

A large circular graphic with a red-to-orange gradient background and a white border. The background of the circle shows a close-up, textured view of denim fabric. The text "2019-2020 ANNUAL REPORT" is centered within the circle in a white, sans-serif font. The circle is overlaid on a larger background image of blue denim fabric with orange stitching and a metal button.

2019-2020  
**ANNUAL  
REPORT**

LETS BEGIN WITH  
PACIFIC DENIMS

---

LETTER OF TRANSMITTAL	02
OUR VISION, MISSION AND OBJECT	03
NOTICE OF THE 17 <sup>TH</sup> ANNUAL GENERAL MEETING	04
CORPORATE DIRECTORY	05
FINANCIAL HIGHLIGHTS	09
COMPANY OVERVIEW	10
BRIEF PROFILE OF BOARD OF DIRECTORS	14
MESSAGE FROM THE CHAIRMAN	19
MESSAGE FROM THE MANAGING DIRECTOR	21



23	DIRECTORS REPORT
24	OVERVIEW OF INDUSTRY
25	SEGMENT WISE OR PRODUCT WISE PERFORMANCE
25	RISK AND CONCERN
26	REPORT ON THE NOMINATION AND REMUNERATION COMMITTEE (NRC)
30	SHAREHOLDING PATTERN
32	MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND PERFORMANCE
35	DECLARATION OR CERTIFICATION BY THE CEO & CFO
36	CERTIFICATE ON CORPORATE GOVERNANCE
50	AUDIT COMMITTEE REPORT
53	AUDITOR'S REPORT TO THE SHAREHOLDERS

**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

STATEMENT OF FINANCIAL POSITION	57
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	58
STATEMENT OF CHANGES IN EQUITY	59
STATEMENT OF CASH FLOWS	60
NOTES TO THE FINANCIAL STATEMENTS	61
PROXY FORM	84



## TRANSMITTAL LETTER

The Shareholders,  
Bangladesh Securities and Exchange Commission (BSEC)  
Registrar of Joint Stock Companies & Firms (RJSC)  
Dhaka Stock Exchange Limited (DSE)  
Chittagong Stock Exchange Limited (CSE)

**Subject: Annual Report for the year ended 30th June, 2020.**

Dear Sir,

We are pleased to enclose copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30th June, 2020 along with notes to thereon of Pacific Denims Limited for your kind information and records.

Sincerely Yours,

By the order of Board

Sd/-  
*Md. Sorhab Ali*  
Company Secretary





#### OUR VISION

- Seek to attain a position of leadership in each category of its business.
- Accomplish a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
- Developing its employees by training, motivating and rewarding for innovation.
- Provideing products and services of high and consistent quality, ensuring value for money to its customers.
- Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.
- Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence.

#### OUR MISSION

- To enrich and ensure the quality of life of people through responsible application of knowledge, skills and technology.
- Committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

#### OUR STRENGTH

- **Branding loyalty:** The Company's products (Jeans/Denim fabric) to its customers have enabled the company to capture significant market share in such sector. Our customer includes KIK, Tesco, Sears, Gman, NKD, A. F Textile, Primer, C & A, OVS, Target, Takko, Lidl, Wal-Mart, K-Mart, Gordge, Carl Ricker, Carryfour, Lindex and Tema etc.
- **Modern Machineries:** We have been using the modern machineries which increase our productivity.
- **Market Share:** We have good market share of Denim Fabrics.
- **Strong distribution channels:** We have very strong distribution channels through which we can smoothly supply our products.
- **Professional Management:** We have professional management and they are experience enough in this sector.

#### OUR OPPURTUNITY

- Meet the increase in demand
- Increase the production facilities
- Explore new markets
- Create new designs



# PACIFIC DENIMS LIMITED

Bashoti Aristocrats, D-3 (3rd Floor), Plot # 6, Block # Sw (H), Gulshan-1, Dhaka-1212,  
Factory: Natuncharchashi, Gozaria, Munshiganj, Bangladesh.

## NOTICE OF THE 17<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Pacific Denims Limited that the 17th ANNUAL GENERAL MEETING of Pacific Denims Limited will be held on Tuesday, December 15, 2020 at 11:00 am at virtually by using from Digital Platform as per BSEC order SEC/SRMRC/04/231/25 July 08, 2020 through the link <http://www.digitalagmbd.net/pdlagm2020> agm2020 to transact the following business:

### AGENDA

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2020, together with the report of the Directors' and Auditors' thereon.
02. To declare dividend duly recommended by the Board of Directors.
03. To elect/re-elect Directors as per Articles of Association of the Company.
04. To approve the appointment of Independent Director of the Company.
05. To appoint Statutory Auditors of the Company and fixed instantly their remuneration.
06. To appoint professionals for reporting on Corporate Governance Code
07. To transact any other business with the permission of the Chair.


Date: November 28, 2020

By the Order of Board  
Sd/-  
Md. Sorhab Ali  
Company Secretary

### Notes:

1. November 19, 2020 is scheduled as Record Date for the 17th AGM of the company. Shareholders whose name will appear on the Register of Members/CDS record on the Record Date will be eligible to attend in the meeting and entitled for dividend.
2. A member entitled to attend and vote at the 17th Annual General Meeting can appoint a proxy to attend in the meeting and vote on his/her behalf. The proxy form duly stamped by revenue stamp of Taka 10.00 must be sent at the share department of the company at (Bashoti Aristocrats D-3 (3rd floor), Plot-6, Block # SW(H), Gulshan Avenue, Gulshan-1, Dhaka-1212) or through e-mail: [sorhab@pacificgroupbd.com](mailto:sorhab@pacificgroupbd.com) not later than 48 hours before the appointed time of the meeting.
3. Any written queries, if any, expected to be replied at the 17th Annual General Meeting on the Directors' and Auditors' Reports and Audited Accounts for the year ended June 30, 2020 should contract at the share department of the company at least 3 days before the meeting for the sake of convenience of appropriate explanation.
4. The shareholders will join the Virtual AGM of PDL through the link prior to 24 hours of the meeting. The shareholders will be able for registration, comments and vote before commencement of the AGM and during the AGM.
5. As per notification of BSEC, the soft copy of Annual Report will be sent to the shareholders' e-mail address available in their BO Accounts maintained by the Depository Participant (DP). The soft copy of Annual Report FY 2019-20 and Proxy Form will also be available in the company's website at [www.pgbd.org](http://www.pgbd.org). The shareholders may also collect the printed copy of Annual Report FY 2019-20 from the share department of the company.
6. Depository Participants/Stock Brokers are requested to send the list of margin account holders based on record date i.e. 19/11/2020. If any, within the November 29, 2020 to the company through hard copy or e-mail: [sorhab@pacificgroupbd.com](mailto:sorhab@pacificgroupbd.com), otherwise, the dividend will be paid to the shareholders whose names appeared in the Member/Depository Register on the "Record Date".

## CORPORATE DIRECTORY

Company Name	: Pacific Denims Limited (PDL)
Company Logo	: 
Status of the Company	: Public Limited Company
Dates of Incorporation	: March 20, 2003
Commencement of its Commercial Operations	: April 01, 2007
Business	: Denim Fabrics Manufacturer
Present Production Capacity	: 18.45 Million Yards Per Year
Legal Position	: Pacific Denims Limited (PDL) was incorporated in Bangladesh as a Private Limited Company under the Companies Act, 1994. Vide Registration No. C-48649(633)/2003 dated March 20, 2003 and converted into the Public Limited Company as on January 12, 2011.
Authorized Capital	: Tk.2,000,000,000 divided into 200,000,000 Ordinary Share of Tk.10.00 each
Paid up Capital	: Tk. 165,211,650 divided into 1,652,116,500 Ordinary Share of Tk. 10.00 each
Date of Approval for IPO	: November 13, 2016
Date of Listing with DSE	: January 25, 2017
Date of Listing with CSE	: January 25, 2017
Registered Office	: Bashoti Aristocrats D-3, (3rd Floor), Plot-6, Block # SW (H), Gulshan Avenue, Dhaka-1212. Tel: +8802 58817882, 9855523, Fax: +8802 9891710.
Manufacturing Plant	: Natun Charchasi, Gazaria, Munshiganj, Bangladesh.
Website	: <a href="http://www.pgbd.org">www.pgbd.org</a>
E-mail	: <a href="mailto:sorhab@pacificgroupbd.com">sorhab@pacificgroupbd.com</a>
Board of Directors	: 5 Directors.
Auditor	: <b>Shafiq Basak &amp; Co.</b> Chartered Accountants Shatabdi Centre (6th Floor), 292 Inner Circular Road, Fakirapool, Motijheel, Dhaka. Tel: +88-02-7194870, 7192098 Email: <a href="mailto:shafiq_basak@yahoo.com">shafiq_basak@yahoo.com</a>
Credit Rating Agency	: <b>ARGUS Credit Rating Services Limited</b>
Banker of the Company	: Agrani Bank Limited, Prime Bank Limited and Bank Asia Limited
Compliance Officer	: Md. Sorhab Ali, Company Secretary







HOHENSTEIN Textile Testing Institute GmbH & Co. KG  
Schloss Hohenstein, 74357 Bönnigheim, Germany

**OEKO-TEX®**  
CONFIDENCE IN TEXTILES

# CERTIFICATE

## The company

**Pacific Denims Ltd.**  
D-3, (3rd floor), Plot-6, Block-SW (H)  
Gulshan Avenue  
1212 - Dhaka, BANGLADESH

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **17.0.05195**



## for the following articles:

**Woven denim fabrics made of 100 % cotton, cotton/elastane, cotton/polyester (polyester part undyed), cotton/polyester/elastane (polyester part undyed) in colour indigo, blue black and black; produced by using material certified according to STANDARD 100 by OEKO-TEX®.**

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 4, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 4 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

**The certificate 17.HBD.05195 is valid until 30.11.2019**

Boennigheim, 30.11.2018

  
Dipl.-Ing. (FH) Elisabeth Panian  
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Genferstrasse 23 | P.O. Box 2006 | CH-8027 Zurich



## FINANCIAL HIGHLIGHTS





### **Company Overview**

Since the commencement of its journey in 2007, Pacific Denims Limited (PDL) has been marching forward and now has positioned itself as one of the leading 100% export based denim manufacturers in Bangladesh. From the effort of producing and delivering superior quality denim clothes, PDL is now that much bold and capable to take challenges to compete with other denim manufacturers in Bangladesh. The Company produces denim fabrics weighing from 4oz/yd<sup>2</sup> to 15oz/yd<sup>2</sup> for denim jeans. Keeping up with the current craze in denim, the Company is manufacturing and exporting top class products in diverse shade quality, color, weight, and style as buyers' demand.

### **Our Products and Renowned Buyers**

PDL is a trusted source for the world renowned buyers; and in many cases, it is the only nominated supplier for some famous buyers. Currently, PDL manufactures fabrics for the globally reputed brands including Marks & Spencer, George, Polo, Next, Tesco, Mexx, Walmart, JC Penny, Tommy, Gap, Lee Hang Fat, Adams, Woolworth, Gulden Pfenning, Li & Fungetc. Its premium design and enriched diversified product portfolio have made PDL special and distinctive to the customers. Again many such new and unique products are still in the plan to be introduced shortly. The Company exports the products through export oriented RMG. The final destinations of the products are EU, Australia and others.

### **Current Production Capacity**

Present production capacity of the Company is 18.45 million yards per year and it is expected the capacity of the factory to be enhanced after recovery of global impact of COVID-19 Pandemics.

### **Social Causes Programs**

For ensuring maximum security to the lives of common people; since inception, Pacific Denims has been trying to enrich economic and social indicators of the society by supporting the following sectors: Environment Related Issue and contributes in health care support through providing financial assistance to Prime Minister Relief Fund.

## AWARD AND RECOGNITION

PDL has been awarded and achieved a number of prestigious awards several times including national award and recognition from different govt. and private sectors and organizations.

The Company has obtained 12th Bangladesh Business Awards as a best denim fabrics manufacturer 2009-2010 & 14th Bangladesh Business Award 2011 & Arthakantha Business Award 2012. We hope and will make every effort to continue upholding this standard in the future.



# FACTORY OUTSIDE PICTURE





## FACTORY INSIDE PICTURE



WARPING UNIT



DYEING AND SIZING UNIT



WEAVING UNIT



FINISHING UNIT



FINISH PRODUCT

## BRIEF PROFILE OF BOARD OF DIRECTORS



**MD. SHADEQUL ALAM (YEASIN)**  
Chairman

Mr. Md. Shadequl Alam (Yeasin) is the Chairman of Pacific Denims Limited. He has introduced innovative production management, incentive system and marketing approach to the company. He has 14 year of valuable business experience in the existing space of garments sector. He obtained Textile Engineering graduation from Adword University, Dhaka campus. Mr. Shadequl Alam (Yeasin) also serves as the Chairman of Pacific Co. (BD) Limited, Disney Properties Limited and Pacific Beverage & Food Limited.



**MD. SHAFIUL AZAM (MOHSIN)**  
Managing Director

Mr. Md. Shafiul Azam (Mohsin) is the Managing Director of Pacific Denims Ltd. He was born in 1967 in an illustrious family of B. Baria. His father was late Abdur Rashid.

Mr. Mohsin obtained his B.Sc. from Tejgaon College under Dhaka University. He also serves as the Managing Director of Pacific Co. (BD) Limited, Disney Properties Limited. Mr. Mohsin is widely experienced personnel in industrial management. He is the Chief Executive Officer of Pacific Group, engaged in diversified business including number of Export Oriented Readymade Garments and Textile Industry, Land Development, Export Oriented RMG Accessories Industry, Food service, etc. He is young energetic business leader. He achieved NAWAB SIR SALIMULLAH GOLD MADEL AWARD as the best Industrial Entrepreneurship for the year of 2006. He also achieved BANGLADESH BUSINESS AWARD 2010-2011 presented by Mr. H. T. Imam, Adviser to the Honorable Prime Minister & also got Business Asia Award 2010-2011 presented by the Honorable Commerce Minister Mr. Faruk Khan as the best Denim Fabrics Exporter.



