Equivalents:**

Cash In Hand and cash at Banks have been considered as cash equivalents for the preparation of these Financial Statements.

1.09 **Employee Benefits:**

The Company operates a Contributory Provident Fund for its permanent employees, for which provisions are made as per Rules. The Provident Fund is approved by the National Board of Revenue and operated by Board of Trustees and is funded by contribution from both the Employer and the Employees.

1.10 **Provisions:**

Provisions are made when an out-flow of resources is probable and the amount of obligation could be estimated reliably.

1.11 **Revenue Recognition:**

Revenues are recognized according to BAS-18: Revenue.

(a) The Company recognized Sales when products are dispatched to the Customers and invoices raised.

(b) Interest income on short-term deposits is recognized on receipt basis.

1.12 **Income Tax:**

a) **Current Tax:**

No provision has been made on account of Income Tax in view of net loss during the year. However the company has provided Turn over Tax as per rule.

b) **Deferred Tax:**

The Company recognized deferred tax asset in view of its application of lower rate of depreciation than that of prescribed rates as per 3rd Schedule of Income Tax Ordinance 1984. Upto 30th June 2013 the amount of deferred tax amount was Tk. 600,000. From 2014 onward, no deferred tax is calculated and recognized.

1.13 **Statement of Cash Flow:**

Statement of Cash Flow is prepared principally in accordance with BAS-7 and Cash Flows from operating activities have been presented under Direct Method. Cash Flow from turnover has been netted with cost of goods sold since a substantial portion of procurement and sales took place from / with a common vendor / customer.

R. Khan



1.14 **Transaction of Foreign Currency:**

The Company has translated foreign currency at the rate prevailing on the date of Transaction, as such, no gain/loss on Transaction of Foreign Currency has been recognized during the Year under audit.

1.15 **Production Efficiency:**

Production capacity of the Company and achievements converted to 32 counts for the year was as follows:

| Sl. No. | Particulars | 2015-2016 | 2014-2015 |
|---------|-------------------------------------|-----------|-----------|
| 1 | Spindle Installed (Nos). | 25,056 | 25,056 |
| 2 | Installed Production Capacity (Lbs) | 5,467,927 | 5,467,927 |
| 3 | Production Target (Lbs) | 44,76,938 | 44,07,539 |
| 4 | Production Achievements (Lbs) | 32,09,029 | 32,75,542 |
| 5 | Target Achievement (%) | 71.68% | 74.32% |

The Company is to manufacture 40-80 counts of yarn in almost every month cater to market demand. During the year the Company has achieved on an average 71.68% production efficiency as compared to target production of about 81.88% in terms of installed capacity.

1.16 **Turnover:**

- (a) During the year 2015-2016 the entire sales were done within the country and 100% of the Finished Goods produced during the year were made available for sale.
- (b) Company's Contribution to National Exchequer in the form of VAT amounted to Tk. 12,99,634 during the year.

(c) **Gross Profit Analysis:**

Gross profit has increased during the year to the extent detailed below:

| | | |
|----------------------------------|---------------|---------------|
| Gross Profit/ (Loss) (2015-2016) | | 2,82,349 |
| Gross Profit / (2014-2015) | | 2,22,604 |
| Increase in Gross Profit | Total: | 59,745 |
| | | ===== |

Factor responsible for the increase:

| | | |
|----------------------------|---------------|---------------|
| i) Sales Volume Factors | - | (1,372,446) |
| ii) Price Factors | - | (27,412,645) |
| iii) Cost Factors Position | - | 28,844,836 |
| | Total: | 59,745 |
| | | ===== |

1.17 **Directors:**

There were 10 (Ten) Directors on the Board during the year under Audit.

1.18 **Employees:**

On the Payroll there were 54 Staff & Officers and 389 Skilled & Un-skilled Workers as on closing date of the year. The Company spent Tk. 478,68,725 for its employees as salaries / wages and other allowances and benefits as follows:

| Particulars | 2015-2016 | 2014-2015 |
|----------------------|-------------------|-------------------|
| Basic Salary | 3,33,81,363 | 3,45,53,606 |
| House Rent Allowance | 1,05,50,774 | 11,345,590 |
| Festival Bonus | 23,18,729 | 24,99,829 |
| Provident Fund | 4,12,630 | 4,16,477 |
| Other Allowances | 1,205,229 | 1,225,466 |
| Total: | 478,68,725 | 500,40,968 |
| | ===== | ===== |

During the year number of employees drawing salary over and under Tk. 3,000 per month was 366 Nos. and 77 Nos. respectively.

1.19 **General:**

Previous year's Figures have been re-arranged and re-grouped where necessary, to conform with current year's presentation. Figures have been rounded off to the nearest Taka.

