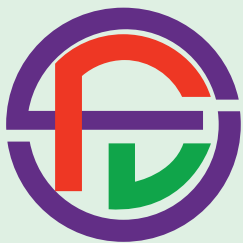


# Annual Report 2019



**MOZAFFAR HOSSAIN SPINNING MILLS LTD.**

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# Transmittal Letter

To  
All Share Holders,  
Bangladesh Securities and Exchanges Commission,  
Registrar of Joint Stock Companies & Firms,  
Dhaka Stock Exchange Limited,  
Chittagong Stock Exchange Limited.

**Subject: Annual Report for the year ended June 30, 2019.**

Dear sir (s),  
Enclosed please find a copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity for the year ended June 30, 2019 along with notes to thereon of Mozaffar Hossain Spinning Mills Limited for your kind information and records.

Thank you.

Sincerely yours,

  
(Haris Alam)  
Company Secretary

MOZAFFAR HOSSAIN SPINNING MILLS LTD.





## Mozaffar Hossain Spinning Mills Limited

House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

### Notice of the 14th Annual General Meeting

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting (AGM) of the shareholders of Mozaffar Hossain Spinning Mills Limited will be held on Tuesday, December 24, 2019 at 10.30 a.m. at the DOHS Baridhara Convention Centre, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 to transact the following business.

#### Agenda

1. To receive consider and adopt the Audit Report and Financial Statements for the year ended June 30, 2019 along with report of the Auditors and Directors.
2. To approve the dividend for the year ended June 30, 2019 as recommended by the Board of Directors.
3. Fixation the Record Date and the date, time and venue of the 14<sup>th</sup> Annual General Meeting.
4. To elect Directors in place of those who are to retire by rotation in terms of the provision of the Articles of Association of the Company.
5. To appoint statutory Auditors for the year 2019-2020 and to fix their remuneration.
6. To appoint corporate Governance compliance for the year 2019-2020 and to fix their remuneration.
7. To approve retirement of Independent director Md. Alamgir Akando Mintu. & Md. Kamrul Hossain.
8. Approval of new two Independent Director.
9. To transact any other business with the permission of the Chair.

By order of the Board

(Haris Alam)

Company Secretary

Dated: October 30, 2019

#### Notes:

01. The Record Date is November 24, 2019.
02. The shareholders whose name will appear in the Share Register of the Company and in the Depository Register on the date will be eligible to attend the 14<sup>th</sup> Annual General Meeting (AGM) and qualify for the dividend to be declared at the AGM.
03. A Shareholder eligible to attend and vote at the Annual General Meeting (AGM) or May appointed a proxy to attend and vote in his/her place by filling proxy Form. The proxy form must be affixed with a revenue stamp of Tk. 20/= and submitted to the Head Office of the Company not later than 48 hours before the day of the Annual General Meeting (AGM).
04. Members are requested to notify change of address, if any, through their respective Depository Participants before the Record Date.
05. Annual Report 2019 of Mozaffar Hossain Spinning Mills Ltd. will also be available at the Company website: [www.simgroup-bd.com](http://www.simgroup-bd.com).
06. Shareholders attendance counter will open at 9.00 a.m. and to be continued till 10.30 a.m.

বিঃদ্রঃ সম্মানিত শেয়ার হোল্ডারবৃন্দের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর সার্কুলার নং এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ- অক্টোবর ২৪, ২০১৩ অনুযায়ী আসন্ন ১৪ তম বার্ষিক সাধারণ সভায় (এজিএম) কোন প্রকার উপহার বা আপ্যায়নের ব্যবস্থা নেই।



## Corporate Directory

➤ Date of Incorporation	29.11.2005
➤ License from Ministry of Environment	22.01.2009
➤ License from Bangladesh Export Promotion Bureau	14.01.2008
➤ License from Bangladesh Import Promotion Bureau	04.10.2010
➤ Signing of Management Contract with Suntech Energy Ltd.	28.02.2015
✓ Approval of Initial Public Offering by Bangladesh Securities and Exchange Commission	10.09.2013
✓ Listing with Dhaka Stock Exchange Ltd.	21.01.2014
✓ Listing with Chittagong Stock Exchange Ltd.	21.01.2014
✓ Category of Share Change to "A" from "N"	13.11.2014
✓ Authorized Share Capital	Tk. 3,000 Million
✓ Paid up Share Capital	Tk. 990.13 Million
✓ Date of Last AGM	22.12.2018

# Corporate Management

## Board of Directors

### Chairman

Mrs. Rahima Hossain

### Managing Director

Md. Mozaffar Hossain

### Director

Raisul Hasan

### Nominee Director

ASM Rakibul Hasan

Mr. Sanwar Hossain

### Independent Director

Md. Kamrul Hossain

Md. Alamgir Akando Mintu

### Company Secretary

Haris Alam

### Chief Financial Officer

Biplob Kumar Mondol

### In-Charge(Share Division)

Muhammad Ilyas

### Audit Committee

Md. Kamrul Hossain : Chairman

Md. Mozaffar Hossain : Member

Raisul Hasan : Member

Haris Alam : Secretary

### Head of Internal Audit

Md. Atiqur Rahman Bhuiyan, FCMA

## Auditor

ATA KHAN & CO.

Chartered Accountants

67, Motijheel Commercial Area

Dhaka-1000

## Banker

Islami Bank Bangladesh Limited

Mouchak Branch

Hosaf Twin Tower (Ground Floor)

New Circular Road, Malibag, Dhaka-1217

## Corporate Governance Certified

Mohammad Ata karim & Co.

Chartered Accountants

Palton Tower (2nd Floor), Suit # 205

87, Purana Paltan Line, Dhaka 1000

## Insurer

Eastland Insurance Company Limited

13 Dilkusha C/A, Dhaka-1000, Bangladesh

Phone: 9564600

## Registered Office

House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

Phone: +88-02-8415961-3,

Fax: +88-02-8415964

Mob# 01777769736

ilyas@simgroup-bd.com

E-mail: info@simgroup-bd.com

Web: www.simgroup-bd.com

## Factory Office

Thakurbari Teac, Masumabad

Bhulta, Rupgonj, Narayanganj



# 05 (Five) Years' Financial Summary

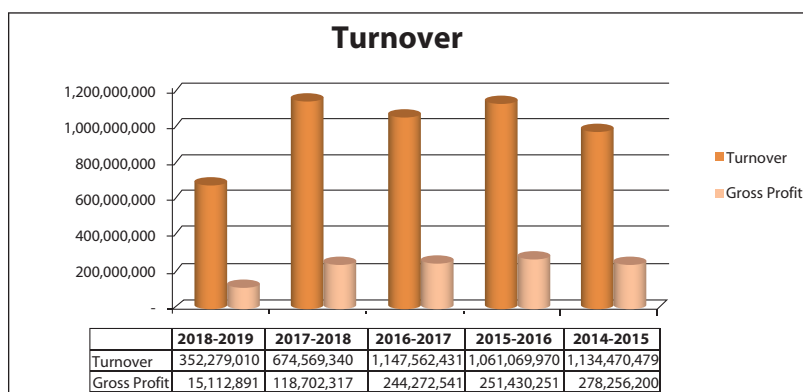


Amount in Taka

Operational Result	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Turnover	352,279,010	674,569,340	1,147,562,431	1,061,069,970	1,134,470,479
Gross Profit	15,112,891	118,702,317	244,272,541	251,430,251	278,256,200
Profit from Operation	(2,404,803)	97,622,040	228,279,805	240,007,832	266,990,350
Net Profit before tax	(95,986,246)	57,111,940	177,590,010	182,867,165	206,375,099
Net Profit after Tax	(924,822,111)	48,478,988	150,934,445	154,373,254	175,369,270
Net Cash Flow From Operation	397,347,222	190,559,992	138,584,545	207,401,863	195,321,643

Financial Position	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Fixed Assets	3,419,104,279	1,027,995,960	736,456,966	739,205,845	706,073,249
Current Assets	683,181,614	1,059,205,792	1,135,828,131	1,006,291,727	927,335,956
Shareholder's Equity	1,545,726,064	1,638,208,275	1,589,729,287	1,465,913,819	1,311,540,565
Long Term Liability	439,499,612	99,393,842	44,210,785	39,622,307	65,048,795

Key Financial Ratio	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Current Ratio	0.32	2.99	4.66	4.11	3.54
Quick Ratio	0.21	2.16	3.43	2.84	2.30
Debt to Equity Ratio	0.72	0.17	0.04	0.03	0.05
Net Income Ratio (%)	(26.25)	7.19	13.15	14.55	15.45
Return on Equity (%)	(5.81)	5.14	9.49	10.53	13.37
Earning Per Share	(0.93)	0.51	1.68	1.72	1.95





## Our Company Leadership Believes

### Our Employees

### Our Vision

### Our Mission

### Our Customers see us as

## Company Profile

Mozaffar Hossain Spinning Mills Limited (here in after referred to as “MHSML” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a Private Limited Company by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a public limited company on the same date and year. In January 2014 Mozaffar Hossain Spinning Mills Limited listed its share with both Dhaka and Chittagong Stock Exchange.

The registered office and principal place of business of the company is situated at House # 315, Road # 04, DOHS Baridhara, Dhaka-1206, Bangladesh and the manufacturing establishment is located at Thakurbari Teac, Masumabad, Bhulta, Rupgonj, and Narayanganj.

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented woven fabrics cotton yarn. The company's production facility is equipped with machineries of Germany. The company aims to provide high quality woven fabrics cotton yarn.

### Our Vision

1. We aspire to maintain our leadership position in the Textile Industry by producing the best quality various counts of yarns and becoming a reliable business partner of our buyer and suppliers.
2. Protect the interest of our shareholder through sustainable growth and value creation.
3. Preserve the Trust of all our Stakeholders by adopting ethical business practices.
4. Support the society through corporate social responsibility initiative.

### Our Mission

MHSML will remain an acknowledged leader in providing high quality products & services, to its customers.

MHSML will continue to provide superior quality of fabrics.

### Our Customers see us as:

1. Provider of state of the art product.
2. Focus on their specific needs.
3. Valuable contributors to their Organizations.

### Our Employees:

1. The reason for us being in business.
2. Provide cutting edge, solutions to our customers.
3. Acquire skills in anticipation of future needs.

### Our Company Leadership Believes:

The Global Textile Market provides a continuous challenge for every stage of manufacturing. The MHSML diversified interests include product line catering different market segments.



## Album of MHSML



## Factory Highlights





## Factory Highlights



## Photographs of 13th AGM, 2018





## Photographs of 13th AGM, 2018



## The Board of Directors

### **Mrs. Rahima Hossain** Chairman

Mrs. Rahima Hossain wife of Al-Haj Md. Mozaffar Hossain is the Chairman of Mozaffar Hossain Spinning Mills Limited. Her father name is Mr. Abdur Rahman and mother name is Mrs. Saleha Khatun. She was born in Jamalpur, Bangladesh on 01-Apr-1960. She is related with SIM Fabrics Limited, SIM Apparels Limited and Authentic Color Limited as Chairman. She has travelled Malaysia, Saudi Arabia etc. She is engaged in various social activities like school, college, madrasa, and mosque. She is the president of Rahima Mozaffar Girls School & College.



### **Md. Mozaffar Hossain** Managing Director

Md. Mozaffar Hossain is the Founder of 'SIM GROUP' and Managing Director of Mozaffar Hossain Spinning Mills Limited. His father name is Late Saim Uddin and mother name is Mossammat Matabjan Begum. He was born in Jamalpur, Bangladesh on 01-Jan-1957. He has passed B.Sc. in Textile Technology. He has long around 33 year's business experience and started his own business in 1996 later on established woven fabrics weaving mill in 2001. During his successful career he implemented the following business enterprises: Authentic Color Limited, SIM Fabrics Limited, Mozaffar Hossain Spinning Mills Limited and SIM Apparels Limited. He has travelled UK, Switzerland, Germany, France, China, Korea, Pakistan, India, Malaysia, Saudi Arabia almost around the Globe. He is also engaged in various social activities like school, college, madrasa, and mosque. He is the Ex-President of Textile Engineer Association, Ex-Director of BTMA, President of Bangubandhu Textile Engineering Association, Vice President of Jamalpur Zilla Somity, Ex-Vice President of International Lion Club (Red Sun 315 B-3), Member of IEB, Baridhara Society, Greater Myman-singh Somity and Assistant Secretary of Bangladesh Awami League.

**Raisul Hasan**

Director

Raisul Hasan is serving as Director of Mozaffar Hossain Spinning Mills Limited from the very beginning of his career. His father name is Al-Haj Md. Mozaffar Hossain and mother name is Mrs. Rahima Hossain. He was born in Dhaka, Bangladesh on 06-May-1989. He is a Graduate from NSU; Bangladesh. 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.



**A.S.M. Rakibul Hasan**

Nominee Director

A.S.M. Rakibul Hasan is currently serving as Nominee Directors of the Company. His father name is Al-Haj Md. Mozaffar Hossain and mother name is Mrs. Rahima Hossain. He was born in Jamalpur, Bangladesh on 31-Jan-1979. He had completed his MBA from North South University (N. S. U). He is serving the company from its incorporation and successfully running till now. He has with over 17 year's business experience. Mr. Hasan is responsible for financial & marketing section of the company. And he is the Director of SIM Fabrics Limited.



