



# ANNUAL REPORT

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## QUEEN SOUTH TEXTILE MILLS LTD.



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Notice is hereby given to all the shareholders of Queen South Textile Mills Limited that the 20<sup>th</sup> Annual General Meeting (AGM) of the company will be held on 22<sup>th</sup> December 2022 at 10.00 a.m. virtually by using digital platform through the link <https://queensouth.bdvirtualagm.com> (in pursuance with the Bangladesh Securities and Exchange Commission (BSEC) Order no. SEC/SRMIC/94-231/91 dated March 31, 2021) to transact the following business:

Agenda-1: To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June, 2022 together with the report of the Directors and Auditors thereon.

Agenda-2: To approve dividend for the year ended 30 June, 2022 as recommended by the Board of Directors.

Agenda-3: To appoint Statutory Auditors for the year 2022-2023 and fix their remuneration.

Agenda-4: To resign and re-appointment of Directors.

Agenda-5: To re-appoint Managing Director.

Agenda-6: To appoint Corporate Governance Compliance Auditors for the year 2022-2023 and fix their remuneration.

Agenda-7: To approve installation of auto dispensing system and modernize salt recovery systems.

Agenda-8: To transact any other business with the permission of the chair.

Members of the Company are requested to make it convenient to attend the meeting.

By order of the Board,

**Massum Rana**

Company Secretary

Dated: December 06, 2022

#### Note:

- The "Record Date" to be entitled dividend for the year 2021-2022 was on Tuesday, 15 November 2022. The Share holders 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 20<sup>th</sup> AGM.
- The proxy form duly completed, signed and affixed with requisite revenue stamp, 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) 16 December 2022.

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 ২০তম 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, 2022**

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 2022, 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 2022 along with notes thereon for your record and necessary measures.

Yours sincerely,



**Massum Rana**  
Company Secretary



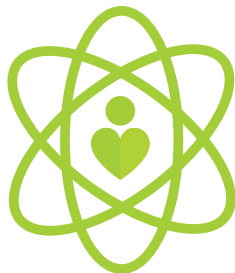
# VISION MISSION, OBJECTIVES

## Core Values:



## VISION

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



## Objectives:

- 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. Mostaque Ahmmed Sarwar, ACA	<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

Massum Rana	<b>Company Secretary</b>
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## COMPANY SECRETARY

## MANAGEMENT COMMITTEE

Mr. Wong Jammy Kwok Chan	<b>Managing Director</b>
Mr. Lai Fong Wai	<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 Qiong	<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>
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Mr. Mosharaf Hossain	<b>Sr. Cost Analyst</b>
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Mr. Forhad Ahmed	<b>Asst. Manager</b>
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Mr. Abdullah-al-Mamun	<b>Asst. Manager</b>
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Mr. Massum Rana	<b>Company Secretary</b>
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**INTERNAL AUDIT TEAM**
**PRODUCTION  
MANAGEMENT**

Miss. Yang Linli	<b>Dyeing Technician</b>
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Mr. Osman Goni	<b>Deputy General Manager (Prod)</b>
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Mr. Moniruzzaman	<b>Asst. Production Manager</b>
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Mr. Rupayan Chakma	<b>Shift In-Charge</b>
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Mr. Rubel	<b>Winding In-Charge</b>
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Mr. Sujanti Prasad	<b>Asst. Coordinator Manager</b>
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Mr. Dulal	<b>Asst. Planning Manager</b>
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Mr. Moshir Rahman	<b>Packing/ Finishing In -charge</b>
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## 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, Barrister –at- law,  
Suit no. 8/08, 73 Kakrail, Dhaka

**Tax Consultant**

Sumon Chandra Dey, FCA  
MRH DEY & CO.,  
Chartered Accountants  
Taher Chamber (1st Floor),  
10, Agrabad Commercial Area,  
Chittagong, Bangladesh.

**Bankers**

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

**Auditors**

Ahmed Zaker & Co.  
Chartered Accountants  
89 Kakrail, Green City Edge (Level 10) Dhaka-1000,  
Bangladesh

**Insurers**

Pragati Insurance Limited  
Pragati Insurance Bhavan  
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, Dhaka-1349  
Telephone: 09617-775555  
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 38 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. 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.



**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.



**Mostaque Ahmmed Sarwar, ACA**  
Independent Director

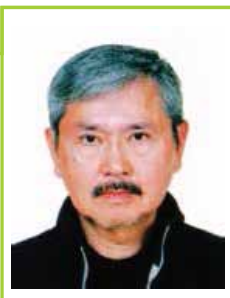
Mr. Mostaque Ahmmed Sarwar, Member of ICAB and practicing as Chartered Accountants professional. He has worked in leading position at many renowned companies such as Alpha Capital Management, Bti-Building Technology and Ideas Ltd., and MM Yasin and Co. Chartered Accountants. Currently he is working as a partner of Ahammed Hoq Siddiqui & Co. Chartered Accountants. He has 11 year experience in accounts and financial sector.



# 19TH AGM PICTURE



## FROM CHAIRMAN'S DESK



### Dear Valued Shareholders'

I am pleased to present the Annual Report of Queen South Textile Mills Limited (hereinafter referred to as "the Company" or "QSTML"), which includes the audited financial statements for the year ended 30 June 2022 ("FY 2021-2022"), on behalf of the Board of Directors.

We completed yet another challenging year amidst the ongoing pandemic that continued to disrupt business and economic activities around the world. Aside from Covid-19, the Russian attack in Ukraine at the end of February has had an impact on the world economy. Although there is now no direct impact on our Company's operations, we are already feeling the indirect consequences of the significant increase in energy and fuel prices, which might be reflected in our financial figures.

As most of the peace loving people, at every strata, foresee, the year 2023, at least, is likely to see great socio economic disasters for the shortage of food, spiral fuel oil price rises, break-down in transport for movement of man and materials, fear of recession/depression in economies of various sizes

and importance, job losses, mass migration, wars and skirmishes here and there for control of all or every kind of resources and facilities that are required for survival and domination by the big powers.

Most of you are aware of the tremendous slump of the global economic growth potential from 5.7 percent in 2021 to 2.9 percent in 2022, significantly lower than 4.1 percent that was anticipated in January. It is expected to hover around that pace for several years.

By overcoming all such challenges, we were able to continue our progress in every parameter by achieving positive outcomes in practically every metric for FY 2021-2022. Although the statistics were much higher than the previous years but the Company's business is likely to remain tough for the upcoming future. For the FY 2021-2022, the Board of Directors will propose to the Annual General Meeting on 22 December 2022 a cash dividend of BDT 0.6 per share along with 6 percent stock dividend. This means that you, our shareholders, will once again participate in our good result.

The Board of Directors of QSTML has always remained focused on maximizing shareholder's value through formulation of policies and guidelines to ensure sustainable profitability, prudent risk management and good governance. As the Chairman of your company, my objective is to ensure the Board of Directors actively continues to play their due parts in the coming year. I eagerly look forward to receiving your thoughtful inputs.

The Management Team, worked hard and the outcome is obvious. This situation seems to be being threatened by the effects of global politics. Experts apprehend the black shadow of a Recession/Depression with global crises emanating from wars and skirmishes everywhere. We hope the leaders of the world and the people, in general, will realize the consequences of war and disorder in business today.

As I would like to conclude my observations, on behalf of the Board I would take this opportunity to thank our Regulators, Bangladesh Securities and Exchange Commission and Stock Exchange, NBR and other Regulatory Authorities of the Government of the People's Republic of Bangladesh for their continued guidance and support. I would also wish to thank our team and all employees of the company for their tremendous passion, resilience and hard work in delivering value for our shareholders and all other stakeholders. I remain personally grateful to the honorable members of the Board for having vested their confidence in my leadership and also for their immense support and guidance.

Last but not the least, I would like to express my deep gratitude and warm regards to all the esteemed stakeholders for their continuous support and trust in us to take the Company successfully into the future. We will continue to work towards building a more sustainable business for our customers while increasing value for our shareholders.

Now, to the end of my brief kindly allow me to welcome you at the 20th Annual General Meeting of the company. Let's celebrate and enjoy this auspicious day and would expect your generous effective suggestion with recommendation will lead our beloved company to attain the pick of success.



**Wong Kwok Chuen**  
Chairman

## MESSAGE FROM THE MANAGING DIRECTOR



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

Following the visionary Message from the Chairman, I am pleased to submit to you at this Annual General Meeting an analytical review of the performance by the Management under the supervision and direction of the Board of Directors for the year 2021-2022. After passing through a horrific period of over two years of Covid-19 and ongoing Russia-Ukraine war, we are pleased to hold the 20th AGM of the Company with nevertheless, a better performance in all aspects.

The Annual Report containing the Statutory Financial Statements for the year 2021-2022 along with the Directors' Report outlines in detail the quantitative and qualitative achievements attained. An examination would reveal that the operating assets/capacity of output/revenue earnings have increased leading to the significant augmentation in Turnover, Gross profits, Profit from Operations, Net Profit (After Tax), Earning Per Share (EPS), Net Asset Value (NAV) etc. both on stand-alone and consolidated positions.

The Shareholders will also be happy to find that while the production output and export quantity remain often the same during 2021-2022 considering the last year, the export revenue increased by 34.04% over the previous year.

This outstanding increase could be achieved primarily due to higher selling prices over the earlier year. This increased level of export prices earned was possible due to strategic change in the product mix with increased production of higher valued items with a lower rate of increase in cost of goods sold which rose only by 0.35% against the Sales Revenue of 34.04%. As a result, Gross Profit, Operating Profit and Net Profit (AT) increased by 30.22%, 29.71% and 43.62%, respectively.

Ladies and Gentlemen, considering the current global crises, I would like to express word of hope based on some statistics from different sources. QSTML is engaged in dyeing of different types of yarn to the 100% export-oriented sweater industry as deemed exporter. Yes, we will be cautious while making any investment decisions and try our best to safeguard in every possible way so that the company and its shareholders remain protected. On the other hand, I would like to take your eyes on a news headline, "Bangladesh Becoming a Key Sweater Sourcing Hub" published in The Daily Star dated April 10, 2022. This headline helps to keep our eyes open and enlighten ourselves to take brave decision to lead the future. Bangladesh is turning into a major sourcing hub for sweaters for international clothing retailers and brands as work orders are shifting from China and global fashion trends are changing. Nowadays, Chinese manufacturers are no longer interested in making sweaters because of the complexities in the manufacturing process, higher cost of production, and shortage of skilled workers, according to industry insiders.

