

Annual Report  
2017-2018



Rahim Textile Mills Ltd.

---

## CONTENTS

Subject	Page
Transmittal Letter	2
Notice of The Shareholders	3
Corporate Governance	4-7
Corporate Review	8
Corporate History	9
Corporate Operational Result for 5 years	9
Message from the Chairman	10
Directors' Report	11-15
Corporate Governance Compliance Status Report	16-31
Audit Committee Report	32
Auditors' Report	33
Statement of Financial Position as at 30 <sup>th</sup> June, 2018	34
Statement of Comprehensive Income for the year ended June 30, 2018	35
Statement of Changes in Equity for the year ended June 30, 2018	36
Statement of Cash Flows for the year ended June 30, 2018	37
Notes to the Financial Statements	38-55
Form of Proxy	57

# 37<sup>th</sup>

## Annual Report 2017-2018



### Rahim Textile Mills Limited

**Registered Office:** 117/A, Tejgaon Industrial Area, Dhaka-1208

**Corporate Head Office:** Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208

Factory: Shafipur, Kaliakoir, Gazipur

Tel: IPT+8809612111177-92, 880-2-8878065, Fax: 880-2-8878064

E-mail: allabj@dhaka.net, Website: www.rahimtextile.com

Designing & Printing

**VERTEX**

Tel: 5861 0028, 01716 103 777

# **RAHIM TEXTILE MILLS LIMITED**

## **TRANSMITTAL LETTER**

**The Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.**

**Sub: Annual Report for the year ended 30<sup>th</sup> June, 2018.**

Dear Sir(s),

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements comprising Statement of Financial Position as at 30<sup>th</sup> June, 2018, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30<sup>th</sup> June, 2018 along with notes thereon for your information and records.

Yours sincerely



**Syed Saiful Haque**  
Company Secretary

Dated: November 25, 2018

**RAHIM TEXTILE MILLS LIMITED**  
**Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208**  
**Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208**

**NOTICE OF THE 37<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the **37<sup>th</sup> ANNUAL GENERAL MEETING** of the Shareholders of the Company will be held on **Thursday, 27<sup>th</sup> December, 2018 at 9.00 a.m.** at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 to transact the following business:

- Agenda-1. To receive, consider and adopt the Audited Financial Statements for the year ended 30<sup>th</sup> June, 2018 together with the Report of the Directors' and the Auditors' thereon.
- Agenda-2. To declare dividend for the year ended 30<sup>th</sup> June, 2018.
- Agenda-3. To elect Directors in terms of the relevant provision of Articles of Association.
- Agenda-4. To appoint Auditors for the year 2018-2019 and to fix their remuneration.
- Agenda-5. To appoint Corporate Governance Auditors for the year 2018-2019.
- Agenda-6. To appoint the Independent Director.

By order of the Board



**Syed Saiful Haque**  
Company Secretary

Dated: November 25, 2018

**Notes:**

- (i) The Shareholders whose names would appear in the Share Register of the Company and/or Depository Register of CDBL on the **record date i.e. November 12, 2018** would be entitled to attend at the AGM and to receive the dividends.
- (ii) The Proxy form must be affixed with requisite revenue stamp and be deposited at the Corporate Head Office of the Company not less than 48 hours before the time fixed for the meeting.
- (iii) Admittance to the meeting venue will be on production of attendance slip sent with the Annual Report.
- (iv) The Annual Report is available in the Company's website at **www.rahimtextile.com**

**N.B:** No gift or benefit in cash or kind shall be paid/offered to the hon'ble Shareholders in the 37<sup>th</sup> AGM of the Company as per BSEC Circular under reference No. SEC/CMRRCD/2009-193/154 dated 24.10.2013.

## **Corporate Philosophy:**

### **Vision**

We view business as a means to the material and social well being of the investors, employees and society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

### **Mission:**

Our mission is to produce and provide world class textile and garments products and services and position the country in the higher value segment in the international market.

### **Objectives:**

Our objectives are to conduct transparent business operation based on market mechanism within the legal & social frame work with aims to attain the mission reflected by our vision.

### **Quality Policy:**

Rahim Textile Mills Ltd. is committed to be a provider of world class textile products and services by offering unrivalled quality and satisfying the customers. The Company is committed to avoid use of dyes and chemicals those are health hazard and harmful for the mankind and environment.

### **Corporate Governance:**

Corporate Governance involves decisions making process for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorized as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present and future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of the stakeholders. To this end entire corporate governance efforts are blended with 'good governance practices' as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work live and exist.

### **The organisms through which the corporate governance functions are carried out are:**

## **BOARD OF DIRECTORS:**

### **(a) Constitution:**

The Board of Directors, the top Management echelon, consisting of the founder entrepreneurs/ successors and Independent Directors, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of Seven (7) members including two Independent Directors with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when one –third of the members retires and seek re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

### **(b ) Role & Responsibilities:**

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the Company through appropriate delegation and accountability processes via the lines of command. However, the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the Company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility holds periodic meetings, at least once a quarter and provides appropriate decisions/directions to the Executive Management. Such meeting usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing,

procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.

**(C) Relationship with Shareholders and Public:**

The shareholders as owners are required to be provided with material information on the Company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary. The Board is, however, responsible to the Shareholders as well as investors for publication of any Price Sensitive Information as per BSEC Regulations. A qualified & experienced Company Secretary is in charge to discharge all these responsibilities. The Company has also a web site to provide permissible information/notices/price sensitive information/financial reports and others for the Shareholders and interested investors.

**(d) Relationship with Government:**

In its role on accountability to the government, the Board of Directors is to ensure payments of all dues to government in the form of import duty, custom duty, port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

**(e) Relationship with Financiers/ Bankers:**

The Board oversees the financial transactions and ensures to meet company's commitments to the lenders without default.

**(f) Relationship with Suppliers:**

The Company has to import plant and machinery and the raw materials from abroad, it has to maintain cordial relationship for mutually beneficial interest with its international as well as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the Company's image as a good customer.

**(g) Corporate Social Responsibilities (CSR):**

The Board of Directors is also aware of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion- regional equality, non- employment of child labor, human rights, environmental pollution, social-marketing and social-activities.

**SEPARATE ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR:**

The positions of Chairman and Managing Director are held separate persons. The Chairman is responsible for functions of the Board while the Managing Director serves as the Chief Executive Officer (CEO) of the Company to implement the decision of the Board and to oversee the day to day functions as permitted by the Articles of Association.

**CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPLIANCE AND COMPANY SECRETARY:**

The Company has appointed Mohammad Sakhawat Hossain, as Chief Financial Officer, Md. Rakibul Islam, as Head of Internal Audit and Compliance and Syed Saiful Haque, as Company Secretary of the Company as per requirement of Bangladesh Securities and Exchange Commission guidelines.

**AUDIT COMMITTEE OF BOARD:**

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Independent Director, Mr. M. Sekander Ali, an MBA and a Senior Development and Investment Banker of the Country. Other members are Dr. Shamim Matin Chowdhury, Director and Md. Qamrul Huda, Independent Director of the company. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinates with the

Internal and External Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the Company and its Directors, Officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the Company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other agencies. The Audit Committee of the Board held 4 (four) Meetings during the year 2017-2018.

### **NOMINATION AND REMUNERATION COMMITTEE:**

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC) consisting of three Directors. The NRC is headed by the Independent Director, Md. Qamrul Huda, former Managing Director of Pubali Bank Limited, Eastern Bank Limited and former Chief Executive of BCCI and additional Managing Director of Uttara Bank Limited and General Manager of Janata Bank. Other members are Dr. Shamim Matin Chowdhury, Director and Mr. M. Sekander Ali, Independent Director of the company.

### **OTHER GOVERNANCE APPARATUS:**

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government, and the Public as highlighted below:

#### **(a) Independent Director:**

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. M. Sekander Ali, one of the Senior Development/Investment Bankers of the country, former Managing Director of Investment Corporation of Bangladesh/Bangladesh Shilpa Bank/Bangladesh Shilpa Rin Sangstha and Senior Adviser of Bangladesh Securities and Exchange Commission, as the non-shareholder Independent Director.

Md. Qamrul Huda, one of the Senior Bankers of the country, former Managing Director of Pubali Bank Limited, Eastern Bank Limited and former Chief Executive of BCCI and additional Managing Director of Uttara Bank Limited and General Manager of Janata Bank as the non-shareholder Independent Director. It is expected that their expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

#### **(b) Bankers:**

The degree of efficient business operation largely depends on the quality & efficiency of banking services received by the company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely AB Bank Limited, The City Bank Limited and Mutual Trust Bank Ltd. who provide most efficient service at minimum cost/interest that benefit the shareholders.

The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court.

#### **(c) Insurer:**

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The Company, based on these considerations, is maintaining insurance business relationship with the highly reputed and publicly listed insurance companies namely Pioneer Insurance Co. Ltd., Green Delta Insurance Co. Ltd. and United Insurance Co. Ltd.

#### **(d) Auditors:**

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows the code of

International Accounting Standards (IAS) and Bangladesh Accounting Standards (BAS) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. Shiraz Khan Basak & Co., Chartered Accountants whose performance has played a very trustworthy role in the protection of interest of the investors.

### **MANAGEMENT COMMITTEE:**

The Management Committee is led by the Managing Director (CEO) who has been appointed by the Board of Directors for a term of 5 years (renewable) with the approval of Shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Mr. Ghaus Mohammad, Director-HR & Admin, Brig. General A F Jaglul Ahmed (Rtd.), Executive Director and Mohammad Sakhawat Hossain, Chief Financial Officer.

### **SEGMENT REPORT:**

The company's operations are carried out on a single business and geographic segment within which the company operates and as such no segment reporting is felt necessary.

### **RISK PERCEPTION:**

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific invention, WTO Regulation etc. and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks. The Company Management also perceives credit risk, liquidity risk, market risk, currency risk and interest rate risk.

### **WE STRIVE FOR**

- We in Rahim, strive, above all, for top quality products at the least cost.
- We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.
- We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company.
- We strive for the best co-operation of the creditors and debtors the banks & financial institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities- power, gas & water etc. and the customers who buy our products and services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.
- We strive for fulfillment of our responsibility to the Government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.
- We strive, as responsible citizen, for a social order devoid of malpractices, anti environmental behaviors, unethical and immoral activities and corruptive dealings.
- We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information etc.
- We strive for equality in sexes, races, religions and regions in all sphere of operation without any discriminatory treatment.
- We strive for an environment free from pollution and poisoning.
- We strive for the achievement of Millennium development goals for the Human Civilization.



## CORPORATE REVIEW

### I. MANAGEMENT APPARATUS:

- (a) **BOARD OF DIRECTORS:**
- |                            |                      |
|----------------------------|----------------------|
| Mr. Didar A. Husain        | Chairman             |
| Mr. A. Matin Chowdhury     | Managing Director    |
| Dr. Shamim Matin Chowdhury | Director             |
| Ms. Saima Matin Chowdhury  | Director             |
| Mr. Azizur Rahim Chowdhury | Director             |
| Md. Qamrul Huda            | Independent Director |
| Mr. M. Sekander Ali        | Independent Director |
- (b) **AUDIT COMMITTEE:**
- |                            |          |
|----------------------------|----------|
| Mr. M. Sekander Ali        | Chairman |
| Dr. Shamim Matin Chowdhury | Member   |
| Md. Qamrul Huda            | Member   |
- (c) **NOMINATION AND REMUNERATION COMMITTEE:**
- |                            |          |
|----------------------------|----------|
| Md. Qamrul Huda            | Chairman |
| Dr. Shamim Matin Chowdhury | Member   |
| Mr. M. Sekander Ali        | Member   |
- (d) **MANAGEMENT COMMITTEE:**
- |                                     |          |
|-------------------------------------|----------|
| Mr. A. Matin Chowdhury              | Chairman |
| Mr. Ghaus Mohammad                  | Member   |
| Brig. Gen. A F Jaglul Ahmed (Retd.) | Member   |
| Mr. Mohammad Sakhawat Hossain       | Member   |
- (e) **SENIOR CORPORATE OFFICIALS:**
- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| Mr. Ghaus Mohammad                  | Director, HR & Admin                  |
| Brig. Gen. A F Jaglul Ahmed (Retd.) | Executive Director                    |
| Mr. Mohammad Sakhawat Hossain       | Chief Financial Officer               |
| Mr. Syed Saiful Haque               | Company Secretary                     |
| Mr. S. H. Abdur Rahman              | General Manager                       |
| Md. Rakibul Islam                   | Head of Internal Audit and Compliance |
- (f) **AUDITORS:**
- |                         |                       |
|-------------------------|-----------------------|
| Shiraz Khan Basak & Co. | Chartered Accountants |
|-------------------------|-----------------------|
- (g) **BANKERS:**
- AB Bank Ltd.
  - The City Bank Ltd.
  - Mutual Trust Bank Ltd.
- (h) **INSURERS:**
- Pioneer Insurance Co. Ltd.
  - Green Delta Insurance Co. Ltd.
  - United Insurance Co. Ltd.
- (i) **LISTING:**
- Dhaka Stock Exchange Ltd.
- (j) **REGISTERED OFFICE:**
- 117/A, Tejgaon Industrial Area, Dhaka-1208.
- (k) **CORPORATE HEAD OFFICE:**
- Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208
- (l) **INVESTORS' RELATION DEPARTMENT:**
- |                  |   |
|------------------|---|
| Md. Kamruzzaman, | Fax No-880-2-8878064,                   |
|                  | E-mail: kamruzzaman@knitasia.com,       |
|                  | Tel: 880-2-8878065, Cell: 8801709998863 |
- (m) **FACTORY:**
- Shafipur, Kaliakoir, Gazipur.

