

# QUEEN SOUTH TEXTILE MILLS LTD.





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#### DATE & TIME | Wednesday 20 December 2021 a

Wednesday, 29 December, 2021 at 3:00 p.m

PLATFORM |

Virtual in digital platform

### NOTICE OF THE 19th ANNUAL GENERAL MEETING

Notice is hereby given that the 19th ANNUAL GENERAL MEETING of Queen South Textile Mills Limited will be held to transact the following business:

Agenda-1:	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended	
	30 June, 2021 together with the report of the Directors and Auditors thereon.	
Agenda-2:	To approve dividend for the year ended 30 June, 2021 as recommended by the Board of Directors.	
Agenda-3:	To appoint internal and independent Auditors for the year 2021-2022 and to fix their remuneration.	
Agenda-4:	To resign and re appointment of Directors.	
Agenda-5:	To approve modernization/replacement of machineries.	
Agenda-6:	To approve purchase more than 1% raw materials of total revenue from the same directors related	
	ownership companies to get extra supports by early booking confirmation to the suppliers.	
Agenda-7:	To transact any other business with the permission of the chair.	
Members of the Compar	ny are requested to make it convenient to attend the meeting.	

By order of the Board



(Massum Rana) Company Secretary

Dated: December 01, 2021

#### NOTE

- The "Record Date" to be entitled dividend for the year 2020-2021 was on Thursday, 25 November 2021. The Shareholders whose names would appear in the Register of Members of the Company and/ or in the Depository register on the "Record Date" will be eligible to attend and vote at the 19th 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 13 December 2021.

**বিঃ দ্রঃ** সম্মানিত শেয়ার হোন্ডারবৃন্দের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ সিকিউরিটিজ এন্ড এন্ডচঞ্জ কমিশন এর সার্কুলার নংঃ এসইসি/ সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ- অক্টোবর ২৪, ২০১৩ অনুযায়ী আসনু ১৯তম বার্ষিক সাধারণ সভায় (এজিএম) কোন প্রকার উপহার বা আপ্যায়নের ব্যবস্থা নেই।

# LETTER OF TRANSMITTAL

То

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, 2021

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 2021, 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 2021 along with notes thereon for your record and necessary measures.

Yours sincerely,

(Massum Rana) Company Secretary

# VISION MISSION OBJECTIVES



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

### CORE VALUES



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



# MISSION

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



- 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

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

MR. MAQBUL AHMED, FCA	CHAIRMAN	_	
MS. WONG ELISA DAI WAH	MEMBER		AUDIT
MS. LEE HUNG CHUN	MEMBER		COMMITTEE
MR. MASSUM RANA	SECRETARY		

	MR. MAQBUL AHMED, FCA	CHAIRMAN
NOMINATION AND REMUNERATION	MS. WONG ELISA DAI WAH	MEMBER
COMMITTEE	MS. LEE HUNG CHUN	MEMBER
	MR. MASSUM RANA	SECRETARY

MR. MASSUM RANA

**BOARD OF DIRECTORS** 

**COMPANY SECRETARY** 

**COMPANY SECRETARY** 

MANAGEMENT COMMITTEE

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

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

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

#### PRODUCTION MANAGEMENT

### C O M P A N Y P R O F I L E

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

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

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

COMMENCEMENT OF COMMERCIAL OPERATION 05 June 2005 at DEPZ

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

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



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

#### TAX CONSULTANT

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

#### BANKERS

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

AUDITORS Pinaki & Company Chartered Accountants Ahsandell, 2/A, Mymensingh Road, Shahbag, Dhaka-1000, Bangladesh. INSURERS Pragati Insurance Limited Pragati Insurance Bhaban 20-21, Karwan Bazar, Dhaka-1215

LISTING Dhaka Stock Exchange Limited Chittagong Stock Exchange Limited

> LISTING RECOGNITION Company No.: 17476 Trading Code: QUEENSOUTH

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

#### FACTORY

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

DIRECTORS' PROFILE



#### WONG KWOK CHUEN CHAIRMAN

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



#### WONG JAMMY KWOK CHAN MANAGING DIRECTOR

Mr. Wong Jammy Kwok Chan is a Canadian national and finished his EMBA from Fudan University in Shanghai China. He has 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. WONG ELISA DAI WAH DIRECTOR

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



#### MS. LEE HUNG CHUN DIRECTOR

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



#### MAQBUL AHMED, FCA INDEPENDENT DIRECTOR

Mr. Maqbul Ahmed, FCA, Member of ICAB, practices in Chartered Accountants profession about 29 years and Conducting & Supervising Audits of all nature of companies, Corporations including Govt. Semi Govt. Autonomous etc. Taxation Secretarial Works, Management Consultancy including Numerous Advisory Jobs.

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# **18TH AGM PICTURE**



Md Massum Rana (Cor

(587) Machul Ahmed, FC A



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Dear Valued Shareholders'

Dear Friends,

Kindly allow me to welcome you all in this annual meeting of all partners, shareholders of our unique company Queen South Textile Mills Ltd. Last year we ever mentioned about the continuous changing and competitive environment of global textile market. The effects of "Global Warming" made significant impact to our major group of clients in sweater industry. Each year every buyer's requirement becomes more unpredictable. So, we were dedicated on improving our skill of dying process, increasing manpower efficiency and saving in energy.

The Fourth Industrial Revolution, based on the use of cyber-physical systems. Industry 4.0 means digitization, disruptive innovation, automation and interconnection, AI and robotic, increasing organizational complexity in manufacturing systems. Industry 4.0 relies on 9 Pillars of technological advancement.

Bangladesh lacks local expertise to create and deliver a new training program. Research and development related to industry 4.0, security policy requires integrated systems, legal framework conditions, work, training, and more education.

The cotton price index hit an all-time high in a decade as it is selling at \$126-127 cents or \$1.26 to \$1.27 per pound after an on-call fixation system. The per-pound cotton price was below one US dollar on September 1, 2021, which is now selling at \$1.20 per pound in the global market, the BCA president said.

The shock of COVID-19 already affected the global economy through 3 channels, Production, Supply Chain & Market Disruption, and Financial Impact on firm & Financial Markets, unfortunately, recently China given restriction not to use coal energy to produce power and also China Electricity Production in China reached 738,350 GWh in Aug 2021, compared with 758,600 GWh in the previous month of July 2021which have been making the future challenges even harder. Certainly we have to appreciate the guide line provided by the present Board of Directors under the fantastic leadership of our Managing Director, Mr. Wong Jammy Kwok Chan, thus Queen South could not only submit a shinning scorecard during slowdown but also manage to organize satisfactory cash dividend & stock. Surely it is our jointly achievement while the Export Market of the products of our nature is facing severe competition.

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

Now, to end my brief welcome address kindly allows me once again ladies and gentleman to thank you for attending this 19th Annual General Meeting.

Wong Kwok Chuen Chairman

### MESSAGE FROM THE CHAIRMAN







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

Welcome to all of you to this 19th Annual General Meeting of Queen South Textile Mills Limited and to have pleasure to present before you the Audited Financial Statements and the Auditors' and Directors' Report thereon of the company for the year ended 30 June 2021 for consideration and approval thereof.

I believe, you all are known about the ongoing impact of covid-19 outbreak on economy. Over the first half of FY21, factories reopened and exports

rebounded. However, the economy faces elevated risks in the context of the ongoing COVID-19 pandemic. in order to meet the 2060 carbon neutrality target, the China government vowed to cut energy consumption per unit of GDP by 13.5% by 2025, while targeting a 3% drop in 2021. China's National Energy Administration on April 22 released the annual Energy Work Guidance for 2021 that China set to cap coal consumption, boost domestic oil & gas output in 2021, Official data showing a 199% increase freight charges in spot prices between the 1st and 2nd quarter of 2020 and 2021

For the last 4 or 5-months Bangladeshi spinners are having an upward trend after a year of calamity in COVID-19. Following the trend, many investors are planning to set up a new spinning factory or increasing capacity. There is indeed a huge gap between total yarn requirements for Bangladesh's readymade garment (RMG) industry and the capacity of local spinners. Which has been fulfilling with imported yarn. As the imported yarn price – mainly from China and India – are much cheaper, local spinners are always fighting in yarn market to keep their prices down. Spinners are really worried about cheap Indian yarn flooding the market, especially for 100% cotton yarn.

Readymade garment (RMG) exports from Bangladesh gained 11.48 per cent year-on-year in the July-September quarter, according to the provisional data released by the Export Promotion Bureau. However, increasing prices of coal, raw material supply disruption from China due to power crisis there and other factors may put a break in October-December.

The price of cotton, the main raw material to produce 30-count yarn used for making knitwear, is currently at a decadal high in international market. Bangladesh being the second-largest importer of cotton, may feel a pinch of this price hike.

Secondly, the price of yarn is currently high in Bangladesh compared to its competing countries like India and Pakistan. Further, its imports of yarn and fabric from China, the key raw material supplier to Bangladesh's textile and garment industry, are likely to face delay owing to the current electricity shortage there.

Around 95 per cent of man-made fibre yarn that Bangladesh uses for making the final products are imported from China. Bangladesh also does not produce viscose, synthetic fabrics for outerwear, and specialised fabrics for garments. It imports all these from China. Moreover, Bangladesh textile mills are equipped to supply yarn for knitwear and denim fabric, but not for woven apparel.

In October-December 2020, Bangladesh imported \$446.322 million of yarn, of which \$203.241 million of yarn came from China, according to data from TexPro, Fibre2Fashion's market analysis tool. Likewise, Bangladesh's fabric imports were valued at \$1.693 billion during the quarter under discussion, with China alone accounting for \$1.180 billion.

In addition, power supply which is needed to keep modern apparel sewing units running, is dependent on coal. Bangladesh completely depends on import for its yearly coal requirement of about 80 lakh tonnes. The global economic recovery post-COVID has resulted in international coal prices skyrocketing by 70 per cent in the past 12 months.

It may also be noted here that Bangladesh did not import coal from its neighboring India for around eight months this year, resulting in a rise in price of coal to about Tk 18,000 per tonne from around Tk 8,000 per tonne a year ago. With India itself facing a shortage of coal, Bangladesh would have to depend on Indonesia for its coal import. While coal is not a direct requirement for the running of the garment industry, the high cost may result in higher cost of power consumption for apparel making units.

These days, several orders from China are shifting to other countries under the 'China plus one' sourcing strategy being adopted by global retailers, orders are pouring in Bangladesh. So, if production is hampered due to any reason, it would be a challenge for the country's apparel industry, which accounts for over 80 per cent of export revenue.

There is a huge market in the sweater industry. At this moment they are buying maximum quantity from abroad. Bangladesh Imports: Yarn data was reported at 33,146.000 BDT mn in Sep 2021. This records an increase from the previous number of 29,235.000 BDT mn for Aug 2021.We need to focus on the sweater market.The woven fabric industry is growing day by day. This is also a big market. Filament yarn, ACY (air covered yarn), sewing thread all are coming from India and China. Need to check the possibility to pick these markets.Re-cycle the yarn business is a new opportunity. We have good raw material (garments wastage, spinning wastage) source to take full advantage of this yarn business.

