# ANNUAL REPORT 2020-21





# KTL KATTALI TEXTILE LIMITED

REGISTERED OFFICE: CHOWDHURY BARI, KORNEL JONES ROAD, NORTH KATTALI, PAHARTOLI, CHITTAGONG-4217

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# NOTICE OF THE 18th ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 18th Annual General Meeting of Kattali Textile Limited will be held on Thursday, 30th December, 2021 at 11.00 A.M. at Digital Platform, Chittagong to transact the following business:

**Agenda:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the report of the Director's and Auditor's thereon.
2. To declare a dividend for the year ended 30th June 2021 as recommended by the Board of Directors.
3. To consider the progress of Utilization of IPO Proceeds and time extension.
4. To appoint Auditors for the year 2022 and to fix their remuneration.
5. To appoint Auditors for Compliance of the Corporate Governance Code of the Company for the year 2022 and to fix their remuneration.
6. To elect/re-elect the Directors as per Article of Association of the Company.
7. To transact any other business with the permission of the Chair.

By order of the Board of Directors
Sd/-
Md. Emdadul Hoque Chowdhury
Managing Director

Dated, Chittagong
14th December, 2021

**Notes:**

1. The 'Record Date' is fixed on Monday, 13 th December, 2021. The Shareholders, whose names will appear in the Share Register of the Company (Certificated & Depositary) at the close of business on the record date, will be eligible to attend the meeting and dividend.
2. A member entitled to attend and vote at the Annual General Meeting (AGM) may appoint another person as his/her proxy to attend and vote on his/her behalf. The proxy form duly stamped of Tk. 20, must be deposited at the Company's registered office not later than 48 (Forty Eight) hours before the time scheduled for the meeting.
3. In Case of non-receipt of Annual Report 2020-21 of the company through email address, members may collect the same from the company's share office within December 25, 2021. No additional Annual report will be distributed at AGM Venue. Annual Report is available in the website: www.ktlbd.com
4. For the sake of convenience, Shareholders are requested to submit their queries, if any, on the Directors' Report/Audited Accounts for the year ended 30th June 2021 to the Registered Office of the Company preferably 72 (Seventy two) hours before the day of the Annual General Meeting.
5. Members are requested to update their respective BO Account with 12 Digit e-TIN, Bank Account, Mailing Address and Contact Number through their respective Depository Participant (DP), Advance Income Tax (AIT) @ 15% (Instead of 10%) will be deducted from eligible cash dividend, if anyone fails to update his/her BO Account with the 12 Digit e-TIN before/on the Record Date.
6. The concerned Brokerage Houses/DPs are requested to provide us the statement (both of hard copy & soft copy on or before 20th December 2021 with details of their margin loan holders entitled to Dividend for the year ended on 30th June 2021. The statement should include Shareholders Name, BO ID Number, Client-wise shareholding position, contact person etc.

# LETTER OF TRANSMITTAL

**Date: 15 December, 2021**

To

All Shareholders of Kattali Textile Limited

Bangladesh Securities and Exchange Commission

Registrar of Joint Stock Companies & Firms

Dhaka Stock Exchange Ltd.

Chittagong Stock Exchange Ltd.

**Subject: Annual Report for the year ended 30th June 2021.**

Dear Sir,

We are pleased to enclose a copy of our Annual Report together with the Audited Financial Statements including statement of Financial Position as of 30th June, 2021 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flows for the year ended 30th June 2021 along with notes thereon of Kattali Textile Limited for your information and records.

Yours Sincerely,

Sd/-

**Md. Emdadul Hoque Chowdhury**

Managing Director

# COMPANY PROFILE

Kattali Textile Limited (KTL) was established in the year 2002 with the vision to cater to world-class readymade garment buyers. It is a purpose built facility equipped with all the latest machineries and maintains all kinds of safety standards for Structure, Fire and Electrical. It has a total production capacity of producing 5 million pcs a year. The apparel unit is specialized in the production of Woven Tops & Bottoms. It has served many international buyers in the North American and the European market and continues to strive in the highly competitive apparel-manufacturing sector.

The principal activities of the company are to produce and export different types of garment products in different categories for Men, Women and Children, such as Long sleeve Shirt, Chino Pant, Cargo pant, Denim Jeans, Jacket, Top/Bottom sets etc. The principal buyers of the company are Wal-mart, Regatta, Kohls, JCPenney, Target, Kmart, Mango, Calvin Klein, At-Last, Weatherproof, Kenneth Cole, Nautica, etc. The company has won many awards for its quality products and compliance with economy standards. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the total Garments Products requirement in the captive market is about 4.34 billion yards, of which roughly 75 to 80 percent is imported from countries such as China, Bangladesh, Vietnam, Srilanka, India, Pakistan and Indonesia. Garments products demand is increasing at an average rate of 30 percent per year. In view of increased demand from existing buyers and to attract more volumetric buyers of readymade garments, KTL has taken the decision to expand production capacity.

With the latest technology and world-class expertise, Kattali Textile Limited has the capability to produce millions of pcs of garments per year of the highest quality standards. You get the reliable partner you need for volume consistency and value-added innovation.

# Board and Management Team

**Board of Directors**

| | |
|---|---|
| Nasreen Hoque | Chairman |
| Md. Emdadul Hoque Chowdhury | Managing Director |
| Md. Anwarul Hoque Chowdhury | Director |
| Md. Mokarram Anwar Chowdhury | Director |
| Waduda Sabrina | Director-Nominee of Eian Apparels Ltd. |
| Sifat Sabrina | Director-Nominee of Lucky Corner |
| K.A.M Ferdous | Independent Director |
| Mahbubur Rashid | Independent Director |

**Audit Committee**

Mahbubur Rashid
Chairman of the Committee

Md. Anwarul Hoque Chowdhury
Member of the Committee

Md. Mokarram Anwar Chowdhury
Member of the Committee

**Nomination and Remuneration Committee**

K.A.M Ferdous
Chairman of the Committee

Md. Mokarram Anwar Chowdhury
Member of the Committee

Sifat Sabrina
Member of the Committee

**Chief Financial Officer**
Md. Fazlul Hoque

**Merchandiser Manager**
Shouva Das

**Commercial Manager**
Md. Yousuf

**Head of Operations (Factory)**
Md. Sohidullah



# CORPORATE INFORMATION

| | | |
|---|---|---|
| **Registered Office** | : | Chowdhury Bari, Kornel Jones Road,<br>North Kattali, Pahartoli, Chittagong - 4217 |
| **Corporate Office** | : | BM Heights (8th Floor), 318, Sk. Mujib Road,<br>Badamtali, Agrabad, Chittagong. |
| **Principal Place of Business** | : | Chowdhury Bari, Kornel Jones Road,<br>North Kattali, Pahartoli, Chittagong - 4217 |
| **Legal Advisor** | : | Hasan Mohammed Reyad (L.LB (Hon's) & ITP)<br>Advocate (Supreme Court of Bangladesh)<br>35, Puranapalton Lane (2nd & 3rd Floor)<br>Dhaka-1000, Bangladesh |
| **Bankers** | : | Islami Bank Bangladesh Limited<br>Agrabad Corporate Branch, Chittagong, 3, CDA,<br>SK. Mujib Road, Agrabad, Chittagong<br><br>One Bank Limited<br>Agrabad Corporate Branch, Agrabad, Chittagong |
| **Auditors** | : | Asraf Uddin & Co.<br>Chartered Accountants,<br>142/B, Green Road (3rd& 4th Floor),<br>Dhaka-1215 |
| **Insurers** | : | Rupali Insurance Co. Ltd.<br>RupaliBimaBhaban, 7 Rajuk Avenue, Dhaka-1000 |
| **Listing** | : | Dhaka Stock Exchange Limited (DSE)<br>Chittagong Stock Exchange Limited (CSE) |

# PROFILE OF THE BOARD OF DIRECTORS

## Nasreen Hoque, Chairman



Nasreen Hoque; Chairman of the Company, comes from a reputed family in Chittagong. Her father's name is Late Syed S. M. Mowlana Abul Quasim & Mother is Late Qudsiyah Begum. After completion of her studies, she engaged herself in business. Her Foresightedness along with her sincerity, honesty and conceptual problem-solving ability helped her succeed in her career. Her interpersonal skills, leadership behavior, high analytical ability and hardworking nature made her worth as a business leader. She is also a sponsor Director of Takaful Islami Insurance Ltd.

## Md. Emdadul Hoque Chowdhury, Managing Director



Md. Emdadul Hoque Chowdhury, Managing Director of the Company was born on February 23, 1957 in a well-known Muslim Family in Chittagong. His Father's name is Late Al-Haj Md. Anwar Chowdhury and mother is Late Salema Khatun. After completion of his Bachelor of Arts he engages himself in business since 1971. He became a successful businessman in short time of his business career with his sincerity, honesty, conceptual and practical problem-solving ability. During his tenure of a business career, he gained business knowledge in Textile, agro-based and readymade garments industries. At present, he is Vice Chairman of Takaful Islami Insurance Limited, Elected President (2018-2019) of the Rotary Club of Chittagong Pearl, Ex-Director Chittagong Chamber of Commerce and Industry also Ex. Director of BGMEA, Ex- MIC of Chittagong Club Limited, and lifetime member of Chittagong Rifle Club, Chittagong Press Club, Bhatiary Golf and Country Club, Chittagong Boat Club & Chittagong Ma-O-Shishu.

## MD. Anwarul Hoque Chowdhury, Director



Md. Anwarul Hoque Chowdhury, Director of Kattali Textile Limited. He is the eldest son of Md. Emdadul Hoque Chowdhury & Nasreen Hoque. He was born on October 8th; 1988. He completed his International Baccalaureate Diploma in 2007 from International School of Dhaka (ISD). Bachelor of Business Administration (Major Logistics and supply chain management) from Queensland University of Technology (QUT) in Brisbane, Australia in 2011 & Masters of Business Administration in Finance from Independent University Bangladesh(IUB) in 2016. He joined the company on a full-time basis immediately after his graduation. He is the head of business development of KTL. He worked as Customer Service representative at Yum Inc. Melbourne Central and worked as Admin Assistant at Service Stream Communications, Brisbane, QLD. At present, he is the key management personnel of the company.

## Md. Mokarram Anwar Chowdhury, Director



Md. Mokarram Anwer Chowdhury, Director of the Kattali Textile Limited. He is the younger son of Emdadul Hoque Chowdhury& Nasreen Hoque Chowdhury. He was born on May 21, 1991. He completed his O level in 2008 and A level in 2010. He completed his Bachelor of Arts (Major in Communication & Public Relation) from Simon Fraser University. He has vast experience in Financial and Corporate Management. He is responsible for the Merchandising function of the company and therefore plays a vital role in the negotiations with the buyers.

## Waduda Sabrina, Director (Nominee of Eian Apparels Ltd.)



Waduda Sabrina (Nominee Director of Eian Apparels Ltd.), Director of the Kattali Textile Limited. She is the elder daughter of Md. Emdadul Hoque Chowdhury & Nasreen Hoque Chowdhury. She was born in 1984. She completed her BBA from Independent University of Bangladesh, 2007; Diploma in Business Administration from Brisbane North Institute of TAFE 2008. She has wide experience in Management, Procurement, HR and Internal Audit in the Garments and Textile sector. She is responsible for the procurement and internal audit section of Kattali Textile Limited. She holds shares of several organizations.

## Sifat Sabrina, Director (Nominee of Lucky Corner)



Mrs. Sifat Sabrina (Nominee of Lucky Corner), Director of the Kattali Textile Limited. She is the younger daughter of Md. Emdadul Hoque Chowdhury & Nasreen Hoque Chowdhury. She was born on September 10, 1985. She completed her BBA & MBA from North South University in 2008 & 2010. She has wide experience in HR and Internal Audit in the Garments and Textile sector. She is responsible for the Human Resource Section of the company and therefore plays a vital role in the Organization.

## Mahbubur Rashid, Independent Director



Mahbubur Rashid, Independent Director of the Kattali Textile Limited. He is the Son of AbdurRashed& Miss Mahabuba Rashid. He was born on 7th September 1945. He completed his SSC and HSC from St. Gregory's High English School and Dhaka College and B.Com in Commerce from Dhaka University. After completion of his Bachelor of Commerce he joined banking service in the year 1969 as an Officer of a National City. Then he serviceinHabib Bank Limited, Agrani Bank Limited, B.C.C.I., Southeast Bank Limited for total of 35 years.In 2004 he joined Bay Leasing and Investment Limited as its Managing Director and retired in September 2010 and he was a member of the Board of Directors of EXIM Bank Limited for five years.

## K.A.M Ferdous, Independent Director



KAM Ferdous, Independent Director of the Kattali Textile Limited. He is the Son of KAM Khair & Miss Islam Khatun. He was born on 18 January, 1950. He completed his B.A from University of Chittagong, 1969. After completion of his Bachelor of Arts he joined banking service in the year 1970 as an Officer of a Nationalized Commercial Bank and rendered 16 years' service in the bank as: Branch Manager, In Charge loans & credit department. Then he service Dhaka Insurance Ltd. as Managing Director on 2006, Northen General Insurance Co. Ltd. as Managing Director on 2009, Asia Insurance Ltd. as Managing Director on 2010 and last served as Managing Director Takaful Islami Insurance Ltd. on 2012 and retired on 2017.

## MD. FAZLUL HOQUE, Chief Financial Officer



Md. Fazlul Hoque is the Chief Financial Officer (CFO) of Kattali Textile Limited. He is 48 years old. He Obtained his B.Com (Accounting) degree from National University. Her long-time experience in relive department. He has more than 18 (eighteen) years of experience in reputed Group of Companies.

# STATEMENT OF PERFORMANCE FROM THE CHAIRMAN

Dear Valued Shareholders,
Bismillahir Rahmanir Raheem
Assalamualaikum,

I am very grateful to all of you for presenting the annual report of Kattali Textile Limited for the year ended 30th June 2021. I am delighted to report that 2021 was yet another successful year for KTL despite the COVID-19 global pandemic and an uncertain global recovery. Our performance in 2021 once again demonstrates our ability to deliver substantial, sustained value for our shareholders.

During the year, KTL have made over $10.5 Million in export sales, a small contribution to the overall total RMG export of $27,949 Million made by Bangladesh. RMG sector continues to bring the highest foreign income to Bangladesh, contributing 83% of total exports during the year.

In view of the market challenge ahead, we believe our fully integrated ERP solution, state of the art facility, with fully automated machines and skilled labor and technicians will give us the competitive edge against our competitors. Our team shall strive to capture opportunities in the apparel and accessories business by adjusting its customer base and product mix and further strengthening the relationship with our existing key customers. KTL continues to focus on providing quality products, with great efficiency and speed.

On behalf of KTL, I would like to express my sincere appreciation and gratitude to all our customers, suppliers and shareholders for their dedicated support. Also, I wish to take this opportunity to thank all our employees for their invaluable service, dedication and perseverance throughout last year. Finally, I am grateful to my fellow Board members and the senior management for their contribution to the Group.

Thank You All

Sd/-
**Mrs. Nasreen Hoque**
Chairman

# STATEMENT OF PERFORMANCE FROM THE MANAGING DIRECTOR

Bismillahir Rahmanir Raheem
Assalamualaikum,
Dear Shareholders,

I am pleased to report another year of good performance with sales and earnings growth, some important new product approvals and continued cash returns to shareholders in line with expectations. I am pleased to inform that KTL has shown impressive turnaround during the current year, after sustaining through the global pandemic, COVID-19.

This performance was achieved by implementing measures to minimize increasing conversion cost, strengthening our sales mix, matching the international price competition, by achieving operational excellence and strategic decisions to diversify our portfolio by investing in profitable business segments.

Central to ensuring long-term delivery against the strategy is developing a culture which rewards high performance but also seeks to build on the values of the company. The Board was pleased to see employees support this, with a marked increase in employee engagement scores. The board has focused on improving both the framework and the culture for our control environment.

KTL acknowledges the need and importance of corporate governance as one of the essential elements in enhancing shareholder value. KTL is devoted to improving its corporate governance policies in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this report, the Company has formed the Audit Committee and Remuneration Committee all at the Board of Directors' (the "Board") level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure the protection of the interest of the Company's shareholders as a whole.

The strong performance of our Company throughout this year could not have been achieved without the dedication of our Management Team and we thank them for their strong leadership. We are extremely grateful to our valued employees and we would like to extend our appreciation to them for their support and loyalty; and we express our gratitude to our clients worldwide who continue to place their trust in KTL.

Working in partnership with all our customers, suppliers, business partners and Shareholders, we look forward to the coming year with higher ambition and greater spirit.

I assure you that if factors such as energy process, transport costs, natural disasters, social violence and international price/market situation could be rationally and internationally diplomatically controlled, our costs of operation would be competitive and investment would continue to be profitable in not only in Textiles/RMG sectors, but also in other existing/virgin sectors enabling the Country to attain its national goal to become a member of the rich income group by 2040.

Thank you All.