(Handwritten Signature)



2.00 Share Capital:

| Particulars | 30-06-2016 | 30-06-2015 |
|---|-------------|-------------|
| Authorized Share Capital: | | |
| 30,000,000 Ordinary Shares of Tk.10 each | 300,000,000 | 300,000,000 |
| Issued, Subscribed and Paid-up Capital: | | |
| 7,556,600 Ordinary Shares of Tk. 10 each paid up in full in cash | 75,566,000 | 75,566,000 |

a) The break-up of the Share-Holding on 30-06-2016 is given below:

| | <u>No. of Shares</u> | <u>Percentage (%)</u> |
|----------------------------------|----------------------|-----------------------|
| Sponsor(s) / & Director's Shares | 4,399,210 | 58.22 |
| General Public.(Free Float) | 3,157,390 | 41.78 |
| Total: | 7,556,600 | 100.00% |

The distribution schedule showing the number of shareholders and their shareholding in percentage as on 30-06-2016 as follows:

| b) Range of Holdings | <u>No. of Share Holders</u> | <u>No. of Shares</u> | <u>Holding %</u> |
|-----------------------------|-----------------------------|----------------------|------------------|
| Up to 500 Shares | 2,425 | 375,279 | 4.97% |
| 501 to 5000 Shares | 561 | 971,903 | 12.86% |
| 5001 to 10000 Shares | 51 | 382,635 | 5.06% |
| 10,001 to 20,000 Shares | 42 | 600,343 | 7.94% |
| 20,001 to 30,000 Shares | 7 | 180,999 | 2.40% |
| 30,001 to 40,000 Shares | 3 | 105,100 | 1.39% |
| 40,001 to 50,000 Shares | 4 | 188,245 | 2.49% |
| 50,001 to 1,00,000 Shares | 15 | 1,209,076 | 16.00% |
| 1,00,000 & above Shares | 12 | 3,543,020 | 46.89% |
| Total: | 3,120 | 7,556,600 | 100.00% |

Reserve and Surplus:

3.00 Tax Holiday Reserve: Tk. 180,146

The above balance is made-up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|-----------------------------|----------------|----------------|
| Opening Balance | 180,146 | 180,146 |
| Add: For the year 2015-2016 | - | - |
| Total: | 180,146 | 180,146 |

4.00 Long Term Loan (Secured): Tk: 71,662,036

The above balance is made-up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|--|-------------------|-------------------|
| Loan with (BDBL): | | |
| L/C Loan A/c No. 62/237/115(i) | - | - |
| Interest Block A/c No. 62/237/0082(ii) | 71,662,036 | 71,662,036 |
| Total: | 71,662,036 | 71,662,036 |

Notes:

The Loan is Secured by:

- a) Mortgage / Hypothecation by way of First Charge on the Tangible Fixed Assets both existing and future;
- b) Personal Guarantee of all Sponsor Directors in their individual capacity; and
- c) Collateral Security of Immovable Properties owned by the Directors.

i) L/C Loan A/c No. 62/237/115: Tk: Nil

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|-------------------------------|------------|------------------|
| Opening Balance | - | 6,627,073 |
| Add: Charged during the Year | - | 377,573 |
| | - | 7,004,646 |
| Less: Payment during the year | - | 7,004,646 |
| Total: | - | - |



ii) **Interest Block Account No.62/237/0082: Tk: 71,662,036**

This balance is carried forward from previous year.

5.00 Associates Loan: Tk. 204,924,456

| Particulars: | 30-06-2016 | 30-06-2015 |
|------------------------------------|--------------------|--------------------|
| A&A Investment Ltd. | 12,780,000 | 12,800,000 |
| M/s. NFM Limited | 26,550,000 | 26,550,000 |
| Loan from Others Finance | 32,226,300 | 32,226,300 |
| Lal Teer Seeds Ltd | 79,945,688 | 51,936,678 |
| Joongbo Chemicals Ltd. (JMCL) | 8,319,750 | 8,319,750 |
| Multimode Ltd | 789,000 | 814,000 |
| North South Seeds Ltd | 30,093,718 | 30,093,718 |
| Lal Teer Livestock Ltd | 3,000,000 | - |
| Lal Teer Livestock Development Ltd | 11,220,000 | 8,000,000 |
| Total: | 204,924,456 | 170,740,446 |

6.00 Current Liabilities and Provision: Tk. 83,161,400

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|------------------|-------|-------------------|--------------------|
| Cash Credit | 6.01 | - | 52,146,720 |
| Sundry Creditors | 6.02 | 78,568,134 | 311,225,485 |
| Workers P.P.Fund | 6.03 | 694,010 | 694,010 |
| Unpaid Dividend | 6.04 | 3,899,256 | 3,899,256 |
| Total: | | 83,161,400 | 367,965,471 |

6.01 Cash Credit: Tk.Nil

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------------|---------|------------|-------------------|
| NBL CC(H)-29 | 6.01(a) | - | 5,549,890 |
| LIM A/c | 6.01(b) | - | 46,596,830 |
| Total: | | - | 52,146,720 |

