



Annual Report 2020-2021



Zaheen Spinning Limited

Zaheen Spinning Limited



Mission:

The mission of the Company is to provide highest quality yarn to our valued customers maintaining high ethical standards while we conduct business..



Vision:

The company thinks business not only for profit but also to provide satisfaction, quality, production and fulfill the market demands and major contribution in national economy as well as maintain positive investment of the share holders.



Objective:

Our primary business objective is to conduct transparent operations within legal and social framework, aiming to attain the mission with qualitative/ quantitative targets while we operate.



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Letter of Transmittal

To
All Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: **Annual Report for the Year Ended on 30 June, 2021.**

Dear Sir/Madam (s),

We are pleased to enclose a copy of the **Annual Report** together with the Audited Accounts including Statement of Financial Position as of 30th June 2021, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flow for the Year Ended on **30 June, 2021**, along with notes thereon of Zaheen Spinning Limited for your reference and record.

Yours sincerely,

(Md. Mohin Uddin)
Company Secretary

NOTICE OF 14TH ANNUAL GENERAL MEETING (VIRTUAL)

Notice is hereby given that the 14th Annual General Meeting of Zaheen Spinning Limited will be held virtually by using Digital Platform through the link: <https://zaheenspinning.bdvirtualagm.com> on Sunday, 26th day of December, 2021, 10.00 a.m. to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Director's Report, Audited Financial Statements along with Auditors Report thereon for the year ended on 30th June 2021.
2. To approve the dividend for the year ended on 30th June 2021.
3. To elect/ reelect Directors.
4. To appoint Statutory Auditors of the Company for the year 2021-2022 and fix their remuneration.
5. To appoint Corporate Governance Code Auditors of the Company for the year 2021-2022 and fix their remuneration.
6. To transact any other business with the permission of the chair.

By Order of the Board of Directors



Md. Mohin Uddin
Company Secretary

Date: November 03, 2021

Notes:

1. The Board of Directors did not recommend any dividend for the year ended on 30th June 2021.
2. Record Date: Wednesday, November 24, 2021.
3. The Shareholders whose name will appear in the Share Register/ Depository Registrar on the Record Date will be eligible to attend the meeting.
4. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMRC/94-231/91 dated 31 March 2021, the AGM will be held virtually by using the digital Platform. The detailed procedures to attend the meeting will be communicated along with the Annual Report - 2021, to all concerned, in due course by email. Soft copy of the Annual Report - 2021 will also be available in the company's website at: www.zaheenspinningltd.com
5. Any member eligible to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend and vote on his/her behalf. The proxy form duly stamped with a revenue stamps of Tk. 20/- and signed by the member must be submitted at the Share Department at House # 59/A, Road # 12/A, (6th& 7th Floor), Dhanmondi, Dhaka-1209, not less than 72 hours before the time fixed for the meeting.
6. Shareholders will be able to join the Virtual AGM through the link: <https://zaheenspinning.bdvirtualagm.com>
7. The shareholders will be able to submit their questions, comments through e-mail: info@zaheenspinningltd.com 24 hours before commencement of the AGM and during the AGM.
8. For logging into the system, the shareholders need to put their 16 digit Beneficiary Owner (BO) ID number and other credentials as proof of their identity by using the link : <https://zaheenspinning.bdvirtualagm.com>

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mrs. Farida Khanam	Chairman
Mr. Mahmudur Rahman	Managing Director & CEO
Mrs. Nusrat Jahan	Director
Mr. Mahbubur Rahman Khan	Director
Mrs. Masuma Khan	Director
Prof. M. Farid Ahmed	Independent Director
Prof. Abu Taleb	Independent Director

AUDIT COMMITTEE

Prof. M. Farid Ahmed	Chairperson
Mrs. Farida Khanam	Member
Mrs. Nusrat Jahan	Member

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Prof. M. Farid Ahmed	Chairperson
Mrs. Farida Khanam	Member
Mrs. Nusrat Jahan	Member

Md. Mohin Uddin	Company Secretary
Md. Ibrahim Khalil	Chief Financial Officer
Md. Tanjim Hossain	Head of Internal Audit & Compliance

MANAGEMENT COMMITTEE

Mr. Mahmudur Rahman	Managing Director & CEO
Mr. Md. Ibrahim Khalil	Chief Financial officer (CC)
Mr. Md. Shahidullah	Sr. DGM- Production
Mr. Md. Tanjim Hossain	Head of Internal Audit & Compliance
Mr. Monotosh Dutta	Manager, Head of Commercial

Statutory Auditor

M/s. G. Kibria & Co.
Chartered Accountants

Corporate Governance Auditor

ARTISAN
Chartered Accountants

Legal Advisor

The Legal Edge

Bankers

Mutual Trust Bank Ltd.
Southeast Bank Ltd
BRAC Bank Ltd.
SBAC Ltd.

Registered Office

House # 09, Flat # A/1, Road # 10
Dhanmondi, Dhaka-1205, Bangladesh

Corporate Office

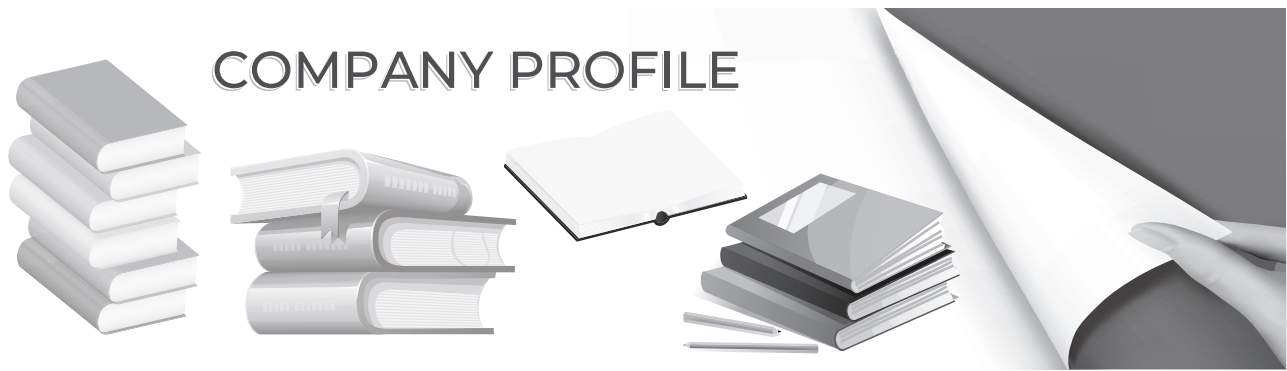
House # 59/A, Road # 12/A, (6th & 7th Flr),
Dhanmondi, Dhaka-1209.

Factory

Jhawgara, Araihasar, Narayangonj

Phone

+880-2-8191588, 8191522



Zaheen Spinning Limited was incorporated on July 22, 2007 as private limited company under the Companies Act 1994 vide registration no. C-67789(340)/07. On August 14, 2012 it was converted into a public limited company. The registered office of the company is located at House-9, Road-10, Flat-A/1, Dhanmondi, Dhaka-1205 and Corporate Office is located at House # 59/A, (6th & 7th Floor), Road # 12/A, Dhanmondi-1209, Bangladesh.

Bangladesh Securities and Exchange Commission (BSEC) has accorded consent for IPO on November 11, 2014 and on March 25, 2015 trading of shares of Zaheen Spinning Limited started on both the bourses namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

The Company was established with an Authorized Capital of Tk. 100,000,000.00 and Paid-up Capital of Tk. 10,000,000.00. The Authorized Capital and Paid-up Capital of the Company was subsequently raised to Tk. 4,000,000,000/- and Tk. 1,138,283,680/- respectively. The shares of the company has been denominated from Tk. 1000/- to Tk. 10/- per share as at July 29, 2012

The company started its commercial operation on February 15, 2010. The Factory is situated at Jhawgara, Araihasar, and Narayanganj, Bangladesh. The main activity of the Company is concentrated in manufacturing 100% quality cotton yarn of different counts.

Profile of Subsidiary- Zaheen Polymer Limited

Zaheen Polymer Limited was incorporated and registered with the Registrar of Joint Stock Companies and Firms of Bangladesh under the Companies Act (Act XVIII) of 1994 on 3 November 2015 vide Registration No. C-126648/2015. Registered Office of the Company is located at House No-09, Road No. -10, Flat No. A/1, Dhanmondi, Dhaka, Bangladesh. The activities of the subsidiary are yet to be commenced

THE BOARD OF DIRECTORS



Mrs. Farida Khanam
Sponsor Director & Chairman

Mrs. Farida Khanam, Chairman of Zaheen Spinning Limited is a business graduate with more than 15 years of experience. She has wide experience in management, procurement, HR and Textile sector. She is presently looking after HR and Administration.



Mr. Mahmudur Rahman
Sponsor Director, Managing Director & CEO

Mr. Mahmudur Rahman is an MBA graduate and Sponsor Director of the company having more than 10 years of experience in textile sectors. He is the General Secretary of Bangladesh-Greece Chamber of Commerce & Industry. He is currently engaged in different sectors, in his attempt to both contribute to the growth and development of the company as well as increase his knowledge of understanding about other industries.



Mrs. Nusrat Jahan
Director

Mrs. Nusrat Jahan is graduated in Computer Science and Engineering. She joined the company in 2012. In order to gain more practical experience in the field of textile sector, she has worked in various capacities in the company. Her constant research and development of modern means of taking the company forward, acts as a driving force for the company.



Mr. Mahbubur Rahman Khan
Director

Mr. Mahbubur Rahman Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. He is the eldest son of Late A.M. Badruzzaman Khashroo and Mrs. Farida Khanam. He graduated in Computer Science and Engineering from Bangladesh University of Engineering and Technology (BUET) and post graduated from USA in the same subject. He is a dynamic business personality. His acumen in business and flexible manner in terms of public relations made him a role model in developing the culture of the organization.



Mrs. Masuma Khan
Director

Mrs. Masuma Khan has been appointed as director of Zaheen Spinning Limited on April 29, 2019. She is the only daughter of former Sponsor Director and former Managing Director Late A.M. Badruzzaman Khashroo and Sponsor Director Mrs. Farida Khanam, chairman of the Company. She obtained Bar-at-Law degree from UK..



Professor M Farid Ahmed
Independent Director

Mr. M. Farid Ahmed is the independent director of Zaheen Spinning Ltd. He is also the Independent Director of Oimex Electrode Ltd. He is a retired Professor, Department of Finance, Faculty of Business Studies, University of Dhaka and former Vice Chancellor, Bangladesh Open University, Gazipur. He obtained Ph.D. from Nagoya University, Japan. He started his career as a Lecturer of Finance and Banking in 1977 in the University of Dhaka. He held many important positions and membership in Government and Non-Government, social, professional, research and policy making organizations and bodies.



Professor Abu Taleb
Independent Director

Mr. Abu Taleb is another Independent Director of Zaheen Spinning Limited. He was born in 1960. He is the son of Mr. Mujibul Hoque and Mrs. Aungkurun Nesa Begum. He is the Chairman of the Department of Banking, University of Dhaka. Mr. Abu Taleb has 30 years of working experience including 25 years of Teaching in the University of Rajshahi and University of Dhaka. He has vast knowledge in Teaching and research in the diversified field of accounts, finance, banking, research etc. Lots of articles of Mr. Abu Taleb have been published and to be published in different renowned journals. He is also the Independent Director of Coppertech Industries Ltd.

DIRECTORS' REPORT

Dear Shareholders,
Assalamu Alaikum Warah̄matullahe,

The Board of Directors of Zaheen Spinning Limited welcomes you all to the 14th Annual General Meeting of the company. We are therefore pleased to submit before you the operational activities and audited financial statements of the company for the year ended on 30th June 2021.

The Directors' Report is prepared in compliance with section 184 of the Companies Act 1994, Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated 3rd June 2018 and other applicable laws and regulations.

Industry outlook and Possible Future Development:

The company produces the 100% quality cotton yarn and delivers to the Garments Industries. The company has been operated in the market for long with reputation and commitment. Having long experience in yarn marketing we are confident of this value added yarn and believe that we can hold our reputation as a quality yarn supplier.

Despite the irreplaceable loss in the recent past years due to Covid-19 and two fire incidents in succession, the company has resumed its production in limited capacity on July 17, 2021 and expected to resume its production fully after successful completion of repairing, replacement and installation of machineries subject to availability of fund from the beginning of December 2021.

The segment wise or product-wise performance:

Particulars	Unit	2020-2021	2019-2020
Spindle	Number	29040	29040
Production Capacity (50 Auto & Normal Yarn)	MT	2,777.60	2,777.60
Actual Production (50 Auto & Normal Yarn)	MT	963.80	2,000.50
Capacity Utilization	%	34.70%	72.02%

During the reporting period, production remain suspended from 21 January 2021 to till the end of 30 June 2021 for repairing, reconstruction of Factory Building and shed, replacement and installation of machineries on account of fire occurrence on 21 January 2021.

Risks and Concerns including internal and external risk factors, threat to sustainability and negative impact on environment is stated below:

Zaheen Spinning Limited being a yarn manufacturer and catering its risk is always associated with supply and demand of raw cotton. Any downtown in this industry has a direct impact in the business

Moreover, risks and concern of the industry solely depends on the upcoming Government policy as well.

A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin is as follows:

Particulars	July 20 to June 21	July 19 to June 20	Variance Increase(+)/ Decrease(-)
Turnover	285,391,902	608,583,834	(224,533,519)
Cost of Goods Sold	316,975,187	574,554,956	(257,579,769)
Gross Profit Margin	(11.06)	5.59	(297.85)
Net Profit Margin	(100.54)	(63.40)	(58.58)

Gross Profit Margin decreased registering due to a wide decrease in production and sales on account of fire occurrence, percentage of Cost of Goods Sold increased. Net profit margin was affected simultaneously due to increase in administrative expenses and provision made for bad and doubtful debts and adjustment of fire loss.

Extra Ordinary Gain or loss:

There was no extraordinary activity during the year.

Related Party Transaction:

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 has been shown in note 45 of these financial statements.

A Statement of Utilization of Proceeds from Public Issues, Rights Issues and/or any other instruments:

Not applicable for Zaheen Spinning Ltd. for the year ended on June 30, 2021.

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.:

During the year 2019-2020 and 2020-2021, the company was affected by 2(two) fire incidents in succession, which caused a huge damage in the financial results of the company. Besides, adverse effect of COVID-19 made a irreplaceable loss to the company, country and the world as a whole.