Sd/-
**Md. Emdadul Hoque Chowdhury**
Managing Director

# STATEMENT OF PERFORMANCE FROM THE DIRECTORS' REPORT

Bismillah-hir Rahmanir Rahim
Honourable Shareholders,
Assalamu Alaikum,

On behalf of the Board of Directors and on my own behalf I welcome you all to 18th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for ended June 30, 2021, Auditors' report and the Directors' Report thereon along with Company's performance and other matters in terms of the Companies ACT 1994, the guideline issued by Bangladesh Securities and Exchange Commission and Bangladesh Accounting Standards.

## BACKGROUND

Kattali Textile Limited (here in after referred to as "KTL" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) on June 26, 2002 and has been converted into a Public Limited Company on October 17, 2016 under the Companies Act, 1994.

## REVENUE

As you are aware that the Company is 100% export oriented, mainly engaged in the business of Textile sector. The sale proceeds stood at Tk. 384,272,748.00 the efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

The operating financial results of the Company for the year 2020-2021 as compared to the previous year are summarized hereunder:

| Particular | 2021-2020 | 2020-2019 | 2019-2018 | 2018-2017 | 2017-2016 |
|---|---|---|---|---|---|
| Turnover | 384,272,748 | 955,245,848 | 1,122,356,999 | 630,369,942 | 595,295,265 |
| Gross Profit | 92,128,303 | 211,692,572 | 281,806,184 | 157,562,058 | 135,946,059 |
| Financial Expenses | 9,250,185 | 4,188,616 | 5,069,911 | 6,691,478 | 5,820,380 |
| Non-Operating Income | 53,271,859 | 173,948,183 | 241,178,490 | 126,330,223 | 105,723,116 |
| Net Profit Before Tax (NPBT) | 77,041,562 | 187,477,199 | 237,223,611 | 121,697,982 | 107,014,668 |
| Provision for Taxation | 16,947,962 | 32,998,221 | 28,466,833 | 14,603,757 | 128,840 |
| Net Profit After Tax (NPAT) | 60,093,600 | 154,478,978 | 208,756,778 | 107,094,225 | 106,885,828 |
| Gross Margin (Turnover) | 23.97% | 22.16% | 25.108% | 24.995% | 22.87% |
| Net Margin Before Tax | 20.05% | 19.626% | 21.136% | 19.31% | 17.98% |
| Net Margin After Tax | 15.64% | 16.17% | 18.60% | 16.99% | 17.96% |
| Earnings Per Share (EPS) BDT | 0.52 | 1.43 | 2.34 | 1.95 | 1.94 |
| Weighted Average Number of Share | 116,305,200 | 107,690,000 | 97,900,000 | 55,000,000 | 55,000,000 |
| Number of Share Outstanding | 116,305,200 | 107,690,000 | 97,900,000 | 55,000,000 | 55,000,000 |

In reference to provisions of Section 184 of the Companies Act 1994, Rule 12 (and the Schedule there under) of the Bangladesh Securities and Exchange rules 1987, BSEC Notification dated August 07, 2012 and IAS-1 (International Accounting Standard-1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Reports to the Members of the Company for the year ended 30 June, 2021 in the following segments:

The Cost of Goods sold (COGS) in the year ended June 30, 2021 amounting to 76.02% of Revenue, thereby resulting in Gross Profit Margin of 23.97%. This is fairly consistent with 22.16% Gross Profit Margin for the year ended June 30, 2020. (The Net Profit Margin has been increased to 15.64% in 2021 which was 16.17% in 2020).

## Five Years Financial Position (Amount in Taka)

| Operational Result | 30.06.2021 | 30.06.2020 | 30.06.2019 | 30.06.2018 | 30.06.2017 |
|---|---|---|---|---|---|
| Turnover | 384,272,748 | 955,245,848 | 1,122,356,999 | 630,369,942 | 595,295,265 |
| Gross Profit | 92,128,303 | 211,692,572 | 281,806,184 | 157,562,058 | 135,946,059 |
| Profit from Operating | 62,522,044 | 178,136,799 | 246,248,402 | 133,021,701 | 111,543,496 |
| Net Profit before Tax | 77,041,562 | 187,477,199 | 237,223,611 | 121,697,982 | 107,014,668 |
| Net Profit after Tax | 60,093,600 | 154,478,978 | 208,756,778 | 107,094,224 | 106,885,828 |

| Financial Position | 30.06.2021 | 30.06.2020 | 30.06.2019 | 30.06.2018 | 30.06.2017 |
|---|---|---|---|---|---|
| Non-Current Assets | 965,141,449 | 864,064,685 | 808,478,875 | 733,557,763 | 776,871,445 |
| Current Assets | 1,242,989,799 | 1224,685,544 | 1120,289,790 | 640,388,039 | 485,151,282 |
| Shareholder's Equity | 1,943,148,358 | 1898,121,933 | 1763,164,058 | 1233,531,280 | 1126,437,056 |
| Non-Current Liability | 48,768,563 | 45,900,084 | 37,254,176 | 34,599,282 | 33,137,855 |
| Current Liability | 216,214,327 | 144,728,213 | 128,350,431 | 105,815,239 | 102,447,815 |

| Key Financial Ratio | 30.06.2021 | 30.06.2020 | 30.06.2019 | 30.06.2018 | 30.06.2017 |
|---|---|---|---|---|---|
| Current Ratio | 5.75 | 8.46 | 8.73 | 6.05 | 4.74 |
| Quick Ratio | 3.20 | 5.04 | 5.91 | 3.29 | 2.49 |
| Debt to Equity Ratio | 0.136 | 0.10 | 0.09 | 0.11 | 0.12 |
| Net Income Ratio (%) | 15.64% | 16.18% | 18.60% | 17.0% | 18.0% |
| Return on Equity (%) | 3.09% | 8.14% | 11.84% | 8.7% | 9.5% |
| Earnings Per Share | 0.52 | 1.43 | 2.34 | 1.95 | 2.07 |

## APPROPRIATION:

The net profit of Tk. 60,093,600 earned during the year ended June 30, 2021 has been recommended by the Board to be distributed in the following manner:

a) Provision for proposed Dividend @ 10% Cash Dividend (Excluding the Sponsors/Directors).

## UTILIZATION OF IPO FUND

b) The Company has raised Tk. 34.00 crore by issuing ordinary shares through IPO.

| Particulars | Amount in Taka |
|---|---|
| IPO Expense | 19,124,000.00 |
| Factory Building | 172,779,916.00 |
| Dormitory for Employee | 25,312,794.00 |
| New Machinery | 89,787,540.00 |
| Electric Installation of Transformer & Generator | 7,995,750.00 |
| Bank Loan (One Bank) | 25,000,000.00 |
| Total | 340,000,000.00 |

## IPO UTILIZATION DETAILS

In line with the condition number 4, Part-C of the consent letter number BSEC/CI/IPO-263/2017/549 date: 31 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on 30 June 2021 is as follows:

### Auditor's Certificate Regarding Monthly Status Report of Utilization of Fund against Initial Public Offering (IPO) of Kattali Textile Limited for the Month of June 2021

We have examined the accompanying statement IPO Utilization as 30 June 2021 of Kattali Textile Limited with bank statements, Prospectus and other necessary documents as produced to us by the management of the company during our examination. After due verification we certify that the company received Tk. 340,000,000 (Taka Thirty-Four Crore) only as Initial Public Offering (IPO) proceeds through subscription from 28 August 2018 to 13 September 2018 in the company's separate Bank Account (A/C 1501203618441001) maintaining with BRAC Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212. In line with the condition number 4, Part-C of the consent letter number BSEC/CI/IPO-263/2017/549 date: 30 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on 30 June 2021 is as follows:

| Sl No. | Particulars | Proceeds of Allotment as per IPO (Tk.) | Fund Utilization (Tk.) up to May 2021 | Fund Utilization (Tk.) for this month of June 2021 | Total Utilization of Fund (Tk.) up to 30 June 2021 | Unspent Balance of IPO (Tk.) |
|---|---|---|---|---|---|---|
| 1 | **IPO Expenses** | 1,91,24,000 | 1,91,24,000 | - | 1,91,24,000 | - |
| 2 | **Constriction of Factory Building Expansion Unit** | 17,27,79,916 | 6,11,12,125 | - | 6,11,12,125 | 11,16,67,791 |
| 3 | **Construction of Dormitory of Employee** | 2,53,12,794 | 1,60,00,000 | - | 1,60,00,000 | 93,12,794 |
| 4 | **Acquisition of New Machinery for Expansion Unit** | 8,97,87,540 | 48,27,750 | - | 48,27,750 | 8,49,59,790 |
| 5 | **Electric Installation of Transformer & Generator** | 79,95,750 | - | - | - | 79,95,750 |
| 6 | **Bank Loan Repayment (One Bank Limited)** | 2,50,00,000 | 2,50,00,000 | - | 2,50,00,000 | - |
| **Total IPO Proceeds** | | **34,00,00,000** | **12,60,63,875** | - | **12,60,63,875** | **21,39,36,125** |

## We draw attention to the following matter:

1) Construction of Factory: Apart from the above utilization the company paid BDT 9,92,19,096 as advance against construction of factory building extension unit out of sanction amount BDT 17,27,79,916. Out of the advance the company transferred BDT 6,11,12,125 to "Construction of Factory Building Expansion Unit" and BDT 1,60,000 "Construction of Dormitory of Employee" up the month. But no progress bill was submitted by the contractor. Further no withholding Tax and VAT was deducted from the advance.

2) The company paid a bill for BDT 1,60,00,000 against Construction of Dormitory of Employee out of sanction amount BDT 2,53,12,794 from which withholding Tax and VAT was not deducted.

3) The company kept Tk. 6,58,59,718 (Tk. Six Crore Fifty-Eight Lac Fifty-Nine Thousand Seven Hundred Eighteen) in FDR with Islami Finance and Investment Limited, Chittagong for twelve months. During this month the company uncashed FDR amounting Tk. 10,00,00,000 from total FDR amounting in TK 16,58,59718.

4) The company earned interest income of BDT. 4,55,43,501/- from FDR on IPO proceeds deposits and Foreign Exchange gain BDT.58,897. Therefore, the bank deducted Advance Income Tax BDT 45,54,350/-, KTL also have a balance for Tk. 1,077,661/- included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT 2,48,595 up to June 30, 2021. Therefore, bank balance after adjusting above amount stood at BDT. 4,28,26,551/- on current account A/C No. 1501203618441001, BDT 43,255/- on USD account No. 1501203618441002 and BDT 17,238/- on EUR account A/C No. 1501203618441004 and Al-ArafahIslami Bank Ltd. A/C No. 00510200223251 on current account BDT 10,89,64,183 with IFIL BDT 6,58,59718 aggregating BDT 21,77,10,944/- as in clause (3) above.

5) The Company received IPO proceeds within 11 November 2018 as per prospectus the last date of fund utilization was 31 October 2020. Since the company couldn't utilize the IPO proceed fund within the due time, the company applied for time extension for further 12 (twelve) months through letter reference no. KTL/BSEC/2020/054 dated 31 October 2020. But approval from respective authority not yet received.

## We also state that referred to above:

a) IPO proceeds have been utilized for the purposes as specified in the prospectus;
b) IPO proceeds have been utilized in line with the conditions of the BSEC's consent letter for the IPO;
c) Utilization of IPO proceeds is being under progress;
d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus
e) Audit statement has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with bank statement; and
f) Appropriate payment procedure was not followed in some instances as stated in clause (a) and (b) above.

## SEGMENT REPORTING

The company operates in one segment, which is the business of Textile.

**A position on cost of goods sold, gross margin and net profit margin**

| Particulars | 30-June 2021 | | 30-June 2020 | | 30-June 2019 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Turnover | 384,272,748 | 100.00% | 955,245,848 | 100.00% | 1,122,356,999 | 100.00% |
| Cost of Goods Sold | 292,144,445 | 76.03% | 743,553,276 | 77.84% | 840,550,815 | 74.89% |
| Gross Profit | 92,128,303 | 23.97% | 211,692,572 | 22.16% | 281,806,184 | 25.11% |
| Net Profit during the year | 60,093,600 | 15.64% | 154,478,978 | 16.17% | 208,756,778 | 18.60% |

## ELECTION OF DIRECTORS

Nasreen Hoque, Director and Md. Anwarul Hoque Chowdhury, Director of the Company, retire as per article 125 & 126 of Articles of Association and being eligible offer themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.5 (xxii) of BSEC notification dated 7th August, 2012 are depicted in Annexure-III.

## APPOINTMENT OF AUDITORS

The Auditors of the Company, Ashraf Uddin & Co., Chartered Accountant , 142/B, Green road (3rd Floor), Dhaka-1215, Bangladesh, has carried out the audit of the Company for the year ended 30 June 2021. They were appointed as Statutory Auditor in 17th AGM. As per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015 existing auditor is eligible for re-appointment. Accordingly the Board of Directors has recommended re-appointment new auditor of Ashraf Uddin & Co., Chartered Accountant, 142/B, Green road (3rd Floor), Dhaka-1215, Bangladesh. A proposal for appointment Ashraf Uddin & Co., Chartered Accountant as auditor for the year 2021-22 of the Company will be placed in the forthcoming 18th AGM for shareholders' approval and fixation of their fees.

## REAPPOINTMENT OF INDEPENDENT DIRECTORS

The existing Independent Directors of the Company KAM Ferdous and Mahbubur Rashid expressed his interest to be carried out as Independent Directors of the Company.

## Disclosers of Unclaimed Dividend Account:

Kattali Textile Limited Listed in Dhaka stock exchange & Chittagong Stock exchange Ltd. November 12, 2018 for the year ended 30 June, 2019 the Company declared Dividend 10% Stock & 2% Cash (except Sponsor director) and the year ended 30 June, 2020 the Company declared Dividend 8% Stock & 2% Cash (except Sponsor director).As per directive No. BSEC/CMRRCD/2021-386/03 dated 14th Janury 2021 the summery of Unclaimed Dividend Account are below:

| Particulars | Taka | Balance Taka |
|---|---|---|
| Opening Balance | - | - |
| | | - |
| Add: 2% Cash dividend June, 2019 | 1,95,80,000 | |
| **Less:** Paid during the period | (1,88,37,635) | |
| | | 7,42,365 |
| Add: 2% Cash dividend (except Sponsor/Director) June, 2020 | 1,50,08,277.80 | |
| **Less:** Paid during the period | (1,43,00,143.80) | |
| | | 7,08,134 |
| | | **14,50,499** |
| Add: Interest Received | | **16,269** |
| | | **14,66,768** |
| **Total Balance Taka** | | |

This undistributed dividend amount Balance of Taka 14,66,768/- also Balance Kattali Textile Limited (dividend Account) Shahjalal Islami Bank Limited Agrabad Branch, Chittagong. Account Number–300112400000365.

### DIRECTORS' REMUNERATION

Directors' remuneration is shown in the note no. 27.08 of the notes to the Financial Statements.

### STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

In accordance with the Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 the Directors are pleased to confirm the following:

The financial statements together with notes thereon have been drawn up in conformity with the Companies Act. 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the companies state of affairs, the result of its operations, cash flow and changes in equity.

1. Proper books and accounts of the company have been maintained.
2. Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
3. The International Financial Reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
4. The systems of internal control are sound and have been implemented and monitored effectively.
5. The pattern of shareholding is provided in Annexure-II of the annual report.

## RISK AND CONCERNS

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to a change in policy in the international market might hamper the production and profitability.

Moreover, the performance of the company may be affected by the political and economic instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Similarly, risks and concerns of the industry depend on the upcoming Government policy as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future.

## DISCUSSION ON CONTINUITY OF EXTRAORDINARY GAIN OR LOSS

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. As to the Company, there was no such gain or loss during the year under reporting.

## BOARD SIZE

The number of members in the Board of Directors of the Company stands at 08 (including Two Independent Director) which are within the limits given by the BSEC Notification.

## DUTIES OF MANAGING DIRECTOR & CEO

The provision of BSEC regulation have been compiled in the Annual report.

## MAINTAINING A WEBSITE

The company maintains an official website: www.ktlbd.com. This is linked with the website of the stock exchange.

## SUBSIDIARY COMPANY

The company has no any subsidiary company.

## CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, HEAD OF INTERNAL AUDIT

As per corporate governance guidelines of BSEC, the company has allocated the responsibilities of the officials as follows:

Chief Financial Officer : Md. Fazlul Hoque
Head of Internal Audit : Md. Mostafizur Rahman

## AUDIT COMMITTEE

The Audit Committee, as a subcommittee of the Board of Director has been constituted with the Independent Director as Chairman and other Directors. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been started in the annual audit committee report.

## CORPORATE GOVERNANCE

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the shareholders and to the society. A statement in pursuance to clause 1.5, The Directors Report to Shareholders. 3.5, Reporting to the Shareholders and General Investors, Certificate from the CEO and CFO to the Board as per clause 6, certificate from professional accountant as per clause 7(i) and the status of compliance with the conditions imposed by the Commission's Notification No. SEC/ CMRRCD/ 2006-158/207/Admin/80, dated 3 June 2018 issued by Bangladesh Securities & Exchange Commission is depicted in the Annexure-I, II, IV, VI and VII respectively.