As a result, exports of the item are rising from Bangladesh, the world's second-largest garment supplier after China. Earning from sweater exports reached \$5.64 billion in the fiscal year of 2021-22, up 39.21 percent year-on-year, data from the Export Promotion Bureau showed. In FY 2020-21, the receipts stood at \$4.05 billion, an increase of 12.62 percent from the previous year's \$3.59 billion.

Based on these data we can forecast that sweater emerges as next big bet in Bangladesh as China exit the markets.

While on the subject of an overview analysis of the world's existing political order, which is likely to continue, it is a matter of high concern that fuel price rises and supply channel break-down impact badly in production. However, Government policies provide some preference in the supply of utilities like electricity, gas, fuel, etc. for the Export Processing Zone. QSTML is operating its business in DEPZ, and the production has not yet been hampered for a single moment.

As I would like to conclude my observations, I would thank you all for staying with the company as it grows and glows.

With best wishes for a bright and safe life.

**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, 2022

### **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 Ltd. is a 100% export oriented backward linkage industry which is involved in business to collect different type of sweater yarn as per market's demand and dye for supplying to those sweater manufacturing industries which are directly exporting their products outside of Bangladesh.

The company is going to modernize existing machineries, introducing auto dispensing systems, modernizing salt recovery systems from waste water to re-use after recycling. The manufacturing industry is building back fast, undeterred by significant labor and supply chain challenges. To maintain this momentum, manufacturers should navigate elevated risks while advancing sustainability priorities. Ending all dilemmas, we should kick-start structural reform in financial sector to remove anomalies to navigate oncoming crises.

The managements are always careful to safeguard the company as well as protecting shareholder's right. The global market becomes very competitive now a days. now fashions and technology are changing very fast, synchronizing with the fastest technology-based products it is very important to install high tech machineries as well as hire technology know how, experienced and efficient manpower. At the same time products diversification is also very important to sustain in the competitive business world. The management of the company is always ready to meet up this type of challenge very smartly.



## 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. Mostaque Ahmmed Sarwar, ACA	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. Mostaque Ahmmed Sarwar, ACA	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. Mostaque Ahmmed Sarwar, ACA	Chairman	8	8	100%
Ms. Wong Elisa Dai Wah	Member	8	8	100%
Ms. Lee Hung Chun	Member	8	8	100%
Mr. Massum Rana	Secretary	8	8	100%

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

During the year ended 30 June 2022, 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. Mostaque Ahmmed Sarwar, ACA	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 2022**

Shareholding Range	Number of Shareholders	No. of shares	Percentages of Share
1-499	2,278	451,362	0.31%
500-5000	4,896	8,886,595	6.17%
5001-10000	837	6,279,452	4.36%
10001-20000	545	7,832,352	5.44%
20001-30000	178	4,427,629	3.07%
30001-40000	122	4,304,933	2.99%
40001-50000	68	3,144,893	2.18%
50001-100000	111	8,073,179	5.60%
100001-1000000	85	18,990,958	13.19%
1000001-Above	6	81,572,269	56.66%
Total	9,126	143,963,622	100%

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	43,360,864	30.12%
2.2	Mr. Wong Jammy Kwok Chan	Managing, Director, Director	25,209,805	17.51%
2.3	Ms. Wong Elisa Dai Wah	Director	40,33,568	2.80%
2.4	Ms. Lee Hung Chun	Director	40,33,568	2.80%
2.5	Mr. Massum Rana	Company Secretary	No such holding	-
2.6	Mr. Goutam Chandra Roy	CFO	No such holding	-
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	43,360,864	30.12%
2	Mr. Wong Jammy Kwok Chan	Managing Director	25,209,805	17.51%

**Share Holding by Directors:**

Sl.	Particulars	Designation	Holding%	No. of Shares Holding
1	Mr. Wong Kwok Chuen	Chairman, Director	30.12%	43,360,864
2	Mr. Wong Jammy Kwok Chan	Managing Director,	17.51%	25,209,805
3	Ms. Wong Elisa Dai wah	Director	2.80%	40,33,568
4	Ms. Lee Hung Chun	Director	2.80%	40,33,568

**Shareholding Pattern**

Sl.	Particulars	No. of Shares Holding	Holding%
1	General Public	44,147,674	29.13%
2	Directors	76,637,805	53.23%
3	Institution	20,917,914	14.65%
4	Foreigners	2,260,229	2.99%
<b>Total</b>		<b>143,963,622</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 Mr. Wong Kwok Chuen and Mr. Wong Jammy Kwok Chan 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, especially 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, Ahmed Zaker & Co. Chartered Accountants is enlisted as panel auditor will retire and the board has decided to appoint reappoint for second tenure at 20th Annual General Meeting.

**Financial Highlights**

Particulars	Amount in Taka				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Property, Plant & Equipment	895,615,354	903,084,791	881,739,686	761,683,380	748,831,082
Current Assets	3,954,116,085	3,315,985,981	3,082,918,508	3,015,245,491	2,753,771,012
Total Assets	4,849,731,440	4,268,379,492	3,964,658,194	3,776,928,871	3,502,602,094
Equity attributable to the Shareholders	2,309,702,841	2,135,130,716	2,016,305,364	1,941,287,864	1,775,195,260
Non-current Liabilities	529,561,113	677,518,772	683,866,360	495,711,388	490,720,219
Current Liabilities	2,010,467,486	1,455,730,006	1,264,486,470	1,339,929,619	1,236,686,615
Total liabilities and Equities	4,849,731,440	4,268,379,492	3,964,658,194	3,776,928,871	3,502,602,094
Revenue	4,807,094,345	3,586,046,413	3,072,519,860	4,198,684,068	3,871,439,935
Cost of Goods Sold	4,242,011,045	3,152,102,086	2,709,870,123	3,715,525,955	3,460,765,908
Gross Profit	565,083,300	433,944,327	362,649,737	483,158,113	410,674,027
Operating Profit	390,199,881	300,814,731	234,965,737	355,319,755	296,896,542
Net Profit after Tax	235,777,410	164,162,602	116,233,180	198,877,804	177,178,736



**Key Operating Performances:**

Particulars	Amount in Taka				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Basic Earnings per Share (EPS)	1.64	1.25	0.89	1.64	1.96
Gross Profit Margin	11.76%	12.10%	11.80%	11.51%	10.61%
Operating Profit Margin	8.12%	8.39%	7.64%	8.46%	7.67%
Net Profit Margin	4.90%	4.58%	3.78%	4.74 %	4.58%
Fixed Assets Turnover Ratio	5.37	3.77	3.484	5.51	5.17
Total Assets Turnover Ratio	0.99	0.84	0.775	1.11	1.11
Inventory Turnover Ratio	2.08	1.894	1.936	2.64	2.32
Current Ratio	1.97	2.28	2.438	2.25	2.23
Quick Ratio	0.80	1.08	1.183	1.06	1.02
Return on Equity (ROE)	10.21%	7.69%	5.76%	10.24 %	9.98%
Face value per share (Taka)	10	10	10	10	10
Number of Ordinary Shares(weighted)	143,963,622	130,876,020	121,181,500	110,165,000	90,204,795
Net Assets value per Share	16.04	16.31	16.64	17.62	17.73

**Contribution to National Exchequer:**

The Company contributed an amount of Taka 38.30 million in 2021-2022 to the National Exchequer consisting of the following:

Particulars	Amount in Taka	
	2022-2022 (TK.)	2020-2021 (TK.)
AIT & Tax	20,605,094	24,529,218
VAT, Customs & Excise Duties, etc.	17,697,386	28,615,543
<b>Total Taka</b>	<b>38,302,480</b>	<b>53,144,761</b>

**Capital Expenditures**

During the financial year of 2021-2022, the company made investment Tk. 23.597 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:

SI	Particulars	Amount Taka
1	Electrical Installation	275,000
2	Plant Machinery	108,336,120
3	Right of Use (Asset)	1,118,832
4	Office Equipment	452,182
<b>Total</b>		<b>110,182,134</b>

**Revenue:**

During this year, the company has reached to its revenue about Taka 4,807.09 million compared with the last year about Taka 3,586.04 million representing 34.05% increasing 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	2021-2022	2020-2021
Net Profit for the year (After Tax)	235,777,410	164,162,602
Add: Previous year's Surplus	634,289,211	662,207,914
Profit available for appropriation	870,066,621	826,370,516
Cash and stock -Dividend Declared in % on number of Shares	6% cash & 6% stock	10% cash & 10% stock
Cash and Stock Dividend Declared in Taka	17,27,56,346	19,20,81,305
Un-appropriation Profit	69,73,10,275	63,42,89,211

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

During this reporting year, Revenue is increased by Tk. 122.10 crore from last year. Cost of Goods Sold has also been increased by Tk. 108.99 crore. Though revenue has increased which was not as expected, 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, timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right track. 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	2021-2022		2020-2021	
	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Goods Sold	4,242,011,045	88.24%	3,152,102,086	87.91%
Gross Profit	565,083,300	11.76%	433,944,327	12.10%
Net Profit after Tax	235,777,410	4.90%	164,162,602	4.58%

**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 increased by Tk. 131.14 million from last year, reasons of positive growth was the impact of higher 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 2021-2022 net profit was increased to Tk. 235.78 million from Tk. 164.16 million representing 43.62% upward 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 are being hampered after COVID-19 impact and possible threat of economic recession consequence of Russia-Ukraine war.

#### Basic Earnings per Share (EPS)

The EPS for the reporting period is Tk. 1.64 per share. In the previous year the EPS was TK. 1.14 per share. EPS increased by 43.85 % 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 30.06.2022 are as follows:

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	(133,516,000)	(121,625,417)	(255,141,417)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(451,429,986)	100,748,880	(350,681,106)
Ideal Fastenar BD Limited	Common Management	Trade Payable	(15,602,789)	6,694,575	(8,908,214)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	9,804,150	(14,038,286)	(4,234,136)
Kingpro Trading Limited	Common Management	Trade Payable	(62,241,162)	15,186,445	(47,054,717)
Queensin Ltd	Common Management	Trade Payable	(20,613,660)	(21,169,980)	(41,783,640)
Master Knitwear Ltd	Common Management	Trade Receivable	(3,949,886)	2,709,553	(1,240,333)
Winpro Textile Mills Ltd	Common Management	Trade Payable	(49,789,248)	40,757,581	(9,031,667)

There was no extra-ordinary gain or loss in the Financial Year 2021-2022.

#### Basis for related party transaction:

Related party transaction has been shown in notes to the Financial Statements Notes no. 34.01

#### There is no significant deviation from the operating result of the last year.

#### 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 2021-2022.

#### 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 6% Cash and 6% Stock dividend for the year ended 30 June 2022 whose names appear into the CDBL register as per record date 15 November 2022 subject to approval of 20th AGM. 6% Stock dividend will be distributed subject to approval from BSEC.