6.01(a) NBL CC(H)-29: Tk. Nil

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------------------------------|----------|------------|------------------|
| Opening Balance | | 5,549,890 | 15,709,890 |
| Add: Addition during the period | | - | - |
| | | 5,549,890 | 15,709,890 |
| Less: Payment during the period | 6.01(a)i | 5,549,890 | 10,160,000 |
| Total: | | - | 5,549,890 |

6.01(b) NBL: LIM.TK. Nil

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|--|----------|-------------------|-------------------|
| Opening Balance | | 46,596,830 | 46,596,830 |
| Add: Addition during the period | | - | - |
| | | 46,596,830 | 46,596,830 |
| Less: Payment during the period | 6.01(a)i | 10,050,110 | - |
| Total: | | 36,546,720 | 46,596,830 |
| Less :Adjustment of NBL Loan Interest Waiver Ref:NBL/KB/ADV/dulamia/2011 Dated 07-08-2011 | 8.00 | 36,546,720 | - |
| Total: | | - | 46,596,830 |

6.01(a)i Payment to NBL CC(H): Tk. 15,600,000

As per amendment arrangement, the company is to repay the dues of Tk. 25,760,000 by 08 (eight) equal quarterly installment of minimum Tk. 32,20,000 starting from July-September quarter 2014 and within April-June quarter 2016. The company repays in the following way:

| Date | 30-06-2016 | 30-06-2015 |
|---------------|-------------------|-------------------|
| 29-09-15 | 5,940,000 | 3,220,000 |
| 31-12-15 | 3,220,000 | 3,220,000 |
| 31-03-16 | 3,220,000 | 500,000 |
| 30-06-16 | 3,220,000 | 3,220,000 |
| Total: | 15,600,000 | 10,160,000 |



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6.02 Sundry Creditors: Tk. 78,568,134

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|-----------------------------|---------|-------------------|--------------------|
| Creditors for Goods | 6.02(a) | 44,810,916 | 60,446,735 |
| Creditors for Expenses | 6.02(b) | 25,933,273 | 243,821,228 |
| Creditors for Other Finance | 6.02(c) | 7,823,945 | 6,957,522 |
| Total: | | 78,568,134 | 311,225,485 |

6.02(a) Creditors for Goods: Tk. 44,810,916

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|---|-------------------|-------------------|
| M/s. Lal Teer Beej Co. Ltd. (NCCBL). | 39,937,480 | 44,998,969 |
| M/s. Lal Teer Beej Co. Ltd. (Fareast Finance Investment). | - | 7,784,579 |
| M/s. JST Commodities (Dhaka Cotton) | 431,386 | 581,386 |
| Fariha Trading | 175,560 | 775,560 |
| Unique Cotton | 283,209 | 633,209 |
| M/S Bangla Trac Ltd | 211,060 | 196,825 |
| M/s. Younus Ali. | 642,207 | 2,065,447 |
| M/s Sohel Electric. | 158,802 | 258,462 |
| M/s. R.K. Baishnab. | 10,100 | 42,080 |
| M/s. Ruposhi Packaging. | 228,160 | 310,480 |
| M/s Popular Offset press | 54,000 | 54,000 |
| M/s. South-East Trading Agencies. | 274,000 | 550,000 |
| M/s. Ideal Fiver Industries | 190,000 | 190,000 |
| M/s J B Paper Tub | 607,900 | 677,900 |
| M/S Rezia Traders | 919,240 | 746,040 |
| Mr S K Barua | - | 300 |
| Mr A R Osmani | 52,562 | 64,010 |
| M/S H H Engineering | 37,500 | - |
| M/S Spintax International | 390,000 | - |
| Abu Sufian | 5,500 | - |
| M/S M M Paper | 130,000 | - |
| Master Packing | 72,250 | - |
| M/S Oyshi Enterprise | - | 517,488 |
| Total: | 44,810,916 | 60,446,735 |