## ANNEXURE TO THE DIRECTORS' REPORT

## ANNEXURE-I

- Related Party Transactions are depicted in Note no. 27.08 in the Notes to the Account.
- Remuneration of Directors including Independent Director has been shown in Note no. 27.06 & 27.07 in the Notes to the Account.
- The Financial Statement of the Company present true and fair view of the Company's state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- The internal control system is sound in design and is effectively implemented and monitored.
- There is no significant deviation from the operating result of the last year.
- Key operating and financial data of last five years have been presented in summarized form in page no.13

The number of Board Meeting and the Attendance of Directors for the year ended 30 June, 2021 were as follows:

| Board Members | Designation | Meeting Held | Attendance |
|---|---|---|---|
| Mrs. Nasreen Hoque | Chairman | 4 | 4 |
| Md. Emdadul Hoque Chowdhury | Managing Director | 4 | 4 |
| Md. Anwarul Hoque Chowdhury | Director | 8 | 8 |
| Md. Mokarram Anwar Chowdhury | Director | 9 | 9 |
| Waduda Sabrina (Nominee Director of Eian Apparels Ltd.) | Director | 4 | 4 |
| Sifat Sabrina ( Nominee of Lucky Corner) | Director | 5 | 5 |
| Mahbubur Rashid | Independent Director | 8 | 8 |
| KAM Ferdous | Independent Director | 5 | 5 |

The pattern of Shareholding as required by clause 1.5 (xxi) of the BSEC Notification dated 7th August, 2012, is stated in Annexure II.

## ANNEXURE-II

Pattern of Shareholding as on 30th June, 2021.

## SHAREHOLDING PATTERN

The shareholding of directors at the end of 30 June, 2021 is shown as below:

| Sl | Name of the Shareholder | Position | Shares Held | % |
|---|---|---|---|---|
| i. | **Parent/Subsidiary/Associated companies and other related parties** | | | |
| ii. | **Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouse and Minor Children:** | | | |
| | Nasreen Hoque | Chairman | 51,50,360 | 4.43% |
| | Md. Emdadul Hoque Chowdhury | Managing Director | 1,38,29,738 | 11.89% |
| | Md. Anwarul Hoque Chowdhury | Director | 37,22,873 | 3.20% |
| | Md. Mokarram Anwar Chowdhury | Director | 32,53,512 | 2.80% |
| | Eian Apparels Ltd. (Nominated Waduda of Sabrina) | Director | 49,14,383 | 4.23% |
| | Lucky Corner (Nominated Sifat Sabrina) | Director | 43,89,631 | 3.77% |
| | Mahbubur Rashid | Independent Director | Nil | Nil |
| | KAM Ferdous | Independent Director | Nil | Nil |
| | Md. Fazlul Hoque | Chief Financial Officer | Nil | Nil |
| | Sattabrata Das | Company Secretary | Nil | Nil |
| | Md. Mostafizur Rahman | Head of Internal Audit | Nil | Nil |
| iii. | Executives | Nil | Nil | Nil |
| iv. | **Shareholders holding 10% or more voting interest in the company :** | | | |
| | Md. Emdadul Hoque Chowdhury | Managing Director | 3,52,60,497 | 30.32% |

1. No Company Secretary/CFO/ Internal Auditor and their spouse and minor children hold above mentioned shares of the Company.
2. No Executive holds any share of the Company except Managing Director.
3. No Shareholders hold 10% or more shares except Md. Emdadul Hoque Chowdhury hold 11.89% shares.

## DIRECTORS INVOLVED IN OTHER COMPANIES

| Sl No | Name | Position in KTL | Involvement | |
|---|---|---|---|---|
| | | | Name of the Company | Position |
| 1 | Nasreen Hoque | Chairman | Takaful islami Insurance Ltd | Non Executive Director |
| 2 | Md. Emdadul Hoque Chowdhury | Managing Director | Takaful Islami Insurance Ltd. | Non Executive Vice- Chairman |
| 3 | Md. Anwarul Hoque Chowdhury | Director | | |
| 4 | Md. Mokarram Anwar Chowdhury | Director | | |
| 5 | Eian Apparels Ltd. (Nominated Waduda Sabrina) | Director | | |
| 6 | Lucky Corner (Nominated Sifat Sabrina) | Director | | |
| 7 | Mahbubur Rashid | Independent Director | | |
| 8 | KAM Ferdous | Independent Director | | |

## MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless effort helped increase the productivity as well as the net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors.

The director humble express its gratitude and acknowledge with keen interest the cooperation and unflinching support it has received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue and other agencies of the public and the private sector. We look forward to a brighter future for all of us.

We look forward to a brighter future for all of us.

Thank you All.

Sd/-
Mrs. Nasreen Hoque
Chairman

# AUDIT COMMITTEE REPORT

## For the year ended 30th June, 2021

The Board of Directors of Kattali Textile Limited has constituted an Audit Committee according to the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended at the Compliance Report enclosed with the Directors' Report. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements of effectively discharge their duties and responsibilities as members of the Audit Committee. The members of the Audit Committee are as follows:

| Name of The Audit Committee | Position of the Committee |
|---|---|
| Mahbudur Rashid, Independent Director of the KTL | Chairman of the Committee |
| Md. Anwarul Hoque Chowdhury, Director of the KTL | Member of the Committee |
| Md. Mokarram Anwar Chowdhury, Director of the KTL | Member of the Committee |

## PURPOSE OF AUDIT COMMITTEE

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, standards and principles.
- Monitor internal control and business risk management process.
- Monitor and review the effectiveness of internal audit function.
- Oversee hiring and performance of external auditors.
- Other matters as per the terms of reference and Audit Committee.

## AUTHORITY

The Audit Committee is authorized by the Board to review and activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any requests made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

## MEETING ATTENDANCE

The Audit Committee met 4 (Four) times during the year 30 June, 2021. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during the year 30 June, 2021 are as follows:

**Audit Committee Meeting Attendance record of the Members**

| Board Member | Designation | Held of Meeting | Meeting Attended |
|---|---|---|---|
| Mahbudur Rashid | Chairman | 4 | 4 |
| Md. AnwarulHoqueChowdhury | Member | 4 | 4 |
| Md. Mokarram Anwar Chowdhury | Member | 4 | 4 |

**Summary of Activities 2020-2021**

The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. During the year 30 June, 2021, the Audit Committee carried out the following activities:

1. **Financial reporting reviewed the quarterly and annual audited financial statements of the Company with the CFO and MD, focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements before recommending them to the Board for approval.**

2. **Internal audit:**
   a. Reviewed internal audit reports and corresponding actions to improve controls as agreed by management.
   b. Reviewed status reports of internal audit to ensure that appropriate actions had been taken to implement the audit recommendations.

3. **External audit:**
   a. Reviewed with the external auditors the Company's Statement of Internal Control before recommending the same for inclusion in the Company's Annual Report of 2021.
   b. Reviewed the findings arising from audits particularly the comments and recommendations in management letter, before recommending them to the Board of Directors for approval.
   c. Reviewed the external auditors' audit plan including its nature and scope, audit report, evaluation of internal controls and coordination of the external auditors.

Sincerely Yours,

Sd/-
**Mahbubur Rashid**
Chairman, Audit Committee.

# NOMINATION AND REMUNERATION COMMITTEE REPORT

**For the year ended 30th June, 2021**

The Nomination and Remuneration committee (NRC) is the sub-committee of the Board. The NRC shall assist the Board in formulation of the nomination criteria or for determining qualifications, positive attributes, experiences and independence of directors and top level executives as well as a policy for formal process of considering remuneration of directors, top level executives. As per Corporate Governance Code DSBSL has recently formed a new Nomination and Remuneration Committee (NRC).

## The Nomination and Remuneration Committee consists of the following members:

| Sl No | Name | Designation |
|---|---|---|
| 1 | K.A.M Ferdous | Chairman (Independent Director of the Company) |
| 2 | Md. Mokarram Anwar Chowdhury | Member (Director of the Company) |
| 3 | Sifat Sabrina | Member (Director of the Company) |

## MEETING:

During the year ended June 30, 2021, 01 (one) Nomination and Remuneration Committee Meeting was held. Proceeding of the Nomination and Remuneration Committee Meetings was reported regularly to the Board of Directors.

## The Details of attendance of the Nomination and Remuneration Committee Members have been shown as below:

| Sl No | Name | Designation | No. of Meeting Held | No. of Meeting Attended |
|---|---|---|---|---|
| 1 | K.A.M Ferdous | Chairman | 01 | 01 |
| 2 | Md. Mokarram Anwar Chowdhury | Member | 01 | 01 |
| 3 | Sifat Sabrina | Member | 01 | 01 |

## SCOPE AND ROLE OF NRC

NRC shall be responsible to the Board and to the shareholders of the company.
NRC shall oversee and formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:

**(i)** The level and composition of remuneration is reasonable and sufficient to attain, retain and motivate suitable directors to run company successfully;

**(ii)** The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

**(iii)** 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;

**(iv)** Devising a policy on board's diversity talking into consideration age, gender, experience, ethnicity, educational background and nationality;

**(v)** 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;

**(vi)** Formulating the criteria for evaluation of performance of independent directors and the board;

**(vii)** Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;

**(viii)** Developing, recommending and reviewing annually the company's human resource and training policies and any other services that the board of Directors determines time to time.

## Authority

The board authorizes the committee to:

a) Investigate any activity within its terms of reference and make recommendations to the board which it deems appropriate on any area within its limit where action or improvement is needed.

b) Seek any information it requires from or request the attendance at any of its meetings or any employee of the group and all directors and employees are expected to co-operate with any request made by the committee.

c) Use any form of resource that it considers to be appropriate, including obtaining, at the company's expense (such expense to be agreed in advance with the committee chair).

Activities and recommendations of the NRC for the year ended on 30 June 2021 As per terms of reference (ToR), during the financial year from 01 July 2020 to 30 June 2021, the nomination and remuneration committee's meeting was held on 11 March 2021 and reviewed the existing policy and procedures hiring, recruiting, remuneration package, qualification, performance indication procedures and gave their recommendation to the board for consideration.

## Gratitude

The member of the Nomination and Remuneration Committee express their gratitude and thanks to the board of directors for their prudent guidance and the management for their cooperation in performing their duties and responsibilities.

Sincerely Yours,

Sd/-
K.A.M Ferdous
Chairman
**Nomination and Remuneration Committee**

**ANNEXURE-A**
**{As per condition No. 1(5) (xxvi)}**

## Kattali Textile Limited
## DECLARATION BY MD AND CFO

**Date: November 21, 2021**

The Board of Directors
Kattali Textile Limited
Chowdhury Bari, KornelKones Road,
North Kattali, Pahartoli, Chittagong-4217.

**Subject: Declaration on Financial Statements for the year ended on 30 June 2021.**

Dear Sir,
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 Kattali Textile Limited for the year ended on 30 June 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed.
(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view.
(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements.
(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records.
(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**In this regard, we also certify that:**

(i) We have reviewed the financial statements for the year ended on 30 June 2021 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.

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,

Sd/-
**Md. Emdadul Hoque Chowdhury**
Managing Director (MD)

Sd/-
**Md. Fazlul Hoque**
Chief Financial Officer (CFO)

**Annexure-B**

## Report to the Shareholders of Kattali Textile Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Kattali Textile Limited for the year ended on 30th June, 2021. This Code relates to the Notification No. SEC/CMRRCD/2006-158/207/Admin/80dated 3rd June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

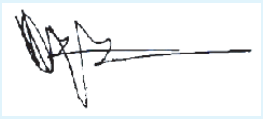
We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;

(b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and;

(d) The governance of the company is highly satisfactory.