**Mr. Md. Sanwar Hossain**

Nominee Director

Mr. Md. Sanwar Hossain is the Nominee Director by SIM Fabrics Limited in Mozaffar Hossain Spinning Mills Limited born on December 31, 1975 in Bangladesh. He is a commerce graduate and taking care of Mozaffar Hossain Spinning Mills Limited from the very beginning of his career.



## Mozaffar Hossain Spinning Mills Limited



**Mr. Md. Kamrul Hossain**  
Independent Director

Mr. Md. Kamrul Hossain is the Independent Director of Mozaffar Hossain Spinning Mills Limited. He has completed B S C. in Textile Technology from College of Textile Technology under Dhaka University, also completed post graduate course In Textile Management from Netherlands and Diploma in International trade and commerce from Italy. He has been participated in various national and international seminars and conference.

1. Worked at Bangladesh Textile Mills Corporation as production and maintenance In-charge from 1985 to 1993
2. Manager of Mother Textiles Limited for the period of 1993 to 1997. Responsible for production and Quality.
3. Senior Deputy General Manager for total Mill Management at Fuad Spinning Mills Ltd. for the period of 1997-2005.
4. General Manager (Planning) at Jamuna Group. Was responsible for project planning, Implementation & International procurement for the period of 2005 to 2017.
5. Advisor at Sincos Engineering, working as a Textile consultant for new project planning & implementation, from 2017 to till date.

**Md. Alamgir Akando Mintu**  
Independent Director

Mr. Md. Alamgir Akando Mintu is the Independent Director of Mozaffar Hossain Spinning Mills Limited. He has completed Masters in Management from Dhaka University. As a business leader he has participated in various seminars, conferences in Bangladesh. He has long around 21 year's business experience in the field of business development. He was the

1. Director of Akunda & Trading for the period of 1998-2007.
2. Director of MB Trading for the period of 2007-2013.



**Mr. Haris Alam**  
Company Secretary

Mr. Haris Alam is currently serving Mozaffar Hossain Spinning Mills LTD (MHSML) as Company Secretary. He had completed his ACCA Course from London school of Biasness & Finance (LSBF) London UK. He had also obtain MBA & BBA (Finance & Accounting) from North South University. He had a long experience at financial control, financial arrangement at backward linkage industry.



# Message from the Chairman

## Distinguished Shareholders

On behalf of the Board of Directors, I welcome you all and take immense pleasure and delight in addressing the 14th Annual General Meeting of the company. I also want to thank you the honourable shareholders for joining us to make the event successful.

With pleasure I present the Report of the Board of Directors, the Audited Statements of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and other Financial Statements of the company for the year 2019. It gives me immense pleasure that we get the opportunity to meet with all of you, discuss on the performance of the concerned year of the company and sharing the views of each other's, I assumed that to the changed situation more obligations has been created on us on behalf of the valued shareholder in respect of last AGM and to offer them assurance of our sincerity in maintaining operational results up to their expectations at present as well as in future.

As we discuss the financial year in review the western world mainly EU and USA is yet to overcome the financial recession, the world economy is also struggling hard to rehabilitate and revive financially. As a part of our revenue is generated from Exporting of yarn, it is due to these factors we faced difficulties in marketing our product on regular basis. Domestically the incessant weather, political instability created hindrance in our business. In spite of various limitations and hindrances as well as political unrest, the company had its successful year in 2019. This could not be possible without your continuous support conscious suggestion, Boards prudent strategic decision and management's successful execution for the same with passion and zeal. Thanks to all of you.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders for the confidence respond on the Board of the company throughout the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks and Financial Institutions for their support and patronage extended to the company from time to time.

I embrace your support and seek your co-operation by all means for a brighter future for all.

Thanking you.

Regards



**Mrs. Rahima Hossain**  
Chairman

# BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

## Board of Directors

Mrs. Rahima Hossain	Chairman
Md.Mozaffar Hossain	Managing Director
Raisul Hasan	Director
A.S.M. Rakibul Hasan	Director
Mr.Md. Sanwar Hossain	Nominee Director
Mr.Md.Kamrul Hossain	Independent Director
Md.Alamgir Akando Mintu	Independent Director

## Audit Committee

Mr.Md.Kamrul Hossain Independent Director	Chairman
Md. Mozaffar Hossain Managing Director	Member
Raisul Hasan Director	Member
Haris Alam Company Secretary	Member Secretary

## Nomination and Remuneration Committee

Mr.Md.Kamrul Hossain Independent Director	Chairman
Md.Mozaffar Hossain Managing Director	Member
Raisul Hasan Director	Member
Haris Alam Company Secretary	Member Secretary

# Management Team

Sl.	Name	Designation	Department
1.	Md. Mozaffar Hossain	Managing Director	
2	Md. Enamul Hoque	Chief Operating Officer	Operation
3.	Haris Alam	Company Secretary	Board Secretariat
4.	Biplob Kumar Mondol	Chief Financial Officer	Accounts & Finance
5.	Md. Atiqur Rahman Bhuiyan, FCMA	Head of Internal Audit	Audit
6.	Md. Tafiqul Islam	Deputy General Manager	Planning & Commercial
7.	Muhammad Ilyas	In-Charge	Share Division
8.	Kuddus Ali.	Manager	Audit
9.	Md. Sahal Hossain	Manager	Procurement
10.	Subrata Sen	Accounts Officer	Accounts & Finance
<b>Owner's Representative</b>			
	Mr. Md. Ayenul Hoque	Director (Operation)	Operation

## Pattern of Shareholding and No. of Shareholding as on 30 June 2019

Share Holding Range	Number of Share Holders	No. of Share	Percentage of Share Holding
1 to 500	1302	223559	0.22%
501 to 5,000	2774	4112109	4.15%
5,001 to 10,000	388	2801786	2.83%
10,001 to 20,000	270	3819161	3.86%
20,001 to 30,000	95	2273619	2.29%
30,001 to 40,000	49	1666471	1.69%
40,001 to 50,000	25	1132538	1.14%
50,001 to 100,000	62	4319262	4.36%
100,001 to 1,000,000	50	14571096	14.72%
1,000,001 to Above	11	64093511	64.74%
<b>Total</b>	<b>5026</b>	<b>99013112</b>	<b>100.00%</b>

## Mozaffar Hossain Spinning Mills Limited

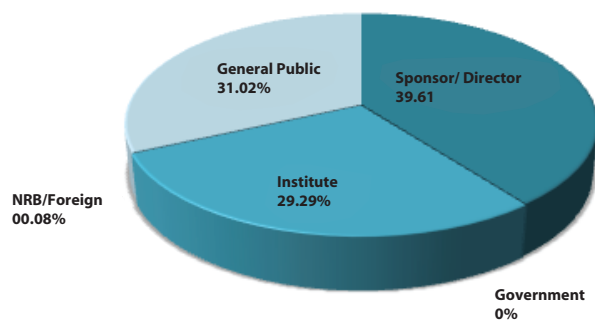
### Top 10 (Ten) Shareholders as on 30 June 2019

SI No	Name Shareholders	No. of Shares Held	% of Holding
1	SIM FABRICS LTD.	32647781	32.97%
2	ICB	12949315	13.07%
3	INVESTMENT CORP. OF BANGLADESH	3083144	3.11%
4	MOHAMMAD ABDUL HAI	2651535	2.68%
5	ICB BOND	2573889	2.60%
6	RAISUL HASAN	2202932	2.22%
7	RAHIMA HOSSAIN	2145480	2.16%
8	MD. MOZAFFAR HOSSAIN	1996902	2.01%
9	MOSTAFIZUR RAHMAN	1620033	1.64%
10	MOHAMMAD ABDUL HAI	1120000	1.13%
<b>Total</b>		<b>62991011</b>	<b>63.59%</b>

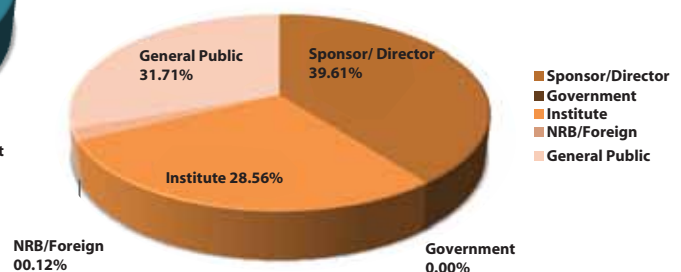
### Shareholding Composition as on 30 June 2019

SI No	Shareholders Group	2019		2018	
		No. of Share	Percentage (%)	No. of Share	Percentage (%)
1	Sponsor/Director	39215764	39.61%	37,348,349	39.61%
2	Government	-	-	-	-
3	Institute	29003509	29.29%	26,934,737	28.56%
4	NRB/Foreign	83115	00.08%	113,157	00.12%
5	General Public	30710724	31.02%	29,901,959	31.71%
<b>Total</b>		<b>99013112</b>	<b>100.00%</b>	<b>94,298,202</b>	<b>100.00%</b>

### Shareholding Composition 2019



### Shareholding Composition 2018





# Directors' Report

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors of Mozaaffar Hossain Spinning Mills Limited and on my own behalf I welcome you all to 14th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the FY 2018-2019, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies Act, 1994, Listing regulation of DSE and CSE, the guideline issued by Bangladesh Securities and Exchanges Commission (BSEC) and International Accounting Standards and other applicable rules & regulations.

## BACKGROUND

Mozaffar Hossain Spinning Mills Limited (here in after referred to as "MHSML" or "the Company" was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a Private Limited Company by shares namely Mozaaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a Public Limited Company on the same date and year. The Authorized capital of the company is Tk. 3,000,000,000 (Three Hundred Crore only) and paid up capital 990131120 (Ninety Nine Crore one Lac Thirty one Thousand & one Hundred Twenty only). The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the month of January 2014.

## REVENUE

As you are aware that the company is a manufacturer of 100% export oriented woven fabrics cotton yarns, the sale proceeds from yarn stood at 67.46 crore. Due to construction and installation of 36000 Spindle Ring Spinning project daily production hampered in existing rotor unit seriously, and possible revenue comes less than previous year, also the last financial years the textile sector went through the toughest time in recent era both domestically and internationally with the ongoing world recession still continuing and incessant political instability hindering our regular business affairs. Yet the efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

The operating financial results of the Company for the year 2018-2019 as compared to previous year are summarized hereunder:

Particulars	2018-2019	2017-2018
Turnover	352,279,010	674,569,340
Gross profit	15,112,891	118,702,317
Financial Expenses	93,581,443	40,510,100
Other Income	362,510	661,594
Net profit Before Tax(NPBT)	(95,986,246)	57,111,940
Provision for Taxation	(3,504,035)	8,632,952
Net Profit After Tax (NPAT)	(92,482,211)	48,478,988
Gross Margin (Turnover)	4.29%	17.60%
Net Margin Before Tax	(27.25)%	8.47%
Net Margin After Tax	(26.25)%	7.19%
Earnings Per Share (EPS) BTd.	(0.93)	0.49
Number of Shares Used to Computer EPS	99013112	99013112

## Industry outlook and possible future developments in the industry

The company works as a Primary Textile Sector (PTS) for the Export Oriented Garments Industries. Mozaaffar Hossain Spinning Mills Limited produces the 100% export oriented woven fabrics 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.

With the inception of the company has become one of the very few spinning mills in Bangladesh where the garments manufacturer can really rely for various types of yarns. We believe this will add great value to the company in the coming days.

## Mozaffar Hossain Spinning Mills Limited

### Segment Reporting

Company operates in single product segment.

### Risk and concerns

Mozaffar Hossain Spinning Mills Limited being a yarn manufacturer and catering as the backward linkage industry its risk is always associated with the global supply and demand chain. Any economic downturn in the western world has a direct impact on the business. With the demand increasing from the emerging countries of Bangladesh has become a market which is very vibrant and growing every day.

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

### A discussion on cost of goods sold, gross margin and net profit margin

Profit from Operation	30 June 2019		30 June 2018	
	Amount	Percentage	Amount	Percentage
Turnover	352,279,010	100%	674,569,340	100%
Cost of Goods Sold	337,166,119	95.71%	555,867,024	82.40%
Gross Profit	15,112,891	4.29%	118,702,317	17.60%
Net profit for the year	(92,482,211)	(26.25)%	48,478,988	7.19%

### Discussion on Continuity of extraordinary gain or loss

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

### Related party transactions

The company has transactions with its mother company which have been disclosed in related party transaction in page no. 63 of the annual report.

### Significant variance of financial statements

There is no significant variance in the financial statements during the year ended on 30th June 2019.

### Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 30 June 2018

#### 1.1 Board Size:

The number of members of the Board of Directors stands at 07 (including Two Independent Directors) which are within the limits given by BSEC.

