



# ANNUAL REPORT

2019 - 2020

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**QUEEN SOUTH  
TEXTILE MILLS LTD.**



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**DATE & TIME |**

Sunday, 28 December, 2020 at 10:30 a.m

**PLATFORM |**

Virtual in digital platform

# NOTICE OF THE 18th ANNUAL GENERAL MEETING

Notice is hereby given that the 18th ANNUAL GENERAL MEETING of Queen South Textile Mills Limited will be held to transact the following business:

- Agenda-1: To receive, consider and adopt the Audited Financial Statements for the year ended 30 June, 2020 together with the Report of Directors' and Auditors' thereon;
- Agenda-2: To declare and approve dividend for the year ended 30 June, 2020 as recommended by the board of directors
- Agenda-3: To appoint Auditors for the year 2020-2021 and to fix their remuneration;
- Agenda-4: To resign and re appointment of Directors;
- Agenda-5: To approve utilization of IPO proceeds;
- Agenda-6: To Approve modernization/replace of machineries.
- Agenda-7: Miscellaneous;

By order of the Board



(Massum Rana)

Company Secretary

Dated: December 10, 2020

## NOTE

- The "Record Date" to be entitled dividend for the year 2019-2020 was on Wednesday, 26 November 2020. The Shareholders whose names would appear in the Register of Members of the Company and/ or in the Depository register on the "Record Date" will be eligible to attend and vote at the 18th AGM.
- The proxy form must be affixed with requisite revenue stamp and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- Annual Report, Attendance Slip, Proxy Form along with the Notice will be sent to the Members through Courier Service /Post. Members may also collect Proxy Form from the Registered Office of the Company.
- The Annual Report is also available in company's website by at [www.qstmills.com](http://www.qstmills.com) 14 December 2020

বিঃ দ্রঃ সম্মানিত শেয়ার হোল্ডারবৃন্দের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর সার্কুলার নংঃ এসইসি/ সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ- অক্টোবর ২৪, ২০১৩ অনুযায়ী আসন্ন ১৮-তম বার্ষিক সাধারণ সভায় (এজিএম) কোন প্রকার উপহার বা আপ্যায়নের ব্যবস্থা নেই।

## LETTER OF TRANSMITTAL

To  
The Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.  
Auditors'

**Subject: Annual Report for the year ended 30 June, 2020**

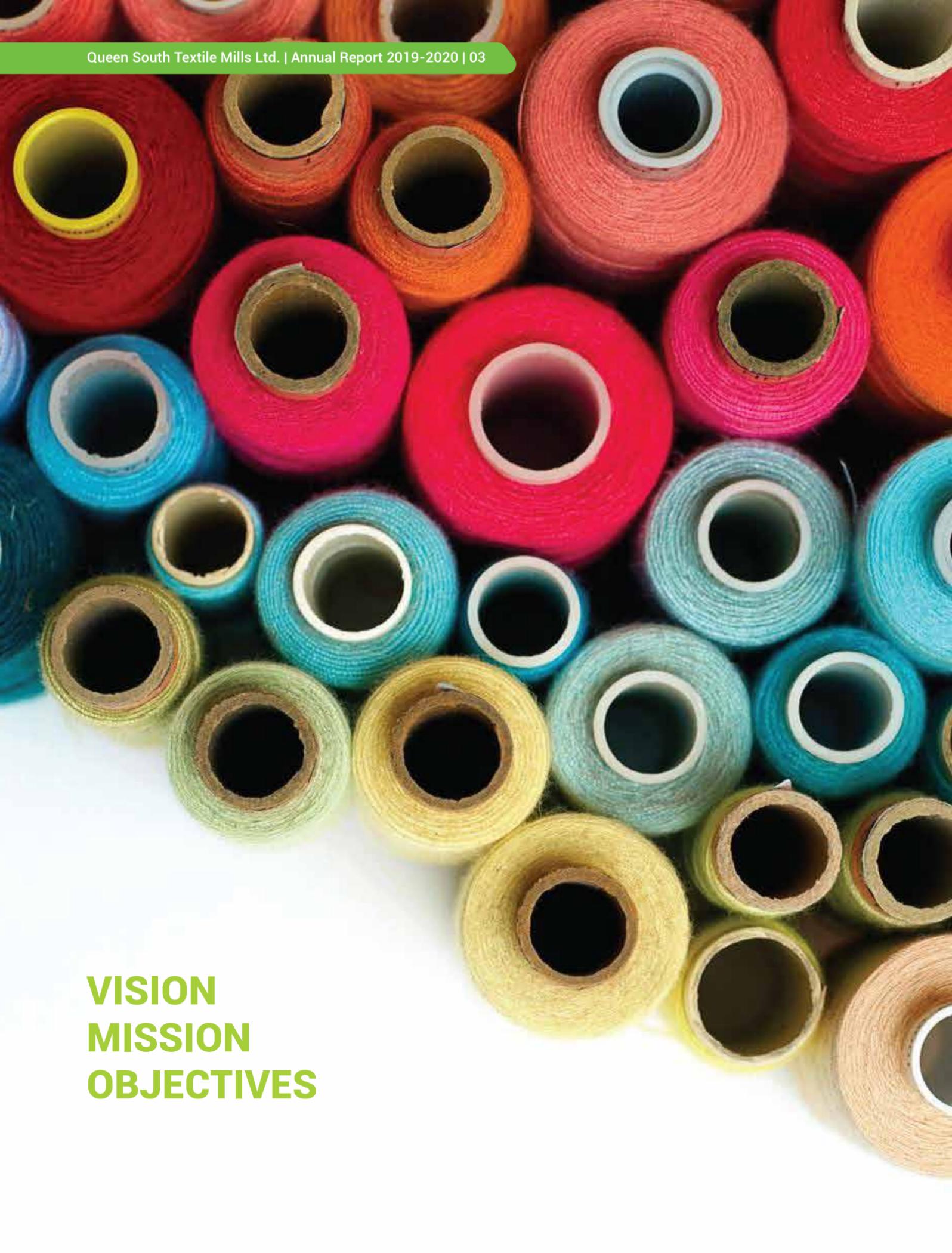
Dear Sir(s),

We are pleased to enclose a copy of Annual Report containing Directors' Report, Auditors' Report together with the Audited Financial Statements including Statement of Financial Position as at 30 June 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2020 along with notes thereon for your record and necessary measures.

Yours sincerely,



**(Massum Rana)**  
Company Secretary

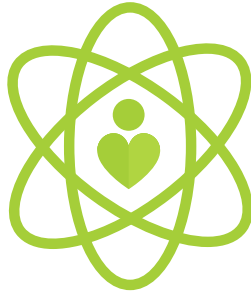


**VISION  
MISSION  
OBJECTIVES**



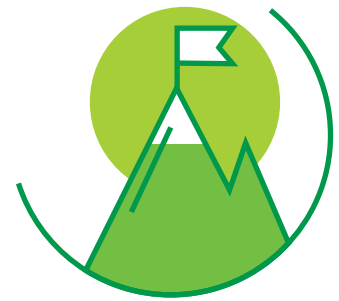
To be dynamic, comparable to international standard, to be customer- focused and globally competitive through better quality, latest technology and continuous innovation

## CORE VALUES



- Accountability – We are accountable for acknowledging and assuming responsibility for actions, products, decisions, and policies.
- Commitment – We are committed to increase Shareholder wealth as well as meeting stakeholders' interest.
- Integrity – We act with honesty and honor without compromising the truth.
- Innovation – We pursue new creative ideas that have the potential to increase the business.
- Community – We contribute to society and demonstrating corporate social responsibility.
- Ownership – We take care of the company and customers as they were one's own.

## MISSION



- To produce world-class dyed yarn for knitting of outstanding quality that give our customers a competitive advantage through superior products and value, so we can make every customer smile
- To strive excellence and sustain position as preferred supplier for yarn with a customer focused strategy
- To build enduring relationship with our customers by giving them fair return on their demand
- To give consistent financial return to the shareholders on their investment
- To be responsible to the society, employees and communicates in which we operate by health care and social welfare activities

## OBJECTIVE



- Fair to All
- Superior quality of performance
- Enhance the positioning in the market and establish a stronger brand;
- Continuous development in setting up a progressive and professional management team and a good employee program to run the merchandising, commercial operations and production;
- Customer satisfaction and delight

# CORPORATE DIRECTORY

**BOARD OF DIRECTORS**

MR. WONG KWOK CHUEN	<b>CHAIRMAN</b>
MR. WONG JAMMY KWOK CHAN	<b>MANAGING DIRECTOR</b>
MS. WONG ELISA DAI WAH	<b>DIRECTOR</b>
MS. LEE HUNG CHUN	<b>DIRECTOR</b>
MR. MAQBUL AHMED, FCA	<b>INDEPENDENT DIRECTOR</b>

MR. MAQBUL AHMED, FCA	<b>CHAIRMAN</b>
MS. WONG ELISA DAI WAH	<b>MEMBER</b>
MS. LEE HUNG CHUN	<b>MEMBER</b>
MR. MASSUM RANA	<b>SECRETARY</b>

**AUDIT COMMITTEE****NOMINATION AND REMUNERATION COMMITTEE**

MR. MAQBUL AHMED, FCA	<b>CHAIRMAN</b>
MS. WONG ELISA DAI WAH	<b>MEMBER</b>
MS. LEE HUNG CHUN	<b>MEMBER</b>
MR. MASSUM RANA	<b>SECRETARY</b>

MR. MASSUM RANA	<b>COMPANY SECRETARY</b>
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**COMPANY SECRETARY****MANAGEMENT COMMITTEE**

MR. WONG JAMMY KWOK CHAN	<b>MANAGING DIRECTOR</b>
MR. LIANG, CHIN-HSIEN	<b>CHIEF EXECUTIVE OFFICER</b>
MR. MASSUM RANA	<b>COMPANY SECRETARY</b>
MR. SHAHABUDDIN	<b>DEPUTY GENERAL MANAGER</b>
MR. GOUTAM CHANDRA ROY	<b>CHIEF FINANCIAL OFFICER</b>
MISS. ZHAO CHAO QING	<b>DYEING TECHNICIAN</b>
MR. MUZAHID HASSAN	<b>MANAGER AND IN CHARGE OF MAINTENANCE</b>

MR. NARAYAN ROY FCS, FCA	<b>HEAD OF INTERNAL AUDIT AND COMPLIANCE</b>
MR. MOSHARAF HOSSAIN	<b>SR. COST ANALYST</b>
MR. FORHAD AHMED	<b>ASST. MANAGER</b>
MR. ABDULLAH-AL-MAMUN	<b>ASST. MANAGER</b>
MR. MASSUM RANA	<b>COMPANY SECRETARY</b>

**INTERNAL AUDIT TEAM****PRODUCTION  
MANAGEMENT**

MISS. YANG LINLI	<b>DYEING TECHNICIAN</b>
MR. OSMAN GONI	<b>DEPUTY GENERAL MANAGER (PROD)</b>
MR. KUTUBUL ALAM	<b>SENIOR PRODUCTION MANAGER</b>
MR. MONIRUZZAMAN	<b>ASST. PRODUCTION MANAGER</b>
MR. RUPAYAN CHAKMA	<b>SHIFT IN-CHARGE</b>
MR. SHISHIR BINDU CHAKMA	<b>WINDING IN-CHARGE</b>
MR. SUJANTI PRASAD	<b>ASST. COORDINATOR MANAGER</b>
MR. NADIR AHMED KHAN	<b>ASST. PLANNING MANAGER</b>
MR. MOSHIUR RAHMAN	<b>PACKING/ FINISHING IN -CHARGE</b>

# COMPANY PROFILE

**REGISTERED NAME OF THE COMPANY**  
QUEEN SOUTH TEXTILE MILLS LIMITED

**INCORPORATION NO.& DATE**  
C – 49529(1513)/2003, Dated 15 June 2003

**SETTING UP PERMISSION**  
BEPZA given permission to set up factory in  
DEPZ at plot no 85-88 by their Vide Letter  
Ref.IP:PJT-D/252/2052  
dated 24 August 2003

**COMMENCEMENT OF COMMERCIAL OPERATION**  
05 June 2005 at DEPZ

**LEGAL STATUS**  
Public Limited Company listed with  
**Dhaka Stock Exchange Limited and**  
**Chittagong Stock Exchange Limited**

**NATURE OF BUSINESS**  
Dyeing of Yarn for sweater industry  
(100% export oriented)

## LEGAL ADVISORS

Monzur Alam Khan, Barriister –at- law  
Suit no. 8/08, 73 Kakrail,Dhaka

## TAX CONSULTANT

Mr.Arup Chowdhury FCA  
Partner, Ahmed Zaker & Co.  
45, Shaheed Syed Nazrul Islam Sarani,  
Saiham Sky View Tower (2nd Floor) Bijoynagar,  
Dhaka-1000.

## BANKERS

Woori Bank Limited  
Standard Chartered Bank  
Hongkong and Shanghai Banking  
Corporation Limited  
Dutch-Bangla Bank Limited  
The Premier Bank Limited

## AUDITORS

Pinaki & Company  
Chartered Accountants  
Ahsandell, 2/A, Mymensingh Road,  
Shahbag, Dhaka-1000, Bangladesh.

## INSURERS

Pragati Insurance Limited  
Pragati Insurance Bhaban  
20-21, Karwan Bazar, Dhaka-1215

## LISTING

Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

## LISTING RECOGNITION

Company No.: 17476  
Trading Code: QUEENSOUTH

## REGISTERED OFFICE

Plot No:85-88 Extension Area, Dhaka EPZ,  
Ganak Bari, Savar, Dhak-1349  
Telephone: 880-2-7790219-21  
Fax: 880-2-7790216  
Email: info@qstmills.com  
Web: www.qstmills.com

## FACTORY

Plot No: 85-88 Extension Area, Dhaka EPZ,  
Ganak bari, Savar, Dhaka-1349 Bangladesh

# DIRECTORS' PROFILE



**WONG KWOK CHUEN**  
**CHAIRMAN**

Mr. Wong Kwok Chuen is a Hong Kong national and representing GAINPLUS AGENTS LIMITED in Queen South Textile Mills Limited. He is vastly experienced in Textile industry and leading QSTML with his innovative idea. He is well-reputed businessman and highly qualified professional with proven record of success in managing marketing and project management. He visited to many countries in connection with business and had gathered sufficient knowledge required to run a business smoothly and profitably.



**WONG JAMMY KWOK CHAN**  
**MANAGING DIRECTOR**

Mr. Wong Jammy Kwok Chan is a Canadian national and finished his EMBA from Fudan University in Shanghai China. He has 37 years of experience in running different kind of textile business in different countries. He is dynamic and able to lead in different cultures. He established Queen South Textile Mills Limited with his family member at 2003, and he has gone through many challenges, and the company has been growing since then and become one of the largest in terms of dyed yarn production in Bangladesh. His aim is to help the Bangladesh Textile Industry to be fully integrated with domestic support in all area.



**MS. WONG ELISA DAI WAH**  
**DIRECTOR**

Ms. Elisa Wong is spouse of Managing Director, also a Canadian national. She is a Journalism graduate in Hong Kong, with vast experience in investment, and has always been ready to give her precious opinion.



**MS. LEE HUNG CHUN**  
**DIRECTOR**

Ms. Lee is spouse of Chairman and she is a Hong Kong national. She was working with the Chairman for many years early in her career and experienced in the Textile and Garment industry.



**MAQBUL AHMED, FCA**  
**INDEPENDENT DIRECTOR**

Mr. Maqbul Ahmed, FCA, Member of ICAB, practices in Chartered Accountants profession about 27 years and Conducting & Supervising Audits of all nature of companies, Corporations including Govt. Semi Govt. Autonomous etc. Taxation Secretarial Works, Management Consultancy including Numerous Advisory Jobs.