## II. CORPORATE HISTORY:

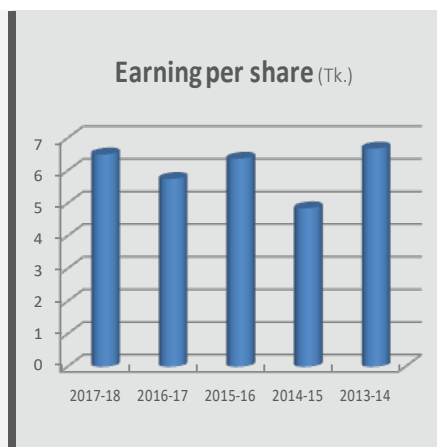
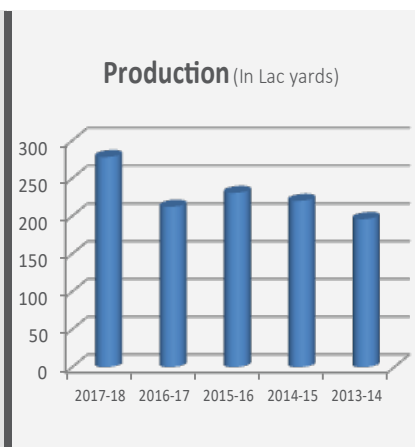
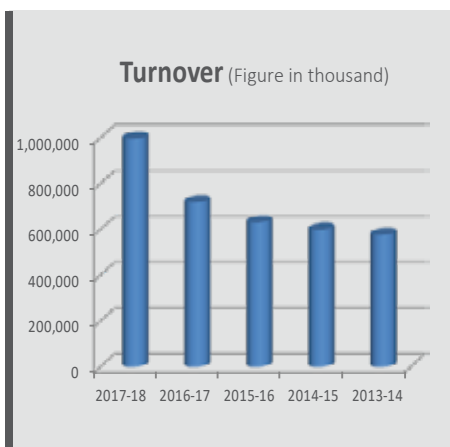
- Year of Incorporation : 31 December, 1981
- Year of Commencement of Production : 01 July, 1987
- Year of Initial Public Offering (IPO) : 1988
- Stock Exchange Listing date : 29 March, 1988
- Awarded Oeko-Tex Certificate : 20 September, 2010
- Awarded Better Cotton Initiative Certificate : 05 January, 2017
- Awarded Organic Content Standard Certificate : 31 August, 2016
- Authorized Capital : Tk.500 Million
- Paid Up Capital : Tk.78.179 Million
- Product Lines : Dyeing, Printing & Finishing for Woven & Knit Fabrics
- Number of Shareholders (30th June 2018) : 2759
- Number of Employees (30th June 2018) : 651

## III. FIVE YEARS OPERATIONAL RESULTS:

(Figures in thousand Tk.)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Turnover</b>	<b>995,951</b>	<b>717,463</b>	<b>630,290</b>	<b>598,622</b>	<b>575,293</b>
Gross Profit	157,205	118,454	108,568	92,310	70,211
Operating Profit	60,519	59,598	60,540	35,291	14,675
Net Profit before Tax	61,945	59,683	54,060	33,723	27,069
Net Profit after Tax	50,781	44,958	43,331	23,565	23,180
Total Assets	1,591,881	1,119,955	655,513	624,344	710,654
Fixed Assets	585,557	549,749	444,607	448,491	485,851
Total Bank Loan	828,956	456,235	197,886	236,787	380,228
Total Current Assets	1,006,324	570,205	210,906	175,853	224,802
Total Current Liabilities	978,488	646,772	365,522	327,935	416,828
Current Ratio	1.03:1	0.88:1	0.58:1	0.54:1	0.54:1
Authorized Capital	500,000	500,000	500,000	500,000	500,000
Paid up Capital	78,179	67,982	48,559	34,685	27,527
Number of shares outstanding	7,817,920	6,798,191	4,855,851	3,468,465	2,752,750
Shareholder's Equity	319,828	279,244	234,285	190,954	167,390
Face Value per Share	10	10	10	10	10
Cash Dividend Per Share (%)	20	15	-	-	-
Stock Dividend (%)	10	15	40	40	26
Return on Paid up Capital	30%	30%	40%	40%	26%
Net Assets Value per Share (NAV)	40.91	41.08	48.25	55.05	60.81
Net Operating Cash Flow per Share	11.36	17.81	32.66	26.89	20.13
<b>Earning per share (Tk.)</b>	<b>6.50</b>	<b>*5.75</b>	<b>6.37</b>	<b>4.85</b>	<b>6.68</b>
Number of Shareholders	2,759	2,808	2,555	2,641	2,429
Number of Employees	651	669	588	423	363
<b>Production (In Lac yards)</b>	<b>278.13</b>	<b>212.29</b>	<b>230.68</b>	<b>220.20</b>	<b>195.92</b>

- Earning per share for the year 2016-17 has been restated



# MESSAGE

## FROM THE CHAIRMAN

### **Dear Shareholders,**

I consider it a great honor to welcome you on behalf of the Board of Directors to the 37<sup>th</sup> Annual General Meeting of Shareholders of Rahim Textile Mills Ltd. and to present before you the Annual Report along with the Audited Financial Statements and the Auditors' and Directors' Report thereon of the Company for the year ended 30th June, 2018.

As it may reveal to you all, the Company has progressively made and maintained a sustainable growth in its operations as depicted by growth in turnover, gross profit, operating profit, net profit, total operating assets and shareholders' equity. The future outlook, as we may view optimistically as well as analytically, show signs of ever-increasing growth symptoms of the expanding export market in World Trade. We hope to exploit the situation created by big economics in our favour with supporting financial, fiscal and promotional support by the government and bilateral agencies of the World.

I would like to mention here that due to ever-growing expansion prospects, the Company is continuing its policy of more or less a stable policy of dividend and retention of funds for ploughing back of profit so that the net asset- value of shares keep increasing for the benefit of the Company and the Co-horts of the future, a way of eternal economic survival concept.

In the wake of operational growing performance, the Company had succeeded in earning an increased net profit during 2017-2018 with increase in turnover of Tk.278.49 million compared to previous year. The increase in turnover has been possible due to increase investments in operating assets as well as current assets which has been financed by increased Bank Loan and internal generation of funds without increasing the paid up capital by issue of shares for cash.

As you may be aware of, Bangladesh Securities and Exchange Commission (BSEC) has introduced mandatory Guidelines on Corporate Governance. The Board of Directors of the Company is committed to deliver good governance and exercise best practices in all respects, including managing the business effectively and responsibly and in a way which is transparent, showing accountability and abiding by the laws of the land.

We take the opportunity to thank our Shareholders, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., CDBL, RJSC, Bankers, Customers, Employees, and other stake holders for their whole hearted support to our Company.



**Didar A. Husain**

Chairman

**RAHIM TEXTILE MILLS LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE YEAR 2017-2018**

**Dear Shareholders,**

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 of the Bangladesh Securities and Exchange Rules 1987, BSEC Notification dated 03 June, 2018 and I AS (International Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders of the Company for the year ended 30 June, 2018 in the following paragraphs:

**Industry outlook and possible future developments in the industry:**

The future of the RMG/Textile Sector is expected to grow in the coming years in the wake of international trade wars between big players in International Trade between WTO members. Due to our competitive advantages in cost of production, Bangladesh is likely to consolidate its position provided policy support to the Private Sector is re-oriented by the government and Financial Institutions.

The turnover growth of our company during past few years are given below:

Year	Company's Growth Rate
2017-2018	38.82%
2016-2017	13.83%
2015-2016	5.29%
2014-2015	4.06%
2013-2014	0.49%

**Segment-wise or product wise performance:**

The actual production performance for the year under review has increased due to increase of production capacity for implementation of a major portion of BMRE program. As a result utilization of production capacity has increased from 80.05% to 92.71%. Earlier the Board of Directors had approved a BMRE plan No.-2 for Tk. 57.53 crore. Thus as against our BMRE plan No.-2 we got a loan of Tk.39.00 crore from The City Bank Ltd. Out of this Tk. 24.00 crore has been invested as on 30th June 2018 for import and installation of Machinery and Equipment's, construction of Building and other purposes.

A comparative statement of productions position are given below:

Particulars	2017-2018	2016-2017	% Increase/(decrease)
<b>01 Production Capacity:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	300.00	265.20	13.12%
<b>02 Actual Production:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	278.13	212.29	31.01%
<b>03 Capacity Utilization:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	92.71	80.05	12.66%

**Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:**

Global market is changing continuously with demand for fabric on the increase. New trends in fabric development were seen in the year under review. Environment and economic issues affect the trends and nature of business. Health and safety issues are also factors of concern. Price increases of raw material and the price hike of energy has affected manufacturing cost. The call to go green to meet environmental and compliance requirements has caused a shift in selecting eco-friendly chemicals which are expensive. Our efforts are to offset this imbalance through constant research and exploring alternative sources. Our objective is to reduce the chemical usages in productions. On line orders and sales

is the new trend of buyers. These are speed and super speed orders which is a cause of risks & concerns. Very short lead time to deliver finished product shall remain a concern to be addressed. The trend is on the increase. Investments for import of grieg is a risk. We need to find alternatives to meet the new challenge of speed and super speed orders as well as reduce the risk factor in investments. The Company is also aware of Financial Risk including Credit Risk, Liquidity Risk, Market Risk, Interest rate Risk, Currency Risk and is prepared to meet those by systematic control which are elaborately described in the notes of financial statement.

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

**(a) Cost of Goods Sold:**

This year's cost of goods sold was Tk.838.75 million (84.22% of turnover) as compared to last year's cost of goods sold of Tk.599.01 million (83.49% of turnover). This is due to the fact that there has been increase in average production cost by Tk. 1.94per yds (Tk. 30.16 in 2017-2018 per yds and Tk.28.22 in 2016-2017 per yds).The increase in production quantity is 65.84 million yards compared with the last year. Production capacity utilized during the year was 92.71%.

**(b) Gross Profit:**

The turnover of the company during the year was Tk.995.95 million as against last year's turnover of Tk.717.46 million. The increase in turnover is 38.82% over the last year. Gross Profit earned during the year was Tk.157.20 million (15.78% of turnover) as against last year's gross profit of Tk.118.45 million (16.51% of turnover). The marginal decrease in Gross Profit ratio is due to increase in prices of Dyes & Chemicals (Raw materials) and imported Gray fabrics. The Gross profit ratio has decreased by 0.73% over the previous year.

**(c) Net Profit:**

Net profit (after tax) earned during the year was Tk.50.78 million as compared to last year's Net profit (after tax) of Tk.44.95 million. During the year net profit after tax has increased due to increase in sales of fabrics related products.

**Discussion on continuity of any extraordinary activities and their implications (gain or loss):**

During the year the company received interest of FDR Tk.204,203 and Gain on Foreign Currency Exchange rate Tk.4,319,455 total Tk.4,523,658 which has been shown as Non Operating Income in note no.22.00 in the Notes of Account.

**Detailed discussion on related party transactions:**

Related party transactions are depicted in Note no. 28.00 in the Notes of Account.

**Statement of utilization of proceeds raised through public issues, right issues and/or any other instruments:**

There were no public issues and/or right issues offered during the year.

**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.:**

Initial Public Offering was made on 1988. There were no Repeat Public Offering, Rights Offer, Direct Listing, etc. in the history of the company.

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

The unaudited Earning per share (EPS) for 1st quarter was Tk.1.49, 2nd quarter Tk.3.23 and 3rd quarter Tk.6.65. After Audit the Annual Earning per share (EPS) stood at Tk.6.50. The quarterly variance between 1st quarter to 2nd quarters occurred due to allotment of 1,019,729 number Bonus share for the year 2016-17. Otherwise there were no major variance between the quarterly financial performances.

**Statement of remuneration paid to the directors including independent directors:**

The remuneration of Directors including Independent Directors are depicted in Note no.28.03 & 28.04 in the Notes of Account.

**Statement of Directors on Financial Reports:**

The above reports are depicted in Annexure-I

**Explanation that significant deviations from the last year's operating results of the company:**

Turnover increased by 38.82% over the last year. However, the Cost of goods sold (COGS) marginally increased by 0.73% due to increase in price of Dyes & Chemicals and other Raw materials. As a result, operating profit has decreased by 2.23% on sales compared to last year (2016-2017 was 8.31% and 2017-2018 is 6.08%).

**FINANCIAL RESULTS:**

The comparative statements of financial results of the Company for the year 2017-18 as compared to previous year are summarized as follows:

(Tk. in Thousand)

Particulars	2017-18	2016-17	% Increase/(Decrease)
Turnover	995,951	717,463	38.82%
Cost of goods sold	838,746	599,008	0.73%
Gross profit	157,205	118,454	(0.73%)
Operating expenses	57,136	41,714	(0.07%)
Financial expenses	39,550	17,143	1.58%
Operating profit	60,519	59,598	(2.23%)
<b>Net profit (AT)</b>	<b>50,781</b>	<b>44,958</b>	<b>(1.17%)</b>
Gross profit margin	15.78%	16.51%	(0.73%)
Net profit margin	5.10%	6.27%	(1.17%)
<b>Earning per share (Tk.)</b>	<b>6.50</b>	<b>*5.75</b>	<b>--</b>
Face value per share	10	10	--

\*Earning per share restated in the year 2016-17.

**Key operating and financial data of last preceding 5(five) years have been presented in summarized form in page no. 09**

**Dividend:**

Board of Directors has recommended for declaration of Cash Dividend @ 20% i.e. Tk.2.00 per share of Tk.10.00 each and Stock Dividend @ 10% i.e. 0.10 (Zero point one zero) Bonus Share for every 01 (One) ordinary share held by the shareholders on the Record date.

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

No bonus share or stock dividend has been declared during the year 2017-2018 as interim dividend.

**The total number of Board Meetings held during the year 2017-2018 and attendance by each director, stated in Annexure-I.**

**Report on the pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June 2018, stated in Annexure-II.**

**Appointment/re-appointment of the directors:**

Brief resume and other required information of the directors who seek re-appointed in the ensuing AGM are stated in Annexure-III.

**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:**

Management's Discussion and analysis signed by CEO or MD are stated in Annexure-IV

**Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) are disclosed in Annexure-A.**

**Report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 are disclosed in Annexure-B and Annexure-C.**

## MARKETING:

Global market behavior is guided by trends, Generation changes, fashion demands etc. These challenges were faced continuously in achieving our objectives of capturing a greater market share. The most effective tools were innovation. New printing and dyeing houses posed a threat and competition was intense. We adopted the new trends along with innovative ideas in our marketing policy. We have successfully implemented our unique ideas & techniques to enhance the current trends to achieve greater market value. Good intercommunication with buyers and our suppliers helped in attaining our goals and ensured a good bonding. We have moved forward with the image of a complete woven package dyeing and printing house. We are providing dyed and printed woven fabric to buyers. In printing the trend is towards digital printing. We need to adopt this trend in order to remain strong. We are happy to inform that we have weathered the competition and impediments and made positive progress. The future looks strong.

## CAPITAL EXPENDITURES:

During the year 2017-18 the following capital expenditure were incurred:

(Tk. in million)

Particulars	2017-2018	2016-2017	2015-2016
Land/civil construction	8.26	0.03	2.20
Plant & Machinery	59.38	142.46	34.04
Other Fixed Assets	26.44	16.05	4.97
<b>Total</b>	<b>94.08</b>	<b>158.54</b>	<b>41.21</b>

Sources of funds are borrowing from Banks and internal generation.

## LONG TERM LOAN REPAYMENT:

During the year the company has repaid the Term Loan amounting to Tk.51,058,249.19 and created new Term Loan for new BMRE plan. As a result the Term Loan position as on 30th June, 2018 stood at Tk.336,700,864.00.