Variance between Quarterly Financial Performance and Annual Financial Statements:

Variation in financial result between quarterly financial performance and annual financial statements observed mainly due to fall in production for adverse effect COVID 19 and two fire incidents occurred in succession. The production was shut down during the period Q3 and Q4 of the current year and 2.5 months of Q3 and Q4 period of the previous year. Besides, Provision for bad and doubtful debts, write off of Advance, Deposits and Prepayments and Write off of obsolete Raw Materials and Obsolete Finished Goods were the major reasons for negative EPS.

Statement of remuneration paid to directors including independent directors is stated below:

Name of Directors	Designation	Transacted Amount	
		July 20 to June 21	July 19 to June 20
Mrs. Farida Khanam	Chairperson	700,000	700,000
Mr. Mahmuddur Rahman	Managing Director	2,800,000	2,800,000
Mrs. Nusrat Jahan	Director	350,000	280,000
Mr. Mahbubur Rahman Khan	Director	700,000	350,000
Mrs. Masuma Khan	Director	700,000	350,000
Prof. M. Farid Ahmed	Independent Director	-	-
Prof. Abu Taleb	Independent Director	-	-
Total		5,250,000	4,480,000

Fair presentation of Financial Statements:

The management confirms that the financial statement prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and change in equity.

Proper Books of Account:

The management of Zaheen Spinning Limited states that proper books of accounts of the company have been maintained.

Appropriate Accounting Policies:

The management of Zaheen Spinning Limited confirms that the 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.

Following of IAS or IFRS in preparation of Financial Statements:

The management confirms that the 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.

Internal Control System:

The management confirms that internal control system of Zaheen Spinning Limited is sound in design and has been effectively implemented and monitored.

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:

Not applicable for Zaheen Spinning Ltd.

Company's ability to continue as a going concern:

The management confirms that there is no significant doubt upon the issuer company's ability to continue as a going concern.

Significant deviation from last years operating result:

During the year turnover has been decreased by Tk. 323.19 million compared to previous year due to fall in production for Fire incident in January 2021, which caused a closure of Mill around 5 months and twelve days, and adverse effect of COVID 19 in the first half of the year. As a result, retained earnings have become more negative Tk. (590.74) mn due to a Net Loss of Tk. 286.95 million for the year ended on June 30, 2021.

The management of the Company has made a provision for bad and doubtful debts Tk. 92.90 mn on Accounts Receivables because of uncertainties caused by Covid-19, which the management have deemed unrecoverable.

All of these incidents mentioned have contributed to the Net Loss Tk. (286.95) mn for the reporting period.

A statement of key operating and financial data of preceding 5 (Five) years is given below :

in Thousand Taka

Particulars	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Paid-up Capital	1,138,284	1,138,284	1,084,080	985,527	856,980
Reserve, Surplus & Others	(426,379)	(139,433)	300,610	335,207	348,801
Shareholders Equity	711,905	998,851	1,384,690	1,320,734	1,205,781
Net Assets	711,905	998,851	1,388,798	1,320,734	1,205,781
Turnover	285,392	608,584	800,440	857,617	869,045
Gross Profit	(31,583)	34,029	115,620	176,377	190,539
Profit before Tax	(287,634)	(379,179)	80,216	135,390	140,487
Profit after Tax	(286,946)	(385,839)	68,064	114,953	119,249
Number of Shares	113,828	113,828	108,408	98,553	85,698
Number of Shareholders	6507	6877	6263	5380	4210
Earning per Share-EPS	(2.52)	(3.39)	0.60	1.01	1.05
Net Asset Value	6.25	8.78	12.16	11.60	10.59

Dividend:

Dividend is declared from the current year profit or undistributed profit, if any, based on audited financial statements. Since there is a Net Loss for the year ended on June 30, 2021 is Tk. 286.95 mn instead of profit and accordingly the retained earnings of the Company have become negative Tk. (590.736) mn as on June 30, 2021 due to the net loss of this financial year, the Board of Directors recommended no dividend for the year ended on June 30, 2021 for its shareholders.

Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:

The company has not declared any bonus share or stock dividend as interim dividend.

Board Meeting:

During the year ended on June 30, 2021, 7 (seven) Board Meeting was held & the attendance record of the Directors was as follows:

Sl #	Name	Position	Meeting Held	Attendance
1.	Mrs. Farida Khanom	Chairperson	7	7
2.	Mr. Mahmudur Rahman	Managing Director	7	7
3.	Mrs. Nusrat Jahan	Director	7	7
4.	Mr. Mahbubur Rahman Khan	Director	7	3
5.	Ms. Masuma Khan	Director	7	3
6.	Mr. Md. Abbas Ali Khan	Independent Director (Expired on Jan 16, 2021)	5	3
7.	Professor M. Farid Ahmed	Independent Director	7	7
8	Professor Abu Taleb	Independent Director (appointed on Mar 13, 2021)	2	1

A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by is given below:-

Sl #	Name	Description	Number of share as on 30.06.2021	(%)
(a) Parent or Subsidiary or Associated Companies and other related parties (name wise details)		Nil	Nil	Nil
(b) Directors, Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details)				
1.	Mrs. Farida Khanam	Chairperson	8,474,235	7.44%
2.	Mahmudur Rahman	Director	14,993,286	13.17%
3.	Mrs. Nusrat Jahan	Director	3,791,986	3.33%
4.	Mahbubur Rahman Khan	Director	5,429,886	4.77%
5.	Masuma Khan	Director	2,714,943	2.39%
6.	Professor M. Farid Ahmed	Independent Director	Nil	Nil
7.	Professor Abu Taleb	Independent Director	Nil	Nil
8.	Md. Mohin Uddin	Company Secretary	Nil	Nil
9.	Md. Ibrahim Khalil	Chief Financial Officer (CC)	Nil	Nil
10.	Md. Tanjim Hossain	HIAC	Nil	Nil
Sub-Total			35,404,336	31.10%
Institution & General Public			78,424,032	68.90%
Total			113,828,368	100%
(c) Executives (Top 5 salaried employees):				
11.	Md. Shahidul Islam	DGM		
12.	Monotosh Datta	Manager	Nil	Nil
13.	Md. Razib Mahmud	Electrical Engineer	Nil	Nil
15.	Md. Bayazid Hossain	Maintenance Engineer	Nil	Nil
(d) Shareholders holding ten percent(10%) or more voting interest in the company				
	Mahmudur Rahman	Director	14,993,286	13.17%

Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2021:

Range of Holdings	Number of Holders	Number of Shares	In %
Less than 500 shares	1708	270,550	0.24
501 to 5000 shares	3045	5,962,340	5.24
5001 to 10000 shares	713	5,426,536	4.77
10001 to 20000 shares	489	7,289,451	6.40
20001 to 30000 shares	198	3,934,953	4.34
30001 to 40000 shares	79	2,731,633	2.40
40001 to 50000 shares	84	3,902,650	3.43
50001 to 100000 shares	102	72,91,100	6.40
100001 to 1000000 shares	79	18,348,723	16.12
Over 1,000,000 shares	10	57,670,432	50.66
Total	6,507	113,828,368	100%

Appointment or reappointment of Directors:

With regard to the appointment, retirement and reappointment of directors, the company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the Annual General Meeting.

Mrs. Farida Khanam, Director

Mrs. Farida Khanam is sponsor director of Zaheen Spinning Limited. She is also the Chairperson of the Board of Directors. She has retired at this meeting and eligible for reappointment.

Mr. Mahmudur Rahman, Director

Mr. Mahmudur Rahman is a sponsor director of Zaheen Spinning Limited. He is also the Managing Director and Chief Executive Officer of the Company. He has retired at this meeting and eligible for reappointment.

Appointment of Independent Director

The meeting was informed that as per the condition 1(2)(a) of Corporate Governance Code at least one-fifth (1/5) of the total number of directors in the company's Board shall be independent director(s); any fraction shall be considered to the next integer or whole number for calculating number of independent director(s). According to that the company is required to appoint another independent director in compliance with the Corporate Governance Code. Being eligible, the board of directors has appointed Mr. Abu Taleb, Professor of Department of Banking and Insurance, Dhaka University, as an independent Director for a term of 3 (three) years with effect from 13th March 2021 and adopted the following resolution unanimously.

``Resolved that, Professor Abu Taleb, be and is hereby appointed as the Independent Director of the Company as per Corporate Governance Code issued by BSEC for term of 3 (three) years with effect from 13th March 2021 subject to Approval of shareholders in the 14th AGM to be held on 26th December 2021.``

The Management Discussion and Analysis signed by CEO/MD presenting detailed analysis of the company's position and operation is attached in an **Annexure-01**

Declaration or certificate by the CEO and the CFO to the Board as required under condition No. 3(3) has been disclosed as per **Annexure-A**.

The report as well as certificate regarding compliance of conditions of these Code as required under condition No. 9 has been disclosed as per **Annexure-B** and **Annexure-C**.

Appointment of Statutory Auditors.

As per the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/208/Admin/80 dated 20 June 2018, the retiring Auditor M/S/ G. Kibria & Co., Chartered Accountants, is not eligible for re-appointment as Auditor since the Firm has already completed its assignments as auditor for 3 (three) consecutive years. As such a new Auditor will be appointed by the valued shareholders at this Annual General Meeting. The following Chartered Accountants firm have applied to become the auditor of the Company for the year 2021-22.

1. M/S. ARTISAN, Chartered Accountants
2. M/S. Islam Quazi Shafique & Co., Chartered Accountants

The Board in its meeting held on 3rd November 2021 recommended to appoint M/S. ARTISAN, Chartered Accountants as the statutory auditor of the Company for the year 2021-22 at a remuneration based on mutual agreement.

Appointment of Corporate Governance Code Auditor.

The Board in its meeting held on 3rd November 2021 recommended to appoint **Islam Quazi Shafique & Co., Chartered Accountants** as Corporate Governance Auditor of the company for the financial year 2021-22.

Acknowledgement

On behalf of the Board, I would like to acknowledge the continued support and cooperation from our valued shareholders, and the confidence and trust our customers have bestowed in our products and company. I would like to particularly thank all the employees for their commitment, sacrifice, and hard work throughout this Covid-19 pandemic in Bangladesh as we try to develop a recovery strategy for the future. We look forward to your continued cooperation and support as the driving force of your Company in the future.

On behalf of the Board



Farida Khanam
Chairperson

November 3, 2021
Dhaka

Report on Management Discussion and Analysis

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition no 5(xxv) of Corporate Governance Code dated June 3, 2018.

The company has prepared and presented its financial statements as per BAS adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The following BASs are applicable for the financial statements for the period under review:

IAS-01 Presentation of Financial Statements
 IAS-02 Inventories
 IAS-07 Statement of Cash Flows
 IAS-08 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 Earning Per Share
 IAS-36 Impairment of Assets
 IAS-37 Provision, Contingent Liabilities and Contingent Assets
 IAS-39 Financial Instruments: Recognition and Measurement

IFRS-16 Leases

Comparative Analysis of Key Financials

Comparative analysis of financial performance or results and financial position (including effects of inflation) as well as cash flows for current financial year with immediate preceding five years explaining reasons are as follows:

(In thousand)

Particulars	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Turnover	285,392	608,584	800,440	857,617	869,045
Gross Profit	(31,583)	34,029	115,620	176,377	190,539
Profit before Tax	(287,634)	(379,179)	80,216	135,390	140,487
Profit after Tax	(286,946)	(385,839)	68,064	114,953	119,249
Shareholders Equity	711,905	998,851	1,384,690	1,320,734	1,205,781
Total Assets	1,081,661	1,262,702	1,530,557	1,471,163	1,354,193
Current Assets	425,896	555,203	774,227	693,684	600,735
Current Liabilities	342,587	228,028	115,777	123,037	133,048
Current Ratio	1.24	2.43	6.69	5.64	4.52
Net Assets Value	6.25	8.78	12.16	11.60	10.59
Earning per Share-EPS	(2.52)	(3.39)	0.60	1.01	1.05
NOCFPS	0.43	0.07	0.34	0.56	0.56

Comparative Financial Performance with Peer Companies

(in thousand)

Particulars	Zaheen Spinning Ltd. June 30, 2021	Dulamia Cotton Spinning Mills Ltd. June 30, 2020	Malek Spinning Mills Ltd. June 30, 2020	Matin Spinning Mills Ltd. June 30, 2020	Mozaffar Hossain Spinning Mills Limited June 30, 2020
Revenue	285,392	4,070	2,584,091	3,904,153	283,548
Gross Profit	(31,583)	(375)	125,412	539,604	(15,898)
Operating Expenses	120,757	10,707	(86,963)	228,524	33,229
Financial Expenses	2,756	1,504	(99,544)	87,751	82,503
Net Profit before tax	(287,634)	(9,669)	(60,590)	253,427	(131,789)
Net Profit After Tax	(286,946)	(9,693)	(73,068)	210,211	(119,837)
Net Profit in%	(100.54)	(238.16)	2.83	5.38	(42.26)
Earning Per Share (EPS)	(2.52)	(1.28)	(0.38)	2.16	(1.19)
NOCFPS	0.43	0.33	(0.23)	5.47	4.01
NAV	6.25	(36.25)	25.13	49.29	14.01

Financial and Economic Scenario of the Country and Globe

The global outlook remains subject to significant downside risk; specially in managing supply chain, including the possibility of New Covis-19 waves in the context of new variants and financial stress. We want to believe that the world economy is certainly walking out of its darkest moment in 2020-2021. Based on the research of multiple agencies, world economy growth is expected to stand at 6% in 2021, with the growth China, the US, the Euro Zone, the UK and emerging economies at 8.1%, 7%, 4.6%, 7% and 6.3% respectively.

Bangladesh is on track to graduate out from United Nations list of least developed countries in 2024. Vision 2041 envisioned the elimination of extreme poverty and secure upper middle income country status by 2031 and to achieve high income country status by 2041. Bangladesh economy is now the 37th largest economy in the world with nominal GDP standing at 353 billion USD in 2020-21 with per capita income of 2,122 USD. The International Monetary Fund published a report that GDP growth rate remained positive at 3.8% in 2020 despite the Covid-19 and is expected to rise to 4.4% and 7.9% in 2021 and 2022 respectively. The Wall Street Journal observed that while Bangladesh has achieved admirable economic growth, it lags that of much faster growing economies like Vietnam and Cambodia. Exports and continuing remittance inflows 2 main drivers for economic growth, now accounting for 6% of GDP.