## 17TH AGM PICTURE



**Dear Valued Shareholders'**

Dear Friends,

Kindly allow me to welcome you all in this annual meeting of all partners, shareholders of our unique company Queen South Textile Mills Ltd.

Last year we ever mentioned about the continuous changing and competitive environment of global textile market. The effects of "Global Warming" made significant impact to our major group of clients in sweater industry. Each year every buyer's requirement becomes more unpredictable. So, we were dedicated on improving our skill of dying process, increasing manpower efficiency and saving in energy.

As you all are known that the World Health Organization (WHO) on March 11, 2020 has declared the novel coronavirus (COVID-19) outbreak a global pandemic. On June 2020, the Global Economic Prospects described both the immediate and near-term outlook for the impact of the pandemic and the long-term damage has dealt to prospects for growth. The baseline forecast envisions a 5.2% contraction in global GDP in 2020, and 4.2% in 2021.

The shock of COVID-19 already affected the global economy through 3 channels, Production, Supply Chain & Market Disruption, and Financial Impact on firm & Financial Markets, which have been making the future challenges even harder. Certainly we have to appreciate the guide line provided by the present Board of Directors under the fantastic leadership of our Managing Director, Mr. Wong Jammy Kwok Chan, thus Queen South could not only submit a shining scorecard during slowdown but also manage to organize satisfactory cash dividend & stock. Surely it is our jointly achievement while the Export Market of the products of our nature is facing severe competition.

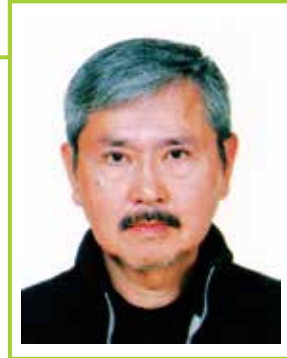
On behalf of you all and on behalf of our Board of Directors I would like to thank all those who have rendered services and assistance received from stakeholders, financiers, insurers, suppliers, creditors, buyers and the community around our factory. I would also thank Government Agencies and the public in general for their cooperation and support in the running of our Company.

Now, to end my brief welcome address kindly allows me once again ladies and gentleman to thank you for attending this 18th Annual General Meeting.



**Wong Kwok Chuen**  
Chairman

## MESSAGE FROM THE CHAIRMAN



## MESSAGE FROM THE MANAGING DIRECTOR



**Dear Valued Shareholders, Ladies & Gentlemen,**

Welcome to all of you to this 18th Annual General Meeting of Queen South Textile Mills Limited and to have pleasure to present before you the Audited Financial Statements and the Auditors' and Directors' Report thereon of the company for the year ended 30 June 2020 for consideration and approval thereof.

We not yet see positive development came after Nine months of consecutive negative growth since January 2020.

The industry people, however, are not in an upbeat mood as the most shipments, according to them, comprise orders that were put on hold or cancelled in the previous months following the outbreak of the Covid-19 pandemic.

As you know after declared the novel coronavirus (COVID-19) outbreak a global pandemic. The June 2020 Global Economic Prospects describes both the immediate and near-term outlook for the impact of the pandemic and the long-term damage has dealt to prospects for growth., apparel exports recorded the highest negative growth of over 82 per cent in April, as production in most apparel units remained suspended due to the pandemic-induced lockdown.

Many companies rely much on sales in USA, Europe & China to meet financial goals. The slowdown in economic activity and transportation restrictions in affected countries will likely have an impact on the production and profitability of specific global companies, particularly in manufacturing and in raw materials used in manufacturing. Small and medium-sized firms may have greater difficulty surviving the disruption and this temporary disruption of inputs and/or production might stress some firms, particularly those with inadequate liquidity. Traders in financial markets may or may not correctly anticipate or understand which firms might be vulnerable. The resulting rise in risk might reveal that one or more key financial market players have taken investment positions that are unprofitable under current conditions, further weakening trust in financial instruments and markets.

However, during this year the company has reached to its revenue Taka 3,072 million By facing all those odds, this year your company has able to make a Net profit after tax of Tk. 116.23 million, EPS and NAVPS was by tk. 0.96 and 16.64 respectively.

We have made it possible by implementing effective internal control procedure and reduced cost where possible. Beside this a portion of our retained profit invested for upgrading equipment to reduce our energy costs and the same in coming year we shall upgrading our storage system, where we able to earn a marginal return. Our management is very concerned on the issue of profitability. It is my pleasure to inform you that the Board of Directors has recommended 8% cash and 8% stock dividend (Sponsor and directors is not taking any cash dividend) despite of marginal profit achieved in comparing with last year. Please also note that your company is possessing a strong liquidity strength having no leverage which eventually saving financial cost and creating strong hedge in any unexpected adversity.

While conducting, I express my gratitude to all the Employees, Workers, Officials, Shareholder, Stakeholder, Government Agencies, Bank & Financial Institutions, Customers, Consumers, Suppliers and other service agencies for performing their respective roles in their best manner, which collectively contributed to the results for the benefit of all of us and nation.

Thanking you all.



**Wong Jammy Kwok Chan**  
Managing Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

**Dear valued Shareholders,  
Ladies and Gentlemen,**

In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987, BSEC Notification dated 7th August, 2012 and BAS-1 (Bangladesh Accounting Standards-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 Report to the Shareholders for the year ended 30 June, 2020

### THE COMPANY AT A GLANCE

**Queen South Textile Mills Limited** (hereinafter referred to as "The Company") was incorporated on 15 June 2003 vide Registration No. C-49529(1513)/2003 as a private limited company in Bangladesh under the Companies Act, 1994. The company was converted into a Public Limited Company on 25 January 2017. The company floated its shares to the public through IPO in February 2018 and the company listed in both Dhaka and Chittagong Stock Exchange on 07 January 2018 and started trading 13 March 2018. The registered office and principal place of business of the company is located at Plot No:85-88 Extension Area, Dhaka EPZ, Ganak bari, Savar, Dhaka-1349, Bangladesh and its factory located at Plot No:85-88 Extension Area, Dhaka EPZ, Ganak bari, Savar, Dhaka-1349, Bangladesh.

### NATURE OF BUSINESS

Queen South Textile Mills Limited runs the business as a 100% export oriented backward linkage Textile Industry and producing & selling different types of knitted, dyed and finished cotton, Nylon, Polyester, Viscose, Carded, combed, Acrylic etc. yarn in a single business segment.

### INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY:

Queen South Textile Mills Limited (QSTML) is a 100% export-oriented yarn dyeing Industry located in Dhaka Export Processing Zone, Savar, capital of Bangladesh. The company is engaged in dyeing of different counts of Cotton, Polyester, Viscose, Acrylic, Nylon and Blended yarn to market the processed yarn as deemed exporter. The company was established in 2003 and started operation in mid-2005 with daily capacity of dyeing of 25 MT yarn per day and subsequently increased to 50 MT yarn per day.

QSTML has passed the Grade of "BSCI" social compliance audit, ISO Certificate-14000(1) and obtained the "Oeko-Tex Standard 100" certificate for Yarn, and Dyes, as well as Sewing and Embroidery, Threads of QSTML. QSTML is also the only dyeing factory to obtain the "W.S.T." environmental certificates.

Not only the dyeing of yarn quality remains one of the highest satisfactions in the market, QSTML is also capable of providing huge production with very short lead time to meet customers' delivery deadlines. QSTML's production machineries are equipped with the State-of-the-art technology, including Central Controlling and Monitoring System, Laboratory is equipped with computer matching machine and dispensing machines, monitored by qualified expert technicians. QSTML has installed an "ERP" system in 2017 and this allows QSTML'S valued customers to place and track their orders online with real time information, to ensure punctual delivery and convenient production planning in our clients' factories.

The country fetched \$2.25 billion, \$374.67 million, \$1.23 billion, \$2.24 billion and \$3.24 billion in March, April, May, June and July respectively of this year, representing a decline of 20.14 per cent, 85.25 per cent, 62.06 per cent, 6.63 per cent and 1.98 per cent during the months between March and July of this year over the corresponding months of last year, according to the BGMEA data. The exporters in August & September last shipped a good portion of orders that had been kept on hold or cancelled since the coronavirus outbreak in the country,

About new orders, he said they are now receiving 25-25 per cent lower orders compared to last year. The product-wise, cotton trousers have maintained the biggest share in terms of increase, while manmade fibre (MMF)-based product categories in tops have also started to see a growth.

"Especially women's cotton trousers have seen a significant growth, and their share in our total exports is also higher,

it was high time that the government took exchange rate matter very seriously and nullify existing notions among certain policymakers of exporters enjoying many benefits through short- and medium-term stimulus packages. "If this negative trend in export continues it is going to have a severe detrimental impact on the Bangladesh economy,

Bangladesh is still running favorable condition in textile and Garments industries due to cheap labor and favorable trade status with the EU. There is huge yarn demand gap in the RMG industries which is presently met by imports. Thus, the potentiality of the backward linkage industry is enormous prospect for a huge textile industry capable to supply to the export- oriented sweater garments industry. Presently 85-90% of this demand is met by import from the countries like China, India, Thailand Korea, Indonesia, Taiwan etc. Yarn requirement is increasing 30% per annum. specially China and others those who are paying high labor costs and reduced competitiveness in producing export dyed yarns where we shall be benefitted in coming years.

Considering the all consequences, your company runs business with confident. The company is now more comfortable of completing regular order in time. The efficiency could have been better if uninterrupted power supply and gas pressure are ensured. However, the company expects that all adverse to be eradicated soon. Having long experiences in this trade, the company is confident and believe to run the business with the fast-changing customers fashion and hold the position with reputation.

Having all those odds, however, the management team maintained strong cost control procedures, developing production procedure, modernization machines to reduce energy costs as well as high efficiency of production along with robust internal control to keep the maximum margin from the revenue.

## INFORMATION ABOUT CORPORATE GOVERNANCE

### Board of Directors, Chairman & CEO

The Board of Directors has been formed with 5 members including 1 Independent Director.

#### The Board structure is as follows:

Sl.	Particulars	Status
1	Mr. Wong Kwok Chuen	Chairman, Director
2	Mr. Wong Jammy Kwok Chan	Managing Director, Director
3	Ms. Wong Elisa Dai Wah	Director
4	Ms. Lee Hung Chun	Director
5	Mr. Maqbul Ahmed, FCA	Independent Director

### Audit Committee

The Audit Committee, as a sub-committee of the Board has been constituted consisting with 2 (Two) Directors, 1 (One) of whom is an Independent Director, The Company Secretary acts as Secretary to the Audit Committee. The Committee assists the Board in ensuring that the Financial Statements reflect a 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 Committee structure is as follows:

Name	Designation
Mr. Maqbul Ahmed, FCA	Chairman
Ms. Wong Elisa Dai Wah	Member
Ms. Lee Hung Chun	Member
Mr. Massum Rana	Secretary

### Audit Committee Meeting Held

Name	Designation	Total Meeting Held	Attended	% of Attended
Mr. Maqbul Ahmed, FCA	Chairman	6	6	100%
Ms. Wong Elisa Dai Wah	Member	6	6	100%
Ms. Lee Hung Chun	Member	6	6	100%
Mr. Massum Rana	Secretary	6	6	100%

**Number of Board Meetings held during the year and attendance:**

During the year ended 30 June 2020, there were 8 Board of Directors Meeting hold and the presence was as follows:

Name	Designation	Total Attendance
Mr. Wong Kwok Chuen	Chairman	8
Mr. Wong Jammy Kwok chan	Managing Director	8
Ms. Wong Elisa Dai Wah	Director	5
Ms. Lee Hung Chun	Director	4
Mr. Maqbul Ahmed, FCA	Independent Director	4
Mr. Goutam Chandra Roy	Chief Financial Officer	8
Mr. Massum Rana	Company Secretary	8
Mr. Narayan Roy, FCS, FCA	HIAC	4

**Pattern and Number of Shareholdings as on 30 June 2020:**

Shareholding Range	Number of Shareholders	No. of shares	Percentages of Share
1-499	99,585	778	0.08%
500-5000	2,202,431	1,207	1.82%
5001-10000	1,220,004	176	1.01%
10001-20000	2,163,781	151	1.79%
20001-30000	1,085,420	43	0.90%
30001-40000	932,676	26	0.77%
40001-50000	792,128	15	0.65%
50001-100000	3,268,531	42	2.70%
100001-1000000	13,281,638	60	10.96%
1000001-Above	96,135,306	15	79.33%
<b>Total</b>	<b>121,181,500</b>	<b>2,513</b>	<b>100%</b>

Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	Parent/Subsidiary/Associated Companies and Other Related Companies	-	No such holding	-
2	Directors, CEO, CS, CFO, Head of Internal Audit & their spouse and minor children:	-	No such holding	-
2.1	Mr. Wong Kwok Chuen (Representative of Gainplus Agents Limited)	Chairman, Director	36,499,045	30.12%
2.2	Mr. Wong Jammy Kwok Chan	Managing Director, Director	21,220,375	17.51%
2.3	Ms. Wong Elisa Dai Wah	Director	3,395,260	2.80%
2.4	Ms. Lee Hung Chun	Director	3,395,260	2.80%
2.5	Mr. Massum Rana	Company Secretary	82,687	0.68%
2.6	Mr. Goutam Chandra Roy	CFO	11,908	0.009%
2.7	Head of Internal Audit & their spouse and minor children		No such holding	-
3	Executives:	-	No such holding	-

Shareholders holding Ten percent (10%) or more voting interest in the company:

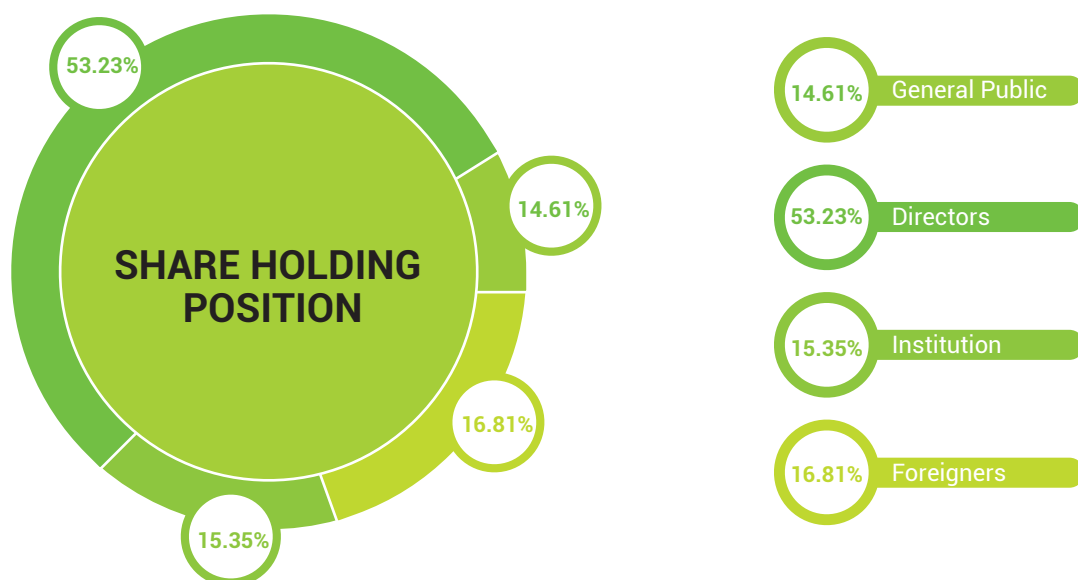
Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	Mr. Wong Kwok Chuen	Chairman, Director	30,164,500	30.12%
2	Mr. Wong Jammy Kwok Chan	Managing Director, Director	17,537,500	17.51%

Share Holding by Directors

Sl.	Particulars	Designation	Holding %	No. of Shares Holding
1	Mr. Wong Kwok Chuen	Chairman, Director	30.12%	36,499,045
2	Mr. Wong Jammy Kwok Chan	Managing Director,	17.51%	21,220,375
3	Ms. Wong Elisa Dai wah	Director	2.80%	3,395,260
4	Ms. Lee Hung Chun	Director	2.80%	3,395,260

Shareholding Pattern

Sl.	Particulars	No. of Shares Holding	Holding %
1	General Public	17,704,617	14.61%
2	Directors	64,509,940	53.23%
3	Institution	18,595,383	15.35%
4	Foreigners	20,371,560	16.81%
<b>Total</b>		<b>121,181,500</b>	<b>100%</b>



**Re-Appointment of Directors:**

As per Memorandum and the Articles of Association of the Company, paragraph no. 90 one third no. of Directors will retire and re-appoint in every Annual General Meeting. The Board hereby has been recommended Ms. Lee Hung Chun and Ms. Wong Elisa Dai wah will retire and be reappointed as Director of the Company.