Bangladesh GDP PPP Per Capita is forecasted to be 5,910.605 PPP Intl \$ in Dec 2021 as reported by World Economic Outlook. It records an increase from the last reported number of 5,453.008 PPP Intl \$ in Dec 2020.Looking ahead, Bangladesh GDP PPP Per Capita is projected to stand at 7,514.217 PPP Intl \$ in Dec 2024 where textiles industries and garment sectors will make a vital role to achieve the GDP PPP per capita by 2024. In the light of the above, the company may consider to invest in this lower tide, the management will give report shortly of how to invest to increase the income and benefit of the company shortly.

This year the company has increased to its revenue Taka 3,586 million by facing all those odds, this year our company has able to make a Net profit after tax of Taka 164.16 million, which is Taka 47.93 million higher than last year. EPS have also been increased by Tk. 0.36 and NAVPS has decreased by Tk. 0.33 respectively from last year. We have made it possible by implementing effective internal control procedure and reduced cost where possible. Beside this a portion of our retained profit invested for upgrading equipment to reduce our energy costs and the same in coming year we shall finish upgrading our storage system, where we able to earn a marginal return. Our management is very concerned on the issue of profitability as well as the growth of the company.

However, considering and comparing with the last year turnover Taka 3,072.51 million and Net profit generated Taka 116.23 million. It is my pleasure to inform you that the Board of Directors has recommended 10% cash and 10% stock dividend (Sponsor and directors is not taking any cash dividend) despite of marginal profit achieved in comparing with the profit before outbreak of COVID-19. Please also note that your company is possessing a strong liquidity strength having no leverage which eventually saving financial cost and creating strong hedge in any unexpected adversity.

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

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, 2021.

#### THE COMPANY AT A GLANCE:

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

#### **NATURE OF BUSINESS:**

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

Queen South Textile Mills Limited (QSTML) is a 100% export-oriented yarn dyeing Industry located in Dhaka Export Processing Zone, Savar, Dhaka capital of Bangladesh. The company is engaged in dyeing of different counts of Cotton, Polyester, Viscose, Acrylic, Nylon and Blended yarn to market the processed yarn as deemed exporter. The company was established in 2003 and started operation in mid-2005 with daily capacity of dyeing of 25 MT yarn per day and subsequently increased to 65 MT yarn per day.

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

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

Overseas sales led by garments in the first four months of the fiscal year increased 22.62 percent to \$15.75 billion from the same period a year earlier, according to data released by the Export Promotion Bureau on Tuesday, November 02, 2021.

"Readymade garment (RMG) exports from Bangladesh gained 11.48 per cent year-on-year in the July-September quarter, according to the provisional data released by the Export Promotion Bureau. However, increasing prices of coal, raw material supply disruption from China due to power crisis there and other factors may put a break in October-December.

The price of cotton, the main raw material to produce 30-count yarn used for making knitwear, is currently at a decadal high in international market. Bangladesh being the second-largest importer of cotton, may feel a pinch of this price hike.

Secondly, the price of yarn is currently high in Bangladesh compared to its competing countries like India and Pakistan. Further, its imports of yarn and fabric from China, the key raw material supplier to Bangladesh's textile and garment industry, are likely to face delay owing to the current electricity shortage there.

Around 95 per cent of man-made fibre yarn that Bangladesh uses for making the final products are imported from China. Bangladesh also does not produce viscose, synthetic fabrics for outerwear, and specialised fabrics for garments. It imports all these from China. Moreover, Bangladesh textile mills are equipped to supply yarn for knitwear and denim fabric, but not for woven apparel.

In October-December 2020, Bangladesh imported \$446.322 million of yarn, of which \$203.241 million of yarn came from China, according to data from TexPro, Fibre2Fashion's market analysis tool. Likewise, Bangladesh's fabric imports were valued at \$1.693 billion during the quarter under discussion, with China alone accounting for \$1.180 billion. Considering the all consequences, your company runs business with confident. The company is now more comfortable of completing regular order in time. The efficiency could have been better if uninterrupted power supply and gas pressure are ensured. However, the company expects that all adverse to be eradicated soon. Having long experiences in this trade, the company is confident and believe to run the business with the fast-changing customers fashion and hold the position with reputation.

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

### INFORMATION ABOUT CORPORATE GOVERNANCE

Board of Directors, Chairman & CEO

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

#### The Board structure is as follows:

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

#### Audit Committee

The Audit Committee, as a sub-committee of the Board has been constituted consisting with 2 (Two) Directors, 1 (One) of whom is an Independent Director, The Company Secretary acts as Secretary to the Audit Committee. The Committee assists the Board in ensuring that the Financial Statements reflect a true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth.

#### The Committee structure is as follows:

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

#### Audit Committee Meeting Held

Name	Designation	Total Meeting Held	Attended	% of Attended
Mr. Maqbul Ahmed, FCA	Chairman	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 2021, there were 8 Board of Directors Meeting hold and the presence was as follows:

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

#### Pattern and Number of Shareholdings as on 30 June 2021:

Shareholding Range	Number of Shareholders	No.of shares	Percentages of Share
1-499	1,219	198,993	0.15%
500-5000	2,990	5,860,239	4.48%
5001-10000	613	4,890,463	3.74%
10001-20000	423	6,306,825	4.82%
20001-30000	133	3,402,330	2.60%
30001-40000	87	3,134,098	2.40%
40001-50000	69	3,277,489	2.50%
50001-100000	100	7,395,570	5.65%
100001-1000000	74	19,778,308	15.11%
1000001-Above	6	76,631,705	58.55%
Total	5,714	130,876,020	100%

SI.	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	39,418,968	30.12%
2.2	Mr. Wong Jammy Kwok Chan	Managing Director, Director	22,918,005	17.51%
2.3	Ms. Wong Elisa Dai Wah	Director	3,666,880	2.80%
2.4	Ms. Lee Hung Chun	Director	3,666,880	2.80%
2.5	Mr.Massum Rana	Company Secretary	18	0%
2.6	Mr. Goutam Chandra Roy	CFO	360	0.003%
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:

SI.	Particulars	Designation	No. of Shares Holding	Holding %
1	Mr. Wong Kwok Chuen	Chairman, Director	39,418,968	30.12%
2	Mr. Wong Jammy Kwok Chan	Managing Director, Director	22,918,005	17.51%

Share Holding by Directors

SI.	Particulars	Designation	Holding %	No. of Shares Holding
1	Mr. Wong Kwok Chuen	Chairman, Director	30.12%	39,418,968
2	Mr. Wong Jammy Kwok Chan	Managing Director,	17.51%	22,918,005
3	Ms. Wong Elisa Dai wah	Director	2.80%	3,666,880
4	Ms. Lee Hung Chun	Director	2.80%	3,666,880

#### Shareholding Pattern

SI.	Particulars	No. of Shares Holding	Holding %
1	General Public	38,118,756	29.13%
2	Directors	69,670,733	53.23%
3	Institution	19,173,337	14.65%
4	Foreigners	3,913,193	2.99%
	Total	130,876,020	100%



#### **Re-Appointment of Directors:**

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

#### Directors Expertise in Specific functional area:

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

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

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

#### Appointment of Auditors:

As per companies Act 1994 section 210 (1) and Bangladesh Securities and Exchange Commission Order Ref. No. SEC/CMRRCD/2009-193/174/Admin/61, dated 08/07/2015, the present Auditor of the Company, Pinaki & Company, Chartered accountants are enlisted as panel auditors will retire and the board has decided to appoint Ahmed Zaker & Co., Chartered accountants at 19th Annual General Meeting.

Particulars	Amount in Taka				
r al tioulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Property, Plant & Equipment	903,084,791	881,739,686	761,683,380	748,831,082	700,314,214
Current Assets	3,315,985,981	3,082,918,508	3,015,245,491	2,753,771,012	2,313,004,252
Total Assets	4,268,379,492	3,964,658,194	3,776,928,871	3,502,602,094	3,013,318,466
Equity attributable to the shareholders	2,135,130,716	2,016,305,364	1,941,287,864	1,775,195,260	1,463,101,279
Non-current Liabilities	677,518,772	683,866,360	495,711,388	490,720,219	480,169,603
Current Liabilities	1,455,730,006	1,264,486,470	1,339,929,619	1,236,686,615	1,070,047,584
Total liabilities and Equities	4,268,379,492	3,964,658,194	3,776,928,871	3,502,602,094	3,013,318,466
Revenue	3,586,046,413	3,072,519,860	4,198,684,068	3,871,439,935	3,637,391,178
Cost of Goods Sold	3,152,102,086	2,709,870,123	3,715,525,955	3,460,765,908	3,274,758,759
Gross Profit	433,944,327	362,649,737	483,158,113	410,674,027	362,632,419
Operating Profit	300,814,731	234,965,737	355,319,755	296,896,542	245,894,453
Net Profit after Tax	164,162,602	116,233,180	198,877,804	177,178,736	145,942,929

#### Financial Highlights

#### Key Operating Performances:

Particulars	Amount in Taka				
Fattoulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Basic Earnings per Share (EPS)	1.25	0.89	1.64	1.96	1.85
Gross Profit Margin	12.10%	11.80%	11.51%	10.61%	9.97%
Operating Profit Margin	8.39%	7.64%	8.46%	7.67%	6.76%
Net Profit Margin	4.58%	3.78%	4.74 %	4.58%	4.01%
Fixed Assets Turnover Ratio	3.77	3.484	5.51	5.17	5.19
Total Assets Turnover Ratio	0.84	0.775	1.11	1.11	1.21
Inventory Turnover Ratio	1.894	1.936	2.64	2.32	2.42
Current Ratio	2.28	2.438	2.25	2.23	2.16
Quick Ratio	1.08	1.183	1.06	1.02	0.90
Return on Equity (ROE)	7.69%	5.76%	10.24 %	9.98%	9.97%
Face value per share (Taka)	10	10	10	10	10
Number of Ordinary Shares(weighted)	130,876,020	121,181,500	110,165,000	90,204,795	78,944,521
Net Assets value per Share	16.31	16.64	17.62	17.73	17.18

#### Contribution to National Exchequer:

The Company contributed an amount of Taka 53.14 million in 2020-2021 to the National Exchequer consisting of the following:

Particulars	2020-2021 (Tk.)	2019-2020 (Tk.)
AIT & Tax	24,529,218	37,185,238
VAT, Customs & Excise Duties, etc.	28,615,543	12,850,952
Total Taka	53,144,761	50,036,190

#### Capital Expenditures

During the financial year of 2020-2021, the company made investment Tk. 23.597 crore in the form of capital expenditure form its own generation of fund with the approval of the Board of Directors the company procured some Capital machineries for synchronizing the production flow and to get maximum output and Some other modern hi efficiency assets have also been procured for smooth functioning. These are as follows:

SL	Particulars	Amount Taka
1	Electrical Installation	
2	Plant Machinery	222,721,551
3	Other Assets	13,251,943
	Total	235,973,494

#### Revenue

During this year, the company has reached to its revenue Taka 3,586.05 million compared with the last year Taka 3,072.52 million representing 16.71% 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	2020-2021	2019-2020
Net Profit for the year (After Tax)	164,162,602	116,233,180
Add: Previous year's Surplus	662,207,914	688,257,184
Profit available for appropriation	826,370,516	804,490,364
Cash and stock -Dividend Declared in % on number of Shares	10% cash & 10% (stock)	8% cash & 8% (stock)
Cash and Stock Dividend Declared in Taka	19,20,81,305	17,22,82,450
Un-appropriation Profit	63,42,89,211	63,22,07,917

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

During this reporting year, Revenue is increased by Tk. 51.35 crore from last year. Cost of Goods Sold has also been increased by Tk. 44.22 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 and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market. Comparative performances have been shown to the next page:

#### Financial Results and Appropriation of profit:

Particulars	2020	-2021	2019-2020	
Particulars	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Goods Sold	3,152,102,086	87.91%	2,709,870,123	88.20%
Gross Profit	433,944,327	12.10%	362,649,737	11.80%
Net Profit after Tax	164,162,602	4.58%	116,233,180	3.78%

#### **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. 71.29 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 2020-2021 Net profit was increased to Tk.164.16 million from Tk.116.23 million representing 41.24% 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 decreased like anything due to worldwide pandemic of COVID-19.