**MD. SOHEL KHAN**  
Director

Mr. Md. Sohel Khan serves as the Director of Pacific Denims Limited and also Managing Director of Pacific Jeans Collection Limited and Color Tex International. He has 18 years of valuable business experience in the garments sector. Mr. Sohel has visited most of the countries where commodities made of Bangladesh have a good and lucrative export market. Mr. Sohel is young energetic business leader. He possesses his business talent and what initiative he has taken, he then made it to successful one. He has become a business icon to young business entrepreneur.



**MD. ASHFAK AHMED KHAN**  
**Independent Director**

Mr. Md. Ashfak Ahmed Khan serves as the Independent Director of Pacific Denims Limited. He obtained his MSS in Political Science from Govt. Titumir College under National University. Mr. Ashfak Ahmed Khan has 18 years of valuable professional experience in the garments sector. The creation of strategic alliances and strategic planning of his is the indicator of our continuous efforts to develop the core team to help achieve the mission of the company.



**M.A. KAMAL BHUIYAN**  
**Nominee Director**

Mr. M. A. Kamal Bhuiyan serves as the Representative Director of Disney Properties Limited. He also Chairman of Pacific Jeans Collection Limited. He obtained his B. Com (Pass) from Comilla Victoria Govt. College in 1980 and M. Com in Management from Chittagong University in 1982. He also completed partly (CMA Intermediate) professional degree from ICMAB, Comilla Branch. He also served as Chief Executive in Mariners Bangladesh Limited (1993-1995) and Production in Charge in Young Ill Mulsun, Kwangiu, South Korea (2001-2008).



## KEY SENIOR PERSONNEL



**MD. ABDUL MAJID**  
**EXECUTIVE DIRECTOR (FACTORY)**

Mr. Md. Abdul Majid joined Pacific Denims Limited in May 2006. He obtained his B.Sc. Honors and M.Sc. in Applied Chemistry & Chemical Engineering from Rajshahi University. Before joining Pacific Denims Limited he worked with many companies in senior management position like Beximco Denims Limited, a sister concern Beximco Group, Deep Textile Limited, Jamuna Denims Limited a sister concern of Jamuna Group.



**MD. ABDUL HALIM**  
**GM HR & ADMIN**

Mr. Md. Abdul Halim has been working in Pacific Group as General Manager HRM and Admin. He obtained his B. Com under University of Dhaka. He also obtained Banking Diploma from DAIBB. Before joining Pacific Group he worked in many banks in senior management position.



**MD. SORHAB ALI**  
**COMPANY SECRETARY**

Mr. Md. Sorhab Ali has completed his BBA (Honors) & MBA from University of Chittagong from the Department of Accounting and Information Systems. He has more than 17 years practical experience in the country's largest manufacturing industries in the area of Company's Secretarial Affairs, Internal Audit, Finance and Accounts, Commercial and Taxation. He obtained a wide range experience in different fields of textile sectors. He obtained training on Internal Audit. He joined Pacific Denims Limited in November 2011. Before joining Pacific Denims Limited he worked in many companies such as Siemex Textile Mills Limited, a sister concern of SIEMEX Group, DNS Software Limited a sister concern of DNS Group.



**MD. MAIN UDDIN RUBEL**  
**CHIEF FINANCIAL OFFICER**

Mr. Md. Main Uddin Rubel has completed his MBA from Dhaka International University from the Department of Finance & Banking and B. Com (Honors) & M.Com from University of Jagannath from the Department of Management. He has more than 20 years practical experience in the country's largest Bank & manufacturing industries in the area of Export Import & Credit Department as well as Development and Commercial Department. He obtained a wide range experience in Export, Import and project development. He obtained training on banking credit department (BIBM). He joined Pacific Denims Limited in April 2014. Before joining Pacific Denims Limited he worked in many companies such as Islami Bank Bangladesh Ltd., Al Arafa Islami Bank Ltd., EXIM Bank Ltd., Fahami Group of Industries, Ansha Group of Industries, NASSA Group, Noman Group, AKH Group.



**HASAN ASKARI KAFI**  
**DEPUTY GENERAL MANAGER (OPERATION)**

Mr. Hasan Askari Kafi joined Pacific Denims Limited in May 2013. He obtained his B.A from National University. He obtained special course on Textile Management, ISO and Labor Law. He has more than 20 years practical experience in the country's largest manufacturing industries in the area of production. Before joining Pacific Denims Limited he worked with many companies in senior management position like MAB Denims Limited, Bengal Denims Ltd., Deep Textile Limited, Jamuna Denims Limited a sister concern of Jamuna Group.

## EVENT HIGHLIGHTS



## MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Dear valued shareholders,

Assalamualaikum

It is a great pleasure for me to be here with you at the 17th Annual General Meeting of Pacific Denims Limited (PDL). After IPO, this is the fourth AGM of our Company. On behalf of the Board of Directors and myself, I express my heart-felt thanks and profound gratitude to you for your support and trust. It is my privilege to present you Company's business performance together with PDL's Annual Report and the Financial Statements and Auditors' report for the year ended June 30, 2020. I would like to take the opportunity to thank the valued Shareholders for joining us to make the event successful.

### **BUSINESS SITUATION**

In the backdrop of various adverse business conditions such as pandemic caused by Covid-19, high bank interest rate, increased utility (gas, fuel) cost, higher cost of raw materials, the company could not maintained an impressive growth in production, export and profitability. Our annual production capacity was (Weaving) 18.45 million yards whereas actual production is 12.83 million yards. This accounted for 70% capacity utilization. PDL has passed a defensive year during the year 2019-2020. We believe that our endeavours and teamwork have enabled the Company to maintain its profitability under competitive industry scenario and the negative economic impact of COVID-19. The denims sector in Bangladesh is flourishing and we are very happy to be an integral part of the development. Despite many challenges PDL has grown in line with the denim industry in Bangladesh.

### **BUSINESS PERFORMANCE**

It has been tumultuous time we all have been passing through since December 2019 when Covid-19 affected us severely. We all are aware the impact of Covid-19 that halted economic activity and business as well. So far around the world, roughly 5.8 crore people have been infected and 13.78 lac people passed away. This number is increasing day by day until getting full remedy from this pandemic. Our export has been fell drastically, of which more than 80% of export comes through RMG. In this backdrop, in 2019-2020, our sales has been deteriorated resulting in lower profit comparing to the previous year. The company's revenue for the year ended June 30, 2020 is Tk. 1,941.90 million comparing to Tk. 2,281.90 million during financial year 2018-2019, i.e. decreased by roughly 15%. Net profit after tax stood Tk. 88.40 million comparing to Tk. 214.04 million in last year, i.e. decreased by around 59 % as compared with the previous year. Net Asset Value (NAV) per share has decreased due to increased number of shares from 144,922,500 to 165,211,650. Earnings per Share (EPS) and NOCFPS have decreased due to overall company business impacted by COVID-19. EPS and NOCFPS was calculated by applying weighted number of ordinary shares of 165,211,650 for the year ended June 30, 2020 and 144,922,500 ordinary shares for the year ended June 30, 2019. Based on performance and business results the Board has recommended 10% Stock dividend for the year 2019-2020.

### **FUTURE PROSPECTS**

PDL manufactures high quality of products as per customer requirement. Thus, the management is continuously improving the production process and human resources by conducting research and development. PDL produces high-end segment products with innovation and customer satisfaction. PDL has become a trusted source for the buyers over the years, for continuous product development of their products.

### **CONCLUSION**

I would like to thank the employees and without their effort and commitment we would not be able to hold such a defensive position under this pandemic situation. Meanwhile, Bangladesh Securities and Exchange Commission (BSEC) has introduced new guidelines on Corporate Governance Code as mandatory. The Board of Directors of the Company is committed to delivering good Governance and exercising best practice in all respects.



Pacific Denims Limited

I would also like to extend my gratitude to the Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Registrar of Joint Stock Companies (RJSC) and Firms, National Board of Revenue (NBR), Central Depository Bangladesh Limited (CDBL), Bankers and our valued shareholders for their valuable guidance, support and cooperation at the time of our needs.

I would like to conclude by thanking the Management of the company and the Board of Directors for what has made me most proud during this COVID-19 pandemic. Across Bangladesh, many major companies have failed to pay their employees. As a result, many have been released from their jobs and many others are still employed without being paid. It is a massive tribute to not only the operational efficiency of the company but also to the integrity and loyalty of the management that Pacific Denims Limited has not laid off a single employee due to the pandemics.

I am confident that in the future, the company will be rewarded for its unwavering integrity and commitment to its staff.

Finally, I pray to the Almighty to spare not only our nation but the world as well from the adverse effect of Covid-19 and to get back to normal life.

Sincerely Yours

Sd/-

Md. Shadequul Alam (Yeasin)  
Chairman

## MESSAGE FROM THE MANAGING DIRECTOR

Bismillahir Rahmanir Rahim

**Dear valued shareholder,**

It is a great pleasure and privilege for me to attend this 17th Annual General Meeting of Pacific Denims Limited along with our distinguished shareholders at. The main objective of our company is to maximize shareholders' wealth by making profit. From the very beginning, our management has been committed to maintaining sustainable growth and stable profit of the company. The management of the Company is committed to delivering a sustainable shareholders' return vis-à-vis contribution to the national exchequer.

In 2019-20, we had been performing well to reach the target until pandemic came to halt the situation. Pandemic affected us out of the blue and none of us was ready and prepared to cope with such deadly pandemic. We witnessed thousands of people had been dying around the world helplessly including the doctors who were treating the patients. There was no proven medication to deal with Covid-19. The last resort was to impose social distance resulting in lockdown across the world. The impact was the stagnant position of business, people were losing job, and the world economy was coming to shrink. Our export has been fell drastically, of which more than 80% of export comes through RMG. While the Bangladeshi economy is generating economic growth despite COVID -19, the pandemic has slowed down the growth rate significantly. In this backdrop, 2019-2020 has been a defensive year for the Company. During this year the Company could not maintain its volume of revenue and profitability due to overall business impacted by COVID-19 pandemics. Our turnover has been significantly lower comparing to that of previous year.

Pacific Denims Limited is a largest denims producer and exporter industry of Bangladesh. We have to ensure perfection in terms of quality, pricing and timeliness of our product as before and we are striving to stay likewise in the years ahead. I hope that the production capacity of the Company will be further increased when the world will get rid of the impact of COVID-19.

In the financial year 2019-2020 we have completed our IPO proceeds. In this regard we have reported to BSEC, DSE and CSE on monthly basis. I believe that the dedication and commitment of all our employees towards our customers have been the main driving force in our successful performance. Accordingly, I would thank our devoted workforce and would expect their similar dedication in future. At the same time, I would also like to thank the members of the Board of Directors for their continued support to the Management of the Company. I also acknowledge with gratitude the relentless backing and cooperation of BSEC, DSE, CSE and Bankers and earnestly thank them for their continued trust and confidence on us.

I will conclude by expressing my personal gratitude and appreciation to our Board of Directors, the management and all employees of Pacific Denims Limited for their hard work, especially in COVID-19 situation and dedication to achieve our objectives and ambitions. A special mention must go to our factory workers and our sales team. Last but not the least, I would like to thank our honourable shareholders for their continued support and co-operation.

Thanking You

Sd/-

Md. Shafiul Azam (Mohsin)  
Managing Director

# BANGLADESH TEXTILE MILLS ASSOCIATION (BTMA)

## বাংলাদেশ টেক্সটাইল মিলস এসোসিয়েশন (বিটিএমএ)

Unique Trade Centre (Level 8), 8, Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh, Phone : 9101508, 9130969, 8122563  
Fax: 9125338, E-mail : btmasg@gmail.com, btma2@yahoo.com btma3@hotmail.com, Website: www.btmadhaka.com



### MEMBERSHIP CERTIFICATE

Membership No : 003-0027-0481 Date : 10-2-2020

Pacific Denims Ltd.

We are pleased to admit *M.P.* of *Symphony (Level-3) 9, Gulshan Av. (S), Gulshan-1, Dhaka-1212*

C-Textile Product Processor

as a General/An Associate member of this registered Trade Association in the category of

The member-mill possesses 0 spindles & 0 Rectors for yarn productions, 120 number of Shuttleless Loom,

0 No of Shuttle loom & 0 Knitting machines for fabric production. The annual capacity of the mill in

(i) Cotton/ Polyester Texturised Yarn/Wool/Acrylic wool manufacturing is 0 kgs.

(ii) Woven/ Knit / Towel / Garments/Fabric / Socks/Sweater manufacturing is 16459200 metres

(iii) Dyeing/printing/finishing is 0 kgs.

16459200 Pa. 0 meters

January-June, 2020

This certificate shall remain valid up to

*[Signature]*  
Secretary-General

*[Signature]*

President / Vice-President

# DIRECTOR'S REPORT

Bismillahir Rahmanir Rahim

## Dear Shareholders

Assalamualaikum

It is our immense pleasure to present Annual Report along with Audited Financial Statements and Auditors Report for the year ended June 30, 2020 of Pacific Denims Limited. The Company's performance and other matters as laid in the report has been dressed in terms of the Companies Act 1994, the guideline issued by Bangladesh Securities and Exchange Commission (BSEC) and the International Financial Reporting Standards (IFRSs)

## Background

Pacific Denims Limited was incorporated in Bangladesh as a Private Limited Company under the Companies Act, 1994. Vide Registration No. C-48649(633)/2003 dated March 20, 2003 and converted into the Public Limited Company as on January 12, 2011. The Authorized capital of the company is TK 2,000.00 million and paid up capital 1,652.11 million. The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The shares of the company were listed on both Dhaka Stock Exchange and Chittagong Stock Exchange on January 25, 2017. The trading of shares of the company was started from 07 February, 2017 on both Stock Exchange.