## APPROPRIATION OF PROFIT:

The Board of Directors recommended for appropriation of profit as follows:

Retained Earnings brought forward from previous year	: Tk.127,518,668.00
Less: Dividend distribution for the year 2016-2017	: <u>(Tk.20,394,577.00)</u>
<b>Balance surplus brought forward</b>	<b>: Tk.107,124,091.00</b>
Add: Net Profit (after tax) during the year 2017-2018	: Tk. 50,781,122.00
Add: Adjustment of excess depreciation	: <u>Tk. 1,825,178.00</u>
<b>Total net free surplus available for appropriation</b>	<b>: Tk.159,730,391.00</b>

## Appropriation Proposed:

- (i) Stock Dividend (Bonus Shares) in the ratio of 1:0.10 (10%)  
i.e. 0.10 (Zero point one zero) Bonus Share for every 01(One) ordinary share held on Record Date : (Tk. 7,817,920.00)
- (ii) Cash Dividend @ 20% i.e. Tk.2.00 (Two) per share of Tk.10.00 each : (Tk.15,635,840.00)

**Retained Earnings after payment of Dividend** **Tk.136,276,631.00**

## DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Cash Dividend @ 20% and Stock Dividend (Bonus Share) @ 10% for the year 2017-2018. This will need cash disbursement of Tk.15,635,840.00 and issuance of 781,792 Ordinary Shares of Tk.10.00 each by capitalization of Tk.7,817,920.00 total Tk.23,453,760.00 out of Retained Earnings (free reserves).The cash and stock dividend will be available to the Shareholders whose names would appear in the Share Register of the Company or in the Depository on the record date.

## **ELECTION OF DIRECTORS:**

### **Rotation of Directors:**

Pursuant to Article clause 120 of the Articles of Association of the Company, Dr. Shamim Matin Chowdhury, Director and Mr. Azizur Rahim Chowdhury, Director shall retire by rotation and being eligible as per Article 121 of the Articles of Association of the Company, they offered themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.(5) (xxiv) of BSEC notification dated 3 June, 2018 are depicted in **ANNEXURE-III**.

### **APPOINTMENT OF STATUTORY AUDITORS:**

M/s. Shiraz Khan Basak & Co., Chartered Accountants, existing auditor of the Company declined in writing to act as external auditor of the company for the year 2018-2019. M/s. Malek Siddiqui Wali, Chartered Accountants (a panel auditor of BSEC), have offered themselves for appointment as external auditor of the company for the year 2018-2019. The Board recommended M/s. Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A, Dhaka-1000 for appointment as auditors of the Company of the year 2018-2019 with fixation of their remuneration.

### **APPOINTMENT OF CORPORATE GOVERNANCE AUDITORS:**

M/s. Das Chowdhury Dutta & Co., Chartered Accountants, existing auditors of the company being eligible offered themselves for re-appointment as corporate governance auditors of the company for the year 2018-2019. The Board recommended M/s. Das Chowdhury Dutta & Co., Chartered Accountants, Well Tower (1st Floor), Flat-A/1, 12/A, Purana Paltan Line, Dhaka for re-appointment as corporate governance auditors of the Company of the year 2018-2019 with fixation of their remuneration.

### **APPOINTMENT OF INDEPENDENT DIRECTOR:**

The Board of Directors in its meeting held on 30th September, 2018 decided to appoint Mr. M. Sekander Ali as Independent Director of the Company for a period of 3 (three) years with effect from 23rd September, 2018 as per BSEC Regulations and recommended for approval by the shareholders in the ensuing Annual General Meeting. Brief resume and other information of the above mentioned director is depicted in **ANNEXURE-III**.

### **COMPLIANCE REPORT IN ANNEXURE:**

We are pleased to confirm that the company has complied with all necessary guidelines in accordance with the requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The Corporate Governance Compliance Report for 2017-2018 is attached (**Annexure-C**) in Annual Report along with the certificate of Compliance required under the said guidelines.

The company obtained a certificate from Das Chowdhury Dutta & Co., Chartered Accountants, regarding compliance of conditions of corporate governance code of the Commission, which is enclosed in the Annual Report as **Annexure-B**.

### **ACKNOWLEDGEMENT:**

The Directors are pleased to express their gratitude for the co-operation and support provided by the Shareholders, Customers, Bankers, Insurance Companies, Suppliers, BSEC, DSE, CDBL, RJSC and dedication by Workers and Employees of the company without whose active support the result would not have been possible.

Looking forward to a bright future for all of us.

On behalf of the Board of Directors,



**Didar A. Husain**  
Chairman



## ANNEXURE –I

### The Directors also report that:

- Related Party Transactions are depicted in **Note no.28.00** in the Notes of Account.
- Remuneration of Directors including Independent Director have been shown in **Note no. 28.03 & 28.04** in the Notes of Account.
- The Financial Statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/IFRS as applicable in Bangladesh and any departure there from has been adequately disclosed.
- The internal control system is sound in design and is effectively implemented and monitored.
- The 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.
- There is no significant doubt about the company's ability to continue as a going concern.
- Significant deviation from the operating result compared to the last year is depicted in **page no. 13** above.
- Key operating and financial data of last five years have been presented in summarized form in **page no. 09**
- No bonus share or stock dividend has been declared during the year 2017-2018 as interim dividend.
- The total number of Board Meeting and the attendance of directors during the year 2017-2018 were as follows:

Name of Directors	Position	Meeting Held	Attended
Didar A. Husain	Chairman	08	04
A. Matin Chowdhury	Managing Director	08	08
Dr. Shamim Matin Chowdhury	Director	08	08
Saima Matin Chowdhury	Director	08	03
Azizur Rahim Chowdhury	Director	08	07
Dr. Sultan Hafeez Rahman	Independent Director	08	07
Md. Qamrul Huda	Independent Director	08	07
Mr. M. Sekander Ali **	Independent Director		

- \*\* Mr. M. Sekander Ali has been appointed as Independent Director on 30-09-2018 with effect from 23-09-2018 in place of Independent Director, Dr. Sultan Hafeez Rahman on completion of his consecutive two (2) terms i.e. six (6) years.
- The pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-II.**
  - Information of Directors who seek appointment/re-appointment as required by clause 1.(5) (xxiv) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-III.**
  - Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission is enclosed as **Annexure –C.**

## ANNEXURE-II

### Pattern of Shareholding as on 30th June, 2018:

Name of the Shareholders	Status	Shares held	%
<b>i. Parent/Subsidiary/Associated Companies and other related parties</b>	Nil	Nil	Nil
<b>ii. Directors:</b>			
Didar A. Husain	Chairman	1,478,698	18.91
A. Matin Chowdhury	Managing Director	1,349,626	17.26
Dr. Shamim Matin Chowdhury	Director	1,049,058	13.42
Saima Matin Chowdhury	Director	1,468,735	18.79
Azizur Rahim Chowdhury	Director	282,857	3.62
Dr. Sultan Hafeez Rahman	Independent Director	Nil	Nil
Md. Qamrul Huda	Independent Director	Nil	Nil
<b>iii. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit &amp; Compliance and their Spouses and Minor Children:</b>			
A. Matin Chowdhury	Chief Executive Officer	1,349,626	17.26
Syed Saiful Haque	Company Secretary	Nil	Nil
Mohammad Sakhawat Hossain	Chief Financial Officer	Nil	Nil
Md. Rakibul Islam	Head of Internal Audit & Compliance	Nil	Nil
Shirin Didar Husain	Wife of Mr. Didar A. Husain	208,915	2.67
Dr. Shamim Matin Chowdhury	Wife of Mr. A. Matin Chowdhury	1,049,058	13.42
<b>iv. Executives</b>	Nil	Nil	Nil
<b>v. Shareholders holding 10% or more voting interest in the Company</b>			
Didar A. Husain	Chairman	1,478,698	18.91
A. Matin Chowdhury	Managing Director	1,349,626	17.26
Dr. Shamim Matin Chowdhury	Director	1,049,058	13.42
Saima Matin Chowdhury	Director	1,468,735	18.79

## ANNEXURE-III

### Brief Resume of the Directors

#### Directors who seek re-appointment:

##### Dr. Shamim Matin Chowdhury:

Dr. Shamim Matin Chowdhury is a Sponsor Director of the Company since 1981. She has more than 36 (thirty six) years' experience in the textile sector. She completed M.B.B.S from Dhaka Medical College and postgraduate studies from the U.K. Mrs. Chowdhury is a famous Child and Adolescent Psychiatrist. She is the former Chief Consultant of Pabna Mental Hospital. She is also the Chairperson of Special Olympics in Bangladesh. She is the Director of Malek Spinning Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, J.M. Fabrics Limited, New Asia Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and also the Managing Director of Newasia Synthetics Limited. She is the Member of Audit Committee and Nomination and Remuneration Committee of Malek Spinning Mills Limited and Rahim Textile Mills Limited.

##### Mr. Azizur Rahim Chowdhury:

Mr. Azizur Rahim Chowdhury is a Director of the Company since 2007, son of Mr. A. Matin Chowdhury. He obtained graduation from Purdue University in the U.S.A. with a major in Computer Science and Business Management. He has more than 11 (eleven) years working experience in the textile--sector. He is also the Director of Malek Spinning Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and also the Managing Director of J.M. Fabrics Limited and Director of Bangladesh Textile Mills Association (BTMA).

### **Appointment of Independent Director:**

#### **Mr. M. Sekander Ali**

Mr. M. Sekander Ali, B.Com (Hons), Dhaka University (1960), MBA (IBA), Karachi University (1962), having Capital Market Training in USA (1968-69), one of the Senior Development/Investment Bankers of the country, former (retired) Managing Directors of Investment Corporation of Bangladesh, erstwhile Bangladesh Shilpa Bank & Bangladesh Shilpa Rin Shangstha (now Bangladesh Development Bank Ltd.), and Former Senior Adviser of Bangladesh Securities and Exchange Commission (1997-98), has been appointed as Independent Director of the company on 30th September 2018 with effect from 23rd September 2018. He has been also appointed as Audit Committee Chairman and member of Nomination and Remuneration Committee of Rahim Textile Mills Ltd.

## **ANNEXURE-IV**

### **Management's Discussion and Analysis**

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition no 1.5(xxv) of Corporate Governance Code dated June 03, 2018.

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

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Cash Flow Statements
BAS-8	Net Profit or Loss for the Period, Fundamental Errors and Accounting Policies, Changes in Accounting Estimates
BAS-10	Events after the Reporting Period
BAS-11	Construction, Contracts
BAS-12	Income Taxes
BAS-14	Segment Reporting
BAS-16	Property, Plant & Equipment
BAS-17	Leases
BAS-18	Revenue
BAS-19	Employee Benefits
BAS-21	The Effects of Changes in Foreign Exchange Rates
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plants
BAS-33	Earning Per Share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets

- (b) There is no changes in accounting policies and estimation for preparation of financial statement for the year ended June 30, 2018. Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 in preparation and presentation of financial statements. The previous year's figures were presented according to the same accounting principles.

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

Figures in Million Taka

Particulars	Jul 17 to Jun 18	Jul 16 Jun 17	Jul 15 Jun 16	Jul 14 Jun 15	Jul 13 Jun 14
Turnover	995.95	717.46	630.29	598.62	575.29
Gross Profit	157.20	118.45	108.57	92.31	70.21
Net Profit before tax	61.94	59.68	54.06	33.72	27.07
Net Profit after tax	50.78	44.96	43.33	23.56	23.18
Shareholders' Equity	319.83	279.24	234.29	190.95	179.20
Total Assets	1,591.88	1,119.95	655.51	624.34	710.65
Total Current Assets	1,006.32	570.21	210.91	175.85	224.80
Total Current Liabilities	978.49	646.77	365.52	327.94	416.83
Current Ratio	1.03	0.88	0.58	0.54	0.54
Net Asset Value per share	40.91	41.08	48.25	55.05	65.10
Earning per share	6.50	6.61	8.92	6.79	8.42
NOCFPS	11.36	17.81	32.66	26.89	20.13

**Turnover:**

Turnover has increased over the last 5 (five) years due to increase in business volume for fabrics printing & finishing work.

**Net Profit after Tax:**

Net Profit after tax has increased compared with last 5 (five) years due to increase in sales of fabrics related products.

**Earning Per Share (EPS):**

Earning Per Share (EPS) during the year 2017-18 has decreased compared to the last 5 (five) years due to declaration and allotment of stock dividend @ 15%, 40%, 40% & 26% respectively.

**Net Operating Cash Flow Per Share (NOCFPS):**

Net Operating Cash Flow Per Share (NOCFPS) has decreased due to increase of financial cost, payment of old creditors & income tax expenses as well as increase of number of shares compared to the last 5 (five) years.

- (d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario:

Figures in Million Taka

Particulars	Rahim Textile Mills Ltd. Jun 30, 2018	Evince Textiles Ltd. Jun 30, 2018	Square Textiles Ltd. Jun 30, 2017	Paramount Textile Ltd. Jun 30, 2018
<b>Revenue (Turnover)</b>	<b>995.95</b>	<b>1,796.33</b>	<b>5,020.42</b>	<b>4,119.60</b>
Gross Profit	157.20	434.89	525.63	692.54
Operating Expenses	57.14	81.72	181.27	205.66
Financial Expenses	39.55	167.90	36.49	171.25
Net Profit before tax	61.94	178.30	297.59	328.73
Net Profit after tax	50.78	143.61	252.49	277.53
Net Profit in %	5.10%	7.99%	5.03%	6.74%
Earnings per share (EPS)	6.50	0.91	1.41	2.15
NOCFPS	11.36	2.60	0.77	2.67

- (e) Bangladesh's economy is now growing at over 7% annually despite poor infrastructure and insufficient power supplies. Despite some streamlining of business regulations, entrepreneurial activity is also hampered by an uncertain regulatory environment and the absence of effective institutional support for private-sector development. The top income tax rate is 30 percent, and the top corporate tax rate is 45 percent. Other taxes include a value-added tax. The overall tax burden equals 8.8 percent of total domestic income. Over the past three

years, government spending has amounted to 13.9 percent of total output (GDP) and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 33.1 percent of GDP. The National Budget has been increasing at a faster rate during the last decade with substantial developments in socio-economic and human resources indices for which Bangladesh is now being considered as a Model on the High-way to Mid-Level rich country by 2030 and a rich country by 2040.

(f) Risk and concerns related to the financial statements and such risk and concerns mitigation plan:

(1) **Credit Risk:**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing bases. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

(2) **Liquidity Risk:**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalent) is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

(3) **Market Risk:**

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holding financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(4) **Currency Risk:**

The company is exposed to currency risk on certain purchases such as import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

(5) **Interest Rate Risk:**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

(g) Future plan or projection or forecast for company's operation, performance and financial position:

The Company has, for now, necessary plan outlines to continue its current strategies until any change in national/international business outlook.