#### Basic Earnings per Share (EPS)

The EPS for the reporting period is Tk. 1.25 per share. In the previous year the EPS was TK. 0.89. EPS increased by 40.45 % 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 30.06.2021 are as follows:

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction Dr./(Cr.)	Closing Balance Dr./(Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(93,995,575)	(39,520,425)	(133,516,000)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(452,334,655)	904,669	(451,429,986)
Ideal Fastenar BD Limited	Common Management	Trade Receivable/ Payable	(20,998,891)	5,396,102	(15,602,789)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable/ Payable	8,449,283	1,354,867	9,804,150
Kingpro Trading Limited	Common Management	Trade Payable	(74,431,705)	12,190,543	(62,241,162)
Queensin Ltd	Common Management	Trade Payable	(10,685,035)	(9,928,625)	(20,613,660)
Master Knitwear Ltd	Common Management	Trade Payable	(46,158,139)	42,208,253	(3,949,886)
Winpro Textile Mills Ltd	Common Management	Trade Payable	(26,481,775)	(23,307,473)	(49,789,248)
BHK Textile Mills Ltd	Common Management				

There was no extra-ordinary gain or loss in the Financial Year 2020-2021.

#### Basis for related party transaction:

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

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

Our turnover growth decreased about 6% compare with July to September 2020 quarter over the corresponding months of last year and there was significant variance between Quarterly and Annual Financial Statements due to decrease of our orders and sales price.

#### **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 2020-2021.

#### 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 10% Cash and 10% Stock dividend for the year ended 30 June 2021 whose names appear into the CDBL register as per record date 25 November 2021 subject to approval of 19th AGM.

#### **Communication to Shareholders & Stakeholders:**

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

#### **Environment Related Initiatives**

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

**Quality Test Report** 

#### Statement of Utilization from IPO proceeds:

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

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

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

#### **RESPONSIBILITIES TOWARDS STAFF:**

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

#### **HUMAN CAPITAL:**

The quality of Human Resource is a vital factor for the success of an organization. The company believes that the excellence of employees can increase the value of the organization. The Company employed a total of 874 employees as of 30, June 2021. 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, 57 and Kanban (Visual) management, Work Efficiency Evaluation and Re-layout, Training System and Fluent Logistics/Storage System when necessary.

#### WORKERS PROFIT PARTICIPATION FUND:

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

#### EMPLOYEE'S PROVIDENT FUND:

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 17, Section 264 and Now the company operating EPZ labour ACT 2019, February 28 and as per clause no.164, Section XIII the company established Provident Fund for their workers from December 2006 which certified by NBR ref. আ-8/주ঃ অঃ-8/২০০৭-২০০৮ 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 2020-2021 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 2020-2021 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 CEO and CFO

28 October 2021 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, 2021

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

In this regard, we also certify that: -

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

Sincerely yours,

-3-8-5-

Wong Jammy Kwok Chan Managing Director

Goutam Chandra Roy Chief Financial Officer

#### **REPORT OF THE AUDIT COMMITTEE** FOR THE YEAR 2020-2021

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

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

#### **REPORTING TO THE BOARD OF DIRECTORS**

- The Audit Committee is acting as a sub-committee of the Board and reports immediately to the Board of Directors on the following outcomes, if any:
- · Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

#### THE ROLE OF AUDIT COMMITTEE

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

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

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

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

#### **AUTHORITY**

In terms of Corporate Governance Guidelines, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms of Reference (TOR). It is authorized to seek any information it requires from, and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The TOR of the Audit Committee may be amended from time to time as required for the business in line with BSEC Notifications subject to approval by the Board of the Company.

#### **ACTIVITIES CARRIED OUT DURING THE YEAR**

The Audit Committee met four during the year 2020-2021. All the Members were present in all meetings of The Committee. The Committee reviewed the integrity of the quarterly and annual financial statements in due time. The Committee found, adequate arrangements were taken to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/ observation in the areas of reporting.

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

#### CONCLUSION

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

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



HEAD OFFICE : 89 Kakrail, GREEN CITY Edge (LEVELIO), DHaka 1000, BANGLADESH WEDSITE: WWW.AIMMED-ZAKER.COM EMAII: AZCDANGLADESH@AIMMED-ZAKER.COM

#### Report to the Shareholders of Queen South Textile Mills Limited on Compliance on the Corporate Governance Code For the year ended 30<sup>th</sup> June, 2021

We have examined the compliance status to the Corporate Governance Code by Queen South Textile Mills Limited ('The Company') for the year ended on 30th June, 2021. This Code relates to the Notification No SEC/CMRRCD/2006-158/207/admin/80, Dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

(d) The Governance of the company is satisfactory.

Place: Chattogram Dated: 19th December, 2021

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



UTTARA Office : Plot = 15 (G.Floor), Road = 17, Sector = 4, Uttara Model Town, Dhaka-1230 Chittagong Office :





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

### COMPLIANCE REPORT

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

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

#### (Report Under Condition No .9)

		Compliance Status		Remarks			
Condition No.	Title	Complied	Not Complied	(If any)			
1.	Board of Directors:						
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);	V					
1(2)(b)	For the purpose of this clause "independent director" means a director-						
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√					
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	√ √					
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	~					

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	V		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitle- ment Certificate) holder, director or officer of any stock exchange;	V		
1(2)(b)(vi)	Who is not a shareholder, director excepting indepen- dent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	V		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	V		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	V		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	V		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	$\checkmark$		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	V		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	V		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e. three years from his or her completion of consecutive two tenure [i.e. six years] Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন ১৯৯৪ ( ১৯৯৪ সালের ১৮ নং আইন) (Companies Act, 1994)			N/A
1(3)	પારન રુરુષ્ઠ ( ડુરુષ્ઠ ગાલન ૩৮ નર પારન) (Companies Act, 1994) Qualification of Independent Director.			

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	V		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	V		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or			N/A
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	V		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);-	$\checkmark$		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A
1(4)	The positions of the Chairperson of the Board and the Ma Officer (CEO) of the company shall be filled by different ind		r (MD) and/or	Chief Executive

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
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;	$\checkmark$		Chairman of the Board and MD/CEO are 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;	$\checkmark$		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			N/A
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	$\checkmark$		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
1(5)	The Directors' Report to Shareholders The Board of the company shall include the following a Directors' Report prepared under section 184 of the Comp			
1(5)(i)	An industry outlook and possible future developments in the industry;	$\checkmark$		
1(5)(ii)	The segment-wise or product-wise performance;.	$\checkmark$		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	V		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	V		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	$\checkmark$		
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;	$\checkmark$		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	V		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A

		Compliance	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	V		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	V		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	V		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	$\checkmark$		
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;	V		
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;	V		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	V		
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;	V		
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;	V		
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;	$\checkmark$		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	V		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	V		

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
1(5)(xxiii)	A report on the pattern of shareholding disclosing the name-wise details where stated below) held by:-	e aggregate n	umber of shar	es (along with
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	V		
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);	V		
1(5)(xxiii)(c)	Executives; and	$\checkmark$		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	$\checkmark$		
1(5)(xxiv)	In case of the appointment or re-appointment of a director the shareholders:-	r, a disclosure o	on the following	) information to
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	$\checkmark$		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	V		
1(5)(xxv)	A Management's Discussion and Analysis signed by CE company's position and operations along with a brief discu among others, focusing on:	0 or MD prese ussion of chang	nting detailed Jes in the finand	analysis of the cial statements,
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	V		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	V		

		Compliance	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	V		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	V		
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;	V		
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 <b>Annexure-A</b> ; and	√		MD and CEO certified to the Board regarding financial statements
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 <b>Annexure-B</b> and <b>Annexure-C.</b>	V		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	V		
1(7)	Code of Conduct for the Chairperson, other Board membe	rs and Chief Ex	ecutive Officer	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	V		
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.	V		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A

		Complianc	Remarks	
Condition No.	Title	Complied	Not Complied	(If any)
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3.(1)	Managing Director (MD) or Chief Executive Officer (CE Internal Audit and Compliance (HIAC) and Company Secre		ncial Officer (	CFO), Head of
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);	V		
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;	V		
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;	V		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	V		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	V		
3(3)	Duties of Managing Director (MD) or Chief Executive Offic	er (CEO) and C	hief Financial (	Officer (CFO)
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	$\checkmark$		
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	$\checkmark$		

		Complianc	Remarks	
Condition No.	Title	Complied	Not Complied	(If any)
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;	$\checkmark$		
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;	V		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	V		
4	Board of Directors' Committee For ensuring good governance in the company, the F following subcommittees:	3oard shall hav	e at least	
4(i)	Audit Committee	$\checkmark$		
4(ii)	Nomination and Remuneration Committee.	V		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	V		
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;	V		
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;	V		
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;	V		
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;	V		

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
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;	V		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	$\checkmark$		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	V		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	V		
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.	V		
5(5)	Role of Audit Committee The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	V		

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
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;	V		
(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;	V		
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	$\checkmark$		
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;	V		
5(5)(j)	Review statement of all related party transactions submitted by the management;	V		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	$\checkmark$		
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	V		
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:	V		
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.	$\checkmark$		
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;.			N/A

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances includingsecurities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	<b>Reporting to the Authorities</b> If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	<b>Reporting to the Shareholders and General Investors</b> Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	V		
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;	V		
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).	V		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	V		