#### Independent Directors

The Boards of Directors has approved the retirement Md. Alamgir Akando Mintu, & Md. Kamrul Hossain from the position of Independent Director of the company and appointed Md.Anwarul Hoque & Md.Mijanur Rahman as an Independent Director of the company on 30 October 2019 subject to approval of shareholders in 14th Annual General Meeting of the company.

#### Qualification of New Independence Director:

01. Mr. Anwarul Hoque is an retired judge, serve the judicial Service at Government of Bangladesh. He was an BCS cadre and serve the nation from 1983 to 2017 .His wisdom experience , dedication towards the courts . Will help Mozaffar Hossain Spinning Mills LTD to get a new Direction in the more efficient ethical business process.

02. Mr. Md. Mijanur Rahman is an advocate by profession currently serving at Bangladesh Supreme court. He has a long experience more than twenty year with very good track record.

#### 2.0 Company Secretary, Chief Financial Officer, Head of Internal Audit

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

Company Secretary	: Haris Alam
Chief Financial Officer	: Biplob Kumar Mondol
Head of Internal Audit	: Md. Atiqur Rahman Bhuiyan FCMA

### **3.0 Audit Committee**

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

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee, as a sub-committee of the Board of Director has been constituted with three board of directors with one Independent director as a chairman. The company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee assists 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 of the company. NRC is responsible to the Boar of Directors and its roles and responsibilities are clearly set forth. Since the corporate governance code has been adopted on 03 June, 2018, we have been taking necessary steps to comply with.

### **External Statutory Auditors**

The BSEC guidelines are being strictly followed in engaging statutory Auditors for the Company.

### **Maintaining a website**

The company has been maintaining an official website [www.simgroup-bd.com](http://www.simgroup-bd.com) which is linked with the website of the stock exchange.

### **Subsidiary Company**

The company hold 30% share of "Suntech Energy Limited"

### **Duties of CEO & CFO**

The provision of BSEC regulations has been complied in the Annual Report.

### **Directors' Appointment and Re-Appointment**

With regard to the appointment, retirement and re appointment 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:

## Mozaffar Hossain Spinning Mills Limited

### Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re appointment 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:

#### 1. Md. Mozaffar Hossain

They are however eligible for re-appointment.

### Share holding pattern

The share holding of directors at the end of 30th June 2019 is shown as below:

Name of the shareholders	Status(Sponsor/promoter/Director/Sponsor Director/Nominated Director/Independent Director/Depositor Director.	Shares Held	%
01.Sim Fabrics Limited	Nominees A.S.M Rakibul Hasan & Md. Sanwar Hossain.	32647781	32.97%
02.Mrs. Rahima Hossain	Chairman	2145480	2.17%
03.Md. Mozaffar Hossain	Managing Director	1996902	2.02%
04.Raisul Hasan	Director	2202932	2.22%
05.A.S.M Rakibul Hasan	Nominee Director	222669	0.22%
06.Md. Kamrul Hossain	Independent Director	Nil	-
07.Md. Alamgir Akando Mintu	Independent Director	Nil	-
<b>Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouse and Children:</b>			
Md. Mozaffar Hossain	Managing Director, his Spouse and Children.	2145480	2.17%
Mrs. Rahima Hossain		1996902	2.02%
Raisul Hasan		2202932	2.22%
A.S.M Rakibul Hasan		222669	0.22%
Haris Alam	Company Secretary	Nil	-
Biplob Kumar Mondol	Chief Financial Officer	Nil	-
Md.Atiqur Rahman Bhuiyan	Head of Internal Audit	Nil	-
Executives:	-	Nil	-
Shareholders holding 10% or more.	IM Fabrics Limited	32,647,781	32.97%
	ICB (Institution)	12,949,315	13.08%

### Board Meeting and Attendance

During the year 10 (ten) Board Meetings were held. The attendance record of the directors is as given Belo

Name of Directors	Attendance
Mrs. Rahima Hossain	10
Md. Mozaffar Hossain	09
Raisul Hasan	10
ASM Rakibul Hasan	09
Md. Sanwar Hossain	08
Md. Kamrul Hossain	09
Md. Alamgir Akando Mintu	09

### Directors Responsibilities for the Financial Statements

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 the Directors are pleased to confirm the following:

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

## **Mozaffar Hossain Spinning Mills Limited**

- b. Proper books and accounts of the company have been maintained.
- c. Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reason able and prudent judgment..
- d. The International Financial Reporting standards, (IAS) / International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- e. The systems of internal control are sound and have been implemented and monitored effectively.
- f. The key operating and financial data for the last five years are shown on page 05.
- g. The pattern of shareholding is provided in Annexure-II of the annual report.

No partner or employees of the external audit firm possess any share of the company.

### **Internal Control**

The Board has ultimate responsibilities to establish the effective system of internal control. To ensure internal control regarding risk management, financial control and compliance legislation, the company already has a strong internal audit department to ensure internal control and compliance in place.

### **Going Concern**

While approving the financial statements, the directors have made appropriate enquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resource to continue its operation consistently for the foreseeable future. Therefore the company adopted the going concern basis in preparing the financial statements.

### **Significant deviation of Operating Result**

There is no significant deviation from the last year's operating result of the company.

### **Deviation from last year Result**

Expansion project of 36,000 Spindle ring spinning mills are under construction. You are informed that under BMRE, (Ring) construction works of Mozaffar Hossain Spinning Mills Limited are ongoing and shipment of all machinery is already done. It is needed to re-structure utility as well modification is needed at the existing unit to prepare the site for installation setup of the machinery. As such, our management had decided to make a partial shutdown (50% of the capacity) for the time being and effect from May 6, 2018. Such a result expected production and revenue has fall down.

### **Dividend**

The Board of Directors has recommended 2% Stock dividend to the all shareholders for the year ended June 30, 2019 (subject to the approval in the forthcoming AGM) whose names will appear in the share register of the company and/or depository register of CDBL as on record date i.e. 24th November, 2019

### **Statutory Auditors**

The Auditors of the Company, ATA KHAN & CO Chartered Accountants 67,Motijheel C/A,(1st Floor) Dhaka-1000.has carried out the audit of the company for the year ended 30 June 2019.They were appointed as Statutory Auditor in 13th AGM. As per regulation 15(2)&(3) of DSE and CSE (Listing) regulations,2015 existing auditor is not eligible for re- appointment because of fulfilment of 3-year period.After receiving expression of interest from Rahman Mostafa Alam & Co, Chartered Accountants House #195 New DOHS,ROAD#1(3rd floor,C-3) Mohakhali, Dhaka-1206.the Board of Directors has recommended appointment of Rahman Mostafa Alam & Co Chartered Accountants House #195 New DOHS,ROAD#1(3rd floor,C-3) Mohakhali, Dhaka-1206.A proposal for appointment of Rahman Mostafa Alam & Co Chartered Accountants as auditor for the year 2019-20 of the Company will be placed in the forthcoming 14th AGM for shareholder's approval and fixation of their fees  
Professionals for Compliance of Corporate Governance Code:

### **Acknowledgment**

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well-wishers home and aboard for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year under review.



## Mozaffar Hossain Spinning Mills Limited

I also thank Registrar of Joint Stock Companies (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Government and Private sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2018-2019 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors



**Mrs. Rahima Hossain**  
Chairman

## Mozaffar Hossain Spinning Mills Ltd. CEO & CFO'S DECLARATION

Annexure- A  
[As per condition No. 1(5)(xxvi)]

27 November 2019

The Board of Directors  
Mozaffar Hossain Spinning Mills Ltd.  
H# 315, R#04; DOHS, Baridhara  
Dhaka- 1206.

Subject: Declaration on Financial Statement for the year ended on 30 June 2019

Dear Sir,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/2017/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 Mozaffar Hossain Spinning Mills Ltd. for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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

- (i) We have reviewed the financial statements for the year ended on 30 June 2019 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

  
**(Md. Mozaffar Hossain)**  
Managing Director

  
**Biplob Kumar Mondol**  
Financial Officer (CFO)

## Certificat





**MOHAMMAD ATA KARIM & CO.**

**CHARTERED ACCOUNTANTS**

Ref: MAKC/HMSM/AK.12.19/96

Date : .....

**REPORT TO THE SHAREHOLDERS OF  
MOZAFFAR HOSSAIN SPINNING MILLS LIMITED  
ON  
COMPLIANCE OF CORPORATE GOVERNANCE CODE**

We have examined the compliance status to the Corporate Governance Code by **MOZAFFAR HOSSAIN SPINNING MILLS LIMITED** for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the abovementioned Corporate Governance Code issued by the Commission;
- 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;
- 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
- The Governance of the company is satisfactory.

Date: Dhaka,  
19 November 2019

**Mohammad Ata Karim & Co.**  
Chartered Accountants

87, Purana Palton Line, Palton Tower (2nd Floor), Suite # 205, Dhaka-1000, Phone : 8802 - 8391645  
Cell : 01711-868049, E-mail : makc1941@yahoo.com, makc1998@yahoo.com

## Mozaffar Hossain Spinning Mills Limited

### Status of Compliance with the Corporate Governance Code (CGC)

"Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:"

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

Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>1</b>	<b>Board of Directors</b>			
<b>1(1)</b>	<b>Size of the Board of Directors</b>			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	√	-	-
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		-
1(2)(b)	<b>For the purpose of this clause 'independent director' means a director-</b>			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	√	-	02 Independent Directors out of 07, all are appointed by the board.
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√	-	-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√	-	-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√	-	-
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	-	-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√	-	-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√	-	-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√	-	-



Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	-	-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√	-	-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√	-	-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√	-	Md.Anwarul Hoque and Md. Mijanur Rahman Independent Director have been appointed on 30.10.2019 by the board of directors and to be placed before the shareholders for the approval in the 14th AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√	-	No Such event occurred
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.	√	-	-
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√	-	-
<b>1(3)(b)</b>	<b>Independent Director shall have following qualifications</b>			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	-	-	-
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;	√	-	-
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;	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-	-	-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	-
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission;			No such issue arose
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√	-	-
1(4)(b)	The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√	-	-
1(4)(e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√	-	-
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b>			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-	√	-	-
1(5)(i)	An industry outlook and possible future developments in the industry;	√	-	-
1(5)(ii)	The Segment-wise or product-wise performance;			
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√	-	-
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);			No such issue arose
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;	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	-	-	During 2018 there were no public or right issue of share
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 performance and Annual Financial statements;	-	-	No such matter to explain
1(5)(x)	A statement of remuneration paid to the directors including independent directors	√	-	-
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√	-	-
1(5)(xii)	Proper books of account of the issuer company have been maintained;	√	-	-
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√	-	-
1(5)(xiv)	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)	The system of internal control is sound in design and has been effectively implemented and monitored;	√	-	-
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	-
1(5)(xvii)	There 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;		-	Explanted the financial report.
1(5)(xix)	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;			The Board has declared dividend
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;	√	-	-
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);	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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)(xxiii)(d)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-	√	-	-
1(5)(xxiv)(a)	a brief resume of the director	√	-	-
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	√	-	-
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)	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;	√	-	-
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)	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;	√	-	-
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;	√	-	-



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

Condition No.	Title	Complied	Not Complied	Remarks (If any)
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A	-	No Subsidiary Company
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√	-	-
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings:</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.	√	-	-
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√	-	-
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√	-	-
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√	-	-
<b>4</b>	<b>Board of Directors' Committee:-</b> For ensuring good governance in the company, the Board shall have at least following subcommittees:			

Condition No.	Title	Complied	Not Complied	Remarks (If any)
4(i)	Audit Committee	√	-	-
4(ii)	Nomination and Remuneration Committee	√	-	-
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√	-	-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√	-	-
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;	√	-	No casual vacancy was created during 2019
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.	√	-	-
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√	-	-
5(3)(b)	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.	-	-	No such Incident arose

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



Condition No.	Title	Complied	Not Complied	Remarks (If any)
5(6)(a)(ii)(a)	report on conflicts of interests;	N/A	-	No 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;	N/A	-	No 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;	N/A	-	No such Incident arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	N/A	-	No such Incident arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	N/A		No such Incident arose
<b>5(6)(b)</b>	<b>Reporting to the Authorities:</b>			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	N/A	-	No such Incident arose
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors:</b>			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√	-	-
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√	-	-
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√	-	-
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√	-	-
<b>6(2)</b>	<b>Constitution of the NRC</b>			
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;	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√	-	-
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A	-	-
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	N/A	-	-
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√	-	-
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√	-	-
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√	-	-
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√	-	-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	N/A	-	-
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√	-	-
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√	-	-
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	N/A	-	-
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;	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
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;	√	-	-
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√	-	-
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√	-	-
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√	-	-
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√	-	-
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√	-	-
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√	-	-
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual Report.	√		Will be complied Within stipulated time
<b>7</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	-	-	-
7(1)(i)	appraisal or valuation services or fairness opinions;	√	-	-
7(1)(ii)	financial information systems design and implementation;	√	-	-
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√	-	-
7(1)(iv)	broker-dealer services;	√	-	-
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;	√	-	-

Condition No.	Title	Complied	Not Complied	Remarks (If any)
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√	-	-
7(1)(ix)	any other service that creates conflict of interest.	√	-	-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√	-	-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√	-	-
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√	-	-
8(2)	The company shall keep the website functional from the date of listing.	√	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√	-	-
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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.	√	-	Will appoint in the AGM
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.	√	-	-



# AUDIT COMMITTEE REPORT

## (FOR THE YEAR ENDED 30 JUNE 2019)

Dear Shareholders

**Mozaffar Hossain Spinning Mills Limited** established an audit committee as a sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the financial statement reflects true and fair view.