**A. Matin Chowdhury**  
Managing Director

## Annexure-A

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

### Rahim Textile Mills Limited Declaration by CEO and CFO

Date: October 11, 2018

The Board of Directors  
Rahim Textile Mills Limited  
117/A, Tejgaon Industrial Area  
Dhaka-1208  
Bangladesh

**Subject: Declaration on Financial Statements for the year ended on 30th June 2018.**

Dear Sirs,

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

- (1) The Financial Statements of Rahim Textile Mills Limited for the year ended on 30th June 2018 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 30th June 2018 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,



**(A. Matin Chowdhury)**  
Managing Director



**(Mohammad Sakhawat Hossain)**  
Chief Financial Officer

## Annexure-B [Certificate as per condition No.1 (5) (xxvii)]

### Report to the Shareholders of Rahim Textile Mills Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Rahim Textile Mills Limited** for the year ended on **30 June 2018**. 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 (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation there of 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 there of, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except 1(4)(b), 1(4)(c), 1(7)(a), 1(7)(b), 3(1)(c), 6(1)(b), 6(2)(g), 6(2)(h), 6(3)(b), 6(4)(a), 6(4)(b), 6(4)(c), 6(4)(d), 6(5)(a), 6(5)(b)(i)(a), 6(5)(b)(i)(b), 6(5)(b)(i)(c), 6(5)(b)(ii), 6(5)(b)(iii), 6(5)(b)(iv), 6(5)(b)(v), 6(5)(b)(vi), 6(5)(c) and explanation is given in Annexure-C;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws and
- (d) The Governance of the company is satisfactory.

Dhaka, 24 November 2018



**Dipak Ranjan Datta, FCA**  
Partner  
**Das Chowdhury Dutta & Co.**  
Chartered Accountants

**Annexure-C**  
**[As per condition No. 1(5)(xxvii)]**

**Corporate Governance Compliance Report**

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>			
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
<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; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2) (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2) (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2) (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2) (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2) (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2) (b) (viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		
1(2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2) (e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) tenure only;	√		



Condition No.	Title	Complied	Not Complied	Remarks (if any)
<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 the business;	√		
1(3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			Not applicable
1(3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or	√		
1(3) (b) (iii)	Former official of government or statutory or autonomous body or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	√		
1(3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not applicable
1(3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			Not applicable
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.			Not applicable
<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 (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company		√	As a group company MD is holding same position in 2 (two) listed companies as on date
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;		√	Noted for compliance
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>			
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1 (5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1 (5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			Not applicable
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.;			Not applicable
1 (5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1 (5) (x)	A statement of remuneration paid to the directors including independent directors;	√		
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1 (5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1 (5) (xvi)	A statement that minority shareholders have been protected from abuse actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			Not applicable
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5) (xxiii) (c)	Executives; and	√		
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5) (xxiv) (a)	a brief resume of the director;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1(5) (xxiv) (b)	nature of his or her expertise in specific functional areas; and	√		
1(5) (xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5) (xxv) (a)	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 the financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5) (xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM;	√		
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3 (3) shall be disclosed as per <b>Annexure-A</b> ; and	√		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per <b>Annexure-B and Annexure-C</b> .	√		
1(6)	<b>Meetings of the Board of Directors</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
<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;		√	Noted for compliance
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.		√	Noted for compliance
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.-</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			Not applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding comp-any;			Not applicable

Condition No.	Title	Complied	Not Complied	Remarks (if any)
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not applicable
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)-</b>			
3(1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;		√	Noted for compliance
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).			Not applicable
<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 the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
<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>			
4(i)	Audit Committee; and	√		
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	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
<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 circumstances causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2) (e)	The company secretary shall act as the secretary of the Committee;	√		
5(2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
<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)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4) (b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
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.	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
5(5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5) (h)	review the adequacy of internal audit function;	√		
5(5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5) (j)	review statement of all related party transactions submitted by the management;	√		
5(5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			Not applicable
<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) (a)	report on conflicts of interests;			Not applicable
5(6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not applicable
5(6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Not applicable
5(6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Not applicable
5(6) (b)	Reporting to the Authorities			Not applicable
5(7)	Reporting to the Shareholders and General Investors	√		
<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 sub-committee of the Board;	√		
6(1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;		√	Noted for compliance
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;	√		
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
6(2) (e)	In case of death, resignation, disqualification or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Not applicable
6(2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as adviser who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Not applicable
6(2) (g)	The company secretary shall act as the secretary of the Committee;		√	Noted for compliance
6(2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		√	Noted for compliance
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;		√	Noted for compliance
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;		√	Noted for compliance
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		√	Noted for compliance
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);		√	Noted for compliance
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.		√	Noted for compliance
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;		√	Noted for compliance
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;		√	Noted for compliance
6(5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and		√	Noted for compliance
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;		√	Noted for compliance
6(5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		√	Noted for compliance
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;		√	Noted for compliance

Condition No.	Title	Complied	Not Complied	Remarks (if any)
6(5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;		√	Noted for compliance
6(5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and		√	Noted for compliance
6(5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;		√	Noted for compliance
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.		√	Noted for compliance
<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;	√		
7(1) (viii)	audit or certification services on compliance of corporate governance as required under condition No.9(1); and	√		
7(1) (ix)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<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 AGM	√		
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not	√		



## AUDIT COMMITTEE REPORT

For the Year 2017-2018

Rahim Textile Mills Limited having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

### The Audit Committee consists of the following persons:

Mr. M. Sekander Ali, Independent Director	Chairman
Dr. Shamim Matin Chowdhury, Director	Member
Md. Qamrul Huda, Independent Director	Member
Mr .Syed Saiful Haque, Company Secretary	Secretary

### Meetings of the Audit Committee:

- The Committee held four (04) meetings during the year.
- The Committee submits its report directly to the Board of Directors.
- Minutes of the Committee meeting are properly recorded.

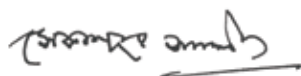
### The scope of Audit Committee was defined as under:

- a. Review with the management and recommend to the Board to approve the quarterly, half yearly and annual financial statements prepared for statutory purpose;
- b. Monitor and oversee financial reporting process, choice of accounting policies and principles, internal audit and compliances process to ensure that it is adequately resourced, approval of the internal audit and compliances plan, review of the internal audit and compliance report, hiring and performance of external auditors;
- c. Meeting with the auditors for review of the annual financial statements before submission to the Board for approval;
- d. Review the adequacy of internal audit function, Management's Discussion and Analysis before disclosing in the Annual Report;
- e. Review statement of all related party transactions submitted by the management;
- f. Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- g. Review and consider the report of internal auditors and statutory auditors observations on internal control.

### Activities carried out during the year:

The Committee reviewed with the management the quarterly, half yearly and annual financial statements and recommended to the Board for consideration. The Committee had overseen, financial reporting process, hiring and performance of external auditors, monitor choice of accounting policies and principles, internal audit and compliances process, reviewed and approved the procedure and task of the internal audit, financial report preparation, Management's Discussion and Analysis and the external audit reports.

The Committee found adequate arrangement to present a true and fair view of the activities and the financial statements of the company and a good monitoring system within the business and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.



**M. Sekander Ali**

Chairman

Audit Committee

Date: 17<sup>th</sup> October, 2018.



**SHIRAZ KHAN BASAK & CO.**  
CHARTERED ACCOUNTANTS  
(An associate firm of D. N. Gupta & Associates)

**R. K. Tower (Level-10)**

86, Bir Uttam C.R. Datta Road  
(312, Sonargaon Road), Dhaka-1205  
Tel : 88-02-9635139, 88-02-9673597  
Mobile : 01552-638228, 01711-520770  
01922-117370, 01757-941837  
E-mail : shirazkhanbasak@yahoo.com

**AUDITORS' REPORT TO THE SHAREHOLDER'S OF  
RAHIM TEXTILE MILLS LIMITED**

**INTRODUCTION**

We have audited the accompanying Financial Statements of **Rahim Textile Mills Limited**, which comprise Statement of Financial Position as at June 30, 2018 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other relevant laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment, of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at June 30, 2018 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income dealt with by the report are in agreement with the books of accounts and returns;
- d) The expenditure incurred and payments made were for the purpose of the Company's business for the period.

Place: Dhaka  
Date: October 20, 2018

**SHIRAZ KHAN BASAK & CO.**  
CHARTERED ACCOUNTANTS

**Rahim Textile Mills Limited**  
**Statement of Financial Position**  
**As at 30<sup>th</sup> June 2018**

Particulars	Notes	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
<b>ASSETS:</b>			
<b>Non Current Assets:</b>			
Property Plant & Equipment	04.00	585,557,161	549,749,118
<b>Total Non Current Assets</b>		<b>585,557,161</b>	<b>549,749,118</b>
<b>Current Assets:</b>			
Inventories	05.00	273,342,055	151,713,301
Accounts Receivable	06.00	357,850,659	233,601,876
Advances, Deposits & Pre-Payments	07.00	292,998,330	175,860,621
Cash & Bank Balances	08.00	82,132,581	9,029,663
<b>Total Current Assets</b>		<b>1,006,323,624</b>	<b>570,205,461</b>
<b>TOTAL ASSETS</b>		<b>1,591,880,785</b>	<b>1,119,954,579</b>
<b>SHARE HOLDER'S EQUITY &amp; LIABILITIES:</b>			
<b>Shareholder's Equity:</b>			
Share Capital	09.00	78,179,200	67,981,910
Retained Earnings	10.00	159,730,391	127,518,668
Revaluation Surplus of Fixed Assets	11.00	81,917,962	83,743,140
<b>Total Shareholder's Equity</b>		<b>319,827,553</b>	<b>279,243,718</b>
<b>Non-Current Liabilities:</b>			
Long Term Loan	12.00	265,553,232	169,845,300
Deferred Tax Liabilities	13.00	28,012,125	24,093,474
<b>Total Non-Current Liabilities</b>		<b>293,565,357</b>	<b>193,938,774</b>
<b>Current Liabilities:</b>			
Accounts Payable	14.00	348,864,578	306,721,513
Current Portion of Long Term Loan	15.00	71,147,633	12,265,556
Short Term Loan From Bank	16.00	492,254,853	274,124,259
Others Provision & Liabilities	17.00	66,220,812	53,660,759
<b>Total Current Liabilities</b>		<b>978,487,875</b>	<b>646,772,087</b>
<b>TOTAL SHARE HOLDER'S EQUITY &amp; LIABILITIES:</b>		<b>1,591,880,785</b>	<b>1,119,954,579</b>
<b>Net Asset Value (NAV ) per share</b>	26.00	<b>40.91</b>	<b>41.08</b>
Par Value Tk. 10.			

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 20, 2018 and were signed on it's behalf by.

  
**Syed Saiful Haque**  
 Company Secretary

  
**Mohammad Sakhawat Hossain**  
 Chief Financial Officer

  
**A. Matin Chowdhury**  
 Managing Director

  
**Didar A. Husain**  
 Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
 Date: October 20, 2018.

  
**Shiraz Khan Basak & Co.**  
 Chartered Accountants

**Rahim Textile Mills Limited**  
**Statement of Profit or Loss and other Comprehensive income**  
**For the year ended 30<sup>th</sup> June 2018**

Particulars	Notes	30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
<b>Sales Revenue</b>	18.00	<b>995,950,719</b>	<b>717,462,840</b>
Cost of Goods Sold	19.00	(838,745,953)	(599,008,501)
<b>Gross Profit</b>		<b>157,204,766</b>	<b>118,454,339</b>
<b>Operating Expenses:</b>			
Administrative & Selling Expenses	20.00	(57,135,927)	(41,713,623)
<b>Operating Profit before Financial Expenses</b>		<b>100,068,840</b>	<b>76,740,716</b>
Financial Expenses	21.00	(39,550,339)	(17,142,708)
<b>Operating Profit</b>		<b>60,518,501</b>	<b>59,598,008</b>
Non Operating Income/(Loss)	22.00	4,523,658	3,069,506
<b>Net Profit before WPPF &amp; WF</b>		<b>65,042,159</b>	<b>62,667,514</b>
Contribution to WPPF & WF	23.00	(3,097,246)	(2,984,167)
<b>Net Profit / (Loss) for the period</b>		<b>61,944,913</b>	<b>59,683,347</b>
<b>Less : Income Tax Expenses</b>		<b>11,163,791</b>	<b>14,725,027</b>
Current Tax	24.00	10,492,573	10,013,065
Prior years Tax		(3,247,433)	(3,381,142)
Deferred Tax during the year	13.00	3,918,651	8,093,104
<b>Net Profit / (Loss) for the period after tax</b>		<b>50,781,122</b>	<b>44,958,320</b>
Other comprehensive income:		-	-
<b>Total comprehensive income</b>		<b>50,781,122</b>	<b>44,958,320</b>
<b>Earning Per Share (EPS).(Restated in 2017)</b>	25.00	<b>6.50</b>	<b>5.75</b>
<b>Par Value Tk.10</b>			
<b>Number of shares used to compute EPS</b>		<b>7,817,920</b>	<b>7,817,920</b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 20, 2018 and were signed on it's behalf by.



**Syed Saiful Haque**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Managing Director



**Didar A. Husain**  
Chairman

Signed in terms of our separate report of even date annexed.



**Shiraz Khan Basak & Co.**  
Chartered Accountants

Place: Dhaka  
Date: October 20, 2018.

**Rahim Textile Mills Limited**  
**Statement of Changes in Equity**

**For the year ended 30<sup>th</sup> June 2018**

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
As at July 1, 2017	67,981,910	83,743,140	127,518,668	279,243,718
Net Profit this period	-	-	50,781,122	50,781,122
Stock Dividend	10,197,290	-	(10,197,290)	-
Cash Dividend	-	-	(10,197,287)	(10,197,287)
Excess Depreciation Adjustments	-	(1,825,178)	1,825,178	-
<b>For the year ended 30<sup>th</sup> June 2018</b>	<b><u>78,179,200</u></b>	<b><u>81,917,962</u></b>	<b><u>159,730,391</u></b>	<b><u>319,827,552</u></b>

**Rahim Textile Mills Limited**  
**Statement of Changes in Equity**  
**For the year ended 30<sup>th</sup> June 2017**

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
As at July 1, 2016	48,558,510	85,799,646	99,927,242	234,285,398
Net Profit this period	-	-	44,958,320	44,958,320
Stock Dividend	19,423,400	-	(19,423,400)	-
Excess Depreciation Adjustments	-	(2,056,506)	2,056,506	-
<b>For the year ended 30<sup>th</sup> June 2017</b>	<b><u>67,981,910</u></b>	<b><u>83,743,140</u></b>	<b><u>127,518,668</u></b>	<b><u>279,243,718</u></b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 20, 2018 and were signed on it's behalf by.



**Syed Saiful Haque**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Managing Director



**Didar A. Husain**  
Chairman

Signed in terms of our separate report of even date annexed.



**Shiraz Khan Basak & Co.**  
Chartered Accountants

Place: Dhaka  
Date: October 20, 2018.