## Overview of Business

The main activities of the Company are manufacturing, dyeing, weaving & finishing of 100% export oriented denim fabrics. The company produces a single product 'Denim Fabrics' of various specifications, compositions, color and qualities. PDL sells its products through Back to Back L/Cs to the local garments manufacturers and exporters who consume the denim fabrics as raw materials of their products. The garment manufacturers export their goods to the overseas markets. Therefore, the final destination of the company's products appears in the overseas market. Pacific Denims Limited ultimately produces denim fabrics for world renowned brand names such as KIK, Tesco, Sears, Gman, NKD, A. F Textile, Primer, C & A, OVS, Target, Takko, Lidl, Wal-Mart, K-Mart, Gordge, Carl Ricker, Carryfour, Lindex and Tema.

PDL has modern machineries and technology that ensures quality products. Quality is main concern while formulating our strategy. We try to produce goods with cheap cost so that we can get competitive advantages over our competitors. We also believe in providing customizing products to our customer as per need basis so that we can get maximum market share of our products. So innovation is always there.

## Revenue

The company is 100% export oriented and the principal activities of the company are to produce a single product of 'Denim Fabrics' of various specifications, compositions, color and qualities. The sale proceeds stood at Tk. 1,941,900,340 during the last financial year.

The operating financial results of the Company for the year 2019-2020 as compared with previous year are summarized hereunder:

Particular	June -30-2020	June-30-2019
Turnover	1,941,900,340	2,281,904,042
Gross Profit	285,748,258	383,759,802
Net Profit (Before Tax)	104,354,362	252,265,888
Provision for Taxation	15,950,985	38,219,102
Net Profit (After Tax)	88,403,377	214,046,786
Gross Margin (Turnover)	13.32%	16.82%
Net Margin (Before Tax)	5.37%	11.05%
Net Margin (After Tax)	4.55%	9.38%
Earnings Per Share (EPS) (Tk.)	0.54	1.30



### Overview of Industry

2020 is going to be a crucial year for the Bangladesh garments and textile industry. As the industry is going through a transformation phase, some major organizational changes are on the card in the upcoming days. Starting in the late 1970s, expanding heavily in the 1980s and finally booming in the 1990s, Ready Made Garments industry has created a success story for Bangladesh. Turning up as a gigantic industry within a short span of time, RMG sector has become the backbone to the economy of the country as the largest source of export earnings (84%) and employment (20 million). Bangladesh RMG sector has a goal to achieve 50 Billion export targets by year 2021 that will cover 8-10% of total apparel export of the world market. Currently the country holds approximately, 7% of that with 34-billion-dollar export. However, at current growth pace the target is not possible to achieve.

Another major thing to look for is the value addition. Value addition is increasing day by day as industries are becoming more self-sufficient in backward linkage industries, especially in knit sector. In woven sector, the industry is still dependent on foreign sources for fabrics which reduce the value addition scopes. The matter of hope is that the denim sector is rising heavily of late. According to major denim manufacturers of the country, they used to produce denim trousers for \$5.50 and \$7.0 a piece earlier, but now the price range has gone up to \$10 to \$11. Bangladesh exports denim goods worth more than \$3 billion a year and has already overtaken China to become the top denim supplier to the EU. The production capacity of the 32 denim mills in Bangladesh is more than 40 million yards a month against a demand for nearly 70 million yards. The rest of the demand is met through imports from countries like China, India, Pakistan, and Turkey. According to manufacturers, new technologies used in washing and polishing as well as the increasing use of finer fabrics and design are allowing Bangladesh to add more value to denim items.

Bangladesh, the eighth most populous country, is the second-largest garment exporter in the world, trailing only the Chinese mainland. With its wage levels amongst the lowest in the region and with its abundant labor supply, Bangladesh has huge demand as a garment production base, securing its status as one of the world's major suppliers of low-cost, ready-made garments(RMG) over the past two decades. Many foreign companies now either have their own export-oriented production plants in Bangladesh or source garments for the international market from the country.

Bangladesh's export earnings from the coronavirus-hit apparel sector are likely to fall by around \$10 billion in 2020 from \$33 billion in the previous calendar year. As a result, the country is surely going to face a massive shortfall in meeting its target of exporting \$38.2 billion worth of apparel products in the current 2019-2020 fiscal year. Overall, the country is likely to earn \$6-7 billion less from apparel exports in the ongoing fiscal as compared with the previous year. This will be a heavy blow to the country's overall export earnings which was \$40.53 billion in the 2018-19 fiscal. Policy Research Institute of Bangladesh (PRI), said that export earnings from the sector may shrink by 30 percent year-on-year in FY2020 as exports witnessed a drastic fall in March and April 2020. The trend may continue to the next fiscal year. Meanwhile, Global Data recently made a forecast that Covid-19 will wipe off \$297 billion from the global apparel market in 2020 – a 15.2-percent decline as compared to that in 2019.

Apparel manufacturers also have no idea as to what will happen in the next three to four months as the time for placing orders for those months are already over but most factories have received orders less than 50 percent of their production capacity. According to BGMEA data of May 1 to May 19 this year, the country's apparel export has dipped by 55.7 percent as compared with the corresponding period's the previous year. In April, the export saw an 85-percent negative growth.

The BGMEA president said they needed to create own apparel brands for branding Bangladesh, which will help to get a better profit margin and help to share a part of the profit to their workers. They have plans to go beyond the basic items to diversify their business. However, Bangladeshi apparel makers exported only 5 basic items, which is about 73 percent of total apparel export earnings.

BGMEA statistics shows that the US' import from Vietnam increased by up to 7 percent, that from China fell by 52 percent and from Bangladesh by 2 percent. In terms of unit value, Bangladesh exports fell by 0.90 percent to the US and by 1.87 percent to EU markets.

**The Segment wise or Product wise Performance**

The Company operates its business in single segment i.e. produced only “Denim” fabrics.

**Risk and Concerns**

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to change in policy in the international market might hamper the production and profitability. Changes in forex rates might also affect the pricing and thereby the profitability of the Company.

The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide.

Similarly, risks and concern of the industry depends on the Government policies as well. However, Denims industry being the potential industry have always enjoyed special consideration from all the successive Governments and expectation is that it will continue to enjoy similar care and consideration from policy makers in the future. In the same way sewing thread industry also will enjoy this benefit. Unless any policy change that may negatively and materially affect the industry as a whole, the business of the company is expected not to be affected in the short run.

**Discussion on cost of goods sold, gross profit margin and net profit margin is as follows**

Particulars	30-June-20		30-June-19	
	Amount	%	Amount	%
Sales	1,941,900,340	100.00	2,281,904,042	100.00
Cost of Goods Sold	1,656,152,082	85.28	1,898,144,240	83.18
Gross Profit	285,748,258	14.71	383,759,802	16.82
Net Profit for the year	88,403,377	4.55	214,046,786	9.38

**Discussion on continuity of extra-ordinary gain or loss**

Extraordinary gain or loss refers to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. During the year no extraordinary gain/ (loss) incurred.

**Related Party Transaction**

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in IAS 24 Related Party Disclosures. Details of related party disclosures are showing as follows:

SL.	Related Parties	Relationship	Nature of Transaction	
			Remuneration	Board Meeting Fees
1	Md. Shadequl Alam (Yasin)	Chairman	702,000	25,000
2	Md. Shafiul Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

**Significant variance of financial statements**

No significant variations have occurred between quarterly and financial results of the company during the year under report.

**Utilization of IPO Fund**

The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The company utilized Tk. 200,178,553 for the purpose of machinery & equipment, Tk. 279,201,447 for the purpose of construction of building, Tk. 250,000,000 for partial bank loan pay off, and Tk. 20,620,000 for IPO expenses up to June 30, 2020 as certified by independent auditor, Shiraz Khan Basak & Co., Chartered Accountants.

In respect of the above partial bank loan pay off, the company repaid Tk. 100,000,000 to Agrani Bank Ltd., Tk. 120,000,000 to NCC Bank, Tk. 10,000,000 to IIDFC, Tk. 10,000,000 to IDLC Finance Limited and Tk. 10,000,000 to First Lease Finance & Investment Ltd. from the IPO Fund.

As per consent letter no. BSEC/CI/IPO/231/2014/632 dated November 10, 2016, we have reported to BSEC, DSE, and CSE on monthly basis till February 28, 2020.

**Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.**

**Board Size**

The number of members of the Board of Directors stands at 05 (including One Independent Director) which are within the limits given by the BSEC Notification.

**Independent Director**

Md. Ashfak Ahmed Khan

Mr. Md. Ashfak Ahmed Khan serves as the Independent Director of Pacific Denims Limited. He obtained his MSS in Political Science from Govt. Titumir College under National University. The creation of strategic alliances and strategic planning of his is the indicator of our continuous efforts to develop the core team to help achieve the mission of the company.

**Qualification of Independence Director**

Mr. Md. Ashfak Ahmed is well business experienced person. He has 18 years of valuable professional experience in the garments and textile sector.

**Company Secretary, Chief Financial Officer, Head of Internal Audit**

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

Company Secretary : Md. Sorhab Ali  
Chief Financial Officer : Md. Main Uddin Rubel  
Head of Internal Audit : Abdul Jalil Majumder

**Audit Committee**

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

**Report on the Nomination and Remuneration Committee (NRC)**

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRR D/2006-158/207/Admin/80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board. The Nomination and Remuneration Committee (NRC) of PACIFIC DENIMS LIMITED is Comprised of the following members:

Name	Designation	Position
Mr. Md. Ashfak Ahmed Khan	Independent Director	Chairman
Mr. Sohel Khan	Director	Member
Mr. M. A Kamal Bhuiyan	Nominee Director	Member
Mr. Md. Sorhab Ali	Company Secretary	Secretary

**Terms of Reference:**

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC 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 policy for formal process of considering remuneration of director, top level executive.

**Role of the NRC:**

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulation the criteria for determining qualification, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.
  - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
  - (iv) formulating the criteria for evaluation of performance of independent director (s) and the Board
  - (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - (vi) developing, recommending and reviewing annually the Company's human resources and training policies;

**Meeting of NRC:**

The Nomination and Remuneration Committee met on June 26, 2020 of Pacific Denims Limited ensured/observed the following activities:

1. Set up an organization structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
2. Set up standard pay structure for each job level based on education, experience and competency.
3. A target based on-line performance Management System to evaluate performance of employees. This KPI based PMS leads to Yearly Increment, Promotion of individual.
4. Employee Benefit policy to attract the job seekers and retain internal talents. Succession planning of the company to have our future leaders ready according to the requirements. Ensuring extensive training and development plant for the individual or group of people.
5. A transparent recruitment and selection policy where competent candidates get hired.
6. Practicing a clear career path system for employees which reflect in organization structure

**Objective and Policy of the NRC****Objective:**

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/ top management team required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.



**Appointment and Removal of Director, Top Level Executives and Senior Management**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his/her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

**Term/Tenure of Independent Director**

All companies shall have effective representation of independent directors on their Boards. At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors. Qualifications, experience and position of Independent Director shall be as per notification on Corporate Governance Code of Bangladesh Securities & Exchange Commission. The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM). The post of independent director (s) cannot remain vacant for more than 90 (ninety) days and the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years] :

**Evaluation**

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

**Removal**

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s).

**Retirement**

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

**Policy for Remuneration to Directors/Top Level Executives:**

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

**Implementation**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals insupplement and for better implementation of this Policy as considered appropriate.

On behalf of the Nomination & Remuneration Committee

Sd/-

Md. Ashfak Ahmed Khan

Chairman

Nomination & Remuneration Committee (NRC)

### **External Statutory Auditors**

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

### **Maintaining a website**

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

### **Subsidiary Company**

The company has no subsidiary company.

### **Duties of Managing Director and CFO**

The provision of BSEC regulations has been compiled in the annual report.

### **Reporting and Compliance of Corporate Governance Code**

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

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

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

#### **Mr. Md. Sohel Khan**

Mr. Md. Sohel Khan serves as the Director of Pacific Denims Limited and also Managing Director of Pacific Jeans Collection Limited and Color Tex International. He has 18 years of valuable business experience in the garments sector. Mr. Sohel has visited most of the countries where commodities made of Bangladesh have a good and lucrative export market. Mr. Sohel is young energetic business leader. He possesses his business talent and what initiative he has taken, he then made it to successful one. He has become a business icon to young business entrepreneur.

#### **Mr. M. A. Kamal Bhuiyan**

Mr. M. A. Kamal Bhuiyan serves as the Representative Director of Disney Properties Limited. He also Chairman of Pacific Jeans Collection Limited. He obtained his B. Com (Pass) from Comilla Victoria Govt. College in 1980 and M. Com in Management from Chittagong University in 1982. He also completed partly (CMA Intermediate) professional degree from ICMAB, Comilla Branch. He also served as Chief Executive in Mariners Bangladesh Limited (1993-1995) and Production in Charge in Young Ill Mulsun, Kwangiu, South Korea (2001-2008).

#### **Mr. Md. Belayet Hossain, Advocate**

The Board of Directors has recommended and appointed of Mr. Md. Belayet Hossain, Advocate as an Independent Director of Pacific Denims Limited from the Board of Directors meeting held on July 19, 2020. Mr. Hossain has completed his LL.B (Honors) & LL.M from the University of Rajshahi from the Faculty of Law. He has more than 17 years practical experience in the area of Civil, Criminal and Writ. He has enrolled as an advocate under the 'Bangladesh Bar Council' in 1998 and was permitted to practice in the Hon'ble High Court Division of the Supreme Court of Bangladesh in 2003. He also a Member of the "Supreme Court Bar Association." He has completed his professional training & research course namely 'Continuing Legal Education Programme (CLEP) under the Bangladesh Bar Council. He is the head of Law Chamber namely "The Law Consultants" at 56, Purana Paltan Lane, VIP Road, Dhaka-1000. Appointment of the independent directors will be placed before the general shareholders for approval in the 17th AGM.