Export Scenario at A Glance:

- In 2018-2019, total export was 40.5 billion USD.
- In 2019-2020, total export was 33.7 billion USD, a decline of 16.8% from the previous year.
- In 2020-2021, total export was 38.75 billion USD, increased by 14.99% compared to previous year.
- In 2021-2022, GoB set a target for exports amounting to 51 billion USD.

A strong remittance inflow from Bangladeshi Diaspora is expected to contribute heavily to growth in 2021. The Government aims to earn 150 billion USD through remittances between July 2020 and June 2025

Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment is stated below:

The company as other spinning sector in the country is confronted with the supply/price risk of raw cotton and staple fiber which are entirely imported from abroad. Beside the company is facing irregular supply of Gas. Price of gas is increasing continuously. To augment low pressure of Gas supply, the company maintains alternative power sources such as Diesel Generator, Rural Electrification Board, United Power Generation & Distribution Co. Ltd. The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific intervention, WTO Regulation and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.



Managing Director & CEO

Zaheen Spinning Limited
Declaration by CEO and CFO

November 3, 2021

The Board of Directors

Zaheen Spinning Limited,
House # 59/A, Road # 12/A,
5th & 6th Floor, Dhanmondi,
Dhaka-1209.

Subject: Declaration on Financial Statements for the year ended on June 30, 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 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Zaheen Spinning Limited for the year ended on June 30, 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 June 30, 2021 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statements 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.
- (ii) There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct for the company's Board of Directors or its members.



Mahmudur Rahman
Managing Director & CEO



Md. Ibrahim Khalil
Chief Financial Officer (CC)



REPORT TO THE SHAREHOLDERS
OF
ZAHEEN SPINNING LIMITED
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE
[Certificate as per condition No. 1(5) (xxvii)]

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


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

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

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

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

Place: Dhaka
Dated: 24th November 2021


AFM Alamgir, FCA
 Chief Executive Partner
ARTISAN
 Chartered Accountants



**Status of Compliance with the conditions imposed
By commission's Natification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018
issued under section 2CC of the Securities and Exchange Ordinance,1969
(Report under Condition No. 9.00)**

Condition No .	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	Board of Directors			
1(1)	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).	✓		The Board of Directors of Zaheen Spinning Limited is comprised of 7 Directors including 2 Independent Directors.
1.2	Independent Directors			
1(2)(a)	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-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);	✓		There are two Independent Directors in the board of the company namely: Mr. M. Farid Ahmed and Mr. Abu Taleb.
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	✓		The Independent Directors have declared their compliances.
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; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members	✓		Do
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		Do
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		Do
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		Do
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		Do
(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	✓		Do
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies	✓		Do
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFi); and	✓		Do
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		Do
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		Do
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
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 tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994). Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	✓		The independent directors Abu Taleb is appointed as Independent Directors for the first term of three years, where Mr. Md. Abbas Ali Khan retired on 16 January 2021. He is no longer eligible for reappointment. Board at its meeting held on 13 March, 2021 appointed Abu Taleb subject to confirmation by the general members in ensuing AGM.
1.3	Qualification of Independent Directors (ID)			

1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		Independent Director has all the qualifications to become the directors.
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			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1.4	Chairman of the Board and Chief Executive Officer			
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;	✓		The position of the Chairperson of the Board and Managing Director are filled up by different person's.
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;	✓		The Managing Director of Zaheen Spinning Limited not holds the same position of any other listed company.
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		The chairperson was paid a monthly remuneration till June, 2021 on pointed out by the DSE vide letter. 14.07.2021
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		No meeting was held in absence of Chairperson of the Board.
1.5	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		Operational performance described in the Annual Report.
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		Description is the Annual Report.
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		Described in the Annual Report.
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Not Applicable		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		

1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
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.;			No Such Issue Arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		Shown in the Notes of Accounts Section of the Audited Accounts.
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			N/A
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			No Such Matter To Explain
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		Explanation given
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;	✓		No Such Matter to Explain
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	(a) a brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		No such changes has been occurred in the accounting policies.

1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.6	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and dependency.	✓		
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;		✓	No investment was made till to date
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;		✓	Do
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;		✓	Do
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;		✓	Do
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.		✓	Do
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).			
3(1)(a)	Appointment-The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		

3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3.2	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee			
4(i)	For ensuring good governance in the company, the Board shall have at least following sub-committees: Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		The Audit Committee comprised of 3 (Three) members including Mr. M. Farid Ahmed Independent Director as Chairperson.
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;	✓		2 (Two) member of Audit committee received a monthly remuneration till June, 2021 on pointed out by the DSE vide letter. 14.07.2021
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		Mr. M. Farid Ahmed Independent Director is the Chairperson of the Committee.

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.	✓		All the meetings of Audit Committee were held in order to the Audit committee.
5(3)(C)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		The Committee conduct four meetings in the 2020-2021.
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	Role of Audit Committee			
5(5)(a)	The Audit Committee shall: Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;s	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			Not Such Incident Arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Such Incident Arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Do
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Do
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No Such reportable incident Arose
5.(7)	Reporting to the Shareholders and General Investors			

	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No Such Incident Arose
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			Mr. M. Farid Ahmed, Independent Director, is Chairperson of the Committee.
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	✓		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		The Committee conducted 2 (Two) meetings in the year 2020-2021.
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No Such Incident Arose
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		

6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		Do
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;	✓		Do
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		Do
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;	✓		Do
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	External or Statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company			
(1)	The company shall have an official website linked with the website of the stock exchange	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		



Mahmudur Rahman
Managing Director

AUDIT COMMITTEE REPORT
For the year ended June 30, 2021

Composition of the Audit Committee

The Board has reformed the Audit Committee as a sub-committee of the Board in the year 2021. Composition of Audit Committee is as follows:

Professor M. Farid Ahmed (Independent Director)	- Chairperson
Farida Khanam, Director	- Member
Nusrat Jahan, Director	- Member

The Company Secretary acts as the Secretary of the Audit Committee.

Terms of Reference (TOR) of the Audit Committee

- The Board defined Terms of Reference (TOR) for the Audit Committee. Activities of the Committee are performed as per the said TOR.
- The Committee submits its report directly to the Board of Directors.

Meeting of the Audit Committee

- The Committee had its four (04) meeting during the year. Attendance of the Members was as follows

Name of the Member	No. of Meetings held	No. of Meetings Attended	Remarks
Md. Abbas Ali Khan, Ph.D.	3	3	Retired on 16 January 2021
Professor M. Farid Ahmed	1	1	Appointed on 17 January 2021
Farida Khanam	4	4	
Nusrat Jahan	4	4	

- Minutes of the Committee are properly recorded.

Activities

In order to discharge the duties and responsibilities of the Audit Committee, the Committee-

- Reviewed the financial statements of the first quarter, half year, third quarter and the year ended 30 June 2021 and subsequently recommended to the board for consideration and approval.
- Reviewed the work of the Internal Audit & Compliance Department and made suggestions for improvement.
- Recognized the observations of the Internal Audit & Compliance Department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.
- Reviewed the integrity of the financial statements of the company to ensure that these reflect a true and fair view of the Company's state of affairs for the year ended 30 June 2021.
- Ensure, while reviewing the financial statements, that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable to textile industries.
- Discussed with the statutory auditors about the nature and scope of audit as well as had post audit discussions to address areas of concern;
- Approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the company or its assets are not exposed to undue risk;
- Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation; and
- Reviewed the Internal Control System and Financial Statements.

Reporting

- Pursuant to Condition # 5.6 of the Corporate Governance Code issued by BSEC, the Committee reports that it did not find any conflict of interest or any fraud, irregularity, material defect in the Internal Audit and Compliance process. There are no infringement of laws, rules and regulations also.
- The committee is of the view that risk management associated with the business of the Company is adequately controlled.

On behalf of the Audit Committee



Professor M. Farid Ahmed
Chairperson-Audit Committee
Date: November 3, 2021

Nomination and Remuneration Committee (NRC) Policy

1. OVERVIEW:

Preface

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), This policy on nomination and remuneration of Directors and top level executives of the company formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors.

Applicability

This Policy shall be applicable on the Directors and top level executives of the Company.

2. TERMS OF REFERENCE (TOR):

The Terms Reference (TOR) of the Nomination and Remuneration Committee (NRC) has been determined by the Board as per the BSEC Notification. The NRC assists the Board in formulation of the Nomination criteria or policy for determining qualifications, positive attributes, experiences and independence and top level executives as well as a policy for formal processes of considering remuneration of Directors and top level executives.

3. CONSTITUTION OF NRC:

As per BSEC's Corporate Governance Code, the NRC shall comprise of at least three members including an Independent Director. All members of the committee shall be non-executive directors. The members of the Committee shall be nominated and appointed by the Board of Directors. The NRC is a sub-committee of the Board.

4. CHAIRPERSON OF THE NRC:

The Board shall select one member of the NRC to be the Chairperson of the Committee, who shall 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.

5. MEETING AND QUORUM OF THE NRC:

The NRC shall conduct at least one meeting in a financial year. The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the Committee, whichever is higher, where presence of an independent director is must.

6. ROLE OF THE NRC:

- NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board;

(i) formulating the criteria for determining qualifications, positive attributes and of a Director and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives, considering the following:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;

(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(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;

(ii) devising a policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.

(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.

(iv) formulating the criteria for evaluation of performance of Independent Directors and the Board;

(v) identifying the Company 's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;

(vi) developing recommending and reviewing annually the Company's human resources and training policies;

7. APPOINTMENT, EVALUATION AND REMOVAL/RETIREMENT OF DIRECTOR, TOP LEVEL EXECUTIVES AND SENIOR MANAGEMENT:

(i) Appointment Criteria

(a) The Committee shall identify and ascertain the integrity, qualification experience of the person for appointment as Director, top level executive or at senior Management level and recommend his/her appointment, as per Company's Policy.

(b) A person should possess adequate qualification, expertise and experience for the position he/she considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the position.

(ii) Evaluation

The Committee shall carry out the evaluation of performance of Directors and top level executive yearly or at such intervals as may be considered necessary.

(iii) Removal

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 Exchanges.

(iv) Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, considering the benefit of the Company.

8. REMUNERATION TO DIRECTORS AND TOP LEVEL EXECUTIVES:

- a) The remuneration to be paid to Managing Director / Other Directors as recommended by the NRC and approved by the Board.
- b) The Nomination and Remuneration Committee (NRC) shall make such recommendations to the Board, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive/Independent Directors shall receive meeting fees as recommended by the Nomination and Remuneration Committee (NRC) shall be approved by the Board of Directors.
- d) The remuneration to top level executive shall be fixed considering their performances and in accordance with the Company's Policy.

9. IMPLEMENTATION:

The Committee may issue guidelines, formats, reporting mechanisms and manuals in supplement and for better implementation of this policy as considered appropriate.

10. COMPOSITION OF NRC OF ZAHEEN SPINNING AND ITS ACTIVITIES DURING THE YEAR:

The Nomination and Remuneration Committee (NRC) of Zaheen Spinning Limited comprises of the following members;

- | | |
|-----------------------------|--------------|
| 1. Professor M. Farid Ahmed | -Chairperson |
| 2. Mrs. Farida Khanam | -Member |
| 3. Mrs. Nusrat Jahan | -Member |

The NRC of Zaheen Spinning met one time during the reporting year. The NRC of Zaheen Spinning Limited reviewed the followings:

- (i) Organization structure where reporting line is clearly defined for the Directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirements.
- (ii) Standard pay structure for each job level based on education, experience and competency.
- (iii) Target based performance management system to evaluate performance of employees. This leads to yearly increment, promotion of individual.
- (iv) Employee benefits policy to attract the job and retain internal talents.
- (v) Succession planning of the Company to have future leaders according to the requirements.
- (vi) Extensive training and development plan for the individual or group of people.
- (vii) Transparent recruitment and selection policy where competent candidates get hired.
- (viii) Practicing a clear career path system for employees which reflect in Organization Structure.



(Professor M. Farid Ahmed)
Independent Director and
Chairperson of Nomination and Remuneration Committee (NRC)

DIVIDEND DISTRIBUTION POLICY

1. PURPOSE

In compliance with the provisions of the Companies Act, 1994 and rules made there under (the 'Act') and Listing Regulations of the Bangladesh Securities and Exchange Commission, as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company. The Board of Directors (the 'Board') will consider the Policy while declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

2. REGULATORY FRAMEWORK

The Bangladesh Securities and Exchange Commission (BSEC) on January 14, 2021 vide its directive No. BSEC/CMRRCD/2021-386/03 directs that every listed companies to formulate and disclose a Dividend Distribution Policy.

Zaheen Spinning Limited being one of the listed companies frames this policy to comply with the requirements of the BSEC.

3. CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

4. TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

Final dividend is recommended for the financial year at the time of approval of the annual financial statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the Company.

- Interim Dividend
- Final Dividend

5. DECLARATION OF DIVIDEND

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- **A.** Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- **B.** Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- **C.** Out of A and B both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

6. FACTORS GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained circumstances for dividend pay-out decision depends on various internal and external factors:

Internal Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends

External Factors:

The Board shall consider various external factors while declaring dividend including the following:

- Economic Scenario - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.
- Competitive / Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.
 - Statutory obligations under the Companies Act, 1994 to transfer a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. may impact the decision with regard to dividend declaration.
 - Dividend distribution tax or any tax deduction at source as required by tax authorities in Bangladesh, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavour to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board shall endeavour to maintain a dividend pay-out.

8. UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- Issue of fully paid-up bonus shares;
- Declaration of dividend - Interim or Final;
- Augmenting internal resources;
- Funding for Capex / expansion plans / acquisition;
- Any other permitted use as may be decided by the Board.

9. PARAMETERS FOR VARIOUS CLASSES OF SHARES

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

10. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

Given below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

May expect dividend:

- Adequate profits and liquidity;
- Accumulated profits not warranted for immediate business needs.

May not expect dividend:

- Non availability of profits for dividend distribution;
- Funds available for dividend but need to be conserved due to:
- Business needs;
- Adverse economic /market scenario expected in near future;
- Augmenting internal resources.

11. PROCEDURE

- The Chief Financial Officer in consultation with the MD & CEO of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

12. DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.zaheenspinningltd.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

13. EFFECTIVE DATE

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-2021 onwards.

14. REVIEW / AMENDMENT

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

This Policy has been approved by the Board of Directors of the Company at its meeting held on August 05, 2021.