6.02(b) Creditors for Expenses: Tk. 25,933,273

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|--|------------|-------------------|--------------------|
| Shiraz Khan Basaka & Co | | 45,000 | 40,000 |
| Feni Polly Buiduth Somity (Electricity Bill) | | 315,893 | 315,893 |
| Bakhrabad Gas Systems Ltd (Gas Bill including AIT). | | 7,212,236 | 2,903,416 |
| Director Remuneration Payable | | 175,000 | 140,000 |
| Salary and Allowance Payable | | 6,254,573 | 5,807,561 |
| Salary and Wages Payable. | | 2,266,027 | 2,104,370 |
| Interest on loan Payable to NBL : (H) A/c. | 6.02(b)(i) | - | 77,910,196 |
| NBL (LIM) A/c. | 6.02(b)(i) | - | 72,094,869 |
| NBL (P) A/c. | 6.02(b)(i) | - | 74,764,902 |
| Provision for Turn Over Tax(for Assessment Year 2014-2015-2015-2016) | | 3,587,610 | 3,342,171 |
| Welfare Fund Payable | | 85,000 | 85,000 |
| M/s. Proton Service Centre Ltd. | | 1,672,515 | 1,049,066 |
| Pragati Insurance Ltd. | | 3,936,259 | 2,971,876 |
| Pragati Life Insurance Ltd. | | 224,731 | 291,908 |
| Computer Garden | | 18,875 | - |
| Media circle | | 21,298 | - |
| Bengal Roots | | 20,100 | - |
| Active Fine | | 7,200 | - |
| Mobil Jamuna Ltd. | | 50,960 | - |
| Dhaka Stock Exchange Limited | | 39,996 | - |
| Total: | | 25,933,273 | 243,821,228 |



6.02(b)(i) **Interest on loan Payable: Tk. Nil**

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---|---------|--------------------|------------|
| NBL : (H) A/c. | 6.02(b) | 77,910,196 | - |
| NBL (LIM) A/c. | 6.02(b) | 72,094,869 | - |
| NBL (P) A/c. | 6.02(b) | 74,764,902 | - |
| Total | | 224,769,967 | - |
| Less: Adjustment with Suspenses account | 10.00 | 147,600,000 | - |
| | | 77,169,967 | - |
| Less: Adjustment with Profit & Loss (Approx.) A/C for Waiver of NBL Loan Interest Ref: NBL Letter No NBL/KB/ADV/Dulamia/2011 dt 7-8-2011. Due to the payment of full Installment | 8.00 | 77,169,967 | - |
| | | - | - |

6.02(c) **Creditors for Other Finance: Tk 7,823,945**

| Particulars | 30-06-2016 | 30-06-2015 |
|---------------------------------------|------------------|------------------|
| M/s. R. K. Traders | 1,500,000 | 1,500,000 |
| M/s. Younus Ali | 1,500,000 | 1,500,000 |
| M/s. Bangalaxmi Trading | 3,460,039 | 3,460,039 |
| P.F. Payable A/c | 16,381 | 203,315 |
| Advance against sales of Waste Cotton | 1,347,525 | 294,168 |
| Total: | 7,823,945 | 6,957,522 |

The above amount includes Security Money received from different Parties against purchase of Yarn.

6.03 **Workers Profit participation Fund: Tk. 694,010**

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|-------------------------------|----------------|----------------|
| Opening Balance | 694,010 | 694,010 |
| Add: Addition during the year | - | - |
| | 694,010 | 694,010 |
| Less: Payment during the year | - | - |
| Total: | 694,010 | 694,010 |

6.04 **Unpaid Dividend: Tk. 3,899,256**

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|--------------------------------------|------------------|------------------|
| Opening Balance | 3,899,256 | 3,899,256 |
| Add: Dividend for the year 2015-2016 | - | - |
| | 3,899,256 | 3,899,256 |
| Less: Payment during the year | - | - |
| Total: | 3,899,256 | 3,899,256 |

7.00 **Current Assets: Tk. 55,958,154**

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|----------------------------------|-------|-------------------|-------------------|
| Inventories | 7.01 | 30,274,482 | 34,518,714 |
| Debtors (Unsecured) | 7.02 | 5,113,069 | 4,771,675 |
| Advance, Deposit and Prepayments | 7.03 | 19,031,559 | 19,508,997 |
| Cash and Bank Balance | 7.04 | 1,539,044 | 480,476 |
| Total: | | 55,958,154 | 59,279,862 |

7.01 **Inventories: Tk. 30,274,482**

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|--------------------|---------------|-------------------|-------------------|
| Raw Cotton | 12.01 (a) | 9,217,742 | 13,362,327 |
| Polyster Fiber | | 18,183 | 18,183 |
| Work in Process | 12.01 | 3,450,883 | 3,562,058 |
| Finished Stock | 7.01(a)/12.00 | 7,419,102 | 7,559,293 |
| Waste Cotton Stock | 12.01 (b) | 448,507 | 705,016 |
| Stores and Spares | | 8,543,173 | 8,947,825 |
| Packing Materials | 12.01 (c) | 463,602 | 364,012 |
| Store in Transit | | 713,290 | - |
| Total: | | 30,274,482 | 34,518,714 |



RFD

7.01(a) **Finished Stock: 7,419,102**

The break -up is as follows:

| Count | Qnty/Lbs. | 30-06-2016 | 30-06-2015 |
|---------|---------------|------------------|------------------|
| 40s(H). | 6,700 | 706,304 | 7,170,617 |
| 50s©. | 900 | 119,519 | 119,519 |
| 50s(A). | 16,000 | 1,858,512 | 67,298 |
| 52s©. | 12,600 | 1,470,944 | - |
| 54s(S). | 19,505 | 2,333,147 | 71,526 |
| 60s(H). | 100 | 13,609 | 13,609 |
| 74s(a) | 100 | 17,926 | 17,926 |
| 80s(a) | 5,000 | 899,141 | 98,798 |
| | 60,905 | 7,419,102 | 7,559,293 |