**Communication to Shareholders & Stakeholders:**

The company always keeps proper communication with the Shareholders & stakeholders of the company. The Company response to the Shareholders and stakeholders 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 test report.

### 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 789 employees as of 30 June 2022. 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 labor 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 2021-2022 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 2021-2022 and Directors Report place before you and expect our shareholders unswerving trust to the management to run the business effectively.

Thank you all,



**Wong Kwok Chuen**  
Chairman

## 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 MD and CFO

20 October 2022

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, 2022**

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 2022 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 2022 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 2021-2022

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. Mostaque Ahmmed Sarwar, ACA 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. Masum 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 2021-2022. 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.



**Mr. Mostaque Ahmmed Sarwar, ACA**  
Chairman  
Audit Committee





**MM YASIN**  
Chartered Accountants

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

## Report to the Shareholders of Queen South Textile Mills Ltd. On compliance on the corporate governance code

We have examined the compliance status to the Corporate Governance Code by Queen South Textile Mills. for the year ended June 30, 2021. This code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities & 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 Standard (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 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:

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;

- (a) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standard (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code
- (b) Proper books of records have been kept by the company as required under the Companies ACT, 1994, the securities laws and other relevant laws; and
- (c) The Governance of the company is highly satisfactory

Place: Dhaka  
Dated: 18th December, 2022

  
**Md. Yasin Miah FCA**  
 Principal & CEO

**Corporate Office: House # 22, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh**  
**Mobile: 01711 957242, Email: mmyasin1001@gmail.com, ceo@mmyasin.com, Website: www.mmyasin.com**

## CORPORATE GOVERNANCE



## COMPLIANCE REPORT

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

### **ANNEXURE – C**

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

ANNEXURE – C

**Corporate Governance Compliance Status Report**

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

(Report under condition No. 9.00)

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors</b>			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓	-	
1(2)	Independent Directors: 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)	"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;	✓	-	-
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial year;	✓	-	-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies;	✓	-	-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓	-	-





Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)	Independent Director shall have the following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	-	-	Not Applicable
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	-	-	Not Applicable
1(3)(b)(iii)	Former official of government 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	-	-	Not Applicable
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	-	-	Not Applicable
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost 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;	✓	-	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)		-	Not Applicable
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	Not Applicable
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	-	-	Not Applicable
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.	-	-	Not Applicable
1(5)	<b>Directors' Report to Shareholders</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)	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;	-	-	Not Applicable

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;	-	-	Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓	-	-
1(5)(x)	A statement of remuneration paid to the directors including Independent Directors;	✓	-	-
1(5)(xi)	A statement that the financial statements prepared by the management of the 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;	-	-	Not Applicable
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;	✓	-	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	-	-	Not Applicable
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: -			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓	-	-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓	-	-
1(5)(xxiii)(c)	Executives (name wise details); and	✓	-	-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -			
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)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓	-	-
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	Not Applicable



Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓	-	-
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓	-	-
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓	-	-
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; 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;	✓	-	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓	-	-
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company: -</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	Not Applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	Not Applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	-	-	Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	Not Applicable
<b>3(1)</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): -</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓	-	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
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: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓	-	-
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓	-	-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓	-	-
4	<b>Board of Directors' Committee: - For ensuring Good Governance in the Company, the Board shall have at least following subcommittees:</b>			
4(i)	Audit Committee; and	✓	-	-
4(ii)	Nomination and Remuneration Committee.	✓	-	-
5	<b>Audit Committee: -</b>			
5(1)	<b>Responsibility to the Board of Directors.</b>			

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓	-	-
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓	-	-
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓	-	-
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓	-	-
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓	-	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
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;	-	-	Not Applicable
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓	-	-
5(4)	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓	-	-
5(5)	<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;	✓	-	-
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;	✓	-	-



Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
5(5)(d)	Oversee hiring and performance of external auditors;	✓	-	-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓	-	-
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓	-	-
5(5)(h)	Review the adequacy of internal audit function;	✓	-	-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓	-	-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓	-	-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; 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)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓	-	-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -			
5(6)(a)(ii)(a)	Report on conflicts of interests;	-	-	Not Applicable
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-	-	Not Applicable
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	-	Not Applicable

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	Not Applicable
5(6)(b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	Not Applicable
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including Any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	-	-	Not Applicable
6	Nomination and Remuneration Committee (NRC): -			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	-	✓	-
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	-	✓	-
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	-	✓	-
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	-	✓	-
6(2)(b)	All members of the Committee shall be non-executive directors;	-	✓	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
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;	-	-	Not Applicable
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-	-	Not Applicable
6(2)(g)	The company secretary shall act as the secretary of the Committee;	-	✓	-
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	-	✓	-
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	-	✓	-
6(3)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	-	✓	-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-	-	Not Applicable
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	-	✓	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-	✓	-
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	✓	-
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	-	✓	-
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	-	✓	-
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	-	✓	-
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(a)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	-	✓	-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	-	✓	-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	-	-	Not Applicable
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-	✓	-
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	-	✓	-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	-	✓	-

Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	-	✓	-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	-	✓	-
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-	✓	-
<b>7</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓	-	-
7(1)(ii)	Financial information systems design and implementation;	✓	-	-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓	-	-
7(1)(iv)	Broker-dealer services;	✓	-	Not Applicable
7(1)(v)	Actuarial services;	✓	-	Not Applicable
7(1)(vi)	Internal audit services or special audit services;	✓	-	Not Applicable
7(1)(vii)	Any service that the Audit Committee determines;	✓	-	Not Applicable
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓	-	Not Applicable
7(1)(ix)	Any other service that creates conflict of interest.	✓	-	Not Applicable
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: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓ -	-	-



Condition No.	Title	Status of Compliance with The Corporate Governance Code (CGC)		Remarks (if any)
		Complied	Not Complied	
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.	✓	-	-
8	Maintaining a website by the Company: -			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓	-	-
8(2)	The company shall keep the website functional from the date of listing.	✓	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓	-	-
9	Reporting and Compliance of Corporate Governance: -			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓	-	-
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓	-	-
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓	-	-



**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 2022, 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 2022, 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.

### **Emphasis of Matter:**

We draw attention on these matters disclosed below:

1. According to the rule no. 212 of the Bangladesh Labor Rules 2015 read with the section no. 232 of the Bangladesh Labor 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. Ref note no 2.16

### **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 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. However, documentation process needs to be strengthened further.

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 27, 2022

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

**KEY AUDIT MATTERS (KAM)**  
**ANNEXURE 1**

Key audit matter description	How the scope of our audit responded to the key audit matter
<b>Property, plant and Equipment</b>	
<p>The carrying value of the PPE amounted to <b>Tk. 895,615,354.00</b> as at 30 June, 2022.</p> <p>There is a risk of:</p> <ul style="list-style-type: none"> <li>determining which costs meet the criteria for capitalization;</li> <li>determining the date on which the assets is recognized to property, plant and equipment and depreciation commences;</li> <li>the estimation of economic useful lives and residual values assigned to Fixed asset.</li> </ul> <p>We identified the carrying value of property, plant and equipment as a key audit matter because of the high level of management judgment involved and because of its significance to the financial statements.</p> <p>See note no. 5 for details.</p>	<p>Our audit procedures to assess the carrying value of property, plant and equipment included the following:</p> <ul style="list-style-type: none"> <li>We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.</li> <li>We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals.</li> <li>We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.</li> <li>We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> <li>We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to make it ready for use, with the date of the completion of the work.</li> </ul>
<b>Revenue Recognition</b>	
<p>The Company has reported sales revenue of <b>Tk. 4,807,094,345.00</b></p> <p>All of the Company's sales are made under sales invoice, delivery challan. It's products primarily comprise sale of sewing thread. Revenue is recognized at the point of delivery from Factory.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>As all sales are translated from USD currency to BDT, there is a risk that foreign exchange gain/loss might not be correctly recognized in the Financial Statements.</p> <p>See note no. 22 for details.</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>We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 "Revenue from contracts with customers"</li> <li>Tested the internal control over financial reporting. We also assessed the existence and accuracy of the sales recorded;</li> <li>We performed analytical test to understand how the revenue has trended over the year among other parameters, we performed a detailed substantive testing on transactions around the year end to ensure revenues were recognized in the correct accounting period. We also tested journal entries focusing on sales transactions;</li> <li>Verified VAT return with General Ledger.</li> <li>We obtained supporting documents for sales, transactions recorded during the year; and</li> <li>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>



<b>Valuation of Receivables</b>	
<p>The Company has accounts receivable of <b>Tk. 1,420,577,462.00</b> as at 30 June 2022.</p> <p>Accounts receivable of the company comprise mainly receivables regarding the sale of yarns which is secured by Letter of Credit (L/C).</p> <p>See note no. 8 for details.</p>	<ul style="list-style-type: none"> <li>• Our substantive procedures in relation to the assessing valuation of receivable comprises the following:</li> </ul>
	<ul style="list-style-type: none"> <li>• Obtained a list of outstanding receivables;</li> </ul>
	<ul style="list-style-type: none"> <li>• Reconciliation of receivables ageing to general ledger;</li> </ul>
	<ul style="list-style-type: none"> <li>• Conducting cut-off testing at the year-end;</li> </ul>
	<ul style="list-style-type: none"> <li>• Reviewing subsequent receipt of receivables balance.</li> </ul>
<b>Valuation of Inventories</b>	
<p>The amount of inventory is Tk. 2,339,612,386.00 as at 30 June, 2022 which amounted to 48% of the total assets. As per IAS 2, inventories are required to be valued at the lower to cost and net realizable value. Cost of inventories includes purchase cost and cost incurred in bringing inventories to its present location and condition. IAS 2 specifically prohibits certain costs from being excluded from the cost of inventories.</p> <p>SIL values its inventories using the weighted average method which is a complex process and prone to errors and manipulation. Due to the complex nature of accounting for inventories, there is an increased risk of misstatement in valuation of inventory items. IAS 2 defines inventories as assets which are: (a) held for sale in the ordinary course of business, (b) in the process of production for such sale, (c) in the form of materials or supplies to be consumed in the production process or rendering of services. There was therefore a risk that assets which do not meet the definition of inventories have been improperly classified as inventory items.</p> <p>See note no. 7 for details.</p>	<p>We obtained assurance over relevance and appropriateness of management's assumptions applied in calculating the value of the inventories by:</p> <ul style="list-style-type: none"> <li>• We observed QSTML's year-end inventory count, performed test counts and reconciled count sheet records to inventory valuation report in order to verify the existence of inventories reported in the accounts;</li> </ul>
	<ul style="list-style-type: none"> <li>• We tested the purchase costs of a sample of inventory items by inspecting invoices;</li> </ul>
	<ul style="list-style-type: none"> <li>• We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2;</li> </ul>
	<ul style="list-style-type: none"> <li>• We assessed the movement of inventories and analyzed whether closing inventories were valued using the weighted average method;</li> </ul>
	<ul style="list-style-type: none"> <li>• Testing, on a sample basis the stock expiry dates and the market price used in assessing the net realizable values of inventories of the related supporting documents;</li> </ul>
	<ul style="list-style-type: none"> <li>• Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.</li> </ul>
<b>Measurement of deferred tax liability</b>	
<p>The net deferred tax liability is <b>Tk. 57,252,005.00</b> as at 30 June, 2022.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p> <p>See Annexure-G for details.</p>	<ul style="list-style-type: none"> <li>• We carried out the following substantive testing for this item</li> </ul>
	<ul style="list-style-type: none"> <li>• We checked deferred tax expenses and liabilities in the financial statements and calculation and records;</li> </ul>
	<ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the operational effectiveness of the controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the Company's future taxable income;</li> </ul>
	<ul style="list-style-type: none"> <li>• We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities;</li> </ul>
	<ul style="list-style-type: none"> <li>• We also assessed the appropriateness of presentation of disclosures against IAS12 income tax.</li> </ul>