**Directors Expertise in Specific functional area:**

Name of Directors	Expertise
Mr. Wong Jammy Kwok Chan	All Business functional areas, specially Production and Operational activities
Mr. Wong Kwok Chuen	Oversee all activities
Ms. Wong Elisa Dai Wah	Commercial Function
Ms. Lee Hung Chun	Strategic Business function, internal control and analytical review

**Holding of Directorship and membership of the committees of the board other than this company:**

There is no holding of Directorship and membership of the committees of the board other than this company.

**Appointment of Auditors:**

As per companies Act 1994 section 210 (1) and Bangladesh Securities and Exchange Commission Order Ref. No. SEC/CMRRCD/2009-193/174/Admin/61, dated 08/07/2015, the present Auditor of the Company, Pinaki & Company, Chartered accountants are enlisted as panel auditors and the board has decided to keep Pinaki & Company, Chartered accountants at 18th Annual General Meeting.

**Financial Highlights**

Particulars	Amount in Taka				
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Property, Plant & Equipment	881,739,686	761,683,380	748,831,082	700,314,214	661,006,035
Current Assets	3,082,918,508	3,015,245,491	2,753,771,012	2,313,004,252	2,164,625,294
Total Assets	3,964,658,194	3,776,928,871	3,502,602,094	3,013,318,466	2,866,136,415
Equity attributable to the shareholders	2,016,305,364	1,941,287,864	1,775,195,260	1,463,101,279	1,167,158,350
Non-current Liabilities	683,866,360	495,711,388	490,720,219	480,169,603	496,575,651
Current Liabilities	1,264,486,470	1,339,929,619	1,236,686,615	1,070,047,584	1,202,402,414
Total liabilities and Equities	3,964,658,194	3,776,928,871	3,502,602,094	3,013,318,466	2,866,136,415
Revenue	3,072,519,860	4,198,684,068	3,871,439,935	3,637,391,178	3,274,256,462
Cost of Goods Sold	2,709,870,123	3,715,525,955	3,460,765,908	3,274,758,759	2,960,818,371
Gross Profit	362,649,737	483,158,113	410,674,027	362,632,419	313,438,091
Operating Profit	234,965,737	355,319,755	296,896,542	245,894,453	214,777,789
Net Profit after Tax	116,233,180	198,877,804	177,178,736	145,942,929	123,851,646

**Key Operating Performances:**

Particulars	Amount in Taka				
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Basic Earnings per Share (EPS)	0.96	1.64	1.96	1.85	1.77
Gross Profit Margin	11.80%	11.51%	10.61%	9.97%	9.57%
Operating Profit Margin	7.64%	8.46%	7.67%	6.76%	6.56%
Net Profit Margin	3.78%	4.74 %	4.58%	4.01%	3.78%
Fixed Assets Turnover Ratio	3.484	5.51	5.17	5.19	4.95
Total Assets Turnover Ratio	0.775	1.11	1.11	1.21	1.14
Inventory Turnover Ratio	1.936	2.64	2.32	2.42	2.12
Current Ratio	2.438	2.25	2.23	2.16	1.80
Quick Ratio	1.183	1.06	1.02	0.90	0.64
Return on Equity (ROE)	5.76%	10.24 %	9.98%	9.97%	10.61%
Face value per share (Taka)	10	10	10	10	10
Number of Ordinary Shares(weighted)	121,181,500	110,165,000	90,204,795	78,944,521	70,150,000
Net Assets value per Share	16.64	17.62	17.73	17.18	81.19

**Contribution to National Exchequer:**

The Company contributed an amount of Taka 45.98 million in 2019-2020 to the National Exchequer consisting of the following:

Particulars	2019-2020 (Tk.)	2018-2019 (Tk.)
AIT & Tax	43,262,423	42,703,746
VAT, Customs & Excise Duties, etc.	27,16,624	6,294,655
<b>Total Taka</b>	<b>45,979,047</b>	<b>48,998,401</b>

### Capital Expenditures

During the financial year of 2019-2020, the company made investment Tk. 19.765 crore in the form of capital expenditure from its own generation of fund with the approval of the Board of Directors the company procured some Capital machineries for synchronizing the production flow and to get maximum output and Some other modern hi efficiency assets have also been procured for smooth functioning. These are as follows:

SL	Particulars	Amount Taka
1	Electrical Installation	
2	Plant Machinery	167,432,892
3	Other Assets	30,218,340
	<b>Total</b>	<b>197,651,232</b>

### Revenue

During this year, the company has reached to its revenue Taka 3,072.52 million compared with the last year Taka 4,198.68 million representing 26.82% Decreased of gross revenue. As the company 100% export oriented, the company's revenue growth fully depends on orders from buyers.

### Financial Results and Appropriation of Profit

Particulars	2019-2020	2018-2019
Net Profit for the year (After Tax)	116,233,180	198,877,804
Add: Previous year's Surplus	688,257,184	640,760,060
Profit available for appropriation	804,490,364	839,637,864
Cash and stock -Dividend Declared in % on number of Shares	8%cash &8% (stock)	8%cash &10% (stock)
Cash and Stock Dividend Declared in Taka	45,337,248	41,215,680
Un-appropriation Profit	759,153,116	798,422,184

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

During this reporting year, Revenue is decreased by Tk. 112.62 crore from last year. Cost of Goods Sold has also been decreased by Tk. 100.57 crore. Though revenue has decreased which was not as expected due to revenue drop for covid-19, the company tries to control cost and profit margin by establishing strong internal control system. Proper supervision of internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market. Comparative performances have been shown to the next page:

**Financial Results and Appropriation of profit:**

Particulars	2019-2020		2018-2019	
	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Goods Sold	2,709,870,123	88.20%	3,715,525,955	88.49 %
Gross Profit	362,649,737	11.80%	483,158,113	11.51 %
Net Profit after Tax	116,233,180	3.78%	198,877,804	4.74 %

**Gross Profit Margin**

Financial metrics used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings.

During the year under review Gross profit margin was decreased Tk. 120.50 million from last year, reasons of negative growth was the impact of less revenue attained during the year.

**Net Profit Margin**

Net profit margin is one of the most closely followed numbers in finance. Shareholders look at net profit margin closely because it shows how good a company is at converting revenue into profits available for shareholders.

During the year 2019-2020 Net profit was decreased to Tk.116.23 million from Tk.198.87 million representing 41.56% downward compared to the last year. This was possible by implementing strong internal control system modernization of machineries to reduce energy costs and reducing Dyes and chemical consumptions even though sales decreased like anything due to worldwide pandemic of COVID-19.

**Basic Earnings per Share (EPS)**

The EPS for the reporting period is Tk. 0.96 per share. In the previous year the EPS was TK. 1.64 EPS decreased by 41.46 % in reporting year still the company taking constant dividend declaration decision.

**Investment in securities:**

The Company does not have any investment in securities during reporting period.

The Company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties. Total transactions of the significant related parties as at 30.06.2020 are as follows:

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(47,801,343)	(46,194,232)	(93,995,575)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(449,567,431)	(2,767,224)	(452,334,655)
Ideal Fastenar BD Limited	Common Management	Trade Receivable/ Payable	(14,121,083)	(6,877,808)	(20,998,891)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable/ Payable	9,248,856	(799,573)	8,449,283
Kingpro Trading Limited	Common Management	Trade Payable	(169,820,328)	95,388,623	(74,431,705)
Queensin Ltd	Common Management	Trade Payable	(76,400,703)	65,715,668	(10,685,035)
Master Knitwear Ltd	Common Management	Trade Payable		(46,158,139)	(46,158,139)
Winpro Textile Mills Ltd	Common Management	Trade Payable		(26,481,775)	(26,481,775)
BHK Textile Mills Ltd	Common Management			-	-

There was no extra-ordinary gain or loss in the Financial Year 2019-2020.

**Basis for related party transaction:**

Related party transaction has been shown in notes to the Financial Statements Notes no. 35.01

**Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements:**

Our turnover growth decreased 5.56% compare with last quarter July 2019 to September 2019 and there was significant variance between Quarterly and Annual Financial Statements due to decrease our orders and sales price also decreased

**Remuneration to Directors including Independent Directors**

No remuneration was paid to board of directors. The Company paid taka 120,000/- as remuneration to the Independent Directors in the financial year 2019-2020.

**Maintenance of Proper Books of Accounts:**

The Directors endeavor to ensure that the company maintains sufficient records to be able to disclose, with reasonable accuracy, the financial position of the company and to be able to ensure that the financial statements of the company meet the requirements of the Companies Act, Bangladesh Accounting Standards, and the regulations of the Dhaka/Chittagong Stock Exchanges Ltd.

**Adaptation of appropriate accounting policies and estimates:**

Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments.

**Followed IAS, BAS, IFRS and BFRS in preparation of Financial Statements:**

The financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) and BFRS as applicable in Bangladesh and provided as required by the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Commission Rules 1987 and the regulations of the Dhaka/Chittagong Stock Exchanges Ltd.

**Soundness of Internal Control Systems:**

The system of internal control is robust in design and has been effectively implemented and monitored by Internal Audit Team and also reviewed by Audit Committee.

**Ability to Continue as going concern:**

As per BAS-1 paragraph 26 'In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

On the above circumstances it can be said that there is no doubt that the company has the ability to continue as going concern.

**Significant deviation from last years:**

During the reporting period, there is no significant deviation from last year.

**Dividend:**

The Company has declared 8% Cash and 8% Stock dividend for the year ended 30 June 2020 whose names appear into the CDBL register as per record date 26 November 2020 subject to approval of 18th AGM.

**Communication to Shareholders & Stakeholders:**

The company always keeps proper communication with the Shareholders & stakeholders of the company. The Company response to the Shareholders and stakeholder as per compliance with Company's Act 1994, Bangladesh Securities & Exchange Commission rules and regulations, Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Rules and other rules and regulation where applicable.

**Risks and Governance:**

Risk and uncertainty are the indispensable elements of business. The company is not exceptional. The Risk in investment within the national and international perception relating to invention, Govt. Regulation, Global warming, recession in world economy affects market demand and prices and by strong marketing policy, developing production with Brand Buyers, Fiscal investment policy, product quality and due time supply would help the company to minimize the market risks.

### Environment Related Initiatives

Queen South Textile Mills Limited is always conscious about the environment as well as social welfare relating to environment pollution and green effect. The Company is always maintaining appropriate practice in discharging its waste to keep the nature free from any contamination. With this objective, the company Join CETP conducting by BEPZA under DEPZ an Effluent Treatment Plant (ETP), maintaining continuous tree plantation program in free areas in the factory premises and also testing from concern authority by government like as Indoor Air (Work Place Air), Stack Emission Quality Test Report for Boiler and Generator, Eminent Noise Quality Test, Temperature level quality, Environment Impact Assessment, Humidity test, Light level quality Quality Test Report

### Statement of Utilization from IPO proceeds:

The company raised tk.15.00 crore by issuing 1,50,00,000 ordinary shares of Tk. 10 each from the capital market in order to meet up the fund requirement for the purpose as given below:

- 1) Repayment of Short Term Bank Loan of Tk. 63, 43,916/= and IPO Expenses of Tk. 1, 30, 00,000/= which are fully utilized where actual IPO expenses was tk.15,084,755/-net of tax and It was initially shown at our profit or loss and other comprehensive income for the year 01 July 2017 to 31 March 2018 and finally we have shown in the statement of changes in equity.
- 2) Acquisition & Installation of Machineries for modernization of existing factory of Tk. 5,60,12,034/= among this Tk. 4,67,69,034/= has already utilized and rest of Tk. 92,43,000/= which was utilized during the 1st. quarter of 20-21 according to the utilization report.
- 3) Construction of Automatic warehouse System of Tk. 7,46,44,050/= which was utilized during the 1st. quarter of 20-21 according to the utilization report. The said construction and our construction of civil part already completed and some of steel structured already imported for installation process. The Utilization of IPO fund has been audited by Rahman Mostafa Alam & Co. Chartered Accountants.

We like to inform that we are grateful to all shareholders for utilized the IPO Proceeds by paying our best afford and on going to achieve of business goal.

### RESPONSIBILITIES TOWARDS STAFF:

The company frequently arrange training and awareness program among the workers' by engaging medical officer for keeping them abreast on maintaining sound health, about the food habit, other seasonal disease and first aid treatment. The company keeps the sound first aid team management in factory and also provide them medicine and other emergency treatment in case of need through our trained medical officer.

### HUMAN CAPITAL:

The quality of Human Resource is a vital factor for the success of an organization. The company believes that the excellence of employees can increase the value of the organization. The Company employed a total of 874 employees as of 30, June 2020. To get high performance from the employees the Company arrange department wise training program like as lean manufacturing to implement KPI System for each Process, 5S and Kanban (Visual) management, Work Efficiency Evaluation and Re-layout, Training System and Fluent Logistics/Storage System when necessary.

**WORKERS PROFIT PARTICIPATION FUND:**

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 15, Section 232 the company does not maintain Workers Profit Participation Fund (WPPF) for their workers as because Now the company operating EPZ labour ACT 2019, February 28 and as per clause no.174, Section XV we don't need to maintain WPPF until government enforce and instruct to comply the rules. Once government instructs us to deduct @0.03% to maintain the fund the company shall follow accordingly.

**EMPLOYEE'S PROVIDENT FUND:**

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 17, Section 264 and Now the company operating EPZ labour ACT 2019, February 28 and as per clause no.164, Section XIII the company established Provident Fund for their workers from December 2006 which certified by NBR ref. আ-৪/কঃ অঃ-৪/২০০৭-২০০৮ under income tax ordinance 1984(XXXXVI of 1984) of the first schedule part B under section 2 under sub section 1.

**GROUP INSURANCE:**

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 8, Section 99, "Compulsory Group Insurance," and Bangladesh Textile Mills Association Order Ref. No. BTMA.593.992, Dated. November 09, 2014, the company introduced Group Insurance cont. No. 1899/2020 according to the prevalent Insurance Law with BTMA nominated Insurance Company of Pragati Life Insurance Ltd. for the workers of the company.

**SAFETY COMMITTEE:**

As per Labour Law 2006, amendment 2013, Chapter 8, Section 90 (A), The Company established a strong, efficient and well-trained Safety Committee by the trainer of Bangladesh Fire Service and Civil Defense team, Dhaka. The safety committee comprising with 208 members from different departments workers and employees of Factory, and the safety committee divided into 3 teams likely Fire Protection Team 85 persons, Rescue Team 62 persons and First Aid Team 61 persons.