**Shareholding pattern**

The shareholding of directors at the end of 30 June, 2020 is shown as below:

Sl/No	Name of Shareholder	Description	Number of Shares	Amount (Taka)	%
a)	Parent or Subsidiary or Associated Companies and other related parties;		Nil	Nil	Nil
b)	Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;				
1	Md. Shadequl Alam (Yeasin)	Chairman	13,883,918	138,839,180	8.40%
2	Md. Shafiul Azam (Mohsin)	Managing Director	23,891,284	238,912,840	14.46%
3	Md. Sohel Khan	Director	9,503,325	95,033,250	5.75%
4	M.A. Kamal Bhuiyan	Nominee Director of Disney Properties Ltd.	3,889,053	38,890,530	2.35%
5	Md. Ashfak Ahmed Khan	Independent Director	-	-	-
6	Md. Abdul Majid	Executive Director	-	-	-
7	Md. Sorhab Ali	Company Secretary	-	-	-
8	Md. Mainuddin Rubel	Chief Financial Officer	-	-	-
9	Abdul Jalil Majumder	Head of Internal Audit	-	-	-
C)	Executive (Top five salaried employees)				
10	Md. Abdul Halim	GM HR & Admin	-	-	-
11	Md. Nazrul Islam	GM (Commercial)	-	-	-
12	Md. Hassan Askari	DGM (Operation)	-	-	-
13	Md. Shafiqul Islam (Bablu)	AGM (Mkt.)	-	-	-
14	Md. Rezaul Karim	AGM (Commercial)	-	-	-
d)	Shareholders holding 10% or more voting interest in the company		-	-	-

**Directors involved in other Companies**

SL	Name	Designation in PDL	Directorship/Sponsorship/Ownership with other companies	Position
1	Md. Shadequl Alam (Yeasin)	Chairman	Pacific Co. (BD) Ltd.	Director
			Disney Properties Ltd.	
			Pacific Beverage & Food Ltd.	
			Pacific Automobiles Ltd.	
2	Md. Shafiul Azam (Mohsin)	Managing Director	Pacific Co. (BD) Ltd.	Managing Director
			Disney Properties Ltd.	
			Pacific Beverage & Food Ltd.	
			Pacific Automobiles Ltd.	
3	Md. Sohel Khan	Director	-	-
4	Disney Properties Ltd. Re-present By	Director	-	-
5	Md. Ashfak Ahmed Khan	Independent Director	-	-

**Board Meeting and Attendance**

Sl/No	Name of Directors	Position	Meeting Held	Attendance
1	Md. Shadequl Alam (Yeasin)	Chairman	5	5
2	Md. Shafiul Azam (Mohsin)	Managing Director	5	5
3	Md. Sohel Khan	Director	5	5
4	Md. Ashfak Ahmed Khan	Independent Director	5	5
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	5	5

**Directors Remuneration**

SL.	Related Parties	Relationship	Transacted Amount	
			2019-2020	2018-2019
1	Md. Shadequl Alam (Yeasin)	Chairman	702,000	702,000
2	Md. Shafiul Azam (Mohsin)	Managing Director	1,200,000	1,200,000
3	Md. Sohel Khan	Director	-	-
4	Md. Ashfak Ahmed Khan	Independent Director	-	-
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	-

**Statement of Directors on Financial Reports**

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

- The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Rules, 1987. These statements present fairly the company's state of affairs, the result of its operations, statement of cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs) as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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.
- No bonus share or stock dividend has been or shall be declared as interim dividend.

**Going Concern**

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

**Significant deviation of Operating Result**

During the year Sales and Net profit after tax decreased in comparison with previous year ended on 30 June 2019. Earnings per share (EPS) and NOCFPS are decreased due to during the year overall impacted company business for Covid-19 pandemics.

**Dividend**

The Board of Directors has declared 10% stock dividend for the year ended June 30, 2020.

**Statutory Auditors**

The Auditors of the Company, M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6th & 4th Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh has carried out the audit of the company for the year ended 30 June 2020. They were appointed as Statutory Auditor in 16th AGM as per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015. The Board of directors has recommended & appointed of M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6th & 4th Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh as auditor for the year 2020-2021 of the company as per Corporate Governance Code. M/S. Shafiq Basak & Co., Chartered Accountants, expressing their desire to work with the Company. In this regard the Board of Directors will be proposing the appointment of M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6th & 4th Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh as the statutory Auditor to the Shareholders in the 17th AGM for approval and fix their fees of Tk.3,50,000/= (Taka Three Lac Fifty Thousand Only) including AIT.



**Professionals for Compliance of Corporate Governance Code**

The Board has appointed M/s. Mujibur Rahman & Co., Cost & Management Accountants, 17/19, Tajmahal Road (3rd Floor), Mohammadpur, Dhaka-1207 as professional for Report on Compliance Governance Code for the year 2020-2021 of the Company will be placed in the forthcoming 17th AGM for shareholder's approval and fixation of their fees.

**Management Discussion and Analysis on Financial Position and Performance**

For last four financial years the company generated moderate growth in sales but last year sales decreased due to overall business impacted by COVID-19 pandemics. In 2016, sales stood Tk. 927,498,195 and now in 2020 sales stand Tk. 1,941,900,340. In line with sales, net profit after tax had been increased from around Tk. 64,702,605 in 2016 to Tk. 88,403,377 in 2020. In the last five financial years, net operating cash flow per share was positive. In the backdrop of above scenario, it indicates the company is moving forward and it has good promise in the long run.

Accounting policy and estimation for preparing financial statements have been remained same as it was before. Hence, there is no effect in this regard.

The economic scenario of Bangladesh has been good. In last fiscal year Bangladesh enjoyed 8.15% economic growth. Per capita income has been increased to USD 2,064 in 2019-2020, which was USD 1,909 in FY 2018-2019. We are going to be middle income country by 2027. Export is experiencing mild growth and Forex Reserve around USD 41 billion plus. The world economy has been recovering from economic meltdown of 2008. Global growth is projected at 4.9 percent for 2020.

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020.

Global importers have realized that Bangladesh is not only competitive in price but fine stitches on denims are available here. More than 66 international brands have turned to Bangladesh in the last couple of years for importing denim products. "The demand of Denim fabrics is increasing both locally and internationally. Worldwide denim fabric products created the opportunity for the denim sector of Bangladesh. The sales of the global denim market are predicted to reach 9,130.1 million meters in 2023, with CAGR of 4.7 percent, said the Market Insights Reports. Bangladesh exports denim products of \$3.00 billion in last fiscal year. The business is amazingly prospective. The intellectuals of the nation are highly optimistic and emphasize that the country should be considered as a place of investment for denim, not a source of import only.

Pacific Denims Ltd. have visualized exploring the opportunities and invested in this sector in order to fulfill the increasing demand of denim fabrics in the existing Global Market.

Sd/-

Md. Shafiul Azam (Mohsin)  
Managing Director

**Acknowledgment**

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their wholehearted co-operation and active support.

We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE), Registrar of Joint Stock Companies & Firms (RJSCF), Government and private sector Organization and many others for extending their co-operation to our company.

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

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

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

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2019-2020 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

Sd/-

Md. Shadequul Alam (Yeasin)

Chairman

## FINANCIAL HIGHLIGHTS

Operational Result	Amount in Taka				
	30 June 2020	30 June 2019	30 June 2018	30 June 2017 (Restated)	30-June 2016 (Six Months)
Turnover	1,941,900,340	2,281,904,042	2,126,218,806	1,900,357,135	927,498,195
Gross Profit	285,748,258	383,759,802	365,648,372	330,426,343	148,312,440
Operating Profit	250,332,113	347,308,311	333,323,003	300,682,040	133,738,545
Net profit before tax	104,354,362	252,265,888	219,056,294	179,246,985	64,702,605
Net Profit after tax	88,403,377	214,046,786	181,547,462	151,695,394	54,790,026
Net Cash Flows From Operation	29,520,017	243,507,236	117,280,119	41,744,653	14,181,298
Financial Position	30 June 2020	30 June 2019	30 June 2018	30 June 2017 (Restated)	30-June 2016 (Six Months)
Non-Current Assets	1,567,848,481	1,378,374,835	1,368,812,324	1,085,672,939	857,437,638
Current Assets	1,847,212,877	1,905,017,964	1,666,946,085	1,905,146,777	1,272,070,494
Shareholder's Equity	2,419,779,919	2,330,347,254	2,116,300,467	1,934,753,006	1,059,077,612
Non-Current Liabilities	568,733,025	571,503,163	567,872,648	688,514,732	750,918,945
Key Financial Ratio	30 June 2020	30 June 2019	30 June 2018	30 June 2017 (Restated)	30-June 2016 (Six Months)
Current Ratio	4.33	4.99	4.75	5.18	3.98
Quick Ratio	1.97	2.09	2.23	3.10	1.84
Debt to Equity Ratio	0.41	0.29	0.30	0.35	0.86
Net Profit Ratio	4.55	9.38	8.54	7.98	5.91
Return on Equity Ratio	3.65	9.19	8.58	7.84	5.46
EPS (Basic)	0.54	1.30	1.25	1.73	1.44

## **PACIFIC DENIMS LIMITED MANAGING DIRECTOR'S & CFO'S DECLARATION**

The Board of Directors  
Pacific Denims Limited  
Plot # 6, D-3 (3rd Floor)  
Block # SW (H), Gulshan Avenue  
Gulshan-1, Dhaka 1212  
Bangladesh.

**Subject: Declaration on Financial Statements for the year ended June 30, 2020.**

Dear Sir's

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

1. The financial statements of Pacific denims Ltd. for the year ended on June 30, 2020 have been prepared in compliance with International Accounting Standards (IASs) or International financial Reporting Standards (IFRSs), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgements 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 exist no materials uncertainly 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 June 30, 2019 and that to the best of our knowledge and belief;
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;
- ii. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-  
(Md. Shafiul Azam (Mohsin)  
Managing Director

Sd/-  
(Md. Main Uddin Rubel)  
Chief Financial Officer





## **Mujibur Rahman & Co.** **Cost & Management Accountants**

### **Report to the Shareholders of Pacific Denims Limited on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by **Pacific Denims Limited** for the year ended on June 30, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except condition no. 1(4)(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.

Place: Dhaka  
Dated: November 19, 2020

**For Mujibur Rahman & Co.**

Mohammad Mujibur Rahman FCMA  
Cost & Management Accountants

**Office:**

Saj Bhaban Suite # C-30(15th floor), 27, Bijoy Nagar, Dhaka-1000  
Cell # 01716-635751, E-mail: mujibcma2005@yahoo.com, mujibcma2005@gmail.com, Web: www.taxiabbd.com

## Annexure-C

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

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1	<b>Board of Directors</b>			
1.1	<b>Size of the Board of Directors</b>			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	$\checkmark$		
1.2	<b>Independent Directors</b>			
1.2(a)	At least on fifth (1/5) of the total number of directors in the company's board shall be independent directors.	$\checkmark$		
1.2 (b)	For the purpose of this clause 'independent director' means a director-			
1.2 (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	$\checkmark$		
1.2 (b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	$\checkmark$		
1.2 (b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	$\checkmark$		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	$\checkmark$		
1.2 (b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	$\checkmark$		
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;	$\checkmark$		
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;	$\checkmark$		
1.2 (b)(viii)	who is not independent director in more than 5 (five) listed companies;	$\checkmark$		

1.2 (b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution(NBFI);	√		
1.2 (b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1.2 (c)	Independent director shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM);	√		
1.2 (d)	The post of independent director cannot remain vacant for more than 90 (ninety) days;	√		
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) term only;	√		
<b>1.3</b>	<b>Qualification of Independent Director(ID)</b>			
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1.3 (b)	Independent Director shall have following qualifications			
1.3 (b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1.3(b)(ii)	Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	-		
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	-		
1.3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-		
1.3 (b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-		
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1.3 (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;			No such issue arose
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			

1.4 (a)	The positions of the Chairperson of the Board and the Managing Director and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1.4 (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;		√	
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		
1.4 (e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No Such incidence arose
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-			
1.5 (i)	An industry outlook and possible future developments in the industry;	√		
1.5 (ii)	The Segment-wise or product-wise performance;	√		
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	√		
1.5 (v)	A discussion on continuity of any Extra-Ordinary 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;	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;	√		No such issue arose
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	√		
1.5 (x)	A statement of remuneration paid to the directors including independent directors	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained;	√		



1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1.5 (xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1.5 (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1.5 (xvii)	There are no significant doubts 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 thereof should 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;	√		Matter relating to significant deviation disclosed in not 54.00 of the Financial Statements
1.5 (xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		BOD declared 10% stock dividende for all shareholders for the year ended June 30, 2020 which is subject to approval of shareholders in upcoming AGM
1.5 (xxi)	Board 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)	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:-</b>			
1.5 (xxiii)(a)	Parent/Subsidiary/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 their spouses and minor children (name wise details);	√		
1.5 (xxiii)(c)	Executives;	√		
1.5 (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	√		
1.5 (xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5 (xxiv)(a)	A brief resume of the director;	√		

1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
<b>1.5 (xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
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 and financial position as well as cash flows in absolute figure for such changes;	√		
1.5 (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1.5 (xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1.5 (xxv)(e)	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;	√		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
<b>1.6</b>	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this code.	√		
<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			

1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial Statements, in particular the investments made by the subsidiary company.			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
<b>3.1</b>	<b>Appointment</b>			
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		