### Composition of Audit Committee

As per requirements of BSEC circular, The Board of Directors of **Mozaffar Hossain Spinning Mills Limited** formed an Audit Committee headed by Company's Independent Director Mr. Md. Kamrul Hossain. The Committee is composed of 3 (three) members of the Board. The members of the Audit Committee are as follows:

Mr. Md. Kamrul Hossain Independent Director	Chairman
Mr. Md. Mozaffar Hossain Managing Director	Member
Mr. Raisul Hasan Director	Member
Mr. Hais Alam Company Secretary	Member Secretary

### Audit Committee Meeting Attendance record of the Members

Name	Position	Meeting Held	Meeting Attended
Mr. Md. Kamrul Hossain	Chairman	4	4
Mr. Md. Mozaffar Hossain	Member		3
Mr. Raisul Hasan	Member		4
Mr. Hais Alam	Member		4

### The Role and Responsibilities of the Audit Committee

The Role and Responsibilities of the Audit committee are clearly mentioned in the Compliance of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 condition no 5.5. The key responsibilities of the Audit Committee are as follows.

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control Risk management process.
- Oversee hiring and performance of external auditors
- Review along with the Management, the Annual Financial Statements before submission to the board for approval.
- Review along with the management, the quarterly and half-yearly Financial Statements before submission to the Board for approval.
- Review the adequacy of internal Audit function.
- Review statement of significant related party transactions submitted by the management.
- Review Management letter/Letter of Internal Control weakness issued by statutory auditors.

**During the period under report the committee met four times and its activities includes:**

- The financial statements of the quarterly, half yearly and the full year were reviewed by the committee and subsequently recommended to the Board for adoption consideration and circulation as per the requirement of Bangladesh Securities & Exchange Commission.
- The committee also reviewed the audited financial statements of the Company for the year ended June 30, 2019 this reviews incorporated the accounting policies and key judgments and estimates underpinning financial statements as disclosed in Notes to the Accounts.
- The committee also reviewed the work of the internal audit department and made suggestions for improvement.
- The committee reviewed the compliance with existing laws and regulation.
- Approved the internal audit plan.
- Reviewed the effectiveness and independence of the Statutory auditors and recommended re-appointment of external auditors.



On behalf of the Committee  
Md. Kamrul Hossain  
Chairman, Audit Committee

# Report of the Nomination and Remuneration Committee (NRC)

The Company has formed a Nomination and Remuneration Committee (NRC) as per notification no. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018.

## Members of NRC:

The committee consists of 3 members; which is as follows:

- |                             |                  |
|-----------------------------|------------------|
| 1. Mr. Md. Kamrul Hossain   | Chairman         |
| 2. Mr. Md. Mozaffar Hossain | Member           |
| 3. Mr. Raisul Hasan         | Member           |
| 4. Mr. Hais Alam            | Member Secretary |

The main role of the Committee is to assist and advise the Board on the Company's remuneration policy for the Board and key management personnel, drive diversity and inclusion in the organization, guide standards of behavior and culture code, ensure appropriate processes for performance-related pay in order to motivate and retain executives and ensure that the Company is able to attract the best talent in the market in order to maximize shareholder value.

During this year, the Committee held 1 (One) meeting, complying with the requirement of at least one meeting to be held during the year.

## NRC Meeting Attendance record of the Members

Name	Position	Meeting Held	Meeting Attended
Mr. Md. Kamrul Hossain	Chairman	1	1
Mr. Md. Mozaffar Hossain	Member		1
Mr. Raisul Hasan	Member		1
Mr. Hais Alam	Member		1

## Terms of Reference:

The terms of reference of the Committee as set out by the Nomination & Remuneration Committee which was adopted by the Board during the year under review. The Committee shall oversee, among others, the following matters and shall recommend the following for review and/or approval of the Board, as the case may be:

- the criteria for determining qualifications, positive attributes and independence of a director
- a policy relating to the remuneration of the directors, top level executive, considering the following:
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
  - the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - 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;
- a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- the plan in relation to identification of 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;
- the criteria for evaluation of performance of independent directors and the Board;
- the plan or proposal on company's needs for employees at different levels and the selection, transfer or replacement and promotion criteria/ principles; and
- the annual exercise on the developments, recommendations and review of the company's human resources and training policies;

**Major Activities during the year:**

During the year under review, the Committee carried out the following activities:

- a. Reviewed and ratified the uniform Code of Conduct for the Company which would be also applicable to members of the Board and key management personnel or top-level executives which was adopted by the Board
- b. Reviewed the available document of the Company which underlies all aspects of individual and collective performance and functioning of the Company
- c. Reviewed the core human resources principles and philosophy of the Company including recruitment, performance evaluation across all levels of members and talent value proposition of the Company

The NRC Committee expressed their sincere thanks to the members of the Board and Management of the company for their support in carrying out its duties and responsibilities effectively. The Committee will proceed to function by adopting and adhering to a calendar or plan for the year and monitor progress on the same.



**On behalf of the Committee**

Md. Kamrul Hossain

Chairperson

Nomination and Remuneration Committee



**Independent Auditors' Report  
TO  
THE SHAREHOLDERS OF MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

**Report on the Audit of the Financial Statements:**

**Opinion**

We have audited the financial statements of Mozaffar Hossain Spinning Mills Limited which comprise the statement of financial position as at 30 June 2019, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Mozaffar Hossain Spinning Mills Limited as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable rules and regulation.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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 audit opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the 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 opinion section, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	How our audit addressed the audit matters
<b>Revenue</b> The company has reported a revenue of Taka 352,279,010/- for the year ended 30 June 2019. Refer to note no. 25.00 of the financial statements. All sales may not be legitimate and may not have occurred in the financial year Sales may not be complete and accounts receivable may not include all amounts owed by customers at the balance sheet date.	<ul style="list-style-type: none"><li>• Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy disclosed in notes to the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards</li><li>• Vouch entries in sales journal and subsidiary ledger to support documentation of sale (i.e. invoice and delivery note)</li><li>• Control tests for relevant controls</li><li>• Subsequent receipts review</li><li>• Confirmation of specific transactions with customers</li></ul>

Key Audit Matter	How our audit addressed the audit matters
<p><b>Revenue continued:</b></p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p>Sales may not be correctly classified and major revenue categories may not be separately disclosed.</p> <p>Sales may not be recorded correctly and in the correct period.</p>	<ul style="list-style-type: none"> <li>• Furthermore, we tested the sales transaction recognised shortly before and after the statement of financial position date, including the sales return recorded after that date, to test whether sales transaction were recorded in the correct reporting periods</li> <li>• Cut-off test (tests of sales transactions, sales returns and other sales adjustments at or near year-end)</li> <li>• Verify prices, quantity and computation on sales invoices, prices verified to master price list, quantity verified to shipping documentation</li> <li>• Ensure related party sales are adequately disclosed.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
<p><b>Inventories</b></p> <p>As of the reporting date the company reports Stock and Stores amounting to Taka 239,084,549/-</p> <p>Refer to note no. 8.00 to the Financial Statements</p> <p>The company may not have good title to stock and work in progress</p> <p>All stock and work in progress may not exists</p> <p>Stock and work in progress may not have been valued correctly, consistently and in accordance with applicable accounting standards. Which is net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>that full provision may not have been for all damaged, obsolete or slow moving stock and work in progress</p> <p>Cut-off procedure may not have been strictly applied.</p> <p>All necessary disclosures concerning stock and work-in-progress may not have been made and the information is may not yet have been appropriately presented and described.</p>	<ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse and sales depot;</li> <li>• Evaluating internal controls to monitor or keep track of inventory movement;</li> <li>• Enquire whether any of the stock is held on behalf of third parties.</li> <li>• Consider whether any consignment stock has been accounted for.</li> <li>• Complete the stock take attendance program Trace all items selected at the stock take to the final stock sheets, internal stock records.</li> <li>• Select a sample of items from the final stock sheets and trace to the copies of the rough stock sheets taken during the stock take.</li> <li>• Review the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.</li> <li>• Test the additions and extensions of the final stock sheet.</li> <li>• Ascertain the method used for valuing stock and consider whether: <ul style="list-style-type: none"> <li>(a) it has been correctly applied;</li> <li>(b) it is an acceptable basis of valuation under applicable accounting standards;</li> <li>(c) it is consistent with previous year's and with the company's accounting policy.</li> </ul> </li> <li>• Challenging the completeness of inventory provision through assessing actual and forecast sells inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete.</li> <li>• Review all items of stock and work in progress and consider whether any further provision is necessary.</li> </ul>

## Mozaffar Hossain Spinning Mills Limited

Key Audit Matter	How our audit addressed the audit matters
<b>Measurement of deferred tax Liability</b>  Company reported net deferred tax liability totaling Taka 5,824,332/- as at 30 June 2019 . significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years .  see note no. 17.00 to the financial statements.	we obtained and understanding ,evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of Deferred Tax Assets and taxable expense of the company.  We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. we evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards ,recognition and measurement of deferred tax liability . We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.  we also assessed in evaluating the tax implications ,the reasonableness of estimate and calculations determined by the management . finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax

### Going Concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. We have nothing to report in these respects.

### Other Information

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

Our opinion on the financial statements does not cover these 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 these other information and, in doing so, consider whether these 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 communicate the matter to those charged with governance.

### 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 International Financial Reporting Standards and other applicable rules 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.

**Auditors' Responsibilities for the Audit of the Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 and the Securities and Exchange Rules 1987, we also report the following:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the company's financial statements dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka,  
30 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**

**ATA KHAN & CO.**

Chartered Accountants

**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

**Statement of Financial Position**

**As at June 30, 2019**


Particulars	Notes	Amount in Taka	
		30.06.2019	30.06.2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>3,419,104,279</b>	<b>1,027,995,960</b>
Property, Plant and Equipment's	5.00	548,881,889	598,991,247
Capital Work-In-Progress	6.00	2,870,222,390	429,004,713
<b>INVESTMENT</b>		<b>5,110,847</b>	<b>5,063,647</b>
Investment	7.00	5,110,847	5,063,647
<b>CURRENT ASSETS</b>		<b>683,181,614</b>	<b>1,059,205,792</b>
Inventories	8.00	239,084,549	292,102,132
Accounts Receivable	9.00	313,427,416	621,553,495
Advances, Deposits & Pre-Payments	10.00	128,847,685	134,255,558
Cash and Cash Equivalents	11.00	1,821,964	11,294,607
<b>TOTAL ASSETS</b>		<b>4,107,396,739</b>	<b>2,092,265,399</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>		<b>1,545,726,064</b>	<b>1,638,208,275</b>
Share Capital	12.00	990,131,120	942,982,020
Revaluation Reserve	13.00	127,708,347	127,708,347
Tax Holiday Reserve	14.00	72,845,417	72,845,417
Retained Earnings	15.00	355,041,180	494,672,491
<b>LONG TERM LIABILITIES</b>		<b>439,499,612</b>	<b>99,393,842</b>
Long Term Borrowings	16.00	433,675,280	87,949,625
Deferred Tax Liability	17.00	5,824,332	11,444,217
<b>CURRENT LIABILITIES</b>		<b>2,122,171,062</b>	<b>354,663,282</b>
Accounts Payable	18.00	1,304,115,968	6,087,595
Cash Dividend Payable	19.00	469,705	472,738
Long Term Borrowings- Current Maturity	20.00	58,896,930	13,635,157
Refundable Fund of IPO Subscribers	21.00	4,755,000	7,755,000
Short Term Borrowings	22.00	625,907,296	179,942,376
Provision for Tax	23.00	100,877,371	98,761,522
Accrued Expenses	24.00	27,148,792	48,008,894
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,107,396,739</b>	<b>2,092,265,399</b>
<b>Net Asset Value Per Share (NAVPS)</b>		<b>15.61</b>	<b>16.55</b>

The accompanying notes form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Dated: Dhaka  
30 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

**ATA KHAN & CO.**  
Chartered Accountants

**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
Turnover	25.00	352,279,010	674,569,340
Less: Cost of goods sold	26.00	337,166,119	555,867,024
<b>Gross Profit</b>		<b>15,112,891</b>	<b>118,702,317</b>
Other Income	27.00	362,510	661,594
<b>Operating Expenses:</b>		<b>17,880,204</b>	<b>21,741,871</b>
Administrative Expenses	28.00	16,589,758	20,008,478
Marketing and Distribution Expenses	29.00	1,290,446	1,733,393
Profit from Operation		<b>(2,404,803)</b>	<b>97,622,040</b>
Less: Financial expenses	30.00	93,581,443	40,510,100
<b>Profit Before Tax</b>		<b>(95,986,246)</b>	<b>57,111,940</b>
<b>Income tax expenses:</b>		<b>(3,504,035)</b>	<b>8,632,952</b>
Current tax		2,115,849	11,898,945
Deferred Tax Expenses/(Income)	17.02	(5,619,884)	(3,265,993)
<b>Net Profit after Tax</b>		<b>(92,482,211)</b>	<b>48,478,988</b>
<b>Earnings Per Share (EPS)/ Restated EPS</b>	31.00	<b>(0.93)</b>	<b>0.49</b>
<b>Number of Shares used to compute EPS</b>		<b>99,013,112</b>	<b>99,013,112</b>

The accompanying notes form an integral part of these Financial Statements.