**MANAGEMENT APPRECIATION**

On behalf of the Board of Directors, I take this opportunity to thank all our Shareholders heartiest cooperation and active support in assisting us to effectively discharge our duties despite various adverse factors prevailed in 2019-2020 both from nationally and internationally.

We would also like to express our gratitude and acknowledge for unflinching support and cooperation received from Bangladesh Securities Exchange commission, RJSC, National board of Revenue, Stock exchanges, Bank/Financial Institutions and other business associates. We would also like to thank our Auditor, Pinaki & Company, Chartered Accountants for their efforts for timely completion of the Audit.

Lastly, we would like to express our deepest appreciation for the services and the loyalty of all of our officers, staffs and workers whose continuous support at all levels, without whom it would have been impossible to have delivered such performance despite adverse market situation.

Now, I request the valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Financial Statements for the year 2019-2020 and Directors Report place before you and expect our shareholders unswerving trust to the management to run the business effectively.

Thank you all,



**Wong Jammy Kwok Chan**  
Managing Director

## Statement on the duties of the Managing Director and the Chief Financial Officer

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August 2012, we the undersigned hereby certify to the Board that-

We have reviewed financial statements for the year 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 together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- c) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.



**Wong Jammy Kwok Chan**  
Managing Director



**Goutam Chandra Roy**  
Chief Financial Officer

Queen South Textile Mills Limited  
Declaration by CEO and CFO

28 October 2020  
The Board of Directors  
Queen South Textile Mills Limited  
Plot No:85-88 Extension Area, Dhaka EPZ,  
Ganak Bari, Savar, Dhak-1349  
Telephone: 880-2-7790219-21

**Subject: Declaration on Financial Statements for the year ended on 30 June, 2020**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969

We do hereby declare that:

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

In this regard, we also certify that: -

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

Sincerely yours,



**Wong Jammy Kwok Chan**  
Managing Director



**Goutam Chandra Roy**  
Chief Financial Officer

## REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2019-2020

The Audit Committee is governed by the Terms of Reference (TOR) approved by the Board of Directors in line with the conditions of BSEC Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report.

The Committee is comprised of Mr. Maqbul Ahmed, FCA independent Director and also the Chairman of the Committee, Ms. Lee Hung Chun and Ms. Wong Elisa Dai Wah is non- executive director and also member of the Committee and. Mr. Massum Rana Company Secretary performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. As required, all Members of the Audit committee are 'financially literate' and are able to analysis and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

### REPORTING TO THE BOARD OF DIRECTORS

The Audit Committee is acting as a sub-committee of the Board and reports immediately to the Board of Directors on the following outcomes, if any:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

### THE ROLE OF AUDIT COMMITTEE

The role of the Audit Committee is to monitor their liability of the financial statements of the Company and make recommendations, when appropriate to the Board on operational risk, internal controls and compliance. The committee gets satisfied, using suitable steps and appropriate information, that proper and satisfactory internal control system are in place and ensured that the Company's business is directed in a proper and economically sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

**The role of the Audit Committee includes the following:**

- a. Review and recommend to the Board to approve the 1st quarter, 2nd quarter, 3rd quarter and Annual Financial Statements prepared for statutory purpose;
- b. Monitor and oversee choice of accounting policies and principles, internal control, risk Management process, auditing matter, hiring and performance of external auditors;
- c. Review statement of significant related party transactions submitted by the management.
- d. Carry on a monitoring role to safeguard the systems of governance and independence of statutory auditors;

- e. Review and consider the internal auditors' and statutory auditors' observations on internal control; and
- f. Evaluate the company's continuous growth.
- g. Monitoring the company's standard operating procedures.
- h. Observe the Companies overall policies and procedures.
- i. Other matters as per Terms of Reference (TOR) of the Audit Committee and also as directed by the Board.

### AUTHORITY

In terms of Corporate Governance Guidelines, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms of Reference (TOR). It is authorized to seek any information it requires from, and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request 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 TOR of the 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 of the Company.

### ACTIVITIES CARRIED OUT DURING THE YEAR

The Audit Committee met four times during the year 2019-2020. All the Members were present in all meetings of The Committee. The Committee reviewed the integrity of the quarterly and annual financial statements in due time. The Committee found, adequate arrangements were taken to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. Also observed that all payment has incurred in accordance with the terms as approved in the last AGM.

### CONCLUSION

The Audit Committee is satisfied that the effectiveness of the organization structure of the company in implementation of the accounting policies and operational controls, provide reasonable assurance that the affair of the company is managed in accordance with accepted policies and the assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the company's internal and external audit have been effective and independent throughout the period under review. The Committee is also pleased of having adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.



**Maqbul Ahmed, FCA,**  
Chairman  
Audit Committee



**AHMED ZAKER & Co.**  
CHARTERED ACCOUNTANTS

**Head Office :**

89 Kakrail, Green City Edge (Level 10), Dhaka 1000, Bangladesh  
Website: www.ahmed-zaker.com Email: azcbangladesh@ahmed-zaker.com

**Report to the Shareholders of  
Queen South Textile Mills Limited  
on  
Compliance on the Corporate Governance Code  
For the year ended 30<sup>th</sup> June, 2020**

We have examined the compliance status to the Corporate Governance Code by **Queen South Textile Mills Limited** ('The Company') for the year ended on 30<sup>th</sup> June, 2020. This Code relates to the Notification No SEC/CMRRCD/2006-158/207/admin/80 Dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

Place : Chattogram  
Dated : 28<sup>th</sup> October, 2020

  
**Ahmed Zaker & Co.**  
Chartered Accountants  
Signed By : Arup Chowdhury, FCA  
Partner.



UTTARA Office :  
PLOT - 15 (G.FLOOR), ROAD - 17, SECTOR - 4, UTTARA Model TOWN, DHAKA-1250  
CHITTAGONG Office :



CORPORATE  
GOVERNANCE

## COMPLIANCE REPORT

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

**ANNEXURE – C**

# COMPLIANCE REPORT

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

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

## ( Report Under Condition No .9)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	BOARD OF DIRECTORS:			
1(1)	<b>Size of the Board of Directors</b> 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)	<b>Independent Directors:</b> 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; any 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 nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		
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) tenure only;			N/A
1(3)	<b><u>Qualification of Independent Director.</u></b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(3)(b)	<b>Independent director shall have following qualifications:</b>			
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			N/A
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			N/A
1.3(b)(iii)	Former official of government or 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			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
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			N/A
1(4)	<b>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;</b>	✓		
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;			N/A
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
1(5)	<b><u>The Directors' Report to Shareholders</u></b> 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)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;.	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
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.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;			N/A
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5)(xxiii)	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-</b>			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	<b>In case of the appointment or re-appointment of a director, a disclosure on the following information to the shareholders:-</b>			
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	√		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	<b>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:</b>			
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;			N/A
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;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1(6)	<b>Meetings of the Board of Directors</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>	✓		
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2(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;			N/A
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;			N/A
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;			N/A

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-</b>	✓		
3(1)	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a 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)	<b>Requirement to attend Board of Directors' Meetings</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>	✓		
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	BOARD OF DIRECTORS' COMMITTEE. - FOR ENSURING GOOD GOVERNANCE IN THE COMPANY, THE BOARD SHALL HAVE AT LEAST FOLLOWING SUBCOMMITTEES:			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	AUDIT COMMITTEE. -			
5(1)	<b>Responsibility to the Board of Directors.</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	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;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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)	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	<b>Role of Audit Committee</b> The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;			N/A
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		
5(6)	<b>Reporting of the Audit Committee</b>	✓		
5(6)(a)	<b>Reporting to the Board of Directors</b>	✓		
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	<b>The Audit Committee shall immediately report to the Board on the following findings, if any:-</b>			
5(6)(a)(ii)(a)	Report on conflicts of interests;.			N/A

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	<b>Reporting to the Authorities</b> 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.			N/A
5(7)	<b>Reporting to the Shareholders and General Investors</b> 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.			N/A
6	NOMINATION AND REMUNERATION COMMITTEE (NRC).-			
6(1)	<b>Responsibility to the Board of Directors</b>	✓		
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee 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)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
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;			N/A
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;			N/A
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company	✓		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			N/A
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	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 13 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;	✓		
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;			N/A
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	✓		
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;			N/A
7(1)(v)	Actuarial services;			N/A
7(1)(vi)	Internal audit services or special audit services;			N/A
7(1)(vii)	Any service that the Audit Committee determines;			N/A
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and			N/A
7(1)(ix)	Any other service that creates conflict of interest.			N/A
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		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 <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not	✓		



**Wong Jammy Kwok Chan**  
Managing Director

**INDEPENDENT  
AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF  
QUEEN SOUTH TEXTILE MILLS LIMITED**
**REPORT ON THE AUDIT OF THE  
FINANCIAL STATEMENTS**
**OPINION**

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

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our ethical responsibilities in accordance with 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.

**MATTER OF EMPHASIS**

Without qualifying our opinion on following matters, we draw attention on these matters disclosed as below:

- 1) According to the rule no. 212 of the Bangladesh Labour Rules 2015 read with the section no. 232 of the Bangladesh Labour Law 2006 (amended 2013), the Company was supposed to introduce Worker's Profit Participation Fund (WPPF) with effect from 15th March 2016. But no such fund was introduced with retrospective effect from that date on the reason of being a unit under EPZ. However necessary provision @ 0.03% against each and every export order as per rule 214 with retrospective effect need be introduced without further delay.
- 2) The treatment of Advance Tax and Provision for Tax need be regularized as per Accounting and Taxation Principles.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are discussed below together with an explanation of how the risk and our audit response were tailored to address these specific areas.

**Please refer to Annexure: 1 Key Audit Matters (KAM) for illustrative purposes.**

**Other Information:**

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 auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any observation to that effect.

However, in connection with our audit of the financial statements, our responsibility is to read the other information identified in the Annual Report as & when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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.

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


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

**Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 purpose 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 Company and so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka.  
Dated: October 28, 2020

  
Pinaki Das, FCA  
Senior Partner

## ANNEXURE 1

## KEY AUDIT MATTERS (KAM)

SL	PARTICULARS	RISKS	AUDITOR'S RESPONSES
1	<p><b>REVENUE RECOGNITION:</b> The Company reported total revenue of BDT. 3,072,519,860 for the year ended on 30 June 2020.</p> <p>Revenue is measured net of discounts and rebates earned by customers on the Company's sales. Within a number of the Company's markets, the estimation of discounts and rebates recognized based on sales made during the year is material and considered to be complex and judgmental.</p> <p>Refer to note no 22 to the financial statements.</p>	<p>There is a risk of revenue being misstated as a result of faulty estimations over discounts and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts and rebates recognized resulting from the pressure, local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Reconciliation of sales proceeds with Bank Statements.</li> <li>• Confirmation of Export Sales with books of accounts.</li> <li>• Review applicable Tax deducted at source (TDS) against sales proceeds under Exports Sales.</li> <li>• Calculation of commission;</li> <li>• Segregation of duties in invoice creation in the systems and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• Within a number of the Company's markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing.</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p><b>Optimum results:</b> We considered the revenue items shown in financial statements acceptable.</p>
2	<p><b>MEASUREMENT OF DEFERRED TAX LIABILITIES:</b></p> <p>The deferred tax liabilities amounting to BDT 52,163,006 were shown in the financial statements as at 30 June 2020.</p>	<p>Recognition and measurement of deferred tax liabilities contain judgment and objective estimates regarding future taxable profit and the usability of unused tax losses and tax credits.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p> <ul style="list-style-type: none"> <li>• Evaluation of the policies used for recognition and measurement of deferred tax liabilities in accordance with IAS 12,</li> </ul>

SL	PARTICULARS	RISKS	AUDITOR'S RESPONSES
2	<p>For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax liabilities.</p> <p>We refer to <b>Annexure-G</b> in the financial statements.</p>	<p>The significant risk arises from estimation of future usability of the benefits. Such estimation required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of profitability available in near future.</p>	<ul style="list-style-type: none"> <li>• Test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities,</li> <li>• The computation of deferred tax liabilities by applying appropriate provisions of tax law to scheduled reversals particularly the potential tax rates applicable at the time of expected reversals,</li> <li>• The strategy's compliance with the tax laws.</li> </ul> <p><b>Optimum results:</b> We considered recognition and measurement of deferred tax liabilities in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.</p>
3	<p><b>Capital Work in Progress:</b> The Company has reported total Capital Work in Progress of BDT <b>81,715,515</b> as on 30 June 2020.</p> <p>For significant accounting policies and critical accounting estimates for the recognition and measurement of Capital Work in Progress.</p> <p>We refer to note number 6 of the financial statements.</p>	<p>As part of our risk assessment, we identified the following significant judgments and estimates which could give rise to material misstatement or management bias: The recognition and measurement of CWIP contain judgment and objective estimated regarding future fixed assets (Building) and future benefit from it.</p> <p>The significant risk arises from estimation of future usability of the benefit. Such estimation required in relation to CWIP as their future usage ability is dependent on forecast of recognized as fixed assets (Building) available in near future.</p> <p>Capitalized Fund may be blocked for long period.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Segregation of duties in invoice creation in the system and modification; and</li> <li>• Timing of assets (Building) recognition.</li> <li>• Obtaining supporting document for all of the capitalized expenditure.</li> <li>• Critically assessing manual journal posted to capitalized expenditure to identify unusual or irregularities items.</li> <li>• Evaluating of the policies used for recognized and measurement of CWIP in Accordance with IAS-16.</li> <li>• Total charged depreciation on CWIP (under construction) of building as per IAS-16.</li> </ul> <p><b>Optimum results:</b> Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>



## STATEMENT OF FINANCIAL POSITION

# QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Financial Position  
as at 30 June 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
<b>ASSETS:</b>			
<b>Non-current assets</b>		<b>881,739,686</b>	<b>761,683,380</b>
Property, plant and equipment	5	800,024,171	695,736,265
Capital Work in Progress	6	81,715,515	65,947,115
<b>Current assets:</b>		<b>3,082,918,508</b>	<b>3,015,245,491</b>
Inventories	7	1,586,769,333	1,591,539,502
Trade and other receivables	8	1,277,999,258	1,189,642,529
Advances, deposits and prepayments	9	161,027,127	110,177,032
Investments-FDR	10	9,138,447	8,865,052
Cash & Cash Equivalent	11	47,984,343	115,021,375
<b>Total Assets</b>		<b>3,964,658,194</b>	<b>3,776,928,871</b>
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>		<b>2,016,305,364</b>	<b>1,941,287,864</b>
Share capital	12	1,211,815,000	1,101,650,000
Retained earnings	13	804,490,364	839,637,864
<b>Non-current liabilities</b>		<b>683,866,360</b>	<b>495,711,388</b>
Long-term borrowing	14	631,703,354	449,567,431
Deferred tax liability		52,163,006	46,143,957
<b>Current liabilities</b>		<b>1,264,486,470</b>	<b>1,339,929,619</b>
Trade and other payables	15	364,550,300	511,481,283
Current portion of long term borrowing		1,050,337	-
Short-term borrowing	16	759,954,274	724,885,481
Liabilities for Expenses	17	80,421,293	62,466,252
Outstanding IPO Subscription	18	100,000	105,000
Dividend Payable	19	27,778,257	8,341,961
Income Tax provision	20	30,632,009	32,649,642
<b>Total liabilities</b>		<b>1,948,352,830</b>	<b>1,835,641,007</b>
<b>Total Equity and Liabilities</b>		<b>3,964,658,194</b>	<b>3,776,928,871</b>
<b>NAVPS (Net Assets Value Per Share)</b>	<b>21</b>	<b>16.64</b>	<b>17.62</b>

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



Chief Financial Officer



Company Secretary



Managing Director



Director



Chairman

Signed in terms of our separate report of same date.