	Complianc	e Status	Remarks
Title	Complied	Not Complied	(If any)
All members of the Committee shall be non-executive directors;	√		
Members of the Committee shall be nominated and appointed by the Board;	V		
The Board shall have authority to remove and appoint any member of theCommittee	$\checkmark$		
In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			N/A
The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			N/A
The company secretary shall act as the secretary of the Committee;	V		
The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	$\checkmark$		
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	V		
Chairperson of the NRC			
The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	$\checkmark$		
In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			N/A
The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	V		
	All members of the Committee shall be non-executive directors;         Members of the Committee shall be nominated and appointed by the Board;         The Board shall have authority to remove and appoint any member of theCommittee         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;         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;         The company secretary shall act as the secretary of the Committee;         The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;         No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company <b>Chairperson of the NRC</b> The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;         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;	Title       Complied         All members of the Committee shall be non-executive directors;       ✓         Members of the Committee shall be nominated and appointed by the Board;       ✓         The Board shall have authority to remove and appoint any member of theCommittee       ✓         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;       ✓         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;       ✓         The company secretary shall act as the secretary of the Committee;       ✓       ✓         The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; fees or honorarium from the company       ✓         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       ✓         The Board shall select 1 (one) member of the NRC to be Chairperson 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;       ✓	CompliedCompliedCompliedAll members of the Committee shall be non-executive directors;✓Members of the Committee shall be nominated and appointed by the Board;✓The Board shall have authority to remove and appoint 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 or newel of staff shall be non-voting member, if the Chairperson of the Committee or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;✓The company secretary shall act as the secretary of the Committee;✓The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;✓No member of the Committee, who shall be an indirectly, any remuneration for any advisory or or consultancy role or otherwise, other than Director's fees or honorarium from the company✓Chairperson of the Chairperson of the NRC to be Chairperson of the Chairperson of the NRC to be chairperson of the Chairperson of the NRC shall be an independent director;✓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;✓

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	V		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	V		
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);	V		
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.	$\checkmark$		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	V		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	V		
6(5)(b)(ï)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to 13 the remuneration of the directors, top level executive, considering the following:	V		
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;	V		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	V		
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;	V		

			Compliance Status	
Condition No.	Title	Complied	Not Complied	(If any)
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	$\checkmark$		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	V		
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	V		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	V		As declared by the auditor.
7(1)(i)	Appraisal or valuation services or fairness opinions;	$\checkmark$		In Practice
7(1)(ii)	Financial information systems design and implementation;	V		Do
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	$\checkmark$		Do
7(1)(iv)	Broker-dealer services;	$\checkmark$		Do
7(1)(v)	Actuarial services;	√		Do
7(1)(vi)	Internal audit services or special audit services;	$\checkmark$		Do
7(1)(vii)	Any service that the Audit Committee determines;	$\checkmark$		Do
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		Do
7(1)(ix)	Any other service that creates conflict of interest.	$\checkmark$		Do
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:	V		Do
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.	V		Do

		Complianc	e Status	Remarks
Condition No.	Title	Complied	Not Complied	(If any)
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.	$\checkmark$		
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).	V		
9	Reporting and Compliance of Corporate Governance	n		
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	V		
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.	V		
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not	V		

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Wong Jammy Kwok Chan Managing Director



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 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

#### **BASIS FOR OPINION**

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

#### **MATTER OF EMPHASIS**

## We draw attention on these matters disclosed below:

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

#### **KEY AUDIT MATTERS**

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

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

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

#### Other Information:

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence
  obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability
  to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report
  to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are
  based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the
  company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. However, documentation process need be strengthened furture.

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.

Pinaki Das, FCA Senior Partner

Dhaka. Dated: October 28, 2021

# **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> The carrying value of the PPE amounted to Tk. 903,084,791.00 as at 30 June, 2021. There is a risk of:	Our audit procedures to assess the carrying value of property, plant and equipment included the following: • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.
<ul> <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>	• 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.
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.	• We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.
See note no. 5 for details.	• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.
	• 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.
Revenue Recognition	
The Company has reported sales revenue of Tk. 3,586,046,413.00	• We have tested the design and operating effectiveness of key controls focusing on the following:
All of the Company's sales are made under sales invoice, delivery challan. It's products primarily comprise sale of sewing	• We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 "Revenue from contracts with customers"
thread. Revenue is recognized at the point of delivery from Factory.	• Tested the internal control over financial reporting. We also assessed the existence and accuracy of the sales recorded;
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. As all sales are translated from USD currency to BDT, there is a	• 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;
risk that foreign exchange gain/loss might not be correctly recognized in the Financial Statements, See note no. 22 for	Verified VAT return with General Ledger.
details.	• We obtained supporting documents for sales, transactions recorded during the year; and
	<ul> <li>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
Valuation of Receivables	
The Company has accounts receivable of Tk. 1,431,087,005.00 as at 30 June 2021.	<ul> <li>Our substantive procedures in relation to the assessing valuation of receivable comprises the following:</li> </ul>
Accounts receivable of the company comprise mainly	Obtained a list of outstanding receivables;
receivables regarding the sale of yarns which is secured by Letter of Credit (L/C).	Reconciliation of receivables ageing to general ledger;
See note no. 8 for details.	Conducting cut-off testing at the year-end;
	<ul> <li>Reviewing subsequent receipt of receivables balance.</li> </ul>

Valuation of Inventories	
The amount of inventory is Tk. 1,741,164,524.00 as at 30 June, 2021 which amounted to 40% of the total assets. As per IAS 2, inventories are required to be valued at the lower to	We obtained assurance over relevance and appropriateness of management's assumptions applied in calculating the value of the inventories by:
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. 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.	<ul> <li>We observed SIL'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>
	• We tested the purchase costs of a sample of inventory items by inspecting invoices;
	• We assessed the components of the costs included within inventory items to ensure that they are in conformity with the requirements of IAS 2;
	• We assessed the movement of inventories and analyzed whether closing inventories were valued using the weighted average method;
See note no. 7 for details.	<ul> <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> <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>
Measurement of deferred tax liability	
The net deferred tax liability is Tk. 3,085,267.00 as at 30 June, 2021.	• We carried out the following substantive testing for this item
Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability	<ul> <li>We checked deferred tax expenses and liabilities in the financial statements and calculation and records;</li> </ul>
over a number of years. See Annexure-G for details.	• 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;
	<ul> <li>We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities;</li> </ul>
	<ul> <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 2021

Particulars	Notes	Amount in Taka	
		30-06-2021	30-06-2020
Assets:			
Non-current assets		952,393,511	881,739,686
Property, plant and equipment	5	903,084,791	800,024,171
Capital Work in Progress	6	49,308,720	81,715,515
Current assets:		3,315,985,981	3,082,918,508
Inventories	7	1,741,164,524	1,586,769,333
Trade and other receivables	8	1,431,087,005	1,277,999,258
Advances, deposits and prepayments	9	103,288,487	161,027,127
Investments-FDR	10	9,194,188	9,138,447
Cash & Cash Equivalent	11	31,251,777	47,984,343
Total Assets		4,268,379,492	3,964,658,194
Equity and liabilities			
Shareholder's equity		2,135,130,716	2,016,305,364
Share capital	12	1,308,760,200	1,211,815,000
Retained earnings	13	826,370,516	804,490,364
Non-current liabilities		677,518,772	683,866,360
Long-term borrowing	14	621,861,430	631,703,354
Deferred tax liability		55,657,342	52,163,006
-			
Current liabilities		1,455,730,006	1,264,486,470
Trade and other payables	15	369,367,879	364,550,300
Current portion of long term borrowing		120,861,453	1,050,337
Short-term borrowing	16	876,690,518	759,954,274
Liabilities for Expenses	17	56,827,642	80,421,293
Outstanding IPO Subcription	18	100,000	100,000
Dividend Payable	19	562,252	27,778,257
Income Tax provision	20	31,320,261	30,632,009
Total liabilities		2,133,248,776	1,948,352,830
Total Equity and Liabilities		4,268,379,492	3,964,658,194
NAVPS (Net Assets Value Per Share)	21	16.31	16.64

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

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Director

Chief Financial Officer Company Secretary Mana Signed in terms of our separate report of same date.

Managing Director

Chairman

Pinaki & Company Chartered Accountants

Dated: Dhaka October 28, 2021

# QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

Particulars	Notes	Amount in Taka	
		01 - 07- 2020 to 30 - 06 - 2021	01 - 07 - 2019 to 30 - 06 - 2020
Revenue	22	3,586,046,413	3,072,519,860
Cost of Sales	23	(3,152,102,086)	(2,709,870,123)
Gross Profit		433,944,327	362,649,737
Foreign Currency Gain/(Loss)		(6,235,810)	(4,275,681)
Other Income	22.01	313,581	3,382,862
Operating Expenses:		(127,207,367)	(126,791,181)
Distribution Costs	24	(24,564,688)	(24,061,317)
Administrative Expenses	25	(102,642,679)	(102,729,864)
Operating profit		300,814,731	234,965,737
Financial Expenses	26	(107,645,366)	(93,908,382)
Net profit before tax		193,169,365	141,057,355
Income tax expenses	27	(29,006,763)	(24,824,175)
Net Profit / (Loss) during the year		164,162,602	116,233,180
Basic & Diluted Earnings per share	28	1.25	0.89

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

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**Chief Financial Officer** 

**Company Secretary** 

Managing Director

Chairman

Signed in terms of our separate report of same date.

Director

Kinak Das

Pinaki & Company Chartered Accountants

Place: Dhaka Dated: October 28, 2021

# QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Changes in Equity for the year ended 30 June 2021

Particulars	Share Capital	<b>Retained Earnings</b>	Total
Balance at 01 July 2020	1,211,815,000	804,490,364	2,016,305,364
Stock Dividend	96,945,200	(96,945,200)	-
Cash Dividend		(45,337,250)	(45,337,250)
Net profit for the period	100 A. 100 A.	164,162,602	164,162,602
Balance at 30 June 2021	1,308,760,200	826,370,516	2,135,130,716

# **Queen South Textile Mills Limited**

Statement of Changes in Equity for the year ended 30 June 2020

Particulars	Share Capital	<b>Retained Earnings</b>	Total
Balance at 01 July 2019	1,101,650,000	839,637,864	1,941,287,864
Stock Dividend	110,165,000	(110,165,000)	
Cash Dividend		(41,215,680)	(41,215,680)
Net profit for the period	100 A.	116,233,180	116,233,180
Balance at 30 June 2020	1,211,815,000	804,490,364	2,016,305,364