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Dated: Dhaka  
30 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Changes in Equity**  
For the year ended June 30, 2019

Particulars	Amount in Taka			
	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings
Balance as on 01.07.2018	942,982,020	72,845,417	127,708,347	494,672,491
Net Profit / (Loss) for the period	-	-	-	(92,482,211)
Bonus Share Issued 5% Stock	47,149,100	-	-	(47,149,100)
<b>Balance as on 30.06.2019</b>	<b>990,131,120</b>	<b>72,845,417</b>	<b>127,708,347</b>	<b>355,041,180</b>
				<b>1,545,726,064</b>

**Statement of Changes in Equity**  
For the year ended June 30, 2018

Particulars	Amount in Taka			
	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings
Balance as on 01.07.2017	898,078,125	72,845,417	127,708,347	491,097,398
Net Profit / (Loss) for the year	-	-	-	48,478,988
Bonus Share Issued 5% Stock	44,903,895	-	-	(44,903,895)
<b>Balance as on 30.06.2018</b>	<b>942,982,020</b>	<b>72,845,417</b>	<b>127,708,347</b>	<b>494,672,491</b>
				<b>1,638,208,275</b>



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

Dated: Dhaka  
30 October 2019



**ATA KHAN & CO.**

Chartered Accountants

**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

## Statement of Cash Flows

For the year ended 30 June 2019

Particulars	Amount in Taka	
	2018-2019	2017-2018
<b>A. Cash flow from operating activities:</b>		
Cash received from customer	660,720,399	693,287,898
Payment of tax	(113,528)	(4,448,937)
Cash payment to supplier and others	(263,259,650)	(498,278,969)
<b>Cash inflow/(Outflow) from Operating activities</b>	<b>397,347,222</b>	<b>190,559,992</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of property plant and equipment	(2,584,977)	(2,328,524)
Capital Work in progress	(1,144,602,761)	(341,646,307)
<b>Cash inflow/(Outflow) from investing activities</b>	<b>(1,147,187,738)</b>	<b>(343,974,831)</b>
<b>C. Cash flow from financing activities</b>		
Received short term loan	445,964,920	118,770,440
Refundable fund paid to IPO subscriber	(3,000,000)	-
Cash dividend paid	(3,033)	(22,341)
Financial expenses	(93,581,443)	(42,465,140)
Received long term loan	390,987,428	61,757,780
<b>Cash inflow/(Outflow) from financing activities</b>	<b>740,367,872</b>	<b>138,040,739</b>
<b>Net Changes cash and cash equivalent (A+B+C)</b>	<b>(9,472,643)</b>	<b>(15,374,100)</b>
Opening cash and cash equivalent	11,294,607	26,668,707
Closing cash and cash equivalent	<b>1,821,964</b>	<b>11,294,607</b>
<b>Net Operating Cash Flow Per Share (Restated) Note: 32.09</b>	<b>4.01</b>	<b>1.92</b>



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

Dated: Dhaka  
30 October 2019

**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

**Notes to the Financial Statements**

As at and for the year ended 30 June 2019

**1.0 Legal Status of the Company**

Mozaffar Hossain Spinning Mills Limited (herein after referred to as “MHSML” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a private company Limited by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a public limited company on the same date and year. In January 2014 Mozaffar Hossain Spinning Mills Limited listed its share with both Dhaka and Chittagong Stock Exchange.

**Registered office of the company**

The registered office and principal place of business of the company is situated at House # 315, Road # 04, DOHS Baridhara, Dhaka-1206, Bangladesh, and the manufacturing establishment is located at Thakurbari Tec, Masumabad, Bhulta, Rupgonj, Narayangonj.

**2.0 Nature of Business Activities**

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented Woven fabrics cotton yarn. Products of the company are sold in domestic and International markets.

**3.0 Risk Exposure**

**3.1 Interest Rate Risk**

MHSML is exposed to the volatility of interest rate as it has long-term Bank Loan. Any higher trend in interest rate in the future will definitely aggravate the adversity.

**Management perception:**

The management of MHSML has decided to pay off the outstanding Bank Loan gradually to make the Gearing Ratio at a satisfactory level which is expected to reduce the financial leverage and interest burden significantly.

**3.2 Exchange Rate Risk**

MHSML is engaged in global trade as it procures its raw materials from overseas markets. Therefore, fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability and expose a threat to the stability of the Company.

**Management Perception:**

MHSML settles its foreign transaction through US Dollars in case of both export and import. While the value of functional currency fluctuates, the loss or gain on currency fluctuation for export automatically sets off against the loss or gain on currency fluctuation for import. As the value of export is always greater than the value of import, some balance is created in the foreign currency transaction. Furthermore, the Company is contemplating about setting a system of hedging on foreign currency transactions in the future. Movement in the exchange rate adversely may expose the company to risks of foreign currency loss.

**3.3 Industry Risks**

**(a) Market demand:**

The products of MHSML are sold both in international markets. Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.

**Management Perception:**

MHSML always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications.

**(b) Competition:**

MHSML is operating in a free market economy regime. The company might have to face stiff competition from its competitors:

**Management Perception:**

Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of MHSML employs their efficiencies; expertise and discretions to minimize the cost of its products.

**(c) Rising of Raw Materials costs:**

The cost of yarn and other chemicals are rising gradually and drastically round the year. It may hamper the profitability of the company to a greater extent.

**Management Perception:**

MHSML is aware of the continuing market situation of its raw materials. The management of MHSML believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.

**3.4 Risks steaming from technological changes:**

Changes in technologies may reduce the cost efficiency of the company.

**Management perception:**

MHSML applies the latest technology in the spinning process in the production. The machineries and equipment of the company are also the latest invention in the sector which is imported from renowned manufacturers of the world.

**3.5 Other risk factors:**

**(a) Political Unrest:**

Bangladesh is prone to serious unrest in the political condition embraced by Hartal, Road-Block and many other politicized barriers to the business. Due to these factors it would stem the cost of the product upwards.

**Management Perception:**

During the last forty one years of post independence period, Bangladesh has gone through a variety of political situations. But presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

**(b) Possible slowdown in economic growth in Bangladesh:**

Our performance and growth are dependent on the sound health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant change may adversely affect our business and economy significantly.

**Management Perception:**

Bangladesh economy is booming for last few years. Consistent industrial growth along with increased agricultural production has made the Per Capita Income higher than that of recent years. In addition, favorable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

**(c) Natural calamities:**

Bangladesh is a country where recurrent natural calamities take place every year. It is a serious threat to the business.

**Management perception:**

This type of situation is totally beyond the control of human being. Though the management of MHSML has a very little to do with, we can and should have some precaution measures to minimize the damage of the business in such situations.

**4.0 IASs of preparation and significant accounting policies**

**4.1 IASs of Measurement of Elements of Financial Position**

The financial statements have been prepared on the Historical Cost convention IASs and therefore, do not take into consideration the effect of inflation except that arising from revaluation of lands and land developments and buildings, as specified in Note 4.10. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with that of the previous year.

**4.2 Statement on Compliance with Local Laws**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of Dhaka & Chittagong Stock Exchanges and other relevant local laws as applicable.

**4.3 Statement on Compliance of Bangladesh Accounting Standards**

The financial statements have been prepared in accordance with the applicable International Accounting Standard (IASs) and International Financial Reporting Standard (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

**4.4 Going Concern**

As per IAS-1, a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

**4.5 Accrual Basis**

The financial statements have been prepared, except cash flow information, using the accrual Basis of accounting.

**4.6 Structure, Content and Presentation of Financial Position**

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of Financial Position as at June 30, 2019.
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019.
- iii) Statement of Changes in Equity for the year ended June 30, 2019.
- iv) Statement of Cash Flows for the year ended June 30, 2019.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended June 30, 2019.

#### 4.7 Reporting Year

The Financial year of the company under audit cover for a year of 12 months effective from 01 July 2018 to June 30, 2019.

#### 4.8 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been measured lower of cost and net realizable value as per IAS-2. Work-in-Process has been valued at prime cost IASis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production overhead attributable to bringing the goods to the stage of sale under the convention of IAS-2.

#### 4.9 Revenue

Revenue represents the invoice value of goods supplied to customers during the year. Revenue from sale of goods is recognized in the statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed orders.

#### 4.10 Property, Plant and Equipment

##### Initial 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, non-refundable taxes and un-allocated expenditures etc. The land and land developments with an effect as on June 30, 2011 have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

##### Subsequent Costs

The cost of replacing part of an item of property, plant and equipments is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as "Repair & Maintenance" when it is incurred.

##### Depreciation on Fixed Assets

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on Straight Line method. Rates of depreciation are noted below:

Particular of Assets	Rate of Depreciation
Land & Land Developments	0%
Factory Building	5%
Plant & Machinery	10%
Vehicle	10%
Furniture and Fixture	10%

The gain or loss on disposal or retirement of assets is included statement of comprehensive income when the item is disposed off/derecognized.

The fair value of the property, plant and equipment on 30.06.2018 is not materially differing with the carrying amount.

#### CAPITAL WORK-IN-PROCESS

As per decision of the Board, the company has undertaken an expression program to construct a 36,000 Spindle Ring Spinning project. The cost of supplies, development work of land and building construction and others has been incorporated in the Capital Work-In-Process.



#### **4.11 Revaluation Reserve**

In 2011, land under the ownership of MHSML was professionally revalued by ATA KHAN & Co, Chartered Accountants. Fair market value was estimated at Tk. 132,685,000 as against net book value of Tk. 2,370,360 resulting in a revaluation surplus of Taka 130,314,640 which was accounted for and transferred to revaluation reserve.

#### **4.12 Cash and Cash Equivalent and Statement of Cash Flows:**

Cash and cash equivalents comprise cash in-hand and in current account that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Statement of Cash Flows is prepared using the Direct Method as stipulated in Bangladesh Accounting Standards (IAS) No. 7 "Statement of Cash Flows"

#### **4.13 Earnings per Share**

The company calculates Earnings per Share (EPS) in accordance with the requirement of IAS – 33: "Earning per Share", which has been shown on the face of the Statement of Comprehensive Income.

##### **Basic earnings:**

This represents earnings for the year ended June 30, 2019 attributable to the ordinary shareholders.

##### **Basic earnings per share:**

This has been calculated by dividing the IASic earning by the number of ordinary shares outstanding for the year.

Diluted Earnings Per Share:

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

#### **4.14 Foreign Currency Transactions**

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

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

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

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

#### **4.15 Impairment of Assets**

All assets, except inventory, arising from construction contracts and financial assets are assessed at the end of each reporting year to determine whether there is any indication that assets may be impaired. If any such indication exists the company assesses the recoverable amount. And only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognized immediately in statement of Comprehensive Income, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease. No such assets have been impaired during the year under audit and for this reason no provision has been made for impairment of assets.

#### 4.16 Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund and are recognized as an expense in the year in which it incurs.

#### 4.17 Authorization date for issuing Financial Statements

The financial statements were authorized for issue by Board of Directors on October 29, 2019

#### 4.18 Functional and Presentation Currency

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

#### 4.19 Risk and uncertainty for use of estimates (Provisions):

The Preparation of Financial Statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines in IAS – 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations: -

- When the company has an obligation as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

#### 4.20 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance in IAS- 1 Presentation of Financial Statements. In order to meet their objectives, Financial Statements, except for cash flow statement and related information, are prepared on accrual basis of accounting. Under the IASs, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the years to which they relate.

Other Payables are not interest bearing and are stated at their nominal value.

#### 4.21 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of comprehensive income.

#### 4.22 Financial Instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

##### Initial recognition

An entity recognizes a financial assets or liabilities in its statement of financial position when, and only when, the entity becomes a party to the contractual provision of the instrument and subsequently recognized at their Amortized Cost.

Bills receivable are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates.

#### **4.23 Segment Reporting**

As the Company operates in a single industry segment, so no segment reporting is applicable for the Company as per IAS 14: "Segment reporting".

#### **4.24 Related Party Disclosures**

The information as required by IAS 24: "Related party Disclosure" has been disclosed separately in notes to the financial statements.

#### **4.25 Corporate Tax**

**Current Tax:** Current Tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year. Current tax is recognized in statement of comprehensive income except to the extent that it relates to business combination or item recognized directly in equity.

As the company has enjoying tax holiday @ 100% up-to October 2010, has been enjoying 50% up-to October 2012, and has been enjoying 25% up-to October 2013 for which provision for current tax has been made on taxable income to that extent as prescribed in Income Tax Ordinance, 1984.