Place: Dhaka

Dated: October 28, 2020



**Pinaki & Company**

Chartered Accountants

**QUEEN SOUTH TEXTILE MILLS LIMITED**  
Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Revenue	22	3,072,519,860	4,198,684,068
Cost of Sales	23	(2,709,870,123)	(3,715,525,955)
<b>Gross Profit</b>		<b>362,649,737</b>	<b>483,158,113</b>
Foreign Currency Gain/(Loss)		(4,275,681)	(7,502,977)
Other Income	22.01	3,382,862	9,107,375
<b>Operating Expenses:</b>		<b>(126,791,181)</b>	<b>(129,442,756)</b>
Distribution Costs	24	(24,061,317)	(24,583,174)
Administrative Expenses	25	(102,729,864)	(104,859,582)
<b>Operating profit</b>		<b>234,965,737</b>	<b>355,319,755</b>
Financial Expenses	26	(93,908,382)	(117,528,102)
<b>Net profit before tax</b>		<b>141,057,355</b>	<b>237,791,653</b>
Income tax expenses	27	(24,824,175)	(38,913,849)
<b>Net Profit / (Loss) during the year</b>		<b>116,233,180</b>	<b>198,877,804</b>
<b>Basic &amp; Diluted Earnings per share</b>	<b>28</b>	<b>0.96</b>	<b>1.64</b>

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



Chief Financial Officer



Company Secretary



Managing Director



Director



Chairman

Signed in terms of our separate report of same date.

Place: Dhaka

Dated: October 28, 2020



**Pinaki & Company**  
Chartered Accountants

**QUEEN SOUTH TEXTILE MILLS LIMITED**Statement of Changes in Equity  
for the year ended 30 June 2020

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2019	1,101,650,000	839,637,864	1,941,287,864
Stock Dividend	110,165,000	(110,165,000)	-
Cash Dividend	-	(41,215,680)	(41,215,680)
Net profit for the period	-	116,233,180	116,233,180
<b>Balance at 30 June 2020</b>	<b>1,211,815,000</b>	<b>804,490,364</b>	<b>2,016,305,364</b>

**Queen South Textile Mills Limited**Statement of Changes in Equity  
for the year ended 30 June 2019

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2018	1,001,500,000	773,695,260	1,775,195,260
Stock Dividend	100,150,000	(100,150,000)	-
Cash Dividend	-	(32,785,200)	(32,785,200)
Net profit for the period	-	198,877,804	198,877,804
<b>Balance at 30 June 2019</b>	<b>1,101,650,000</b>	<b>839,637,864</b>	<b>1,941,287,864</b>

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



Chief Financial Officer



Company Secretary



Managing Director



Director



Chairman

Place: Dhaka

Dated: 28th October, 2020

**QUEEN SOUTH TEXTILE MILLS LIMITED**Statement of Cash Flows  
for the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customer & other income	29	2,993,235,003	4,001,056,251
Cash Paid to Suppliers, employees and others expenses	30	(2,904,476,458)	(3,927,129,864)
Income Tax Paid/Deducted at Source		(37,185,238)	(22,653,165)
Net Cash provided by operating activities		51,573,307	51,273,221
<b>B. Cash flows from investing activities:</b>			
Acquisition of Property, Plant and Equipment		(131,704,117)	(36,870,773)
Proceed from Sale of PPE		-	700,000
Capital Work in Progress		(81,715,515)	(65,947,115)
Investments-FDR		(214,872)	15,477,819
Net Cash used in investing activities		(213,634,505)	(86,640,069)
<b>C. Cash flows from financing activities:</b>			
Proceeds from issuance of shares		-	-
Financial Expenses		(93,908,382)	(117,528,102)
Short term bank loan (paid)/Received		30,287,695	128,791,567
Dividend Payment		(21,779,384)	(24,443,239)
IPO Expenses		-	-
Long Term Bank Loan (paid)/Received		180,346,079	(7,682,692)
Outstanding IPO Subscription Paid		(5,000)	(5,000)
Net Cash from financing Activities		94,941,008	(20,867,467)
Net Decrease in cash & cash equivalents (A+B+C)		(67,120,188)	(56,234,314)
Unrealized Foreign Exchange Gain/(Loss)		83,156	96,547
Cash & cash equivalents at the beginning of the period		115,021,375	171,159,142
Cash & cash equivalents at the end of the period		47,984,343	115,021,375
<b>Net Operating Cash Flow per share</b>	<b>31</b>	<b>0.43</b>	<b>0.42</b>

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

Chief Financial Officer

Company Secretary

Managing Director

Director

Chairman

# NOTES TO THE FINANCIAL STATEMENTS

**AS AT AND FOR THE YEAR ENDED  
30 JUNE 2020**

## 01. LEGAL FORM OF THE ENTERPRISE

Queen South Textile Mills Ltd. was incorporated as a private limited company in Bangladesh on 15th June, 2003 under the Companies Act, 1994 and the registration number is C-49529(11513)/2003. It is a 100% foreign owned company. The company went into commercial operation on 1st June 2005. The company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 7th January 2018 and company's shares are publicly traded on 13th March 2018.

### Address of registered office of the company and factory of the company

The address of the registered office is at plot No. 85-88, Extension Area, Dhaka Export processing Zone, Saver, Dhaka, Bangladesh. The company is carrying out its production activities on factory premises constructed on leased land from EPZ.

### Nature of business

Queen South Textile Mills Ltd. is a 100% export oriented company engaged in dying of yarn for consumption by sweater industry through local LC (Deemed Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

## 02. BASIS OF PREPARATION

### Significant Accounting Policy for the presentation of the financial Statements

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

## 2. 01. CORPORATE FINANCIAL STATEMENTS AND REPORTING

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

## 2.02 FUNDAMENTAL ACCOUNTING CONCEPTS/ ASSUMPTIONS

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by IAS-1 for fair presentation of financial statements.

## 2.03 GOING CONCERN

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

## 2.04 COMPLIANCE WITH IAS & IFRS

The following IAS is applicable to the financial statements for the year under review:

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 And 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 32	Financial Instruments: Presentation
IAS 33	Earnings Per Share
IAS 36	Impairment of Assets
IAS 37	Provision , Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement

The following IFRS is applicable to the financial statements for the year under review:

IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 15	Revenue From Contracts with Customers
IFRS 16	Leases

**2.05 REPORTING PERIOD**

The period of the financial statements covers from 01 July 2019 to 30 June 2020.

**2.06 AUTHORIZATION FOR ISSUE**

The Financial Statements have been authorized for issue by the board of directors on 28 October 2020.

**2.07 EVENTS AFTER THE REPORTING PERIOD.**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

**2.08 FUNCTIONAL AND PRESENTATIONAL (REPORTING) CURRENCY**

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

**2.09 COMPARATIVE INFORMATION AND REARRANGEMENT THEREOF**

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

**2.10 USE OF ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

**2.10.1 REGULATORY COMPLIANCE**

The financial Statements have been prepared in compliance with the following laws and regulations;

The Companies Act, 1994

The Bangladesh Securities and Exchange Rule 1987

The Bangladesh Securities and Exchange Commission Act 1993.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax (VAT) Act, 2012

The Custom Act 1969

The BEPZA Act 1980

## 2.11 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

## 2.12 RECOGNITION OF TANGIBLE FIXED ASSETS

Tangible assets have been stated at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

## 2.13 DEPRECIATION OF TANGIBLE FIXED ASSETS

Depreciation on all fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life from the date when the corresponding assets are available for use as per management intention. No depreciation have been charged after the date of retirement.

After considering the useful life of assets as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

Category of fixed assets	Rate of depreciation (%)
Machinery & Equipment	15%
Building	5%
Furniture and fixture	20%
Office equipment	25%
Electrical Installation	5%
Vehicles	20%

## 2.14 REVENUE RECOGNITION

Revenue is recognized to the extent that , it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment .

The specific recognition criteria described below must also be met before revenue is recognized.

**2.15 IDENTIFYING THE CONTRACT**

An entity shall account for a contract with a customer with a customer that is within the scope of this standard only when all of the following criteria are met:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates exclusive of VAT as per IFRS-15. Revenue is recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations, the entity can identify each party's rights and payment terms regarding the goods or services to be transferred, the contract has commercial substance the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably & there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents, L/Cs and invoices to customers.

**2.16 EMPLOYEE BENEFITS:**

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

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

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

The company's employee benefits include the following.

**Defined Contribution Plan (provident fund)**

The company got recognition from commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no: bw\_ bs - Av - 4/Kt At - 4/2007-2008/ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

**Workers Profit Participation Fund:**

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 15, Section 232 the company does not maintain Workers Profit Participation Fund (WPPF) for their workers as because Now the company operating EPZ labour ACT 2019, February 28 and as per clause no.174, Section XV we don't need to maintain WPPF until government enforce and instruct to comply the rules. Once government instructs us to deduct @ 0.03% to maintain the fund the company shall follow accordingly.

**2.17 ACCRUED EXPENSES AND OTHER PAYABLES**

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

**2.18 INVENTORIES**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost Method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.19 CASH AND CASH EQUIVALENTS**

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

**2.20 STATEMENTS OF CASH FLOWS:**

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

## 2.21 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

(a) is required by an IFRS; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

## 2.22 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.23 IFRS 16 : LEASES

IFRS 16 introduces new requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 01 July 2019.

"IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Company:

- ° Recognizes right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- ° Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- ° Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of Cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36."

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in profit or loss.

## 2.24 INCOME-TAX EXPENSE

In pursuance of section 44(4) (b) of the Income Tax Ordinance , 1984 (XXXVI of 1984 ) and cancelling the notification No. SRO 289- AIN /89, dated 17 August 1989, all industries operation in the Export processing zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from an industry goes into commercial production. The tax holiday period of the company expired on June 30, 2015

### Current Tax:

Income tax is calculated and provision is made in compliance with the provisions of Finance Act 2020 and the Income Tax Ordinance 1984.

### Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

**2.25 FOREIGN CURRENCY TRANSACTION:**

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

**3.00 RELATED PARTY DISCLOSURES**

During the year the Company carried out a number of transaction with related parties in the normal course of business on an arms length basis. The name of those related parties , nature of those transactions and their value have been set out in accordance with IAS 24 in Note-35.1

**4.00 FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

**Financial assets:**

Financial assets of the company include cash and cash equivalents, accounts receivable , other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated . All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction .The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

**Financial liability:**

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability . The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired . Financial liabilities includes payable for expense , liability for capital expenditure and other current liabilities.

**4.01 EARNINGS PER SHARE**

This has been calculated in compliance with the requirement of IAS-33 : Earnings per share by dividing the net earnings attributable to the share holders by the weighted average number of ordinary shares outstanding during the year .

Basic Earnings per share (Numerator /Denominator )

Earnings (Numerator)

This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year.

**Diluted Earnings per share**

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company . Hence , Diluted EPS of the company is same as basic EPS.

## 4.02 IMPAIRMENT OF ASSETS:

### I) Financial Assets

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

### II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

## 4.03 PROVISION , CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with IAS-37.

## 4.04 INTANGIBLE ASSETS

In Compliance with the requirements of IAS, 38 Intangible Assets '

The following terms are used in this Standard with the meanings specified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if, and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

## 4.05 FIANANCIAL STATEMENTS COMPRISES:

- (a) Statement of Financial Position , as at 30 June 2020
- (b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020
- (c) Statement of Changes in Equity, for the year ended 30 June 2020
- (d) Statement of Cashflows, for the year ended 30 June 2020
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

## 4.06 RISK EXPOSURE

### Interest rate risk

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

**Management perception**

The Company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant. Moreover maximum debts are interest free.

**Exchange rate risk**

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

**Management perception**

The products of the company are sold mostly in US\$ currency and the transaction would settle within very short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

**Industry risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

**Management perception**

Management is optimistic about growth opportunity in textile sector in Bangladesh. Furthermore there is untapped international market.

**Market risks**

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

**Management perception**

Management is fully aware of the market risk, and act accordingly. Market for textile products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

**Operational risks**

Non-availabilities of materials/equipment/services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

**Management perception**

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company hedges such risks and also takes preventive measures therefore.

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

**Management perception**

The Company's approach to managing liquidity 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, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

## Notes to the

# FINANCIAL

## STATEMENTS

as at 30 June 2020

Particulars	Amount in Taka	
	30.06.2020	30.06.2019
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Cost:</b>		
Opening Balance	1,699,548,133	1,663,877,360
Addition during the period	197,651,232	36,870,773
Disposal during the period	-	(1,200,000)
	<b>1,897,199,365</b>	<b>1,699,548,133</b>
<b>Less: Accumulated Depreciation:</b>		
Opening Balance	1,003,811,868	915,046,278
Charged during the period	93,363,326	89,836,741
Adjustment during the period	-	(1,071,151)
	<b>1,097,175,194</b>	<b>1,003,811,868</b>
<b>Written Down Value</b>	<b>800,024,171</b>	<b>695,736,265</b>
Included in above PPE, Building, and machineries are mortgaged with banks.		
The details have been shown in Annexure: A		
<b>6. CAPITAL WORK IN PROGRESS</b>		
B Building and Civil Construction	-	3,992,947
Machinery & Equipment	81,715,515	61,954,168
	<b>81,715,515</b>	<b>65,947,115</b>
<b>7. INVENTORIES</b>		
Raw materials	767,629,791	885,802,380
Work-in - process	184,485,116	188,554,412
Finished goods	354,606,805	240,778,716
Dyes & Chemicals	186,358,279	172,611,033
Spares & Accessories	93,689,342	103,792,961
	<b>1,586,769,333</b>	<b>1,591,539,502</b>
Quantity-wise schedule has been given in Annexure: B		
<b>8 TRADE AND OTHER RECEIVABLES</b>		
Accounts Receivable	1,277,956,469	1,189,052,319
Interest Receivable from FDR	42,789	590,210
	<b>1,277,999,258</b>	<b>1,189,642,529</b>

This is secured, considered good and is falling due within one year . No debts are considered as bad during the period . Classification schedule as required by Schedule XI of the Companies Act 1994 is as follows:

Particulars	Amount in Taka	
	30.06.2020	30.06.2019
I) debts considered good and in respect of which the company is fully secured by L/C.	1,269,507,186	1,179,803,463
II) debts considered good for which the company holds no security other than the debtors personal security and	-	-
III) debts considered doubtful or bad.	-	-
IV) debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.	-	-
V) debts due by companies under the same management to be disclosed with the names of the companies.	8,449,283	9,248,856
VI) The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-	-
<b>Age Analysis of Trade and Other Receivables</b>		
Within Three months	683,297,711	580,256,195
Three to Six months	575,099,666	524,096,002
More than Six months	19,601,881	85,290,332
<b>Total</b>	<b>1,277,999,258</b>	<b>1,189,642,529</b>

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 5,099,642.68 equivalent to BDT 433,469,627.37 opened with different bank against which short term loan was sanctioned by Premier Bank Ltd., Woori Bank Ltd and HSBC keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that bills receivable which is subject to realization upon 90~150 days. The company might have liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

## 9 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances	56,745,100	51,527,825
Deposits	103,948,759	56,408,260
Prepayments	333,268	2,240,947
	<b>161,027,127</b>	<b>110,177,032</b>

\*\* All advances and deposits and prepayment amount are considered good and realizable.