Independent Auditor's Report
To the Shareholders of Zaheen Spinning Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zaheen Spinning Limited ("the Company"), which comprise the statement of financial position as at June 30, 2021, and the 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 summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in the note # 4.00 and Annex-A/1 to the financial statements regarding Property Plant and Equipment, and Work in Progress amounting to TK 655,765,007. During the year the company's addition to the Property, Plant and Equipment & Work in Progress amounts to Tk. 60,094,329. In respect of the addition, an amount of Tk 12,995,500 was adjusted with receivable and rest of the payment was made by cash, which is a violation of Income tax Ordinance 1984, section 30(m). Also we were unable to obtain sufficient appropriate audit evidence on which to make any opinion, and we concludes that there may be possible effects on the financial statements of undetected misstatements, if any, could be material.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER	How our audit addresses the Key Audit Matter
Revenue Recognition	
<p>Revenue of BDT 28.53 Crore (BDT 60.85 Crore for the year ended June 30, 2020) is recognized in the Statement of Profit and Loss and Comprehensive Income of Zaheen Spinning Limited. The Company's revenue recognition policies and procedures are not complex, and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customer. However, Revenue is highly material to the financial statement users and is the primary driver of key investor metrics such as Earnings per Share etc. This account is also subject to some risk due to the risks such as management override and bias.</p> <p>Details of the Revenue Section are summarized in Note 23 to the Financial Statements</p>	<p>Our audit procedures included:</p> <p>Understanding the process of estimating, recording and reassessing going concern.</p> <ul style="list-style-type: none"> ▶ Obtain an understanding of Company's internal controls specifically geared towards adoption of the new accounting standard. ▶ Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfer from Company to Customer. ▶ Reviewing Invoices, Shipping Documents and other supporting documentation to ensure revenue recognition is occurring appropriately ▶ Examine Payment documentation to ensure completion of revenue cycle is documented appropriately.
<p>Details of Revenue Recognition are included in Note 23.00 to the Financial Statements</p>	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 2021 Annual Report. The Annual Report comprises of the Director's Report, Corporate Governance Compliance Report and Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- ▶ We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ▶ In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- ▶ 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 returns;
- ▶ The expenditures incurred were for the purpose of the Company's business.

Date: 03 November 2021
Dhaka, Bangladesh
DVC: 2111100392AS562370

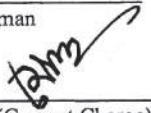

A.K. Gulam Kibria, FCA (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants

ZAHEEN SPINNING LIMITED
Statement of Financial Position
As at June 30, 2021

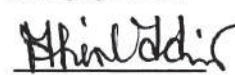
Particulars	Notes	Amount in Taka	
		June 30, 2021	June 30, 2020
Assets			
Non-Current Assets			
Property, Plant and Equipment	4.00	599,325,782	707,499,098
Work in Progress	Annex-A/1	56,439,225	-
		655,765,007	707,499,098
Current Assets			
Inventories	5.00	1,089,526	82,474,124
Trade & Other Receivables	6.00	404,712,710	437,826,100
Advances, Deposits & Prepayments	7.00	17,771,887	26,652,089
Cash & Cash Equivalents	8.00	2,321,783	8,251,080
		425,895,906	555,203,393
Total Assets		1,081,660,913	1,262,702,492
Shareholders Equity and Liabilities			
Shareholders Equity			
Share Capital	9.00	1,138,283,680	1,138,283,680
Tax Holiday Reserve	10.00	31,538,864	31,538,864
Revaluation Surplus	11.00	132,818,398	132,818,398
Retained Earnings	12.00	(590,736,033)	(303,790,255)
		711,904,909	998,850,687
Non-Current Liabilities			
Deferred Tax Liability	13.00	27,169,316	29,798,965
Long Term Loan (Non-Current Portion)	14.01	-	6,024,888
		27,169,316	35,823,853
Current Liabilities			
Trade & Other Payable	15.00	19,155,873	3,794,382
Short Term Bank Loan	16.00	17,553,195	18,424,258
Long Term Loan (Current Portion)	14.02	12,469,287	7,362,838
Provision for Bad & Doubtful Debts	17.00	202,356,355	109,456,525
Liabilities for Income Tax	18.00	65,186,121	63,245,169
Liabilities for WPPF	19.00	1,871,718	1,871,718
Non Refunded Subscription Money	20.00	5,248,500	5,248,500
Unclaimed Fractional Dividend		23,134	23,134
Liabilities for Expenses	21.00	18,722,505	18,601,428
		342,586,688	228,027,952
Total Shareholders Equity and Liabilities		1,081,660,913	1,262,702,492
Net Asset Value (NAV) Per Share	22.00	6.25	8.78

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


 Chairman


 CFO (Current Charge)


 Managing Director


 Company Secretary


 Director

Signed as per our report on even date.


 A.K. Gulam Kibria, FCA, Partner (#392)
 Engagement Partner
G. KIBRIA & CO.
 Chartered Accountants
 DVC: 2111100392AS562370

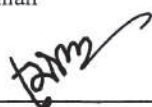
Dated: 03 November 2021
 Place: Dhaka
 Ref: GKC/21-22/A/044

ZAHEEN SPINNING LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2021

Particulars	Notes	Amount in Taka	
		June 30, 2021	June 30, 2020
Sales Revenue (Net off VAT)	23.00	285,391,902	608,583,834
Less: Cost of Goods Sold	24.00	316,975,187	574,554,956
Gross Profit/ (Loss)		(31,583,285)	34,028,878
Add: Other Income	25.00	4,986,643	10,572,490
		(26,596,642)	44,601,368
Less: Operating Expenses			
Administrative Expenses	26.00	21,137,268	30,318,565
Marketing Expenses	27.00	6,269,784	9,470,482
Loss on Sale of Vehicle	28.00	449,982	-
Obsolete Inventory Written Off	29.00	-	87,105,026
Advance, Deposits & Prepayments Write Off	30.00	-	78,713,276
Provision for Bad & Doubtful Debts	17.00	92,899,830	109,456,525
		120,756,864	315,063,874
Profit from Operations		(147,353,505)	(270,462,506)
Less: Financial Expenses	31.00	2,756,425	4,842,721
Add/ (Less): Foreign Exchange Gain/(Loss)	32.00	(124)	895
Profit/ (Loss) before Charging WPPF		(150,110,054)	(275,304,332)
Less: WPPF Expenses	19.00	-	-
Net Profit/ (Loss) before fire loss & income tax		(150,110,054)	(275,304,332)
Less: Fire Loss	33.00	137,524,422	103,874,707
Net Profit/ (Loss) before income tax		(287,634,476)	(379,179,039)
Less: Tax Expenses	34.00		
Current Tax		1,940,952	3,420,049
Deferred Tax		(2,629,649)	3,240,207
		(688,697)	6,660,256
Net Profit/ (Loss) after Tax		(286,945,779)	(385,839,296)
Add: Other Comprehensive Income		-	-
Total Comprehensive Income		(286,945,779)	(385,839,296)
Earnings Per Share (EPS)	35.00	(2.52)	(3.39)

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


 Chairman


 CFO (Current Charge)


 Managing Director


 Company Secretary


 Director

Signed as per our report on even date.


 A.K. Gulam Kibria, FCA, Partner (#392)
 Engagement Partner
 G. KIBRIA & CO.
 Chartered Accountants
 DVC: 2111100392AS562370

Dated: 03 November 2021
 Place: Dhaka

Ref: GKC/21-22/A/044

ZAHEEN SPINNING LIMITED
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on July 01, 2020	1,138,283,680	31,538,864	132,818,398	(303,790,255)	998,850,687
Bonus Share	-	-	-	-	-
Net Profit after Tax for the period	-	-	-	(286,945,779)	(286,945,779)
Balance as on June 30, 2021	1,138,283,680	31,538,864	132,818,398	(590,736,033)	711,904,909

For the year ended 30 June 2020

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on July 01, 2019	1,084,079,700	31,538,864	132,818,398	136,253,020	1,384,689,982
Bonus Share	54,203,980	-	-	(54,203,980)	-
Net profit after Tax for the period	-	-	-	(385,839,296)	(385,839,296)
Balance as on June 30, 2020	1,138,283,680	31,538,864	132,818,398	(303,790,255)	998,850,687


Chairman


Managing Director


Director


CFO (Current Charge)


Company Secretary

Signed as per our report on even date.

Dated: 03 November 2021
Place: Dhaka

Ref: GKC/21-22/A/044



A.K. Gulam Kibria, FCA, Partner (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants
DVC : 2111100392AS562370

ZAHEEN SPINNING LIMITED
Statement of Cash Flows
For the year ended June 30, 2021

Particulars	Notes	Amount in Taka	
		June 30, 2021	June 30, 2020
A. Cash Flows from Operating Activities			
Collection from Customers & Others	36.00	323,491,935	570,008,107
Payment to Suppliers & Others	37.00	(257,631,094)	(508,254,014)
Tax Paid		-	(721)
Cash Generated from Operating Activities		65,860,841	61,753,372
B. Cash Flows from Investing Activities			
Cash payment for Expenses	38.00	(22,914,006)	(110,018,861)
Payment against Advance, Deposits & Prepayments		8,880,202	60,633,114
Finance Cost	39.00	(2,756,425)	(4,842,721)
Net Cash Flows from Operating Activities	40.00	49,070,612	7,524,904
C. Cash Flows from Financing Activities			
Acquisition of Fixed Assets		(3,655,104)	(4,428,717)
Work in Progress		(56,439,225)	-
Proceed from sale of vehicle		2,670,000	-
Proceeds from sale Salvage Fixed Assets		4,214,046	-
Net Cash Flows from Investing Activities		(53,210,283)	(4,428,717)
D. Net Cash Flows from Financing Activities			
Changes in short term bank loan		(871,063)	(96,241)
Payment of long term loan		(918,439)	(3,712,811)
Net Cash Flows from Financing Activities		(1,789,502)	(3,809,052)
D. Net Cash inflow/(outflow) for the year (A+B+C)		(5,929,173)	(712,865)
E. Cash & Cash Equivalent at beginning of the year		8,251,080	8,963,049
F. Foreign Exchange Gain/Loss		(124)	895
G. Cash & Cash Equivalent at end of the year (D+E)		2,321,783	8,251,080
Net Operating Cash Flows (NOCF) Per Share	41.00	0.43	0.07




Chairman


CFO (Current Charge)


Managing Director


Company Secretary


Director

Dated: 03 November 2021
Place: Dhaka

Ref: GKC/21-22/A/044


A.K. Gulam Kibria, FCA, Partner (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants
DVC: 2111100392AS562370

Zaheen Spinning Limited
Notes, Summary of Significant Accounting Policies and other Explanatory Information
For the year ended June 30, 2021

1.00 Background of the Company

1.01 Legal Status

Zaheen Spinning Limited was incorporated on July 22, 2007 as private limited companies under the Companies Act 1994 vide registration no. C-67789(340)/07. The company started its commercial operation on February 15, 2010. On August 14, 2012 it was converted into a public limited company. Bangladesh Securities and Exchange Commission (BSEC) has accorded consent for IPO on November 11, 2014 and on March 25, 2015 trading of shares of Zaheen Spinning Limited started on both the bourses namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.02 Registered office & location of the factory of the company

The registered office of the company is located at House-9, Road-10, Flat-A/1, Dhanmondi, Dhaka-1205 and Factory is situated at Jhawgara, Arahazar, and Narayanganj, Bangladesh.

1.03 Nature of business activities

The company is a 100% cotton yarn manufacturer of different counts.

1.04 Capital Structure of the Company

Particulars	Taka
Authorized Capital	
300,000,000 Ordinary Shares of Tk. 10.00 each	3,000,000,000
100,000,000 Preference Shares of Tk. 10.00 each	1,000,000,000
Issued, subscribed, called-up and paid-up capital	
113,828,368 Ordinary Shares of Tk. 10.00 each	1,138,283,680

1.05 Board of Directors

The composition of the Board of Directors is as follows:

Name	Position
Mrs. Farida Khanam	Chairman
Mr. Mahmudur Rahman	Managing Director
Mrs. Nusrat Jahan	Director
Mr. Mahbubur Rahman Khan	Director
Ms. Masuma Khan	Director
Mr. M. Farid Ahmed	Independent Director
Mr. Abu Taleb	Independent Director

2.00 Basis of Preparation of Financial Statements

2.01 Measurement bases and going concern

The financial statements have been prepared on historical cost convention under mercantile system, accounting for all accruals and pre-payments, on the assumption that the company will function as a going concern in the foreseeable future.

2.02 Reporting framework and compliance thereof:

The financial statement have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the listing regulation of Dhaka and Chittagong Stock Exchanges Limited and other relevant local laws as applicable, and in accordance with the applicable International Financial Reporting Standards (IFRSs) including with International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.03 Presentation of financial statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS: 1 'Presentation of Financial Statements'.

- (i) statement of financial position as at June 30, 2021;
- (ii) statement of profit or loss and other comprehensive income for the year ended 01 July 2020 to 30 June 2021;
- (iii) statement of changes in equity for the year ended 01 July 2020 to 30 June 2021;
- (iv) statement of cash flows for the year ended 01 July 2020 to 30 June 2021; and
- (v) notes, summary of significant accounting policies and other explanatory information for the year ended 01 July 2020 to 30 June 2021.

2.04 Risk and Uncertainties for use of Estimates in preparation of financial statements.

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

In particular, information about significant areas of estimation on uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the financial statements are included in the following notes:

- Note: 4 Properties, Plant and Equipment
- Note: 5 Inventories
- Note: 6 Trade & Other Receivables
- Note: 7 Advances, Deposits and Pre-payments
- Note: 15 Trades & Other Payable
- Note: 18 Liabilities for Income Tax

2.05 Reporting period

The financial statements cover 1 (One) year from 01 July 2020 to 30 June 2021.

2.06 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on November 03, 2021.