MD AMINUL ISLAM, FCA
**Huda Hossain & CO.**
Chartered Accountants

Place: Dhaka
Dated: 19th October, 2021

**Annexure-C**

# Kattali Textile Limited
## Corporate Governance Compliance Status Report
## Under Condition No. 7.00

Status of Compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

| Condition No. | Title | Compliance Status (Put✓in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1 | **BOARD OF DIRECTORS:** | | | |
| 1(1) | Board's Size:<br>The total number of members of a company's Board of Directors (hereinafter referred to as "Board" shall not be less than 5 (five) and more than 20 (twenty). | ✓ | | |
| **1(2)** | **Independent Directors**<br>All companies shall have effective representation of independent directors on their Boards, so that the board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:- | | | |
| 1(2)(a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; an fraction shall be considered to the next integer or whole number for calculating number of independent director (s). | ✓ | | |
| **1(2) (b)** | For the purpose of this clause "Independent Director" **means a Director** | | | |
| 1(2) (b)(i) | Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company; | ✓ | | |
| 1(2) (b) (ii) | Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominate director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company | ✓ | | |
| 1(2) (b)(iii) | Who has not been an executive of the company in immediately preceding 2 (Two) financial years; | ✓ | | |
| 1(2) (b)(iv) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies. | ✓ | | |
| 1(2) (b) (v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |
| 1(2) (b)(vi) | Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | ✓ | | |
| 1(2) (b)(vii) | Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm engaged i internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | ✓ | | |
| 1(2) (b)(viii) | Who is not independent director in more than 5 (five) listed Companies; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1(2) (b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and | ✓ | | |
| 1(2) (b)(x) | Who has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| 1(2) (c) | The Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | ✓ | | |
| 1(2) (d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days. | ✓ | | |
| 1(2) (e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | ✓ | | |
| 1(3) | **Qualification of Independent Director (ID)** | | | |
| 1(3) (a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business. | ✓ | | |
| 1(3)(b) | Independent director shall have following qualifications: | | | |
| 1(3)(b)(i) | Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | | | Not Applicable |
| 1(3) (b)(ii) | Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a Candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or | | | Not Applicable |
| 1(3) (b)(iii) | Former official of government are statutory or autonomous or regulatory body in the position not below 5th Grade of the National Pay Scale, who has at least educational Background of Bachelor Degree in Economics or Commerce or Business or Law; or | | | Not Applicable |
| 1(3) (b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | | | Not Applicable |
| 1(3) (b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost & Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | | | Not Applicable |
| 1(3) (c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | ✓ | | |
| 1(3) (d) | In special cases the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | | Not Applicable |
| 1(4) | **Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:** | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1(4) (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals. | ✓ | | |
| 1(4) (b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | |
| 1(4) (c) | The Chairperson of the board shall be elected from among the non executive directors of the company; | ✓ | | |
| 1(4) (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | ✓ | | |
| 1(4) (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regula Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 1(5) | The Directors' Report to Shareholders : The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):- | | | |
| 1(5) (i) | Industry outlook and possible future developments in the industry; | ✓ | | |
| 1(5) (ii) | Segment-wise or product-wise performance; | ✓ | | |
| 1(5) (iii) | Risk 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) | Discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss); | ✓ | | |
| 1(5) (vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | ✓ | | |
| 1(5) (vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any others Instruments; | ✓ | | |
| 1(5) (viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc; | | | Not Applicable |
| 1(5) (ix) | An explanation of any significant variance occurs between Quarterly Financial performance and Annual Financial Statements; | ✓ | | |
| 1(5) (x) | A statement of Remuneration paid to the directors including independent directors; | ✓ | | |
| 1(5) (xi) | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | |
| 1(5) (xii) | Proper books of account of the issuer company have been maintained; | ✓ | | |
| 1(5) (xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1(5) (xiv) | International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (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) | 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 company's ability to continue as a going concern; | ✓ | | |
| 1(5) (xviii) | Significant deviations from the last year's operating results of the 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 are summarized; | ✓ | | |
| 1(5) (xx) | If the issuer company has not declared dividend (cash or stock) for the year; | ✓ | | The company has paid 2% cash and 8% stock dividend for the year ended 30 June 2020 |
| 1(5) (xxi) | Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend; | ✓ | | |
| 1(5) (xxii) | The total number of board meetings held during the year and attendance by each director; | ✓ | | |
| 1(5) (xxiii) | The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- | ✓ | | |
| 1(5)(xxiii) (a) | Parent or Subsidiary or Associated Companies and other related parties (name wise details). | ✓ | | |
| 1(5)(xxiii) (b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details) | ✓ | | |
| 1(5)(xxiii) (c) | Executives; and | | | Not Applicable |
| 1(5)(xxiii) (d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | ✓ | | |
| 1(5) (xxiv) | **In case of the appointment or re-appointment of a director the company shall disclose the following information to the shareholders:-** | | | |
| 1(5)(xxiv) (a) | A brief resume of the directors. | ✓ | | |
| 1(5) (xxiv)(b) | Nature of his/her expertise in specific functional areas; | ✓ | | |
| 1(5) (xxiv) (c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1(5) (xxv) | A Management's Discussion and Analysis signed by **CEO or MD presenting detailed analysis of the** company's position and operations along with a **brief discussion of changes in the financial statements, among others, focusing on:** | | | |
| 1(5) (xxv) (a) | Accounting policies and estimation for preparation of financial statements. | ✓ | | |
| 1(5) (xxv) (b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes. | | | Not Applicable |
| 1(5) (xxv) (c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof. | ✓ | | |
| 1(5) (xxv) (d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario. | ✓ | | |
| 1(5) (xxv) (e) | Briefly explain the financial and economic scenario of the country and the globe. | ✓ | | |
| 1(5) (xxv) (f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company. | ✓ | | |
| 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 Annexure-C. | ✓ | | |
| 1(6) | **Meetings of the Board of Directors** The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓ | | |
| 1(7) | **Code of Conduct for the Chairperson, other Board members and Chief Executive Officer** | | | |
| 1(7) (a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company. | ✓ | | |
| 1(7) (b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 2 | **Governance of Board of Directors of Subsidiary Company:-** | | | |
| 2 (a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company. | | | Not Applicable |
| 2 (b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company. | | | Not Applicable |
| 2 (c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding 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 |
| **3** | **Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):-** | | | |
| **3.1** | **Appointment** | | | |
| 3(1) (a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) | ✓ | | |
| 3(1) (b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals. | ✓ | | |
| 3(1) (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time. | ✓ | | |
| 3(1 )(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS | ✓ | | |
| 3(1) (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | |
| **3(2)** | Requirement to attend Board of Directors' Meetings<br>The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:<br>Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | ✓ | | |
| **3(3)** | **Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)** | ✓ | | |
| 3(3) (a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | ✓ | | |
| 3(3) (a) (i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading. | ✓ | | |
| 3(3) (a) (ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ? in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 3(3) (b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members. | ? | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ? | | |
| **4** | Board of Directors' **Committee:-** For ensuring good governance in the company, the Board shall have at least following sub-committees: | | | |
| 4 (i) | Audit Committee | ? | | |
| 4 (ii) | Nomination and Remuneration Committee. | ? | | |
| 5 | **Audit Committee:-** | | | |
| 5(1) | **Responsibility to the Board of Directors.** | | | |
| 5(1 )(a) | The company shall have an Audit Committee as a sub-committee of the Board. | ? | | |
| 5(1) (b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | ? | | |
| 5(1 )(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ? | | |
| 5(2 ) | **Constitution of the Audit Committee** | | | |
| 5(2 ) (a) | The Audit Committee shall be composed of at least 3 (three) members. | ? | | |
| 5(2 ) (b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director. | ? | | |
| 5(2 ) (c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ? | | |
| 5(2 ) (d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee. | ? | | |
| 5(2 ) (e) | The company secretary shall act as the secretary of the Committee. | ? | | |
| 5(2 ) (f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | ? | | |
| 5(3 ) | **Chairperson of the Audit Committee** | | | |
| 5(3) (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director. | ? | | |
| 5(3 )(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ? | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 5(3) (c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):<br>Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | ✓ | | |
| 5(4) | **Meeting of the Audit Committee.** | | | |
| 5(4) (a) | The Audit Committee shall conduct at least its four meetings in a financial year:<br>Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee. | ✓ | | |
| 5(4) (b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| **5(5 )** | **Role of Audit Committee.**<br>The Audit Committee shall:- | | | |
| 5(5) (a) | Oversee the financial reporting process. | ✓ | | |
| 5(5) (b) | Monitor choice of accounting policies and principles. | ✓ | | |
| 5(5) (c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report. | ✓ | | |
| 5(5) (d) | Oversee hiring and performance of external auditors. | ✓ | | |
| 5(5) (e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption. | ✓ | | |
| 5(5) (f) | Review along with the management, the annual financial statements before submission to the Board for approval. | ✓ | | |
| 5(5) (g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval. | ✓ | | |
| 5(5) (h) | Review the adequacy of internal audit function. | ✓ | | |
| 5(5) (i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report. | ✓ | | |
| 5(5) (j) | Review statement of all related party transactions submitted by the management. | ✓ | | |
| 5(5) (k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors. | ✓ | | |
| 5(5) (l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors. | ✓ | | |
| 5(5) (m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: | ✓ | | |
| **5(6 )** | **Reporting of the Audit Committee** | | | |
| 5(6) (a) | **Reporting to the Board of Directors** | | | |
| 5(6) (a)(i) | The Audit Committee shall report on its activities to the Board. | ✓ | | |
| 5(6) (a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any:- | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 5(6)(a)(ii)(*a*) | Report on conflicts of interests. | | | Not Applicable |
| 5(6)(a)(ii)(*b*) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | Not Applicable |
| 5(6)(a)(ii)(*c*) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations. | | | Not Applicable |
| 5(6)(a)(ii)(*d*) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately. | | | Not Applicable |
| 5(6) (b) | Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | | | Not Applicable |
| **5(7 )** | **Reporting to the Shareholders and General Investors.** Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | | | Not Applicable |
| **6** | **Nomination and Remuneration Committee (NRC:-** | | | |
| **6(1 )** | **Responsibility to the Board of Directors.** | | | |
| 6(1) (a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board. | ✓ | | |
| 6(1) (b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive. | ✓ | | |
| 6(1 )(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b). | ✓ | | |
| 6(2) | Constitution of the NRC | | | |
| 6(2) (a) | The Committee shall comprise of at least three members including an independent director. | ✓ | | |
| 6(2 )(b) | All members of the Committee shall be non-executive directors. | ✓ | | |
| 6(2) (c) | Members of the Committee shall be nominated and appointed by the Board. | ✓ | | |
| 6(2 )(d) | The Board shall have authority to remove and appoint any member of the Committee. | ✓ | | |
| 6(2) (e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee. | ✓ | | |
| 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. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 6(2) (g) | The company secretary shall act as the secretary of the Committee. | ✓ | | |
| 6(2) (h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director | ✓ | | |
| 6(2) (i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | ✓ | | |
| **6(3 )** | **Chairperson of the NRC** | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director. | ✓ | | |
| 6(3) (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 6(3) (c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | ✓ | | |
| **6(4 )** | **Meeting of the NRC** | | | |
| 6(4) (a) | (a) The NRC shall conduct at least one meeting in a financial year. | ✓ | | |
| 6(4) (b) | (b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC. | ✓ | | |
| 6(4) (c) | (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) | (d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | ✓ | | |
| **6(5 )** | **Role of the NRC** | | | |
| 6(5) (a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders. | ✓ | | |
| 6(5) (b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | ✓ | | |
| 6(5) (b) (i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | ✓ | | |
| 6(5) (b) (i)*(a)* | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 6(5)(b) (i) *(b)* | The 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 the criteria for evaluation of performance of independent directors and the Board. | ✓ | | |
| 6(5) (b) (v) | Identifying the company's needs for employees at differen 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. | ✓ | | |
| 6(5) (c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| **7** | **External or Statutory Auditors:-** | | | |
| 7(1 ) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | ✓ | | |
| 7(1) (i) | Appraisal or valuation services or fairness opinions. | ✓ | | |
| 7(1 )(ii) | Financial information systems design and implementation. | ✓ | | |
| 7(1) (iii) | Book-keeping or other services related to the accounting records or financial statements. | ✓ | | |
| 7(1) (iv) | Broker-dealer services | ✓ | | |
| 7(1 )(v) | Actuarial services | ✓ | | |
| 7(1) (vi) | Internal audit services or special audit services. | ✓ | | |
| 7(1 )(vii) | Any service that the Audit Committee determines. | ✓ | | |
| 7(1 )(viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1). | ✓ | | |
| 7(1 )(ix) | Any other service that creates conflict of interest. | ✓ | | |
| 7(2 ) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: | ✓ | | |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| **8** | **Maintaining a website by the Company:-** | | | |
| 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). | ✓ | | |
| **9** | **Reporting and Compliance of Corporate Governance:-** | | | |
| 9(1 ) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | ✓ | | |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | ✓ | | |
| 9(3 ) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | ✓ | | |

Sd/-
Nasreen Hoque
Chairman
Kattali Textile Limited

Sd/-
Md. Emdadul Hoque Chowdhury
Managing Director
Kattali Textile Limited

# Photographs Gallery













# Photographs Gallery



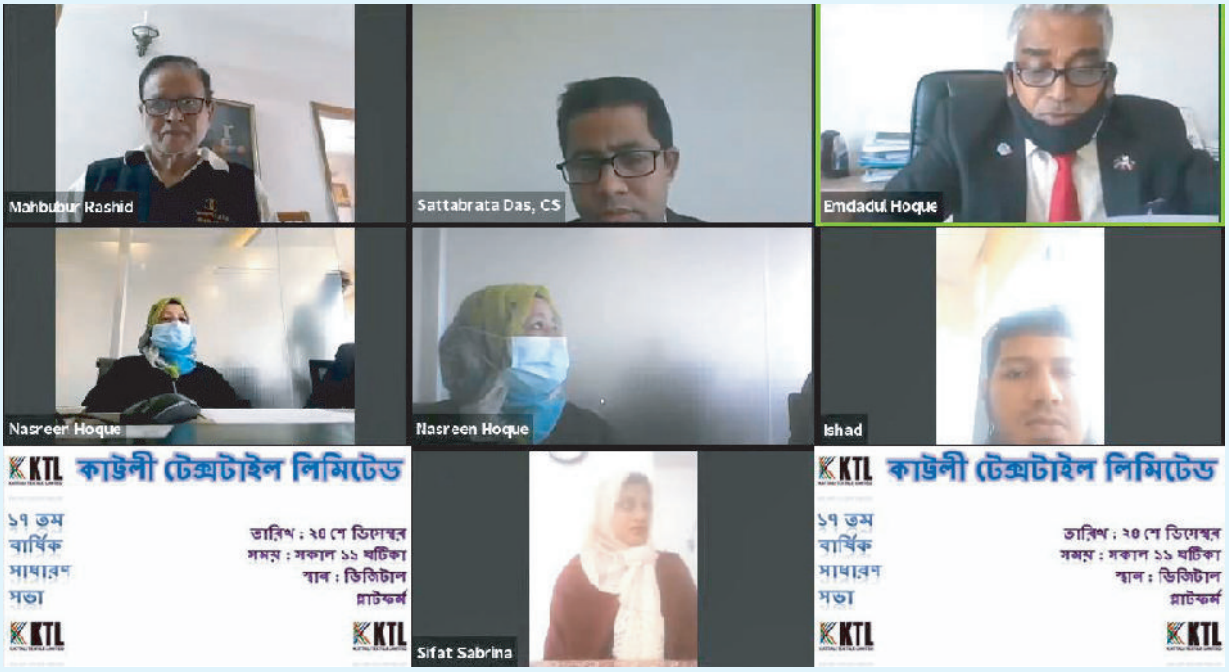






# Photographs Gallery (17th Annual General Meeting)






# Independent Auditor's Report
# To the Shareholders Kattali Textile Limited

## Report on the Audit of the Financial Statements

## Opinion

We have audited the Financial Statements of **Kattali Textile Limited** (the Company), which comprise the Statement of Financial Position as at June 30, 2021 and Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes, comprising a summary of significant accounting policies and other explanatory information thereto.

In our opinion, the accompanying Financial Statements give true and fair view, in all material respect ofthe Financial Position of the company as at June 30, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS), The Companies Act 1994, the Securities and Exchange Rules 1987and other applicable laws and regulations.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants(IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and The Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matters:

We refer to note no 3.03 regarding the inventory count conducted by management team. We further refer to note no: 3.25 & 3.26 where the company discloses significant deviation in financial performance and impact of COVID-19 situation on its business. We also refer to note no: 16.00 which should be read in conjunction with note no: 3.11 regarding the short-term employee benefit.

Our opinion is not modified in respect of these matters.

## Key Audit Matters:

Key audit matters are those matters that, in our professional judgments, were of most significant 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.

| **1.Revenue Recognition**<br>**Ref: Note 3.04 & 19.00** | |
|---|---|
| **Key audit matters** | **Key audit matters** |
| Export Sales Revenue is recognized for Tk.384,272,748/- for the year ended 30th June 2021.<br><br>Revenue recognitions have significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax. Since, revenue recognition is one of the performance indicators in almost all sector, there always exist risk of revenue smoothing or window dressing.<br><br>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service. | Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts.<br><br>-We tested the completeness of journal entries compared to financial statements and make sure that there are no unusual items.<br><br>-We checked company monthly VAT return and confirmed the amount disclosed as direct export & deemed export.<br><br>-On sample basis, we tested the export proceed documents and other supporting like bill of lading, bill |

| | |
|---|---|
| | of export, challan and also check some receivables balances of material figure to match against balance sheet date. We also review the sales contract agreements with different buyer.<br><br>-We further performed testing for party wise opening receivable balances, current period sales and subsequent realization. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.<br><br>-We checked bank confirmation for direct export realization and amount of tax deducted at source.<br><br>-We carried out third party receivable confirmation procedure to ensure the correctness of the balances.<br><br>-We issue 04 receivable confirmation requests with the consent of the company among which, two replies were received till our preparation of report.<br><br>-We verified the adequacy of disclosure made under IFRS-15 Revenue from contracts with Customers. |

**2. Deferred Tax Liability**
**Ref: Note 3.05&12**

| Key audit matters | How our audit address the matter |
|---|---|
| As per IAS 12 Income Taxes, the two components of the company's estimated tax is Current Tax & Deferred Tax. There is a deferred tax liability of 48,508,799/- which is almost equivalent to 2.20% compared to total assets of the company.<br><br>The temporary difference of deferred tax consists critical calculation and forecast. The uncertainty in forecasting or lack of expertise may results in material misstatements which may have an impact on corporate tax. | -We verified that right opening balances are carried forward in deferred tax account.<br><br>-We made sure that ,the tax base is according to 3rd schedule of ITO 1984 and the accountant of the company have clear understanding of posting the associated journal entries.<br><br>- We recalculated the figures presented in the financial statements and made sure they are in agreement with general ledger.<br><br>-We reviewed the amount of provision created for Deferred Tax in current year and the relevant adjustment against revaluation reserve.<br><br>-We ensure that the correct rate of Tax is used to calculate the provisions for deferred tax.<br><br>-We evaluated the adequacy of financial statement disclosures including key assumptions, judgments and sensitivities. |

**3.Valuation of Inventory**
**Ref: Note 3.03 & 6.00**

| Key audit matters | How our audit address the matter |
|---|---|
| Closing inventory of Tk. 368,256,784/- represents 29.63% of current assets and almost 17.68% of total assets .The closing inventory figure have significant impact in determining the cost of goods sold.<br><br>Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value. | Our audit approach includes but not limited to the followings:<br>-We gained a clear understanding of recording and valuation methods and operating effectiveness regarding Inventory.<br><br>-We made sure that closing balances care carried forward correctly and current year purchase amounts are in agreement with ledger balances.<br><br>-It was hard for us to conduct an inventory count at balance sheet date due to restrictions and health awareness imposed by COVID-19 pandemic situation.<br>-We also assess the competency of the management team conducted the year inventory count and the basis used by them as disclosed in note no 3.03.<br><br>-We reviewed the company's policy of accounting for obsolete, damaged &slow moving items along with procedure for disposal.<br>-We have checked the physical safeguard of inventory held at warehouse of the company.<br><br>- We also reviewed the requisition process of inventory and control on dispatch of items.<br><br>-We have also considered the adequacy of the company's disclosures in respect of the levels of provisions against inventory. |

## Other Information

The company had filed an application to the Chairman of Bangladesh Securities and Exchange Commission regarding time extension prayer for IPO fund utilization. The letter was received by the Commission on 11 November, 2020.

Another independent auditor had expressed an unmodified opinion on the financial statements for the year ended 30 June, 2019 before we issue our 'Disclaimer Opinion' on the financial statements for the year ended 30June, 2021.

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

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 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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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.

## Report on Other Legal and Regulatory Requirements

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

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
b) In our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
d) The expenditure incurred was for the purposes of the Company's business.