**Rahim Textile Mills Limited**  
**Statement of Cash Flows**  
**For the year ended 30<sup>th</sup> June 2018**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
<b>Cash Flow From Operating Activities</b>		
Collections from turnover, bills receivable and other receipts.	871,906,139	558,223,974
Payment for purchase of raw materials, accessories, creditors and other expenses	(738,569,129)	(413,243,955)
Financial Expenses Paid	(39,550,339)	(17,142,708)
Foreign Currency Exchange Gain/(Loss)	4,319,455	-
Income Tax Paid	(9,317,769)	(6,765,632)
<b>Net cash generated/(used) in operating activities</b>	<b>88,788,357</b>	<b>121,071,679</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of Property Plant & Equipment	(160,576,165)	(293,613,643)
<b>Net cash generated/(used) in investing activities</b>	<b>(160,576,165)</b>	<b>(293,613,643)</b>
<b>Cash Flow From Financing Activities</b>		
Loan received/(repayment) from Bank	154,590,009	115,246,423
Sale of Faction share against stock dividend	310,458	244,562
Dividend Paid	(10,009,741)	(143,584)
<b>Net cash generated/(used) in financing activities</b>	<b>144,890,726</b>	<b>115,347,401</b>
<b>Net Cash Inflow / ( Outflow )</b>	<b>73,102,918</b>	<b>(57,194,563)</b>
<b>Cash &amp; Cash Equivalent as at July 01, 2017</b>	<b>9,029,663</b>	<b>66,224,225</b>
<b>Cash &amp; Cash Equivalent as at June 30, 2018</b>	<b>82,132,581</b>	<b>9,029,663</b>
<b>Net Operating Cash Flow Per Share ( NOCFPS )</b>	<b>11.36</b>	<b>17.81</b>
<b>Per Value Tk.10</b>		
<b>Number of shares used to compute NOCFPS</b>	<b>7,817,920</b>	<b>6,798,191</b>

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 20, 2018 and were signed on it's behalf by.



**Syed Saiful Haque**  
Company Secretary



**Mohammad Sakhawat Hossain**  
Chief Financial Officer



**A. Matin Chowdhury**  
Managing Director



**Didar A. Husain**  
Chairman

Signed in terms of our separate report of even date annexed.



**Shiraz Khan Basak & Co.**  
Chartered Accountants

Place: Dhaka  
Date: October 20, 2018.

# Rahim Textile Mills Limited

Notes to the financial statements For the year ended 30th June 2018

## 1.0 Significant Accounting Policies and Relevant Information:

### 1.1 Legal form of the enterprise:

Rahim Textile Mills Limited (RTML) was incorporated as a Private Limited Company on 31st December 1981, under the Companies Act 1913 (Repealed in 1994) with Registered of Joint Stock Companies and Firms, Bangladesh bearing Certificate of Incorporation # C-9702/528 of December 31, 1981. Subsequently the company was converted into Public Limited Company in the year of 1988. The Company was listed in the Dhaka Stock Exchange Limited on 29th March 1988.

### 1.2 Address of registered office & factory:

The Registered office of the company is situated at "Tower 117", 117/A, Tejgaon Industrial Area, Dhaka-1208 and its factory office is located at Shafipur, Kaliakair, Gazipur, Bangladesh.

### 1.3 Nature of business activities:

Rahim Textile Mills Limited is a 100% export-oriented industry of textile sector engaged in dyeing, printing & finishing fabrics. The company has pioneered the printing of knit and others fabrics. Our fabric product in the factory is Oeko-Tex @Standard 100, Class 1 certified. We have also certified by Control Union for organic content standard (OCS 100, blended) and proud member of Better Cotton Initiative (BCI). Our major customer includes H&M, CARREFOUR, C&A, OODGL etc.

## 2.0 Basis of preparation:

### 2.1 Statement of compliance:

The financial statements of the company under reporting have been prepared under historical cost convention other than land & building which stated at revalued amount as a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act, 1994, the Securities and Exchange Rules 1987, International Accounting Standards (IAS) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standard (BAS), Bangladesh Financial Reporting Standard (BFRS), Financial Reporting Act.2015 and other applicable laws and regulations.

### 2.2 Responsibility for preparation and presentation of financial statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standards Board (IASB) and completion with the requirement of Bangladesh Security Exchange Commission rules 1987 and International Accounting Standards (IAS).

### 2.3 Reporting period:

Financial statements of the company cover the period from 01 July 2017 to 30 June ,2018.

### 2.4 Components of the financial statements:

Financial Statements includes the following components in accordance with the Bangladesh Accounting Standard BAS-1 "Presentation of Financial Statements" the complete set of:

- i. Statement of Financial Position as on 30 June 2018;
- ii. Statement of Comprehensive Income for the year ended 30 June 2018;
- iii. Statement of Changes in Equity for the year ended 30 June 2018;
- iv. Statement of Cash Flows for the year ended 30 June 2018;
- v. Accounting Policies and Explanatory Notes.

### 2.5 Comparative information:

Comparative information has been provided in accordance with in respect of the year 2016-17 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statement.

### 2.6 Reporting currency and level of precision:

The figures in the financial statements are represents in Bangladesh currency (Taka) which has been rounded off to the nearest Bangladeshi Taka.

### 2.7 Going Concern:

The company has adequate resources to continue in operation for the foreseeable future for this reason the Management continue to adopt going concern basis in preparing the financial statements.

### 2.8 Foreign currency translation:

Transactions in foreign currencies are translated into Bangladeshi Taka at the exchange rate prevailing on the date of transactions in accordance with BAS- 21 "The Effects of Changes in Foreign Exchange Rate." Foreign Currency balance have been translated into taka at prevailing rate of cutoff date and the difference between translation value or realization value and initial recognition is recognized in the face in statement of comprehensive income .

## 2.9 Statement of cash flows:

Statement of Cash Flows is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

## 2.10 Net Asset Value (NAV) per share:

This has been calculated on the basis of available net worth. However, current year's NAV is also calculated considering the revaluation surplus of revalued assets.

## 2.11 Earning per share (EPS):

The company calculates earning per share (EPS) are according with BAS 33 "Earning per Share" which has been shown on face of profit and loss account and computation is stated in accounts. This has been arrived at on the basis of profit attributable ordinary shareholder divided by weighted average no of shares.

## 2.12 Risk and uncertainties for use of estimates in preparation of Financial Statement:

The Preparation of Financial Statement is Conformity with, the International Accounting Standards requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of effects Financial Statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for, accounting of certain items such as long term contract, provision for doubtful accounts, depreciation and amortization, employees benefit plans, taxes, reserve and contingencies.

## 2.13 Compliance with local laws:

As required Rahim Textile Mills Ltd. Comply with the following legal provisional in addition to the company act 1994 and other applicable laws and regulations

- i. The income tax ordinance 1984
- ii. The income tax rules 1984
- iii. The value added tax act 1991
- iv. The custom act 1969
- v. Bangladesh labor law 2006 amend 2015.

## 2.14 Compliance with International Accounting Standard (IAS):

The financial statements have been prepared in compliance with requirements of BAS's adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

## 2.15 Taxation:

The tax holiday period of the company has expired on June 30, 1994: The Corporate tax rate for textile sector is 15% as per financial act 2015-16 SRO # 193-Law/ITO/2015 U/S-44 Sub-section (4) Clouse (b). Provision was made and calculated on the above basis which is adequate under income tax ordinance 1984.

## 3.00 Significant accounting policies:

### 3.01 Principal accounting policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Preparation of Financial Statement". The previous year's figures were presented following the same accounting principles.

### 3.02 Recognition of property, plant and equipment and depreciation:

Fixed assets are stated at their historical cost less accumulated depreciation in accordance with BAS-16 "Property, Plant and Equipment". Cost represents cost of acquisition or construction and includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use.

Depreciation has been charged on assets including particular revalued assets, where applicable, at the rates varying from 10% to 15% applying reducing balance method irrespective which is allocated to Cost of Goods Sold and Administrative Overhead proportionately. No depreciation was charged on land and land development.

Impairment test has been done at the end of reporting year and no impairment of assets were identified. Thus the assets were depreciated as per regular policy of the company.

The annual depreciation rates are applied on principal category of assets as below:

Category of Property Plant & Equipment's	Rate	Category of Property Plant & Equipment's	Rate
Factory Structures, Sheds and Buildings, Godown & ware house	10%	Office Equipment's	15%
Plant and Machinery	10%	Motor Vehicles	15%
Electrical Installation	15%	Furniture and Fixtures	10%
Gas Line Installation	15%	Cookeries & Cutleries	15%
Gas And Diesel Generator	15%	Tools and Equipment/ Loose Tools	15%
Air Cooler & Ceiling Fan Equipment.	15%	Water Tank Reservoir & Tube well & Water Pump	15%

### 3.03 Revaluation of Property Plant & Equipment's:

The Company has revalued fixed assets, viz. land, building and construction and machinery which have been included in the balance sheet being revalued depreciated value. It is relevant to note that some assets were revalued in June 30, 2007 by M/S. Asian Surveyors Limited.



#### **3.04 Inventories:**

Inventories comprise of Raw Materials, Dyes and Chemical, Grey Fabrics, Spare parts, Work in Progress and WIP Finished stage. They are stated at the lower of cost or net realizable value in accordance with the Para 21 and 25 of BAS-2 " Inventories" after making due allowance for any obsolete or slow moving item. The cost of inventories is assigned by using average cost. Net realizable value is determined after deducting the estimated cost of completion and or cost to be incurred for the sale from sales price.

#### **3.05 Accounts receivables:**

These are carried at original at invoice amount, trade & other receivables are unsecured and considered goods and collectible.

#### **3.06 Cash and cash equivalent:**

According to BAS-7 'Statement of Cash Flows' comprise of cash-in-hand and demand deposits and cash equivalents are short terms, highly liquid investments that are readily convertible to know amounts of cash and which are subject to and insignificant risk of changes in value, BAS-1. Presentation of Financial Statements' provides that cash and cash equivalents are not restricted in use. Considering the provisions of BAS-7 and BAS- I, Cash in hand and Bank balances have been considered as cash and cash equivalents.

#### **3.07 Reserve for revaluation of Property Plant & Equipment's:**

This has been created against revalued value of fixed assets, viz. land, building and construction and machinery and stated in the statement of financial position being surplus of revalued value of aforesaid assets and its book value.

#### **3.08 Accounts payable:**

This has been recognized for the amounts to be paid in future for goods and services received, whether or not billed by the suppliers.

#### **3.09 Others Liabilities:**

This has been recognized for amounts to be paid within short time for expenses and utilities services etc.

#### **3.10 Revenue from goods sold:**

The company recognizes revenue when a risk and renewal relating to sold goods has been transfer to buyer as well as when satisfied all other conditions sets out in IAS-18 "Revenue Recognition"

#### **3.11 Revenue Recognition:**

##### **Sales of Goods**

Revenue from the sale of goods is recognized when all the following conditions are satisfied

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company. And
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

#### **3.12 Other Income and expenses:**

Other income and expenses are recognized under accrual concept of Bangladesh Accounting Standard (BAS)

#### **3.13 Lease Finance**

In compliance with the BAS-17, Lease, Cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company. It is relevant to note that we are continuing a finance lease agreement with United Lease Finance Ltd. for a vehicle purpose.

#### **3.14 Bad and doubtful debts:**

No provision for bad and doubtful debt was made as the company's sales / export are based on 100% confirmed letter of credit with fixed maturity date.

#### **3.15 Contribution to Workers' profit participation fund:**

The company made provision for worker's profit participation fund at 5% of the net profit before tax as per provision of the complained profit and is payable to the workers as per law. Bangladesh Sromo Ain-2006 amend by 2015.

#### **3.16 Income tax provision:**

This has been recognized in the profit or loss account except to the extent that it relates directly to equity and income tax provision is made in accordance with BAS-12 following the applicable tax rate 15 % for SRO No. 193-Law/Income Tax/2015 ITO-1984 textile sector industries in accordance with the provisions of Income Tax Ordinance 1984.

#### **3.17 Deferred tax:**

The Company has calculated deferred tax assets/liabilities for the temporary difference of net assets of accounting and tax base. On assets for the purpose of complying BAS requirement. But, it is neither assets nor liabilities so reflected in the statement of financial position for the year under audit. However, it is relevant to mention that tax deducted from export is final settlement of tax liabilities in accordance with particular Income Tax SROs for the time being in force unless any deviation in accounts attributable to section 19 or 30 of Income Tax Ordinance 1984.

### 3.18 Basic Earnings:

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest of extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

### 3.19 Basic earnings per share:

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year.

### 3.20 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.

### 3.21 General Comments & Observations:

- a. All shares have been fully called and paid up. There were no preference shares issued by the company.
- b. There was no bank guarantee issued by the company on behalf of their directors or the company itself except bank loan.
- c. The company has not incurred any foreign currency against royalties, technical fees etc.
- d. Auditors are paid only statutory audit fee approved by the shareholders in the last AGM.
- e. There were no foreign exchanges remitted to the relevant shareholders during the year under audit.
- f. There has no claim against the company not acknowledged as debit at the date of Financial Statement.
- g. No amount of money was expended by the company for compensating any number of the board of special service.

### 3.22 Application of Bangladesh Accounting Standards (BAS):

BAS-1	Presentation of Financial Statements	Complied with
BAS-2	Inventories	Complied with
BAS-7	Cash Flow Statements	Complied with
BAS-8	Net Profit or Loss for the Period ,Fundamental Errors and Accounting Policies, Changes in Accounting Estimates	Complied with
BAS-10	Events after the Reporting Period	Complied with
BAS-11	Construction, Contracts	Complied with
BAS-12	Income Taxes	Complied with
BAS-14	Segment Reporting	N/A
BAS-16	Property, Plant and Equipment	Complied with
BAS-17	Leases	Complied with
BAS-18	Revenue	Complied with
BAS-19	Employee Benefits	Complied with
BAS-21	The Effects of Changes in Foreign Exchange Rates	Complied with
BAS-23	Borrowing Costs	Complied with
BAS-24	Related Party Disclosures	Complied with
BAS-26	Accounting and Reporting by Retirement Benefit Plants	Complied with
BAS-27	Consolidated Financial Statement and Accounting for	N/A
BAS-28	Investment in Subsidiaries	N/A
BAS-32	Financial Instruments: Presentation	N/A
BAS-33	Earning Per Share	Complied with
BAS-36	Impairment of Assets	Complied with
BAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied with
BAS-38	Intangible Assets	N/A
BAS-39	Financial Instruments: Recognition and Measurement.	N/A
BAS-40	Investment Property	N/A

### 3.23 Retirement Benefit:

The Company has operated provident fund, Worker participation fund, life insurance and gratuity benefit to its employees.

### 3.24 Even after the Reporting Period:

In compliance with the requirements of “BAS-10 : Even after the reporting period” that provide additional information about the company’s position at the date of the financial position are reflected in the financial statements and even after the reporting period that are not adjusting events are disclosed in the note-28.11 when materials.

### 3.25 Financial Risk Management:

The company management has overall responsibility for the establishment and oversight of the company’s risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company’s activities. The company has exposure to the following risks its use of financial instruments.