# STATEMENT OF FINANCIAL POSITION



**Queen South Textile Mills Limited**  
**Statement of Financial Position**  
**As at 30 June 2022**

Particulars	Notes	Amount in Taka	
		30-Jun-2022	30-Jun-2021
<b>Assets:</b>			
<b>Non-current assets</b>		<b>895,615,354</b>	<b>952,393,511</b>
Property, plant and equipment	5.00	895,615,354	903,084,791
Capital Work in Progress	6.00	-	49,308,720
<b>Current assets:</b>		<b>3,954,116,085</b>	<b>3,315,985,981</b>
Inventories	7.00	2,339,612,386	1,741,164,524
Trade and other receivables	8.00	1,420,577,462	1,431,087,005
Advances, deposits and prepayments	9.00	95,369,142	103,288,487
Investments-FDR	10.00	9,746,952	9,194,188
Cash & Cash Equivalent	11.00	88,810,143	31,251,777
<b>Total Assets</b>		<b>4,849,731,440</b>	<b>4,268,379,492</b>
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>		<b>2,309,702,841</b>	<b>2,135,130,716</b>
Share capital	12.00	1,439,636,220	1,308,760,200
Retained earnings	13.00	870,066,621	826,370,516
<b>Non-current liabilities</b>		<b>529,561,113</b>	<b>677,518,772</b>
Long-term borrowing	14.00	472,309,108	621,861,430
Deferred tax liability		57,252,005	55,657,342
<b>Current liabilities</b>		<b>2,010,467,486</b>	<b>1,455,730,006</b>
Trade and other payables	15.00	473,396,661	369,367,879
Current portion of long term borrowing	-	130,038,638	120,861,453
Short-term borrowing	16.00	1,324,668,812	876,690,518
Liabilities for Expenses	17.00	51,895,646	56,827,642
Outstanding IPO Subscription	18.00	100,000	100,000
Unclaimed Dividend	19.00	1,602,347	562,252
Income Tax provision	20.00	28,765,381	31,320,261
<b>Total liabilities</b>		<b>2,540,028,598</b>	<b>2,133,248,776</b>
<b>Total Equity and Liabilities</b>		<b>4,849,731,440</b>	<b>4,268,379,492</b>
<b>NAVPS (Net Assets Value Per Share)</b>	21.00	<b>16.04</b>	<b>16.31</b>

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

  
**Chief Financial Officer**


  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

**Location: Chattogram**  
Dated: 27th October, 2022

  
**Ahmed Zaker & Co.**  
Chartered Accountants  
DVC: 2210270893AS526965  
Signed by:  
Arup Chowdhury, FCA  
Partner

**Queen South Textile Mills Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30th June, 2022**

Particulars	Notes	Amount in Taka	
		30/Jun/22	30/Jun/21
Revenue	22.00	4,807,094,345	3,586,046,413
Cost of Sales	23.00	(4,242,011,045)	(3,152,102,086)
<b>Gross Profit</b>		<b>565,083,300</b>	<b>433,944,327</b>
Administrative Expenses		(29,336,991)	(6,235,810)
Other Income	22.01	67,108	313,581
<b>Operating Expenses:</b>		<b>(145,613,536)</b>	<b>(127,207,367)</b>
Distribution Costs	24.00	(24,745,945)	(24,564,688)
Administrative Expenses	25.00	(120,867,591)	(102,642,679)
<b>Operating profit</b>		<b>390,199,881</b>	<b>300,814,731</b>
Financial Expenses	26.00	(112,609,356)	(107,645,366)
<b>Net profit before tax</b>		<b>277,590,525</b>	<b>193,169,365</b>
Income tax expenses	27.00	(41,813,115)	(29,006,763)
<b>Net Profit / (Loss) during the year</b>		<b>235,777,410</b>	<b>164,162,602</b>
<b>Basic &amp; Diluted Earnings per share</b>	28.00	<b>1.64</b>	<b>1.14</b>

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



**Chief Financial Officer**



**Company Secretary**



**Director**



**Managing Director**



**Chairman**



**Ahmed Zaker & Co.**

Chartered Accountants

DVC: 2210270893AS526965

Signed by:

Arup Chowdhury, FCA

Partner

**Location: Chattogram**

Dated: 27th October, 2022

**Queen South Textile Mills Limited**  
**Statement of Changes in Equity**  
For the year ended 30th June, 2022

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2021	1,308,760,200	826,370,516	2,135,130,716
Stock Dividend	130,876,020	(130,876,020)	-
Cash Dividend		(61,205,285)	(61,205,285)
Net profit for the period	-	235,777,410	235,777,410
<b>Balance at 30 June 2022</b>	<b>1,439,636,220</b>	<b>870,066,621</b>	<b>2,309,702,841</b>

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

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2020	1,211,815,000	804,490,364	2,016,305,364
Stock Dividend	96945200	(96,945,200)	-
Cash Dividend		(45,337,250)	(45,337,250)
Net profit for the period	-	164,162,602	164,162,602
<b>Balance at 30 June 2021</b>	<b>1,308,760,200</b>	<b>826,370,516</b>	<b>2,135,130,716</b>

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



**Chief Financial Officer**



**Company Secretary**



**Director**



**Managing Director**



**Chairman**



**Queen South Textile Mills limited**  
**Statement of Cash Flows**  
For the year ended 30th June, 2022

Particulars	Notes	Amount In Taka	
		30-Jun-22	30-Jun-21
<b>A. Cash flows from operating activities:</b>			
Cash received from customer & other income	29.00	4,908,875,952	3,423,936,525
Cash Paid to Suppliers, employees and others expenses	30.00	(4,798,839,990)	(3,261,691,981)
Income Tax Paid/Deducted at Source		(32,513,136)	(24,529,218)
<b>Net Cash provided by operating activities</b>		<b>77,522,826</b>	<b>137,715,326</b>
<b>B. Cash flows from investing activities:</b>			
Acquisition of property, plant and Equipment		(110,182,134)	(154,257,979)
Proceed from Sale of PPE		49,308,720	(49,308,721)
Capital Work in Progress		(32,522)	(74,016)
Investments-FDR		(60,905,936)	(203,640,716)
<b>Net Cash used in investing activities</b>			
<b>C. Cash flows from financing activities:</b>			
Financial Expenses		(112,609,356)	(107,645,366)
Short term bank loan (paid)/Received		392,034,082	238,050,216
Dividend Payment		(60,165,190)	(72,553,255)
IPO Expenses		-	-
Long Term Bank Loan (paid)/Received		(178,595,833)	(8,642,806)
Outstanding IPO Subscription Paid		-	-
<b>Net Cash from financing Activities</b>		<b>40,663,703</b>	<b>49,208,790</b>
<b>Net Decrease in cash &amp; cash equivalents (A+B+C)</b>		<b>57,280,593</b>	<b>(16,716,601)</b>
Unrealized Foreign Exchange Gain/(Loss)		277,771	(15,965)
Cash & cash equivalents at the beginning of the period		31,251,777	47,984,343
<b>Cash &amp; cash equivalents at the end of the period</b>		<b>88,810,143</b>	<b>31,251,777</b>
<b>Net Operating Cash Flow per share</b>	31	<b>0.54</b>	<b>0.96</b>

*The annexed notes are the integral part of these financial statements.*

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

**Queen South Textile Mills Limited**  
Notes to the financial statements  
for the period ended from 01 July 2021 to 30 June 2022

**1 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, Savar, 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 Limited is a 100% export oriented company engaged in dyeing 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.

**2 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

## 2.05 Reporting period

The period of the financial statements covers from 01 July 2021 to 30 June 2022

## 2.06 Authorization for issue

The Financial Statements have been authorized for issue by the board of directors on 20th October, 2022

## 2.07 Events after the reporting period.

Events after the reporting period are those events, favorable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised 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, 1991  
 The Custom Act 1969

## 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%
Right of Use (Asset)	

## 2.14 Revenue recognition

Revenue is recognised 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 recognised.

## 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 BAS 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 realisable 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 realisable 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.

**2.2 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 capitalised 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 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 2018 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.

**2.24 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 rates 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 transactions 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-34.1

### 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 recognizes 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 include 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 earnings for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary shares 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 other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative 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 or delinquency by a debtor, indicates that a debtor or 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 recognised 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 Contingent 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:

Amortisation 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 of past events; and
- (b) From which future economic benefits are expected to flow to the entity.

#### An intangible asset shall be recognised 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 Financial statements comprises:

- (a) Statement of Financial Position As at 30 June 2022
- (b) Statement of Profit or Loss and Other Comprehensive Income For the year ended 30th June, 2022
- (c) Statement of Changes in Equity For the year ended 30th June, 2022
- (d) Queen South Textile Mills Limited For the year ended 30th June, 2022
- (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	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>5.00</b>	<b>Property, plant and equipment</b>		
	<b>Cost:</b>		
	Opening Balance	1,979,886,792	1,897,199,365
	Addition during the period	110,182,134	235,973,494
	Disposal during the period	-	(153,286,067)
		<b>2,090,068,926</b>	<b>1,979,886,792</b>
	<b>Less: Accumulated Depreciation:</b>		
	Opening Balance	1,076,802,001	1,097,175,194
	Charged during the period	117,651,570	108,309,511
	Adjustment during the period	-	(128,682,704)
		<b>1,194,453,571</b>	<b>1,076,802,001</b>
	<b>Written Down Value</b>	<b>895,615,354</b>	<b>903,084,791</b>

Included in above PPE, Building, and machineries are mortgaged with banks.