Place: Dhaka
Date: 21 November 2021

**Md. Mohiuddin Ahmed FCA,CFC**
Enrollment no: 1046
Partner
Ashraf Uddin & Co.
Chartered Accountants

# Kattali Textile Limited
## Statement of Financial Position
## As at 30 June 2021

| Particulars | Notes | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-21 | 30-Jun-20 |
| Non-Current Assets | | 96,51,41,449 | 86,40,64,685 |
| Property, Plant & Equipment | 4 | 86,21,78,738 | 77,67,48,244 |
| Capital Work In Process | 5 | 10,29,62,711 | 8,73,16,441 |
| Current Assets | | 1,24,29,89,799 | 1,22,46,85,544 |
| Inventories | 6 | 36,82,56,784 | 32,70,51,201 |
| Account Receivables | 7 | 45,74,90,930 | 44,38,92,457 |
| Advances, Deposits and Prepayments | 8 | 18,22,54,031 | 16,81,69,625 |
| Cash and Cash Equivalents | 9 | 23,49,88,054 | 28,55,72,261 |
| Total Assets | | 2,20,81,31,248 | 2,08,87,50,229 |
| Shareholder's Equity & Liabilities | | | |
| Shareholder's Equity | | 1,94,31,48,358 | 1,89,81,21,933 |
| Share Capital | 10 | 1,16,30,52,000 | 1,07,69,00,000 |
| Other Comprehensive Income | | - | 58,897 |
| Retained Earnings | 11 | 78,00,96,358 | 82,11,63,036 |
| Non-Current Liabilities | | 4,87,68,563 | 4,59,00,084 |
| Deferred Tax | 12 | 4,85,08,799 | 4,49,84,320 |
| Long Term Loan (Long Term Portion) | 13 | 2,59,764 | 9,15,764 |
| Current Liabilities | | 21,62,14,327 | 14,47,28,213 |
| Long term Loan (Current Portion) | 13 | 4,56,000 | 4,56,000 |
| Unclaimed /Unpaid Dividend | 18 | 14,66,769 | - |
| Accounts Payable | 14 | 2,54,628 | 35,47,854 |
| Liabilities For Expenses | 15 | 11,41,33,274 | 10,14,33,853 |
| Liablities for Workers Profit Participation Fund | 16 | 59,29,369 | 93,73,860 |
| Short Term Loan | 17 | 9,39,74,286 | 2,99,16,646 |
| Total Shareholder's Equity & Liabilities | | 2,20,81,31,247 | 2,08,87,50,229 |
| Net Assets Value Per Share (NAV) | 25.02 | 16.71 | 17.63 |

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

# Kattali Textile Limited
## Statement of Profit or Loss & Other Comprehensive Income
## For the year ended 30 June 2021

| Particulars | Notes | Amounts in Taka | |
|---|---|---|---|
| | | Fy (2020-2021) | Fy (2019-2020) |
| Turnover | 19 | 38,42,72,748 | 95,52,45,848 |
| Cost of Goods Sold | 20 | (29,21,44,445) | (74,35,53,276) |
| Gross Profit | | 9,21,28,303 | 21,16,92,572 |
| Operating Expenses | 21 | (2,96,06,258) | (3,35,55,773) |
| Operating Profit | | 6,25,22,044 | 17,81,36,799 |
| Financial Expenses | 22 | (92,50,185) | (41,88,616) |
| Profit before Non Operating Income | | 5,32,71,859 | 17,39,48,183 |
| Other Income | 23 | 2,78,24,522 | 2,29,02,876 |
| Profit before Income Tax & WPPF | | 8,10,96,381 | 19,68,51,059 |
| WPPF Expense | 16.00 | (40,54,819) | (93,73,860) |
| Net Profit before Income Tax | | 7,70,41,562 | 18,74,77,199 |
| Provision for Income Tax | 24 | (1,69,47,962) | (3,29,98,221) |
| Current Taxes | 24.01 | (1,34,23,484) | (2,42,58,012) |
| Deferred Taxes | 24.02 | (35,24,479) | (87,40,209) |
| Net Profit after Tax | | 6,00,93,600 | 15,44,78,978 |
| Other Comprehensive Income: | | | |
| Unrealized Foreign Exchange Gain/(Loss) | | - | 58,897 |
| Total Comprehensive Income for the year | | 6,00,93,600 | 15,45,37,875 |
| Earnings Per Share (EPS) | 25.01.1 | 0.52 | 1.43 |

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

## Kattali Textile Limited
## Statement of Changes in Equity
## For the year ended 30 June 2021

Amount in Taka

| Particulars | Share Capital | Retained Earnings | Other Comprehensive Income | Total Equity |
|---|---|---|---|---|
| Opening Balance as on 01 July 2020 | 1,07,69,00,000 | 82,11,63,036 | 58,897 | 1,89,81,21,933 |
| Adjusted during the year | - | | (58,897) | - |
| Allotment Made during the year(Bonus Issue) | 8,61,52,000 | (8,61,52,000) | - | - |
| Cash Dividend Paid | - | (1,50,08,278) | - | (1,50,08,278) |
| Unrealized Foreign Exchange Gain/(Loss) | - | | - | - |
| Net Profit (after tax) transferred from Statement of Comprehensive Income | - | 6,00,93,600 | - | - |
| Balance at the end of the year 30 June 2021 | 1,16,30,52,000 | 78,00,96,358 | - | 1,94,31,48,358 |

For the year ended 30 June 2020

Amount in Taka

| Particulars | Share Capital | Retained Earnings | Other Comprehensive Income | Total Equity |
|---|---|---|---|---|
| Opening Balance as on 01 July 2019 | 97,90,00,000 | 78,41,64,058 | - | 1,76,31,64,058 |
| Issue of Bonus (Stock Dividend 10% and Cash Dividend 2%) for the year -2019 | 97,00,000 | (11,74,80,000) | - | (1,95,80,000) |
| Unrealized Foreign Exchange Gain/(Loss) | - | - | 58,897 | 58,897 |
| Net Profit (after tax) transferred from Statement of Comprehensive Income | - | 15,44,78,978 | - | 15,44,78,978 |
| Balance at the end of the year 30 June 2020 | 1,07,69,00,000 | 82,11,63,036 | 58,897 | 1,89,81,21,933 |

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Financial Officer

# Kattali Textile Limited
## Statement of Cash Flows
## For the year ended 30 June 2021

| | Particulars | Notes | Amounts in Taka | |
|---|---|---|---|---|
| | | | Fy (2020-2021) | Fy (2019-2020) |
| A. | Cash Flows from Operating Activities | | | |
| | Received from Customers | | 37,06,74,275 | 94,65,88,240 |
| | Paid to Suppliers | | (28,63,02,325) | (61,41,78,327) |
| | Paid to Employees | | (4,27,21,024) | (11,55,46,547) |
| | Paid for Other Operating Expenses | | (2,91,55,340) | (5,18,19,290) |
| | Received from Other Sources | | 74,10,195 | 2,29,02,876 |
| | Payment of Income Tax | | 20,03,048 | (46,19,487) |
| | Net Cash Inflow from Operating Activities | | 2,19,08,829 | 18,33,27,465 |
| B. | Cash Flows from Investing Activities | | | |
| | Acquisition of Property, Plant and Equipment | | (9,60,76,520) | (6,03,00,679) |
| | Capital Work In Progress | | (1,56,46,270) | (5,46,12,125) |
| | Advance against Flat Purchase and Construction | | - | (8,36,19,096) |
| | Net Cash Outflow from Investing Activities | | (11,17,22,790) | (19,85,31,900) |
| C. | Cash Flows from Financing Activities | | | |
| | Proceeds from Short Term Loan | | 6,40,57,640 | 10,52,083 |
| | Proceeds / (Repayment) of Long Term Loan | | (6,56,000) | (94,302) |
| | Cash Dividend paid | | (1,50,08,278) | (1,95,80,000) |
| | Paid for Financial Expenses | | (92,50,185) | (41,88,616) |
| | Net Cash Inflow/(Outflow) from Financing Activities | | 3,91,43,177 | (2,28,10,836) |
| D. | Net Increase of Cash and Cash Equivalents for the year (A+B+C) | | (5,06,70,784) | (3,80,15,271) |
| E. | Cash and Cash Equivalents at the Beginning of the year | | 28,55,72,261 | 32,35,28,636 |
| F. | Foreign Exchange Gain (loss) | | 86,577 | 58,897 |
| G. | Cash and Cash Equivalents at the end of the year (D+E) | | 23,49,88,054 | 28,55,72,261 |
| | Net Operating Cash Flow Per Share (NOCFPS) | 25.03.1 | 0.19 | 1.70 |

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

# Kattali Textile Limited
## Notes, Comprising Summary of Significant Accounting Policies and Other Explanatory Information
## For the year ended 30 June, 2021

### 1 Background and Introduction

### 1.01 Formation and Legal Status

Kattali Textile Limited (hereinafter referred to as "the Company") was incorporated as private company limited by shares on 26 June 2002 under the Companies Act, 1994. The Company started its commercial operation on 01 March, 2004 and converted to Public Limited Company on 17 October, 2016. The registered office of the company is located at Chowdhury Bari, Cornel Jones Road, Pahartoli, Chittagong, Bangladesh.

### 1.02 Nature of Business

The principal activities of the company are to produce and export of different types of garment products like Man's Long Shirt, Boys Pant, Ladies shirt, Boy's Polo Shirt, Boys Long Pant, Boys Jacket, Men's Flt Front Short, Ladies Shorts, Boy's Trouser, Girl's Pant, Girl's Skirts, Girl's Top, Man's Top etc. It is serving many international buyers in the North American and the European markets and continues to strive in the highly competitive apparel-manufacturing sector. The principal buyers of the company are Wal-Mart, Kohls, Jc Penney, Target, K-mart, Mango, Calvin Klein, At-Last, Weatherproof, ENYCE, Kenneth Cole, Nautical, etc. The company won many awards for its quality products and compliance to economy standards. The company's current production capacity is 437250 pcs of garment products monthly by using modern sewing machineries.

### 2 Basis of Preparation

### 2.01 Statement of Compliance

The Financial Statements of the company under reporting have been prepared under the historical cost convention on going concern concept and consistently accrual Basis in accordance with generally accepted accounting principles and practices in Bangladesh in compliance with The Companies Act 1994, International Accounting Standards (IAS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), and other applicable laws and regulations of the country.

**The Company also complies with amongst others, the following laws and regulation:**

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The Value Added Tax Act 1991
The Value Added Tax Rules 1991
The Securities & Exchange Ordinance 1969
The Securities and Exchange Rules 1987

### 2.02 Functional and Reporting Currency

The Financial Statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of Financial Statements were rounded off to the nearest Taka.

### 2.03 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with IFRS 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 results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated Financial Statements.

## 2.04 Reporting Period

The Financial Statements of the Company consistently cover One year from 01 July 2020 to 30 June, 2021

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

The Board of Directors of Kattali Textile Limited is responsible for the preparation and presentation of Financial Statements of the Company.

## 2.06 Comparative Information

Comparative information have been disclosed in respect of the previous year for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements.

### Rearrangement of Financial Statement:

Previous year figure has been rearrangement whenever considered necessary to ensure comparability with the current year presentation as per IAS: 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The following information have rearranged during the financial year:

| Before Rearrangement | After Rearrangement |
|---|---|
| Foreign exchange Gain/(Loss) included with 'received from other sources' in the 'Statement of Cash Flows' | Foreign exchange Gain/(Loss) have separated from 'received from other sources' and presented separately in the 'Statement of Cash Flows' |
| Cash Paid to Employee included with 'Paid for Operating Expenses' and 'Paid to Suppliers& Others' in the 'Statement of Cash Flows' | Cash Paid to Employee have separated from 'Paid for Operating Expenses' and 'Paid to Suppliers& Others' and presented separately under the head of 'Cash Paid to Employee' in the 'Statement of Cash Flows' |

## 3. Significant Accounting Policies

The Financial Statements have been prepared in compliance with requirement of IASs (International Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IASs/IFRSs are applicable for preparation the Financial Statements for the year:

**IASs**

IAS-1 Presentation of Financial Statements
IAS-2 Inventories
IAS-7 Statement of Cash Flows
IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10 Events after the Reporting Period
IAS-12 Income Taxes
IAS-16 Property, Plant & Equipment
IAS -19 Employee Benefits
IAS-21 The effects of Changes in Foreign Exchange Rates
IAS-23 Borrowing Costs
IAS-24 Related Party Disclosures
IAS-33 Earnings Per Share
IAS-36 Impairment of Assets
IAS-37 Provisions, Contingent Liabilities and Contingent Assets

**IFRSs**

IFRS-7 Financial Instrument: Disclosure
IFRS-8 Operating Segments
IFRS-9 Financial Instruments
IFRS-15 Revenue from Contracts with Customers
IFRS-16 Leases
IFRS-17 Insurance Contracts

### 3.01 Going Concern:

This Financial Statements has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation. The company has adequate resources to continue its operation for the foreseeable future. As such, the director intended to adopt the going concern basis is preparing the Financial Statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

## 3.02 Property, Plant and Equipment (PPE)

### i) Recognition of Property, Plant & Equipment

These are capitalized at cost or fair value and subsequently stated net of accumulated depreciation in compliance with the IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost inclusive of inward freight, duties and non-refundable taxes for bringing the asset to its operating condition for its intended use. Expenditure on repairs and maintenance of Property, Plant and Equipment is treated as expense when incurred. Subsequent expenditure on property, Plant and Equipment is only recognized when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

### ii) Depreciation

Depreciation on fixed asset is computed using the reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant & Equipment the annual depreciation rates applied under which is considered reasonable by the management. Depreciation rates varying from 3% to 10%. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. No depreciation is charged on land and land development. In case of disposal, no depreciation is charged on the date of disposal. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the period.

**The depreciation rates are as follows:**

| Category of Fixed Assets | Rate % |
|---|---|
| Factory Building and other Construction | 3% |
| Plant & Machinery | 10% |
| Electric Installation | 10% |
| Tools and Equipment | 10% |
| Office Equipment | 10% |
| Furniture & Fixture | 10% |
| Fire Fighting Equipment | 10% |
| Motor Car | 10% |
| Electric Substation | 10% |
| Factory equipment | 10% |

### iii) Retirement and Disposals:

An asset is recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the Statement of Profit or Loss & Other Comprehensive Income.

### iv) Impairment of Assets:

The company reviews the recoverable amount of its assets at each reporting date. If there exist any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with IAS-36 "Impairment of Assets".

### 3.03.1 Changes in Accounting Policy & Judgment

#### Operating Segment

All entities shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environment in which it operates. As per IFRS-8 Operating Segments, an operating segments is a component of an entity;

i. that engaged in business, earns revenue & incur expenses;
ii. economic results and performance evaluated by chief operating decision maker on regular basis and;
ii. for which discrete financial information is available.

In line with clause 3 (three) of IFRS-8 Operating Segment, the company is not required to apply this IFRS as it has no such segmented operation that comply with the requirements of IFRS 8.

#### Financial Instruments

"At initial recognition as per IFRS-9 Financial Instrument, an entity shall measure a financial asset or financial liability as its fair value plus or minus (in the case of a financial asset or a financial liability not at fair value through profit or loss) the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition (subsequent measurement) an entity shall measure a financial asset or financial liability in either of the following subject to specific circumstance specified in the standard (sec 4.1.1- 4.1.5) & (4.2.1-4.2.2):

i. amortized cost;
ii. fair value through other comprehensive income;
iii. fair value through profit or loss.

"The entity shall recognize loss allowance or Expected Credit Loss (impairment requirement). At each reporting date the entity account for the impairment of financial assets or financial liability in the following manner:

1. an amount equal to the lifetime expected credit loss (if the credit risk of the instrument has increased significantly since initial recognition)
2. an amount equal to the 12 (twelve) month expected credit loss (if the credit risk of the instrument has not increased significantly since initial recognition)

#### Leases

An entity shall assess a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In line with IFRS-16 Leases, an entity shall determine the lease term as the non-cancellable period of a lease together with both:

i. Period covered by the option to extend the lease and;
ii. Period covered by the option to terminate the lease.

"Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model.
The company does not hold any such right of use of asset for non-cancellable period of time in exchange for any consideration."

#### Insurance Contracts

"IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.IFRS 17 established the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.
The company has not yet assessed in potential impact of IFRS 17 on its financial statements.

## 3.03 Inventories & Consumables:

Inventories comprise of Raw Materials, Work-in-Process, Finished Goods, Stores & Accessories, Oil & Lubricants and Packing Materials, which are valued lower of cost or net realizable value in accordance with the Para of 21 & 25 of IAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

| | | |
|---|---|---|
| i) | Raw Materials | lower of average cost and net realizable value |
| ii) | Work-in-process | lower of average cost and net realizable value |
| iii) | Finished goods | lower of average cost and net realizable value |
| iii) | Stores & Spare Parts, Oil & Lubricants and Packing Materials | lower of average cost and net realizable value |

### Impairment of Inventories

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow-moving items, the sales prices of the products may decrease over time. The management of the Company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment in accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recognized immediately in the Financial Statements. However, there was no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

The company conducted yearend inventory count held at 30/06/2021 as per accepted guideline set by management. A management expert team consisting of members with adequate knowledge & expertise was engaged in counting and valuation of inventory. The breakdown of the components of inventory is disclosed in note no 6:00. As per accepted practice within the industry, management has made adequate declaration regarding the value & quantity of inventory as at 30/06/2021.

## 3.04 Revenue Recognition

"As per IFRS-15: "Revenue from Contracts form Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
(b) The entity can identify each party's rights regarding the goods or services to be transferred;
(c) The entity can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
(e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer."

## 3.05 Taxation

Income tax expense comprised of current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income and is accounted for in accordance with the requirement of IAS 12: "Income Taxes".

### i) Current Tax

Current tax is the expected tax payable on the taxable income for the period/year and any adjustment to tax payable in respect of previous years as per the Provisions of Income Tax Ordinance, 1984 and duly amended by the Finance Act from time to time.

### ii) Deferred Tax

Deferred tax is provided for all temporary differences comprising between the tax base of assets and liabilities and their carrying amounts in Financial Statements in accordance with the provision of IAS-12. During the year the company has recognized for Deferred Tax as per provision of IAS-12.

## 3.06 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount.

## 3.07 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with IAS- 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the reporting date are translated into Bangladesh Taka at the rate of exchange prevailing at the reporting date. All exchange differences are recognized in the Statement of Profit of Loss & Other Comprehensive Income.

## 3.08 Provision:

In accordance with the guidelines as prescribed by IAS 37, provisions are recognized when all the following criteria are meeting:

i) When the company has a present obligation as a result of past event;
ii) When it is probable that an outflow of resources embodying economic benefit will be required to settle the Obligation; and
iii) Reliable estimate can be made of the amount of the obligation.