<b>3.2</b>	<b>Requirement to attend the Board Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the companies shall attend the meetings of the Board of Directors provided that the CS, CFO and /or the HIAC shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating of 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 have reviewed financial statements for the year 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;	√		
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 certified that there are, to the best of knowledge and belief no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
	For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4 (i)	Audit Committee;	√		
4 (ii)	Nomination and Remuneration Committee;	√		
<b>5</b>	<b>Audit Committee</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			
5.1 (a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors;	√		
5.1 (b)	The Audit Committee shall assist the Board of Directors 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 of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
<b>5.2</b>	<b>Constitution of 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 the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No Such incidence arose
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 of Directors 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.			No such incident arose
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 shall include the following:</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;	√		
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 significant related party transactions submitted by the management;	√		
5.5 (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	√		Utilization status of IPO fund disclosed in note 47.00 of the financial statements
<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 of Directors.	√		
5.6 (a)(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			
5.6 (a)(ii)(a)	Report on conflicts of interests;			No such incident arose
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such incident arose
5.6 (a) (ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulations; and			No such incident arose
5.6 (a) (ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			No such incident arose
<b>5.6 (b)</b>	<b>Reporting to the Authorities</b>			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such incident arose
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) above during the year shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			No report has been made under code 5 (6) (a) (ii)
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			

6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6.1(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
<b>6.2</b>	<b>Constitution of the NRC</b>			
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	√		
6.2 (b)	All members of the Committee shall be non-executive directors;	√		
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such incident arose
6.2 (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such incident arose
6.2 (g)	The company secretary shall act as the secretary of the Committee;	√		
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6.2 (i)	No member of the NRC shall receive either directly or indirectly any remuneration for any advisory 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;			No such incident arose
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
<b>6.4</b>	<b>Meeting of the NRC</b>			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	√		

6.4 (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such meetings conveyed by the chairman upon request by any member of the NRC
6.4 (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6.4 (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
<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;	√		
6.5 (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5 (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board relating to the remuneration of the directors, top level executive, considering the following:			
6.5 (b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6.5 (b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6.5 (b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6.5 (b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6.5 (b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6.5 (b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6.5 (b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6.5 (b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6.5 (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
<b>7</b>	<b>External/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 clause (i) of condition No. 9 (1);	√		
7.1 (ix)	Any other service that creates conflict of interest;	√		
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (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 annual general meeting.	√		
9.3	The directors of the company shall state, in accordance with the Annexure-C, in the directors' report whether the company has complied with these conditions or not.	√		

Sd/-  
Md. Shafiul Azam (Mohsin)  
Managing Director



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2020/234

Date of issue: September 10, 2020

## Renewed Certificate

*This is to certify that*

**PACIFIC DENIMS LIMITED**

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

*This certificate remains current until 31<sup>st</sup> December 2020.*



  
Secretary-General

## AUDIT COMMITTEE REPORT

Pacific Denims Limited established an audit committee as a sub-committee of the Board of Directors. The committee supports the Board in fulfilling its oversight responsibilities.

The audit committee of Pacific Denims Limited of the following Board members:

Md. Ashfak Ahmed Khan (Independent Director)	: Chairman
Md. Sohel Khan (Director)	: Member
M.A. Kamal Bhuiyan (Nominee Director)	: Member
Md. Sorhab Ali (Company Secretary)	: Secretary of the Committee

### Meeting and Attendance

During 2019-2020, under review the Audit Committee of Pacific Denims Limited met 4 (four) times on the following date:

1. October 20, 2019
2. November 14, 2019
3. January 29, 2020
4. June 28, 2020

### Audit Meeting Attended by Members

Name	Position	Meeting Attended
Md. Ashfak Ahmed Khan, Independent Director	Chairman	4
Md. Sohel Khan, Director	Member	4
M.A. Kamal Bhuiyan, Nominee Director	Member	4

### The Role and Responsibilities of the Audit Committee

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

- (a) Oversee the financial reporting process;
- (b) monitor choice of accounting policies and principles;
- (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;
- (d) oversee hiring and performance of external auditors;
- (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;
- (f) review along with the management, the annual financial statements before submission to the Board for approval;
- (g) review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- (h) review the adequacy of internal audit function;
- (i) review the Management's Discussion and Analysis before disclosing in the Annual Report;
- (j) review statement of all related party transactions submitted by the management;
- (k) review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- (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

(m) oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.

**The Committee during the period under report met four times and its activities includes the followings:**

- The financial statements of the quarterly, half yearly and the full year were reviewed by the committee and subsequently recommended to the Board for adoption consideration and circulation as per the requirement of Bangladesh Securities & Exchange Commission.
- The committee also reviewed the audited financial statements of the Company for the year ended June 30, 2020 this reviews incorporated the accounting policies and key judgments and estimates underpinning financial statements as disclosed in Notes to the Accounts.
- The committee also reviewed the work of the internal audit department and made suggestions for improvement.
- The committee reviewed the compliance with existing laws and regulation.
- Approved the internal audit plan.
- Reviewed the effectiveness and independence of the Statuary auditors and recommended re-appointment of external auditors.

Sd/-

**Md. Ashfak Ahmed Khan**  
Chairman  
Audit Committee

## CREDIT RATING

Pacific Denims Limited has been rated as A- (Pronounced as single A minus) long term credit rating and ST-2 Short term credit rating by ARGUS Credit Rating Services Limited based on audited financial statements up to 30 June, 2017, Bank liability position as on 1 October, 2018 and other available information up to the date of rating declaration. The date of rating was on 16 October, 2018. The outlook on the rating is Stable.

Long Term Rating	Short Term Rating	Outlook	Date of Validity
A-	ST-2	Stable	16 October, 2019

ARGUS Credit Rating Services Limited considered financial performance, revenue, receivable, payable, capital base, asset quality, liquidity position, management experience and prospect of the industry while as signing the rating that reflects the strengths of the company which has long operating history, moderate to high revenue growth.

### Application of International Financial Reporting Standards (IFRS) and Internal Accounting Standards (IAS)

Name of the Accounting Standards	Ref. No.	Status of Application
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Financial Instruments : Disclosure	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Applied

**Independent Auditors' Report  
TO  
THE SHAREHOLDERS OF PACIFIC DENIMS LIMITED**

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

**Opinion**

We have audited the financial statements of **Pacific Denims Limited** ("the Company"), which comprise The Statement of Financial Position as at June 30, 2020 and The Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' (IESBAs) Code of Ethics for Professional Accountants, together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

<b>Key Audit Matter</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<b>Revenue Recognition</b>	
<p>Revenue of BDT 1,941,900,340 is recognised in the statement of profit or loss and other comprehensive income for the year ended June 30, 2020 by the company. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, and recording considering the application of the new standard on revenue recognition, International Financial Reporting Standard 15 "Revenue from Contracts with Customers". Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives, rebates and exchange rates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the invoices, discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>In light of the fact that the high degree of complexity and estimates and assumptions give rise to and increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:</p> <ul style="list-style-type: none"> <li>• Assessing the environment of the measurement as well as other relevant systems supporting the accounting of revenue.</li> <li>• Assessing controls for systems and procedures supporting revenue recognition.</li> <li>• Assessing the invoicing and measurement system up to entries in the general ledger.</li> <li>• Examining customer invoices and receipts of payment on a test basis in accordance with contract.</li> </ul>



	<ul style="list-style-type: none"> <li>• Testing the revenue recognition in line with contract and reporting standard.</li> </ul> <p>Furthermore, we assessed the accounting effects of new business and price models. We assured ourselves of the appropriateness of the systems, Processes, and Controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that revenue is properly recognized.</p>
See note 37.00 to the financial statements.	
<b>Inventories</b>	
<p>The company had inventory of BDT 609,013,908 as at June 30, 2020, held in factory. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, and recording considering the application of The International Accounting Standards 2 “Inventories”. Therefore, there is a risk that</p> <p>Inventories are valued by the disclosed basis of note 16.09. As a result, the Directors apply judgement in determining the appropriate values.</p> <p>Inventories can be over or undervalued.</p> <p>Inventories that actually belongs to third parties or sold to any party being included in the financial statements.</p>	<p>We challenged the appropriateness of management’s assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>● Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches;</li> <li>● Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>● Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>● Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete inventories are valid and complete.</li> <li>● Checking the cost of Raw materials purchase and valuation method applied for raw materials and work in process.</li> </ul>
See note 19.00 to the financial statements	

#### Other Matters

Financial statements of the company for the year ended June 30, 2019 have been audited by **Ata Khan & Co. (Chartered Accountants.)** They have given unqualified opinion for that year.

#### Other Information included in the Company’s 2020 Annual Report

Other information consists of the information included in the Company’s 2020 Annual Report other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of issue of this auditor’s Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Company Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Company Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanation 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 account; and
- d) The expenditure incurred was for the purposes of the company business.

Place, Dhaka  
October 28, 2020

**Sd/-**  
**SHAFIQ BASAK & CO.**  
Chartered Accountants  
Signed by:  
Md. Shafiqul Islam FCA  
Partner

**PACIFIC DENIMS LIMITED**  
**Statement of Financial Position**  
As at June 30, 2020

Particulars	Notes	June 30, 2020 Amount in Taka	June 30, 2019 Amount in Taka
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>1,567,848,481</b>	<b>1,378,374,835</b>
Property, Plant & Equipment	17.00	1,567,848,481	1,020,430,281
Capital Work-in-Progress	18.00	-	357,944,554
<b>Current Assets</b>		<b>1,847,212,877</b>	<b>1,905,017,964</b>
Inventories	19.00	609,013,908	551,030,649
Trade & Other Receivables	20.00	779,494,482	676,115,185
Advance, Deposit & Pre-Payments	21.00	399,724,972	556,906,369
Fixed Deposit	22.00	37,100,000	50,762,317
Cash & Cash Equivalents	23.00	21,879,515	70,203,444
<b>Total Assets</b>		<b>3,415,061,358</b>	<b>3,283,392,799</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>2,419,779,919</b>	<b>2,330,347,254</b>
Share capital	24.00	1,652,116,500	1,449,225,000
Revaluation Reserve	25.00	141,319,701	140,290,413
Tax Holiday Reserve	26.00	145,760,152	145,760,152
Retained Earnings	27.00	480,583,566	595,071,689
<b>Non-Current Liabilities</b>		<b>568,733,025</b>	<b>571,503,163</b>
Long Term Borrowings	28.00	504,316,797	517,811,275
Deferred Tax Liability	29.00	64,416,228	53,691,887
<b>Current Liabilities &amp; Provisions</b>		<b>426,548,414</b>	<b>381,542,382</b>
Trade Payables	30.00	12,984,600	12,341,030
Short-Term Borrowings	31.00	55,301,561	69,226,561
Long-Term Borrowings-Current portion		98,508,979	98,508,979
Provision for Workers Profit Participation Fund	32.00	5,217,718	-
Provision for Income Tax	33.00	175,926,243	171,728,887
Liabilities and provision for Expenses	34.00	78,609,313	29,736,925
<b>Total Equity and Liabilities</b>		<b>3,415,061,358</b>	<b>3,283,392,799</b>
<b>Net Asset Value (NAV) Per Share</b>	<b>35.00</b>	<b>14.64</b>	<b>16.08</b>

These financial statements should be read in conjunction with the annexed notes 1 to 55 and were approved by the Board of Directors and were signed on its behalf by:

Sd/- Chairman	Sd/- Managing Director	Sd/- Director	Sd/- Chief Financial Officer	Sd/- Company Secretary
------------------	---------------------------	------------------	---------------------------------	---------------------------

Signed in terms of our annexed report of even date

Place Dhaka  
28 October 2020

Sd/-  
**SHAFIQ BASAK & CO.**  
Chartered Accountants

**PACIFIC DENIMS LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended June 30, 2020

Particulars	Notes	2019-2020	2018-2019
<b>Turnover</b>	37.00	1,941,900,340	2,281,904,042
Cost of Sales	38.00	(1,656,152,082)	(1,898,144,240)
<b>Gross Profit</b>		<b>285,748,258</b>	<b>383,759,802</b>
<b>Operating Expenses:</b>		<b>(35,416,145)</b>	<b>(36,451,491)</b>
Office & Administrative Expenses	39.00	28,711,942	29,661,250
Selling & Distribution Expenses	40.00	6,704,203	6,790,241
<b>Operating Profit</b>		<b>250,332,113</b>	<b>347,308,311</b>
<b>Financial Expenses</b>	41.00	(143,738,339)	(98,834,611)
<b>Other Income</b>	42.00	2,978,307	3,792,188
<b>Net Profit/Loss Before WPPF</b>		109,572,081	252,265,888
<b>Less: Provision for WPPF</b>		<b>5,217,718</b>	-
<b>Net Profit Before Tax</b>		<b>104,354,362</b>	<b>252,265,888</b>
<b>Income Tax Expenses</b>		<b>(15,950,985)</b>	<b>(38,219,102)</b>
Current Income Tax Expenses	43.00	(4,197,356)	(39,421,217)
(Deferred Tax Expenses)/Income	44.00	(11,753,629)	1,202,116
<b>Net Profit for the year</b>		<b>88,403,377</b>	<b>214,046,786</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>88,403,377</b>	<b>214,046,786</b>
<b>Earnings Per Share (EPS)</b>	<b>45.00</b>	<b>0.54</b>	<b>1.30</b>

These financial statements should be read in conjunction with the annexed notes 1 to 55 and were approved by the Board of Directors and were signed on its behalf by:

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

Signed in terms of our annexed report of even date

Place Dhaka  
28 October 2020

Sd/-  
**SHAFIQ BASAK & CO.**  
Chartered Accountants



**PACIFIC DENIMS LIMITED**  
**Statement of Changes in Equity**  
For the year ended June 30, 2020

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total Equity
<b>Balance at July 01, 2019</b>	<b>1,449,225,000</b>	<b>141,319,701</b>	<b>145,760,152</b>	<b>595,071,689</b>	<b>2,331,376,542</b>
Stock Dividend 14.00%	202,891,500	-	-	(202,891,500)	-
Net Profit for the year	-	-	-	88,403,377	88,403,377
<b>Balance at June 30, 2020</b>	<b>1,652,116,500</b>	<b>141,319,701</b>	<b>145,760,152</b>	<b>480,583,566</b>	<b>2,419,779,919</b>