7.02 **Debtors (unsecured):Tk: 5,113,069**

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|---------------------------|------------------|------------------|
| M/s. R.K.Traders. | 925,530 | 1,139,363 |
| M/s. Banga Luxmi Trading. | 1,952,223 | 394,996 |
| M/s. Alam Traders. | 2,235,316 | 3,237,316 |
| Total Taka | 5,113,069 | 4,771,675 |

No provision has been made during the year for doubtful debts against the unsecured debtors.

7.03 **Advance, Deposit and Prepayments: Tk 19,031,559**

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------------|---------|-------------------|-------------------|
| Advance | 7.03(a) | 13,594,544 | 13,759,146 |
| Deposit | 7.03(b) | 3,938,720 | 4,195,854 |
| Prepayments | 7.03(c) | 1,498,295 | 1,553,997 |
| Total: | | 19,031,559 | 19,508,997 |

7.03(a) **Advance: Tk 13,594,544**

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|----------------------------------|-------------------|-------------------|
| Kay & Que (BD) Ltd. | 6,407,503 | 7,182,503 |
| Mr. Abu Sayeed | 221,200 | 221,200 |
| Zaman Enterprise | 200,000 | - |
| Advance against salary and wages | 403,000 | 353,000 |
| Advance against Insurance | 76,397 | - |
| New Asia Ltd | 422,893 | 378,893 |
| Global cynax bd ltd | - | 1,400 |
| Ideal Fiber | 60,000 | 20,000 |
| Others Advance | 5,000,000 | 5,000,000 |
| M/S Oyshi Enterprise | 30,200 | 146,150 |
| M/S Sohel Electric | 70,000 | 50,000 |
| M/S J B Paper Tube | 250,000 | 50,000 |
| M/S South East Trading Agency | 10,000 | 136,000 |
| M/S Rupsha packing | 80,000 | 50,000 |
| M/S Rezia Enterprise | 120,000 | 120,000 |
| Mr Yousuf | 68,351 | 50,000 |
| M/S Spintex International | 120,000 | - |
| M/S Master packaging | 25,000 | - |
| M/S populer offset press | 30,000 | - |
| Total: | 13,594,544 | 13,759,146 |



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7.03(b) Deposit: Tk 3,938,720

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------------------|----------|------------------|------------------|
| Security Deposits | 7.03(b)i | 1,863,497 | 1,863,497 |
| Excise Duty and VAT | | 94,223 | 94,357 |
| Bank Guarantee | | 1,981,000 | 1,981,000 |
| Office Rent | | - | 257,000 |
| Total: | | 3,938,720 | 4,195,854 |

7.03b(i) Security Deposit: Tk: 1,863,497

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|---------------|--|------------------|------------------|
| BTCL | | 5,000 | 5,000 |
| REB | | 582,348 | 582,348 |
| BGSL | | 1,268,149 | 1,268,149 |
| BOL | | 8,000 | 8,000 |
| Total: | | 1,863,497 | 1,863,497 |

7.03(c) Prepayments: Tk 1,498,295

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|--------------------|--|------------------|------------------|
| Pre-paid Insurance | | 1,498,295 | 1,553,997 |
| Total: | | 1,498,295 | 1,553,997 |

7.04 Cash and Bank Balance: Tk. 1,539,044

The above balance is made up as follows:

| Particulars | Note | 30-06-2016 | 30-06-2015 |
|---------------|---------|------------------|----------------|
| Cash in Hand | | 1,209,805 | 348,270 |
| Cash at Bank | 7.04(a) | 329,239 | 132,206 |
| Total: | | 1,539,044 | 480,476 |

The cash in hand of Tk. 12,09,805 has been certified by the management.

7.04(a) Cash at Bank: Tk. 329,239

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|---------------------------|--|----------------|----------------|
| NBL STD 044 (Dagonbhuyan) | | 16,817 | 16,817 |
| NBL STD 655 (Agrabad) | | 11,693 | 11,693 |
| NBL STD 205 (Chowmuhuni) | | 18,422 | 18,422 |
| NBL CD 039 (Dagonbhuyan) | | 9,985 | 69,135 |
| NBL STD 578 (Dhaka) | | 4,074 | 6,521 |
| IBBL CD-2912 (Dhaka) | | 268,248 | 9,618 |
| Total: | | 329,239 | 132,206 |