We have shown the provisions in the statement of financial position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the reporting date.

## 3.09 Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS-37 Provisions, Contingent Liabilities and Contingent Assets should not be recognized in the year in which the recognition criteria of provision have been made.

## 3.10 Statement of Cash flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the Cash Flow from the operating activities has been presented under direct method.

## 3.11 Employee Benefit

"The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

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

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

The company's employee benefits include short-term employee benefits such as maternity leave allowance, medical service, day care center etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**"Short-term employee benefits**

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

**"Workers' Profit Particip ation Fund (WPPF)**

The Company provides 5% of its profit before tax after charging contribution to WPPF in accordance with Bangladesh Labor Act, 2006 as amendment 2013.

The company made provision for WPPF in line with section 234 (a) chapter-XV (Workers 'participation in Companies Profits) of Bangladesh Labor Act-2006 and complied with section 234 (b). Transfer of the amount to a separate bank account is under process. The management of the company tried to disburse the amount to workers through banking channel but in fact, it was very hard to find a separate bank account of all the workers. Considering circumstance and requirement for compliance with chapter-XV section 234 (a) 7 (b) of Bangladesh Labor Act-2006, the management of the Company decided to pay out the benefit in cash basis.

## 3.12 Borrowing Cost:

Interest bearing borrowings include Term Loan (HPSM) and Short-Term Bank Loan. Interest bearing borrowings are recognized initially at fair value. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost using the effective interest method.

## 3.13 Advertisement and Promotional Expenses

All cost associated with advertising and promotional activities are charged out in the year incurred.

## 3.14 Trade Receivable

### i) Recognition and Measurement

Trade receivable consists of export sales and Deemed Export sales, export sales proceeds against sales through L/C with a tenure of 90 days to 120 days and realizable at the maturity date.

## 3.15 Creditors and Accrual

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

## 3.16 Cash and Cash Equivalents:

According to IAS 7 "Statement of Cash Flows" cash comprises Cash in Hand and Bank Deposit and Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value IAS 1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of IAS 7 and IAS 1, Cash in Hand, Short term Fixed Deposits and Bank Balances have been considered as Cash and Cash Equivalents.

## 3.17 Components of the Financial Statements:

According to the International Accounting Standard IAS-1, Presentation of Financial Statements the complete set of Financial Statements includes the following components:

i) Statement of Financial Position as at 30 June 2021.
ii) Statement of Profit of Loss & Other Comprehensive Income for the year ended 30 June 2021
iii) Statement of Changes in Equity for the year ended 30 June 2021
iv) Statement of Cash Flows for the year ended 30 June 2021
v) Selected Notes, Comprising a Summary of Significant Accounting Policies and other Explanatory Information to the year ended 30 June 2021

## 3.18 Earnings Per Share:

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard IAS-33 "Earnings Per Share".

### i) Basic Earnings Per Share:

Basic Earnings Per Share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

### ii) Diluted Earnings Per Share:

No diluted Earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

## 3.19 Related Party Transactions

"The objective of ""Related Party Disclosure"", IAS - 24 is to ensure that an entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its Financial Position and Profit or Loss may have been affected by the existence of related parties and by transactions and outstanding balances with such Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

A party is related to an entity if: [IAS 24.9] directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the entity has an interest in the entity that gives it significant influence over the entity, has Joint control over the entity, the party is a member of the key management personnel of the entity or its parent, the party is a close member of the family of any individual, the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual and the party is a post-employment benefit plan for the benefit of employees of the entity. The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. "

## 3.2 Financial Expenses

Financial Expenses comprise the interest on external borrowings and bank charges and are recognized as they accrue.

## 3.21 Approval of the Financial Statements

These Financial Statements has been approved by the Board on 22nd November 2021.

## 3.22 Financial Risk Management Policies

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

### Interest Rate Risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk . The Company has not entire into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

### Foreign Currency Risk

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

### Credit Risk

Credit risk is the potential Financial loss resulting from the failure of a customer or counterparty to settle its Financial and contractual obligations to the company as and when they fall due. Management has a credit policy in place and the exposure to Credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of Credit Risk. The maximum exposure to Credit Risk is represented by the carrying amount of each Financial Asset in the Statement of Financial Position. However, due to a large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as thy 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 obligation 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. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

### Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of trade and other short term receivables are taken to approximate their carrying value. The fair value of financial assets and inabilities approximate their carrying value.

## 3.23 Risk and Uncertainties for use of Estimates in preparation of Financial Statements

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

## 3.24 -Significant Deviation

For the period July' 2020 to June' 2021, EPS decreased compared to the previous year (July 2020 to June 2021), the major reason being decrease as COVID-19 is affect of Sales Revenue. NOCFPS also decrease for non-Collection of due bills of subcontract.

EPS falls from 1.43 to 0.52 which is almost 64% decrease in comparison with last year (2019 - 2020) and NOCFPS fall this year to 0.19 which was 1.70 in previous year (2019-2020).

## 3.25 Implication of COVID-19 on our business:

"The COVID-19 pandemic has developed rapidly in 2020 and leave trail until mid-2021. The resulting impact of the virus on the operations and measures taken by Bangladesh Government to contain the virus has negatively affected the group's results in the reporting period.

COVID-19 have a impacted the business same way as it done in almost all other sectors around the globe. During pandemic period in 2020, the company entered into subcontract agreement with few parties without LC facility due to hard time around in banking activity, scarcity in orders from buyers, pressure to recover fixed cost and maintenance of factory &workforce. Some of these parties facing severe financial distress and difficulties to initiate payment due to our business. One of our key managerial person had died through COVID-19 infection and we passed hard time to rearrange duties and responsibilities.

Despite all these situations, the management of the company managed to overcome situation through the help of Bangladesh Government. The company avail COVID-19 loan facility, appoint the vacant position in key management, manage new orders from new customers and overcome the financial difficulties across from COVID-19 1st & 2 nd wave spread out.

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

There was no significant difficulties in meeting loan covenants based on the aroused COVID-19 situation and the company managed to meet all obligations for the reporting period.

## 3.26 Events after the Reporting Period

The transaction recording system was crashed due to less competent malware protection system and significant volume of data were lost due to cyber disruption. The Board of Directors has decided to shift recording system to ERP software which is under implementation from September 2021.

The Board of Directors authorizes the financial statement from the year ended 30 June, 2021 on 22nd November 2021.

There were no other significant / material event that have impact on closing balances or on the financial position of the company as on 30.06.2021.

## 3.27 General

i. All amount was calculated to nearest taka,

ii. The financial reporting period covers a year starting from 1st July, 2020 to 30th June, 2021.

| | | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-2021 | 30-Jun-2020 |
| 4.00 | Property, Plant & Equipment | | |
| | A. Cost | | |
| | Opening Balance | 1,21,63,52,288 | 1,15,60,51,609 |
| | Addition during the Period | 9,60,76,520 | 6,03,00,679 |
| | Total Cost | 1,31,24,28,808 | 1,21,63,52,288 |
| | B. Accumulated Depreciation | | |
| | Opening Balance | 38,89,07,515 | 38,02,77,050 |
| | Depreciation for the Period | 6,13,42,555 | 5,93,26,994 |
| | Total Depreciation | 45,02,50,070 | 43,96,04,044 |
| | Written Down Value (WDV) | 86,21,78,738 | 77,67,48,244 |
| | Detail of Property, Plant & Equipment and depreciation as on 30 June 2021 are shown in the Annexure -A | | |
| 5.00 | Capital Work In Progress | | |
| | A. Kattali Expansion Unit | | |
| | Opening Balance | 8,73,16,441 | 3,27,04,316 |
| | Addition During the year | 1,56,46,270 | 5,46,12,125 |
| | Construction of Factory Building | 1,56,00,000 | 5,01,12,125 |
| | Construction of Dormitory Building | 4,20,070 | - |
| | KTL Unit 02 Demolish | (3,73,800) | - |
| | Rent for the year (Factory Building Expansion Unit) | - | 39,00,000 |
| | Rent for the year (Dormitory Building) | - | 6,00,000 |
| | | 10,29,62,711 | 8,73,16,441 |
| | Less: Transfer to Fixed Asset (Land Development of Dormitory Building & Factory Building Expansion unit) | - | - |
| | Closing Balance | 10,29,62,711 | 8,73,16,441 |
| 6.00 | Inventories | | |
| | Raw Materials in Stock - Note 20.01 | 18,55,75,124 | 18,52,63,584 |
| | Packing materials Note- 20.02 | 6,53,327 | 4,65,380 |
| | Work- in - process Note- 20.00 | 1,07,51,234 | 2,34,79,837 |
| | Oil, Lubricants, Dyes & Chemicals Note -20.04.1 | 12,05,955 | 3,27,340 |
| | Stores & Spares - Note 20.04.2 | 10,99,398 | 7,82,041 |
| | Finished Goods - Note 20.03 | 16,89,71,746 | 11,67,33,019 |
| | | 36,82,56,784 | 32,70,51,201 |
| 7.00 | Account Receivables | | |
| | Due from Customers | 45,74,90,930 | 44,38,92,457 |
| | | 45,74,90,930 | 44,38,92,457 |
| 7.01 | Disclosure as per schedule-XI, Part-I, of The Company Act,1994 | | |
| | Debts exceeding 6 Months | 44,38,92,457 | - |
| | Debts below 6 Months | 1,35,98,473 | 44,38,92,457 |
| | Other debts less provision | - | - |
| | Debts considered Good & secured | 23,55,44,702 | 44,38,92,457 |
| | Debts considered Good without security | 22,19,46,229 | - |
| | Debts considered doubtful or Bad | - | - |
| | Debts due by directors or other Officers | - | - |
| | Debts due from companies under same management | - | - |
| | Maximum debt due by Directors or Officers at any time of the Period | - | - |
| | | 45,74,90,930 | 44,38,92,457 |

There is no related party transaction including in A/C Receivable

Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount.

| | | | |
|---|---|---|---|
| 8.00 | Advance, Deposits & Prepayments | | |
| | Advances - Note 8.01 | 13,49,54,761 | 12,08,70,355 |
| | Deposits and Prepayments - Note 8.02 | 4,72,99,270 | 4,72,99,270 |
| | | 18,22,54,031 | 16,81,69,625 |
| 8.01 | Advances | | |
| | Advance Against Salary | 5,07,255 | 13,62,171 |
| | L/C margin | 1,74,01,812 | 21,17,631 |
| | Advance Income Tax - Note 8.01.1 | 2,44,26,598 | 2,47,71,457 |
| | Advance against Flat Purchase Note 8.01.2 | 9,26,19,096 | 9,26,19,096 |
| | | 13,49,54,761 | 12,08,70,355 |
| 8.01.1 | Advance Income Tax | | |
| | Opening Balance | 2,47,71,457 | 2,01,51,970 |
| | Addition during the Year (AIT on Export) | 6,51,190 | 46,19,487 |
| | TDS on FDR Interest | 13,51,858 | - |
| | | 2,67,74,505 | 2,47,71,457 |
| | Paid during the Year (Due taxes in previous period) | (23,47,907) | - |
| | | 2,44,26,598 | 2,47,71,457 |
| 8.01.2 | Advance against Flat Purchase | | |
| | Opening Balance | 9,26,19,096 | 90,00,000 |
| | Addition Construction of Factory Building (IPO Proceed) | - | 8,36,19,096 |
| | | 9,26,19,096 | 9,26,19,096 |
| | Transfer to Fixed Asset | - | - |
| | | 9,26,19,096 | 9,26,19,096 |
| 8.02 | Deposits | | |
| | C & F Association | 40,000 | 40,000 |
| | Advance against Land | 4,70,05,000 | 4,70,05,000 |
| | Electricity Board | 1,29,150 | 1,29,150 |
| | T & T Security | 70,120 | 70,120 |
| | WASA Security | 55,000 | 55,000 |
| | | 4,72,99,270 | 4,72,99,270 |
| 9.00 | Cash & Cash Equivalents | | |
| | Cash in Hand (Factory & Head Office) | 74,99,732 | 56,25,701 |
| | Short Term Fixed Deposit (FDR) Note- 9.01 | 6,58,59,718 | 16,04,48,341 |
| | Cash at Bank - Note 9.02 | 16,16,28,604 | 11,94,98,219 |
| | | 23,49,88,054 | 28,55,72,261 |

9.01 Short Term Fixed Deposits

| Particulars | Branch | A/C No | Amounts in Taka | |
|---|---|---|---|---|
| BRAC Bank Limited | Gulshan | 1501303618441000 | - | - |
| Islamic Finance & Investment Limited | Agrabad | 0022970000787-1002 | 6,58,59,718 | 16,04,48,341 |
| | | | - | - |
| | | | 6,58,59,718 | 16,04,48,341 |
| Add:Accrud Interest | | | - | - |
| | | | 6,58,59,718 | 16,04,48,341 |

9.02 Cash at Bank

| Particulars | Branch | A/C No. | | Amounts in Taka | |
|---|---|---|---|---|---|
| Islami Bank Bangladesh Ltd. | Agrabad | AWCA20501030100333101 | | 45,543 | 2,03,87,642 |
| Islami Bank Bangladesh Ltd. | Agrabad | MDA 20501032500006609 | | 1,76,497 | 1,58,67,762 |
| Islami Bank Bangladesh Ltd. | Agrabad | ERQ 20501032100006605 | | - | 67,36,127 |
| Islami Bank Bangladesh Ltd. | Agrabad | FC 20501032300006607 | | 80,20,537 | 1,42,06,127 |
| One Bank Limited | Agrabad | FC 30060462127 | | - | 1,588 |
| One Bank Limited | Agrabad | Margin 0030060462291 | | - | 756 |
| Brac Bank IPO | Gulshan | USD Account | | 43,981 | 43,255 |
| Al-Arafah Islami Bnk Ltd. | Agrabad | AWC 0051020023251 | | 10,89,64,182 | - |
| Brac Bank IPO | Gulshan | EUR Account | | 20,601 | 17,238 |
| Dutch-Bangla Bank Ltd. | Agrabad | 1021100035466 | | 63,943 | - |
| Brac Bank IPO | JKS complex Ctg | BDT 1501203618441001 | # | 4,28,26,551 | - |
| ShahajalalIslami bank | Agrabad | BDT 300112400000365 | | 14,66,769 | - |
| Brac Bank IPO | Gulshan | BDT Account | | - | 6,22,37,724 |
| | | | | 16,16,28,604 | 11,94,98,219 |

10.00 Share Capital

| | | |
|---|---|---|
| Authorized Capital | 1,50,00,00,000 | 1,50,00,00,000 |
| 150,000,000 Ordinary Shares @ Tk 10 each | | |

10.01 Issued, subscribed and paid-up Capital

| | | |
|---|---|---|
| 107,690,000 Ordinary Shares of Tk 10 each issued for cash | 1,07,69,00,000 | 97,90,00,000 |
| Add. Bonus Allotment 8% on 30 June 2020 | 8,61,52,000 | 9,79,00,000 |
| Total 11,63,05,200 no of Shares @ 10.00 each | 1,16,30,52,000 | 1,07,69,00,000 |

| Name of Share Holder | Number of Share | Nature of Shareholding | % of Shareholding | Amounts in Taka |
|---|---|---|---|---|
| Mrs. Nasreen Hoque | 51,50,360 | Chairman | 4.43% | 5,15,03,600 |
| Md. Emdadul Hoque Chowdhury | 1,38,29,738 | Managing Director | 11.89% | 13,82,97,380 |
| Md. Anawarul Haque Chowdhury | 37,22,874 | Director | 3.20% | 3,72,28,740 |
| Md. Mokarrom Anwar Chowdhury | 32,53,514 | Director | 2.80% | 3,25,35,140 |
| Waduda Sabrina | 49,14,386 | Nominee Director of Eian Apparels Ltd. | 4.23% | 4,91,43,860 |
| Sifat Sabrina | 43,89,633 | Nominee Director of Lucky Corner | 3.77% | 4,38,96,330 |
| Others | 8,10,44,695 | Shareholders | 69.68% | 81,04,46,950 |
| Total | 11,63,05,200 | | 100.00% | 1,16,30,52,000 |

Shareholding Position as on 30th June 2021

| Particulars | Share | Percentage |
|---|---|---|
| Directors | 3,52,61,398 | 30.32% |
| Company/Institute | 97,15,246 | 16.05% |
| Foreign | 1,41,179 | 0.10% |
| Individual/Public | 7,11,87,377 | 53.53% |
| Total | 11,63,05,200 | 100.00% |

| | | | | |
|---|---|---|---|---|
| 11.00 | Retained Earnings | | | |
| | Opening Balance | | 82,11,63,036 | 78,41,64,058 |
| | Add: Addition during the year | | 6,00,93,600 | 15,44,78,978 |
| | Less: IPO Expenses | | - | - |
| | Less: Issue of Bonus Share | | (8,61,52,000) | (11,74,80,000) |
| | Less: Cash Dividend paid 2019/20 | | (1,50,08,278) | - |
| | Closing Balance | | 78,00,96,358 | 82,11,63,036 |
| 12.00 | Deferred Tax | | | |
| | Written down value (Accounting Base) | Annexure-A | 88,87,18,738 | 82,74,44,775 |
| | Written down value (Tax Base) | Annexure-A/1 | 48,44,78,750 | 45,25,75,444 |
| | Temporary/(Deductible) Difference | | 40,42,39,988 | 37,48,69,331 |
| | Effective Tax Rate | | 12% | 12% |
| | Deferred Tax Liability/(Asset) | | 4,85,08,799 | 4,49,84,320 |
| 13.00 | Long Term Loan | | | |
| | Opening Balance | | 9,15,764 | 14,66,066 |
| | Addition During this year | | - | - |
| | | | 9,15,764 | 14,66,066 |
| | Less. Adjustments during this year | | 2,00,000 | 94,302 |
| | | | 7,15,764 | 13,71,764 |
| | Current Portion of Long term Loan | | 4,56,000 | 4,56,000 |
| | | | 2,59,764 | 9,15,764 |