**For the year ended June 30, 2019**

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total Equity
<b>Balance at July 01, 2018</b>	<b>1,271,250,000</b>	<b>140,290,413</b>	<b>145,760,152</b>	<b>558,999,902</b>	<b>2,116,300,467</b>
Stock Dividend 14.00%	177,975,000	-	-	(177,975,000)	-
Net Profit for the year	-	-	-	214,046,786	214,046,786
<b>Balance at June 30, 2019</b>	<b>1,449,225,000</b>	<b>140,290,413</b>	<b>145,760,152</b>	<b>595,071,689</b>	<b>2,330,347,254</b>

These financial statements should be read in conjunction with the annexed notes 1 to 55 and were approved by the Board of Directors and were signed on its behalf by:

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

Place, Dhaka  
28 October 2019

**PACIFIC DENIMS LIMITED**  
**Statement of Cash Flows**  
For the year ended June 30, 2020

Particulars	2019-2020	2018-2019
<b>A. Cash Flow from Operating activities :</b>		
Cash Received from Customers & Others	1,838,521,042	2,265,143,240
Cash Received from other Income	2,978,307	3,792,188
Cash Paid to Suppliers, Employees and Others	(1,710,401,693)	(1,919,661,330)
<b>Cash Generated from Operations</b>	<b>131,097,656</b>	<b>349,274,098</b>
Interest Paid	(95,307,475)	(98,834,611)
Income Tax Paid	(6,270,163)	(6,932,251)
<b>Net Cash flow from operating activities (Note-36)</b>	<b>29,520,017</b>	<b>243,507,236</b>
<b>B. Cash Flow from Investing activities :</b>		
Acquisition of Property, Plant and Equipment	(613,523,563)	(216,256,278)
Capital Work-in-Progress	357,944,554	(31,730,316)
Advance for Machinery, Building & Construction	191,492,224	-
Received/(Paid) Fixed Deposit	13,662,317	12,929,606
<b>Net Cash used in investing activities</b>	<b>(50,424,468)</b>	<b>(235,056,988)</b>
<b>C. Cash Flow from Financing activities :</b>		
Received/Repaid of Short-term loan	(13,925,000)	(4,543,101)
Received/Repaid of Long-term loan	(13,494,478)	4,832,630
<b>Net Cash used in Financing activities</b>	<b>(27,419,478)</b>	<b>289,529</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(48,323,928)	8,739,778
Cash and Cash Equivalents at Beginning of year	70,203,444	61,463,666
<b>D. Cash and cash equivalents at the end of the year</b>	<b>21,879,515</b>	<b>70,203,444</b>
Net Operating Cash Flow Per Share (Note # 46)	0.18	1.47

These financial statements should be read in conjunction with the annexed notes 1 to 55 and were approved by the Board of Directors and were signed on its behalf by:

Sd/- Chairman	Sd/- Managing Director	Sd/- Director	Sd/- Chief Financial Officer	Sd/- Company Secretary
------------------	---------------------------	------------------	---------------------------------	---------------------------

Place, Dhaka  
28 October 2019

#### **1.00 Corporate History of the Reporting Entity**

Pacific Denims Limited (The Company) was incorporated in Bangladesh as a Private Limited Company under the Companies Act, 1994. Vide Registration No. C-48649(633)/2003 dated March 20, 2003 and converted into the Public Limited Company as on January 12, 2011. The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The shares of the company were listed with both Dhaka Stock Exchange and Chittagong Stock Exchange on January 25, 2017. The trading of shares of the company was started from 07 February, 2017 in both Stock Exchanges.

#### **2.00 Authorized Capital**

Authorized Share Capital of the Company increased from Tk. 1,200,000,000/- (One Hundred Twenty Core) to Tk. 2,000,000,000/- (Two Hundred Core) as per 2nd Extra- Ordinary General Meeting (EGM) held on December 28, 2017.

#### **3.00 Corporate Business**

The main activities of the company were concentrated in Manufacturing, Dyeing, Weaving & Finishing of Denim Fabrics and exporting the same through local letter of credit (Deemed Export).

#### **4.00 Corporate Financial Statements and Reporting**

a) The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as well as those standards, disclosures recommended by IAS and as applicable to this Company.

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

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

b) According to the International Accounting standard (IAS) 1 as adopted by ICAB as IAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position as at June 30, 2020;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020;
- iii) Statement of Changes in Equity for the year ended June 30, 2020;
- iv) Statement of Cash Flows for the year ended June 30, 2020;
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial statements for the year ended June 30, 2020.

#### **5.00 Fundamental Accounting Concepts/ Assumption**

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

#### **6.00 Going Concern**

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

## 7.00 Corporate Accounting Standards Practiced

The following IASs are applicable to the financial statements for the year under review:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant And Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings Per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

## 8.00 Reporting Period

The period of the financial statements covers from July 1, 2019 to June 30, 2020.

## 9.00 Provisions

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

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. when reliable estimates can be made of the amount of the obligation.

### **Contingent liability:**

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company; or
- b) a present obligation arising from past events but not recognized because:
  - i) an outflow of resources to settle the obligation is not probable; or
  - ii) the amount of the obligation cannot be measured with sufficient reliability.

### **Contingent asset**

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

During the period there were no such assets or liabilities.

## 10.00 Events after the Reporting Period

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

### 11.00 Related Party Transactions

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Particulars of transactions with related parties are as follows;

SL.	Related Parties	Relationship	Nature of Transaction	
			Remuneration	Board Meeting Fees
1	Md. Shadequl Alam (Yeasin)	Chairman	702,000	25,000
2	Md. Shafiul Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

### 12.00 Net profit Before Tax

Net profit before tax for the year were not materially affected by :

- Transactions of a nature not usually undertaken by the company
- Circumstances of an exceptional or non-recurring nature
- Changes of credits relating to prior years, and
- Changes in accounting policies

### 13.00 Functional and Presentational (Reporting) Currency

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

### 14.00 Comparative Information Rearrangement Thereof and Re-statement

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

### 15.00 The Effects of Changes in Foreign Exchange Rates

Transactions in foreign currencies are translated to Bangladeshi "Taka" at the foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities are converted at the rates prevailing at the statement of the financial position date. Non monetary assets and liabilities denominated in foreign currencies stated at historical cost are translated into Bangladeshi "Taka" at the exchange rate ruling at the date of transaction. Gain or losses resulting from foreign currency transactions are recognized in the profit or loss and other comprehensive income.

### 16.00 Principal Accounting Policies

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

For a proper understanding of the financial statements, these accounting policies were set out below in one place.



**16.01 Recognition of Property, Plant & Equipment**

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

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

**16.02 Capital Work-in-progress**

Capital work-in-progress is stated at cost. These are expensed of a capital nature directly incurred in the Plant & Machinery and Building & Other civil construction. No depreciation is charged on the capital work-in-progress which is in accordance with IAS-16.

**16.03 Depreciation of Tangible Fixed Assets**

Depreciation on fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant and Equipment the annual depreciation rates have been applied as under which is considered reasonable by the management. No depreciation is charged on land and land development and depreciation is charged on additions to fixed assets from when they are available for use.

Particulars/Name of Assets	June 30, 2020	June 30, 2019
Land	0%	0%
Land Development	0%	0%
Building & other Construction	2.50%	2.50%
Furniture & Fixture	10%	10%
Electric Installation	10%	10%
Deep-Tube-well	10%	10%
Office Equipment	10%	10%
Plant & Machinery Imported	10%	10%
Plant & Machinery Local	10%	10%
Fire Fighting Equipment	10%	10%
Vehicles & Transport	10%	10%

**16.04 Impairment of assets**

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reason no provision has been made for Impairment of assets.

**16.05 Revenue Recognition**

"As per IFRS-15: "Revenue from Contracts form Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing , orally or in accordance with other customary business practices) and are committed to perform their respective obligations ;
- (b) The entity can identify each party 's rights regarding the goods or services to be transferred ;
- (c) The entity can identify the payment terms for the goods or services to be transferred ;
- (d) The contract has commercial substance (i.e. the risk , timing or amount of the entity `s future cash flows is expected to change as a result of the contract ); and
- (e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer."

**16.06 Other Income**

Interest on FDR and exchange gain treated as other income which has calculated on cash basis.

**16.07 Revaluation of Property, Plant and Equipment**

The increase value of land and land development arisen due to revaluation of assets as per IAS-16. The effective date of revaluation to the Financial Statements was 31st December 2010. In the year 2010, the Company made valuation of its Land and Land Development by independent valuation specialist M/S. Ata Khan & Co, Chartered Accountants following current cost method at Tk. 180,000,000/- resulting a valuation surplus of Tk. 145,690,413/-, Revaluation surplus has been transferred to revaluation reserve.

**16.08 Accrued Expenses and Other Payables**

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services.

**16.09 Inventories**

Inventories comprises of raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production OH attributable to bringing the goods to the state of sale under the convention of IAS-2.

**16.10 Income Tax-Current**

Provision for taxation has been made as per rates prescribed in Finance Act 2020 and the Income Tax Ordinance, 1984 on the profit made by the company.

**Provision for Tax Holiday Reserve**

"The company was allowed tax holiday for periods of four years from the date of commencement of commercial production i.e. 01, April 2007 vide National Board of Revenue's Order ref. 11(49) Anu-1/2007/317 (2) dated 02.07.2012 The period of tax holiday of the company expired in 31 March 2011. The company has made Tax Holiday reserve for the period from 01-01-2011 to 31-03-2011@ 40% on net profit during that period."

**Deferred Tax**

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date. The company has recognized Deferred Tax as per provision of IAS-12 (Income Taxes).

**Income Tax Status**

Income Tax Assessment was completed up to the year 2007-2008 to 2012-2013 and certificates already collected and for the year 2013-2014 & 2014-2015 by Deputy Commissioner of Taxes against which appeal is pending. The assessment year 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 is under process. The company has tax liability of Tk. 184,844,737/- against which advance tax paid Tk. 37,276,512/-.

**16.11 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits, short term deposits, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS 7 and IAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

We were not given some cash voucher postings so we have more cash in hand.

**16.12 Statement of Cash Flows**

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

**16.13 Borrowing Costs**

Financial Expenses (Borrowing Costs) incurred during the year is recognized as revenue expenses in accordance with IAS-23 “Borrowing Costs”.

**16.14 Earnings Per Share**

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

**Basic Earnings**

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

**Weighted Average Number of Ordinary Shares Outstanding during the year**

The basis of computation of number of shares is in line with the provisions of IAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the year.

**Diluted Earnings Per Share**

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

**16.15 Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund**

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the workers as per provision of Bangladesh Labour Act, 2006 (Amended 2018) instead of Labor Act 2006 as amended in 2013.

**16.16 Employee Benefits (IAS 19):**

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company’s employee benefits include short-term employee benefits such as maternity leave allowance, medical service, day care center etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**16.17 Right of use Assets (ROU)**

The company recognizes the right of use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use. RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted cost incurred, and lease payment made at or before the commencement date less any lease term. The Right-of-use assets are depreciated on a straight line basis over the lease term or remaining period of the lease term. The company assessed all lease contracts live in 2019 and came up with the decision that no ROU requires to be recognised because the only lease rental agreement in connection with office rent is cancellable lease agreement. Thus, in accordance with para 5 of IFRS 16, management considers the lease agreement as short term lease and chose to recognise the monthly lease payments as an expenses in line with para 6 of the standard.

### **Lease Liability**

At the commencement of the lease, the company recognize lease liabilities measured at the present value of lease payments (initial payment) and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the company and payment of penalties for terminating the lease.

In 2019-2020 the company reassessed lease payment of existing contracts for remaining year considering a cut off date i.e. 01 July 2019. The lease liabilities are presented in the note 36 of these financial statements.

### **16.18 Lease Liabilities (Present Value of Lease Payments)**

The company recognized the lease liabilities which is present value of lease payments to be made over the lease term from the date of commencement. The lease payment include fixed and variable lease payment and the amount expected to be paid under residual value of guarantee.

### **16.19 Financial Instruments**

A financial instrument in any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

#### **Derivative:**

According to IFRS 7: " Financial Instruments : Disclosures", the Company was not a Party to any derivative contract (financial instruments) at the financial statement date, such as forward contracts, future contracts to hedge risks arising from borrowings, future purchase, etc.

#### **Non-Derivative:**

Non-derivative financial instruments comprise of trade and other receivable, borrowings and other payables and are shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

#### **IFRS 9 "Financial Instrument"**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial assets and some contracts to buy or sell non-financial items. this standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the company has adoped consequential amendments to IAS 1 presentation of financial statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI).

#### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost. FVOCI (Fair value through OCI) and FVTPL (Fair Value Through Profit and Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial assets managed and its contractual cash flow characteristics.

IFRS 9 eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

For an explanation of how the company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9,

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 01 July 2019.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 01 July 2019 relates solely to the new impairment requirements.

Particulars	Original Classification Under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New Carrying amount under IFRS 9
<b>Financial assets</b>				
Trade and other receivables	Loans and receivables	Amortised Cost	676,115,185	676,115,185
Cash and Cash Equivalents	Loans and receivables	Amortised Cost	70,203,444	70,203,444
<b>Financial Liabilities</b>				
Trade and other payables	Other financial liabilities	Other financial liabilities	12,341,030	12,341,030

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. No material impact to the company financial statements has arisen on the adoption of IFRS 9 and the company has not restated periods on adoption of IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 July 2019.

Particulars	IAS 39 carrying amount at 30 June 2019	Re-measurement	IFRS 9 carrying amount at 01 July 2019
<b>Financial Assets</b>			
Trade and other receivables			
Brought forward: Loans and receivables	676,115,185	-	
Re-measurement		-	
Carried forward			676,115,185
<b>Cash and Cash equivalents</b>			
Brought forward: Loans and receivables	70,203,444	-	
Re-measurement		-	
Carried forward			70,203,444
<b>Total</b>	<b>746,318,629</b>	<b>-</b>	<b>746,318,629</b>

#### 16.20 Trade Receivables

Trade receivable from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates. Uncollectible receivables are charged to statement of profit or loss and comprehensive income as bad debts.