The details have been shown in Annexure: A

<b>6.00</b>	<b>Capital Work in Progress</b>		
	Building and Civil Construction	-	-
	Machinery & Equipment	-	49,308,720
		<b>-</b>	<b>49,308,720</b>
<b>7.00</b>	<b>Inventories</b>		
	Raw materials	1,448,744,755	820,709,324
	Work-in - process	258,008,230	220,792,279
	Finished goods	297,521,008	376,251,037
	Dyes & Chemicals	261,858,009	223,055,429
	Spares & Accessories	73,480,384	100,356,455
		<b>2,339,612,386</b>	<b>1,741,164,524</b>
<b>8.00</b>	<b>Trade and other receivables</b>		
	Accounts Receivable	1,420,577,462	1,431,087,005
	Interest Receivable from FDR	-	-
		<b>1,420,577,462</b>	<b>1,431,087,005</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 Companies Act 1994 is as follows:

I)	debts considered good and in respect of which the company is fully secured by LC.	1,420,577,462	1,421,282,855
II)	debts considered good for which the company holds no security other than the debtors personal security and	-	-
III)	debts considered doubtful or bad.	-	-

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
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.		9,804,150
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.	-	-

Age Analysis of Trade and Other Receivables	Taka	Taka
Within Three months	673,154,543	679,695,230
Three to six months	738,700,280	744,165,243
More than six months	8,722,639	7,226,532
Total	<b>1,420,577,462</b>	<b>1,431,087,005</b>

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 12504219.95 equivalent to BDT 1120753233.82 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.

#### 9.00 Advances, deposits and prepayments

Advances	39,871,776	51,180,440
Deposits	51,439,654	50,126,413
Prepayments	4,057,712	1,981,634
	<b>95,369,142</b>	<b>103,288,487</b>

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

#### 10.00 Investments-FDR:

Prime Bank-NFCD A/C # 20116017	-	-
Woori Bank-FDR A/C #9230076351	9,746,952	9,194,188
	<b>9,746,952</b>	<b>9,194,188</b>

#### 11.00 Cash & Cash Equivalent

Cash in hand	26,099,733	7,395,214
Cash at Banks (Note 11.1)	62,710,410	23,856,563
	<b>88,810,143</b>	<b>31,251,777</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>11.10</b>	<b>Cash at Banks</b>		
	Standard Chartered-Taka A/C-01-6500560-01	5,860,663	5,420,538
	Standard Chartered-USD A/C-01-6700772-01	199,400	192,110
	Woori Bank USD A/C-92-30107-60	696,792	1,233,025
	Woori Bank-Taka A/C-92-30107-75	20,949,808	9,233,503
	Premier bank FC A/C-010215200000898	27,823,537	3,267,172
	Premier Bank Taka A/C-010211100015599	387,789	330,532
	Woori Bank- Taka NDA	2,028,081	976,250
	Prime Bank-OBU USD A/C-11-0000-10	180,404	211,786
	Prime Bank-DBU USD A/C-124-511800084-41	195,240	184,784
	Prime Bank-TK A/C-124-110500084-40	52,262	52,952
	Midland Bank Limited. Taka	119,047	
	HSBC Bank -OBU USD A/C	1,639,931	-
	HSBC Bank -Taka A/C	717,399	305,115
	Dutch Bangla Bank-DBU A/C-Taka	1,549,125	2,038,311
	Dhaka Bank-OBU USD A/C-099-1125-0000003-47	7,591	7,186
	Woori Bank -MOB Account	68	64
	Prime Bank-TK A/C-IPO	184,062	284,024
	Prime Bank-EURO A/C-IPO	20,003	20,003
	Prime Bank-GBP A/C-IPO	-	-
	Prime Bank-USD A/C-IPO	99,208	99,208
		<b>62,710,410</b>	<b>23,856,563</b>
<b>12.00</b>	<b>Share capital</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	1,308,760,200	1,211,815,000
	Add: Stock Dividend	130,876,020	96,945,200
	Closing Share Capital	<b>1,439,636,220</b>	<b>1,308,760,200</b>
<b>13.00</b>	<b>Retained Earnings</b>		
	Retained Earnings Opening Balance	826,370,516	804,490,364
	Less: Stock Dividend	(130,876,020)	(96,945,200)
	Less: Cash Dividend	(61,205,285)	(45,337,250)
	Add: Net profit during the period	235,777,410	164,162,602
	Retained Earnings Closing Balance	<b>870,066,621</b>	<b>826,370,516</b>
<b>14.00</b>	<b>Long-term borrowing</b>		
	Lease Liability-ROU	18,589,207	19,340,292
	HSBC Bank Ltd.	233,077,433	271,952,605
	Loan from Shareholders(Annexure-E)	350,681,106	451,429,986
		<b>602,347,746</b>	<b>742,722,883</b>
	Less: Current Portion of Long Term Loan		
	HSBC Bank Ltd.	<b>47,354,218</b>	-
	Loan from Shareholders	81,634,083	119,811,116
	Lease Liability-ROU	1,050,337	1,050,337
		<b>130,038,638</b>	<b>120,861,453</b>
		<b>472,309,108</b>	<b>621,861,430</b>



Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
	Short details of long term borrowing from HSBC Bank Ltd.		
	Purpose:	Procurement of Machineries	
	Tenure:	Three years from the date of disbursement	
	Repayment:	From proceed realization	
	Rate of Interest:	LIBOR+3.75%	
	Security:	Building, machineries and book debt	
<b>15.00</b>	<b>Trade and other payables</b>		
	Trade Payables	455,239,889	352,435,978
	Other Payables	18,156,772	16,931,901
		<b>473,396,661</b>	<b>369,367,879</b>
<b>16.00</b>	<b>Short term borrowing</b>		
	Prime Bank Limited (TR)	-	-
	Woori Bank Limited (TR)	224,142,905	178,295,022
	Premier Bank Limited (TR)	159,492,431	301,490,327
	HSBC (TR)	790,344,088	376,452,958
	Premier Bank Limited (O/D)	99,913,197	
	Woori Bank Limited (O/D)	5,288,269	19,708,485
	Midland Bank (O/D)	45,487,922	
	HSBC (OD)	-	743,726
		<b>1,324,668,812</b>	<b>876,690,518</b>
<b>17.00</b>	<b>Liabilities for Expenses</b>		
	Salaries, Wages & Allowances	26,572,852	30,476,603
	Utilities Payable	16,515,374	18,236,128
	Vehicle Rent & Expenses	342,567	342,567.00
	ETP Expenses BEPZA	4,441,792	3,785,463
	Godown rent	12,000	12,000
	Audit Fees	500,876	556,751
	Liability for employee Tax	405,145	590,479
	Liability for supplier VAT and Tax	999,648	733,044
	PF subscription	1,346,139	1,291,951
	Others	759,253	802,656
		<b>51,895,646</b>	<b>56,827,642</b>
<b>18.00</b>	<b>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	79,997
	Prime Bank A/C 214851100154 (EURO)	20,003	20,003
		<b>100,000</b>	<b>100,000</b>
<b>19.00</b>	<b>Dividend Payable</b>		
	Dividend Payable	1,602,347	562,252
		<b>1,602,347</b>	<b>562,252</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>20.00</b>	<b>Income Tax provision</b>		
	Opening Balance	31,320,261	30,632,009
	Add: Provision during the year	40,218,452	25,512,427
	Less: Adjustment/Paid during the year	(42,773,332)	(24,824,175)
	Total	<b>28,765,381</b>	<b>31,320,261</b>
<b>21.00</b>	<b>NAVPS (Net Assets Value Per Share)</b>		
	<b>No of shares to calculate Net Asset Value Per Share</b>	<b>143,963,622</b>	<b>130,876,020</b>
	Shareholder's equity	2,309,702,841	2,135,130,716
	<b>NAVPS (Net Assets Value Per Share)</b>	<b>16.04</b>	<b>16.31</b>
<b>22.00</b>	<b>Revenue</b>		
	Export Sales	4,807,094,345	3,586,046,413
		<b>4,807,094,345</b>	<b>3,586,046,413</b>
<b>22.01</b>	<b>Other Income</b>		
	Bank Interest FDR-Premier Bank	710	238,857
	Bank Interest-Prime Bank	13,277	707
	FDR Interest-Woori Bank	53,121	74,017
	Profit on Sale of PPE	-	-
		<b>67,108</b>	<b>313,581</b>
<b>23.00</b>	<b>Cost of Sales</b>		
	Yarn consumed (Note-23.01)	3,184,219,426	2,296,578,581
	Dyes & Chemicals Consumed (Note 23.02)	359,385,382	287,719,597
	Manufacturing expenses (Note-23.03)	656,892,158	625,755,303
	<b>Manufacturing costs for the period</b>	<b>4,200,496,967</b>	<b>3,210,053,481</b>
	Opening work in progress	220,792,279	184,485,116
	Closing work in progress	(258,008,230)	(220,792,279)
	<b>Cost of goods manufactured</b>	<b>4,163,281,015</b>	<b>3,173,746,318</b>
	Finished goods (Opening)	376,251,037	354,606,805
	Finished goods (Closing)	(297,521,008)	(376,251,037)
		<b>4,242,011,045</b>	<b>3,152,102,086</b>
<b>23.01</b>	<b>Yarn consumed</b>		
	Opening stock	820,709,324	767,629,791
	Purchase during the period	3,812,254,858	2,349,658,114
	<b>Raw materials available for consumption</b>	<b>4,632,964,182</b>	<b>3,117,287,905</b>
	Closing stock	(1,448,744,755)	(820,709,324)
		<b>3,184,219,426</b>	<b>2,296,578,581</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>23.02</b>	<b>Dyes &amp; Chemical consumed</b>		
	Opening stock	223,055,429	186,358,279
	Purchase during the period	398,187,962	324,416,747
	<b>Dyes &amp; Chemicals available for consumption</b>	<b>621,243,391</b>	<b>510,775,026</b>
	Closing stock	(261,858,009)	(223,055,429)
	<b>Dyes &amp; Chemicals consumed</b>	<b>359,385,382</b>	<b>287,719,597</b>
<b>23.03</b>	<b>Factory Overhead</b>		
	Utility Bills-BEPZA	164,362,551	214,045,353
	Repair and Maintenance	9,310,624	10,548,708
	Wages and Salary	144,048,440	126,584,107
	Daily Labor Charges	8,006,561	5,350,454
	P.F. Contribution	4,345,096	4,223,252
	Gas Charges- Titas	106,239,223	82,975,021
	Insurance Premium ( Mfg.)	2,431,737	4,677,817
	Marin Insurance	498,582	48,992
	Godown Rent	3,715,813	3,222,784
	Medical Subcription & Worker Welfare Fund-BEPZA	1,132,649	1,242,542
	Spare & Accessories consumed(Notes-23.04)	106,914,468	75,357,713
	Depreciation	105,886,414	97,478,560
		<b>656,892,158</b>	<b>625,755,303</b>
<b>23.04</b>	<b>Spare &amp; Accessories consumed</b>		
	Opening stock	100,356,455	93,689,342
	Purchase during the period	80,038,397	82,024,826
	<b>Spare &amp; Accessories available for consumption</b>	<b>180,394,852</b>	<b>175,714,168</b>
	Closing stock	(73,480,384)	(100,356,455)
	<b>Spare &amp; Accessories consumed</b>	<b>106,914,468</b>	<b>75,357,713</b>
<b>24.00</b>	<b>Distribution Costs</b>		
	Salaries & Allowances	13,026,267	12,852,617
	Contribution to P.F	629,853	571,373
	Advertisment	99,938	120,046
	House Rent	1,137,378	1,023,120
	Entertainment-(Sales&Marketing)	3,013,342	3,144,063
	Delivery Expense	6,839,167	6,853,469
		<b>24,745,945</b>	<b>24,564,688</b>
<b>25.00</b>	<b>Administrative expenses</b>		
	Association Fees	643,507	340,272
	Telephone, Mobile and Internet	1,149,769	1,212,362
	Medical & Welfare	4,848,235	4,548,721
	Professional Fees	4,363,477	3,492,932
	Audit Fees	200,375	400,751
	Renewal & Registration	2,295,098	3,054,706
	Salaries & Allowances	75,050,177	59,749,580
	Security Expenses	3,048,754	3,197,232
	<b>Vehicle Expenses</b>	<b>7,806,026</b>	<b>6,801,920</b>
	Contribution for P.F	2,901,691	2,939,266
	Entertainment(Office)	674,887	781,654
	Traveling & Conveyance	3,246,912	2,092,809
	Printing & Stationeries	2,700,826	3,073,802
	Courier Charge	172,701	125,721
	Depreciation	11,765,156	10,830,951
		<b>120,867,591</b>	<b>102,642,679</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>26.00 Financial Expenses:</b>			
	Interest on Long Term Loan	15,694,764	11,380,676
	Interest on Short Term Loan	84,609,261	86,783,345
	Bank Charge and Commission	12,305,331	9,481,345
		<b>112,609,356</b>	<b>107,645,366</b>
	<b>Financial Expenses:</b>		
	Interest -Bill Discounting	21,807,652	26,192,896
	Bank Charges & Commission	12,305,331	9,481,345
	Interest -Bill settlement	17,879,814	15,623,536
	Interest-overdraft	1,081,890	888,395
	Interest- Term Loan	15,694,764	10,455,596
	Interest TR Loan	43,112,669	44,094,135
	Interest-Lease Liability (ROU)	727,236	909,463
		-	-
		<b>112,609,356</b>	<b>107,645,366</b>
<b>27.00 Income tax expenses:</b>			
	The above balance is made up as follows:		
	Current tax (27.01)	40,218,452	25,512,427
	Deferred tax (income)/expenses (Annexure-G)	1,594,663	3,494,336
		<b>41,813,115</b>	<b>29,006,763</b>
<b>27.01 Current tax</b>			
	The above balance is made up as follows:		
	Income tax on business income (Note 27.02)	40,201,675	25,434,032
	Short Provision for prior years	-	-
	Income tax on other income (Note 27.03)	16,777	78,395
	Total tax on income	<b>40,218,452</b>	<b>25,512,427</b>
<b>27.02 Income tax on business income</b>			
	Net Profit/ (Loss) before tax	277,590,525	193,169,365
	Less: IPO Expenses	-	-
	Add: Accounting depreciation	117,651,570	108,309,511
	Less: Tax depreciation	(127,163,821)	(131,605,085)
		268,078,275	169,873,791
	Less: Other income	67,108	313,581
	Total business income	268,011,167	169,560,210
	<b>Income tax @ 15%</b>	<b>40,201,675</b>	<b>25,434,032</b>
	<b>Tax deducted under section 82 (C)</b>	<b>19,253,223</b>	<b>11,266,894</b>
	<b>As per section 82(c) of the ITO tax deducted at source or tax calculated @ 15% whichever is higher will be the tax payable.</b>	<b>29,453,256</b>	<b>20,543,619</b>
<b>27.03 Income tax on other income:</b>			
	Other income	67,108	313,581
	Income tax @ 25%	16,777	78,395
<b>28.00 Earning Per Share:</b>			
	Net profit after tax attributable to ordinary shareholders	<b>235,777,410</b>	<b>164,162,602</b>
	<b>No of weighted average shares to calculate basic earnings per share</b>	<b>143,963,622</b>	<b>143,963,622</b>
	<b>Basic &amp; Diluted Earnings per share</b>	<b>1.64</b>	<b>1.14</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
No of weighted average shares to calculate basic earnings per share for the period ended 01 July 2021 to 30 June 2022			
	<b>Particulars</b>	<b>Weight</b>	<b>Weighted Average Number of</b>
	Opening Share	1	130,876,020
	Bonus share @10%	1	13,087,602
		1	143,963,622
<b>29.00</b>	<b>Cash received from customer &amp; other income</b>		
	Revenue	4,807,094,345	3,586,046,413
	Other Income	67,108	313,581
	Realized Foreign Exchange Gain/(Loss)	7,685,107	(6,840,549)
	Adjustment of unrealized foreign exchange gain/(loss) for trade receivable	83,519,849	(2,495,173)
	Adjustment for Sale of PPE included in Other Income (Increase)/Decrease in Trade and other receivables	10,509,543	(153,087,747)
		<b>4,908,875,952</b>	<b>3,423,936,525</b>
<b>30.00</b>	<b>Cash Paid to Suppliers, employees and others expenses</b>		
	Cost of Goods Sold	(4,242,011,045)	(3,152,102,086)
	Distribution Cost	(24,745,945)	(24,564,688)
	Administrative Expenses	(120,867,591)	(102,642,679)
	Adjustment for Depreciation	117,651,570	108,309,511
	Adjustment for Unrealized Foreign Exchange gain/(Loss)	(27,175,052)	432,178
	(Increase)/Decrease in Inventory	(598,447,863)	(154,395,191)
	(Increase)/Decrease in Advances Deposits Prepayments	7,919,345	57,738,640
	Net Advance Income Tax included in advance deposits & prepayments considered separately	(10,260,196)	(294,957)
	Increase/(Decrease) Trade and other payable	104,028,782	29,420,942
	Increase/(Decrease) Liabilities for Expenses	(4,931,996)	(23,593,651)
		<b>(4,798,839,990)</b>	<b>(3,261,691,981)</b>
	Opening AIT	(34,534,009)	(34,828,966)
	Closing AIT	24,273,813	34,534,009
	Opening Income Tax Provision	31,320,261	30,632,009
	Closing Income Tax Provision	(28,765,381)	(31,320,261)
	Current Year Tax Provision	40,218,452	25,512,427
		<b>32,513,136</b>	<b>24,529,218</b>
<b>31.00</b>	<b>Net Operating Cash Flow per share(NOCFPS)</b>		
	<b>No of weighted average shares to calculate Net Operating Cash flow per share</b>	<b>143,963,622</b>	<b>143,963,622</b>
	Net Cash provided by operating activities	<b>77,522,826</b>	<b>137,715,326</b>
	<b>Net Operating Cash Flow per share (NOCFPS)</b>	<b>0.54</b>	<b>0.96</b>

Notes	Particulars	Amount In Taka	
		30-Jun-2022	30-Jun-2021
<b>32.00</b>	<b>Reconciliation of Net profit with cash flow from operating activities</b>		
	Net Profit Before Tax	277,590,525	193,169,365
	(Increase)/Decrease in Trade and other receivables	10,509,543	(153,087,747)
	Adjustment for Depreciation	117,651,570	108,309,511
	Adjustment for Sale of PPE included in Other Income	-	-
	(Increase)/Decrease in Inventory	(598,447,863)	(154,395,191)
	(Increase)/Decrease in Advances Deposits Prepayments	7,919,345	57,738,640
	Net Advance Income Tax included in advance deposits & prepayments considered separately	(10,260,196)	(294,957)
	Increase/(Decrease) Trade and other payable	104,028,782	29,420,942
	Increase/(Decrease) Liabilities for Expenses	(4,931,996)	(23,593,651)
	Finance Expenses	112,609,356	107,645,366
	Income Tax Paid	(32,513,136)	(24,529,218)
	Foreign Currency Gain/(Loss) for financing and investing activities	93,644,666	(2,683,699)
	Foreign Currency Gain/(Loss) for Cash and Cash Equivalents	(277,771)	15,965
	<b>Cash Flow from operating activities</b>	<b>77,522,826</b>	<b>137,715,326</b>

**33.00 Explanation note 31 for changes in statement of cash flow**

Due to high import cost of raw-material at the end financial year closing stock valuation increase significantly. Also forecasting the demand of finished products management decided to increase more raw-material at year end. Hence, operating cash flow decreases.