Details of Bank Loan

| | |
|---|---|
| Limit Amount | 2.75 Million |
| Purpose | For Importing, Procuring fabrics & Associates as raw materials of Garments as well as import of garments machinery. |
| Renewal Date | 29.12.2016 |

| Particulars of Security | | | Ownership | Location |
|---|---|---|---|---|
| Security | 9.00 dec. of Land with 5,815 sqft Building | | Emdadul Haque Chowdhury | Chittagong |
| | 74 decimal Land | | Eian Apparels Limited | North Kattali, Chittagong |
| | 17 decimal Land | | Emdadul Haque Chowdhury | |
| | 9 decimal Land | | | |
| | 6.13 decimal Land | | | |
| | Factory Building 6 stored | | Kattali Textile Limited | |
| Limit | 2.75 Million | | | |
| Bank name | Islami Bank Bangladesh Ltd. | | | |

| | | | |
|---|---|---|---|
| 14.00 | Trade Payable | | |
| | Alam Trading | 5,216 | 31,350 |
| | Alif Enterprise | 3,400 | 73,120 |
| | Arise Express | - | 1,64,340 |
| | G.S Traders | 7,491 | 2,18,400 |
| | Green Stationery | 2,179 | 1,90,370 |
| | Islam Trading | 74,025 | 2,34,530 |
| | Jam Washing | 10,504 | 71,251 |
| | Khawja Machineries | | 4,68,320 |
| | Make Electric | - | 32,860 |
| | M/S Mirja Paper House | 2,675 | 2,91,580 |
| | New Public Transport | 9,200 | - |
| | New Lucky Electric Co. | 4,361 | 3,48,620 |
| | Novo Cargo Service Ltd. | 6,448 | 2,10,690 |
| | Omi International(Machine Rent) | 14,798 | 2,18,370 |
| | Standard Freight | 13,388 | 1,61,940 |
| | S.R Paper house | 4,956 | 3,68,831 |
| | Trust Accessories | 1,454 | 3,15,690 |
| | Wisemen | 58,593 | 69,240 |
| | ZiaulHuq Machinery | 35,940 | 78,352 |
| | | 2,54,628 | 35,47,854 |

| | | | |
|---|---|---|---|
| 15.00 | Liability for Expenses | | |
| | Audit Fees | 2,50,000 | 1,00,000 |
| | Electric Bill Payable | 16,632 | 1,28,023 |
| | Rent Payable | - | 5,40,000 |
| | Gas Bill Payable | - | 30,858 |
| | Salary and Allowance | 3,284 | 15,50,269 |
| | Remuneration & Allowence Payable | 4,70,000 | 2,90,000 |
| | Telephone Bill Payable | 1,321 | 2,721 |
| | Provision for Income Tax Note 15.01 | 11,33,92,037 | 9,87,91,982 |
| | | 11,41,33,274 | 10,14,33,853 |

| | | | |
|---|---|---|---|
| 15.01 | Income Tax Provision | | |
| | Opening Balance | 9,87,91,982 | 7,45,33,970 |
| | Addition During the Year | 1,69,47,962 | 2,42,58,012 |
| | | 11,57,39,944 | 9,87,91,982 |
| | Adjustment During the year | (23,47,907) | - |
| | | 11,33,92,037 | 9,87,91,982 |

| | | | |
|---|---|---|---|
| 16.00 | Provision for Workers Profit Participation Fund | | |
| | Opening Balance | 93,73,860 | 1,79,46,080 |
| | Addition During the Year | 40,54,819 | 93,73,860 |
| | | 1,34,28,679 | 2,73,19,939 |
| | Adjustment During the year | (74,99,310) | (1,79,46,080) |
| | | 59,29,369 | 93,73,860 |

| | | | | |
|---|---|---|---|---|
| 17.00 | Short Term bank Loan | | | |
| | Foreign BB LC Usance | Islami Bank Bangladesh Ltd | 2,81,01,956 | 56,90,241 |
| | Inland B/B LC Usance | Islami Bank Bangladesh Ltd | 46,93,890 | 61,52,551 |
| | BAI SALAM | Islami Bank Bangladesh Ltd | 55,50,000 | 70,79,406 |
| | Foreign Cash LC Sight | Islami Bank Bangladesh Ltd | 4,99,423 | - |
| | Foreign B/B Bills | Islami Bank Bangladesh Ltd | 1,79,42,921 | - |
| | Import form EPZ(BB LC)(Usance) | Islami Bank Bangladesh Ltd | 12,40,175 | - |
| | Inland B/B Bills | Islami Bank Bangladesh Ltd | 1,31,70,445 | - |
| | Bai As Sarf | Islami Bank Bangladesh Ltd | 3,44,000 | 5,14,018 |
| | COVID Loan | | 2,24,31,476 | 1,04,80,430 |
| | | | 9,39,74,286 | 2,99,16,646 |

Details of Bank Loan

| | |
|---|---|
| Limit Amount | Composite Loan Limit 250 Million (L/C 220 Million, Cash L/C 5 Million, PSI 25 Million) |
| Purpose | For Importing, Procuring fabrics & Associates as raw materials of Garments as well as import of garments machinery/ Spare Parts under Cash L/C. |
| Sanction Date | 21.05.2014 |
| Security | Land 9.71 dec. with 5815 sqft Flat, Chittagong, 91 Dec. Land with 6 storied building (74,487 sqft) North Kattali, Chittagong & 1.65 dec Land with 4 storied building, Islampur, Dhaka |
| Bank name | Islami Bank Bangladesh Ltd. |

COVID -19 Fund Details

| | |
|---|---|
| Limit Amount | Composite Loan Limit 2,03,85,906/= |
| Purpose | For Worker / Employee Salary purpose |
| Sanction Date | 23.04.2020 |
| Security | Export L/C 4, Contract Export proceeds realized. |
| Bank name | Islami Bank Bangladesh Ltd. |

| | | | |
|---|---|---|---|
| 18.00 | Unclaimed /Unpaid Dividend | | |
| | Opening Balance | - | - |
| | Addition during this year | 14,66,769 | - |
| | | 14,66,769 | - |
| 18.01 | Unpaid Dividend during this year | | |
| | Dividend 2%(2019) | 7,42,365 | - |
| | Dividend 2%(2020) | 7,08,134 | |
| | | 14,50,498 | - |
| | Add: Interest | 16270.75 | |
| | | 14,66,769 | - |

| | | Amounts in Taka | |
|---|---|---|---|
| | | Fy(2020-2021) | Fy(2019-2020) |
| 19.00 | Turnover | | |
| | Mans L/S Shirt | 3,00,80,560 | 12,00,65,020 |
| | Boys Pant | 6,68,57,015 | 8,50,81,299 |
| | Ladies Shirt | 6,45,48,900 | 20,92,83,800 |
| | Boys Polo Shirt | 6,52,81,037 | 4,24,21,957 |
| | Boys Long Pant | - | 7,03,48,462 |
| | Boys Jacket | 3,76,56,009 | 7,88,83,840 |
| | Men's Flt Front Short | 1,13,79,696 | 8,18,26,548 |
| | Mens Shorts | 1,54,21,500 | |
| | Ladies Shorts | - | 5,09,85,155 |
| | Boys Trouser | 1,08,56,734 | 5,88,64,085 |
| | Girls Pant | 3,97,19,820 | 6,14,85,682 |
| | Girls Top | 1,98,02,285 | 4,55,25,580 |
| | Man's Top | 2,26,69,192 | 5,04,74,420 |
| | | 38,42,72,748 | 95,52,45,848 |

| | | | |
|---|---|---|---|
| 20.00 | Cost of Goods Sold | | |
| | Raw Materials Consumed - Note 19.01 | 23,80,89,885 | 59,97,32,178 |
| | Packing Materials Consumed - Note: 19.02 | 10,52,646 | 19,55,336 |
| | Opening Work-In-Process | 2,34,79,837 | 2,03,23,444 |
| | Closing Work-In-Process | (1,07,51,234) | (2,34,79,837) |
| | Total Consumption | 25,18,71,134 | 59,85,31,122 |
| | Factory Overhead - Note 19.04 | 9,09,13,849 | 17,50,22,154 |
| | Sub Contract Commission & 0ther bills | 15,98,190 | - |
| | Cost of Goods Manufactured | 34,43,83,172 | 77,35,53,276 |
| | Opening Finished Goods | 11,67,33,019 | 8,67,33,019 |
| | Cost of Goods Available for Sale | 46,11,16,191 | 86,02,86,295 |
| | Closing Finished Goods -Note-19.03 | (16,89,71,746) | (11,67,33,019) |
| | Cost of Goods Sold | 29,21,44,445 | 74,35,53,276 |
| 20.01 | Raw Materials Consumed | | |
| | Opening Inventory | 18,52,63,584 | 17,31,12,484 |
| | Purchase during the Year | 23,84,01,425 | 61,18,83,278 |
| | Total Materials Available | 42,36,65,009 | 78,49,95,762 |
| | Closing Inventory | (18,55,75,124) | (18,52,63,584) |
| | Raw Materials Consumed during the Year | 23,80,89,885 | 59,97,32,178 |
| 20.02 | Packing Materials Consumed | | |
| | Opening Inventory | 4,65,380 | 3,70,886 |
| | Purchase during the Year | 12,40,593 | 20,49,830 |
| | Total Materials Available | 17,05,973 | 24,20,716 |
| | Closing Inventory | (6,53,327) | (4,65,380) |
| | Packing Materials Consumed during the Year | 10,52,646 | 19,55,336 |
| 20.03 | Finished Goods | | |
| | Opening Inventory | 11,67,33,019 | 8,67,33,019 |
| | Cost of Goods Manufactured | 34,43,83,172 | 77,35,53,276 |
| | Total Materials Available | 46,11,16,191 | 86,02,86,295 |
| | Cost of Goods sold | (29,21,44,445) | (74,35,53,276) |
| | Closing Finish Stock | 16,89,71,746 | 11,67,33,019 |
| 20.04 | Factory Overhead | | |
| | Carrying & Handling | 1,12,000 | 34,02,887 |
| | C & F Expenses | 10,46,453 | 35,79,629 |
| | Carrying Inward | 1,75,000 | 23,32,891 |
| | Depreciation Annexure-1 | 5,88,88,853 | 5,69,53,914 |
| | Gas Bill | 3,80,079 | 10,43,070 |
| | Festival Bonus | 6,50,000 | 62,08,958 |
| | Medical Expenses | 85,000 | 5,03,986 |
| | Wasa Bill | - | 6,66,181 |
| | Electricity Bill | 25,99,585 | 58,84,779 |
| | Internet Bill- Factory | 40,200 | - |
| | Factory Expense | 4,31,070 | - |
| | Factory Renovation | 87,110 | - |
| | Repair & maintenance | 4,40,640 | 37,96,328 |
| | Labour Bill | 2,77,390 | - |
| | Oil & Lubricants - Note 19.4.1 | 33,51,888 | 60,20,357 |
| | Stores & Spare Parts - Note 19.4.2 | 12,50,592 | 58,22,690 |
| | Salary, Wages & Allowance | 2,10,97,989 | 7,88,06,485 |
| | | 9,09,13,849 | 17,50,22,154 |

| | | | | |
|---|---|---|---|---|
| 20.04.1 | Oil, Lubricants, Dyes & Chemicals Note | | | |
| | Opening Inventory | | 3,27,340 | 3,33,808 |
| | Purchase during the Year | | 42,30,503 | 60,13,889 |
| | Total Materials Available | | 45,57,843 | 63,47,697 |
| | Closing Inventory | | (12,05,955) | (3,27,340) |
| | Consumed during the Year | | 33,51,888 | 60,20,357 |
| 20.04.2 | Stores & Spare Parts | | | |
| | Opening Inventory | | 7,82,041 | 5,19,583 |
| | Purchase during the Year | | 15,67,949 | 60,85,148 |
| | Total Spare Parts Available | | 23,49,990 | 66,04,731 |
| | Closing Inventory | | (10,99,398) | (7,82,041) |
| | Consumed during the Year | - | 12,50,592 | 58,22,690 |
| 21.00 | Operating Expenses | | | |
| | Administrative Expenses | Note No-20.01 | 2,67,93,476 | 2,84,64,872 |
| | Selling & Distribution Expenses | Note No-20.02 | 28,12,782 | 50,90,901 |
| | | | 2,96,06,258 | 3,35,55,773 |
| 21.01 | Administrative Expenses | | | |
| | Audit Fees | | 2,50,000 | 3,76,000 |
| | Depreciation -Annexure-1 | | 12,26,851 | 11,86,540 |
| | Director Remuneration | | - | 34,80,000 |
| | Board Meeting Allowance | | 4,70,000 | 7,70,000 |
| | Recruitment Expenses | | - | 12,490 |
| | Lease Rent of Land | | - | 19,80,000 |
| | Donation | | - | 49,280 |
| | Electricity Bill | | - | 20,59,673 |
| | Entertainment | | 3,53,157 | 6,34,913 |
| | Vehicle Maintenance | | - | 3,38,918 |
| | Legal and Professional Fee | | - | 2,63,838 |
| | Miscellaneous Expenses | | 2,99,000 | 3,80,834 |
| | Newspaper & Periodical | | - | 54,580 |
| | Printing & Stationery | | 86,700 | 7,33,615 |
| | Office Maintenance | | 57,567 | 12,32,269 |
| | Salaries & Allowance | | 1,31,41,656 | 1,30,18,978 |
| | Accessories Expense | | 9,32,846 | - |
| | Advertising Expense | | 1,91,165 | - |
| | AGM Expense | | 3,97,803 | - |
| | Bonus & Incentive Expense | | 12,12,885 | - |
| | Compliance Expense | | 90,000 | - |
| | Conveyance Bill | | 5,24,293 | - |
| | Documentation Expense | | 3,62,767 | - |
| | Account Opening Fee | | 2,000 | - |
| | Car Maintenance Expense | | 1,74,852 | - |
| | Legal Expense (Audit) | | 52,500 | - |
| | Listing Free- DSE | | 5,15,380 | - |
| | Listing Free- CSE | | 7,72,420 | - |
| | Machine Rent | | 4,00,000 | - |
| | Machine Expense | | 27,35,470 | - |
| | Office Rent | | 4,45,536 | - |

| | | | |
|---|---|---|---|
| | Office Electric Bill | 9,600 | - |
| | Professional Fee | 4,50,000 | - |
| | Safety Expense | 15,600 | - |
| | Website Expense | 25,000 | - |
| | Sub Contract Bill Payment | 6,83,900 | - |
| | Insurance (Takaful) | 82,771 | - |
| | License / Renewal | 6,44,270 | - |
| | Vat Payment | 1,12,500 | - |
| | Stamp & Postage | - | 2,00,606 |
| | Telephone & Communication | 15,853 | 8,74,473 |
| | Traveling & conveyance | 59,134 | 8,17,866 |
| | | 2,67,93,476 | 2,84,64,872 |
| 21.02 | Selling & Distribution Expenses | | |
| | Business Promotion | - | 2,85,700 |
| | Depreciation -Annexure-1 | 12,26,851 | 11,86,540 |
| | Discount Allowed | - | 1,68,380 |
| | Carriage Outward | - | 3,80,750 |
| | Mobile Bill | - | 71,500 |
| | Carrying Expense | 5,64,779 | - |
| | Packing Expense | 3,22,800 | - |
| | R & D Expenses | - | 61,682 |
| | Fuel Expense | 65,000 | - |
| | Transport | 2,53,000 | - |
| | Salaries & Allowance | - | 19,13,874 |
| | Store Materials Expenses | 3,80,352 | - |
| | Sales Commission | - | 6,24,170 |
| | Forwarding Expenses | - | 2,11,923 |
| | Traveling & conveyance | - | 1,86,382 |
| | | 28,12,782 | 50,90,901 |
| 22.00 | Financial Expenses | | |
| | Bank / Loan Interest | 92,03,180 | 40,38,452 |
| | Bank Charge | 47,005 | 1,50,164 |
| | | 92,50,185 | 41,88,616 |
| 23.00 | Other Income | | |
| | Interest Income (IPO Account & FDR) | 2,03,27,750 | 2,25,30,160 |
| | Wastage Sales | 74,10,195 | 3,72,716 |
| | Foreign Exchange Gain (loss) | 86,577 | - |
| | | 2,78,24,522 | 2,29,02,876 |
| 24.00 | Provision for Income Taxes | 1,69,47,962 | 3,29,98,221 |
| 24.01 | Current Taxes Expenses | | |
| | A. Income Tax on Business Income (Net of Other Income) | | |
| | Operating profit | 6,25,22,044 | 16,45,74,323 |
| | Add: Depreciation | 6,13,42,555 | 5,93,26,994 |
| | Less: Capital Allowance | 6,41,73,215 | (6,94,65,542) |
| | | 5,96,91,384 | 15,44,35,775 |
| | Tax Rate | 12% | 12% |
| | Current Taxes on Business Income | 71,62,966 | 1,85,32,293 |
| | B. Income Tax on Other Income | | |
| | Interest Income (IPO Account & FDR) | 2,03,27,750 | 2,25,30,160 |
| | Wastage Sales | 74,10,195 | 3,72,716 |
| | Foreign Exchange Gain (loss) | 86,577 | - |
| | Total Other Income | 2,78,24,522 | 2,29,02,876 |
| | Tax Rate | 22.5% | 22.5% |
| | Current Tax on Other Income | 62,60,517 | 57,25,719 |
| | Total Income Tax Expenses (A+B) | 1,34,23,484 | 2,42,58,012 |