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

Director

Chairman

Chief Financial Officer

Company Secretary

Managing Director



# QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Cash Flows for the year ended from 30 June 2021

Particulars	Notes	Amount in Taka	
		01 - 07- 2020 to	01 - 07 - 2019 to
		30 - 06 - 2021	30 - 06 - 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customer & other income	29	3,423,936,525	2,993,235,003
Cash Paid to Suppliers, employees and others expenses	30	(3,261,691,981)	(2,904,476,458)
Income Tax Paid/Deducted at Source		(24,529,218)	(37,185,238)
Net Cash provided by operating activities		137,715,326	51,573,307
B. Cash flows from investing activities:			
Acquisition of property, plant and Equipment Proceed from Sale of PPE		(154,257,979)	(131,704,117)
Capital Work in Progress		(49,308,720)	(81,715,515)
Investments-FDR		(74,017)	(214,872)
Net Cash used in investing activities		(203,640,716)	(213,634,505)
C. Cash flows from financing activities:			
Proceeds from issuance of shares		100 C	100 C
Financial Expenses		(107,645,366)	(93,908,382)
Short term bank loan (paid)/Received		238,050,216	30,287,695
Dividend Payment		(72,553,255)	(21,779,384)
IPO Expenses		100 C	100 C
Long Term Bank Loan (paid)/Received		(8,642,806)	180,346,079
Outstanding IPO Subcription Paid		100 C	(5,000)
Net Cash from financing Activities		49,208,790	94,941,008
Net Decrease in cash & cash equivalents (A+B+C)		(16,716,600)	(67,120,188)
Unrealized Foreign Exchange Gain/(Loss)		(15,965)	83,156
Cash & cash equivalents at the beginning of the period		47,984,343	115,021,375
Cash & cash equivalents at the end of the period		31,251,777	47,984,343
Net Operating Cash Flow per share	31	1.05	0.39

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





Director



**Chief Financial Officer** 

Company Secretary

Managing Director

Chairman



AS AT AND FOR THE YEAR ENDED 30 JUNE 2021

# 01. LEGAL FORM OF THE ENTERPRISE

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

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

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

#### Nature of business

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

# 02. BASIS OF PREPARATION

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

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

# 2. 01. CORPORATE FINANCIAL STATEMENTS AND REPORTING

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

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

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

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

# 2.02 FUNDAMENTAL ACCOUNTING CONCEPTS/ ASSUMPTIONS

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

## 2.03 GOING CONCERN

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

# 2.04 COMPLIANCE WITH IAS & IFRS

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

- IAS 1 Presentation of Financial Statements
- IAS 2 Inventories
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting policies , Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting period
- IAS 12 Income Taxes
- IAS 16 Property, Plant And Equipment
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Presentation
- IAS 33 Earnings Per Share
- IAS 36 Impairment of Assets
- IAS 37 Provision , Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

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

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

# 2.05 REPORTING PERIOD

The period of the financial statements covers from 01 July 2020 to 30 June 2021

# 2.06 AUTHORIZATION FOR ISSUE

The Financial Statements have been authorized for issue by the board of directors on 28 October 2021.

# 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 used. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

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

# 2.13 DEPRECIATION OF TANGIBLE FIXED ASSETS

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

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

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

#### 2.14 REVENUE RECOGNITION

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

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

## 2.15 IDENTIFYING THE CONTRACT

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

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates exclusive of VAT as per IFRS-15. Revenue is recognized when the parties to the contract have approved the conract 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 substancethe 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 condribution 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 companys 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 elibible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

#### Workers Profit Participation Fund:

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

# 2.17 ACCRUED EXPENSES AND OTHER PAYABLES

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

#### 2.18 INVENTORIES

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

# 2.19 CASH AND CASH EQUIVALENTS

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

# 2.20 STATEMENTS OF CASH FLOWS:

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

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

Changes in accounting policies: An entity shall change an accounting policy only if the change:

(a) is required by an IFRS; or

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

## 2.22 BORROWING COSTS

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

## 2.23 INCOME-TAX EXPENSE

In pursuance of section 44(4) (b) of the Income Tax Ordinace , 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) on-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

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

## 3.00 RELATED PARTY DISCLOSURES

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

# 4.00 FINANCIAL INSTRUMENTS

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

#### **Financial assets:**

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

#### Financial liability:

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

#### 4.01 EARNINGS PER SHARE

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

Basic Earnings per share (Numerator /Denominator) Earnings (Numerator) This represents earning for the year attributable to ordinary shareholders No. of ordinary shares (Denominator) This represents weighted average number of ordinary share outstanding during the year.

#### Diluted Earnings per share

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

# 4.02 IMPAIRMENT OF ASSETS:

#### I) Financial Assets

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

#### II) Non-Financial assets

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

# 4.03 PROVISION , CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

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

# 4.04 INTANGIBLE ASSETS

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

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

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

An asset is a resource:

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

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

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

# 4.05 FIANANCIAL STATEMENTS COMPRISES:

- (a) Statement of Financial PositionAs at 30 June 2021
- (b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021
- (c) Statement of Changes in Equity for the year ended 30 June 2021
- (d) Statement of Cash Flows for the year ended 30 June 2021
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

## 4.06 **RISK EXPOSURE**

#### Interest rate risk

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

# Management perception

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

## Exchange rate risk

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

#### Management perception

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

#### Industry risks

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

#### Management perception

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

#### Market risks

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

#### Management perception

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

#### **Operational risks**

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

#### Management perception

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

### Liquidity risk

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

#### Management perception

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.



Notes to the

as at 30 June 2021

Particulars	Amo	unt in Taka
	30-06-2021	30-06-2020
5. PROPERTY, PLANT AND EQUIPMENT		
Cost:		
Opening Balance	1,897,199,365	1,699,548,133
Addition during the period	235,973,494	197,651,232
Disposal during the period	(153,286,067)	-
	1,979,886,792	1,897,199,365
Ness: Accumulated Depreciation:		
Opening Balance	1,097,175,194	1,003,811,868
Charged during the period	108,309,511	93,363,326
Adjustment during the period	(128,682,704)	-
	1,076,802,001	1,097,175,194
Written Down Value	903,084,791	800,024,171
Included in above PPE, Building, and machineries are		
mortgaged with banks.		
The details have been shown in Annexure: A		
The details have been shown in Annexule. A		
6. CAPITAL WORK IN PROGRESS		
Building and Civil Construction	-	-
Machinery & Equipment	49,308,720	81,715,515
	49,308,720	81,715,515
7. INVENTORIES		
Raw materials	820,709,324	767,629,791
Work-in - process	220,792,279	184,485,116
Finished goods	376,251,037	354,606,805
Dyes & Chemicals	223,055,429	186,358,279
Spares & Accessories	100,356,455	93,689,342
	1,741,164,524	1,586,769,333
8 TRADE AND OTHER RECEIVABLES		
Accounts Receivable	1,431,087,005	1,277,956,469
Interest Receivable from FDR	-	42,789
	1,431,087,005	1,277,999,258

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

**Amount in Taka** 

30-06-2020

1,269,507,186

8,449,283

30-06-2021

1,421,282,855

9,804,150

#### Particulars

- debts considered good and in respect of which the company is fully secured by LC.
- debts considered good for which the company holds no security other than the debtors personal security and
- III) debts considered doubtful or bad.
- IV) debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.
- V) debts due by companies under the same management to be disclosed with the names of the companies.
- 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	679,695,230	683,297,711
Three to Six months	744,165,243	575,099,666
More than Six months	7,226,532	19,601,881
Total	1,431,087,005	1,277,999,258

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 71,91,304.66 equivalent to BDT610,038,374.86 opened with different bank against which short term loan was sanctioned by Premier Bank Ltd., Woori Bank Ltd and HSBC keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that bills receivable which is subject to realization upon 90~150 days. The company might have liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

9 ADVANCES, DE	POSITS AND PREPAYMENTS		
Advances	(Annexure-C)	51,180,440	56,745,100
Deposits	(Annexure-C)	50,126,413	103,948,759
Prepayments	(Annexure-C)	1,981,634	333,268
		103,288,487	161,027,127
<ul> <li>** All advances and good and realiza</li> <li>10. INVESTMENT</li> </ul>			
Woori Bank-FDR A/C #9230076351		9,194,188	9,138,447
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	9,194,188	9,138,447
11. CASH & CASH	I EQUIVALENT		
Cash in hand		7,395,214	16,867,787
Cash at Banks (N	lote 11.1)	23,856,563	31,116,556
		31,251,777	47,984,343

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Particulars	Amou	Amount in Taka	
	30-06-2021	30-06-2020	
11.1 CASH AT BANKS			
Premier Bank-FDR (3 Month Maturity)	-	10,269,289	
Standard Chartered-Taka A/C-01-6500560-01	5,420,538	273,445	
Standard Chartered-USD A/C-01-6700772-01	192,110	196,064	
Woori Bank USD A/C-92-30107-60	1,233,025	322,045	
Woori Bank-Taka A/C-92-30107-75	9,233,503	8,917,579	
Premier bank FC A/C-010215200000898	3,267,172	3,854,099	
Premier Bank Taka A/C-010211100015599	330,532	150,506	
Woori Bank- Taka NDA	976,250	5,565,498	
Prime Bank-OBU USD A/C-11-0000-10	211,786	426,108	
Prime Bank-DBU USD A/C-124-511800084-41	184,784	185,154	
Prime Bank-TK A/C-124-110500084-40	52,952	186,055	
HSBC Bank -Taka A/C	305,115	219,417	
Dutch Bangla Bank-DBU A/C-Taka	2,038,311	141,154	
Dhaka Bank-OBU USD A/C-099-1125-0000003-47	7,186	7,200	
Woori Bank -MOB Account	64	65	
Prime Bank-TK A/C-IPO	284,024	283,667	
Prime Bank-EURO A/C-IPO	20,003	20,003	
Prime Bank-USD A/C-IPO	99,208	99,208	
	23,856,563	31,116,556	
12 SHARE			
Authorized capital:	2,000,000,000	2,000,000,000	
20,00,00,000 Ordinary shares of Taka 10 each		_,,,	
Issued, subscribed and paid up			
Opening Share Capital	1,211,815,000	1,101,650,000	
Add: Stock Dividend	96,945,200	110,165,000	
Closing Share Capital	1,308,760,200	1,211,815,000	
13 RETAINED EARNINGS			
Retained Earnings Opening Balance	804,490,364	839,637,864	
Less: Stock Dividend	(96,945,200)	(110,165,000)	
Less: Cash Dividend	(45,337,250)	(41,215,680)	
Add: Net profit during the period	164,162,602	116,233,180	
Retained Earnings Closing Balance	826,370,516	804,490,364	

# Particulars

Particulars			
	30-06-2021	30-06-2020	
14 . LONG-TERM BORROWING			
Lease Liability-ROU	19,340,292	20,869,094	
HSBC Bank Ltd.	271,952,605	159,549,943	
Loan from Shareholders(Annexure-E)	451,429,986	452,334,655	
	742,722,883	632,753,692	
Less: Current Portion of Long Term Loan			
Lease Liability-ROU	120,861,453	1,050,337	
	120,861,453	1,050,337	
	621,861,430	631,703,355	

Amount in Taka

Short details of long term borrowing from Prime 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

### **15. TRADE AND OTHER PAYABLES**

Trade Payables	(Annexure-F)	352,435,978	350,983,538
Other Payables	(Annexure-F)	16,931,901	13,566,762
		369,367,879	364,550,300
16. SHORT TERM BORR	OWING		
Woori Bank Limited (TR)	)	178,295,022	283,325,339
Premier Bank Limited (T	R)	301,490,327	78,441,769
HSBC (TR)		376,452,958	342,791,698
Woori Bank Limited (0/I	))	19,708,485	38,274,853
HSBC (OD)		743,726	17,120,615
		876,690,518	759,954,274
17. LIABILITIES FOR EX	PENSES		
Salaries, Wages & Allow	ances	30,476,603	38,070,935
Utilities Payable		18,236,128	30,426,483
Vehicle Rent & Expenses	8	342,567	342,567
ETP Expenses BEPZA		3,785,463	5,781,801
Godown rent		12,000	12,000
Audit Fees		556,751	559,500
Liability for employee Ta	ах	590,479	1,400,368
Liability for supplier VAT	and Tax	733,044	2,014,213
PF subscription		1,291,951	1,194,165
Others		802,656	619,261
		56,827,642	80,421,293