#### 16.21 Segment Reporting

No segmental reporting is applicable for the company as required by IFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single operational unit.

#### 16.22 Authorization of Financial Statements

The Financial Statements have been authorized for issue by the Board of Directors on October 28, 2020



		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>17.00</b>	<b>Property, Plant and Equipments</b>	<b>Tk. 1,567,848,481</b>	<b>Tk. 1,020,430,281</b>
	This represents the written down value of assets as at 30-06-2020 at historical cost except land which are stated at revalued amount.		
	This has been arrived as under:		
	<b>A. Cost</b>		
	Opening Balance	1,703,507,704	1,487,251,426
	Add: Addition during the year	613,523,563	216,256,278
		<b>2,317,031,267</b>	<b>1,703,507,704</b>
	<b>B. Accumulated Depreciation</b>		
	Opening Balance	683,077,423	636,453,340
	Add: Depreciation Charged during the year	66,105,363	46,624,083
		<b>749,182,786</b>	<b>683,077,423</b>
	<b>(A-B) Written down Value</b>	<b>1,567,848,481</b>	<b>1,020,430,281</b>
	The details of above has been shown in Annexure " A"		
<b>18.00</b>	<b>Capital Work-in-Progress</b>	<b>Tk. 0</b>	<b>Tk. 357,944,554</b>
	Plant & Machinery and Building & Other Construction		
	Building & Other Construction		
	Opening balance:	357,944,554	326,214,238
	Addition during the year	45,025,976	75,497,859
	Sub total	<b>402,970,530</b>	<b>401,712,097</b>
	Transfer to Fixed Asset Sch.	(402,970,530)	(43,767,543)
	Balance of building & other construction	-	357,944,554
	<b>Total Ending Balance</b>	<b>-</b>	<b>357,944,554</b>
<b>19.00</b>	<b>Inventories</b>	<b>Tk. 609,013,908</b>	<b>Tk. 551,030,649</b>
	The break-up of the amount is given below:		
	Yarn	192,594,801	174,399,402
	Dyes & Chemicals	65,901,845	53,211,432
	Packing Materials	11,364,850	9,235,600
	Spares & Parts	5,538,937	4,263,900
	Work-in- process	90,172,450	82,775,100
	Finished Goods	243,441,025	227,145,215
		<b>609,013,908</b>	<b>551,030,649</b>
	The details of above has been shown in annexure "B".		
<b>20.00</b>	<b>Trade and Other Receivables</b>	<b>Tk. 779,494,482</b>	<b>Tk. 676,115,185</b>
	This is made-up as follows:		
	Trade Receivables	779,494,482	676,115,185
		<b>779,494,482</b>	<b>676,115,185</b>
	The above amounts are considered good and collectible within six months.		
	<b>Aging of Accounts Receivable:</b>		
	Less Than Six Months	779,494,482	676,115,185
	More Than Six Months	-	-
	<b>Total:</b>	<b>779,494,482</b>	<b>676,115,185</b>
	The amount of receivable considered fully secured and guaranteed by export letter of credit opening bank against export order and considered good & realizable as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 is given below:		

Sl.	Particulars	Amount in Taka	
		June 30, 2020	June 30, 2020
I	Receivables considered good in respect of which the company is fully secured.	779,494,482	676,115,185
II	Receivables considered good in respect of which the company holds no security other than the debtor personal is fully secured.	-	-
III	Receivable considered doubtful or bad.	-	-
IV	Accounts Receivable due by any director or other officer of the company	-	-
V	Receivables due by common management	-	-
VI	The maximum amount of receivable due by any director or other officer of the company.	-	-
	<b>Total:</b>	<b>779,494,482</b>	<b>676,115,185</b>

<b>20.01 Trade Receivables</b>		<b>Tk. 779,494,482</b>	<b>Tk. 676,115,185</b>
This is made-up as follows:			
Opening Balance		676,115,185	659,354,383
Add: Export During the year		1,941,900,339	2,281,904,042
		2,618,015,524	2,941,258,425
Less: Realized during the year		(1,838,521,042)	(2,265,143,240)
		<b>779,494,482</b>	<b>676,115,185</b>

<b>21.00 Advance, Deposit &amp; Pre-Payments</b>		<b>Tk. 399,724,972</b>	<b>Tk. 556,906,369</b>
The break-up of the amount is given below:			
Advances (Notes # 21.01)		398,822,972	556,004,369
Deposits (Notes # 21.02)		902,000	902,000
		<b>399,724,972</b>	<b>556,906,369</b>

<b>21.01 Advances</b>		<b>Tk. 398,822,972</b>	<b>Tk. 556,004,369</b>
The break-up of the amount is given below:			
Advance Against Salary		955,600	923,156
Advance for Machinery, Building & Other Construction		307,776	191,800,000
Advance Against Goods, Spare, Services & Others		70,821,876	51,255,232
Advance to Suppliers & Contractors		289,461,208	280,639,432
Prepaid Insurance		-	380,200
Advance Income Tax (At Source) (Notes # 21.04)		37,276,512	31,006,349
		<b>398,822,972</b>	<b>556,004,369</b>

<b>21.02 Deposits</b>		<b>Tk. 902,000</b>	<b>Tk. 902,000</b>
Bank Guarantee		902,000	902,000
		<b>902,000</b>	<b>902,000</b>

<b>21.03 Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994</b>			
Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured		902,000	902,000
Advance, deposit and pre-payments considered good without security		398,822,972	556,004,369
Advance, deposit and pre-payments considered doubtful and bad		-	-
Advance, deposit and pre-payments due by directors or others officers		-	-
Advance, deposit and pre-payments due from companies from same management		-	-
Maximum advance, deposit and pre-payments due by Directors or other officers at any time		-	-
		<b>399,724,972</b>	<b>556,906,369</b>

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>21.04</b>	<b>Advance Income Tax (At Source)</b>	<b>Tk. 37,276,512</b>	<b>Tk. 31,006,349</b>
	This is made-up as follows:		
	Opening Balance	31,006,349	24,074,098
	Add: AIT During the year	4,079,933	4,932,251
	Tax advance for income year 2011-2012	1,000,000	2,000,000
	Tax Advance For Income Year 2013-2014	1,190,230	-
	<b>Closing Balance</b>	<b>37,276,512</b>	<b>31,006,349</b>
<b>22.00</b>	<b>Fixed Deposit</b>	<b>Tk. 37,100,000</b>	<b>Tk. 50,762,317</b>
	Fixed Deposit with IBBL	37,100,000	50,762,317
		<b>37,100,000</b>	<b>50,762,317</b>
<b>23.00</b>	<b>Cash &amp; Cash Equivalents</b>	<b>Tk. 21,879,515</b>	<b>Tk. 70,203,444</b>
	The break-up of the amount is given below:		
	Cash in Hand	21,494,637	15,395,682
	Cash at Banks	384,878	54,807,762
		<b>21,879,515</b>	<b>70,203,444</b>
<b>23.01</b>	<b>Cash at Bank</b>	<b>Tk. 384,878</b>	<b>Tk. 54,807,762</b>
	The break-up of the amount is given below:		
	BRAC Bank Ltd. Banani A/c No 63001	-	1,188
	Bank Asia Scotia Branch A/c No 03387	26,460	179,881
	Meghna Bank Ltd. Principal Branch, A/C: 0558	51,950	52,798
	Exim bank Ltd Corporate Br. Gulshan A/c 9359	315	890
	Exim bank Ltd Corporate Br. Gulshan A/c 153791	6,480	7,622
	Eastern Bank Ltd Banani Br. A/c 2244	22,432	23,122
	Farmers Bank Ltd Gulsan Br. A/c 134	704	1,394
	Islami Bank Bangladesh Ltd. A/c No 17704	3,523	572,879
	Janata Bank Local Office A/c N0-59448	5,761	22,282
	National bank Ltd. Gulshan A/c 1749	96,226	6,516
	National bank Ltd. Pragati Sarani Gulshan A/c 5819	56	2,298
	Social Islami Bank Ltd Gulshan A/c No 4768	1,383	1,220,094
	Social Islami Bank Ltd Banani A/c No 5092	892	927
	Southeast Bank Ltd. Banani Br. A/c No 5020	32,132	32,477
	South Bangla Agriculture & Commerce Bank A/C-2369	4,666	5,583
	Trust bank Ltd SKB Br. A/c No 1885	11,415	13,255
	Woories Bank Ltd Gulsan Br. A/c 8402	-	600
	Mutual Trust Bank Ltd, Dilkusha Br. A/C No.1552	120,483	52,663,957
		<b>384,878</b>	<b>54,807,762</b>

Cash balance is certified by the management. Bank balances are agreed with bank Statements Issued & Certified by the respective banks.

<b>24.00</b>	<b>Share Capital</b>	<b>Tk. 1,652,116,500</b>	<b>Tk. 1,449,225,000</b>
<b>24.01</b>	<b>Authorized Capital</b>		
	200,000,000 ordinary shares of tk. 10/- each	<b>2,000,000,000</b>	<b>2,000,000,000</b>

Amount in Taka	
June 30, 2020	June 30, 2019

#### 24.02 Issued, Subscribed & Paid-up Capital

165,211,650 Ordinary Shares of of Tk. 10 each fully paid as follows:

SL No.	Particulars	No. of Shares	% of Shares	June 30, 2020	June 30, 2019
1	Mr. Shafiul Azam (Mohsin)	23,891,284	14.461%	238,912,840	209,572,670
2	Mr. Shadequul Alam (Yasin)	13,883,918	8.404%	138,839,180	121,788,760
3	Shahida Khanom (Swarna)	1,387	0.001%	13,870	12,170
4	Md. Moazzam Khan	1,387	0.001%	13,870	12,170
5	Md. Yunus Ali	1,387	0.001%	13,870	12,170
6	Md. Sohel Khan	9,503,325	5.752%	95,033,250	83,362,500
7	Disney Properties Ltd.	3,889,053	2.354%	38,890,530	34,114,500
8	Institution	36,004,168	21.795%	360,041,680	280,256,450
9	Foreign	21,011	0.010%	210,110	148,600
10	Public	78,014,730	47.222%	780,147,300	719,945,010
	<b>Total</b>	<b>165,211,650</b>	<b>100.000%</b>	<b>1,652,116,500</b>	<b>1,449,225,000</b>

#### 24.03 Classification of Shareholders by range of number of Shares held.

The distribution schedule showing the number of shareholders and their shareholding in percentage has been disclosed below as a requirement of " Listing Regulations of Dhaka and Chittagong Stock Exchanges."

Shareholding range in number of Shares	Number of Shareholders		Number of Shares		% of Shareholding	
	2020	2019	2020	2019	2020	2019
1 to 499	2,329	2,333	452,500	430,473	0.27%	0.30%
500 to 5,000	6,808	7,281	10,091,653	10,486,568	6.12%	7.23%
5,001 to 10,000	1,109	1,111	8,008,093	8,201,347	4.84%	5.66%
10,001 to 20,000	795	718	11,209,881	10,271,843	6.79%	7.09%
20,001 to 30,000	293	238	7,190,088	6,083,180	4.35%	4.20%
30,001 to 40,000	152	110	5,312,380	3,860,064	3.21%	2.66%
40,001 to 50,000	77	92	3,507,336	4,277,763	2.12%	2.95%
50001 to 100,000	163	143	11,216,053	10,491,478	6.79%	7.24%
100,001 to 1,000,000	128	101	56,781,246	45,694,853	34.37%	31.53%
Over 1,000,000	3	3	51,442,420	45,124,931	31.14%	31.14%
<b>Total</b>	<b>11,857</b>	<b>12,130</b>	<b>165,211,650</b>	<b>144,922,500</b>	<b>100.00</b>	<b>100.00</b>

#### 25.00 Revaluation Reserve

Tk. 141,319,701

Tk. 140,290,413

Revaluation Reserve has been created out by the amount of revaluation surplus of land. Details are presented below. Revaluation was made in December 31, 2010.

Name of Assets	June 30, 2020	June 30, 2019
Land	145,690,413	145,690,413
Less: Deferred Tax	4,370,712	5,400,000
<b>Total</b>	<b>141,319,701</b>	<b>140,290,413</b>

#### 26.00 Tax Holiday Reserve

Tk. 145,760,152

Tk. 145,760,152

Tax Holiday Reserve

145,760,152	145,760,152
<b>145,760,152</b>	<b>145,760,152</b>

The period of tax holiday of the company expired in March 31, 2011. The company has made Tax Holiday reserve for the period from 01-01-2011 to 31-03-2011@ 40% on net profit during the year 2011.