**34 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994****34.1 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 30.06.2022 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	(133,516,000)	(121,625,417)	(255,141,417)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(451,429,986)	100,748,880	(350,681,106)
Ideal Fastenar BD Limited	Common Management	Trade Payable	(15,602,789)	6,694,575	(8,908,214)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	9,804,150	(14,038,286)	(4,234,136)
Kingpro Trading Limited	Common Management	Trade Payable	(62,241,162)	15,186,445	(47,054,717)
Queensin Ltd	Common Management	Trade Payable	(20,613,660)	(21,169,980)	(41,783,640)
Master Knitwear Ltd	Common Management	Trade Receivable	(3,949,886)	2,709,553	(1,240,333)
Winpro Textile Mills Ltd	Common Management	Trade Payable	(49,789,248)	40,757,581	(9,031,667)
BHK Textile Mills Ltd	Common Management	Trade Receivable	-	-	-

**35 Number of Employees**

All the employees receive

Number of permanent staff 118

Number of permanent workers 632

Number of temporary staff/worker 40

**Total:** **790****36 General****36.1 Directors' responsibility statements**

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

**36.2 Rounding off**

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

**36.3 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.

**36.4 Authorization for issue of the financial statements**

The financial statements have been authorised for issue by the Board of Directors on 20th October, 2022

  
**Chief Financial Officer**
  
**Company Secretary**
  
**Director**
  
**Managing Director**
  
**Chairman**

**Queen South Textile Mills Limited**  
**Schedule of Property Plant and Equipment**  
For the year ended 30th June, 2022

Sl. No	Name of Assets	COST			DEPRECIATION				Annexure: A Written down value as on 30-Jun-2022		
		Balance as on 1-Jul-2021	Addition during the period	Disposal during the period	Balance as on 30-Jun-2022	Rate of Dep	Balance as on 1-Jul-2021	Charged during the period		Adjustment during the period	Balance as on 30-Jun-2022
1	Machinery & Equipment	1,569,758,047	108,336,120		1,678,094,167	15%	896,560,867	105,022,224	-	1,001,583,091	676,511,076
2	Building & Civil Const.	318,193,669	-		318,193,669	5%	133,481,339	9,063,887	-	142,545,226	175,648,443
3	Furniture and fixture	2,555,994	-		2,555,994	20%	2,043,797	95,009	-	2,138,806	417,188
4	Office equipment	24,213,405	452,182		24,665,587	25%	19,930,192	1,061,697	-	20,991,889	3,673,698
5	Electrical Installation	30,479,236	275,000		30,754,236	5%	11,269,955	956,100	-	12,226,055	18,528,181
6	Vehicles	12,812,743	-		12,812,743	20%	10,691,421	393,492	-	11,084,913	1,727,830
7	Right of Use (Asset)	21,873,698	1,118,832		22,992,530		2,824,430	1,059,161	-	3,883,591	19,108,939
	Total at 30.06.2022	1,979,886,792	110,182,134	-	2,090,068,926		1,076,802,001	117,651,570	-	1,194,453,571	895,615,354
	T total at 30.06.2021	1,897,199,365	235,973,494	153,286,067	1,979,886,792		1,097,175,194	108,309,511	128,682,704	1,076,802,001	903,084,791

**Depreciation Allocation:**

Administrative expenses	11,765,157
Manufacturing Expenses	105,886,413
	<b>117,651,570</b>

**Queen South Textile Mills Limited**  
**Statement of Closing Inventory**  
For the year ended 30th June, 2022

## Annexure-B

Sl.	Particulars	Unit of Meas.	30/Jun/22			30/Jun/21		
			Quantity	Rate	Taka	Quantity	Rate	Taka
<b>1</b>	<b>Raw Materials:</b>							
	Raw Yarn	Lbs.	10,234,419	141.56	1,448,744,755	6,638,923	123.62	820,709,324
	<b>Sub-Total</b>		<b>10,234,419</b>	<b>141.56</b>	<b>1,448,744,755</b>	<b>6,638,923</b>	<b>123.62</b>	<b>820,709,324</b>
<b>2</b>	<b>Work-in-process:</b>							
	Yarn in process	Lbs.	1,520,696	169.66	258,008,230	1,409,349	156.66	220,792,279
	<b>Sub-Total</b>		<b>1,520,696</b>	<b>169.66</b>	<b>258,008,230</b>	<b>1,409,349</b>	<b>156.66</b>	<b>220,792,279</b>
<b>3</b>	<b>Finished Goods:</b>							
	Dyed Yarn	Lbs.	1,577,016	188.66	297,521,008	2,164,001	173.87	376,251,037
	<b>Sub-Total</b>		<b>1,577,016</b>	<b>188.66</b>	<b>297,521,008</b>	<b>2,164,001</b>	<b>173.87</b>	<b>376,251,037</b>
<b>4</b>	<b>Dyes &amp; Chemicals:</b>							
	Dyestuff	Kgs.	429,528	457.21	196,384,558	365,749	458.26	167,608,310
	Chemical	Kgs.	1,117,676	58.58	65,473,451	945,874	58.62	55,447,119
	<b>Sub-Total</b>		<b>1,547,204</b>	<b>169.25</b>	<b>261,858,009</b>	<b>1,311,623</b>	<b>170.06</b>	<b>223,055,429</b>
<b>5</b>	<b>Spares &amp; Accessories</b>				73,480,384			100,356,455
	<b>Sub-Total</b>				<b>73,480,384</b>			<b>100,356,455</b>
	<b>Grand Total</b>				<b>2,339,612,386</b>			<b>1,741,164,524</b>

## Annexure-C

**Queen South Textile Mills Limited**  
**Statement of Advances, deposits and prepayments**  
**As at 30 June 2022**

Particulars	Amount In Taka	Amount In Taka
	30/Jun/22	30/Jun/21
<b>(A) Advances:</b>		
Income Tax Deducted at Sources	24,273,813	34,534,009
Advance against Import of raw matetial & spares	14,305,009	10,225,084
Al Madina Automobiles	66,774	
Conscience Insecpection	128,563	
ENMOS	201,940	
Khaja Garibe Newaz Enterprise	32,631	
M/S. Farabi Traders	120,216	
Rainbow Software Limited	23,192	
Stifftec International	170,857	
Sustainable Management System BD.	42,854	
Adv. Foreign Employee		
Brothers Engineers and Builders		5,325,000
Advance against Salary & Wages	199,236	
Other Advance	306,690	1,096,347
<b>Sub Total: A</b>	<b>39,871,776</b>	<b>51,180,440</b>
<b>(B) Deposits:</b>		
Security Deposit for Titas Gas	17,453,950	17,453,950
Cylinder and CDBL Deposit	33,193	33,193
House Rent Deposit	35,000	35,000
Security Deposit for Electrical Connection-BEPZA	13,707,385	12,973,306
Bank Gurantee with Prime and Woori Bank	10,877,086	11,183,367
Security Deposit for Land-BEPZA	2,202,660	2,084,700
CDBL Deposit	500,000	500,000
L/c Margin with Woori bank	-	5,435,042
L/c Margin with HSBC bank	6,630,380	427,855
<b>Sub Total: B</b>	<b>51,439,654</b>	<b>50,126,413</b>
<b>(C) Prepayments:</b>		
Prepayment for Insurance	819,516	
Prepayment for House rent	279,160	102,060
Prepayment of Land rent	13,464	
Prepayment of Professional Fees	2,945,572	1,879,574
Prepayment Others-Titas Gas	-	
<b>Sub Total: C</b>	<b>4,057,712</b>	<b>1,981,634</b>
<b>Grand Total (A+B+C)</b>	<b>95,369,142</b>	<b>103,288,487</b>

**Queen South Textile Mills Limited**  
**Statement of Shareholding position**  
**as at 30 June 2022**

**Annexure-D**  
**Amount in Taka**

SL	Name of Shareholder	30-Jun-22	%	30-Jun-21	%
1	Gain Plus Agents Limited	43,360,864.00	30.12%	39,418,969	30.12%
2	Wong Jammy Kwok Chan	25,209,805.00	17.51%	22,918,005	17.51%
3	Wong Elisa Dai Wah	4,033,568.00	2.80%	3,666,881	2.80%
4	Lee Hung Chun	4,033,568.00	2.80%	3,666,881	2.80%
5	Foreign	2,260,229.00	1.57%	22,001,285	16.81%
8	General Public and Institute	65,065,588.00	45.20%	39,204,000	29.96%
	<b>Total</b>	<b>143,963,622</b>	<b>100.00%</b>	<b>130,876,020</b>	<b>100.00%</b>

**Queen South Textile Mills Limited**  
**Schedule of Loan from Shareholders**  
For the year ended 30th June, 2022

**Annexure: E**

SL No.	Inv. Date	Invoice No.	Sales Contract No	Items	Amount in Taka	
					30/Jun/2022	30/Jun/2021
1	26-Jan-13	GP-LHTO1/13	GP-CONT/LHT-01/13	Yarn		11,292,311
2	12-Jan-13	GP-JGTO1-A/13	GP-CONT/JGT-01-A/13	Yarn		5,435,160
3	26-Jan-13	GP-JGTO1-C/13	GP-CONT/JGT-01-C/13	Yarn		5,610,487
4	16-Jan-13	GP-JGTO1-B/13	GP-CONT/JGT-01-B/13	Yarn		5,491,265
5	5-Feb-13	GP-JGTO2-A/13	GP-CONT/JGT-02-A/13	Yarn		12,371,131
6	28-Jan-13	GP-NAO1-A/13	GP-CONT/NA-01-A/13	Yarn		10,173,238
7	1-Feb-13	GP-JGTO2-B/13	GP-CONT/JGT-02-B/13	Yarn		18,542,277
8	5-Mar-13	GP-JGTO4-A/13	GP-CONT/JGT-04-A/13	Yarn		6,044,439
9	19-Feb-13	GP-NAO1-D/13	GP-CONT/NAO1-D/13	Yarn		5,086,619
10	12-Feb-13	GP-NAO1-B/13	GP-CONT/NAO1-B/13	Yarn		5,086,619
11	19-Feb-13	GP-NAO1-C/13	GP-CONT/NAO1-C/13	Yarn		5,086,619
12	6-Mar-13	GP-JGTO4-B/13	GP-CONT/JGTO4-B/13	Yarn		6,045,440
13	25-Feb-13	GP-NAO1-E/13	GP-CONT/NAO1-E/13	Yarn		5,086,619
14	18-Feb-13	GP-002/13	GP-CONT/GP-02/13	Machinery		5,131,876
15	6-Mar-13	GP-JGTO4-C/13	GP-CONT/JGT-04-C/13	Yarn		6,513,775
16	16-Mar-13	GP-MAI-01/13	GP-CONT/MAI-01/13	Yarn	44,815	6,573,620
17	17-Mar-13	GP-JGT-04-D/13	GP-CONT/JGT-04-D/13	Yarn	6,864,565	6,496,943
18	19-Mar-13	GP-JGT-04-E/13	GP-CONT/JGT-04-E/13	Yarn	6,858,804	6,491,491
19	18-Mar-13	GP-JGT-04-F/13	GP-CONT/JGT-04-F/13	Yarn	6,897,643	6,528,250
20	16-Mar-13	GP-VC-02/13	GP-CONT/GP-VC-02/13	Chemical	4,684,422	4,433,555
21	26-Mar-13	GP-FCC-02/13	GP-CONT/GP-FCC-02/13	Chemical	2,653,048	2,510,968
22	29-Apr-13	GP-NA-01-F/13	GP-CONT/NAO1-F/13	Yarn	5,374,439	5,086,619
23	16-May-13	GP-AAS01-A/13	GP-CONT/AAS-01-A/13	Yarn	5,374,439	5,086,619
24	17-May-13	GP-CFA02/13	GP-CONT/CFA02/13	Yarn	6,685,300	6,327,279
25	23-May-13	GP-ATM01-A/13	GP-CONT/ATM01-A/13	Yarn	5,333,097	5,047,491
26	23-May-13	GP-AAS01-B/13	GP-CONT/AAS-01-B/13	Yarn	5,374,439	5,086,619
27	17-May-13	GP-LHT02-A/13	GP-CONT/LHT-02-A/13	Yarn	18,886,446	17,875,010
28	16-May-13	GP-VC03/13	GP-CONT/VC03/13	Chemical	4,027,614	3,811,921
29	25-May-13	GP-LHT02-B/13	GP-CONT/LHT-02-B/13	Yarn	18,886,446	17,875,010
30	31-May-13	GP-NAO1-G/13	GP-CONT/NAO1-G/13	Yarn	16,068,194	15,207,686
31	4-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	Yarn	7,127,854	6,746,133