2.07 Functional and presentation currency

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

2.08 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS-7: 'Statement of Cash Flows'. The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules-1987 and as the benchmark treatment of IAS-7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

2.09 IAS and IFRS Adopted by the Management

The following IAS and IFRS are applicable and adopted by management for preparation of financial statements for the year ended June 30, 2021;

Sl. No.	Name of the IAS	IAS's No.	Status
1	Presentation of Financial Statements	1	Applied
2	Inventories	2	Applied
3	Statement of Cash Flows	7	Applied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the Reporting Period	10	Applied
6	Income Taxes	12	Applied
7	Property, Plant and Equipment	16	Applied
8	Leases	17	N/A
9	Employees Benefits	19	Applied
10	Accounting for Government Grants & Disclosure of Government Assistance	20	N/A
11	The Effects of Changes in Foreign Exchange Rates	21	Applied
12	Borrowing Costs	23	Applied
13	Related Party Disclosures	24	Applied
14	Accounting and Reporting by Retirement Benefit Plans	26	N/A
15	Separate Financial Statements	27	N/A
16	Investment in Associates and Joint Ventures	28	N/A
17	Financial Reporting in Hyperinflationary Economics	29	N/A
18	Financial Instruments: Presentation	32	Applied
19	Earnings Per Share	33	Applied
20	Interim Financial Reporting	34	N/A
21	Impairment of Assets	36	Applied
22	Provision, Contingent Liabilities and Contingent Assets	37	Applied
23	Intangible Assets	38	N/A
24	Financial Instruments: Recognition & Measurement	39	Applied
25	Investment Property	40	N/A
26	Agriculture	41	N/A

SL. No.	Name of the BFRS/IFRS	IFRS No.	Status
1	First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
2	Share based payment	2	N/A
3	Business Combinations	3	N/A
4	Insurance Contracts	4	N/A
5	Non-Current Assets held for sale and discontinued operations	5	N/A
6	Exploration for and evaluation of mineral resources	6	N/A
7	Financial Instruments: Disclosures	7	Applied
8	Operating Segments	8	N/A
9	Financial Instruments	9	Applied
10	Consolidated Financial Statements	10	N/A
11	Joint Arrangements	11	N/A
12	Disclosure of Interests in Other Entities	12	N/A

13	Fair Value Measurement	13	Applied
14	Regulatory Deferral Accounts	14	N/A
15	Revenue from Contracts with Customers	15	Applied
16	Leases	16	Applied
17	Insurance Contracts	17	N/A

3.00 Significant Accounting Policies

3.01 Principal Accounting Policies

The accounting policies and methods of computation used in preparation of the financial statements for the year ended 30 June 2021 are consistent with those adopted in the financial statements for the period ended 30 June 2020.

3.02 Revenue Recognition

Revenue from net sales of the company represents invoiced value of sale of Knit Yarn selling to the customers. Revenue is recognized in accordance with IFRS 15 and the recognition process involves the following 5-step process:

- Identifying the contract from a customer;
- Identifying the performance obligation;
- Determining the transaction prices;
- Allocating the transaction price to the performance obligation; and
- Recognizing revenue when/as performance obligation(s) is satisfied.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognizes Accounts Receivable in its statement of financial position. Similarly, if the Company receives a consideration before the performance obligation, a contract liability is recognized. As at June 30, 2021, the Company did not receive any consideration before performance obligation was completed and there is no amount recognized on the Statement of Financial position as of the end of the year.

In compliance with the requirements of IFRS 15, the Company recognizes revenue when control of the goods or services has been transferred to the customer and the performance obligation has been completed. Revenue is measured at the fair value of the amount of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent that it is highly probable that a significant reversal will not occur.

Net Revenue reflects the Company's sale of goods less returns and discounts. Revenue is recognized at the point of delivery measured at fair value of the consideration received, net of discounts. IFRS 15 requires Companies to determine variable factors such as sales returns when calculating the fair value of the consideration to be received. The magnitude and quantity of sales returns as a percentage of sales has been historically extremely minute and there were no returns recognized in the current year. As a result, the Company does not make a sales return allowance at the end of the year.

3.03 Property, Plant and Equipment

3.03.1 Recognition and Measurement

Property, Plant and Equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of IAS 16: 'Property, Plant and Equipment'. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non refundable taxes. Capital work-in-progress represents cost of effluent treatment plant & civil work-in-progress for such plant.

3.03.2 Subsequent Expenditure

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. 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 the 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. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.03.3 Depreciation

Depreciation is recognized in statement of profit or loss and other comprehensive income on diminishing balance method over the estimated useful lives of fixed assets. Depreciation is charged on addition from the date of the assets when available for use. Depreciation is provided on a diminishing balance method at the rate(s) shown below:

Particulars	Rate
Land & land development	0%
Plant & machinery	10%
Building & Constructions	10%
Office equipment	15%
Furniture & fixture	15%
Generator	15%
Vehicles	15%
Electrical equipment	10%

Depreciation is provided on all fixed assets except land and land development.

3.03.4 Retirement and disposal

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as gain or loss from disposal of asset under other income in the statement of comprehensive income. There was no disposal of assets during the year.

3.03.5 Revaluation of Fixed Assets

The company revalued its Land & Land Development for the 1st time in the year ended 31 December 2015 by WASO Engineers & Consultants (BD) Ltd. dated on 12 March 2016 and subsequently the auditor (AHMAD & AKHTAR, Chartered Accountant) certified the revaluation report dated on 15 March 2016.

3.03.6 Inventories

Inventories are valued at the lower of cost or net realizable value with cost determined by weighted average cost basis. The cost of inventories comprises of expenditure incurred (raw materials, work-in process, finished goods, waste cotton, packing materials, store and spares and stock-in transit) in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.03.7 Impairment of Assets

In accordance with the provision of IAS-36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the year.

3.04 Borrowing Costs

Borrowing costs comprise of interest expense on long and short term loan. The costs are charged to revenue except those are capitalized in accordance with IAS-23: Borrowing Costs.

3.05 Financial Assets

Financial assets of the company include cash and cash equivalents and accounts receivable.

3.06 Trade & Other Receivables

Trade receivables are created at original invoice amount less any provision for doubtful debts. Provision is made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the Statement of Profit or Loss and Other Comprehensive Income.

3.07 Advance, Deposits and Prepayment

Advance is initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of profit or loss comprehensive income.

3.08 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and include cash in hand and with banks on current deposit and marginal deposits accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.09 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 a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.10 Provision

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation.

3.11 Tax holiday

The national board of revenue (NBR) had granted tax holiday for a period of 5 (Five) years vide Ref. No. 11(23) Abz-1/2010 dated-27-06-2010 under Income Tax Ordinance 1984 (XXXVI of 1984) section 46A(3). The company is maintaining tax holiday reserve @ 30.00% of Net Profit before Tax in the statement of financial position.

3.12 Tax holiday reserve

This is being created out of tax holiday profit to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of listed companies or in government bonds or securities or for other purposes as required by the Income Tax Ordinance 1984.

3.13 Taxation

3.13.1 Current Tax

Current tax is the expected tax payable on the taxable income for the period ended, using tax rates enacted or subsequently enacted after the reporting date and any adjustment to tax payable in respect of previous years. Provision for taxation is calculated on the basis of applicable current tax rate and non-compliance with Finance Act, 2021.

3.13.2 Deferred tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction which is recognized in the statement of profit or loss and other comprehensive income. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future period recognized in the current period as per "IAS 12: Income Tax".

- 3.14 Earnings per share (EPS)**
This has been calculated by dividing the earnings attributable to the ordinary shareholders by total number of ordinary shares outstanding during the year. The company calculated earning per share (EPS) in accordance with IAS-33: 'Earnings Per Share' which has been shown on the face of profit and loss account and the computation of EPS is stated in Note no: 35.
- 3.14.1 Basic Earnings**
This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax holiday reserve for the period has been considered as fully attributable to the ordinary shareholders.
- 3.14.2 Diluted Earnings Per Share**
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, no dilution of EPS is applicable for these financial statements as there were no potential ordinary shares during the relevant period.
- 3.15 Foreign Currencies Transaction**
Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with IAS-21 'the Effects of changes in Foreign Exchange Rates'. Foreign currency transactions translated at the financial position date are charged/ credited to the statement of Profit or Loss and Other Comprehensive Income whenever arise.
- 3.16 Workers Profit Participation Fund**
The Board of Directors of the Company in their 32nd meeting has decided to comply with the Labor Law 2006 and introduced workers profit participation fund (5% of profit before tax). The company has decided to establish a contributory provident fund and gratuity fund and to form a trusty body for operation of provident fund which will be effective after due approval of relevant authority.
- 3.17 Segment Reporting**
No segment reporting is applicable for the company as required by "IFRS-8: 'Operating Segments' as the company operates in a single industry segment and within as geographical segment.
- 3.18 Events after the Reporting Period**
In compliance with the requirements of IAS-10: 'Events after the Reporting Period', provided additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.
- 3.19 Related Party Disclosures**
The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS-24: 'Related Party Disclosures' has been disclosed in a separate note (Note no: 45) to the accounts.
- 3.20 Leases (IFRS 16)**
The Company applied IFRS 16 Leases for the first time on 1 July 2019. A Lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the Company used to charge the consideration paid in its books as rent expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. Company has only office rent agreement, which is classified as operating leases, which under IFRS 16 are required to be recognized on the Company's statement of financial position. These rental agreements are less than or equal to 12 (Twelve) months and therefore fall under the definition of a short-term lease. In accordance with paragraph 6 of IFRS 16, the Company recognizes the rental expenses as they are accrued by the Company. The Company did not record any right-of-use assets and lease liabilities related to these rental agreements in the current year.
- 3.21 Comparative information and General**
- i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
 - ii) Figures for the year ended 30th June 2020 have been rearranged wherever considered necessary to ensure comparability with the current period.

Amount in Taka	
June 30, 2021	June 30, 2020

4.00 Property, Plant and Equipment

The details of Fixed Assets and allocation of depreciation has been shown in Annexure-A of the enclosed Financial Statement. The Break up is given below:

Name of Assets	Cost Value	Accumulated Depreciation	Written Down Value	Written Down Value
Land & Land Development	104,675,109	-	104,675,109	101,770,505
Plant & Machinery	501,643,009	251,040,065	250,602,944	309,543,386
Building & Constructions	132,261,497	52,366,924	79,894,573	95,160,534
Office Equipment	3,037,887	2,087,244	950,643	1,194,314
Furniture & Fixture	2,411,961	1,705,771	706,190	916,006
Generator	-	-	-	24,412,819
Vehicles	4,266,000	1,417,296	2,848,704	6,770,185
Electrical Equipment	31,241,314	8,519,878	22,721,436	30,805,167
Revaluation Surplus of Land & Land	136,926,183	-	136,926,183	136,926,183
Total	916,462,960	317,137,178	599,325,782	707,499,098

Since inception, the company revalued its Land & Land Development for the 1st time in the year ended 31 December 2015 by WASO Engineers & Consultants (BD) Ltd. dated on 12 March 2016 and subsequently the auditor (Ahmad & Akhtar Chartered Accountant) certified the revaluation report dated on 15 March 2016. Revaluation Surplus has arisen Tk. 136,926,183

5.00 Inventories

Raw Materials	-	61,238,923
Work-in-Process	-	2,447,022
Finished Goods	-	15,518,205
Wastage Goods	-	505,183
Spare Parts	1,089,526	2,764,791
	1,089,526	82,474,124

- Quantity reconciliation of products were done properly.
- The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IAS-2.
- Conduction of physical verification/stock taking of above inventories as on 30.06.2021 was done.
- Spare parts consists of the total cost of spare parts.

Details Shown in Annexure-B

6.00 Trade & Other Receivables

Opening Balance	437,826,100	388,677,883
Add: Sales during the year	285,391,902	608,583,834
Total	723,218,002	997,261,717
Less: Realised during the year	318,505,292	559,435,617
Closing Balance	404,712,710	437,826,100

This is considered as fully secured and is considered good & realizable within one year. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	30 June 2021 (Taka)	30 June 2020 (Taka)
i. Receivables considered good in respect of which the company holds no security other than the debtor personal security	202,356,355	328,369,575
ii. Receivables considered doubtful or bad	202,356,355	109,456,525
iii. Receivables due by directors or other officers & staffs		
iv. Receivables due from companies under same management		
v. The maximum amount of receivable due by any director or other officer of the company		
Total	404,712,710	437,826,100

	Amount in Taka			
	June 30, 2021	June 30, 2020		
Ageing of the above Trade Receivable is given below:				
Particular	Less than 6 Months	6 Months Above	Total	Total
Customers	-	404,712,710	404,712,710	437,826,100

Details Shown in Annexure-C

7.00 Advance, Deposit & Prepayments

Advances:

Salary & others	149,160	250,000
Tax, Vat & Others	274,573	196,186
Others Advance	140,000	140,000
Contractor/ Supplier	6,217,376	14,349,725
Sub Total	6,781,109	14,935,911

Deposits:

Security Deposit	10,990,778	11,716,178
Sub Total	10,990,778	11,716,178
Grand Total	17,771,887	26,652,089

There is no amount of loans advances due for payment for a period of more than 12 months from the date of Balance Sheet.

There is no aggregate amount due from Directors.

All advance and deposit amount considered good and recoverable.

There is no agreement with director and officers of the company regarding advance or due amount

There are no claims against the company, which can be acknowledged as bad debt.

8.00 Cash & Cash Equivalents

a) Cash in Hand	105,721	5,320,089
b) Cash at Bank		
MTBL A/C No -01356	236,973	234,589
MTBL A/C No -01612	209,625	209,749
MTBL A/C No -9037	19,218	5,933
SBAC A/C No -81390/117	1,442	1,442
SBAC A/C No -79742/4956	1,922	5,279
Southeast Bank A/C no -0064	1,033,158	2,309,170
Southeast Bank A/C no -2315	575,859	21,114
The City Bank Ltd. A/C No. 81001	95,735	97,000
NRB Ltd. A/C No. 316	3,620	4,310
BRAC Bank Ltd. A/C No-302001	10,433	11,008
UCBL A/C No- 01221110001608/0041	-	2,180
Al-Arafa Islami Bank Ltd A/C No- 96988	3,045	3,735
	2,191,030	2,905,509
c) Balance at BO Account (MTBCL)	25,032	25,482
Total Cash & Cash Equivalents (a+b+c)	2,321,783	8,251,080

Foreign currency account balances have been converted to Taka at the ruling rate at the reporting date.