8.00 Income statement (Accumulated Loss): Tk. (262,480,604)

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|--|-------------|-----------------------------|----------------------|
| Balance of Loss as on July 01, 2015 | | (353,351,970) | (333,757,094) |
| Net Profit/(Loss) for the year ended June 30, 2016 | | (22,121,906) | (18,871,461) |
| | | (375,473,876) | (352,628,555) |
| Add: Preliminary and Start-up Expenses Written off | 9.00 | (723,415) | (723,415) |
| Loss carried forward | | Total: (376,197,291) | (353,351,970) |
| Profit & Loss (Approx.) adjustment for Waiver of NBL Loan As per Letter No NBL/KB/ADV/Dulamia /2011 dated 7-8--2011 | 6.01(b) | 36,546,720 | - |
| Profit & Loss (Approx.) Adjustment for Waiver of NBL Loan Interest As per Letter No NBL/KB/ADV/Dulamia /2011 dated 7-8--2011 | 6.02 (b)(i) | 77,169,967 | - |
| Loss carried forward | | Total: (262,480,604) | (353,351,970) |

Note: As per verdict of the court dated-17.04.2012 the company paid the whole NBL liabilities. During the course of payment interest provision was made. Now it is adjusted due to the full payment of NBL liabilities.



9.00 Preliminary and Start-up Expenses A/C. Tk.1,446,828

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|---|------------------|------------------|
| Balance as on July 01, 2015 | 2,170,243 | 2,893,658 |
| Less: Preliminary and Start-up Expenses Written off | (723,415) | (723,415) |
| Total: | 1,446,828 | 2,170,243 |

As per DSE's directive Preliminary and start-up expenses is being written off from the year 2013-2014 @ 20% per year as per Management decision.

10.00 Suspense Account :Tk.Nil

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|--|----------|--------------------|----------------------|
| Opening Balance | | 147,600,000 | 126,000,000 |
| Add: Addition during the year (Estimated) | | - | 21,600,000 |
| Total: | | 147,600,000 | 147,600,000 |
| Less: Suspense Account Adjustment for NBL Loan A/C | 6.02 (c) | 147,600,000 | - |
| Closing Balance | | - | (147,600,000) |

The Interest Suspense account has been transferred to respected account {Note 6.02(c)} for adjustment.

11.00 Sales : Tk. 214,781,016

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|------------------------|----------|--------------------|--------------------|
| Gross Sales | 11.00(a) | 216,080,650 | 244,877,850 |
| Less: VAT for the year | | 1,299,634 | 1,311,743 |
| Total: | | 214,781,016 | 243,566,107 |

11.00(a) Gross Sales:

| Yarn / Count: | 30-06-2016 | 30-06-2015 |
|---------------|--------------------|--------------------|
| 40s(H) | 58,279,650 | 101,242,850 |
| 40s© | 27,400,600 | |
| 50s(A) | 71,153,900 | 51,058,600 |
| 52s(A) | 9,461,700 | 3,447,000 |
| 54s(A) | 33,003,900 | 53,645,800 |
| 60s(H) | - | 12,011,575 |
| 74s(H) | 60,000 | 7,755,075 |
| 80s(A) | 16,720,900 | 15,716,950 |
| Total: | 216,080,650 | 244,877,850 |

12.00 Cost of Goods Sold: Tk. 214,498,667

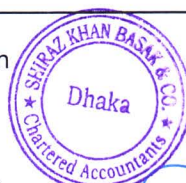
The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|---------------------------------------|---------|--------------------|--------------------|
| Opening Stock of Finished Goods | | 7,559,293 | 6,075,429 |
| Add: Cost of Production | 12.01 | 214,358,476 | 244,827,367 |
| | | 221,917,769 | 250,902,796 |
| Less: Closing Stock of Finished Goods | 7.01(a) | 7,419,102 | 7,559,293 |
| Total: | | 214,498,667 | 243,343,503 |

12.01 Cost of Production: Tk. 214,358,476

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|-------------------------------|-----------|--------------------|--------------------|
| Raw Cotton Consumption | 12.01 (a) | 135,668,165 | 159,158,115 |
| Useable Wastage Consumption | 12.01 (b) | 1,214,785 | 1,235,520 |
| Packing Materials | 12.01 (c) | 3,588,002 | 3,488,246 |
| Conversion Cost | 12.01 (d) | 73,776,349 | 79,580,283 |
| | | 214,247,301 | 243,462,164 |
| Add: Opening Work In Process | | 3,562,058 | 4,927,261 |
| | | 217,809,359 | 248,389,425 |
| Less: Closing Work In Process | 7.01 | 3,450,883 | 3,562,058 |
| Total: | | 214,358,476 | 244,827,367 |



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12.01(a) Raw Cotton Consumption: Tk. 135,668,165