#### 3.25.1 Credit risk:

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company’s receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

### 3.25.2 Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

### 3.25.3 Market risk:

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

### 3.26 Currency risk:

The company is exposed to currency risk on certain purchases such as import of raw material, machineries and equipment Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

### 3.27 Interest rate risk :

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date

### 3.28 Impairment of Asset

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

## 04.00 Property Plant & Equipment Assets :

Details of Fixed Assets and Depreciation as on 30th June, 2018 are shown in the Schedule A-1

This is arrived at as follows:

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
<b>Cost:</b>		
<b>Opening balance</b>	887,544,922	729,002,198
Addition during the year	94,087,423	158,542,723
Less: Adjustment during the year		
<b>Closing balance</b>	<b>981,632,345</b>	<b>887,544,921</b>
<b>Accumulated Depreciation :</b>		
<b>Opening balance</b>	<b>433,353,013</b>	<b>382,009,319</b>
Addition during the year	56,454,202	51,343,694
Less: Adjustment during the year		
<b>Closing balance</b>	<b>489,807,216</b>	<b>433,353,013</b>
<b>Written Down Value at Reporting Date</b>	<b>491,825,129</b>	<b>454,191,908</b>
<b>Revaluation of Fixed Assets:</b>		
<b>Opening balance</b>	123,251,997	123,251,997
Addition this year	-	-
	<b>123,251,997</b>	<b>123,251,997</b>
Less: Adjustment during the year on Revaluation	-	-
<b>Written Down Value at Reporting Date:</b>	<b>123,251,997</b>	<b>123,251,997</b>
<b>Opening balance</b>	27,694,787	25,638,281
Addition during the year	1,825,178	2,056,506
	29,519,965	27,694,787
Less: Adjustment during the year on Revaluation	-	-
<b>Closing balance</b>	<b>29,519,965</b>	<b>27,694,787</b>
<b>Written Down Value at Reporting Date:</b>	<b>93,732,032</b>	<b>95,557,210</b>
<b>Written Down Value of Property Plant &amp; Equipment at Reporting Date:</b>	<b>585,557,161</b>	<b>549,749,118</b>

**04.01** The factory land has charged to the AB bank Ltd. and pariparsu agreement was also made with The City Bank Ltd. & Mutual Trust Bank Ltd. for same properties against bank loan facilities.

**04.02 Fair Value Measurement**

In 30 June 2007 all the property, plant and equipment of the company were revalued by the independent professional valuer Asian Surveyors Limited. Such revaluation is ensured by sufficient regulatory standards that increased carrying amount does not differ materially from their fair value.

**05.00 Inventories:**

The total amount is arrived as follows :

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Dyes & Chemicals	05.01	85,111,171	51,238,843
Grey Fabric	05.02	91,152,174	42,276,480
Printing, Design & Packing Material	05.03	9,828,866	4,685,788
Spares & Stores	05.03	13,651,924	17,085,505
Work in Process	05.04	6,812,893	6,959,220
Work in Process (Finished Stage)	05.05	66,785,027	29,467,465
<b>Closing Balance</b>		<b>273,342,055</b>	<b>151,713,301</b>

**05.01 Dyes & Chemicals:**

Items	30.06.2018		30.06.2017	
	Qty. (Kg)	Tk.	Qty. (Kg)	Tk.
Dyes	37,917	33,758,936	21,639	17,801,555
Chemicals	265,122	51,352,235	253,321	33,437,288
<b>Closing Balance</b>	<b>303,039</b>	<b>85,111,171</b>	<b>274,960</b>	<b>51,238,843</b>

**05.02 Grey Fabrics:**

Items	30.06.2018		30.06.2017	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Grey Fabrics	1,122,056	91,152,174	701,190	42,276,480

**05.03 Printing & Design Materials & Spares Accessories:**

Items	30.06.2018		30.06.2017	
	Qty.	Tk.	Qty.	Tk.
Printing, Design & Packing Materials	-	9,828,866	-	4,685,788
Spare Parts & Stores	-	13,651,924	-	17,085,505
<b>Closing Balance</b>	<b>-</b>	<b>23,480,790</b>	<b>-</b>	<b>21,771,293</b>

**05.04 Work-In-Process:**

Items	30.06.2018		30.06.2017	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Work-In-Process	597,127	6,812,893	494,723	6,959,220

**05.05 Work in Process (Finished Stage)**

Items	30.06.2018		30.06.2017	
	Qty. (yards)	Tk.	Qty. (yards)	Tk.
Work in Process (Finished Stage)	3,309,966	66,785,027	2,760,196	29,467,465

**05.06** Physical counting of the stock was carried out by inventory team, consisting of auditor & management staff.

**05.07** Inventory at June 30,2018 are valued at lower of average cost and net realizable value

**05.08** The inventories are collateralised against short term loan.

**06.00 Accounts Receivable:**

The total amount is arrived as follows :

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Opening Balance	233,601,876	71,293,504
Add : Addition During the Year	995,950,719	717,462,840
	1,229,552,595	788,756,344
Less : Realized During the Year	871,701,936	555,154,468
<b>Closing Balance</b>	<b>357,850,659</b>	<b>233,601,876</b>

Trade receivable are considered fully secured and guaranteed by Bank against letter of credit (L/C) within 120 days. Classification schedule as required by Schedule XI, Part-I of Companies Act 1994 are as follows :

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Below 60 days	92,166,645	104,667,508
Within 61-90 days	103,520,425	78,272,611
Within 91 -120 days	64,984,196	50,661,757
Above 120 days	97,179,393	-
<b>Total</b>	<b>357,850,659</b>	<b>233,601,876</b>

**06.01** The above amount is receivable from debtors against confirm export L/C & credit sales. It considered as good.

**06.02** Most of the balances have subsequently been realised. The Debtors have no securities except their personal securities.

**06.03** The above balance included due to related party Tk. 34,558,693 & other parties Tk. 323,291,966

**07.00 Advance Deposite & Pre-payments :**

This consists as follows:

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Security Deposit 07.01	6,427,309	6,427,309
Deposits 07.02	3,076,637	580,118
Advance & Prepayments 07.03	274,176,615	162,087,562
Advance Income Tax 07.04	9,317,769	6,765,632
<b>Closing Balance</b>	<b>292,998,330</b>	<b>175,860,621</b>

**07.01 Security Deposit :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Security Deposit to CDBL	100,000	100,000
Security Deposit to Titas Gas	2,962,437	2,962,437
Security Deposit to Grameen Phone	5,616	5,616
Security Margin Against Bank Guarantee	563,676	563,676
Security Deposit to REB	2,795,580	2,795,580
<b>Closing Balance</b>	<b>6,427,309</b>	<b>6,427,309</b>

**07.02 Deposits :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Security deposit to DGDP (Army) for sales contract	1,999,100	445,900
Advance to United Finance Ltd.	77,537	134,218
Security deposit to Appellate Tribunal	1,000,000	-
<b>Closing Balance</b>	<b>3,076,637</b>	<b>580,118</b>

**07.03 Advance & Prepayments :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Advance for Local Procurement	1,032,811	670,832
Advance to Barrister Khurshid Alam	250,000	250,000
Advance to AB Power Engineering Ltd.	-	2,476,050
Advance to Expotech	-	36,000
Advance to FCL	-	100,000
Advance to Office Work & Others	1,525,975	980,785
Material in Transit	60,748,701	15,919,559
Machine in Transit	210,619,128	141,654,336
<b>Closing Balance</b>	<b>274,176,615</b>	<b>162,087,562</b>

**07.04 Advance Income Tax :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Advance Income Tax -Export	5,589,157	4,165,443
Advance Income Tax -Local Supply	3,439,053	2,229,500
Advance Income Tax -Vehicle	125,000	125,000
Advance Income Tax -Import & Others	144,138	232,092
Advance Income Tax -FDR	20,420	13,598
<b>Closing Balance</b>	<b>9,317,769</b>	<b>6,765,632</b>

**07.04 (i) Advance Income Tax Deducted at Source :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Opening balance	6,765,632	5,880,112
Add : Addition during this year	9,317,769	6,765,632
<b>Total AIT at source</b>	16,083,401	12,645,744
Less : Tax adjustment for FY-2017-18	6,765,632	5,880,112
<b>Closing Balance</b>	<b>9,317,769</b>	<b>6,765,632</b>

**07.05** Security deposit are made to statutory authorities and it will be realized when the service received from government authority will discontinue

**07.06** In the opinion of the Directors, all of the current assets , loans and advances have on the realisation in the ordinary course of business , a value at least equal to the amount at which they are stated in the Financial Position.

**07.07** No amount is due by the associated undertakings.

**07.08** Guarantee Margin includes Guarantee issued to Titas gas & DGDP against Performance and work order.

**07.09** There was outstanding balance due to Related parties, Directors & other sister Concern.

**08.00 Cash and Bank Balance:**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Cash in Hand 08.01	50,397	19,318
Cash at Bank 08.02	82,082,184	9,010,345
<b>Closing Balance</b>	<b>82,132,581</b>	<b>9,029,663</b>

**08.01 Cash in Hand :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Cash in hand - (Head Office)	50,000	18,978
Cash in hand - Factory (Petty Cash)	397	340
<b>Closing Balance</b>	<b>50,397</b>	<b>19,318</b>

**08.02 Cash at Bank Balance:**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
<b>AB Bank Limited</b> 08.02 (i)	24,587,115	7,005,537
<b>The City Bank Limited</b> 08.02 (ii)	54,704,961	1,945,229
<b>IFIC Bank Limited</b> 08.02 (iii)	2,022,039	59,579
<b>Mutual Trust Bank Limited</b> 08.02 (iv)	768,069	-
<b>Closing Balance</b>	<b>82,082,184</b>	<b>9,010,345</b>

**08.02 (i) AB Bank Limited**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Current Account-4005 240125 001	177,749	300,008
Current Account-4005 240125 002	1,810,884	1,316,540
Current Account-4005 240125 003	2,125	350
ERQ Account-4005 240125-047	6,548,836	689,592
FDR Account-4005 240125-200	2,465,411	2,318,879
DAD Account-4005 240125 251	516	516
DAD Account-4005 240125 254	13,581,594	2,379,652
<b>Closing Balance</b>	<b>24,587,115</b>	<b>7,005,537</b>

**08.02 (ii) The City Bank Limited**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Current Account-1101 068626 001	21,544,112	426,099
ERQ Account- 5121 06862 6001	9,000,344	1,034,737
FBPAR Account-1006 110412099 0071	12,126,755	484,393
FDR Account- 4481068626001	10,000,000	-
FDR Account- 4401068626001	2,033,750	-
<b>Closing Balance</b>	<b>54,704,961</b>	<b>1,945,229</b>

**08.02 (iii) IFIC Bank Limited**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Current Account- 1001 113304 001	2,022,039	59,579

**08.02 (iv) Mutual Trust Bank Limited**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
Current Account- 0046 021000 9262	768,069	-

- 08.03** Cash in hand was physically counted at the end of the year and found in order.
- 08.04** The Bank Balances were confirmed and reconciled with Bank statements and found in order.
- 08.05** It includes foreign currency deposit amounting USD \$ 496,282.94 as on 30th June 2018 (2017 USD \$ 56,940.47) equivalent of Tk. 41,257,528 as on 30th June 2018 (2017 Tk.4,588,374).

**09.00 Share Capital :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
<b>a) Authorized Capital :</b> 50,000,000 Ordinary Shares of Tk. 10/- each	<b>500,000,000</b>	<b>500,000,000</b>
<b>b) Issued, Called &amp; Paid up Capital :Tk. 78,179,200</b> 7,817,920 Ordinary shares of Tk. 10/- each fully paid up	<b>78,179,200</b>	<b>67,981,910</b>

**(i) Composition of Shareholding :**

Particulars	30.06.2018		30.06.2017	
	No. of Share	%	No. of Share	%
Sponsors & Directors	5,628,974	72.00%	5,068,675	74.56%
Government	-	0.00%	-	0.00%
Institutions	650,448	8.32%	111,673	1.64%
Foreign Investors	-	0.00%	-	0.00%
General Investors /Public	1,538,498	19.68%	1,617,843	23.80%
<b>Closing Balance</b>	<b>7,817,920</b>	<b>100.00%</b>	<b>6,798,191</b>	<b>100.00%</b>

**Details of Sponsors & Directors Share Capital are as Follows :**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
01. A. Matin Chowdhury	13,496,260	11,735,880
02. Dr. Shamim Matin Chowdhury	10,490,580	9,991,810
03. Didar A. Husain	14,786,980	12,858,250
04. Saima Matin Chowdhury	14,687,350	13,641,180
05. Azizur Rahim Chowdhury	2,828,570	2,459,630
06. Dr. Sultan Hafeez Rahman ( Independent Director)	-	-
07. Md. Qamrul Huda ( Independent Director)	-	-
	<b>56,289,740</b>	<b>50,686,750</b>

**Details of the Share holding is given below:**

Holding Range	No. of Holders	No. of Share	Percentage
1 - 50	353	6,276	0.08%
51-500	2,073	536,504	6.86%
501-5,000	290	432,136	5.53%
5,001-10,000	22	178,185	2.28%
10,001-20,000	9	138,657	1.77%
20,001-30,000	3	69,180	0.88%
30,001-40,000	1	34,500	0.44%
40,001-50,000	Nil	Nil	0.00%
50,001-100,000	1	67,161	0.86%
100,001-1,000,000	3	1,009,204	12.91%
1,000,000 to above	4	5,346,117	68.38%
<b>Total:</b>	<b>2,759</b>	<b>7,817,920</b>	<b>100.00%</b>

- 09.01** The number of share holding by Sponsors & Directors and others increased as on 30th June,2018 from that of 30th June,2017 due to declaration and allotment of 15% Stock Dividend for the year of 2016-2017.

**10.00 Retained Earnings:**

Particulars	30.06.2018 Amount in Tk.	30.06.2017 Amount in Tk.
<b>Opening Balance</b>	127,518,668	99,927,242
Add : Profit during this year	50,781,122	44,958,320
	<b>178,299,790</b>	<b>144,885,562</b>
Less : Declaration /payment of stock Dividend	10,197,290	19,423,400
	168,102,500	125,462,162
Less : payment of cash Dividend	10,197,287	-
	<b>157,905,213</b>	<b>125,462,162</b>
Add : Excess Depreciation on Revaluation Assets Adjustments	1,825,178	2,056,506
<b>Closing Balance</b>	<b>159,730,391</b>	<b>127,518,668</b>

### 11.00 Revaluation Surplus of Fixed Assets :

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
<b>Opening Balance</b>	83,743,140	85,799,646
Less: Adjustment of cost during the year	-	-
	83,743,140	85,799,646
Less: Excess Depreciation Adjustment during the year	1,825,178	2,056,506
	81,917,962	83,743,140
Add: Adjustment of depreciation during the year	-	-
<b>Closing Balance</b>	<b>81,917,962</b>	<b>83,743,140</b>

**11.01** Land, Building, Plant & Machinery were revalued on 30.07.2007 by M/S Asian Surveyors Ltd. 28 dilkhusha C/A, 12th floor, Suite No.1203, Dhaka-1000 a firm of professional values on the basis of present market price prevailing in the country. The valuation of land was assessed on the basis of market price prevailing in the locality, Valuation of Building were assessed on the basis of present construction cost, Present market value of plant & Machinery has been estimated on the basis of devaluation of Bangladesh currency, inflation over the years, Increase of price level in international market.