9.00 Share Capital

Authorized Share Capital

300,000,000 Ordinary Shares of Tk. 10.00 each	3,000,000,000	3,000,000,000
100,000,000 Preference Shares of Tk. 10.00 each	1,000,000,000	1,000,000,000
	4,000,000,000	4,000,000,000

Issued, subscribed and paid up capital :

11,38,28,368 Ordinary Shares of Tk. 10.00 each	1,138,283,680	1,138,283,680
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Shareholding Position:

	No. of Share	No. of Share
Sponsors & Directors	35,404,336	35,404,336
Institutions	33,197,815	32,810,042
General Public	45,226,217	45,613,990
	113,828,368	113,828,368

	Amount in Taka	
	June 30, 2021	June 30, 2020
10.00 Tax Holiday Reserve		
Opening Balances	31,538,864	31,538,864
Add: Provision made during the period	-	-
	<u>31,538,864</u>	<u>31,538,864</u>
Less: Adjustment of tax holiday reserve as per BAS-8	-	-
	<u>31,538,864</u>	<u>31,538,864</u>

i) This have been provided as per provisions of section 46(A) of the Income Tax Ordinance, 1984.

ii) Tax holiday reserve have been adjusted as per IAS-8, Para-42 for the period ended 30 June 2016 due to over provision of Tax holiday reserve for the period ended 30 June 2015.

Para-42: Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
 (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Para-43: A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

11.00 Revaluation Surplus		
Opening Balance	132,818,398	132,818,398
Less: Prior Year Correction	-	-
Adjusted Opening Balance	<u>132,818,398</u>	<u>132,818,398</u>
Add: Revaluation Surplus for current year	-	-
	<u>132,818,398</u>	<u>132,818,398</u>

12.00 Retained Earnings		
Opening Balance	(303,790,255)	136,253,020
Add: Net Profit/(Loss) for the year	(286,945,779)	(385,839,296)
Less: Bonus shares capitalised	-	(54,203,980)
Retained Earnings	<u>(590,736,033)</u>	<u>(303,790,255)</u>

13.00 Deferred Tax Liability		
Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment as per financial statements and tax based written down value and financial position's liability method for gratuity obligation.		
Opening Balance	29,798,965	26,558,757
Add: Prior Year Error Correction	-	-
Adjusted Opening Balance as at July 01, 2020	<u>29,798,965</u>	<u>26,558,757</u>
Expenses/ (Income) of Deferred Tax for the year	(2,629,649)	3,240,207
Deferred Tax Liability /(Assets) as on 30 June 2021	<u>27,169,316</u>	<u>29,798,965</u>

Details Shown in Note 34.02

14.00 Long Term Loan

14.01 Long Term Loan (Non-Current Portion):

Name of Bank	Type of A/C	Branch	Account No	June 30, 2021	June 30, 2020
MTBL	Term Loan	Dilkusha	0012-5161000314	-	892,521
MTBL	Term Loan	Dilkusha	0012-5161000224	-	1,080,678
MTBL	Term Loan	Dilkusha	0012-5161000252	-	4,051,689
Total				<u>-</u>	<u>6,024,888</u>

Amount in Taka	
June 30, 2021	June 30, 2020

14.02 Long Term Loan (Current Portion)

Name of Bank	Type of A/C	Branch	Account No	30 June 2021	30 June 2020
MTBL	Term Loan	Dilkusha	0012-5161000314	1,251,954	401,148
MTBL	Term Loan	Dilkusha	0012-5161000224	1,605,759	635,774
MTBL	Term Loan	Dilkusha	0012-5161000252	9,611,574	6,325,916
Total				12,469,287	7,362,838

Mode of adjustment	Quarterly Installment
Security	The loan are secured by registered mortgage of 354.59 decimals land owned by company, Factory Building, Hypothecation Import & Local machineries and Master cheque covering the total loan amount.

15.00 Trade & Others Payable

Trade Payable	3,292,144	3,026,565
Others Payable	15,863,729	767,817
Total	19,155,873	3,794,382

This represents the amount payable to regular suppliers, packing materials, utilities and others services rendered to the company. All suppliers were paid on a regular basis.

16.00 Short Term Bank Loan

(MTBL A/C No - 0398 (Cash Credit)	17,553,195	18,424,258
	17,553,195	18,424,258

Above facility has been enjoyed against working capital sanctioned from Mutual Trust Bank Ltd., Dilkusha, Dhaka and secured by hypothecation of stock & stores and collateral security of land.

Nature	CC (Hypoo) Cash
Sanction Limit	17.50 million
Purpose of Loan	Working Capital
Margin	25 % on Stock in Trade
Rate of Interest	09 % p.a & Late Payment Interest @ Tk. 2%.
Execution Date	14.05.2008
Mode of Adjustment	Within 90 days from the date of advance and account outstanding.
Security	Stock of raw materials, work-in- process and finished goods (yarn), spare parts of machineries stores in office /factory located at Jhawgara, Araihasar, Narayanganj & security clause of term loan.

17.00 Provision for Bad Doubtful Debts

Opening Balance	109,456,525	-
Add: Provision made for the year	92,899,830	109,456,525
	202,356,355	109,456,525

18.00 Liabilities for Income Tax

Opening Balance	63,245,169	59,825,841
Add: Provision made for the year	1,940,952	3,420,049
	65,186,121	63,245,890
Less: Tax Paid/Adjustment for the year	-	721
Closing balance	65,186,121	63,245,169

19.00 Liabilities for Workers Profit Participation Fund (WPPF)

Opening Balances	1,871,718	5,364,722
Add: Provision for the year	-	-
	1,871,718	5,364,722
Less: Current year payment	-	3,493,004
Closing balance	1,871,718	1,871,718

		Amount in Taka	
		June 30, 2021	June 30, 2020
20.00	Non Refunded Subscription Money		
	Opening Balance		
	General Public	5,066,750	5,066,750
	NRB	181,750	181,750
		5,248,500	5,248,500
	Less: Refund during the year	-	-
	Closing Balance	5,248,500	5,248,500
21.00	Liabilities for Expenses		
	Salary & Allowance	191,717	231,969
	Wages & Salary	2,977,513	3,164,660
	Director Remuneration	2,625,000	375,000
	Withholding Tax	106,955	106,955
	VAT Payable	51,030	271,111
	Gas Bill	6,941,507	9,831,495
	Audit Fee	149,500	149,500
	Printing Bill Payable	26,000	26,000
	Listing Fee Payable	811,583	1,411,388
	Advertisement Bill Payable	136,900	-
	Other Expenses (Payable)	-	81,239
	Electricity & Utility Bill	4,704,800	2,952,111
		18,722,505	18,601,428
22.00	Net Asset Value (NAV) Per Share (including revaluation surplus)		
	Share Capital	1,138,283,680	1,138,283,680
	Tax Holiday Reserve	31,538,864	31,538,864
	Revaluation Surplus	132,818,398	132,818,398
	Retained earnings	(590,736,033)	(303,790,255)
	A. Total shareholders equity	711,904,909	998,850,687
	B. No. of ordinary shares outstanding	113,828,368	113,828,368
	Net asset value (NAV) per share (A/B)	6.25	8.78
	Net Asset Value (NAV) Per Share (Excluding revaluation surplus)		
	A. Net asset value (NAV)	579,086,511	866,032,289
	B. No. of ordinary shares outstanding	113,828,368	113,828,368
	Net Asset Value (NAV) Per Share (Excluding revaluation surplus) (A/B)	5.09	7.61
	Since net loss have been increased and assets have been decreased due to fire occurrence, NAV has been decreased.		
23.00	Sales Revenue		
	Gross Sales	286,992,000	611,390,925
	Less: Value Added Tax (VAT)	1,600,098	2,807,091
	Net Sales	285,391,902	608,583,834
	A massive fire incident occurred at Factory Premises on January 21, 2021. Since then production remain suspended till the end of June 30, 2021 for repairing, renovation, reconstruction, replacement and installation of new machineries. As a result sales, have been decreased significantly.		
24.00	Cost of Goods Sold		
	Raw material consumed	170,813,061	387,813,651
	Add: Work-in-process- Opening	2,447,022	2,879,650
		173,260,083	390,693,301
	Less: Work-in-process-Closing	-	2,447,022
	Less: Fire Damaged	1,488,000	-
	Materials transferred to finished goods	171,772,083	388,246,279
	Add: Factory overhead	141,720,954	170,019,582
	Cost of goods manufactured	313,493,037	558,265,861
	Add: Opening Finished goods	15,518,205	53,935,850
	Add: Opening Wastage goods	505,183	2,678,980
	Cost of goods available for sale	329,516,425	614,880,691
	Less: Closing Finished goods	-	15,518,205
	Less: Closing Wastage Goods	-	505,183
	Less: Fire Damaged (Finished Goods)	12,541,238	12,666,901
	Less: Obsolete Finished Goods Written Off	-	11,635,445
	Cost of goods sold for the period	316,975,187	574,554,956

		Amount in Taka	
		June 30, 2021	June 30, 2020
24.01	Raw Material Consumed		
	Opening stock	61,238,923	226,653,153
	Add: Purchase during the year	170,001,555	386,783,752
	Raw material available for consumption	231,240,478	613,436,905
	Less: Closing stock	-	61,238,923
	Less: Obsolete Raw Materials Written Off	-	75,469,581
	Less: Fire Damaged	60,427,417	88,914,750
	Raw material consumed	170,813,061	387,813,651
24.02	Factory Overhead		
	Wages & Salary	34,517,758	42,352,134
	Over time	426,839	381,833
	Gas bill	15,649,486	19,025,259
	Packaging expenses	1,787,650	4,639,676
	Spare parts consumed	7,999,164	8,260,668
	Daily labour	108,530	126,425
	Loading & Unloading Expenses	554,371	670,740
	Fire Protection	1,529,805	350,700
	Transport & Others	2,203,015	3,092,036
	Miscellaneous Expenses	557,881	302,726
	Electricity, Utility & others bill	33,627,451	38,591,311
	Repairing & Maintenance	1,338,756	979,970
	Mobil, Oil & Lubricant	1,708,600	2,879,850
	Workshop expenses	77,000	144,300
	Fax, Phone & Fooding exp.	286,935	287,997
	Depreciation (Annexure-A)	39,347,713	47,933,957
		141,720,954	170,019,582
25.00	Other Income		
	Wastage Sales	1,405,733	2,039,753
	Sale of Obsolete Raw Materials	-	7,347,081
	Sale of Obsolete FG	-	1,178,450
	Insurance Claim Received	3,577,072	-
	Interest Income from Bank	3,838	7,206
		4,986,643	10,572,490
25.01	Interest Income from Bank		
	Interest Income	3,838	7,206
	Total Income	3,838	7,206
26.00	Administrative Expenses		
	Salary and Allowances	5,199,185	6,746,723
	Directors remuneration	5,250,000	4,480,000
	Vehicle Maintenance	319,862	452,553
	Stationery & Printing	120,142	180,047
	Medical Expenses	11,448	416,480
	Advertisement	193,363	228,000
	Meeting exp. & others	651,000	668,508
	Insurance	2,017	411,209
	Travelling, tour and conveyance	643,596	1,582,162
	Fax, telephone & photocopy expenses	147,479	125,484
	Renewal & others fees	448,701	207,737
	Consultancy & Legal Fee	100,200	90,350
	Audit Fee	149,500	149,500
	Other Professional Expenses	-	17,250
	Office rent	1,140,000	1,075,000
	C & F Charge	-	450,000
	Office expenses	119,446	95,036
	Regulatory & others Expenses	1,356,888	1,464,943
	Relief	-	4,668,937
	Fooding & Entertainment	205,199	166,279
	Electric & Utility bill	303,572	310,678
	News paper, books & forms	5,868	4,785
	Repairs & maintenance	250,010	56,000
	Misc. & Others exp.	147,823	944,909
	Depreciation (Annexure-A)	4,371,968	5,325,995
		21,137,268	30,318,565

		Amount in Taka	
		June 30, 2021	June 30, 2020
27.00	Marketing Expenses		
	Business Promotional Expenses	2,192,194	2,612,750
	Commission & Others	4,077,590	6,857,732
		<u>6,269,784</u>	<u>9,470,482</u>
28.00	Loss on Sale of Vehicles		
	Book Value of Vehicles	10,655,300	-
	Less: Accumulated Depreciation	7,535,318	-
		<u>3,119,982</u>	-
	Less: Sold	2,670,000	-
	Loss on sale	<u>449,982</u>	-
29.00	Obsolete Inventory Writte Off		
	<u>Quantity(Lbs)</u>		
	Raw Materials	-	75,469,581
	Finished Goods	-	11,635,445
		<u>-</u>	<u>87,105,026</u>
30.00	Advance, Deposits & Prepayemnts Write Off		
	Other Advanced	-	11,875,000
	Margin and Deposite	-	26,417,968
	Supplier	-	40,420,308
		<u>-</u>	<u>78,713,276</u>
31.00	Financial Expenses		
	Bank charge & commission	85,427	72,715
	Interest on long term loan	1,060,561	2,568,247
	Interest on CC hypo	1,610,437	2,201,759
		<u>2,756,425</u>	<u>4,842,721</u>
32.00	Foreign Exchange Gain/ (Loss)		
	Exchange Gain / (loss)	<u>(124)</u>	<u>895</u>
		<u>(124)</u>	<u>895</u>
33.00	Fire Loss		
A	Loss of Fixed Assets for Fire Incident:		
	Book Value of Fire Lost Fixed Assets	108,638,186	-
	Less: Accumulated Depreciation for the Fire Lost Assets	43,649,429	-
		<u>64,988,757</u>	-
	Less: Salvage Assets Sold	4,214,046	-
	Loss of Fixed Assets due to Fire	<u>60,774,711</u>	-
	Details Shown in Annexure-A		
B	Inventory Lost on Account of Fire	<u>76,749,711</u>	<u>103,874,707</u>
	Total Loss by Fire (A+B)	<u>137,524,422</u>	<u>103,874,707</u>
33.01	Details of Fire Loss of Inventories	<u>Quantity(Lbs)</u>	
	Raw Materials	850,774	60,427,417
	Finished Goods	99,800	12,541,238
	Work in process	20,000	1,488,000
	Wastage Goods	45,527	2,293,056
		<u>76,749,711</u>	<u>88,914,750</u>
			<u>12,666,901</u>
			<u>-</u>
			<u>2,293,056</u>
			<u>103,874,707</u>

N.B.: Company's fire affected assets and inventories are partially covered by Crystal Insurance Company Limited. Inventories have been accounted for as fire loss because the application for fire claim is still under process. As there is no estimation that to be recovered from the insurance company, no insurance benefit have been obtained yet from the insurance company. Thus the company has recognized the full amount of fire affected inventories as fire loss and charged in the Statement of Profit or Loss and other Comprehensive Income. The subsequent status and financial event will be recognized and reflected in the onward relevant financial statements as and when be enacted.