#### **Deferred Tax**

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

#### **4.26 Workers Profit Participation Fund**

As per provision of Bangladesh Labor Law, Amendment 2013, Section 232(2), in case of a 100% export oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector IASed central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector. Therefore, Company has not made any provision on profit against WPPF.

#### **4.27 Contingent Assets and Liabilities**

A contingent asset is disclosed when it is a possible that asset arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The company has no contingent assets or liabilities which require disclosure under IAS: 37. Contingent assets and contingent liabilities are not recognized in the financial statements except the balance amount of IPO subscription money shown in (Note: 21.00) yet to be refundable.

A contingent assets is disclosed as per IAS 37, where an inflow of or economic benefits is probable. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

The company opened a L/C for Tk. 38,79,460 with the Islami Bank Bangladesh Bank in favor of SIM Fabrics Ltd. against sale of Yarn. The above mentioned L/C amount as bill receivable as kept as collateral. Entire amount of loan liabilities subject to set off against the Bill Receivable amount realize within 120 days. The company might have a liability to the extent to which the said bill becomes unrealized. No provision has been made against the liability created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Tax assessment for the year 2010-2011, 2011-2012, 2012-2013, 2013-2014 is under appeal to Hon'ble High Court Division of the Supreme Court of Bangladesh for Tax holiday facility.

As per the decision was taken In the 10th AGM and Board of Director's meeting held on 20/12/2015 MHSML has declared 20% Stock Dividend to all the Shareholders but later considered 15% Stock Dividend to all the Shareholders and 5% cash dividend to the general shareholder (excluding Sponsors/Directors). As per order dated 17.01.2016 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Writ Petition No. 447/2016 15% stock dividend credited to all shareholders through CDBL, the decision regarding the remaining 5% dividend payment is awaiting by Hon'ble High Court.

#### **4.28 Comparative Information**

Comparative information has been disclosed as required by IAS 01: Interim Financial Reporting' In respect of the previous year for all numerical information in the current financial statements as below:

- Statement of Financial Position as of the end of the preceding financial year.
- Statement of Profit or Loss and other Comprehensive Income for the comparable year of preceding financial year.
- Statement of Changes in Equity for the comparable year of preceding financial year.
- Statement Cash Flows for the comparable year of preceding financial year.

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

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
<b>5.00</b>	<b>Property, Plant and Equipment's</b>		
	<b>Cost:</b>		
	Opening balance at cost	870,752,348	868,423,824
	Add : Addition during the year	2,584,977	2,328,524
		<b>873,337,325</b>	<b>870,752,348</b>
	Add : Disposed / Sold during the year	-	-
	<b>Total</b>	<b>873,337,325</b>	<b>870,752,348</b>
	<b>Depreciation:</b>		
	Opening balance	402,075,741	349,639,904
	Charged during the year	52,694,335	52,435,837
		<b>454,770,076</b>	<b>402,075,741</b>
	<b>Total ( a)</b>	<b>418,567,249</b>	<b>468,676,607</b>
	<b>Revaluation:</b>		
	Opening balance	130,314,640	130,314,640
	Add : Addition during the year	-	-
	<b>Total ( b)</b>	<b>130,314,640</b>	<b>130,314,640</b>
	<b>Written Down Value (WDV) (a+b)</b>	<b>548,881,889</b>	<b>598,991,247</b>
	Please refer to Annexure-'A' for further details		
<b>6.00</b>	<b>Capital Work-In-Progress</b>		
	Break-up of this are as follows:		
	Capital Work-In-Progress (Building) 60.1)	1,085,391,230	429,004,713
	Capital Work-In-Progress (Machinery) 6.02)	1,784,831,160	-
	<b>Total</b>	<b>2,870,222,390</b>	<b>429,004,713</b>
<b>6.01</b>	<b>Capital Work-In-Progress (Building)</b>		
	Opening Balance	429,004,713	87,358,406
	Addition during the period	656,386,517	341,646,307
	<b>Total</b>	<b>1,085,391,230</b>	<b>429,004,713</b>
	Acquisition of the period	-	-
	Closing Balance	<b>1,085,391,230</b>	<b>429,004,713</b>
<b>6.02</b>	<b>Capital Work-In-Progress (Machinery)</b>		
	Opening Balance	-	-
	Addition during the period	1,784,831,160	-
	<b>Total</b>	<b>1,784,831,160</b>	-
	Acquisition of the period	-	-
	Closing Balance	<b>1,784,831,160</b>	-

Expansion project (36,000 Spindle Ring Spinning mills) of Mozaffar Hossain Spinning Mills Limited are ongoing. Total Project Value USD 25.00 Million. Capital work in progress represents the cost incurred for acquisition and/or for construction of items of property, plant, and equipment that are not ready for use. Machinery Value Approx. USD 15.70 million are already been under installation. CWIP is measured at cost. As per "IAS-16" Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.



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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
<b>7.00 Investment</b>			
	This represents the followings:		
	Suntech Energy Limit	5,063,647	5,021,147
		5,063,647	5,021,147
	Add: Profit from the Associates	47,200	42,500
	<b>Total</b>	<b>5,110,847</b>	<b>5,063,647</b>

The company has purchased 30% shares of Tk 4,920,000 from Suntech Energy Ltd. and accounted for complying with IAS 28 "Investment in Associates" accordingly during the period. We have assessed the project "Suntech Energy Limited" there are no too much changes on our Impairment investment.

**8.00 Inventories**

Break-up of this item is as follows:

	Qty. (kg.)		
<b>Finished Goods:</b>			
Yarn	325,550	53,715,750	55,316,250
Work-in-process	293,309	43,996,350	32,278,233
<b>Raw Materials:</b>		<b>123,382,139</b>	<b>185,982,447</b>
Virgin Cotton	672,793	88,303,910	126,366,335
Waste Cotton	528,919	35,078,229	59,616,112
Packing Materials		1,477,100	594,061
Store Materials		16,513,210	17,931,141
		<b>239,084,549</b>	<b>292,102,132</b>

The above Inventories are as per physical counting made and valued by a Inventory team comprised of management nominated staff to carryout the Inventory verification. Inventories in hand have been valued at lower of cost and net realizable value as per IAS-2. Inventories were hypothecated against working capital facilities availed from the bank (Islami Bank BD Ltd.).

**9.00 Accounts Receivable**

Please refer to Annexure: B for details

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

<b>I)</b>	Accounts Receivable considered good in respect of which the company is fully secured (Annexure B)	-	-
<b>II)</b>	Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security	-	-
<b>III)</b>	Accounts Receivable considered doubtful or bad	-	-
<b>IV)</b>	Accounts Receivable due by any director or other officer of the company	-	-
<b>V)</b>	Accounts Receivable due by Common management (Annexure B)	313,427,416	621,553,495
<b>VI)</b>	The maximum amount of receivable due by any director or other officer of the company	-	-
		<b>313,427,416</b>	<b>621,553,495</b>

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
	<b>Aging of accounts receivable:</b>		
	Dues within three months	84,483,000	82,500,000
	Dues above three months but within six months	142,211,537	165,589,400
	Dues above six months	86,732,879	373,464,095
		<b>313,427,416</b>	<b>621,553,495</b>
<b>10.00 Advances, Deposits &amp; Pre-Payments</b>			
	Advance against Purchase (Note-10.01)	101,881,640	99,621,778
	Advance against Factory Expenses	4,567,882	5,208,553
	Advance against L/c for Cotton & Spares Import	18,922,396	25,922,396
	Advanced for Ring Spinning Project	2,137,500	2,320,000
	Bank Guarantee	1,009,739	1,009,739
	Prepaid Insurance	215,000	173,092
	Tax deducted at sources	113,528	-
		<b>128,847,685</b>	<b>134,255,558</b>
<b>10.01 Advance against Purchase</b>			
	Dues within three months	56,034,902	54,791,978
	Dues above three months but within six months	30,564,492	29,886,533
	Dues above six months	15,282,246	14,943,267
		<b>101,881,640</b>	<b>99,621,778</b>
<b>11.00 Cash and Cash Equivalents</b>		<b>1,236,273</b>	<b>955,293</b>
	<b>Cash in hand</b>	1,236,273	955,293
	<b>Cash at Banks:</b>	<b>585,691</b>	<b>10,339,314</b>
	IBBL Mouchak Branch A/C No. 20501450100327918	28,247	9,832
	IBBL Mouchak Branch A/C No. 20501452500004916	4,615	1
	IBBL Mouchak Branch A/C No. 20501452600004917	1	1
	DBBL Bhulta Branch A/C No. 1761200001733	108,975	1,013,294
	DBBL Bashundhara Branch A/C No. 1471100005894	291,527	560,730
	EBL Principal A/C No.	1,954	8,253,702
	EBL Principal A/C No. 1011360231502	150,372	496,869
	MCB Bashundhara Branch A/C No. 11471112302611	-	4,885
		<b>1,821,964</b>	<b>11,294,607</b>
<b>12.00 Share Capital</b>			
	This represents the followings:		
	<b>Authorized Capital:</b>		
	300,000,000 ordinary Shares of Tk 10/- each	3,000,000,000	3,000,000,000
	<b>Issued, Subscribed and Paid-up Capital:</b>		
	99,013,112 ordinary shares of taka 10/- each	990,131,120	942,982,020
		<b>990,131,120</b>	<b>942,982,020</b>

The movement of Ordinary Shares during the Year ended June 30, 2019 is as follows:

	Amount in Taka	Number of Shares
Balance as on July 01, 2018	942,982,020	94,298,202
Bonus Shares issued during the year	47,149,100	4,714,910
Balance as on June 30, 2019	<b>990,131,120</b>	<b>99,013,112</b>

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Notes No	Particulars	Amount in Taka		
		30.06.2019	30.06.2018	
<b>12.01 Share holding Position:</b>				
i) Sponsors	6,567,983	6.63%	65,679,830	62,552,240
ii) SIM Fabrics Limited	32,647,781	32.97%	326,477,810	310,931,250
iii) General Public & Others	59,797,348	60.39%	597,973,480	569,498,530
	<b>99,013,112</b>	<b>100.00%</b>	<b>990,131,120</b>	<b>942,982,020</b>

**D. Classification of shareholder's by range of share held**

Shareholding range	As at 30.06.2019		As at 30.06.2018	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1 to 500	1302	223,559	1,184	213,363
501 to 5,000	2774	4,112,109	3,369	5,011,129
5,001 to 10,000	388	2,801,786	451	3,183,003
10,001 to 20,000	270	3,819,161	309	4,354,313
20,001 to 30,000	95	2,273,619	98	2,415,053
30,001 to 40,000	49	1,666,471	51	1,721,221
40,001 to 50,000	25	1,132,538	25	1,119,248
50,001 to 1,00,000	62	4,319,262	56	3,812,636
1,00,001 to 1,000,000	50	14,571,096	56	15,647,721
10,00,001 to Above	11	64,093,511	9	56,820,515
<b>Total</b>	<b>5026</b>	<b>99,013,112</b>	<b>5,608</b>	<b>94,298,202</b>

**13.00 Revaluation Reserve**

Revaluation reserve	130,314,640	130,314,640
Add: Related Deferred Tax on Revaluation 2%	(2,606,293)	(2,606,293)
	<b>127,708,347</b>	<b>127,708,347</b>

In 2011, land under the ownership of MHSML was professionally revalued by ATA KHAN & Co, Chartered Accountants. Fair market value was estimated at Tk. 132,685,000 as against net book value of Tk. 2,370,360 resulting in a revaluation surplus of Taka 130,314,640 which was accounted for and transferred to revaluation reserve.

**14.00 Tax Holiday Reserve**

<b>A. Opening balance</b>	<b>72,845,417</b>	<b>72,845,417</b>
Tax Holiday Reserve (30%)	54,634,063	54,634,063
Reserve for Investment (10%)	18,211,354	18,211,354
<b>B. Add: During the Period</b>	-	-
Tax Holiday Reserve (30%)	-	-
Reserve for Investment (10%)	-	-
<b>Total (A+B)</b>	<b>72,845,417</b>	<b>72,845,417</b>

**15.00 Retained Earnings**

Details are as follows:

Opening Balance	494,672,491	491,097,398
Add: Net Profit / (Loss) for the year	(92,482,211)	48,478,988
<b>Total</b>	<b>402,190,280</b>	<b>539,576,386</b>
Bonus Paid (5% Stock Dividend)	(47,149,100)	(44,903,895)
<b>Retained Earnings</b>	<b>355,041,180</b>	<b>494,672,491</b>

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
<b>16.00 Long Term Borrowings</b>			
	Hajj Finance Com. Ltd - 1813	43,532,926	-
	Hajj Finance Com. Ltd - 1925	49,500,000	-
	Hajj Finance Com. Ltd - 1947	152,458,358	-
	Hajj Finance Com. Ltd - 2149	20,000,000	-
	IBBL HPSM-784	3,083,741	6,447,020
	IBBL HPSM-833	1,785,133	2,959,560
	IBBL HPSM-20501454300080112	-	2,642,088
	IBBL HPSM-20501454300083500	1,575,475	2,329,371
	IBBL HPSM-20501454300089001	12,165,686	15,381,743
	IBBL HPSM-20501454300095301	72,955,503	71,825,000
	IBBL HPSM-979	40,025,000	-
	IBBL HPSM-984	54,000,000	-
	IDLC	41,490,388	-
	<b>Total</b>	<b>492,572,210</b>	<b>101,584,782</b>
	Less: Current portion of Long term loan	(58,896,930)	(13,635,157)
		<b>433,675,280</b>	<b>87,949,625</b>

1. Purpose of Investment - To purchase/import of New Ring Spinning Machine, Utilities and Factory Shed building for the project.