### 12.00 Long Term Loan :

The consists of the above head as follows:

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Long Term loan from AB Bank Ltd.	51,964,294	51,180,000
Long Term loan from City Bank Ltd.	283,268,800	128,577,764
United Leasing Company Ltd.	1,467,771	2,353,092
<b>Total</b>	<b>336,700,864</b>	<b>182,110,856</b>
Less: Current portion of Long Term Loan	15.00	71,147,633
<b>Closing Balance</b>	<b>265,553,232</b>	<b>169,845,300</b>

Name of Bank	Sanction Limit	Outstanding Amount	Terms and conditions of sanction letter
<b>AB Bank Limited</b>	<b>65.00 Million</b>	<b>52.00 Million</b>	Purpose : Imported capital machinery Tenor : 4 Years from the date of 1st disbursement and 1 year monitoring period. Repayment : 16 (Sixteen) quarterly Installment Size : Tk. 4,416,082/= Per Qtr. Rate of Interest : Interest rate @ 12% PA. Date of maturity : TL maturity date 2022 Security agreement : Personal gurantee of all the Directors of Rahim Textile Mills Limited. Corporate Gurantee N/A The factory land has charged to the AB bank Ltd. and pariparsu agreement was also made with The City Bank Ltd. for same properties against bank loan facilities.
<b>The City Bank Limited</b>	<b>370.00 Million</b>	<b>283.00 Million</b>	Purpose : Imported capital machinery and new construction. Tenor : 4 Years from the date of 1st disbursement and 1 year monitoring period. Repayment : 16 (Sixteen) quarterly Installment Size : Tk. 22,551,270/= Per Qtr. Rate of Interest : Interest rate @ 12% PA. Date of maturity : TL maturity date 2022 Security agreement : Personal gurantee of all the Directors of Rahim Textile Mills Limited. Corporate Gurantee Knit Asia Ltd. The factory land has charged to the AB bank Ltd. and pariparsu agreement was also made with The City Bank Ltd. for same properties against bank loan facilities.



**13.00 Deferred Tax Liabilities:**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Opening Balance		24,093,474	16,000,370
Add: Provision during this Year		3,918,651	8,093,104
		<b>28,012,125</b>	<b>24,093,474</b>

Particulars	Accounts Based	Tax Based	Temporary Diff. 2017-2018	Temporary Diff. 2016-2017
WDV of Fixed Assets	491,825,129	398,809,663	93,015,466	65,065,951
Revaluation Surplus of Fixed Assets	93,732,032	-	93,732,032	95,557,210
<b>Total</b>	<b>585,557,161</b>	<b>398,809,663</b>	<b>186,747,498</b>	<b>160,623,161</b>
Deferred tax @ 15% on 186,747,498			28,012,125	24,093,474

**14.00 Accounts Payable:**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Opening Balance		306,721,513	183,246,196
Add : Purchase Addition During the Year		675,205,598	463,703,153
		981,927,111	646,949,349
Less : Payment During the Year		633,062,533	340,227,836
<b>Closing Balance</b>		<b>348,864,578</b>	<b>306,721,513</b>

**14.01** Trade Creditors for supply of fabrics, chemicals, spare parts of machineries & service charges are the regular suppliers of the Company and the amount are due on account. Most of the bills have been paid within 120 days.

**15.00 Current Portion of Long Term Loan:**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Long Term loan from AB Bank Ltd.		11,552,887	4,399,336
Long Term loan from The City Bank Ltd.		58,793,371	6,978,175
United Finance Company Ltd		801,375	888,045
<b>Total</b>		<b>71,147,633</b>	<b>12,265,556</b>

**16.00 Short Term Loan from Bank :**

The consists of this head as follows:

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
AB Bank Ltd.	16.01	70,904,532	98,152,964
The City Bank Ltd.	16.02	382,682,970	175,971,295
Mutual Trust Bank Ltd.	16.03	38,667,351	-
		<b>492,254,853</b>	<b>274,124,260</b>

**16.01 The AB Bank Ltd.**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Cash Credit Account- 4005240125000		(105,622)	9,065,572
Deferred/UPAS Liability		-	16,068,391
Inland Bill Purchase A/C- 4005240125707		-	2,792,855
EDF Liability Account- 4005240125711		71,010,154	70,226,147
<b>Total</b>		<b>70,904,532</b>	<b>98,152,964</b>

**16.02 The City Bank Ltd.**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Cash Credit Account- 6331068626001		(6,663,735)	(85,006)
Deferred/UPAS Liability		4,756,896	98,708,471
EDF Liability Account		384,589,809	77,347,831
<b>Total</b>		<b>382,682,970</b>	<b>175,971,295</b>

**16.03 Mutual Trust Bank Ltd.**

Particulars		30.06.2018	30.06.2017
		Amount in Tk.	Amount in Tk.
Cash Credit Account- 00460134000129		(275,686)	-
EDF Liability		38,943,036	-
<b>Total</b>		<b>38,667,351</b>	<b>-</b>

**16.04** Cash credit account with AB Bank Ltd. , The City Bank Ltd. & Mutual Trust Bank Ltd.

**16.05** Now we are availing credit facility with Short term loan at AB Bank Ltd. The City Bank Ltd. And Mutual Trust Bank Ltd.

- 16.06** All the balances were reconciled and confirmed.
- 16.07** Deferred Liability create against Foreign & Local import L/C.
- 16.08** Short Term loan are secured against total inventories & book debts.
- 16.09** All the above loans bears interest @ 09.00% to 12.00% p.a
- 16.10** Apart from the above, the company has availed Long Term loan facilities from AB Bank Ltd & The City Bank Ltd.

**17.00 Others Provision & Liabilities :**

The consists of this head as follows:

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Liability for Expenditure	40,941,469	29,720,533
Provision For WPPF & WF	12,984,451	12,622,845
Unclaimed Dividend	1,802,319	1,304,316
Provision For Income Tax	10,492,573	10,013,065
<b>Total</b>	<b>66,220,812</b>	<b>53,660,759</b>

**17.01 Liability for Expenditure :**

The consists of this head as follows:

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Directors Remuneration Payable	423,000	427,750
Salary Payable	8,420,896	5,576,281
Wages Payable	4,849,220	2,072,141
Overtime Payable	1,383,483	299,639
Electricity Bills Payable	838,186	-
Audit fees	115,000	115,000
Gas Bill Payable	2,349,000	2,420,435
Utility Payable	2,400,000	2,400,000
Deduction of Tax & VAT at source	19,531,857	15,877,441
Contribution to Employees P.F.	181,729	141,389
Employer's PF Contribution	181,729	141,389
Employees PF Loan	18,719	30,388
Employees Income Tax Against Salary	248,650	218,680
<b>Total</b>	<b>40,941,469</b>	<b>29,720,533</b>

**17.02 Provision For WPPF & WF:**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
<b>Opening balance</b>	12,622,845	9,638,678
Less: Paid to WPPF & WF Members A/C	2,735,640	-
<b>Balance</b>	9,887,205	9,638,678
Add: Provided this year @ 5% (Note-23)	3,097,246	2,984,167
<b>Closing balance</b>	<b>12,984,451</b>	<b>12,622,845</b>

**17.03** We observed that the above fund has maintained by a separate trustee board as per respective person of labour law and other law & regarding Bangladesh sromo ain-2006 amend by 2015.

**17.04 Unclaimed Dividend :**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Unclaimed Dividend up to -2015	1,203,338	1,203,338
Unclaimed Dividend -2016	99,400	100,978
Unclaimed Dividend -2017	499,582	-
<b>Total</b>	<b>1,802,319</b>	<b>1,304,316</b>

**17.04 (i) Opening Balance**

Add : Cash Dividend during this year	10,197,287	-
Add : Sale of Faction Share	310,458	244,562
<b>Total Unclaimed Dividend</b>	<b>11,812,061</b>	<b>1,447,900</b>
Less : Dividend issue during this year	10,009,741	143,584
<b>Closing Balance</b>	<b>1,802,320</b>	<b>1,304,316</b>

**17.05** This is the amount which represents dividend warrant issued including sale proceeds of faction bonus share but not presented to the bank for payment.

**17.06 Provision For Income Tax:**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Opening Balance	10,013,065	9,261,255
Add: Income Tax for the year	10,492,573	10,013,065
	<b>20,505,638</b>	<b>19,274,320</b>
Less: Adjustment during the year	10,013,065	9,261,255
<b>Closing Balance</b>	<b>10,492,573</b>	<b>10,013,065</b>
<b>18.00 Sales Revenue :</b>	<b>995,950,719</b>	<b>717,462,840</b>

**19.00 Cost of Goods Sold :****Raw Material Consumed :**

Grey Fabrics	19.01	321,350,573	54.40%	169,759,771
Dyes & Chemicals	19.02	242,124,607	40.99%	210,488,139
Printing & Design Materials	19.03	27,272,898	4.61%	11,516,460
		<b>590,748,078</b>	<b>100.00%</b>	<b>391,764,370</b>
Direct Wages & Salaries including festival bonus		151,001,945		120,150,975
Factory Overhead	19.04	134,167,164		117,305,197
		285,169,109		237,456,172
	<b>Qty. (yards)</b>	<b>875,917,187</b>	<b>Qty. (yards)</b>	<b>629,220,542</b>
Add: Opening Work in Process	494,723	6,959,220	280,749	1,142,808
	<b>494,723</b>	<b>882,876,407</b>	<b>280,749</b>	<b>630,363,350</b>
Less: Closing Work in process	597,127	6,812,893	494,723	6,959,220
<b>Cost of Production:</b>		<b>876,063,514</b>		<b>623,404,130</b>
<b>Add: Opening W.I.P.(Finished Stage)</b>	2,760,196	29,467,465	848,601	5,071,836
	<b>2,760,196</b>	<b>905,530,980</b>	<b>848,601</b>	<b>628,475,966</b>
<b>Less: Closing W.I.P.(Finished Stage)</b>	3,309,966	66,785,027	848,601	29,467,465
		<b>838,745,953</b>		<b>599,008,501</b>

**19.01 Grey Fabrics Consumed :****Name of Products:**

Name of Products:	30.06.2018		30.06.2017	
	Qty. (yards)	TK.	Qty. (yards)	TK.
Opening Stock	701,190	42,276,480	103,447	6,206,820
Purchase During the year (A)	5,716,943	370,226,267	3,797,332	205,829,431
	<b>6,418,133</b>	<b>412,502,747</b>	<b>3,900,779</b>	<b>212,036,251</b>
Less : Closing Stock	1,122,056	91,152,174	701,190	42,276,480
<b>Closing Balance</b>	<b>5,296,077</b>	<b>321,350,573</b>	<b>3,199,589</b>	<b>169,759,771</b>

**19.02 Dyes & Chemicals Consumed**

Opening Stock	51,238,843	22,906,026
Purchase during the year (B)	275,996,935	238,820,956
	<b>327,235,778</b>	<b>261,726,982</b>
Less : Closing Stock	85,111,171	51,238,843
<b>Closing Balance</b>	<b>242,124,607</b>	<b>210,488,139</b>

**19.03 Printing & Design Materials, Spares & Accessories Consumed:**

Opening Stock	21,771,293	14,234,987
Purchase during the year (C)	28,982,395	19,052,766
	<b>50,753,688</b>	<b>33,287,753</b>
Less : Closing Stock	23,480,790	21,771,293
<b>Closing Balance</b>	<b>27,272,898</b>	<b>11,516,460</b>

**(A) Procurement / Supplied by Raw Materials:**

Fabrics:	Qty. (yards)	30.06.2018	Avg.Price Per Yard	30.06.2017
Imported	4,829,830	277,071,917	57.37	176,237,014
Local Purchase through EDF & Deferred L/C	887,113	93,154,350	105.01	29,592,418
<b>Closing Balance</b>	<b>5,716,943</b>	<b>370,226,267</b>		<b>205,829,431</b>

**(B) Dyes & Chemicals :**

Imported	252,783,220	153,590,563
Local Purchase through EDF L/C	23,213,715	85,230,393
<b>Closing Balance</b>	<b>275,996,935</b>	<b>238,820,956</b>

**(C) Printing & Design Material, Spares & Accessories:**

Imported

17,376,937

13,047,079

Local Purchase

11,605,458

6,005,687

**Closing Balance****28,982,395****19,052,766****19.04 Factory Overhead :**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Gas & Electric Charges	48,124,774	31,944,704
Insurance Premium	2,058,438	1,617,550
Uniform & Liveries	242,620	149,802
Repairs & Maintenance	8,557,042	13,583,778
Telephone Charges	728,258	655,518
Packing Expenses	2,349,088	1,844,786
Travelling & Conveyance	2,802,567	2,762,099
Fuel Lubricant	4,657,351	4,026,209
Medical expenses	216,204	138,743
Contribution to P.F.	1,477,802	1,215,915
Entertainment	455,104	363,638
Stationery	623,305	654,824
Newspaper & Periodicals	8,100	7,000
Testing Charges	1,130,025	1,824,745
Rent, Rates & Taxes	154,585	182,392
Back Processing Charges	173,559	174,985
Compliance Expenses	80,799	167,900
Design & Printing Expenses	-	201,521
Survey & Inspection Charges	462,003	117,599
Training Expenses	604,467	833,206
Food & Refreshment Expenses for Staff & Workers.	1,519,627	2,002,902
Lab Expenses	777,960	751,256
Loading & Unloading Exp.	481,983	466,835
Fire Fighting Material	102,712	52,810
Depreciation	56,378,791	51,564,479
	<b>134,167,164</b>	<b>117,305,197</b>

**20.00 Administrative & Selling Expenses:**

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Director's Remuneration	6,000,000	4,200,000
Salary & Allowances	23,237,113	17,927,523
Festival Bonus	2,593,543	1,988,603
Electricity Charges	597,022	125,220
Printing	3,620	138,475
Stationery	501,838	384,258
Advertisement	617,435	508,178
Insurance Premium	88,288	58,340
Telephone & Fax Charges	359,098	326,182
Travelling & Conveyance	1,699,826	1,982,561
Fees, Forms & Stamps	1,967,698	1,702,989
Donation & Subscription	60,000	105,000
Selling & Distribution Expenses	8,361,750	4,086,043
Consultancy Fees	4,600	184,861
Training Expenses	991,460	563,822
Postage & Telegram	26,314	18,705
Repairs & Maintenance	522,424	772,217
Head Office Rent	5,945,040	3,762,657
Annual General Meeting Expenses	287,580	196,180
Entertainment	24,583	1,190
Contribution to P.F.	423,201	317,682
Audit Fees	128,800	120,750
Software Servicing Charges	130,201	135,315
Income Tax Expenses	296,086	-
Survey & Inspection Expenses	-	-
Food & Refreshment Expenses for Staff	367,819	271,151
Depreciation	1,900,589	1,835,721
<b>Total</b>	<b>57,135,927</b>	<b>41,713,623</b>

**21.00 Financial Expenses:**

The break-up of the above amount is as follows :