The details have been shown in Annexure: C

## 10. INVESTMENTS-FDR:

Prime Bank-NFCD A/C # 20116017	-	-
Woori Bank-FDR A/C #9230076351	9,138,447	8,865,052
	<b>9,138,447</b>	<b>8,865,052</b>

## 11. CASH & CASH EQUIVALENT

Cash in hand	16,867,787	12,987,995
Cash at banks (Note 11.1)	31,116,556	102,033,380
	<b>47,984,343</b>	<b>115,021,375</b>

Particulars	Amount in Taka	
	30-06-2020	30-06-2019
<b>11.1 CASH AT BANKS</b>		
Premier Bank-FDR (3 Month Maturity)	10,269,289	88,531,550
Standard Chartered-Taka A/C-01-6500560-01	273,445	816,247
Standard Chartered-USD A/C-01-6700772-01	196,064	321,300
Woori Bank-OBU USD A/C-92-30107-57	-	-
Woori Bank USD A/C-92-30107-60	322,045	340,045
Woori Bank-Taka A/C-92-30107-75	8,917,579	1,762,071
Premier bank FC A/C-010215200000898	3,854,099	2,470,053
Premier Bank Taka A/C-010211100015599	150,506	83,047
Woori Bank- Taka NDA	5,565,498	1,758,166
Prime Bank-OBU USD A/C-11-0000-10	426,108	2,968,515
Prime Bank-DBU USD A/C-124-511800084-41	185,154	184,021
Prime Bank-TK A/C-124-110500084-40	186,055	605,393
HSBC Bank -OBU USD A/C	-	-
HSBC Bank -Taka A/C	219,417	441,810
Dutch Bangla Bank-DBU A/C-Taka	141,154	1,338,718
Dhaka Bank-OBU USD A/C-099-1125-0000003-47	7,200	7,156
Woori Bank -MOB Account	65	64
Sundry Deposit-Prime Bank	-	-
Sundry Deposit-SCB	-	-
Prime Bank-TK A/C-IPO	283,667	280,732
Prime Bank-EURO A/C-IPO	20,003	20,003
Prime Bank-GBP A/C-IPO	-	-
Prime Bank-USD A/C-IPO	99,208	104,489
	<b>31,116,556</b>	<b>102,033,380</b>
<b>12 SHARE</b>		
Authorized capital:	<b>2,000,000,000</b>	<b>2,000,000,000</b>
20,00,00,000 Ordinary shares of Taka 10 each		
<b>Issued, subscribed and paid up</b>		
Opening Share Capital	1,101,650,000	1,001,500,000
Add: Stock Dividend	110,165,000	100,150,000
<b>Closing Share Capital</b>	<b>1,211,815,000</b>	<b>1,101,650,000</b>
<b>The details have been shown in Annexure: D</b>		
<b>13 RETAINED EARNINGS</b>		
R Retained Earnings Opening Balance	839,637,864	773,695,260
Less: Stock Dividend	(110,165,000)	(100,150,000)
Less: Cash Dividend	(41,215,680)	(32,785,200)
Add: Net profit during the period	116,233,180	198,877,804
<b>Retained Earnings Closing Balance</b>	<b>804,490,364</b>	<b>839,637,864</b>

Particulars	Amount in Taka	
	30-06-2020	30-06-2019
<b>14 . LONG-TERM BORROWING</b>		
Lease Liability-ROU	20,869,094	-
HSBC Bank Ltd.	159,549,943	-
Loan from Shareholders (Annexure-E)	452,334,655	449,567,431
	<b>632,753,692</b>	<b>449,567,431</b>
Less: Current Portion of Long Term Loan		
Lease Liability-ROU	1,050,337	-
	1,050,337	-
	<b>631,703,354</b>	<b>449,567,431</b>
<b>15. TRADE AND OTHER PAYABLES</b>		
Trade Payables	350,983,538	501,017,916
Other Payables	13,566,762	10,463,367
	<b>364,550,300</b>	<b>511,481,283</b>
The details have been shown in Annexure: F		
<b>16. SHORT TERM BORROWING</b>		
Prime Bank Limited (TR)	-	70,854,428
Woori Bank Limited (TR)	283,325,339	262,813,478
Premier Bank Limited (TR)	78,441,769	-
HSBC (TR)	342,791,698	325,018,963
Prime Bank Limited (O/D)	-	26,111,695
Woori Bank Limited (O/D)	38,274,853	24,198,167
HSBC (OD)	17,120,615	15,888,750
	<b>759,954,274</b>	<b>724,885,481</b>

Particulars	TR	TR
Nature:	Revolving	Revolving
Purpose:	To retire L/C for Import of Raw Material	To retire L/c for Import of Raw Material
Tenure:	120 ~ 180 days	120 ~ 180 days
Repayment:	From Export Proceed	From Export Proceed
Rate of Interest:	LIBOR+3.25%~LIBOR+3.50%	LIBOR+3.25%~LIBOR+3.50%
Security:	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts etc.	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts etc.

Particulars	Amount in Taka	
	30-06-2020	30-06-2019
<b>17 . LIABILITIES FOR EXPENSES</b>		
Salaries, Wages & Allowances	38,070,935	36,581,533
Utilities Payable	30,426,483	12,272,546
Vehicle Rent & Expenses	342,567	342,567
ETP Expenses BEPZA	5,781,801	2,736,050
Godown rent	12,000	12,000
Audit Fees	559,500	356,500
Liability for employee Tax	1,400,368	1,418,782
Liability for supplier VAT and Tax	2,014,213	7,396,599
PF subscription	1,194,165	1,197,309
Others	619,261	152,366
	<b>80,421,293</b>	<b>62,466,252</b>
<b>18. OUTSTANDING IPO SUBSCRIPTION</b>		
The Break-Up of the amount is given below		
<b>Bank Name &amp; Account Number</b>		
Prime Bank A/C 2148517000877(USD)	79,997	84,997
Prime Bank A/C 2148511005124 (GBP)	-	-
Prime Bank A/C 214851100154 (EURO)	20,003	20,003
	<b>100,000</b>	<b>105,000</b>
<b>19. DIVIDEND PAYABLE</b>		
Dividend Payable	27,778,257	8,341,961
	<b>27,778,257</b>	<b>8,341,961</b>
<b>20. INCOME TAX PROVISION</b>		
Opening Balance	32,649,642	28,022,671
Add: Provision during the year	18,805,126	38,073,516
Less: Adjustment/Paid during the year	(20,822,759)	(33,446,545)
<b>Total</b>	<b>30,632,009</b>	<b>32,649,642</b>
<b>21. NAVPS (NET ASSETS VALUE PER SHARE)</b>		
No of shares to calculate Net Asset Value Per Share	121,181,500	110,165,000
Shareholder's equity	2,016,305,364	1,941,287,864
NAVPS (Net Assets Value Per Share)	16.64	17.62

Particulars	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>22. REVENUE</b>		
Export Sales	3,072,519,860	4,198,684,068
	<b>3,072,519,860</b>	<b>4,198,684,068</b>
<b>22.01. OTHER INCOME</b>		
Bank Interest FDR-Premier Bank	3,126,219	8,070,920
Bank Interest-Prime Bank	-	258,099
FDR Interest-Woori Bank	256,643	207,205
Profit on Sale of PPE	-	571,151
	<b>3,382,862</b>	<b>9,107,375</b>
<b>23. COST OF SALES</b>		
Yarn consumed (Note-23.01)	2,009,327,388	2,833,998,526
Dyes & Chemicals Consumed (Note 23.02)	254,513,142	358,609,233
Factory Overhead (Note-23.03)	555,788,386	568,443,807
<b>Manufacturing costs for the period</b>	<b>2,819,628,916</b>	<b>3,761,051,566</b>
Opening work in progress	188,554,412	145,064,958
Closing work in progress	(184,485,116)	(188,554,412)
<b>Cost of goods manufactured</b>	<b>2,823,698,212</b>	<b>3,717,562,112</b>
Finished goods (Opening)	240,778,716	238,742,559
Finished goods (Closing)	(354,606,805)	(240,778,716)
	<b>2,709,870,123</b>	<b>3,715,525,955</b>
<b>23.01 YARN CONSUMED</b>		
Opening stock	885,802,380	835,057,655
Purchase during the period	1,891,154,799	2,884,743,251
Raw materials available for consumption	2,776,957,179	3,719,800,906
Closing stock	(767,629,791)	(885,802,380)
<b>Raw materials consumed</b>	<b>2,009,327,388</b>	<b>2,833,998,526</b>
<b>23.02 DYES &amp; CHEMICAL CONSUMED</b>		
Opening stock	172,611,033	165,445,406
Purchase during the period	268,260,387	365,774,860
Dyes & Chemicals available for consumption	440,871,420	531,220,266
Closing stock	(186,358,279)	(172,611,033)
<b>Dyes &amp; Chemicals consumed</b>	<b>254,513,142</b>	<b>358,609,233</b>

Particulars	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>23.03 FACTORY OVERHEAD</b>		
Electricity Charges	87,722,547	102,211,903
Repair and Maintenance	8,343,137	8,612,294
Wages and Salary	122,572,655	118,563,088
Water Charge	41,959,161	42,980,381
Daily Labor Charges	5,967,738	9,213,075
P.F. Contribution	4,311,819	3,842,395
Other Mgf. Exp.	-	-
Gas Charges- Titas	69,840,366	57,403,454
Insurance Premium ( Mfg.)	6,793,134	6,178,699
Marin Insurance	232,263	1,030,335
Land Rent -BEPZA	-	1,860,422
Medical Subscription -BEPZA	951,850	943,154
Service Charges- BEPZA	7,034,670	5,776,660
Godown Rent	3,178,681	3,195,378
Worker Welfare Fund-BEPZA	305,406	303,123
ETP Expenses-BEPZA	42,142,014	44,272,326
Spare & Accessories consumed (Notes-23.04)	70,405,952	81,204,054
Depreciation	84,026,993	80,853,066
	<b>555,788,386</b>	<b>568,443,807</b>
<b>23.04 SPARE &amp; ACCESSORIES CONSUMED</b>		
Opening stock	103,792,961	110,096,876
Purchase during the period	60,302,333	74,900,139
<b>Spares &amp; Accessories available for consumption</b>	<b>164,095,294</b>	<b>184,997,015</b>
Closing stock	(93,689,342)	(103,792,961)
<b>Spares &amp; Accessories consumed</b>	<b>70,405,952</b>	<b>81,204,054</b>
<b>24. DISTRIBUTION COSTS</b>		
Salaries & Allowances	12,985,676	9,602,067
Contribution to P.F	618,116	428,257
Advertisement	79,254	77,054
House Rent	982,320	903,008
Living & Dormitory Expense	3,567,510	3,702,454
Delivery Expense	5,828,441	9,870,334
	<b>24,061,317</b>	<b>24,583,174</b>

Particulars	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>25. ADMINISTRATIVE EXPENSES</b>		
Association Fees	89,992	1,328,832
Telephone, Mobile and Internet	1,198,463	1,194,807
Medical & Welfare	3,840,229	5,572,302
Professional Fees	3,236,772	5,205,036
Audit Fees	256,250	356,500
Renewal & Registration	1,364,831	1,345,286
Salaries & Allowances	65,094,564	59,964,578
Security Consultancy- Fee	3,466,018	3,749,972
Vehicle Expenses	5,236,643	7,131,683
Contribution for P.F	2,509,421	2,031,800
Entertainment	787,236	780,811
Miscellaneous Expenses	-	267,347
Traveling & Conveyance	3,511,012	4,146,269
Printing & Stationeries	2,761,133	2,767,566
Courier Charge	40,967	33,118
Depreciation	9,336,333	8,983,675
	<b>102,729,864</b>	<b>104,859,582</b>
<b>26. FINANCIAL EXPENSES</b>		
Interest on Long Term Loan	1,565,124	124,074
Interest on Short Term Loan	82,795,289	109,855,372
Bank Charge and Commission	9,547,969	7,548,656
	<b>93,908,382</b>	<b>117,528,102</b>
<b>27. INCOME TAX EXPENSES</b>		
The above balance is made up as follows:		
Current tax (27.01)	18,805,126	38,073,516
Deferred tax (income)/expenses (Annexure-G)	6,019,049	840,333
	<b>24,824,175</b>	<b>38,913,849</b>
<b>27.01. CURRENT TAX</b>		
The above balance is made up as follows:		
Income tax on business income (Note 27.02)	17,959,410	33,462,309
Short Provision for prior years	-	1,423,627
Income tax on other income (Note 27.03)	845,716	3,187,581
Total tax on income	<b>18,805,126</b>	<b>38,073,517</b>

Particulars	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>27.02 INCOME TAX ON BUSINESS INCOME</b>		
Net Profit/ (Loss) before tax	141,057,355	237,791,653
Less: IPO Expenses	-	-
Add: Accounting depreciation	93,363,326	89,836,741
Less: Tax depreciation	(111,616,622)	(95,438,962)
	122,804,059	232,189,432
Less: Other income	3,382,862	9,107,375
Total business income	119,421,197	223,082,057
Income tax @ 15%	17,913,180	33,462,309
Tax deducted under section 82 (C)	9,555,864	17,006,013
As per section 82(C) of the ITO tax deducted at source or tax calculated @ 15% whichever is higher will be the tax payable.	17,959,410	-
<b>27.03 INCOME TAX ON OTHER INCOME:</b>		
Other income	3,382,862	9,107,375
Income tax @ 25%	845,716	3,187,581
<b>28. EARNING PER SHARE:</b>		
Net profit after tax attributable to ordinary shareholders	116,233,180	198,877,804
<b>No of weighted average shares to calculate basic earnings per share</b>	121,181,500	121,181,500
<b>Basic &amp; Diluted Earnings per share</b>	0.96	1.64

No of weighted average shares to calculate basic earnings per share  
for the period ended 01 July 2018 to 30 June 2019

Particulars	Number of Share	Weight	Weight
Opening Share	110,165,000	1	1
Bonus share	11,016,500	1	1
<b>Total</b>	<b>121,181,500</b>	<b>1</b>	<b>1</b>

No of weighted average shares to calculate basic earnings per share  
for the period ended 01 July 2018 to 30 June 2019

Particulars	Number of Share	Weight	Weight
Opening Share	100,150,000	1	1
Bonus share 10% Stock	10,015,000	1	1
<b>Total</b>	<b>110,165,000</b>	<b>1</b>	<b>1</b>