2. Period of Investment - 07 (seven) years excluding 12 month gestration period.

3. Rate of return -12.30% per annum or the rate to be determined by the bank from time to time.

4. Collateral:

A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.36 million.

B. 397.00 decimal project land along with 1,89,4825 sft. Project building vide FSV 251.20 million.

C. 505.04 decimal project land along with 2,49,904 sft. Factory building vide FSV 598.51 million by SFL.

D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.

**17.00 Deferred Tax Liabilities**

Bool value of Depreciable asset	131,945,938	182,055,296
Less: Tax base value of depreciable assets	100,664,040	123,135,806
<b>Taxable Temporary Difference</b>	<b>31,281,898</b>	<b>58,919,490</b>
Effective Tax Rate	15%	15%
Deffered Tax Liability on original cost of assets	4,692,285	8,837,924
Deffered Tax Liability on Revaluation surplus (11.01)	2,606,293	2,606,293
Unused tax losses ( 23.01) C	(1,474,245.08)	-
<b>Total Deferred Tax Liabilities</b>	<b>5,824,332</b>	<b>11,444,217</b>

**17.01 Deffered Tax on Revaluation Reserve of Land**

Revaluation Reserve	130,314,640	130,314,640
Effective Tax Rate	2%	2%
	<b>2,606,293</b>	<b>2,606,293</b>

**17.02 Deffered Tax (Income)/Expense**

Closing Deferred Tax Liabilities	5,824,332	11,444,217
Opening Deferred Tax Liabilities	11,444,217	14,710,210
<b>Deferred Tax (Income)/Expense</b>	<b>(5,619,884)</b>	<b>(3,265,993)</b>

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
<b>18.00 Accounts Payable</b>			
	Trade Creditors (Annexure-C )	4,133,462	1,019,564
	Bills Payable (Annexure-C )	3,367,590	5,068,031
	Liability against Import Machinery	1,296,614,916	-
		<b>1,304,115,968</b>	<b>6,087,595</b>
<b>19.00 Cash Dividend Payable</b>			
	Opening Balance	472,738	495,079
	Less: Disburse during the year	(3,033)	(22,341)
	<b>Balance Payable</b>	<b>469,705</b>	<b>472,738</b>
<b>20.00 Long Term Borrowings- Current Maturity</b>			
	A. Islami Bank Bangladesh Limited	58,896,930	13,635,157
		<b>58,896,930</b>	<b>13,635,157</b>
	This consists of as follows and is payable within next twelve months from the Balance Sheet date.		
<b>21.00 Refundable fund of IPO subscribers</b>			
	Refund warrant to IPO subscribers	4,755,000	7,755,000
		<b>4,755,000</b>	<b>7,755,000</b>
	This represents the amount payable to IPO subscribers against which refund warrant already been issued but not presented to the bank by the subscribers during the year.		
<b>22.00 Short Term Borrowings</b>			
	<b>Islami Bank Bangladesh Limited Mouchak Br.</b>		
	Loan against purchase (MTR)	226,689,105	115,600,000
	MURA	398,159,863	58,775,040
	Loan against Bill Purchases (MDB)	-	3,879,460
	Car Loan Hajj Finance Co. Ltd	1,058,328	1,687,876
	<b>Total short term loan of Islami bank Bangladesh Ltd.</b>	<b>625,907,296</b>	<b>179,942,376</b>
	This represents amount excluded by the following Banks as working capital which are fully secured by Stock hypothecation and Export bills receivable at the terms & condition given below.		
	1. Purpose of Investment - To purchase/import raw materials for the project.		
	2. Period of Investment - 01 (one) year on revolving basis.		
	3. Rate of return - 12.30% per annum or the rate to be determined by the bank from time to time.		
	4. Collateral:		
	A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.36 million.		
	B. 397.00 decimal project land along with 1,89,4825 sft. Project building vide FSV 251.20 million.		
	C. 505.04 decimal project land along with 2,49,904 sft. Factory building vide FSV 598.51 million by SFL.		
	D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.		
<b>23.00 Provision for Income tax</b>			
	Opening Balance	98,761,522	111,140,411
	Provision for the period (23.01)	2,115,849	11,898,945
	<b>Total</b>	<b>100,877,371</b>	<b>123,039,356</b>
	AIT & Treasury deposits during the period	-	(4,448,937)
	AIT Adjustment (2014 to 2017)	-	(19,828,897)
	<b>Closing Balance</b>	<b>100,877,371</b>	<b>98,761,522</b>



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Notes No	Particulars	Amount in Taka			
		30.06.2019	30.06.2018		
23.01	<b>Provision for Income Tax</b>				
	Minimum Tax (A)	2,115,849	4,051,386		
	Regular Tax (B)	(9,828,301)	11,898,945		
	<b>Higher One</b>	<b>2,115,849</b>	<b>11,898,945</b>		
	<b>A. Minimum Tax</b>				
	Turnover and Other income	352,641,520	675,230,934		
	Mimimum Tax Rate	0.6%	0.6%		
		<b>2,115,849</b>	<b>4,051,386</b>		
	<b>B. Current Tax</b>				
	Profit Before Tax	(95,986,246)	57,111,940		
	Less: Other Income	(362,510)	(661,594)		
	Add: Accounting Depreciation	52,694,335	52,435,837		
	Less: Tax Depreciation	(22,471,766)	(30,662,544)		
	<b>Taxable Income for the period</b>	<b>(66,126,187)</b>	<b>78,223,639</b>		
	Rate of Tax	15%	15%		
	Tax on business	(9,918,928)	11,733,545.78		
	Add: 25 % Tax on Other Income	90,628	165,399		
	<b>Total Provision for the year</b>	<b>(9,828,301)</b>	<b>11,898,945</b>		
	<b>C. Unused Tax Loss</b>	<b>(1,474,245)</b>	<b>-</b>		
24.00	<b>Accrued Expenses</b>				
	Audit fees	125,000	125,000		
	Salaries & Allowances	3,199,252	3,780,000		
	Gas Bill	4,154,548	17,665,975		
	TDS, VAT & Others	-	3,920,276		
	WPPF Payable	19,669,992	19,669,992		
	Accrued Interest	-	2,847,651		
		<b>27,148,792</b>	<b>48,008,894</b>		
25.00	<b>Turnover</b>				
		<b>Qty. (kg.)</b>	<b>Avg. Rate</b>		
	Yarn 20's	1,668,050	172	286,335,210	518,694,000
	Yarn 16's	402,950	164	65,943,800	111,520,340
	Yarn 10's			-	44,355,000
		<b>2,071,000</b>		<b>352,279,010</b>	<b>674,569,340</b>
	<b>Deviation from last period Result:</b>				
	Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to up-gradation of power supply work, machinery installation and short supply of Gas, 50% of Rotor machine were shut down for a long time. Hence, production and revenue has been decreased during the period.				
26.00	<b>Cost of Goods Sold</b>				
	Opening Work-in-Process			32,278,233	28,132,300
	Raw materials consumed (Note-26.01)			172,598,618	395,243,191
	Accessories & Stores Consumed (Note-26.02)			12,551,464	18,142,759
	Packing Materials Consumed (Note-26.03)			4,959,557	6,097,152
	Factory overhead (Note-26.04)			158,183,633	151,733,370
	Closing Work-in-Process			(43,996,350)	(32,278,233)
	<b>Cost of Production</b>			<b>336,575,155</b>	<b>567,070,540</b>
	Opening stock of Finished Goods			55,316,250	45,240,000

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
	<b>Cost of Goods Available for Sale</b>	<b>391,891,405</b>	<b>612,310,540</b>
	Closing stock of Finished Goods	(53,715,750)	(55,316,250)
	Wastage Sales	(1,009,536)	(1,127,266)
	<b>Cost of Goods Sold</b>	<b>337,166,119</b>	<b>555,867,024</b>
<b>26.01</b>	<b>Raw Materials Consumption</b>		
	Opening Raw Materials	185,982,447	213,315,627
	Purchase during the year	109,998,310	367,910,011
	Available for use	<b>295,980,757</b>	<b>581,225,638</b>
	Closing Raw Materials	(123,382,139)	(185,982,447)
		<b>172,598,618</b>	<b>395,243,191</b>
<b>26.02</b>	<b>Accessories &amp; Stores Consumption</b>		
	Opening Accessories & Stores	17,931,141	13,262,074
	Purchase during the year	11,133,533	22,811,826
	Available for use	<b>29,064,674</b>	<b>36,073,900</b>
	Closing Accessories & Stores	(16,513,210)	(17,931,141)
		<b>12,551,464</b>	<b>18,142,759</b>
<b>26.03</b>	<b>Packing Materials Consumption</b>		
	Opening Packing Materials	594,061	737,973
	Purchase during the year	5,842,596	5,953,240
	Available for use	<b>6,436,657</b>	<b>6,691,213</b>
	Closing Packing Materials	(1,477,100)	(594,061)
		<b>4,959,557</b>	<b>6,097,152</b>
<b>26.04</b>	<b>Factory Overhead</b>		
	Gas Bill	65,106,033	59,883,405
	Salary & Wages	37,205,096	37,302,065
	Repair & Maintenance	476,459	579,547
	Factory Insurance	1,967,790	1,076,052
	Sundry Carrying Charges	312,424	286,759
	Sundry daily labor charges	500,822	374,180
	Medical & other Expenses	652,149	527,000
	Depreciation	51,962,860	51,704,362
		<b>158,183,633</b>	<b>151,733,370</b>
	(a) Repairs & maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein stores and spares that has been consumed during the year.		
	(b) Other expenses does not included any item exceeding 1% of total revenue.		
<b>27.00</b>	<b>Other Operating Income</b>		
	Interest on Bank Account	119,638	227,253
	Profit from Associate	47,200	42,500
	Exchange Rate Fluctuation Gain/(Loss)	195,672	391,841
		<b>362,510</b>	<b>661,594</b>

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
<b>28.00 Administrative Expenses</b>			
	Salary and Allowances	7,294,038	6,617,565
	Festival Bonus	1,080,000	1,418,268
	Audit Fee	125,000	125,000
	Managing Director Remuneration	600,000	1,200,000
	Director's Remuneration	2,100,000	3,000,000
	Board Meeting Fees	138,244	136,000
	Entertainment	471,076	728,143
	Traveling and Conveyance	180,455	281,026
	House & Office rent	632,600	780,000
	Telephone (mobile)	106,900	126,000
	Company Secretarial, Regulatory Fee and AGM Expense	1,432,103	1,803,100
	Subscription and Donations	187,000	375,000
	Fuel, newspaper & other Expenses	1,510,867	2,686,901
	Depreciation	731,475	731,475
		<b>16,589,758</b>	<b>20,008,478</b>

**Payment/ Perquisites to Directors and officers**

The aggregate amount paid/ provided during the period in respect of Directors and officers of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below :

**Particulars**

Managing Director Remuneration	600,000	1,200,000
Director's Remuneration	2,100,000	3,000,000
Board Meeting Fees	138,244	136,000
	<b>2,838,244</b>	<b>4,336,000</b>

**29.00 Marketing, Selling & Distribution Expenses**

Salaries and Allowances	570,065	670,623
Advertisement	176,060	169,270
Business Development	235,000	345,000
Sample Expenses	309,321	548,500
	<b>1,290,446</b>	<b>1,733,393</b>

**30.00 Financial Expenses**

Bank Charges and Commission	264,786	252,565
Interest on HPSM investment	13,836,690	4,363,780
Interest on BAI Murabaha	51,705,862	14,818,021
Interest on MDB Loan	-	4,860,184
Interest on MPI Loan	-	761,977
Interest on Murabaha TR	27,774,105	15,453,573
	<b>93,581,443</b>	<b>40,510,100</b>

**31.00 Basic Earning Per Share**

Earning attributable to the ordinary shareholders	(92,482,211)	48,478,988
No. of ordinary shares outstanding during the year(re-stated)	99,013,112	99,013,112
<b>Earning Per Share (EPS)/Re-Styled EPS</b>	<b>(0.93)</b>	<b>0.49</b>

**32.00 General:****32.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on 30.06.2019

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Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018

### 32.02 Credit Facilities not Availed

There is no credit facilities extended to the Company but nor availed of as on 30.06.2019, under any contract, other than trade credit available in the ordinary course of business.

### 32.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the period ended 30.06.2019.

### 32.04 Directors Responsibility Statements

The Board of Directors and management of the company takes the responsibility for the preparation and presentation of these financial statements as per section 183 of Companies Act 1994 and Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission (BSEC) .