| | | | |
|---|---|---|---|
| 24.02 | Deferred Tax Expenses | | |
| | Deferred Tax Liability as on 30 June 2021 | 4,85,08,799 | 4,49,84,320 |
| | Less: Deferred Tax Liability Opening | 4,49,84,320 | 3,62,44,110 |
| | [ref : note no -12.00 & Annexure -A/I] | 35,24,479 | 87,40,209 |
| 25.00 | INFORMATION BASED ON PER SHARE | | |
| 25.01.1 | Earnings Per Share (EPS) Basic | | |
| | The computation of EPS is given below: | | |
| | Earning attributable to the ordinary shareholders | 6,00,93,600 | 15,44,78,978 |
| | Weighted Average Number of Shares Note: 24.01.2 | 11,63,05,200 | 10,76,90,000 |
| | Earnings Per Share (EPS) Basic | 0.52 | 1.43 |
| 25.01.2 | Calculation of Weighted average Number of Shares | | |
| | Paid Up Capital (in Share) | 10,76,90,000 | 9,79,00,000 |
| | Issue of Bonus (in Share) 2020 | 86,15,200 | 97,90,000 |
| | Issue of Bonus (in Share) 2018 | - | - |
| | Weighted Average of IPO Fund (in Share) | - | - |
| | | 11,63,05,200 | 10,76,90,000 |
| 25.02 | NET ASSETS VALUE PER SHARE (NAV) | | |
| | Total Assets | 2,20,81,31,248 | 2,08,87,50,229 |
| | Less. Total Liabilities | 26,49,82,889 | 19,06,28,296 |
| | Net Assets Value (NAV)/ Shareholders Equity | 1,94,31,48,358 | 1,89,81,21,933 |
| | Number of Ordinary shares outstanding during the Year | 11,63,05,200 | 10,76,90,000 |
| | Net Assets Value Per Share (NAV) | 16.71 | 17.63 |
| 25.03 | NET OPERATING CASH FLOW PER SHARE (NOCFPS) | | |
| 25.03.1 | Net Operating Cash Flows per share (NOCEPS) | | |
| | Net Operating cash Flows (from statement of Cash Flows) | 2,19,08,829 | 18,33,27,465 |
| | Number of ordinary shares outstanding during the Year | 11,63,05,200 | 10,76,90,000 |
| | Net Operating Cash Flows per share (NOCEPS) | 0.19 | 1.70 |

26.00 Reconciliation of Net Profit with Cash Flow from Operating Activities (Notification No. BSEC/ CMRRCD/2006-158/ 2008/Admin/81, dated: 20 June 2018.

| Particulars | Amounts in Taka | |
|---|---|---|
| | Fy(2020-2021) | Fy(2019-2020) |
| Net Profit Before Tax | 7,70,41,562 | 19,68,51,059 |
| Depreciation | 6,13,42,555 | 5,93,26,994 |
| Financial Expenses | 92,50,185 | 41,88,616 |
| Profit for the period before working capital changes | 14,76,34,301 | 26,03,66,669 |
| (Increase)/Decrease in Inventory | (4,12,05,583) | (4,56,57,978) |
| (Increase)/Decrease in Accounts Receivable | (1,35,98,473) | (86,57,608) |
| Increase/(Decrease) in Accounts Payable | (32,93,226) | (1,25,939) |
| Increase/(Decrease) in Liabilities for Expense | 1,26,99,422 | (2,34,154) |
| (Increase)/Decrease in Advance & Prepayment | (7,60,01,983) | 2,02,040 |
| Payment of Income Tax | (23,47,907) | (46,19,487) |
| Adjustment of Workers Profit Participation Fund | (34,44,491) | (1,79,46,080) |
| Increase / (Decrease) in Unclaimed / Unpaid Dividend | 14,66,769 | - |
| | 2,19,08,829 | 18,33,27,463 |

27.00 OTHER COMMITMENTS, CONTINGENCIES AND RELEVANT INFORMATION

27.01 Contingencies

There is no contingent event that may require recognition of contingent liabilities for the year ended 30 June 2021.

27.02 Capital expenditure commitment

There was no capital expenditure commitment or contract at 30 June 2021. There was no material capital expenditure authorized by the Board but not contracted for the year ended 30 June 2021.

27.03 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.

27.04 Segment Reporting

As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary.

27.05 Credit Facility Not Availed

There was no credit facility available to the company under any contract, but not availed for the year ended 30 June 2021 other than trade credit available in the ordinary course of business.

27.06 Attendance Status of Board Meeting of Directors

During the year ended 30 June 2021, there were Four Board Meetings Four Audit Committee meeting and One NRC Meeting was held. The attendance status of all the meetings is as follows:

| Sl. No | Name Of Directors | Position | Meeting Attend | | Meeting Attendance Fees |
|---|---|---|---|---|---|
| 1 | Md. Emdadul Hoque Chowdhury | Managing Director | 4 | | 40,000 |
| 2 | Mrs. Nasreen Hoque | Chairman | 4 | | 40,000 |
| 3 | Md. Anawarul Haque Chowdhury | Director | 8 | | 80,000 |
| 4 | Md. Mokarrom Anwar Chowdhury | Director | 9 | | 90,000 |
| 5 | Waduda Sabrina (Eian Apparels Limited) | Director | 4 | | 40,000 |
| 6 | Sifat Sabrina (Lucky Corner Ltd.) | Director | 5 | | 50,000 |
| 7 | KAM Ferdous | Independent Director | 5 | | 50,000 |
| 8 | Mahbubur Rashid | | 8 | | 80,000 |
| | | | | | 4,70,000 |

27.07 The total amount of remuneration paid to Directors and Managing Directors is as follows :

| Sl. | Name | Designation | Amounts In Taka | | |
|---|---|---|---|---|---|
| | | | 30-Jun-21 | | 30-Jun-20 |
| 1 | Md. Emdadul Haque Chowdhury | Managing Director | 14,40,000 | | 14,40,000 |
| 2 | Mrs. Nasreen Haque | Chairman | - | | 9,60,000 |
| 3 | Md. Anwarul Haque Chowdhury | Non-Executive Director | - | | 6,00,000 |
| 4 | Sifat Sabrina (Eian Apparels Limited) | Non- Executive Director | - | | 4,80,000 |
| | | | 14,40,000 | | 34,80,000 |

27.08 Related party disclosures (IAS -24)

The Company has no related party transactions as per International Accounting Standards (IAS) -24 "Related Party Disclosures" executive compensation received by the following executives as Directors, Lease Rentals received by Mr. Md. EmdadulHaqueChowdhury and Eian Apparels Limited. Eian Apparels Limited has directorship in Kattali Textile Ltd. The Company carried out a number of transactions with related parties in the normal course of business on arms length basis.

| Sl. No | Name Of Directors | Name of the Transactions | Transaction during the year |
|---|---|---|---|
| 1 | Md. Emdadul Hoque Chowdhury | Remuneration & Meeting Attendance Fees | 14,40,000 |
| 2 | Mrs. Nasreen Hoque | Meeting Attendance Fees | 40,000 |
| 3 | Md. Anawarul Haque Chowdhury | | 80,000 |
| 4 | Md. Mokarrom Anwar Chowdhury | | 90,000 |
| 5 | Waduda Sabrina (Eian Apparels Limited) | | 40,000 |
| 6 | Sifat Sabrina (Lucky Corner Limited) | | 50,000 |
| 7 | KAM Ferdous | Meeting Att. | 50,000 |
| 8 | Mahbubur Rashid | | 80,000 |
| | | | 18,70,000 |

27.09 The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial year to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

| Particulars | Amounts in Taka | |
|---|---|---|
| | 30-Jun-21 | 30-Jun-20 |
| Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager | 19,10,000 | 42,50,000 |
| Expenses reimbursed to Managing Agent | | |
| Commission or Remuneration payable separately to a managing agent or his associate | | |
| Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company | | |
| The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period. | | |
| Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable. | | |
| Other allowances and commission including guarantee commission Pensions etc. | | |
| (i) Pensions | | |
| (ii) Gratuities | | |
| (iii) Payments from a provident funds, subscription and interest thereon | | |
| iv) Share Based payments | | |

27.10 As per IAS- 24: Para 17

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

| | | |
|---|---|---|
| (a) Short-term Employee benefits | 19,10,000 | 42,50,000 |
| (b) Post-employee Benefits | - | - |
| (c) Other Long term Benefits | - | - |
| (d) Termination Benefits and | - | - |
| (e) Share- Based Payment | - | - |

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

| | | |
|---|---|---|
| a) The amount of transaction | 19,10,000 | 42,50,000 |
| b) The amount of outstanding balance, including commitments | 4,70,000 | 2,10,000 |
| i) Their terms & condition, including whether they are secured, and the nature of the consideration to be provided in settlement | Remuneration & Meeting Fee | Remuneration & Meeting Fee |
| ii) details of any guarantee given or received | Nil | Nil |
| c) Provisions for doubtful debts related to the amount of outstanding balance | Nil | Nil |
| d) The expenses recognized during the period in respect of bad or doubtful debts due from related parties | Nil | Nil |

27.12 Number of Employee - Para 3 of Schedule XI, Part II

| Salary Range (monthly) | Number of Employee | | |
|---|---|---|---|
| | Staff | Worker | Total |
| Below 8,000 | - | - | - |
| Above 8,000 | 51 | 1,315 | 1,370 |

27.13 Disclosure as per requirement of Para 7 of Part II of Schedule XI of the Companies Act, 1994

| Utilization of Capacity - Para 7 of Schedule XI, Part II | 30-Jun-2021 | 30-Jun-2020 |
|---|---|---|
| Installed Capacity (Pcs) Per Month | 4,37,250 | 4,37,250 |
| Actual Production (Pcs) Per Month | 1,38,927 | 3,45,273 |
| Capacity Utilization (%) for the year | 31.77% | 78.96% |

27.14 The Requirement of Schedule XI Part-II, Para -3 (a) : Turn Over

| | | |
|---|---|---|
| Turn Over in BDT. | 38,42,72,748 | 95,52,45,848 |
| Turnover in Quantity | 24,51,970 | 60,95,239 |

The Requirement of Schedule XI Part-II, Para -3 (d) (i): Raw Material Consumed

| | | |
|---|---|---|
| Raw Material (Yarn) (kgs) | 5,79,700 | 14,87,862 |
| Raw Material (yarn) (Value in BDT) | 23,84,01,425 | 61,18,83,278 |
| Packing Material (Pcs) | 94,413 | 1,55,999 |
| Packing Material (Pcs) (Amount in BDT) | 12,40,593 | 20,49,830 |

The Requirement of Schedule XI Part-II, Para -3 (d) (ii): Goods Manufactured

| | | |
|---|---|---|
| Opening Inventory (Pcs) | 4,02,393 | 3,95,008 |
| Production (Pcs) | 16,69,426 | 41,45,578 |
| Closing Inventory (Pcs) | 4,09,778 | 4,02,393 |

27.15 No material events had occurred from end of reporting period to the date of issue of Financial Statements, which could materially affect the values stated in the Financial Statements.

# Kattali Textile Limited

## Schedule of Property, Plant & Equipment

## as at 30 June 2021

**Annexure-A**

| Particulars | Cost | | | Rate of Dep. (%) | Depreciation | | | Written Down Value as on 30.06.2021 |
|---|---|---|---|---|---|---|---|---|
| | Balance as on 01.07.2020 | Addition during the year | Balance as on 30.06.2021 | | Balance as on 01.07.2020 | Charge during the year | Balance as on 30.06.2021 | |
| Land & Land Development | 125,330,220 | 37,880,915 | 163,211,135 | 0% | | - | - | 163,211,135 |
| Factory Building and other Construction | 238,804,690 | 16,724,000 | 255,528,690 | 3% | 45,693,536 | 6,295,055 | 51,988,591 | 203,540,099 |
| Plant & Machinery | 688,075,682 | - | 688,075,682 | 10% | 284,522,045 | 40,355,364 | 324,877,409 | 363,198,273 |
| Electric Installation | 22,147,476 | 189,667 | 22,337,143 | 10% | 6,538,411 | 1,579,873 | 8,118,284 | 14,218,859 |
| Tools and Equipment | 28,227,757 | 6,901,280 | 35,129,037 | 10% | 9,494,799 | 2,563,424 | 12,058,223 | 23,070,814 |
| Office Equipment | 22,128,131 | 2,526,000 | 24,654,131 | 10% | 8,258,385 | 1,639,575 | 9,897,960 | 14,756,171 |
| Furniture & Fixture | 27,085,806 | 2,975,800 | 30,061,606 | 10% | 10,243,749 | 1,981,786 | 12,225,535 | 17,836,071 |
| Fire Fighting Equipments | 16,236,040 | 15,968,500 | 32,204,540 | 10% | 5,547,991 | 2,665,655 | 8,213,646 | 23,990,894 |
| Motor Car | 9,005,435 | 1,211,600 | 10,217,035 | 10% | 5,153,043 | 506,399 | 5,659,442 | 4,557,593 |
| Electric Substation | 4,922,058 | 9,800,000 | 14,722,058 | 10% | 1,546,720 | 1,317,534 | 2,864,254 | 11,857,804 |
| Factory Equipment | 34,388,993 | 1,898,758 | 36,287,751 | 10% | 11,908,836 | 2,437,892 | 14,346,728 | 21,941,024 |
| **Balance as on 30.06.2021** | **1,216,352,288** | **96,076,520** | **1,312,428,808** | | **388,907,515** | **61,342,555** | **450,250,070** | **838,022,209** |
| **Balance as on 30.06.2020** | **1,156,051,609** | **60,300,679** | **1,216,352,288** | | **329,580,520** | **59,326,994** | **388,907,513** | **827,444,775** |

**Allocation of depreciation**

| | | |
|---|---|---|
| Manufacturing Expenses **Note: 20.04** | 96% | 58,888,853 |
| Administrative Expenses **Note: 21.01** | 2% | 1,226,851 |
| Selling & Distribution Expenses **Note: 21.02** | 2% | 1,226,851 |
| | **100%** | **61,342,555** |

## KATTALI TEXTILE LIMITED

Registered Office : Chowdhury Bari, Kornel Jones Road, North Kattali, Pahartoli, Chittagong - 4217

### PROXY FROM

I/We.....(Name) of……..... .....……..…… ...….. ……. (Address) being a shareholder of Kattali Textile Limited and entitled to vote, hereby appoint
Mr./Mrs./Miss ……. (Name)
Of ……. (Address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Thursday, December 30, 2021 at 11.00.A.M at Digital Platform, Chittagong and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks appropriate on all resolutions.

As witness my/our hand this ……. day of …….. 2021

Stamp
Tk 20.

Signature Shareholder

Signature of Proxy

BO ID No. | | | | | | | | | | | | | | | |

NO Of Shares held ……..…… Dated ……..…..…..…..

Note:

1. The proxy form, duly filled and stamped must be deposited at the Corporate Office not later than 72 (Seventy Two) hours before the time fixed for the meeting.
2. Signature of the Shareholder should agree with the specimen signature registered with the Company of BO Account/CDBL Record.

Signature Verified

Authorized Signature

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## KATTALI TEXTILE LIMITED

Registered Office : Chowdhury Bari, Kornel Jones Road, North Kattali, Pahartoli, Chittagong - 4217

### SHAREHOLDER'S ATTENDANCE SLIP

I hereby record my attendance at the 18th Annual General Meeting of the Company being held on Thursday, December 30, 2021 at 11.00.A.M at Digital Platform.

Name : ……..……..

BO ID No. | | | | | | | | | | | | | | | |

No. of Share held : …….. Dated: ……

Authorized Signature

Signature of Shareholders

***N.B.: Please complete this attendance slip and deposit at the registration counter on the day of the meeting.***

KTL KATTALI TEXTILE LIMITED

REGISTERED OFFICE: CHOWDHURY BARI, KORNEL JONES ROAD, NORTH KATTALI, PAHARTOLI, CHITTAGONG-4217