			Amount in Taka	
			June 30, 2021	June 30, 2020
34.00	Income Tax Expenses			
	Current Tax	Note 34.01	1,940,952	3,420,049
	Deferred Tax	Note 34.02	(2,629,649)	3,240,207
			<u>(688,697)</u>	<u>6,660,255</u>
34.01	Current Tax			
	Current Tax on Operating Income	34.01.A	(43,775,580)	(61,702,937)
	Current Tax on Other Income	34.01.B	1,246,661	2,643,123
	Total Current Tax		<u>(42,528,920)</u>	<u>(59,059,814)</u>
	Tax as per ITO Section 82 (C) @ 0.60%	34.01.C	1,940,952	3,420,049
	Current Tax, Which ever is higher		<u>1,940,952</u>	<u>3,420,049</u>
34.01.A	Current Tax on Operating Income			
	Net Profit Before Tax		(287,634,476)	(379,179,039)
	Add: Depreciation as accounting base		43,719,681	53,259,952
	Add: WPPF Expenses		-	-
	Less: Depreciation as per tax base		42,935,765	71,368,331
	Less: Other income		4,986,643	10,572,490
	Less: Payment for WPPF		-	3,493,004
	Taxable operating income		<u>(291,837,203)</u>	<u>(411,352,912)</u>
	Income tax @ 15%		<u>(43,775,580)</u>	<u>(61,702,937)</u>
34.01.B	Current Tax on Other Income @ 25%		<u>1,246,661</u>	<u>2,643,123</u>
34.01.C	Calculation of Gross Receipts as per 82(C):			
	Sales during the year		285,391,902	608,583,834
	Add: Other Income during the year		4,986,643	10,572,490
	Add: Trade Receivables as on July 1, 2020		437,826,100	388,677,883
	Less: Trade Receivables as on June 30, 2021		<u>(404,712,710)</u>	<u>(437,826,100)</u>
	Gross Receipts		<u>323,491,935</u>	<u>570,008,107</u>
	Tax as per ITO Section 82 (C) @ 0.60%		<u>1,940,952</u>	<u>3,420,049</u>
34.02	Deferred Tax			
	Total income tax for the year		(688,697)	6,660,255
	Less: Current Tax		1,940,952	3,420,049
	Deferred Tax		<u>(2,629,649)</u>	<u>3,240,207</u>
	Deferred tax for the year		<u>(2,629,649)</u>	<u>3,240,207</u>
	Details are as follows:			
	Carrying Value as per Accounts			
	Property, Plant & Equipment		357,724,490	468,802,410
	Carrying Value as per Tax Base			
	Property, Plant & Equipment		202,109,230	295,656,162
	Taxable Difference		155,615,260	173,146,248
	Less: Liability to Employees		1,871,718	1,871,718
	Net Taxable Difference		<u>153,743,542</u>	<u>171,274,530</u>
	Applicable Income Tax Rate		15%	15%
	Deffered Tax Liability at the end of the period		23,061,531	25,691,180
	Deffered Tax Liability- 3% of Revaluation Surplus		4,107,785	4,107,785
	Total Deffered Tax Liability at the end of the period		27,169,316	29,798,965
	Deffered Tax Liability at the beginning of the period		29,798,965	26,558,757
	Deffered Tax Expenses during the period		<u>(2,629,649)</u>	<u>3,240,207</u>
35.00	Earning Per Share (EPS)			
	(i) Earnings from core business			
	a) Net Profit/(Loss) after tax excluding Extraordinary Income & Fire Loss		(154,378,080)	(292,473,644)
	b) Weighted average number of shares (Note-35.01)		113,828,368	113,828,368
	Earnings Per Share (EPS) from core business before fire loss (a/b)		<u>(1.36)</u>	<u>(2.57)</u>
	(ii) Earnings from Extra Ordinary Income			
	a) Extra Ordinary Income after tax		4,956,723	10,509,055
	b) Weighted average number of shares (Note-35.01)		113,828,368	113,828,368
	Earnings Per Share (EPS) from extraordinary income (a/b)		<u>0.04</u>	<u>0.09</u>

	Amount in Taka	
	June 30, 2021	June 30, 2020
(iii) Basic Earnings per Share (EPS) before fire loss (i+ii)	(1.31)	(2.48)
(iv) Fire Loss		
a) Fire loss	(137,524,422)	(103,874,707)
b) Weighted average number of shares (Note-35.01)	113,828,368	113,828,368
Earnings per Share (EPS) from fire loss (a/b)	(1.21)	(0.91)
Basic Earning per Share (iii+iv)	(2.52)	(3.39)

A massive fire incident occurred in January 2021 at factory premises. Since then production remained suspended till the end of June 30, 2021 for repairing, renovation, replacement and installation of new machineries, resulted a negative EPS. Though there is a negative EPS, nevertheless EPS has been increased in the current year as compared with previous year. This is because there is no write off of Advance, Deposits and Prepayments and no Write off of obsolete Raw Materials and Obsolete Finished Goods during the reporting period.

35.01 Weighted Average Number of Shares

Particulars	Number of Share outstanding		Weight average no. of Share	Weight average no. of Share
Opening Shares Capital	52,800,000	1	52,800,000	52,800,000
IPO Shares	12,000,000	1	12,000,000	12,000,000
Bonus Shares-2014	9,720,000	1	9,720,000	9,720,000
Bonus Shares-2015-16	11,178,000	1	11,178,000	11,178,000
Bonus Shares-2016-17	12,854,700	1	12,854,700	12,854,700
Bonus Shares-2017-18	9,855,270	1	9,855,270	9,855,270
Bonus Shares-2018-19	5,420,398	1	5,420,398	5,420,398
Total	113,828,368		113,828,368	113,828,368

36.00 Cash Received from Customers

Revenue	285,391,902	608,583,834
Add: Other income	4,986,643	10,572,490
Add/Less: Decrease/(Increase) in accounts receivable	33,113,390	(49,148,217)
	323,491,935	570,008,107

37.00 Cash paid to Suppliers

Cost of goods sold	316,975,187	574,554,956
Fire Loss in Inventory	76,749,711	103,874,707
Obsolete Inventory Write Off	-	87,105,026
Increase/(decrease) in inventory	(81,384,600)	(206,826,511)
(Increase)/decrease in accounts payable	(15,361,491)	(2,520,208)
(Increase)/decrease in unclaimed fractional dividend	-	-
Less: Depreciation	(39,347,713)	(47,933,957)
	257,631,094	508,254,014

38.00 Cash Payment for Expenses

Administrative, Selling & Distribution expenses	21,137,268	30,318,565
Add: Marketing expenses	6,269,784	9,470,482
Add: Increase in liabilities for expenses	(121,077)	(6,650,471)
Add: WPPF paid	-	3,493,004
Add: Advance, Deposits & Prepayments Write Off	-	78,713,276
Less: Depreciation	(4,371,968)	(5,325,995)
	22,914,006	110,018,861

39.00 Finance Cost

Bank charge & commission	85,427	72,715
Interest payment on long term loan	1,060,561	2,568,247
Interest payment on short term loan	1,610,437	2,201,759
	2,756,425	4,842,721

		Amount in Taka	
		June 30, 2021	June 30, 2020
40.00	Reconciliation of cash generated by operations		
	Net Profit After Tax	(286,945,779)	(385,839,296)
	Depreciation as Non Cash Expenses	43,719,681	53,259,952
	Loss on Sale of Vehicles	449,982	-
	(Increase)/Decrease of Account Receivables	33,113,390	(49,148,217)
	(Increase)/Decrease of Inventories	81,384,600	206,826,511
	Fire Loss in Fixed Assets	60,774,711	-
	(Increase)/Decrease of Advance, Deposits & Prepayments	8,880,202	60,633,114
	Increase/(Decrease) of Liabilities for expenses	121,077	6,650,471
	Increase/(Decrease) of Accounts Payable	15,361,491	2,520,208
	Increase/(Decrease) of Provision for Income Tax	1,940,952	3,419,328
	Increase/(Decrease) of Deferred Tax Liability	(2,629,649)	3,240,208
	Increase/(Decrease) of WPPF Expenses	-	(3,493,004)
	Provision for Bad & Doubtful Debts	92,899,830	109,456,525
	Foreign Exchange Gain	124	(895)
	Net Cash Flows from Operating Activities	49,070,612	7,524,904
41.00	Net Operating Cash Flow Per Share (NOCFPS)		
	Net Operating Cash Flows	49,070,612	7,524,904
	Weighted average number of shares	Note 35.01 113,828,368	113,828,368
		<u>0.43</u>	<u>0.07</u>

Since collection has been increased against sales and accounts receivables, NOCFPS has been increased.

42.00 Employees Position (as of June 30, 2021)

Employee Position of Zaheen Spinning Limited as per requirement of schedule XI, Part II, Para 3 of company Act 1994.

Salary range (Monthly)	Total	Officer & Worker	
		Head Office	Factory
Below 5,500	-	-	-
Above 5,500	408	25	383

43.00 Bank Guarantee

The company have no Bank Guarantee on the reporting date.

44.00 Capital Commitment

The company have no Capital Commitment at the reporting date.

45.00 Related Party Transaction

During the period the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

Particulars	Relationship	Transaction during the year / period	Outstanding as on 30.06.2021	Outstanding as on 30.06.2020
Dainik Dosh Bortoman	Sister Concern	-	-	352,260
Mrs. Farida Khanam	Chairman	550,000	350,000	50,000
Mr. Mahmuddur Rahman	Director	2,400,000	1,400,000	200,000
Mrs. Nusrat Jahan	Director	380,000	175,000	25,000
Mr. Mahbubur Rahman Khan	Director	-	350,000	50,000
Mrs. Masuma Khan	Director	250,000	350,000	50,000
Total		3,580,000	2,625,000	727,260

45.01 Key Management Personnel Compensation

Sl	Name	Designation	Grows Salary
1	Mr. Mahmuddur Rahman	M.D	2,800,000
2	Mr. Md. Ibrahim Khalil	CFO (CC)	1,120,000
			<u>3,920,000</u>

During the year 2020-2021, the Board of Directors of Zaheen Spinning Limited have taken Tk. 150,000.00 as board meeting attendance fees.

Amount in Taka	
June 30, 2021	June 30, 2020

During the period from 01-07-2020 to 30-06-2021, there were 7 (seven) Board Meetings held. The attendance status of all the meetings is as follows:

Name of Directors	Designation	No. of Meetings Attended
Mrs. Farida Khanam	Chairman	7
Mr. Mahmuddur Rahman	Managing Director	7
Mrs. Nusrat Jahan	Director	7
Mr. Mahbubur Rahman Khan	Director	3
Mrs. Masuma Khan	Director	3
Dr. Md. Abbas Ali Khan	Independent Director	3 (Expired on 16 Jan 2021)
Dr. M. Farid Ahmed	Independent Director	7
Dr. Abu Taleb	Independent Director	1 (appointed on 13 March 2021)

Disclosure as per requirement of Schedule XI, Part II, Para 4

Name of Directors	Designation	Remuneration	Total Payment
Mrs. Farida Khanam	Chairman	600,000	700,000
Mr. Mahmuddur Rahman	Managing Director	2,400,000	2,800,000
Mrs. Nusrat Jahan	Director	300,000	350,000
Mr. Mahbubur Rahman Khan	Director	600,000	700,000
Mrs. Masuma Khan	Director	600,000	700,000
Total			5,250,000

Transaction with Key Management Personnel of the entity:

(a)	Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager.	2,625,000
(b)	Expenses reimbursed to Managing Agent	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where	Nil
(g)	Other allowances and commission including guarantee commission	Nil
(h)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(i)	Share Based payments	Nil

As per IAS- 24 Para 17:

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

(a)	Short-term employee benefits	3,580,000
(b)	Post-employee benefits	
(c)	Other long term benefits	
(d)	termination benefits and	
(e)	share- based payment	

As per IAS- 24 Para 18:

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

a)	the amount of transaction	3,580,000
b)	the amount of outstanding balance, including commitments	2,625,000
i)	their terms & condition, including whether they are secured, and the nature of the consideration to be provided in statement	Remuneration and Advance
ii)	details of any guarantee given or received	Nil

Amount in Taka	
June 30, 2021	June 30, 2020

- c) provisions for doubtful debts related to the amount of outstanding balance Nil
- d) the expenses recognized during the period in respect of bad or doubtful debts due from Nil

Disclosure as per requirement of Schedule XI, Part II, Para 7

Details of production capacity utilization

Particulars	Licence Capacity	Installed Capacity in MT	Capacity Utilization from 1st July 2020 to 30th June 2021
Annual Production Capacity	Not mentioned in the Licence	2,777.60	35%

Disclosure as per requirement of Schedule XI, Part II, Para 3

Requirements under	Compliance	Compliance status of Disclosure of Schedule XI, Part II, Para 3
3(i)(a) The turnover		285,391,902
3(i)(b) Commission paid to selling agents		4,077,590
3(i)(c) Brokerage and discount of sales, other than the usual trade		Nil
3(i)(d)(i) The value of the raw materials consumed, giving item-wise as as possible		170,813,061
3(i)(d)(ii) The opening and closing stocks of goods produced		Op Stock: 120,900 Lbs Tk. 1,55,18,200 Closing Stock: Nil Lbs and Tk. Nil
3(i)(e) In the case of trading companies, the purchase made and the		N/A
3(i)(f) In the case of Companies rendering or supplying services, the gross income derived from services rendered or supplied		N/A
3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Company, which falls under one or more categories i.e. manufacturing and/or trading		Shown in Annexure-B
3(i)(h) In the case of other companies, the gross income derived under different heads		N/A
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period		Shown in Annexure-B
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets		Tk. 4,37,19,681/-

	Amount in Taka	
	June 30, 2021	June 30, 2020
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	N/A	
3(i)(l) Charge for income tax and other taxation on profits	Tk. 19,40,952/-	
3(i)(m) Reserved for repayment of share capital and repayment of loans	No Reserved	
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, known to exist at the date as at which the balance sheet is made up.	N/A	
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	N/A	
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	N/A	
3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required.	N/A	
3(i)(p) Expenditure incurred on each of the following items,		
separately for each item:		
(i) Consumption of stores and spare parts	(i) Consumption of Stores & Spare Parts: Tk. 79,99,164.00	
(ii) Power and Fuel	(ii) Power and Fuel: Tk. 4,92,76,937.00	(iii) Rent: tk. 11,40,000.00
(iii) Rent		
(iv) Repairs of Buildings		
(v) Repairs of Machinery		
(vi)(1) Salaries, wages and bonus	(vi)(1) Salaries, wages and bonus: Tk. 34,517,758	(vi)(2) Contribution to provident and other funds: Tk. Nil
(2) Contribution to provident and other funds		(3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve: Tk. Nil
(3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.		