The above balance is made up as follows:

| Particulars | Note | 30-06-2016 | 30-06-2015 |
|------------------------------------|------|---------------------------|--------------------|
| Opening Stock | | 13,362,327 | 3,953,053 |
| Add: Purchase during the period | | 134,122,498 | 171,656,087 |
| | | 147,484,825 | 175,609,140 |
| Less: Closing Stock | 7.01 | 9,217,742 | 13,362,327 |
| | | 138,267,083 | 162,246,813 |
| Less: Wastage Recoveries | | 2,598,918 | 3,088,698 |
| Consumption during the year | | Total: 135,668,165 | 159,158,115 |

12.01(b) Useable Wastage Cotton Consumption: Tk.1,214,785

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|--|------|-------------------------|------------------|
| Opening Stock | | 705,016 | 1,257,141 |
| Add: Received from Store during the year | | 2,598,918 | 1,963,150 |
| | | 3,303,934 | 3,220,291 |
| Less: Wastage | | 1,640,642 | 1,279,755 |
| | | 1,663,292 | 1,940,536 |
| Less: Closing Stock | 7.01 | 448,507 | 705,016 |
| Consumption during the year | | Total: 1,214,785 | 1,235,520 |

12.01(c) Packing Materials Consumption: Tk.3,588,002

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|------------------------------------|------|-------------------------|------------------|
| Opening Stock | | 364,012 | 514,319 |
| Add: Purchase during the year | | 3,687,592 | 3,337,939 |
| | | 4,051,604 | 3,852,258 |
| Less: Closing Stock | 7.01 | 463,602 | 364,012 |
| Consumption during the year | | Total: 3,588,002 | 3,488,246 |

12.01(d) Conversion Cost: Tk. 73,776,349

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|-------------------|--------------|--------------------------|-------------------|
| Salary and Wages | | 39,546,702 | 39,858,545 |
| Stores and Spares | | 6,993,930 | 8,479,236 |
| Canteen Expenses | | 894,184 | 965,172 |
| Depreciation | Schedule-A/1 | 6,900,050 | 7,305,682 |
| Power and Fuel | | 17,707,329 | 11,104,655 |
| Insurance | | 1,727,354 | 1,278,947 |
| Uniform | | 6,800 | 34,125 |
| Interest on Loan | | - | 10,553,921 |
| | | Total: 73,776,349 | 79,580,283 |

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13.00 Administrative Expenses : Tk. 11,857,687

The above balance is made up as follows:

| Particulars | Notes | 30-06-2016 | 30-06-2015 |
|----------------------------------|-------|-------------------|-------------------|
| Salary and Allowances | | 8,322,023 | 10,182,423 |
| Repair and Maintenance (Vehicle) | | 558,966 | 596,096 |
| Printing and Stationery | | 219,623 | 125,215 |
| Fuel and Lubricant | | 317,936 | 700,957 |
| Rent, Rates and Taxes | | 599,546 | 578,074 |
| Entertainment | | 207,803 | 285,818 |
| Postage & Telegram. | | 279,419 | 314,426 |
| Fees & Professional charges | 13.01 | 286,577 | 115,140 |
| Advertisement & Publicity | 13.02 | 187,174 | 128,942 |
| Subscription | | 94,628 | 144,349 |
| Travelling & Conveyance | | 238,542 | 318,776 |
| General Administrative Exp. | | 345,883 | 164,845 |
| Licence & Registration fee | | 189,267 | - |
| Paper and periodical expenses. | | 10,300 | 9,290 |
| Total: | | 11,857,687 | 13,664,350 |

13.01 Fees and Professional Charges include Tk. 45,000 as audit fee for the audit of the Company's accounts for the year 2015-2016 fixed by the shareholders at the Annual General Meeting.

13.02 Advertisement & Publicity includes cost of advertisement through Newspaper, Magazine and other media.

14.00 Financial Expenses and Depreciation: Tk.9,902,225

The above balance is made up as follows:

| Particulars | | 30-06-2016 | 30-06-2015 |
|-------------------------------|--------------|------------------|------------------|
| A) Financial Expenses: | | | |
| Interest on Loan | | 5,782,392 | 377,573 |
| Other Bank Charges | | 404,422 | 387,617 |
| | | 6,186,814 | 765,189 |
| B) Depreciation: | | | |
| | Schedule-A/1 | 3,715,412 | 3,933,829 |
| Grand Total (A+B) | | 9,902,225 | 4,699,018 |

15.00 Earning per share (EPS) Tk. (2.93)

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|--|--------------|--------------|
| Net income/(Loss) attributable to the Ordinary Share-Holders | (22,121,906) | (18,871,463) |
| Number of Ordinary Shares outstanding during the year | 7,556,600 | 7,556,600 |
| Earning per Share (Taka) | (2.93) | (2.50) |

Basic Earning:

BAS 33 is complied by the Company while calculating the earnings per share. Since there was no new issue of equities or convertibles, earnings per share is calculated by dividing earnings attributed to the share-holders by the number of ordinary shares.