313,581

3,382,862

Particulars	Amo	Amount in Taka		
	30-06-2021	30-06-2020		
18. OUTSTANDING IPO SUBSCRIPTION				
The Break-Up of the amount is given below				
Bank Name & Account Number				
Prime Bank A/C 2148517000877(USD)	79,997	79,997		
Prime Bank A/C 214851100154 (EURO)	20,003	20,003		
	100,000	100,000		
19. DIVIDEND PAYABLE				
Dividend Payable	562,252	27,778,257		
	562,252	27,778,257		
20. INCOME TAX PROVISION				
Opening Balance	30,632,009	32,649,642		
Add: Provision during the year	25,512,427	18,805,126		
Less: Adjustment/Paid during the year	(24,824,175)	(20,822,759)		
Total	31,320,261	30,632,009		
21. NAVPS (NET ASSETS VALUE PER SHARE)				
No of shares to calculate Net Asset Value Per Share	130,876,020	130,876,020		
Shareholder's equity	2,135,130,716	2,016,305,364		
NAVPS (Net Assets Value Per Share)	16.31	15.41		
22. REVENUE				
Export Sales	3,586,046,413	3,072,519,860		
	3,586,046,413	3,072,519,860		
22.01. OTHER INCOME				
Bank Interest FDR-Premier Bank	238,857	3,126,219		
Bank Interest-Prime Bank	707			
FDR Interest-Woori Bank	74,017	256,643		
	,	200,010		

# Particulars

Particulars	Amount in Taka		
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020	
23. COST OF SALES			
Yarn consumed (Note-23.01)	2,296,578,581	2,009,327,388	
Dyes & Chemicals Consumed (Note 23.02)	287,719,597	254,513,142	
Manufacturing expenses (Note-23.03)	625,755,303	555,788,386	
Manufacturing costs for the period	3,210,053,481	2,819,628,916	
Opening work in progress	184,485,116	188,554,412	
Closing work in progress	(220,792,279)	(184,485,116)	
Cost of goods manufactured	3,173,746,318	2,823,698,212	
Finished goods (Opening)	354,606,805	240,778,716	
Finished goods (Closing)	(376,251,037)	(354,606,805)	
	3,152,102,086	2,709,870,123	
23.01 YARN CONSUMED			
Opening stock	767,629,791	885,802,380	
Purchase during the period	2,349,658,114	1,891,154,799	
Raw materials available for consumption	3,117,287,905	2,776,957,179	
Closing stock	(820,709,324)	(767,629,791)	
Raw materials consumed	2,296,578,581	2,009,327,388	
23.02 DYES & CHEMICAL CONSUMED			
Opening stock	186,358,279	172,611,033	
Purchase during the period	324,416,747	268,260,387	
Dyes & Chemicals available for consumption	510,775,026	440,871,420	
Closing stock	(223,055,429)	(186,358,279)	
Dyes & Chemicals consumed	287,719,597	254,513,142	
23.03 FACTORY OVERHEAD			
Utility Bills-BEPZA	214,045,353	178,858,392	
Repair and Maintenance	10,548,708	8,343,137	
Wages and Salary	126,584,107	122,572,655	
Daily Labor Charges	7,070,386	5,967,738	
P.F. Contribution	4,223,252	4,311,819	
Gas Charges- Titas	82,975,021	69,840,366	
Insurance Premium ( Mfg.)	4,677,817	6,793,134	
Marin Insurance	48,992	232,263	
Godown Rent	3,222,784	3,178,681	
Medical Subcription & Worker Welfare Fund-BEPZA	1,242,542	1,257,256	
Spare & Accessories consumed(Notes-23.04)	75,357,713	70,405,952	
Depreciation	97,478,560	84,026,993	
	627,475,235	555,788,386	

Particulars	Amount in Taka		
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020	
23.04 SPARE & ACCESSORIES CONSUMED			
Opening stock	93,689,342	103,792,961	
Purchase during the period	82,024,826	60,302,333	
Spares & Accessories available for consumption	175,714,168	164,095,294	
Closing stock	(100,356,455)	(93,689,342)	
Spares & Accessories consumed	75,357,713	70,405,952	
24. DISTRIBUTION COSTS			
Salaries & Allowances	12,852,617	12,985,676	
Contribution to P.F	571,373	618,116	
Advertisment	120,046	79,254	
House Rent	1,023,120	982,320	
Entertainment-(Sales&Marketing)	3,144,063	3,567,510	
Delivery Expense	6,853,469	5,828,441	
	24,564,688	24,061,317	
25. ADMINISTRATIVE EXPENSES			
Association Fees	340,272	89,992	
Telephone, Mobile and Internet	1,212,362	1,198,463	
Medical & Welfare	4,548,721	3,840,229	
Professional Fees	3,492,932	3,236,772	
Audit Fees	400,751	256,250	
Renewal & Registration	3,054,706	1,364,831	
Salaries & Allowances	59,749,580	65,094,564	
Security Consultancy- Fee	3,197,232	3,466,018	
Vehicle Expenses	6,801,920	5,236,643	
Contribution for P.F	2,939,266	2,509,421	
Entertainment(Office)	781,654	787,236	
Traveling & Conveyance	2,092,809	3,511,012	
Printing & Stationeries	3,073,802	2,761,133	
Courier Charge	125,721	40,967	
Depreciation	10,830,951	9,336,333	
	102,642,679	102,729,864	

Particulars	Ато	Amount in Taka		
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020		
26. FINANCIAL EXPENSES				
Interest on Long Term Loan	11,380,676	1,565,124		
Interest on Short Term Loan	86,783,345	82,795,289		
Bank Charge and Commission	9,481,345	9,547,969		
	107,645,366	93,908,382		
FINANCIAL EXPENSES:				
Interest -Bill Discounting	6,192,896	24,837,930		
Bank Charges & Commission	9,481,345	9,547,969		
Interest -Bill settlement	15,623,536	15,684,972		
Interest-overdraft	888,395	1,771,645		
Interest- Term Loan	10,455,596	639,962		
Interest TR Loan	44,094,135	40,470,708		
Interest-Lease Liability (ROU)	909,463	955,196		
	107,645,366	93,908,382		
27. INCOME TAX EXPENSES				
The above balance is made up as follows:				
Current tax (27.01)	25,512,427	18,805,126		
Deferred tax (income)/expenses (Annexure-G)	3,494,336	6,019,049		
	29,006,763	24,824,175		
27.01. CURRENT TAX				
The above balance is made up as follows:				
Income tax on business income (Note 27.02)	25,434,032	17,959,410		
Income tax on other income (Note 27.03)	78,395	845,716		
Total tax on income	25,512,427	18,805,126		

Particulars	Amount in Taka		
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020	
27.02 INCOME TAX ON BUSINESS INCOME			
Net Profit/ (Loss) before tax	193,169,365	141,057,355	
Add: Accounting depreciation	108,309,511	93,363,326	
Less: Tax depreciation (Annexure-H)	(131,605,085)	(111,616,622)	
	169,873,791	122,804,059	
Less: Other income	313,581	3,382,862	
Total business income	169,560,210	119,421,197	
Income tax @ 15%	25,434,032	17,913,180	
Tax deducted under section 82 (C)	11,266,894	9,555,864	
As per section 82(c) of the ITO tax deducted at source or tax	20,543,619	17,959,410	
	20,343,015	11,555,410	
calculated @ 15% whichever is higher will be the tax payable.			
27.03 INCOME TAX ON OTHER INCOME:			
Other income	313,581	3,382,862	
Income tax @ 25%	78,395	845,716	
28. EARNING PER SHARE:			
Net profit after tax attributable to ordinary shareholders	164,162,602	116,233,180	
No of weighted average shares to calculate basic earnings per share	130,876,020	130,876,020	
Basic & Diluted Earnings per share	1.25	0.89	
29. CASH RECEIVED FROM CUSTOMER & OTHER INCOME			
Revenue	3,586,046,413	3,072,519,860	
Other Income	313,581	3,382,862	
Realized Foreing Exchange Gain/(Loss)	(6,840,549)	(2,308,502)	
Adjustment of unrealized foreign exchange gain/(loss) for trade receivable	(2,495,173)	7,997,512	
(Increase)/Decrease in Trade and other receivables	(153,087,747)	(88,356,729)	
	3,423,936,525	2,993,235,003	
30. CASH PAID TO SUPPLIERS, EMPLOYEES AND			
OTHERS EXPENSES			
Cost of Goods Sold	(3,152,102,086)	(2,709,870,123)	
Distribution Cost	(24,564,688)	(24,061,317)	
Administrative Expenses	(102,642,679)	(102,729,864)	
Adjustment for Depreciation	108,309,511	93,363,326	
Adjustment for Unrealized Foreign Exchange gain/(Loss)	432,178	(2,485,093)	
(Increase)/Decrease in Inventory (Increase)/Decrease in Advances Deposite Propovmente	(154,395,191)	4,770,170	
(Increase)/Decrease in Advances Deposits Prepayments Net Advance Income Tax included in advance deposits &	57,738,640 (294,957)	(50,850,095) 16,362,479	
prepayments considered separately	(254,501)	10,302,419	
Increase/(Decrease) Trade and other payble	29,420,942	(146,930,983)	
Increase/(Decrease) Liabilities for Expenses	(23,593,651)	17,955,041	
	(3,261,691,981)	(2,904,476,459)	

Particulars	Amount in Taka		
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020	
Opening AIT	(34,828,966)	(18,466,487)	
Closing AIT	34,534,009	34,828,966	
Opening Income Tax Provision	30,632,009	32,649,642	
Closing Income Tax Provision	(31,320,261)	(30,632,009)	
Current Year Tax Provision	25,512,427	18,805,126	
	24,529,218	37,185,238	
31. NET OPERATING CASH FLOW PER SHARE(NOCFPS)			
No of weighted average shares to calculate Net Operating	130,876,020	130,876,020	
Cash flow per share	100,010,020	100,010,020	
Net Cash provided by operating activities	137,715,326	51,573,307	
Net Operating Cash Flow per share (NOCFPS)	1.05	0.39	
32. RECONCIALITION OF NET PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax	193,169,365	141,057,355	
(Increase)/Decrease in Trade and other receivables	(153,087,747)	(88,356,729)	
Adjustment for Depreciation	108,309,511	93,363,326	
(Increase)/Decrease in Inventory	(154,395,191)	4,770,170	
(Increase)/Decrease in Advances Deposits Prepayments	57,738,640	(50,850,095)	
Net Advance Income Tax included in advance deposits &	(294,957)	16,362,479	
prepayments considered separately			
Increase/(Decrease) Trade and other payble	29,420,942	(146,930,983)	
Increase/(Decrease) Liabilities for Expenses	(23,593,651)	17,955,041	
Finance Expenses	107,645,366	93,908,382	
Income Tax Paid	(24,529,218)	(37,185,238)	
Foreign Currency Gain/(Loss) for financing and investing activities	(2,683,699)	7,562,756	
Foreign Currency Gain/(Loss) for Cash and Cash Equivalents	15,965	(83,157)	
Cash Flow from operating activities	137,715,326	51,573,307	

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

We have paid Tk. 3,261,691,981/- to Suppliers, employees and others expenses for (1st July 2020 to 30 June 2021) compare with last year Tk.2,904,476,458/-(1st July 2019 to 30 June 2020) for increase inventories & trade payables and decrease advance, deposits, prepayments & liabilities for expenses than the last year which supports to increase NOCFPS Tk.0.66 (Tk.1.05 - Tk.0.39) than the last year (1st July 2019 to 30 June 2021).