### 32.05 Employees Details:

During the period there were 475 permanent employees employed for the full year out of which 205 employees received salary Taka 8,425 per month and above.

### 32.06 Rounding Off

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

### 32.07 Events after the Reporting Period

Subsequent to the Statement of Financial Position date, the Board of Directors in their meeting held on 29th October 2019 recommended 5% Stock dividend to the all shareholders for the year ended 30th June 2019. The proposed dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting.

As mentioned above the retained amount of 5% stock dividend for the year 2018-2019 will be utilised for the expansion of 36,000 spindle ring spinning project of Mozaffar Hossain Spinning Mills Limited.

### 32.08 Cash flows from operating activities

Statement of Cash Flows have been prepared in accordance with IAS 7 "Statement of Cash Flows" and the cash flows from the operating activities are shown under indirect method as activities

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**Reconciliation of Cash Flows from operating activities**

Notes No	Particulars	Amount in Taka	
		30.06.2019	30.06.2018
	Net Profit/(Loss) before Tax	(95,986,246)	
	Add: Non-Cash Item		
	Depreciation	52,694,335	
	Finance expense (to be considered later on)	93,581,443	
	Profit from associates	(47,200)	
		<b>50,242,332</b>	
	Increase or decrease of Account receivable	308,126,079	
	Increase/Decrease of inventory	53,017,583	
	Increase/Decrease of Trade Creditors (Annexure-C )	3,113,898	
	Increase/Decrease of Bills Payable (Annexure-C )	(1,700,441)	
	Increase/Decrease of Advance deposits prepayments	5,407,873	
	Increase/Decrease of Accrued expense	(20,860,102)	
	<b>Net Cash flow from operating activities under indirect method</b>	<b>397,347,222</b>	
	Net Cash flow from operating activities under direct method	397,347,222	
	Difference	Nil	

**32.09 Operating Cash Flow Per Shaare**

Operating Cash flow	397,347,222	190,559,992
No. of ordinary shares outstanding during the year(re-stated)	99,013,112	99,013,112
	<b>4.01</b>	<b>1.92</b>



**Mozaffar Hossain Spinning Mills Limited**

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**32.10 Disclosed as per requirement of schedule XI, part II Para 8  
Value of Raw material, packing materials and Capital goods**

Particular	Opening	Purchases	Consumption	Closing
Raw Material	185,982,447	109,998,310	(172,598,618)	123,382,139
Packing Materials	594,061	5,842,596	(4,959,557)	1,477,100
Spare Parts	17,931,141	11,133,533	(12,551,464)	16,513,210

**Value of Export**

Particular	In Foreign Currency USD	In BDT
Export	\$ 4,168,982.37	352,279,010

**32.11 Details of capacity has given below**

Particular	License Capacity	InstalledCapacity	Actual Production
Annual Production (kg)	6,600,000	6,600,000	2,061,300

**Note:** Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to up-gradation of power supply work, machinery installation and short supply of Gas, 50% of Rotor machine were shut down for a long time, Hence, production and revenue has been decreased during the period.

**33.00 Related Party Disclosure**

**a) Transaction with Key Management Personnel of the entity:**

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the period to the directors, including Managing directors or manager	2,700,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	138,244
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(e)	Share Based payments	Nil

**b) Transaction with Related Entity:**

Sl.	Name of Customer	Relationship	Balance as at 01.07.2018	Addition during the Year	Realized during the Year	Balance as at 30.06.2019
(a)	SIM Fabrics Limited yarn sale	Common Management	621,553,495	326,411,950	634,538,029	313,427,416
<b>Total</b>			<b>621,553,495</b>	<b>326,411,950</b>	<b>634,538,029</b>	<b>313,427,416</b>

**c) Transaction with Related Entity:**

Sl.	Name of Customer	Relationship	Balance as at 01.07.2018	Addition during the Year	Realized during the Year	Balance as at 30.06.2019
	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
<b>Total</b>			<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>250,000,000</b>

**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

Annexure of Property, Plant & Equipment  
As at June 30, 2019

**Annexure A**  
**Amount in Taka**

**Cost:**

Particulars	COST		Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2019
	As at July 01, 2018	Addition during the year		As at July 01, 2018	Charged during the year	As at June 30, 2019	
Land & Land Dev.	286,621,311	-	-	-	-	-	286,621,311
Factory Building	119,545,355	-	5%	39,746,015	5,977,268	45,723,283	73,822,072
Plant & Machinery	457,270,941	2,584,977	10%	359,828,167	45,985,592	405,813,759	54,042,159
Vehicle	5,586,326	-	10%	1,412,299	558,633	1,970,932	3,615,394
Furniture & Fixture	1,728,415	-	10%	1,089,260	172,842	1,262,102	466,313
<b>Balance as on 30.06.2019</b>	<b>870,752,348</b>	<b>2,584,977</b>		<b>402,075,741</b>	<b>52,694,335</b>	<b>454,770,076</b>	<b>418,567,249</b>

<b>Balance as on 30.06.2018</b>	<b>868,423,824</b>	<b>2,328,524</b>		<b>349,639,904</b>	<b>52,435,837</b>	<b>402,075,741</b>	<b>468,676,607</b>
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**Revaluation:**

Particulars	COST		Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2019
	As at July 01, 2018	Addition during the year		As at July 01, 2018	Charged during the year	As at June 30, 2019	
Land & Land Dev.	130,314,640	-	-	-	-	-	130,314,640
<b>Balance as on 30.06.2019</b>	<b>130,314,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,314,640</b>
<b>Balance as on 30.06.2018</b>	<b>130,314,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,314,640</b>
<b>Balance as on 30.06.2019</b>	<b>1,001,066,988</b>	<b>2,584,977</b>		<b>402,075,741</b>	<b>52,694,335</b>	<b>454,770,076</b>	<b>548,881,889</b>
<b>Balance as on 30.06.2018</b>	<b>998,738,464</b>	<b>2,328,524</b>		<b>349,639,904</b>	<b>52,435,837</b>	<b>402,075,741</b>	<b>598,991,247</b>

**Depreciation Charged To:-**

Administrative Cost	731,475
Manufacturing Cost	51,962,860
<b>Total</b>	<b>52,694,335</b>

**ATA KHAN & CO.**

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**MOZAFFAR HOSSAIN SPINNING MILLS LIMITED**

Annexure of Accounts Receivable

For the year ended 30 June 2019

Annexure- B

Disclosure as per requirement of Schedule XI, Part - I ( A. Horizontal Form) of Companies Act. 1994

In regard to sundry debtors the following particulars' shall be given separately:-

**Accounts Receivable considered good in respect of which the company holds no security other than the debtor personal security :**

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

Amount in Taka

Name of Customer	Balance as at 01.07.2018	Addition during the Year	Realized during the Year	Balance as at 30.06.2019
Globex Agency	-	25,824,010	25,824,010	-
Rownak Textile Mills Ltd		43,050	43,050	-
<b>Total</b>	-	<b>25,867,060</b>	<b>25,867,060</b>	-

**Accounts Receivable due by Common management:**

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

Amount in Taka

Name of Customer	Balance as at 01.07.2018	Addition during the Year	Realized during the Year	Balance as at 30.06.2019
SIM Fabrics Limited	621,553,495	326,411,950	634,538,029	313,427,416
<b>Sub-total</b>	<b>621,553,495</b>	<b>326,411,950</b>	<b>634,538,029</b>	<b>313,427,416</b>
<b>Total</b>	<b>621,553,495</b>	<b>352,279,010</b>	<b>660,405,089</b>	<b>313,427,416</b>

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**Mozaffar Hossain Spinning Mills Limited****Schedule of Trade Creditors**

For the year ended 30 June 2019

Annexure- C

Amount in Taka

**Trade Creditors:**

<b>Name of Supplier</b>	<b>Balance as at 01.07.2018</b>	<b>Payment during the Year</b>	<b>Bill during the Year</b>	<b>Balance as at 30.06.2019</b>
AB Enterprise	1,019,564	106,884,412	109,998,310	4,133,462
<b>Sub Total (A)</b>	<b>1,019,564</b>	<b>106,884,412</b>	<b>109,998,310</b>	<b>4,133,462</b>

**Bills Payable:**

Amount in Taka

<b>Name of Supplier/Service Provider</b>	<b>Balance as at 01.07.2018</b>	<b>Payment during the Year</b>	<b>Bill during the Year</b>	<b>Balance as at 30.06.2019</b>
Amreen Refrigeration & Engineering	14,600	14,600	-	-
Bangladesh Association of Public Listed Co.	30,000	30,000	50,000	50,000
Bangla Trac Limited	624,204	545,302	406,600	485,502
Bestair Engineering	12,000	12,000	-	-
Best Tecknology	20,000	20,000	-	-
Beximco Online	3,450	44,850	41,400	-
Bismillah Paper Products	45,058	45,058	-	-
Building Design & Technology	276,000	276,000	-	-
Buy To Give	31,508	83,666	52,158	-
Central Depository Bangladesh	106,000	331,403	236,082	10,679
Chandmoni Construction	-	81,209	81,209	-
Chemtex B.D	200,700	327,500	157,500	30,700
Chittagong Stock Exchange Ltd	582,890	582,890	739,402	739,402
Coolteck Bangladesh	33,000	33,000	-	-
Dhaka Stock Exchange LTd	582,890	618,132	598,793	563,551
Enviro Enginiering	31,200	31,200	-	-
Galaxy Corporation	39,750	187,750	148,000	-
Islami Commercial Insurance	42,330	2,001,400	1,959,070	-
Mahin Enterprise & Packaging	520,412	1,400,000	1,035,735	156,147
Master Air Express	-	-	-	-
Mazumder Sikder & Associates	30,000	64,500	34,500	-
Meghna Metal	23,320	53,320	30,000	-
MH rubber & plastic Machinerries Ltd	16,600	39,505	22,905	-
Minarva Engineering Works	287,956	625,000	360,150	23,106
Monir Steel House	888,295	35,627,923	35,228,428	488,800
Orient Plastic & Packing Ind. Ltd	105,000	370,000	345,000	80,000
Raju Engineering & Service Centre	47,000	47,000	-	-
Reyan Machinery	-	107,100	294,950	187,850
Rotation Engineering	-	330,000	387,957	57,957
Sabuj Timber & Traders	-	1,230,000	1,501,471	271,471
Simul Traders	117,987	117,987	-	-
S.R Shipping Agency	103,738	-	-	103,738
Step Transmission	138,157	200,000	180,530	118,687
Tecnological Machine & Spares Ltd.	22,000	22,000	-	-
Touch Paper Products	91,986	1,511,980	1,419,994	-
United Trade Centre	-	20,000	20,000	-
<b>Sub Total (B)</b>	<b>5,068,031</b>	<b>47,032,275</b>	<b>45,331,834</b>	<b>3,367,590</b>
<b>Total (A+B)</b>	<b>6,087,595</b>	<b>153,916,687</b>	<b>155,330,144</b>	<b>7,501,052</b>



**Mozaffar Hossain Spinning Mills Limited**  
House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

**PROXY FORM**

I/we \_\_\_\_\_ being  
a member(s) of **Mozaffar Hossain Spinning Mills Limited** do hereby appoint Mr/Mrs \_\_\_\_\_  
of \_\_\_\_\_ as my / our Proxy to attend and vote  
on behalf of me / us at the **14th Annual General Meeting** of the Company to be held on **Tuesday, the 24th December, 2019**  
**at 10.30 AM** at the DOHS Baridhara Convention Centre Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment,  
Dhaka-1206 and any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

<b>Folio No. ....</b>	<b>BO A/C No.</b>																		
-----------------------	-------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

\_\_\_\_\_  
**Signature of the Proxy with Date**

\_\_\_\_\_  
**No. of Share(s)**

Revenue Stamp  
for Tk. 20.00  
(Twenty) only

\_\_\_\_\_  
**Signature of the Member with Date**

N.B.: This Form of Proxy, duly signed (as recorded with the company), stamped and completed must be submitted to the Registered Office or Share Department (the Company's Registered Office: House # 315, Road # 04, DOHS, Baridhara, and Dhaka-1206) of the Company at least 48 (Forty Eight) hours before the Meeting.



**Mozaffar Hossain Spinning Mills Limited**  
House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

**Attendance Slip**

I do hereby submit the Attendance Slip in connection with the **14th Annual General Meeting of Mozaffar Hossain Spinning Mills Limited** held today **Tuesday, the 24th December, 2019 at 10.30 AM** at the DOHS Baridhara Convention Centre, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206.

**Full Name of the Member :** .....

<b>Folio No. ....</b>	<b>BO A/C No.</b>																		
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**No. of Share(s)** .....

Dated : .....

**Full Name of the Attorney/ Proxy** .....

\_\_\_\_\_  
**Signature of the Proxy**

\_\_\_\_\_  
**Signature of the Member**

N.B.: Shareholders are requested to handover the Attendance Slip at the entrance of the Meeting Hall.



## **MOZAFFAR HOSSAIN SPINNING MILLS LTD.**

**Head Office :** House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh  
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**Factory:** Thakurbari Teac, Masumabad, Bhulta, Rupgonj, Narayangonj  
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Galaxy Corporation  
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