16.00 Net Asset Value per share Tk. 24.71)

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|---|---------------|---------------|
| Net Assets | (186,734,458) | (277,785,971) |
| Number of Ordinary Shares outstanding during the year | 7,556,600 | 7,556,600 |
| Net Asset Value per share (NAV) | (24.71) | (36.76) |

17.00 Net operating Cash Flow Per Share Tk.0.08

The above balance is made up as follows:

| Particulars | 30-06-2016 | 30-06-2015 |
|---|------------|--------------|
| Net Operating Cash Flow | 628,568 | (10,713,341) |
| Number of Ordinary Shares outstanding during the year | 7,556,600 | 7,556,600 |
| Net Operating Cash Flow Per Share (NOCFPS) | 0.08 | (1.42) |



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18.00 Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard (BAS) 24; "Related Party Disclosures".

Details of transactions with related parties and balances with them as at June 30,2016 as follows:

| Name of Party | Nature of relationship | Nature of Transaction | 30-06-2016 | 30-06-2015 |
|---|------------------------|-----------------------|------------|------------|
| Mr. Abdul Awal Mintoo (Loan from other finance) | Promoter | Associates Loan | 13,218,000 | 13,218,000 |
| Mr. Tabith M. Awal (Loan from other finance) | Shareholder | Associates Loan | 13,708,300 | 13,708,300 |
| Mr. Tafsir M. Awal (Loan from other finance) | Shareholder | Associates Loan | 5,300,000 | 5,300,000 |
| Lal Teer Seeds Ltd. | Sister | Associates Loan | 79,945,688 | 51,936,678 |
| North South Seeds Ltd. | Sister | Associates Loan | 30,093,718 | 30,093,718 |
| NFM Limited | Sister | Associates Loan | 26,550,000 | 26,550,000 |
| A&A Investment Ltd. | Sister | Associates Loan | 12,780,000 | 12,800,000 |
| Joongbo Chemicals Ltd. (JMCL) | Sister | Associates Loan | 8,319,750 | 8,319,750 |
| Lal Teer Livestock Development Ltd. | Sister | Associates Loan | 11,220,000 | 8,000,000 |
| Lal Teer Livestock Ltd | Sister | Associates Loan | 3,000,000 | - |
| Multimode Ltd. | Sister | Associates Loan | 789,000 | 814,000 |
| Kay & Que (BD) Ltd. | Sister | Advance | 6,407,503 | 7,182,503 |
| Lal Teer Beej Co. Ltd.(NCCBL) | Sister | Creditors for Goods | 39,937,480 | 44,998,969 |
| Lal Teer Beej Co. Ltd.(FFIL) | Sister | Creditors for Goods | - | 7,784,579 |

Note: There is no benefit given to the related parties during the year under Audit.

19.00 Payments of perquisites to Directors / Officers:

The aggregate amount paid / provided during the year in respect of officer's of the Company as defined in Securities and Exchange Rules 1987 are disclosed below:

| | Directors | Officers |
|----------------------------------|------------------|-----------------|
| Managing Director's Remuneration | 420,000 | - |
| Managers' Remuneration | - | 1,398,573 |
| Company's Contribution to P/Fund | - | 143,574 |
| Bonus | - | 134,449 |
| Perquisites | - | 439,867 |
| Conveyance Allowances | - | 147,437 |

19.01 No remuneration and other allowances was paid to Directors.

19.02 Attendance fee for Board Meeting was paid to each Director.

19.03 No amount of money was spent by the Company for compensating any member of the Board for Special Service rendered.

20.00 Foreign Investors:

As on the date of Statement of financial position there was no non-resident share-holders of the Company.

21.00 There was no claim against the Company not acknowledged as debt as on 30-06-2016.

22.00 There was no credit facilities available to the Company as on 30-06-2016 under any contract other than Trade Credit available in the ordinary course of business.





23.00 Import of following on CIF Basis by the Company:

| | | |
|--------------------------------|-----|-----|
| a) Goods (Raw Cotton) | Tk. | Nil |
| b) Procurement of Spare Parts. | Tk. | Nil |

24.00 a) No amount was spent in Foreign Currency during the year on account of Royalty, Technology Fee, Professional Advisory Fee, Interest and others.


b) No commission was paid to Sales Agent.

25.00 Out of total goods used, the ratio of the imported Raw Cotton, Stores and Spares and those procured from local sources are as under:-

i) Raw Cotton to the extent of 100% used in local market procured.

ii) Spare Parts etc. are procured from local market to the extent of 100% of the total consumption.

26.00 The Board of Directors, in this 150th meeting, held on 23-10-2016 has not recommended any Dividend for the year 2015-2016 which is subject to approval of the forthcoming Annual General Meeting.



Managing Director



Director



Company Secretary

Dated: Dhaka, October 24, 2016