<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Bank Charges & Commission	21.01-21.03	3,687,891	1,584,621	
Bank Interest	21.01-21.03	35,664,076	15,228,269	
Lease Interest	21.04	198,372	329,818	
<b>Total</b>		<b>39,550,339</b>	<b>17,142,708</b>	
<b>21.01 AB Bank Ltd.</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Bank Charges & Commission		152,097	456,179	
Bank Interest		9,599,992	7,038,307	
<b>Total</b>		<b>9,752,090</b>	<b>7,494,486</b>	
<b>21.02 The City Bank Ltd.</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Bank Charges & Commission		3,534,759	1,128,441	
Bank Interest		26,063,881	8,189,962	
<b>Total</b>		<b>29,598,639</b>	<b>9,318,404</b>	
<b>21.03 Mutual Trust Bank Ltd.</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Bank Charges & Commission		1,035	-	
Bank Interest		203	-	
<b>Total</b>		<b>1,238</b>	-	
<b>21.04 United Finance Company Ltd.</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Lease Interest		198,372	329,818	
<b>Total</b>		<b>198,372</b>	<b>329,818</b>	
<b>21.05</b> Financial expenses has increased due to create new Term Loan for construction & Machinery purpose.				
<b>22.00 Non Operating Income/(Loss) :</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Other Income	22.01	4,523,658	3,069,506	
<b>Total</b>		<b>4,523,658</b>	<b>3,069,506</b>	
<b>22.01 Other Income</b>				
The consists of this head as follows:				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Interest received on FDR		204,203	135,976	
Gain/(Loss) on Foreign Currency Exchange rate		4,319,455	2,933,530	
<b>Total</b>		<b>4,523,658</b>	<b>3,069,506</b>	
<b>23.00 Provision for WPPF &amp; WF</b>				
<b>Particulars</b>		<b>30.06.2018</b> Amount in Tk.	<b>30.06.2017</b> Amount in Tk.	
Contribution this year @ 5% (Net profit before WPPF & WF (65,042,158/21)		3,097,246	2,984,167	
<b>Total</b>		<b>3,097,246</b>	<b>2,984,167</b>	
<b>24.00 Income Tax Provision (Current Tax)</b>				
<b>Particulars</b>	<b>30.06.2018</b>		<b>30.06.2017</b>	
	Based Amount	Tax Amount	Based Amount	Tax Amount
Operating Profit	60,518,500		59,598,008	
Less: Contribution to WPPF & WF	(3,097,246)		(2,984,167)	
<b>Net Profit / (Loss) for the year</b>	<b>57,421,254</b>		<b>56,613,841</b>	
Add: Depreciation as per F.A. Schedule	58,279,380		53,400,200	
<b>Total</b>	<b>115,700,634</b>		<b>110,014,041</b>	

Less: Depreciation as per Tax based	46,090,485		43,486,898	
On Operating Income @ 15%	<b>69,610,149</b>	10,441,522	<b>66,527,143</b>	9,979,071
On Non-Operating Income: Profit/(Loss) on Sale of Assets				
Other Income @ 25%	204,203	51,051	135,976	33,994
	<b>69,814,352</b>	<b>10,492,573</b>	<b>66,663,119</b>	<b>10,013,065</b>

## 25.00 Earnings Per Share (EPS):

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Net Profit/ ( Loss) after Tax for this year	50,781,122	44,958,320
Total Number of Share	7,817,920	7,817,920
<b>Earning per share (EPS).(Restated in 2017)</b>	<b>6.50</b>	<b>5.75</b>

## 25.01 Computation of Number of Shares after Balance Sheet date

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Number of Shares Outstanding as at 30.06.2017	6,798,191	4,855,851
Declaration of Stock Dividend @ 15%	1,019,729	1,942,340
<b>Number of Shares Outstanding as at 30.06.2018</b>	<b>7,817,920</b>	<b>6,798,191</b>

## 26.00 Net Assets Value (NAV) Per Share

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Total Assets	1,591,880,785	1,119,954,579
Less : Total Liability	1,272,053,232	840,710,861
<b>A. Net Assets</b>	<b>319,827,553</b>	<b>279,243,718</b>
B. Total Number of Share during this year	7,817,920	6,798,191
<b>Net Assets Value (NAV) Per Share (A/B)</b>	<b>40.91</b>	<b>41.08</b>

## 27.00 Net Operating Cash Flow Per Share ( NOCFPS )

Particulars	30.06.2018	30.06.2017
	Amount in Tk.	Amount in Tk.
Net Operating Cash Flow	88,788,357	121,071,679
Number of Shares used to compute NOCFPS	7,817,920	6,798,191
<b>Net Operating Cash Flow Per Share ( NOCFPS )</b>	<b>11.36</b>	<b>17.81</b>

## 28.00 Related Party Disclosure Under BAS-24

### 28.01 Related Party Transaction:

Related parties disclosure : As per BAS 24 Para 21 in the from sales of finished goods against export L/C. The company, in normal course of business carried out a number of transactions with other entities that fall within the definition of related party contained in Bangladesh Accounting Standard 24. Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and business with them as at 30 June 2018 were as follows :

Name of Sister Concern	Opening Balance	Transition	Realization	Accounts Receivable
J. M. Fabrics Limited	1,237,981	10,121,922	5,102,370	6,257,533
Knit Asia Limited	18,905,823	32,640,830	23,245,492	28,301,160
<b>Total Amount</b>	<b>20,143,803</b>	<b>42,762,752</b>	<b>28,347,862</b>	<b>34,558,693</b>

### 28.02 Related party disclosure as per BAS-24 Para 17 regarding key management personnel compensation :

Short term employees benefits	Monthly Salary Two Festival Bonus Medical Assistance Profit Participant
Post Employment Benefits	Provident Fund Gratuity
Other long term benefits	Life insurance
Termination Benefits	As per company policy
Share Based payment	Nil

**28.03 Disclosure of director remuneration and attendance fees under para - 4 of schedule XI part II of the companies act 1994 :**

Name	Position	2017-2018	2016-2017
Mr. Didar A. Husain	Chairman	2,400,000	2,400,000
Mr. A. Matin Chowdhury	Managing Director	2,400,000	1,200,000
Dr. Shamim Matin Chowdhury	Director	Nil	Nil
Ms. Saima Matin Chowdhury	Director	Nil	Nil
Mr. Azizur Rahim Chowdhury	Director	1,200,000	600,000

**28.04 Independent director have received the following meeting attendance fees :**

Name	Position	2017-18	2016-17
Dr. Sultan Hafeez Rahman	Independent Director	28,750	12,500
Md. Qamrul Huda	Independent Director	28,750	12,500

**28.05 Disclosure under para 3 of the schedule XI para II of the companies act 1994 :**

Particulars	Range	No of employees			Total
		Head Office	Factory	Worker	
Remuneration	100,000 - 200,000	3	-	-	3
Salary	0 - 14,999	3	66	-	69
Salary	15000 - 29,999	7	100	-	107
Salary	30,000 - 59,999	10	48	-	58
Salary	60,000 - 99,999	5	8	-	13
Salary	100,000 - Above	6	8	-	14
Wages	0 - 5,299	-	-	Nil	Nil
Wages	5,300 - 6,999	-	-	68	68
Wages	7,000 - 10,000	-	-	83	83
Wages	10,000 - Above	-	-	236	236
	<b>Total</b>	<b>34</b>	<b>230</b>	<b>387</b>	<b>651</b>

**28.06 Disclosure of Remuneration for External Auditors under para b of schedule XI part II of the Companies Act 1994 :**

The audit fee represents the fees for auditing the accounts of the Company for the financial year 2017-18. No other fees was paid to the auditor for any other services.

**28.07 Disclosure of production shortfall and achievement under para 7 schedule XI Para II of the Companies Act 1994:**

Unit	Installed Capacity	Actual Production	Short fall	% of achievement
Dyeing, Printing & Finishing unit (Yards in lac)	300.00	278.13	22	92.71

**28.08 Disclosure of Imported and Local raw material consumption under para 8 schedule XI part II of Companies Act 1994 :**

Value of Dyes & Chemical, Spare parts, Packing Materials and Capital Machinery (BDT) :

Particulars	Local Purchase	Import	Total Purchase	Consumed
Grey Fabrics	93,154,350	277,071,917	370,226,267	321,350,573
Dyes & Chemical	23,213,715	252,783,220	275,996,935	242,124,607
Printing, Design Materials & Spare Parts etc.	11,605,458	17,376,937	28,982,395	27,272,898
<b>Total</b>	<b>127,973,523</b>	<b>547,232,075</b>	<b>675,205,598</b>	<b>590,748,078</b>

**28.09 Contingent Liabilities**

The company has Tk. 44,804,743 contingent liabilities against Letter of Credit (EDF Liability) and Bank Guarantee for the year ended 30th June, 2018. The break up of the amount is as follows:

Particulars	30.06.2018 Amount in Tk.
a) Letter of Credit (City Bank Limited)	11,345,145
b) Letter of Credit (AB Bank Limited)	26,223,676
c) Bank Guarantee (AB Bank Limited)	7,235,922
<b>TOTAL</b>	<b>44,804,743</b>

**28.10 Post Closing Events :**

There is no significant event has been occurred for reporting for the period from cut-off date of financial year to the date of signing of the financial statements.

**28.11 Events after the reporting period :**

The Board of Directors of the company has approved the financial statements as on October 20, 2018 and they recom-mended 10% Stock & 20% Cash dividend for the financial year 30th June 2018. Except the fact stated above, on circum-stances have arisen that to be disclosed as note or adjusted in the financial statements.

# Rahim Textile Mills Limited

## Property, Plant & Equipment

As at 30th June 2018

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as on 30.06.18
	Balance as on 01.07.17	Addition During the Year	Adjustment During the Year	Total as on 30.06.18		Balance as on 01.07.17	Charges During the Year	Adjustment During the Year	Total as on 30.06.18	
Land & Land Development	14,345,373	-	-	14,345,373	-	-	-	-	-	14,345,373
Factory Building	121,416,789	8,262,047	-	129,678,836	10%	77,495,652	5,218,318	-	82,713,970	46,964,866
Plant & Machinery	649,107,510	54,638,401	-	703,745,911	10%	294,373,294	40,937,262	-	335,310,555	368,435,355
Office Building	465,320	-	-	465,320	10%	445,041	2,028	-	447,069	18,251
Godown / Ware House	2,417,477	-	-	2,417,477	10%	1,210,626	120,685	-	1,331,311	1,086,166
Tubewell & Water Pump	7,129,170	965,278	-	8,094,448	15%	4,641,468	517,947	-	5,159,415	2,935,033
Electric Installation	18,266,021	6,949,777	-	25,215,798	15%	14,185,161	1,654,596	-	15,839,757	9,376,042
Furniture & Fixtures	3,531,543	7,790,254	-	11,321,797	10%	1,386,900	993,490	-	2,380,390	8,941,407
Cookeries & Cutleries	83,506	-	-	83,506	15%	63,557	2,992	-	66,549	16,957
Air Cooler & Ceiling Fan	2,845,418	819,671	-	3,665,089	15%	1,798,061	280,054	-	2,078,116	1,586,973
Office Equipments	5,993,653	1,725,545	-	7,719,198	15%	3,104,320	692,232	-	3,796,552	3,922,646
Loose Tools & Equip.	2,733,168	-	-	2,733,168	15%	1,450,812	192,353	-	1,643,165	1,090,003
Gas Line Installation	1,476,783	-	-	1,476,783	15%	1,087,287	58,424	-	1,145,711	331,072
Gas Boiler	4,999,220	-	-	4,999,220	15%	749,883	637,401	-	1,387,284	3,611,936
Boundary Wall	2,155,312	-	-	2,155,312	15%	1,785,334	55,497	-	1,840,830	314,482
Other Machine & Equip.	10,696,453	4,743,719	-	15,440,172	15%	3,964,928	1,721,287	-	5,686,214	9,753,958
Generator	20,431,739	-	-	20,431,739	15%	16,791,509	546,034	-	17,337,544	3,094,195
Diesel Generator	-	5,924,554	-	5,924,554	15%	-	888,683	-	888,683	5,035,871
Water Tank Reservoir	951,779	-	-	951,779	15%	722,911	34,330	-	757,241	194,538
Motor Vehicles	18,498,687	2,268,177	-	20,766,864	15%	8,096,270	1,900,589	-	9,996,859	10,770,005
<b>As at 30 June 2018</b>	<b>887,544,922</b>	<b>94,087,423</b>	<b>-</b>	<b>981,632,345</b>		<b>433,353,013</b>	<b>56,454,202</b>	<b>-</b>	<b>489,807,216</b>	<b>491,825,129</b>

### Revalued Property Plant & Equipments As on 30 June 2018

Items	COST				Rate (%)	DEPRECIATION				Written down value as on 30.06.18
	Balance as on 01.07.17	Addition During the Year	Adjustment During the Year	Total as on 30.06.18		Balance as on 01.07.17	Charges During the Year	Adjustment During the Year	Total as on 30.06.18	
Land & Land Development	78,760,479	-	-	78,760,479	-	-	-	-	-	78,760,479
Factory Building	18,710,765	-	-	18,710,765	10%	11,461,831	724,893	-	12,186,724	6,524,041
Plant & Machinery	16,339,721	-	-	16,339,721	10%	9,702,022	663,770	-	10,365,792	5,973,929
Boundary Wall	6,035,141	-	-	6,035,141	15%	4,174,873	279,040	-	4,453,913	1,581,228
Tubewell & Water Pump	3,405,891	-	-	3,405,891	15%	2,356,061	157,475	-	2,513,535	892,356
<b>Sub Total as at 30.06.18</b>	<b>123,251,997</b>	<b>-</b>	<b>-</b>	<b>123,251,997</b>		<b>27,694,787</b>	<b>1,825,178</b>	<b>-</b>	<b>29,519,965</b>	<b>93,732,032</b>
<b>Grand Total as at 30.06.18</b>	<b>1,010,796,919</b>	<b>94,087,423</b>	<b>-</b>	<b>1,104,884,342</b>		<b>461,047,801</b>	<b>58,279,380</b>	<b>-</b>	<b>519,327,181</b>	<b>585,557,161</b>
<b>Total as at 30.06.17</b>	<b>852,254,195</b>	<b>158,542,723</b>	<b>-</b>	<b>1,010,796,919</b>		<b>407,647,601</b>	<b>53,400,200</b>	<b>-</b>	<b>461,047,801</b>	<b>549,749,118</b>

#### Depreciation charged to :

A) Depreciation of Cost Of Goods Sold.	56,378,791
B) Depreciation of Administrative & Selling Expenses.	1,900,589
	<u>58,279,380</u>



## 36<sup>th</sup> Annual General Meeting





## **Rahim Textile Mills Limited**

### **Registered Office:**

117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

### **Corporate Head Office:**

Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208

### **Factory:**

Shafipur, Kaliakoir, Gazipur

Tel: IPT+8809612111177-92, 880-2-8878065, Fax: 880-2-8878064

E-mail: [allabj@dhaka.net](mailto:allabj@dhaka.net), Website: [www.rahimtextile.com](http://www.rahimtextile.com)