Particulars	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
<b>29. CASH RECEIVED FROM CUSTOMER &amp; OTHER INCOME</b>		
Revenue	3,072,519,860	4,198,684,068
Other Income	3,382,862	9,107,375
Realized Foreign Exchange Gain/(Loss)	(2,308,502)	(3,311,614)
Adjustment of unrealized foreign exchange gain/(loss) for trade receivable	7,997,512	10,515,205
Adjustment for Sale of PPE included in Other Income	-	(571,151)
(Increase)/Decrease in Trade and other receivables	(88,356,729)	(213,367,632)
	<b>2,993,235,003</b>	<b>4,001,056,251</b>
<b>30. CASH PAID TO SUPPLIERS, EMPLOYEES AND OTHERS EXPENSES</b>		
Cost of Goods S Cost of Goods Sold	(2,709,870,123)	(3,715,525,955)
Distribution Cost	(24,061,317)	(24,583,174)
Administrative Expenses	(102,729,864)	(104,859,582)
Adjustment for Depreciation	93,363,326	89,836,741
Adjustment for Unrealized Foreign Exchange gain/(Loss)	(2,485,092)	(4,795,762)
(Increase)/Decrease in Inventory	4,770,170	(97,132,048)
(Increase)/Decrease in Advances Deposits Prepayments	(50,850,095)	(22,432,608)
Net Advance Income Tax included in advance deposits & prepayments considered separately	16,362,479	(10,793,380)
Increase/(Decrease) Trade and other payable	(146,930,983)	(49,891,391)
Increase/(Decrease) Liabilities for Expenses	17,955,041	13,047,295
	<b>(2,904,476,458)</b>	<b>(3,927,129,864)</b>
<b>31. NET OPERATING CASH FLOW PER SHARE(NOCFPS)</b>		
No of weighted average shares to calculate Net Operating	<b>121,181,500</b>	<b>121,181,500</b>
<b>Cash flow per share</b>		
Net Cash provided by operating activities	<b>51,573,307</b>	<b>51,273,221</b>
<b>Net Operating Cash Flow per share (NOCFPS)</b>	<b>0.43</b>	<b>0.42</b>
<b>32. RECONCIALITION OF NET PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	141,057,355	237,791,653
(Increase)/Decrease in Trade and other receivables	(88,356,729)	(213,367,632)
Adjustment for Depreciation	93,363,326	89,836,741
Adjustment for Sale of PPE included in Other Income	-	(571,151)
(Increase)/Decrease in Inventory	4,770,170	(97,132,048)
(Increase)/Decrease in Advances Deposits Prepayments	(50,850,095)	(22,432,608)
Net Advance Income Tax included in advance deposits & prepayments considered separately	16,362,479	(10,793,380)
Increase/(Decrease) Trade and other payable	(146,930,983)	(49,891,391)
Increase/(Decrease) Liabilities for Expenses	17,955,041	13,047,295
Finance Expenses	93,908,382	117,528,102
Income Tax Paid	(37,185,238)	(22,653,165)
Foreign Currency Gain/(Loss) for financing and investing activities	7,562,756	10,007,353
Foreign Currency Gain/(Loss) for Cash and Cash Equivalents	(83,157)	(96,547)
<b>Cash Flow from operating activities</b>	<b>51,573,307</b>	<b>51,273,221</b>

**33. EXPLANATION OF NOTE 31 FOR CHANGES IN STATEMENT OF CASH FLOWS**

We have paid Tk. 2,904,476,457/- to Suppliers, employees and others expenses for ( 1st July 2019 to 30 June 2020) compare to last year Tk. 3,927,129,864/- ( 1st July 2018 to 30 June 2019) and also our financial costs reduced during the year ( 1st July 2019 to 30 June 2020) as we have taken short term loan very less than the last year which supports to increase NOCFPS Tk.0.01 ( Tk. 0.43 - Tk.0.42) than the last year ( 1st July 2018 to 30 June 2019)

**34. EXPLANATION OF NOTES 22 FOR DCREASE OF REVENUE**

Our revenue has decreased Tk. 4,198,684,068/- to Tk. 3,072,519,860/- due to reduced demand of sweater in European and American Market also our factory was closed from 24 March 2020 to 30 April 2020 due to current pandemic situation of COVID 19 which decreased our turnover as well as it is our lean season and drop the sales compare to last year (1st July 2018 to 30 June 2019). Our management trying to diversification of our exports which already starting to get orders in 1st qtr and planning to modernization machines to reduced energy costs and other manufacturing costs.

**35. Disclosure as per requirement of schedule XI, Part-II of companies Act 1994****35.1 Related party disclosures**

The Company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 30.06.2020 are as follows:

**a)**

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction / Adjustment during the period Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(47,801,343)	(46,194,232)	(93,995,575)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(449,567,431)	(2,767,224)	(452,334,655)
Ideal Fastenar BD Limited	Common Management	Trade ayable	(14,121,083)	(6,877,808)	(20,998,891)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	9,248,856	(799,573)	8,449,283
Kingpro Trading Limited	Common Management	Trade Payable	(169,820,328)	95,388,623	(74,431,705)
Queensin Ltd	Common Management	Trade Payable	(76,400,703)	65,715,668	(10,685,035)
Master Knitwear Ltd	Common Management	Trade Payable		(46,158,139)	(46,158,139)
Winpro Textile Mills Ltd	Common Management	Trade Payable		(26,481,775)	(26,481,775)
BHK Textile Mills Ltd	Common Management			-	-

**b) Key Management Personnel:**

As per Company Act , 1994 part-II , Schedule-XI (4) 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 period to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-

No.	Particulars	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	Nil	160000
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d)	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	Nil	Nil
(e)	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.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

**As per IAS- 24:**

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

(a) Short-term employee benefits	3,235,274	1,457,577
(b) Post-employee benefits	188,262	86,419
(c) Other long term benefits	1,378,220	1,905,101
(d) termination benefits and	3,919,761	1,106,059
(e) share- based payment	-	-
<b>Total:</b>	<b>8,721,517</b>	<b>4,555,156</b>

**35.2 DISCLOSURE AS PER REQUIREMENT OF SCHEDULE XI, PART II, PARA 7 OF COMPANY ACT 1994****Production capacity and utilization:**

As per the nature of the industry, production quantity of dyeing varies with the course of period produce on the basis of production design as per market demand. Therefore, installed capacity in terms of multiple and frequently changeable product mix is not constant factor. During the period under review, actual production, the installed capacity in terms of the counts produced and the utilization rate in appended below;

Description	Installed Capacity /Day (MT)	Actual Production /Day(MT)	% of Capacity Utilization
Different Count of Yarn Dyeing	42	28.24	67.24%

**35.3 DISCLOSURE AS PER REQUIREMENT OF SCHEDULE XI, PART II, PARA 8 OF THE COMPANY ACT 1994****a) Value of Import at CIF basis:**

During the period from 1st July 2019 to 30 June 2020 total value of import in respect of raw yarn, dyes & chemical, spare parts stands at equivalent 35.11 Millions USD on CIF basis. Details are given below:

Particulars	Amount (Tk.)	Amount (Tk.)
Raw Yarn	1,702,039,319	2,596,268,926
Dyes & Chemicals	228,021,329	310,908,631
Spare Parts	48,241,866	59,920,111
Machineries	-	-
	-	-
<b>Totals</b>	<b>1,978,302,514</b>	<b>2,967,097,668</b>

**b) Details of expenditure in foreign currency of the company during the period on account of royalty, know-how, professional consultation fee and interests is as follows:**

Particulars	Amount in US\$	Remarks
Royalty Fee	NIL	Whole amount of this expenses has been accrued during the said period.
know-how	38,079.67	
Professional consultation fee	NIL	
Interests		

**c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:**

Material consumed	Amount (BDT)	Percentage (%)
Raw Materials	2,009,327,388	86.08%
Dyes & Chemicals	254,513,142	10.90%
Spares & Accesories	70,405,952	3.02%
	<b>2,334,246,482</b>	<b>100.00%</b>

d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

"e) The company has not earned in foreign exchange from exports for goods calculated on FOB basis, royalty, know-how, professional and consultation fee, dividend and other income expect earning from FDR interest amount in US\$ 101,044.32 during the period."

**35.4. DISCLOSURES REGARDING SALES AS PER PARA 3, PART –II, SCHEDULE XI OF THE COMPANIES ACT 1994 ARE AS FOLLOWS:**

a) Quantity-wise sales for the period is as follows:

Name of product	Quantity	Rate(Taka)	Taka
Dyed Yarn	16,824,100	182.63	3,072,519,860
<b>Total</b>	<b>16,824,100</b>		<b>3,072,519,860</b>

b) The company do not pay any amount as commission to selling agents.

c) The company do not give any brokerage and discount on sales other than usual trade discount.

d) Quantitative details of opening stock, purchases / production, consumption / sales and closing stock of raw materials and finished goods for the period ended 30 June 2020 are as under:

Item	Unit	Opening stock Qty	Purchases/ Production Qty	Consumption/ Sales Qty	Closing Stock Qty
<b>Raw material:</b>					
Yarn	Lbs	7,929,478	16,495,027	17,672,878	6,751,626
<b>Dyes Chemical</b>					
Dyestuff	Kg.	277,674	461,090	433,188	305,576
Chemical	Kg.	751,794	1,228,291	1,189,827	790,258
<b>Working Progress</b>					
Yarn	Lbs	1,421,748	17,310,081	17,430,684	1,301,145
<b>Finished goods:</b>					
Dyed Yarn	Lbs	1,594,976	17,430,684	16,824,100	2,201,560

**36. NUMBER OF EMPLOYEES**

Number of permanent staff	134
Number of permanent workers	693
Number of temporary staff/worker	53
<b>Total:</b>	<b>880</b>

**36.1 EVENTS AFTER THE REPORTING PERIOD.**

The board of directors of the company has recommended 8% cash dividend to shareholders excluding sponsor/directors and 8% stock dividend to all shareholders for the year ended 30 June 2020.

**37. GENERAL****37.1 DIRECTORS' RESPONSIBILITY STATEMENTS**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

**37.2 ROUNDING OFF**

Amounts appearing in these financial statements have been rounded off to the nearest Taka and, wherever considered necessary.

**37.3 REARRANGE OF LAST PERIOD FIGURES**

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified/restated whenever considered necessary to conform to current period presentation.

**37.4 AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements have been authorised for issue by the Board of Directors on 28 October 2020



Chief Financial Officer



Company Secretary



Managing Director



Director



Chairman

**QUEEN SOUTH TEXTILE MILLS LIMITED**  
Notes to the Financial Statements  
as at June 30, 2020  
Schedule of Property Plant and Equipment

Annexure-A

Sl. No.	Name of Assets	COST			Rate of Dep	DEPRECIATION			Written down value as on 30-Jun-2020
		Balance as at 1-Jul-2019	Addition during the year	Disposal		Balance as at 1-Jul-2019	Charged during the year	Adjustment	
1	Machinery & Equipment	1,332,889,671	167,432,892	-	15%	850,388,372	79,772,233	-	570,161,958
2	Building & Civil Const.	297,551,675	8,173,287	-	5%	115,373,446	9,041,705	-	181,309,811
3	Furniture and fixture	2,467,498	24,571	-	20%	1,811,720	124,039	-	556,310
4	Office equipment	23,347,310	146,784	-	25%	17,386,828	1,377,610	-	4,729,656
5	Electrical Installation	30,479,236	-	-	5%	9,236,313	1,042,397	-	20,200,526
6	Vehicles	12,812,743	-	-	20%	9,615,189	593,127	-	2,604,427
7	Right of Use (Asset)	-	21,873,698	-	-	-	1,412,215	-	20,461,483
	<b>Total at 30.06.2020</b>	<b>1,699,548,133</b>	<b>197,651,232</b>	<b>-</b>		<b>1,003,811,868</b>	<b>93,363,326</b>	<b>-</b>	<b>800,024,171</b>
	<b>Total at 30.06.2019</b>	<b>1,663,877,360</b>	<b>36,870,773</b>	<b>1,200,000</b>	<b>-</b>	<b>915,046,278</b>	<b>89,836,741</b>	<b>1,071,151</b>	<b>695,736,265</b>

<b>Depreciation Allocation:</b>	
Administrative expenses	9,336,333
Manufacturing Expenses	84,026,993
	<b>93,363,326</b>

## Annexure-B

## QUEEN SOUTH TEXTILE MILLS LIMITED

## Statement of Closing Inventory

as at 30 June 2020

Sl.	Particulars	Unit of Meas.	30-06-2020			30-06-2019		
			Quantity	Rate	Taka	Quantity	Rate	Taka
1	Raw Materials:							
	Raw Yarn	Lbs.	6,751,626	113.70	767,629,791	7,929,478	111.71	885,802,380
	<b>Sub-Total</b>		<b>6,751,626</b>	<b>113.70</b>	<b>767,629,791</b>	<b>7,929,478</b>	<b>111.71</b>	<b>885,802,380</b>
2	Work-in-process:							
	Yarn in process	Lbs.	1,301,145	141.79	184,485,116	1,421,748	132.62	188,554,412
	<b>Sub-Total</b>		<b>1,301,145</b>	<b>141.79</b>	<b>184,485,116</b>	<b>1,421,748</b>	<b>132.62</b>	<b>188,554,412</b>
3	Finished Goods:							
	Dyed Yarn	Lbs.	2,201,560	161.07	354,606,805	1,594,976	150.96	240,778,716
	<b>Sub-Total</b>		<b>2,201,560</b>	<b>161.07</b>	<b>354,606,805</b>	<b>1,594,976</b>	<b>150.96</b>	<b>240,778,716</b>
4	Dyes & Chemicals:							
	Dyestuff	Kgs.	305,576	458.26	140,033,338	277,674	467.11	129,703,382
	Chemical	Kgs.	790,258	58.62	46,324,941	751,794	57.07	42,907,651
	<b>Sub-Total</b>		<b>1,095,834</b>	<b>170.06</b>	<b>186,358,279</b>	<b>1,029,468</b>	<b>167.67</b>	<b>172,611,033</b>
5	Spares & Accessories				93,689,342			103,792,961
	<b>Sub-Total</b>				<b>93,689,342</b>			<b>103,792,961</b>
	<b>Grand Total</b>				<b>1,586,769,333</b>			<b>1,591,539,502</b>

**QUEEN SOUTH TEXTILE MILLS LIMITED**  
Statement of Advances, deposits and prepayments  
as at 30 June 2020

Particulars	Amount in Taka	
	30.06.2020	30.06.2019
<b>(A) Advances:</b>		
Income Tax Deducted at Sources	34,828,966	18,466,487
Advance against Import of raw matetial & spares	11,896,280	13,008,490
Adv. Foreign Employee	4,669,705	8,669,705
Brothers Engineers and Builders	3,000,000	3,000,000
Md.Islam Kazi	462,000	780,000
Md.Monjur Ali	50,000	50,000
Orbit Security&Structures	-	6,000,000
Saff Engineering	88,495	744,950
Rezia Management Consulting	206,400	206,400
Coppertech	323,400	-
GCL Int Bd	127,500	-
Advance against Salary & Wages	190,617	369,658
Other Advance	901,737	232,135
<b>Sub Total: A</b>	<b>56,745,100</b>	<b>51,527,825</b>
<b>(B) Deposits:</b>		
Security Deposit for Titas Gas	13,668,260	10,129,460
Cylinder and CDBL Deposit	33,193	33,193
House Rent Deposit	35,000	35,000
Security Deposit for Electrical Connection-BEPZA	12,999,305	12,919,780
Bank Gurantee with Prime and Woori Bank	17,749,477	30,714,729
Security Deposit for Land-BEPZA	2,088,878	2,076,098
CDBL Deposit	500,000	500,000
L/C Margin with Woori bank	5,445,934	-
L/C Margin with HSBC bank	51,428,712	-
<b>Sub Total: B</b>	<b>103,948,759</b>	<b>56,408,260</b>
<b>(C) Prepayments:</b>		
Prepayment for Insurance	-	1,463,547
Prepayment for House rent	-	204,120
Prepayment of Land rent	-	-
Prepayment of Professional Fees	333,268	533,268
Prepayment Others	-	40,012
<b>Sub Total: C</b>	<b>333,268</b>	<b>2,240,947</b>
<b>Grand Total (A+B+C)</b>	<b>161,027,127</b>	<b>110,177,032</b>

## Annexure-D

## QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Shareholding position  
as at 30 June 2020

Name of Shareholder		30-Jun-20	%	30-Jun-19	%
1	Gain Plus Agents Limited	36,499,045	30.12%	33,180,950	30.12%
2	Wong Jammy Kwok Chan	21,220,375	17.51%	19,291,250	17.51%
3	Wong Elisa Dai Wah	3,395,260	2.80%	3,086,600	2.80%
4	Shen Wai Chwang Johnny	4,074,312	3.36%	3,703,920	3.36%
5	Tasang Wai Kwan	4,074,312	3.36%	3,703,920	3.36%
6	Chu Kam Tong	4,074,312	3.36%	3,703,920	3.36%
7	Tasang Wing Hei	4,074,312	3.36%	3,703,920	3.36%
8	Wong Kai Chung	4,074,312	3.36%	3,703,920	3.36%
9	Lee Hung Chun	3,395,260	2.80%	3,086,600	2.80%
10	General Public and Institute	36,300,000	29.96%	33,000,000	29.96%
<b>Total</b>		<b>121,181,500</b>	<b>100.00%</b>	<b>110,165,000</b>	<b>100.00%</b>