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

Our Revenue has increased Tk. 3,072,519,860/- to Tk. 3,586,046,413/- compared with last year (1st July 2019 to 30th June 2020) due to new demand of sweater in European and American Market after pendemic Covid 19 as well as our management worked hard to catch orders with higher price .Our management trying to diversification of our exports which already starting to get orders in last year and modernized machines to reduced energy costs and other manufacturing costs.

#### 35. Disclosure as per requirement of schedule XI, Part-II of companies Act 1994

#### 35.1 Related party disclosures

a)

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 30.06.2021 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	(93,995,575)	(39,520,425)	(133,516,000)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(452,334,655)	904,669	(451,429,986)
Ideal Fastenar BD Limited	Common Management	Trade Payable	(20,998,891)	5,396,102	(15,602,789)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	8,449,283	1,354,867	9,804,150
Kingpro Trading Limited	Common Management	Trade Payable	(74,431,705)	12,190,543	(62,241,162)
Queensin Ltd	Common Management	Trade Payable	(10,685,035)	(9,928,625)	(20,613,660)
Master Knitwear Ltd	Common Management	Trade Payable	(46,158,139)	42,208,253	(3,949,886)
Winpro Textile Mills Ltd	Common Management	Trade Payable	(26,481,775)	(23,307,473)	(49,789,248)

#### **36. NUMBER OF EMPLOYEES**

Number of permanent staff	118
Number of permanent workers	588
Number of temporary staff/worker	94
Total:	800

#### 37. GENERAL

#### **37.1 DIRECTORS' RESPONSIBILITY STATEMENTS**

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

#### 37.2 ROUNDING OFF

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

### **37.3 REARRANGE OF LAST PERIOD FIGURES**

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

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

The financial statements have been authorised for issue by the Board of Directors on 28 October 2021.

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**Chief Financial Officer** 

Company Secretary

Managing Director

Director

Chairman

Schedule of Property Plant and Equipment as at June 30, 2021

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Depreciation Allocation:	
Administrative expenses Manufacturing Expenses	10,830,951 97,478,560
	108,309,511

Annexure-B

# QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Closing Inventory As at 30 June 2021

S	. Particulars	Unit of		30-06-20	21		30-06-2	2020
		Meas.	Quantity	Rate	Taka	Quantity	Rate	Taka
1	Raw Materials: Raw Yarn <b>Sub-Total</b>	Lbs.	6,638,923 <b>6,638,923</b>	123.62 <b>123.62</b>	820,709,324 <b>820,709,324</b>	6,751,626 <b>6,751,626</b>	113.70 <b>113.70</b>	767,629,791 <b>767,629,791</b>
2	Work-in-process: Yarn in process <b>Sub-Total</b>	Lbs.	1,409,349 <b>1,409,349</b>	156.66 <b>156.66</b>	220,792,279 <b>220,792,279</b>	1,301,145 <b>1,301,145</b>	141.79 <b>141.79</b>	184,485,116 <b>184,485,116</b>
3	Finished Goods: Dyed Yarn <b>Sub-Total</b>	Lbs.	2,164,001 <b>2,164,001</b>	173.87 <b>173.87</b>	376,251,037 <b>376,251,037</b>	2,201,560 <b>2,201,560</b>	161.07 <b>161.07</b>	354,606,805 <b>354,606,805</b>
4	Dyes & Chemicals: Dyestuff Chemical <b>Sub-Total</b>	Kgs. Kgs.	365,749 945,874 <b>1,311,623</b>	458.26 58.62 <b>170.06</b>	167,608,310 55,447,119 <b>223,055,429</b>	308,539 829,899 <b>1,138,438</b>	453.86 55.82 <b>163.70</b>	140,033,338 46,324,941 <b>186,358,279</b>
5	Spares & Accessories Sub-Total Grand Total				100,356,455 <b>100,356,455</b> <b>1,741,164,524</b>			93,689,342 <b>93,689,342</b> <b>1,586,769,333</b>

Annexure-C

# QUEEN SOUTH TEXTILE MILLS LIMITED

## Statement of Advances, deposits and prepayments as at 30 June 2021

Particulars	Amount in Taka			
	30-06-2021	30-06-2020		
(A) Advances:				
Income Tax Deducted at Sources	34,534,009	34,828,966		
Advance against Import of raw matetial & spares	10,225,084	11,896,280		
Adv. Foreign Employee		4,669,705		
Brothers Engineers and Builders	5,325,000	3,000,000		
Md.Islam Kazi		462,000		
Md.Monjur Ali		50,000		
Saff Engineering		88,495		
Rezia Management Consulting		206,400		
Coppertech		323,400		
GCL Int Bd		127,500		
Advance against Salary & Wages		190,617		
Other Advance	1,096,347	901,737		
Sub Total: A	51,180,440	56,745,100		
(B) Deposits:				
Security Deposit for Titas Gas	17,453,950	13,668,260		
Cylinder and CDBLDeposit	33,193	33,193		
House Rent Deposit	35,000	35,000		
Security Deposit for Electrical Connection-BEPZA	12,973,306	12,999,305		
Bank Gurantee with Prime and Woori Bank	11,183,367	17,749,477		
Security Deposit for Land-BEPZA	2,084,700	2,088,878		
CDBL Deposit	500,000	500,000		
L/c Margin with Woori bank	5,435,042	5,445,934		
L/c Margin with HSBC bank	427,855	51,428,712		
Sub Total: B	50,126,413	103,948,759		
(C) Prepayments:				
Prepayment for House rent	102,060	-		
Prepayment of Professional Fees	1,879,574	333,268		
Sub Total: C	1,981,634	333,268		
Grand Total (A+B+C)	103,288,487	161,027,127		

Annexure-D

## QUEEN SOUTH TEXTILE MILLS LIMITED

Statement of Shareholding position As at 30 June 2021

	Name of Shareholder	30-06-21	%	30-06-20	%
1	Gain Plus Agents Limited	39,418,969	30.12%	36,499,045	30.12%
2	Wong Jammy Kwok Chan	22,918,005	17.51%	21,220,375	17.51%
3	Wong Elisa Dai Wah	3,666,881	2.80%	3,395,260	2.80%
4	Shen Wai Chwang Johnny	4,400,257	3.36%	4,074,312	3.36%
5	Tasang Wai Kwan	4,400,257	3.36%	4,074,312	3.36%
6	Chu Kam Tong	4,400,257	3.36%	4,074,312	3.36%
7	Tasang Wing Hei	4,400,257	3.36%	4,074,312	3.36%
8	Wong Kai Chung	4,400,257	3.36%	4,074,312	3.36%
9	Lee Hung Chun	3,666,881	2.80%	3,395,260	2.80%
10	General Public and Institute	39,204,000	29.96%	36,300,000	29.96%
	Total	130,876,020	100.00%	121,181,500	100.00%

### Annexure-E

### QUEEN SOUTH TEXTILE MILLS LIMITED

Schedule of Loan from Shareholders as at 30 June 2021

SI.	Inv. Date	Invoice No.	Sales Contract No	Items	Amount in Taka 30-06-2021	Amount in Taka 30-06-2020
1	26-Jan-13	GP-LHT01/13	GP-CONT/LHT-01/13	Yarn	11,292,311	11,314,941
2	12-Jan-13	GP-JGT01-A/13	GP-CONT/JGT-01-A/13	Yarn	5,435,160	5,446,052
3	26-Jan-13	GP-JGT01-C/13	GP-CONT/JGT-01-C/13	Yarn	5,610,487	5,621,730
4	16-Jan-13	GP-JGT01-B/13	GP-CONT/JGT-01-B/13	Yarn	5,491,265	5,502,269
5	5-Feb-13	GP-JGT02-A/13	GP-CONT/JGT-02-A/13	Yarn	12,371,131	12,395,923
6	28-Jan-13	GP-NA01-A/13	GP-CONT/NA-01-A/13	Yarn	10,173,238	10,193,625
7	1-Feb-13	GP-JGT02-B/13	GP-CONT/JGT-02-B/13	Yarn	18,542,277	18,579,436
8	5-Mar-13	GP-JGT04-A/13	GP-CONT/JGT-04-A/13	Yarn	6,044,439	6,056,553
9	19-Feb-13	GP-NA01-D/13	GP-CONT/NA01-D/13	Yarn	5,086,619	5,096,813
10	12-Feb-13	GP-NA01-B/13	GP-CONT/NA01-B/13	Yarn	5,086,619	5,096,813
11	19-Feb-13	GP-NA01-C/13	GP-CONT/NA01-C/13	Yarn	5,086,619	5,096,813
12	6-Mar-13	GP-JGT04-B/13	GP-CONT/JGT04-B/13	Yarn	6,045,440	6,057,556
13	25-Feb-13	GP-NA01-E/13	GP-CONT/NA01-E/13	Yarn	5,086,619	5,096,813
14	18-Feb-13	GP-002/13	GP-CONT/GP-02/13	Machinery	5,131,876	5,142,160
15	6-Mar-13	GP-JGT04-C/13	GP-CONT/JGT-04-C/13	Yarn	6,513,775	6,526,829
16	16-Mar-13	GP-MAI-01/13	GP-CONT/MAI-01/13	Yarn	6,573,620	6,586,794
17	17-Mar-13	GP-JGT-04-D/13	GP-CONT/JGT-04-D/13	Yarn	6,496,943	6,509,963
18	19-Mar-13	GP-JGT-04-E/13	GP-CONT/JGT-04-E/13	Yarn	6,491,491	6,504,500
19	18-Mar-13	GP-JGT-04-F/13	GP-CONT/JGT-04-F/13	Yarn	6,528,250	6,541,333
20	16-Mar-13	GP-VC-02/13	GP-CONT/GP-VC-02/13	Chemical	4,433,555	4,442,440
21	26-Mar-13	GP-FCC-02/13	GP-CONT/GP-FCC-02/13	Chemical	2,510,968	2,516,000
22	29-Apr-13	GP-NA-01-F/13	GP-CONT/NA01-F/13	Yarn	5,086,619	5,096,813
23	16-May-13	GP-AAS01-A/13	GP-CONT/AAS-01-A/13	Yarn	5,086,619	5,096,813
24	17-May-13	GP-CFA02/13	GP-CONT/CFA02/13	Yarn	6,327,279	6,339,959
25	23-May-13	GP-ATM01-A/13	GP-CONT/ATM01-A/13	Yarn	5,047,491	5,057,606