31	4-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	Yarn	7,127,854	6,746,133
32	16-Jun-13	GP-AAS01-C/13	GP-CONT/AAS-01-C/13	Yarn	5,374,439	5,086,619
33	4-Jun-13	GP-JGT06-A/13	GP-CONT/JGT06-A/13	Yarn	7,140,994	6,758,569
34	4-Jun-13	GP-JGT06-C/13	GP-CONT/JGT06-C/13	Yarn	7,133,299	6,751,285
35	12-Jun-13	GP-130006-JGTGM	GP-CONT/130006-JGTGM	Yarn	6,709,176	6,349,876
36	12-Jun-13	GP-130005-JGTGM	GP-CONT/130005-JGTGM	Yarn	6,945,580	6,573,620
37	18-Jun-13	GP-JGT07-A/13	GP-CONT/JGT07-A/13	Yarn	6,945,580	6,573,620
38	18-Jun-13	GP-JGT07-B/13	GP-CONT/JGT07-B/13	Yarn	6,945,580	6,573,620
39	18-Jul-13	GP-130009/MN	GP-CONT/130009/MN	Yarn	2,348,604	2,222,828
40	25-Jul-13	GP-130015/URM	GP-CONT/130015/URM	Yarn	5,571,849	5,273,457
41	29-Jul-13	GP-130017/URM	GP-CONT/130017/URM	Yarn	5,607,253	5,306,965
42	5-Aug-13	GP-130022-FCC	GP-CONT/130022-FCC	Chemical	3,674,830	3,478,030
43	26-Aug-13	GP-130031/JGTG	GP-CONT/130031/JGTG	Yarn	7,136,678	6,754,484
44	13-Sep-13	GP-130042/ZT	GP-CONT/GP-130042/ZT	Yarn	22,228,240	21,037,840
45	6-Sep-13	GP-130044/QS	GP-CONT/GP-130044/QS	Spares	5,120,652	4,846,423
46	8-Oct-13	GP-130055/ZT	GP-CONT/GP-130055/ZT	Yarn	16,671,180	15,778,380
47	21-Oct-13	GP-130058/ZT	GP-CONT/GP-130058/ZT	Yarn	5,557,060	5,259,460
48	30-Oct-13	GP-130063/ZT	GP-CONT/GP-130063/ZT	Yarn	5,557,060	5,259,460
49	16-Nov-13	GP-130072/AT	GP-CONT/GP-130072/AT	Yarn	5,420,374	5,130,094
50	5-Jun-12	GP-HM02-B/12	GP-HM02-B/12	Yarn	5,332,985	5,047,385
51	3-Jun-12	GP-ES01-B/12	GP-ES01-B/12	Yarn	5,199,660	4,921,200
52	19-Jun-12	GP-ES01-C/12	GP-ES01-C/12	Yarn	5,199,660	4,921,200
53	17-Jun-12	GP-PA02-A/12	GP-PA02-A/12	Yarn	5,024,882	4,755,782
54	28-May-12	GP-JGT03-E/12	GP-JGT03-E/12	Yarn	6,777,597	6,414,633
55	2-Jun-12	GP-JGT03-F/12	GP-JGT03-F/12	Yarn	7,330,897	6,938,302
56	12-Jun-12	GP-JGT03-G/12	GP-JGT03-G/12	Yarn	7,054,240	6,676,460
57	16-Jun-12	GP-JGT03-H/12	GP-JGT03-H/12	Yarn	7,044,918	6,667,638
58	23-Jul-12	GP-GAT02-A/12	GP-GAT02-A/12	Yarn	11,884,938	11,248,458
59	28-May-12	GP-JGT04-D/12	GP-JGT04-D/12	Yarn	7,327,173	6,934,777
60	27-May-12	GP-JGT04-C/12	GP-JGT04-C/12	Yarn	7,321,017	6,928,951
61	23-Jun-12	GP-JGT04-E/12	GP-JGT04-E/12	Yarn	7,325,063	6,932,780
62	27-Jun-12	GP-JGT04-G/12	GP-JGT04-G/12	Yarn	7,317,163	6,925,303
63	27-Jun-12	GP-JGT04-H/12	GP-JGT04-H/12	Yarn	7,310,922	6,919,396
<b>Total</b>					<b>350,681,106</b>	<b>451,429,985</b>

**Queen South Textile Mills Limited**  
**Statement of Trade and Other payable**  
For the year ended 30th June, 2022

## Annexure-F

Particulars	Amount In Taka	Amount In Taka
	30/Jun/22	30/Jun/21
<b>A)Trade Payables:</b>		
ARCHROMA SINGAPORE PTE LTD	35,032,714	10,367,414
DamodarTextile Mills Ltd		
DCM Nouvellee Ltd		
Gain Plus Agents Limited	255,141,417	133,516,000
GARG ACRYLIC		
Gimatex Industries Pvt. Ltd.		
GQ industries Ltd		381,735
Huge Master International Ltd.	15,255,516	135,516



HUNTSMAN SINGAPORE PTE LTD	12,517,632	13,346,495
Ideal Fastenar BD/Globalmax Textile Mills Ltd	8,908,214	15,602,789
Kingpro Trading Limited	47,054,717	62,241,162
Perfect Point Raw Mat.-Lc	2,232,000	2,475,848
Queen Product Ltd	28,282,372	43,966,111
Queensin Ltd.	41,783,640	20,613,660
Samin Food and beverage		
Samuda Chemicals		
Sree Narshima Textile Ltd		
Winpro Textile Mills Ltd	9,031,667	49,789,248
<b>Sub Total (A)</b>	<b>455,239,889</b>	<b>352,435,978</b>
<b>B)Other Payables:</b>		
Brothers Corporation	-	743,400
Chemist Chemitrade Centre		
Chyti Engineering Works.	458,987	379,913.00
Dynamic Travels		
HA Engineering		
Hawk Eye Secrity Services	258,973	373,515
Hellman International	-	1,000,875
How are you Textile Industry Ltd.		
H. R. Construction	490,000	740,000
Khan Sufia Packaging (Pvt) Ltd.		
L.H. International	8,357,135	6,644,368
M/S Ujma Traders		68,040.00
M/S. Anis Traders	215,666	493,746.00
M/S. C.S International		24,860
M/S. Ranks-ITT Ltd.		3,251.00
Mahi Enterprise		
Mahdi Enterprise		303,270
Minhaz Enterprise,	224,515	540,000.00
Monico Technologies Limited.		5,500
Mollah And Sons	745,894	807,487
Mojumder Industries	145,963	480,000.00
National Enterprise	54,892	77,985.90
Nirob Dyes & Chemical	25,897	284,160.00
Perfect Point- Cone (Limited)		50,370.00
Securex (PVT.) Ltd.	1,470,000	311,521
Speedway Logistics	4,119,181	962,847
Saha Enterprise,		166,000.00
Shahriar & Brothers Ltd.		890,076.00
Taha Colours International	1,311,658	824,941
TDC Enterprise		
Towsif Enterprise	240,000	602,550.00
Uttara Color Chemical	14,360	85,000
Victor Printing House	23,651	68,225.00
<b>Sub Total (B)</b>	<b>18,156,772</b>	<b>16,931,901</b>
<b>Grand Total (A+B)</b>	<b>473,396,661</b>	<b>369,367,879</b>

**Queen South Textile Mills Ltd**  
**Calculation of Deferred tax**  
For the year ended 30th June, 2022

		Annexure:G	
Particulars	Amount In Taka		
	30-Jun-2022	30-Jun-2021	
<b>Carrying value</b>			
Property , Plant and Equipment	895,615,354	903,084,791	
<b>Tax base</b>			
Property , Plant and Equipment	513,935,324	532,035,843	
<b>Taxable /(Deductible)temporary difference</b>	<b>381,680,031</b>	<b>371,048,948</b>	
Income Tax rate 15%	15%	15%	
<b>Deferred Tax Liabilities/(Assets) at the end of the period</b>	<b>57,252,005</b>	<b>55,657,342</b>	
Closing Deferred Tax Liabilities	57,252,005	55,657,342	
Opening Deferred Tax Liabilities	55,657,342	52,163,006	
D.Tax (income) / expenses:	<b>1,594,663</b>	<b>3,494,336</b>	

**Queen South Textile Mills Limited**  
**Schedule of property Plant and Equipment( Tax base)**  
For the year ended 30th June, 2022

## Annexure :H

Sl. No	Name of Assets	Balance 1/7/2021	Addition	Balance 6/30/2022	Rate	Depreciation	Amount In Taka WDV
1	Machinery & Equipment	473,305,003	108,336,120	581,641,123	20%	116,328,225	465,312,898
2	Building & Civil Const.	42,175,186	-	42,175,186	20%	8,435,037	33,740,149
3	Furniture and fixture	905,440	-	905,440	10%	90,544	814,896
4	Office equipment	9,202,458	452,182	9,654,640	10%	965,464	8,689,176
5	Electrical Installation	4,769,510	275,000	5,044,510	20%	1,008,902	4,035,608
6	Vehicles	1,678,246	-	1,678,246	20%	335,649	1,342,597
	<b>Total</b>	<b>532,035,843</b>	<b>109,063,302</b>	<b>641,099,145</b>		<b>127,163,821</b>	<b>513,935,324</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 20th ANNUAL GENERAL MEETING of the Company to be held on  
Thursday, 22<sup>th</sup> December, 2022 at 10:00 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 20th ANNUAL GENERAL MEETING being held on Thursday, 22<sup>th</sup> December, 2022 at 10:00 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.



**QUEEN SOUTH TEXTILE MILLS LTD.**

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