## Annexure-E

## QUEEN SOUTH TEXTILE MILLS LIMITED

Schedule of Loan from Gain Plus Agents Limited  
as at 30 June 2020

Sl.	Inv. Date	Invoice No.	Sales Contract No	Amount in Taka	Amount in Taka
				30.06.2019	30-06-2018
1	26-Jan-13	GP-LHT01/13	GP-CONT/LHT-01/13	11,314,941	11,245,720
2	12-Jan-13	GP-JGT01-A/13	GP-CONT/JGT-01-A/13	5,446,052	5,412,735
3	26-Jan-13	GP-JGT01-C/13	GP-CONT/JGT-01-C/13	5,621,730	5,587,338
4	16-Jan-13	GP-JGT01-B/13	GP-CONT/JGT-01-B/13	5,502,269	5,468,608
5	5-Feb-13	GP-JGT02-A/13	GP-CONT/JGT-02-A/13	12,395,923	12,320,089
6	28-Jan-13	GP-NA01-A/13	GP-CONT/NA-01-A/13	10,193,625	10,131,264
7	1-Feb-13	GP-JGT02-B/13	GP-CONT/JGT-02-B/13	18,579,436	18,465,774
8	5-Mar-13	GP-JGT04-A/13	GP-CONT/JGT-04-A/13	6,056,553	6,019,501
9	19-Feb-13	GP-NA01-D/13	GP-CONT/NA01-D/13	5,096,813	5,065,632
10	12-Feb-13	GP-NA01-B/13	GP-CONT/NA01-B/13	5,096,813	5,065,632
11	19-Feb-13	GP-NA01-C/13	GP-CONT/NA01-C/13	5,096,813	5,065,632
12	6-Mar-13	GP-JGT04-B/13	GP-CONT/JGT04-B/13	6,057,556	6,020,498
13	25-Feb-13	GP-NA01-E/13	GP-CONT/NA01-E/13	5,096,813	5,065,632
14	18-Feb-13	GP-002/13	GP-CONT/GP-02/13	5,142,160	5,110,702
15	6-Mar-13	GP-JGT04-C/13	GP-CONT/JGT-04-C/13	6,526,829	6,486,900
16	16-Mar-13	GP-MAI-01/13	GP-CONT/MAI-01/13	6,586,794	6,546,498
17	17-Mar-13	GP-JGT-04-D/13	GP-CONT/JGT-04-D/13	6,509,963	6,470,137
18	19-Mar-13	GP-JGT-04-E/13	GP-CONT/JGT-04-E/13	6,504,500	6,464,708
19	18-Mar-13	GP-JGT-04-F/13	GP-CONT/JGT-04-F/13	6,541,333	6,501,316
20	16-Mar-13	GP-VC-02/13	GP-CONT/GP-VC-02/13	4,442,440	4,415,263
21	26-Mar-13	GP-FCC-02/13	GP-CONT/GP-FCC-02/13	2,516,000	2,500,608
22	29-Apr-13	GP-NA-01-F/13	GP-CONT/NA01-F/13	5,096,813	5,065,632
23	16-May-13	GP-AAS01-A/13	GP-CONT/AAS-01-A/13	5,096,813	5,065,632
24	17-May-13	GP-CFA02/13	GP-CONT/CFA02/13	6,339,959	6,301,173
25	23-May-13	GP-ATM01-A/13	GP-CONT/ATM01-A/13	5,057,606	5,026,666

## Annexure-E

**QUEEN SOUTH TEXTILE MILLS LIMITED**Schedule of Loan from Gain Plus Agents Limited  
as at 30 June 2020

Sl.	Inv. Date	Invoice No.	Sales Contract No	Amount in Taka	Amount in Taka
				30.06.2020	30-06-2019
26	23-May-13	GP-AAS01-B/13	GP-CONT/AAS-01-B/13	5,096,813	5,065,632
27	17-May-13	GP-LHT02-A/13	GP-CONT/LHT-02-A/13	17,910,832	17,801,260
28	16-May-13	GP-VC03/13	GP-CONT/VC03/13	3,819,560	3,796,193
29	25-May-13	GP-LHT02-B/13	GP-CONT/LHT-02-B/13	17,910,832	17,801,260
30	31-May-13	GP-NA01-G/13	GP-CONT/NA01-G/13	15,238,163	15,144,941
31	4-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	6,759,652	6,718,299
32	16-Jun-13	GP-AAS01-C/13	GP-CONT/AAS-01-C/13	5,096,813	5,065,632
33	4-Jun-13	GP-JGT06-A/13	GP-CONT/JGT06-A/13	6,772,113	6,730,684
34	4-Jun-13	GP-JGT06-C/13	GP-CONT/JGT06-C/13	6,764,815	6,723,430
35	12-Jun-13	GP-130006-JGTGM	GP-CONT/130006-JGTGM	6,362,601	6,323,677
36	12-Jun-13	GP-130005-JGTGM	GP-CONT/130005-JGTGM	6,586,794	6,546,498
37	18-Jun-13	GP-JGT07-A/13	GP-CONT/JGT07-A/13	6,586,794	6,546,498
38	18-Jun-13	GP-JGT07-B/13	GP-CONT/JGT07-B/13	6,586,794	6,546,498
39	18-Jul-13	GP-130009/MN	GP-CONT/130009/MN	2,227,283	2,213,657
40	25-Jul-13	GP-130015/URM	GP-CONT/130015/URM	5,284,025	5,251,699
41	29-Jul-13	GP-130017/URM	GP-CONT/130017/URM	5,317,600	5,285,069
42	5-Aug-13	GP-130022-FCC	GP-CONT/130022-FCC	3,485,000	3,463,680
43	26-Aug-13	GP-130031/JGTG	GP-CONT/130031/JGTG	6,768,020	6,726,615
44	13-Sep-13	GP-130042/ZT	GP-CONT/GP-130042/ZT	21,080,000	20,951,040
45	6-Sep-13	GP-130044/QS	GP-CONT/GP-130044/QS	4,856,135	4,826,427
46	8-Oct-13	GP-130055/ZT	GP-CONT/GP-130055/ZT	15,810,000	15,713,280
47	21-Oct-13	GP-130058/ZT	GP-CONT/GP-130058/ZT	5,270,000	5,237,760
48	30-Oct-13	GP-130063/ZT	GP-CONT/GP-130063/ZT	5,270,000	5,237,760
49	16-Nov-13	GP-130072/AT	GP-CONT/GP-130072/AT	5,140,375	5,108,928
50	5-Jun-12	GP-HM02-B/12	GP-HM02-B/12	5,057,500	5,026,560
51	3-Jun-12	GP-ES01-B/12	GP-ES01-B/12	4,931,063	4,900,896
52	19-Jun-12	GP-ES01-C/12	GP-ES01-C/12	4,931,063	4,900,896
53	17-Jun-12	GP-PA02-A/12	GP-PA02-A/12	4,765,313	4,736,160
54	28-May-12	GP-JGT03-E/12	GP-JGT03-E/12	6,427,488	6,388,166
55	2-Jun-12	GP-JGT03-F/12	GP-JGT03-F/12	6,952,206	6,909,675
56	12-Jun-12	GP-JGT03-G/12	GP-JGT03-G/12	6,689,840	6,648,914
57	16-Jun-12	GP-JGT03-H/12	GP-JGT03-H/12	6,681,000	6,640,128
58	23-Jul-12	GP-GAT02-A/12	GP-GAT02-A/12	11,271,000	11,202,048
59	28-May-12	GP-JGT04-D/12	GP-JGT04-D/12	6,948,674	6,906,165
60	27-May-12	GP-JGT04-C/12	GP-JGT04-C/12	6,942,837	6,900,363
61	23-Jun-12	GP-JGT04-E/12	GP-JGT04-E/12	6,946,673	6,904,176
62	27-Jun-12	GP-JGT04-G/12	GP-JGT04-G/12	6,939,182	6,896,730
63	27-Jun-12	GP-JGT04-H/12	GP-JGT04-H/12	6,933,263	6,890,848
<b>Total</b>				<b>452,334,654</b>	<b>449,567,431</b>

**QUEEN SOUTH TEXTILE MILLS LIMITED**Statement of Trade and other payables  
as at 30 June 2020**Annexure-F**

Name of the Customer	Amount in Taka	Amount in Taka
	30-06-2020	30-06-2019
<b>A)Trade Payables:</b>		
Winpro Textile Mills Ltd	26,481,775	-
Ideal Fastenar BD/Globalmax Textile Mills Ltd	20,998,891	14,121,083
Kingpro Trading Limited	74,431,705	169,820,328
Queensin Ltd.	10,685,035	76,400,703
Queen Product Ltd	48,830,611	86,288,999
Gain Plus Agents Limited	93,995,575	47,801,343
Gimatex Industries Pvt. Ltd.	18,062,787	-
DCM Nouvellee Ltd	9,604,293	-
GQ industries Ltd	1,606,500	-
DamodarTextile Mills Ltd	4,129,344	-
GARG ACRYLIC	5,948,276	-
Perfect Point Raw Mat. -Lc	1,879,350	-
Huge Master International Ltd.	-	74,630,721
ASM Chemical Inds.	-	304,000
Jumbo Master Company Ltd.	-	18,724,480
Lahoti Overseas Ltd.	-	8,953,260
Samuda Chemicals	340,000	912,000
Samin Food and beverage	27,625,000	-
Sree Narshima Textile Ltd	6,364,396	278,400
Ben Tech Chemical Co. Ltd.	-	500,000
Textilchemie DR. PETRY	-	2,282,600
<b>Sub Total (A)</b>	<b>350,983,538</b>	<b>501,017,916</b>
<b>B) Other Payables:</b>		
Active Logistics Ltd.	-	-
Bhuiyan Trading	-	-
HA Engineering	64,750.00	-
Brothers Corporation	223,400	66,575
Chemist Chemitrade Centre	326,200	163,400
Minhaz Enterprise,	-	544,000
XIANHE Chemical Bd. Ltd.	-	136,875
Graph Printing Press	-	18,050
How are you Textile Industry Ltd.	262,560	-
Khan Sufia Packaging (Pvt) Ltd.	144,000.00	29,000
Mahi Enterprise	36,590.00	-
Hellman International	239,452.00	-
Perfect Point- Cone (Limited)	-	298,600
Nirob Dyes & Chemical	284,160	591,180
M/S. Anis Traders	237,600.00	316,602
M/S Ujma Traders	68,040	-
Dynamic Travels	741,593.00	294,890
Mollah And Sons	103,596.00	-
Securex (PVT.) Ltd.	546,570.00	566,223
Shah Enterprise	-	-
Shine Fashion Co. (Pvt) Ltd.	-	-
Towsif Enterprise	512,838.00	-
National Enterprise	110,686.00	1,484,425
Excel Freight Systems Ltd	-	635,024
Speedway Logistics	1,815,533.00	1,014,578
L.H. International	4,568,570.00	1,498,403
Mohammadi Chem Trade	-	6,675
Hawk Eye Secrity Services	373,515.00	360,120
TDC Enterprise	1,122,825	-
Taha Colours International	1,784,283.53	2,376,247
Tajmahal Scientific Stores	-	62,500
<b>Sub Total (B)</b>	<b>13,566,762</b>	<b>10,463,367</b>
<b>Grand Total (A+B)</b>	<b>364,550,300</b>	<b>511,481,283</b>

## Annexure-G

## QUEEN SOUTH TEXTILE MILLS LIMITED

Calculation of Deferred tax  
for the year ended 30 June 2020

Particulars	30-06-2020	30-06-2019
<b>Carrying value</b>		
Property, Plant and Equipment (Annexure-A)	800,024,171	695,736,265
<b>Tax base</b>		
Property , Plant and Equipment (Annexure-H)	452,270,797	388,109,885
<b>Taxable /(Deductible) temporary difference</b>	<b>347,753,374</b>	<b>307,626,380</b>
Income tax rate 15%	15%	15%
<b>Deferred Tax Liabilities/(Assets) at the end of the period</b>	<b>52,163,006</b>	<b>46,143,957</b>
Closing Deferred Tax Liabilities	52,163,006	46,143,957
Opening Deferred Tax Liabilities	46,143,957	45,303,624
<b>D.Tax (income) / expenses:</b>	<b>6,019,049</b>	<b>840,333</b>

## QUEEN SOUTH TEXTILE MILLS LIMITED

Schedule of Property Plant and Equipment as at 30 June 2020 (Tax Base)  
for the year ended 30 June 2020

## Annexure: H

Sl No.	Name of Assets	Balance 1-Jul-2019	Addition	Balance 30-Jun-2020	Rate	Depreciation	WDV
1	Machinery & Equipment	324,458,441	167,432,892	491,891,333	20%	98,378,267	393,513,066
2	Building & Civil Const.	42,139,557	8,173,287	50,312,844	20%	10,062,569	40,250,275
3	Furniture and fixture	1,022,228	24,571	1,046,799	10%	104,680	942,119
4	Office equipment	10,415,040	146,784	10,561,824	10%	1,056,182	9,505,642
5	Electrical Installation	7,452,360	-	7,452,360	20%	1,490,472	5,961,888
6	Vehicles	2,622,259	-	2,622,259	20%	524,452	2,097,807
<b>Total</b>		<b>388,109,885</b>	<b>175,777,534</b>	<b>563,887,419</b>		<b>111,616,622</b>	<b>452,270,797</b>

**QUEEN SOUTH TEXTILE MILLS LIMITED**

Plot No.85-88,Extension Area  
Dhaka Export Processing Zone, Savar Dhaka, Bangladesh.

Affix revenue  
stamp of Tk. 20.00

**PROXY FORM**

BIO A/C No :

Number of Shares held

I/We.....of.....  
being a member of **QUEEN SOUTH TEXTILE MILLS LIMITED** hereby appoints  
Mr./Mrs./Ms.....of..... 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  
monday, 28 December, 2020 at 10:30 a.m. at digital platform.

(Signature of Proxy)

(Signature of the Shareholder)

**NOTE:**

A member entitled to attend and vote at the General meeting may appoint another member of the Company as a proxy to attend and vote in his/her stead. The proxy form duly stamped and signed, must be deposited at the Company's Corporate Office (Share Department) not later than 48 hours before the time appointed for the meeting. In default, forms of Proxy will not be treated as valid.

.....  
Authorized Signature

**QUEEN SOUTH TEXTILE MILLS LIMITED**

Plot No.85-88,Extension Area  
Dhaka Export Processing Zone, Savar Dhaka, Bangladesh.

**ATTENDANCE SLIP**

I hereby record my attendance at the 18th ANNUAL GENERAL MEETING being held on Monday, 28 December, 2020 at 10:30 a.m. at 10:30 a.m. at digital platform.

Name of the member (In Block Letter) :

Name of the Proxy (In Block Letter) :

BO Number :

Signature of the Member/Proxy

Authorized Signature of the Company

**N.B:**

1. Please note that AGM can only be attended by the honorable Shareholders or properly constituted proxy.
2. BSEC Notification NO. SEC/SRMI/2000-953/1950 dated 24th October 2000 clause ( C ) no benefit in cash or kind, other than in the form of cash or stock dividend shall be paid to the holders of equity Securities.





# ANNUAL REPORT

2019 - 2020

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**QUEEN SOUTH TEXTILE MILLS LTD.**  
Plot No.85-88, Extension Area  
Dhaka Export Processing Zone  
Savar Dhaka, Bangladesh