Annexure-E

## QUEEN SOUTH TEXTILE MILLS LIMITED

Schedule of Loan from Shareholders as at 30 June 2021

					Amount in Taka	Amount in Taka
SI.	Inv. Date	Invoice No.	Sales Contract No	ltems	30.06.2021	30-06-2020
26	23-May-13	GP-AAS01-B/13	GP-CONT/AAS-01-B/13	Yarn	5,086,619	5,096,813
27	17-May-13	GP-LHT02-A/13	GP-CONT/LHT-02-A/13	Yarn	17,875,010	17,910,832
28	16-May-13	GP-VC03/13	GP-CONT/VC03/13	Chemical	3,811,921	3,819,560
29	25-May-13	GP-LHT02-B/13	GP-CONT/LHT-02-B/13	Yarn	17,875,010	17,910,832
30	31-May-13	GP-NA01-G/13	GP-CONT/NA01-G/13	Yarn	15,207,686	15,238,163
31	4-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	Yarn	6,746,133	6,759,652
32	16-Jun-13	GP-AAS01-C/13	GP-CONT/AAS-01-C/13	Yarn	5,086,619	5,096,813
33	4-Jun-13	GP-JGT06-A/13	GP-CONT/JGT06-A/13	Yarn	6,758,569	6,772,113
34	4-Jun-13	GP-JGT06-C/13	GP-CONT/JGT06-C/13	Yarn	6,751,285	6,764,815
35	12-Jun-13	GP-130006-JGTGM	GP-CONT/130006-JGTGM	Yarn	6,349,876	6,362,601
36	12-Jun-13	GP-130005-JGTGM	GP-CONT/130005-JGTGM	Yarn	6,573,620	6,586,794
37	18-Jun-13	GP-JGT07-A/13	GP-CONT/JGT07-A/13	Yarn	6,573,620	6,586,794
38	18-Jun-13	GP-JGT07-B/13	GP-CONT/JGT07-B/13	Yarn	6,573,620	6,586,794
39	18-Jul-13	GP-130009/MN	GP-CONT/130009/MN	Yarn	2,222,828	2,227,283
40	25-Jul-13	GP-130015/URM	GP-CONT/130015/URM	Yarn	5,273,457	5,284,025
41	29-Jul-13	GP-130017/URM	GP-CONT/130017/URM	Yarn	5,306,965	5,317,600
42	5-Aug-13	GP-130022-FCC	GP-CONT/130022-FCC	Chemical	3,478,030	3,485,000
43	26-Aug-13	GP-130031/JGTG	GP-CONT/130031/JGTG	Yarn	6,754,484	6,768,020
44	13-Sep-13	GP-130042/ZT	GP-CONT/GP-130042/ZT	Yarn	21,037,840	21,080,000
45	6-Sep-13	GP-130044/QS	GP-CONT/GP-130044/QS	Spares	4,846,423	4,856,135
46	8-0ct-13	GP-130055/ZT	GP-CONT/GP-130055/ZT	Yarn	15,778,380	15,810,000
47	21-Oct-13	GP-130058/ZT	GP-CONT/GP-130058/ZT	Yarn	5,259,460	5,270,000
48	30-Oct-13	GP-130063/ZT	GP-CONT/GP-130063/ZT	Yarn	5,259,460	5,270,000
49	16-Nov-13	GP-130072/AT	GP-CONT/GP-130072/AT	Yarn	5,130,094	5,140,375
50	5-Jun-12	GP-HM02-B/12	GP-HM02-B/12	Yarn	5,047,385	5,057,500
51	3-Jun-12	GP-ES01-B/12	GP-ES01-B/12	Yarn	4,921,200	4,931,063
52	19-Jun-12	GP-ES01-C/12	GP-ES01-C/12	Yarn	4,921,200	4,931,063
53	17-Jun-12	GP-PA02-A/12	GP-PA02-A/12	Yarn	4,755,782	4,765,313
54	28-May-12	GP-JGT03-E/12	GP-JGT03-E/12	Yarn	6,414,633	6,427,488
55	2-Jun-12	GP-JGT03-F/12	GP-JGT03-F/12	Yarn	6,938,302	6,952,206
56	12-Jun-12	GP-JGT03-G/12	GP-JGT03-G/12	Yarn	6,676,460	6,689,840
57	16-Jun-12	GP-JGT03-H/12	GP-JGT03-H/12	Yarn	6,667,638	6,681,000
58	23-Jul-12	GP-GAT02-A/12	GP-GAT02-A/12	Yarn	11,248,458	11,271,000
59	28-May-12	GP-JGT04-D/12	GP-JGT04-D/12	Yarn	6,934,777	6,948,674
60	27-May-12	GP-JGT04-C/12	GP-JGT04-C/12	Yarn	6,928,951	6,942,837
61	23-Jun-12	GP-JGT04-E/12	GP-JGT04-E/12	Yarn	6,932,780	6,946,673
62	27-Jun-12	GP-JGT04-G/12	GP-JGT04-G/12	Yarn	6,925,303	6,939,182
63	27-Jun-12	GP-JGT04-H/12	GP-JGT04-H/12	Yarn	6,919,396	6,933,263
Tota	d				451,429,985	452,334,654

Statement of Trade and other payables

As on June 2021

Annexure-F

	Amount in Taka	Amount in Taka	
Name of the Customer	30-06-2021	30-06-2020	
A)Trade Payables: ARCHROMA SINGAPORE PTE LTD	10,367,414		
DamodarTextile Mills Ltd	10,307,414	4,129,344	
DCM Nouvellee Ltd		9,604,293	
Gain Plus Agents Limited	133,516,000	93,995,575	
GARG ACRYLIC	100,010,000	5,948,276	
Gimatex Industries Pvt. Ltd.		18,062,787	
GQ industries Ltd	381,735	1,606,500	
Huge Master International Ltd.	135,516		
HUNTSMAN SINGAPORE PTE LTD	13,346,495		
Ideal Fastenar BD/Globalmax Textile Mills Ltd	15,602,789	20,998,891	
Kingpro Trading Limited	62,241,162	74,431,705	
Perfect Point Raw MatLc	2,475,848	1,879,350	
Queen Product Ltd	43,868,450	48,830,611	
QUEENPRODUCT ENTERPRISE CO LTD	97,661	-	
Queensin Ltd.	20,613,660	10,685,035	
Samin Food and beverage	27,625,000		
Samuda Chemicals	340,000		
Sree Narshima Textile Ltd	6,364,397	00 401 775 00	
Winpro Textile Mills Ltd	49,789,248	26,481,775.00	
Sub Total (A)	352,435,978	350,983,540	
B) Other Payables:			
Brothers Corporation	743,400	223,400	
Chemist Chemitrade Centre		326,200	
Chyti Engineering Works.	379,913		
Dynamic Travels		741,593	
HA Engineering		64,750	
Hawk Eye Secrity Services	373,515	373,515	
Hellman International	1,000,875	239,452	
How are you Textile Industry Ltd.	740.000	262,560	
H. R. Construction	740,000	144.000	
Khan Sufia Packaging (Pvt) Ltd. L.H. International	6,644,368	144,000 4,568,570	
M/S Ujma Traders	68,040	68,040	
M/S. Anis Traders	493,746	237,600	
M/S. C.S International	24,860	201,000	
M/S. Ranks-ITT Ltd.	3,251		
Mahi Enterprise	0,201	36,590	
Mahdi Enterprise	303,270		
Minhaz Enterprise,	540,000		
Monico Technologies Limited.	5,500		
Mollah And Sons	807,487	103,596	
Mojumder Industries	480,000		
National Enterprise	77,986	110,686	
Nirob Dyes & Chemical	284,160	284,160	
Perfect Point- Cone (Limited)	50,370		
Securex (PVT.) Ltd.	311,521	546,570	
Speedway Logistics	962,847	1,815,533	
Saha Enterprise,	166,000		
Shahriar & Brothers Ltd.	890,076		
Taha Colours International	824,941	2,438,167	
TDC Enterprise	1,122,825	F10 000	
Towsif Enterprise	602,550	512,838	
Uttara Color Chemical	85,000		
Victor Printing House	68,225	14,000,045	
Sub Total (B) Grand Total (A+B)	16,931,901	14,220,645	
Grand Total (A+B)	369,367,879	365,204,185	

Calculation of Deferred tax

for the year ended 30 June 2021

Particulars	30-06-2021	30-06-2020
Carrying value	000 004 701	000 00 ( 171
Property, Plant and Equipment (Annexure-A)	903,084,791	800,024,171
Tax base		
Property , Plant and Equipment (Annexure-H)	532,035,843	452,270,797
Taxable /(Deductible) temporary difference	371,048,948	347,753,374
Income tax rate 15%	15%	15%
Deferred Tax Liabilities/(Assets) at the end of the period	55,657,342	52,163,006
		F0 1 60 000
Closing Deferred Tax Liabilities	55,657,342	52,163,006
Opening Deferred Tax Liabilities	52,163,006	46,143,957
D.Tax (income) / expenses:	3,494,336	6,019,049

# QUEEN SOUTH TEXTILE MILLS LIMITED

Schedule of Property Plant and Equipment as at 30 June 2021 (Tax Base) for the year ended 30 June 2021

Annexure: H

SI No.	Name of Assets	Balance 01-07-2020	Addition	Balance 30-06-2021	Rate	Depreciation	WDV
1	Machinery & Equipment	393,513,066	198,118,188	591,631,254	20%	118,326,251.00	473,305,003
2	Building & Civil Const.	40,250,275	12,468,707	52,718,982	20%	10,543,796.00	42,175,186
3	Furniture and fixture	942,119	63,925	1,006,044	10%	100,604.00	905,440
4	Office equipment	9,505,642	719,311	10,224,953	10%	1,022,495.00	9,202,458
5	Electrical Installation	5,961,888	-	5,961,888	20%	1,192,378.00	4,769,510
6	Vehicles	2,097,807	-	2,097,807	20%	419,561.00	1,678,246
	Total	452,270,797	211,370,131	663,640,928		131,605,085	532,035,843

Annexure-G

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

# **PROXY FORM**

Affix revenue stamp of Tk. 20.00

BIO A/C No :	Number of Shares held	
I/We	of	
being a member of QUEEN SOUTH	TEXTILE MILLS LI	MITED hereby appoints
Mr./Mrs./Msof		to attend and
vote for me/us and on my/our behalf at the 19th Al Wednesday, 29 December, 2021 at 3:00 p.m. at dig		of the Company to be held on

(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 19th ANNUAL GENERAL MEETING being held on Wednesday, 29 December, 2021 at 3:00 p.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.

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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.



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