Amount in Taka	
June 30, 2021	June 30, 2020

46.00 VAT, Income Tax, Customs Duty or Other Tax Liability Including Contingent Liabilities which is yet to be paid with reason for non-payment:

(i) VAT: There has VAT liability by the Company as on June 30, 2021 Tk. 51,030.00.

(ii) Income Tax: Zaheen Spinning Limited enjoyed tax holiday facilities for a period of 5 (five) years starting from February 01, 2010 to January 31, 2015; first two years 100%, next two years 50% and last one year 25% Tax Holiday as per approval granted by the National Board of Revenue (NBR) vide their letter bw_ bs-11(23) Aby-1/2010 dated 27/06/2010 under section 46A & 46(A) (1A)(I) of Income Tax Ordinance 1984.

The Company's tax assessment position is as under:

Income year	Assessment year		Remarks
2010	2011-2012	The company is enjoyed Tax holiday.	Assessment completed
2011	2012-2013		Assessment completed
2012	2013-2014		Assessment completed
2013	2014-2015		Assessment completed
2014	2015-2016		Assessment completed
01 January 2015 30 June 2016	2016-2017		Assessment not yet completed
2016-2017	2017-2018		Assessment not yet completed
2017-2018	2018-2019		Assessment not yet completed
2018-2019	2019-2020		Assessment not yet completed
2019-2020	2020-2021		Assessment not yet completed

(iii) Custom duty or other Tax and contingent liabilities:

There is no custom duty or any other tax & contingent liability by the Company.

47.00 Commission, Brokerage or Discount against sales

Commission paid against sales as Discounts amounting tk. 4,077,590/-

48.00 Credit Facility Not Availed

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

49.00 Internal Control

The following steps have been taken for implementation of an effective internal control procedure of the Company:

A strong internal control and compliance division has been formed with a view to establish a well designated system of internal control.

Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect if internal control technique.

To establish an effective management system that includes planning, organizing and supervising culture in the factory as well as at Head Office.

50.00 General Comments and Observations

All shares have been fully called and paid up.

Auditor's are paid only statutory audit fees.

No foreign exchange remitted to the relevant shareholders during the period under audit.

No amount of money was expended by the company fo recompensating any members of the Board for special service rendered.

There was no bank guarantee issued by the company on behalf of Directors.

ZAHEEN SPINNING LIMITED
Schedule of Property, Plant and Equipment
As at 30 June 2021 (July 2020 to June 2021)

Annexure-A

A. At Cost*(Amount in Taka)*

Sl. No.	Particulars	Cost				Rate %	Depreciation				W.D.V.
		Balance as at 01.07.2020	Addition During the year	Disposal/ Adjustment	Balance as at 30.06.2021		Balance as at 01.07.2020	Charged During the year	Disposal/ Adjustment	Total Charges 30.06.2021	Balance as at 30.06.2021
1	Land & Land Development	101,770,505	2,904,604	-	104,675,109	-	-	-	-	-	104,675,109
2	Plant & Machinery	561,221,586	-	(59,578,577)	501,643,009	10%	251,678,201	28,844,886	(29,483,022)	251,040,065	250,602,944
3	Building & Constructions	142,261,497	-	(10,000,000)	132,261,497	10%	47,100,963	8,946,109	(3,680,148)	52,366,924	79,894,573
4	Office Equipment	3,463,485	110,500	(536,098)	3,037,887	15%	2,269,171	173,914	(355,841)	2,087,244	950,643
5	Furniture & Fixture	2,679,956	-	(267,995)	2,411,961	15%	1,763,950	125,783	(183,962)	1,705,771	706,190
6	Generator	30,445,188	-	(30,445,188)	-	15%	6,032,369	2,046,664	(8,079,033)	-	-
7	Vehicles	14,921,300	-	(10,655,300)	4,266,000	15%	8,151,115	801,499	(7,535,318)	1,417,296	2,848,704
8	Electrical Equipment	38,411,642	640,000	(7,810,328)	31,241,314	10%	7,606,475	2,780,826	(1,867,423)	8,519,878	22,721,436
	A. Sub-Total	895,175,159	3,655,104	(119,293,486)	779,536,777		324,602,244	43,719,681	(51,184,747)	317,137,178	462,399,599

B. At Revaluation

1	Land & Land Development	136,926,183	-	-	136,926,183	-	-	-	-	-	136,926,183
	B. Sub-Total	136,926,183	-	-	136,926,183	-	-	-	-	-	136,926,183
	Balance as on 30 June 2021 (A+B)	1,032,101,342	3,655,104	(119,293,486)	916,462,960	-	324,602,244	43,719,681	(51,184,747)	317,137,178	599,325,782

Balance as on 30 June 2020	1,012,918,306	19,183,036	-	1,032,101,342		271,342,292	53,259,952	-	324,602,244	707,499,098
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Allocation of Depreciation:

Note: Depreciation Charged in the following Manner:

Particulars	Rate	Amount
Factory Overhead	90%	39,347,713
Administrative Expenses	10%	4,371,968
Total	100%	43,719,681

ZAHEEN SPINNING LIMITED
Schedule of Capital Work in Progress
As at 30 June 2021 (July 2020 to June 2021)

Annexure-A/1

Sl. No.	Particulars	Cost				Rate %	Depreciation			Balance
		Balance as at 01.07.2020	Addition During the year	Transferred to Fixed Asset	Balance as at 30.06.2021		Balance as at 01.07.2020	Charged During the year	Total Charges 30.06.2021	Balance as at 30.06.2021
1	Plant & Machinery	-	40,747,883	-	40,747,883	0%	-	-	-	40,747,883
2	Generator	-	-	-	-	0%	-	-	-	-
3	Office Equipment	-	224,675	-	224,675	0%	-	-	-	224,675
4	Electrical Equipment	-	6,999,996	-	6,999,996	0%	-	-	-	6,999,996
5	Building & Constructions	-	8,466,671	-	8,466,671	0%	-	-	-	8,466,671
	A. Sub-Total	-	56,439,225	-	56,439,225	-	-	-	-	56,439,225

ZAHEEN SPINNING LIMITED
Quantity-wise break- up of Inventory
As of June 30, 2021

Annexure-B

Raw Materials:

(Amount in Taka)

Items Name	Balance as on 01.07.2020		Purchased		Consumed/Used		Fire Damaged		Obsolete Items Written Off		Balance as on 30.06.2021	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
MCU-5	597,581	42,334,912	1,795,257	120,660,645	1,786,649	120,493,305	606,189	42,502,252	-	-	-	-
Cameroon	227,091	16,962,588	371,679	26,658,267	371,140	27,049,185	227,630	16,571,670	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-	-	-	-
Chad	-	-	69,747	5,114,356	69,747	5,114,356	-	-	-	-	-	-
Viscos	-	-	37,480	2,515,986	25,460	1,707,125	12,020	808,861	-	-	-	-
PSF (Polyster)	-	-	9,179	399,280	8,344	362,958	835	36,322	-	-	-	-
CIS	-	-	22,128	1,548,976	22,128	1,548,976	-	-	-	-	-	-
Tencile	-	-	28,443	3,524,079	24,343	3,015,767	4,100	508,312	-	-	-	-
Benin	22,877	1,658,608	-	-	22,877	1,658,608	-	-	-	-	-	-
Mali Juli (African)	3,945	282,815	132,473	9,579,966	136,418	9,862,781	-	-	-	-	-	-
Sub Total	851,494	61,238,923	2,466,386	170,001,555	2,467,106	170,813,061	850,774	60,427,417	-	-	-	-

Finished Goods:

Items Name	Balance as on 01.07.2020		Production		Delivered		Fire Damaged		Obsolete Items Written Off		Balance as on 30.06.2021	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
50 (Auto) Yarn	120,550	15,473,281	2,124,800	313,493,037	2,145,550	316,923,488	99,800	12,541,238	-	-	-	-
50 Normal Yarn	350	44,924	-	-	350	51,699	-	-	-	-	-	-
60 Normal Yarn	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total:	120,900	15,518,205	2,124,800	313,493,037	2,145,900	316,975,187	99,800	12,541,238	-	-	-	-

Work in Process:

Items Name	Balance as on 01.07.2020		Current Year		Transfer to Finished Goods		Fire Damaged		Obsolete Items Written Off		Balance as on 30.06.2021	
	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount	Quantity (LBS)	Amount
Blow Room	5,080	328,880	2,467,106	170,813,061	2,452,186	169,653,941	20,000	1,488,000	-	-	-	-
Carding	198	12,969	-	-	198	12,969	-	-	-	-	-	-
Drawing	1,643	111,584	-	-	1,643	111,584	-	-	-	-	-	-
Simplex	6,454	464,445	-	-	6,454	464,445	-	-	-	-	-	-
Ring	14,039	1,107,277	-	-	14,039	1,107,277	-	-	-	-	-	-
Cone Winding	4,986	421,867	-	-	4,986	421,867	-	-	-	-	-	-
Sub Total:	32,400	2,447,022	2,467,106	170,813,061	2,479,506	171,772,083	20,000	1,488,000	-	-	-	-

Wastage Goods:

Items Name	Balance as on 01.07.2020		Production/Production Loss		Sold		Fire Loss		Obsolete Items Written Off		Balance as on 30.06.2021	
	Quantity (Kg)	Amount	Quantity (Kg)	Amount	Quantity (Kg)	Amount	Qty (Kg)	Amount	Quantity (LBS)	Amount	Quantity (Kg)	Amount
Dropping -1	1,487	44,610	27,542	469,314	24,946	279,824	13,460	459,912	-	-	-	-
Dropping -2	882	14,112	8,523	94,555	7,312	62,802	2,759	62,549	-	-	-	-
Filter- Blow Room	905	15,385	13,741	144,253	8,480	70,629	2,752	48,398	-	-	-	-
Filter Carding	6,245	324,740	91,659	1,989,862	43,338	738,343	22,008	1,515,585	-	-	-	-
Sweeping	1,423	14,230	15,545	145,247	11,588	63,051	1,721	36,141	-	-	-	-
Roving	510	35,700	18,317	565,988	54,684	184,584	384	33,258	-	-	-	-
Hardwaste	1,343	56,406	760	35,700	250	6,500	2,443	137,213	-	-	-	-
Sub Total:	12,795	505,182	176,087	3,444,919	150,598	1,405,733	45,527	2,293,056	-	-	-	-

Spare Parts		2,764,791		6,323,899		7,999,164						1,089,526
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Total Amount:		82,474,123		664,076,471		668,965,228		76,749,711		-		1,089,526
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ZAHEEN SPINNING LIMITED
Schedule of Accounts Receivable
As of June 30, 2021

Annexure-C

(Amount in Taka)

SL. No.	Name of the Party	Items	Less than 6 Months	Above 6 Months	June 30, 2021	June 30, 2020
					Total BDT	Total BDT
1	M/s. Provati Yarn Traders	Yarn	-	104,332,638	104,332,638	117,745,567
2	M/s. Raya Spinning Mills Ltd	Yarn	-	18,464,000	18,464,000	23,084,000
3	M/s. Sakib Traders	Yarn	-	21,013,500	21,013,500	23,008,500
4	M/s. Babul Textile	Yarn	-	23,589,922	23,589,922	24,556,750
5	M/s. Prime Print Shari	Yarn	-	27,250,500	27,250,500	31,835,500
6	M/s. A.F. Fabrics Mills Ltd	Yarn	-	22,060,580	22,060,580	22,060,580
7	M/s. Asraful Islam Traders	Yarn	-	22,565,875	22,565,875	22,565,875
8	M/s. Shukhi Textile Ltd	Yarn	-	19,432,930	19,432,930	19,432,930
9	M/s. Daliya Print Shari	Yarn	-	21,601,255	21,601,255	21,601,255
10	M/s. Tahmid Print Shari	Yarn	-	22,290,440	22,290,440	22,290,440
11	M/s. Shamiul Textile Ltd	Yarn	-	17,829,020	17,829,020	17,829,020
12	M/s. Masud Textile Ltd	Yarn	-	18,668,000	18,668,000	18,668,000
13	M/s. Unitex Knitwear Ltd	Yarn	-	18,528,000	18,528,000	18,528,000
14	M/s. Yusuf Textile	Yarn	-	17,230,000	17,230,000	18,540,000
15	M/s. MK Fashion Ltd	Yarn	-	27,906,050	27,906,050	27,906,050
16	M/s Shimul Textile	Yarn	-	-	-	2,000,000
17	M/s Dhaka Enterprise	Yarn	-	-	-	4,341,133
18	M/s Kawsar Textile	Yarn	-	1,950,000	1,950,000	1,832,500
Total			-	404,712,710	404,712,710	437,826,100

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2021/259

Date of issue: September 22, 2021

Renewed Certificate

This is to certify that

ZAHEEN SPINNING LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2021.




Secretary-General

ZAHEEN SPINNING LIMITED

Corporate Headquarters: House # 59/A, Road # 12/A, (6th & 7th Floor), Dhanmondi, Dhaka-1209.

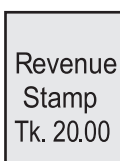
PROXY FORM

I/We _____

of _____

being shareholder of Zaheen Spinning Limited do hereby appoint Mr./Mrs./Miss _____ of _____ as my/ our proxy to attend and vote for me/ us and on my/ our behalf at the 14th Annual General Meeting of the Company to be held on Sunday, the 26th December, 2021 at 10.00 a.m. virtually by using Digital Platform and/or at any adjournment thereof.

As witness my/ our hand this _____ day of _____ 2021 signed by the said in presence of Mr./Mrs./Miss _____



(Signature of the Proxy)

(Signature of Witness)

(Signature of the Shareholder)

Register Folio/ B.O _____

No. of Shares held _____

- Notes:
1. A Shareholder entitled to attend and vote at the General Meeting may appoint a Proxy on his/her behalf.
 2. The Proxy Form duly stamped, must be deposited at the Share office of the Company at least 48 (Forty eight) hours before the time fixed for the Meeting.



Zaheen Spinning Limited

House # 59/A, Road # 12/A (6th & 7th Floor), Near Takwa Masjid, Dhanmondi, Dhaka-1209, Bangladesh, **Phone:**+88-02-8191588, 8191522; **Fax:**+88-02-8191522, **E-mail:**info@zaweenspinningltd.com; **Web:**www.zaweenspinningltd.com