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>27.00</b>	<b>Retained Earnings</b>	<b>480,583,566</b>	<b>Tk. 595,071,689</b>
	This is made up as follows :		
	Opening Balance	595,071,689	558,999,902
	Add: Net Profit for the year	88,403,377	214,046,786
	Accumulated Earnings	<b>683,475,066</b>	<b>773,046,688</b>
	Issuance of 14.00% Stock Dividend	(202,891,500)	(177,975,000)
		<b>480,583,566</b>	<b>595,071,689</b>
<b>28.00</b>	<b>Long- Term Borrowings ( Secured)</b>	<b>Tk. 504,316,797</b>	<b>Tk. 517,811,275</b>
	The break-up of the amount is given below:		
	Long Term Loan from Bank (Note # 28.01)	507,371,535	514,666,013
	Lease Liabilities (Note # 28.02)	95,454,241	101,654,241
		602,825,776	616,320,254
	Less: Long -Term Borrowings-Current portion	(98,508,979)	(98,508,979)
	Long- Term Borrowings net off current portion	<b>504,316,797</b>	<b>517,811,275</b>
<b>28.01</b>	<b>Long- Term Bank Loan (Secured)</b>	<b>Tk. 507,371,535</b>	<b>Tk. 514,666,013</b>
	The break-up of the amount is given below:		
	Agrani Bank Principal Branch (Project Loan)	489,706,498	495,406,498
	Brac Bank Term Loan	17,665,037	19,259,515
		<b>507,371,535</b>	<b>514,666,013</b>
	This represents the present outstanding balances of the above term loans. The above loans are secured by personal guarantee of the directors of the company, corporate guarantee of Pacific Group and the pari passé sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13% -16%.		
<b>28.02</b>	<b>Leases</b>	<b>Tk. 95,454,241</b>	<b>Tk. 101,654,241</b>
	This is made up as follows :		
	IDLC Finance Limited	18,700,336	20,700,336
	IIDFC	41,792,049	44,992,049
	First Lease Finance & Investment Ltd.	34,961,856	35,961,856
		<b>95,454,241</b>	<b>101,654,241</b>
<b>29.00</b>	<b>Deferred Tax Liability</b>	<b>Tk. 64,416,228</b>	<b>Tk. 53,691,887</b>
	<b>On Cost:</b>		
	WDV of Assets Accounting Base	1,567,848,481	1,020,430,281
	WDV of Assets Tax Base	1,167,545,038	698,484,365
	Temporary Difference	400,303,443	321,945,916
	Tax Rate	15%	15%
	Deferred Tax Liability	60,045,516	48,291,887
	On Revaluation (Note # 29.01)	4,370,712	5,400,000
		<b>64,416,228</b>	<b>53,691,887</b>
<b>29.01</b>	<b>Deferred tax liability on Revaluation Reserve</b>		
	Revaluation Reserve	145,690,413	180,000,000
	Tax Rate	3%	3%
		<b>4,370,712</b>	<b>5,400,000</b>



		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>30.00</b>	<b>Trade Payables</b>	<b>Tk. 12,984,600</b>	<b>Tk. 12,341,030</b>
	The break-up of the amount is given below:		
	Acceptance Liabilities	12,984,600	12,341,030
		<b>12,984,600</b>	<b>12,341,030</b>
<b>31.00</b>	<b>Short-Term Bank Borrowings</b>	<b>Tk. 55,301,561</b>	<b>Tk. 69,226,561</b>
	The break-up of the amount is given below:		
	Prime Bank Ltd	55,301,561	69,226,561
		<b>55,301,561</b>	<b>69,226,561</b>
<p>This represents the present outstanding balances of the above Short term loans. The above loans are secured by personal guarantee of the directors of the company, corporate guarantee of Pacific Group and the pair passé sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13% -15%.</p>			
<b>32.00</b>	<b>Provision for Workers Profit Participation Fund</b>	<b>Tk. 5,217,718</b>	<b>Tk. -</b>
	The break-up of the amount is given below:		
	Opening Balance	-	-
	Add: During the period	5,217,718	-
	Less: Paid during the period	-	-
		<b>5,217,718</b>	<b>171,728,887</b>
<b>33.00</b>	<b>Provision for Income Tax</b>	<b>Tk. 175,926,243</b>	<b>Tk. 171,728,887</b>
	The break-up of the amount is given below:		
	Opening Balance	171,728,887	132,307,670
	Add: During the Year	4,197,356	39,421,217
		<b>175,926,243</b>	<b>171,728,887</b>
<b>34.00</b>	<b>Liabilities and Provision for Expenses</b>	<b>Tk. 78,609,313</b>	<b>Tk. 29,736,925</b>
	This outstanding liabilities are rendered their services to the company. The individual balance are subject to confirmation.		
	The break-up of the amount is given below:		
	Salary & Allowance	1,098,650	996,542
	Salary & Wages	5,045,432	4,474,208
	Telephone bill	2,950	2,709
	Mobile bill	25,600	37,450
	Gas bill	3,712,611	4,117,310
	VAT on Office Rent	360,000	175,500
	Interest payable (Note # 34.01)	67,961,570	19,530,706
	Audit fee	402,500	402,500
		<b>78,609,313</b>	<b>29,736,925</b>
<b>34.01</b>	<b>Interest payable</b>	<b>Tk. 67,961,570</b>	<b>Tk. 19,530,706</b>
	The break-up of the amount is given below:		
	Opening Balance	19,530,706	21,530,706
	Add: Provision made during the year	49,430,864	-
	Less: Adjustment for the year	1,000,000	2,000,000
		<b>67,961,570</b>	<b>19,530,706</b>

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>35.00</b>	<b>Net Asset Value (NAV) Per Share</b>		
	Net Assets	2,419,779,919	2,330,347,254
	No. of Shares	165,211,650	144,922,500
	<b>Net Asset Value (NAV) Per Share</b>	<b>14.64</b>	<b>16.08</b>
<b>36.00</b>	<b>Reconciliation of Net Profit with cash flows from Operating Activities</b>		
	<b>Profit before Tax</b>	104,354,362	252,265,888
	Adjustment for:		
	Depreciation on property, plant and equipment	66,105,363	46,624,083
		<b>170,459,725</b>	<b>298,889,971</b>
	Less: Increase in Trade & Other Receivables	(103,379,297)	(16,760,802)
	Less: Increase in Inventories	(57,983,259)	(21,751,136)
	Add: Increase in WPPF	5,217,718	-
	Add: Increase in Trade Payables	643,570	(802,463)
	Add: Increase in Liabilities for Expenses	48,872,388	(4,118,565)
	Less: Increase in Advance, Deposit & Prepayments	(28,040,664)	(5,017,518)
	Less: AIT at source on export realization	(4,079,933)	(4,932,251)
	Less: Income Tax Paid	(2,190,230)	(2,000,000)
	<b>Net cash flow from operating activities</b>	<b>29,520,017</b>	<b>243,507,236</b>
<b>37.00</b>	<b>Turnover</b>	<b>Tk. 1,941,900,340</b>	<b>Tk. 2,281,904,042</b>
	Export Sales	1,941,900,340	2,281,904,042
		<b>1,941,900,340</b>	<b>2,281,904,042</b>
<b>38.00</b>	<b>Cost of Sales</b>	<b>Tk. 1,656,152,082</b>	<b>Tk. 1,898,144,240</b>
	The break-up of the amount is given below:		
	Raw materials Consumed (Note # 38.01)	1,487,101,252	1,717,168,135
	Manufacturing Overhead (Note # 38.02)	192,743,990	172,022,787
	Opening WIP	82,775,100	95,339,937
	Closing WIP	(90,172,450)	(82,775,100)
	<b>Cost of Production</b>	<b>1,672,447,892</b>	<b>1,901,755,759</b>
	Finished Goods (Opening)	227,145,215	223,533,696
	Finished Goods (Closing)	(243,441,025)	(227,145,215)
	<b>Cost of Sales</b>	<b>1,656,152,082</b>	<b>1,898,144,240</b>
<b>38.01</b>	<b>Raw Material Consumed</b>	<b>1,487,101,252</b>	<b>1,717,168,135</b>
	<b>Opening Stock of Raw Materials</b>	<b>236,846,434</b>	<b>206,614,380</b>
	Raw Materials- Yarn	174,399,402	143,301,119
	Dyes & Chemicals	53,211,432	54,493,261
	Packing Materials	9,235,600	8,820,000
	<b>Add: Raw Material Purchased</b>	<b>1,520,116,314</b>	<b>1,747,400,189</b>
	Raw Materials- Yarn	1,229,688,341	1,433,203,195
	Dyes & Chemicals	179,790,941	191,266,958
	Packing Materials	110,637,032	122,930,036
	<b>Raw Material available for Consumption</b>	<b>1,756,962,748</b>	<b>1,954,014,569</b>
	<b>Less: Closing Stock of Raw Materials</b>	<b>269,861,496</b>	<b>236,846,434</b>
	Raw Materials- Yarn	192,594,801	174,399,402
	Dyes & Chemicals	65,901,845	53,211,432
	Packing Materials	11,364,850	9,235,600
	<b>Raw Material Consumption</b>	<b>1,487,101,252</b>	<b>1,717,168,135</b>

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>38.02</b>	<b>Manufacturing Overhead</b>	<b>Tk. 192,743,990</b>	<b>Tk. 172,022,787</b>
	The break-up of the amount is given below:		
	Wages & Allowances	62,092,846	65,520,455
	Festival Bonus	6,113,654	13,281,410
	Overtime Expenses	988,268	633,921
	Gas Bill	35,634,467	23,033,459
	Medical Expenses	450,378	419,125
	Insurance Premium	1,142,414	1,294,726
	Postage & Stamp	82,945	82,218
	Factory Maintenance	2,919,180	2,277,028
	Generator Maintenance & Lubricants	12,024,429	12,160,320
	ETP Expenses	108,620	105,705
	Spare Parts	5,081,426	6,590,337
	Depreciation	66,105,363	46,624,083
		<b>192,743,990</b>	<b>172,022,787</b>
<b>38.03</b>	<b>Spares Parts</b>	<b>Tk. 5,081,426</b>	<b>Tk. 6,590,337</b>
	The break-up of the amount is given below:		
	Stock of Spare parts Opening	4,263,900	3,791,500
	Purchase of Spare parts	6,356,463	7,062,737
	Stock of Spare parts - Closing	(5,538,937)	(4,263,900)
	Consumption	<b>5,081,426</b>	<b>6,590,337</b>
<b>39.00</b>	<b>Office &amp; Administrative Expenses</b>	<b>Tk. 28,711,942</b>	<b>Tk. 29,661,250</b>
	The break-up of the amount is given below:		
	Salary & Allowances	4,845,440	5,049,630
	Remuneration (Chairman)	702,000	702,000
	Remuneration (MD)	1,200,000	1,200,000
	Board Meeting Fees	115,000	115,000
	Car maintenance	1,670,730	1,526,723
	Audit Fees	402,500	402,500
	Renewal & registration fees	2,228,840	2,578,846
	Repair & Maintenance	264,603	218,142
	Tour & Travels	700,589	824,039
	Donation	914,330	708,263
	Legal & Consultancy fees	750,000	529,574
	Conveyance	369,774	344,636
	Entertainment	626,811	461,700
	Misc. Expenses	231,306	297,721
	Mobile & Telephone bill	822,295	868,398
	Printing & Stationery	918,365	980,503
	Fees & Forms	222,348	165,018
	Charge & Commission (C&F Expenses)	5,100,824	5,900,426
	Office Rent	2,760,000	2,727,650
	Internet bill	301,790	296,805
	Transportation	2,669,182	2,884,266
	Paper & periodical	18,596	20,928
	Office Maintenance	876,619	858,482
		<b>28,711,942</b>	<b>29,661,250</b>

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>40.00</b>	<b>Selling &amp; Distribution Expenses</b>	<b>Tk. 6,704,203</b>	<b>Tk. 6,790,241</b>
	The break-up of the amount is given below:		
	Salary & Allowances	2,985,456	2,866,884
	Entertainment	325,900	338,171
	Printing & Stationery	107,744	125,160
	Advertisement	1,131,531	1,167,670
	Misc. Expenses	837,788	863,427
	Travelling & Conveyance	566,121	603,631
	Sales promotion Exp.	749,663	825,298
		<b>6,704,203</b>	<b>6,790,241</b>
<b>41.00</b>	<b>Financial Expenses</b>	<b>Tk. 143,738,339</b>	<b>Tk. 98,834,611</b>
	The break-up of the amount is given below:		
	Interest on Project Loan general (Agrani bank)	111,604,789	69,356,908
	Interest on IDLC Finance Limited	2,729,908	2,829,908
	Interest on (IIDFC)	2,546,031	2,846,030
	Interest on First Lease Financing	5,370,250	5,403,197
	Interest on Term Loan (Bank Asia Ltd.)	2,749,755	3,149,755
	Interest on Term Loan (Brac Bank Ltd.)	2,765,199	2,370,232
	Interest on LTR	14,812,023	11,549,645
	Bank Charge/Bank Misc./Service Charge etc.	1,160,384	1,328,936
		<b>143,738,339</b>	<b>98,834,611</b>
<b>42.00</b>	<b>Other Income</b>	<b>Tk. 2,978,307</b>	<b>Tk. 3,792,188</b>
	This amount consist of		
	Interest Received from FDR & IPO Fund	2,671,174	3,464,456
	Exchange Gain	307,133	327,732
		<b>2,978,307</b>	<b>3,792,188</b>
<b>43.00</b>	<b>Current Tax Expenses</b>	<b>Tk. 4,197,356</b>	<b>Tk. 39,421,217</b>
	Profit before Tax	104,354,362	252,265,888
	Less: Other Income considered separately	2,978,307	3,792,188
		101,376,055	248,473,700
	Add: Accounting Depreciation	66,105,363	46,624,083
	Less: Tax Depreciation	(144,462,890)	(38,609,980)
	Taxable Income	<b>23,018,528</b>	<b>256,487,803</b>
	Current tax Expenses on Taxable Income @15%	3,452,779	38,473,170
	Current tax Expenses on other Income @25%	744,577	948,047
	Expenses for additional assessment income year 2012-2013	-	-
	<b>Current Tax Expenses</b>	<b>4,197,356</b>	<b>39,421,217</b>
	Minimum tax of the company was taka (1,837,687,500X0.6%) or Taka 11,026,125 which is less than the amount of regular tax amounting Taka 13,115,850 hence considering the provision of Income Tax Ordinance 1984 the higher amount considered as income tax expenses comparing minimum tax and regular tax.		
<b>44.00</b>	<b>Deferred Tax Expenses/(Income)</b>	<b>Tk. 11,753,629</b>	<b>(Tk. 1,202,116)</b>
	Closing	60,045,516	48,291,887
	Beginning	48,291,887	49,494,003
		<b>11,753,629</b>	<b>(1,202,116)</b>

		Amount in Taka	
		June 30, 2020	June 30, 2019
<b>45.00</b>	<b>Earnings Per Share (EPS)</b>		
	<u>Net Profit After Tax</u>	88,403,377	214,046,786
	Weighted Number of Ordinary Shares during the year (Re-stated)	165,211,650	165,211,650
	<b>Earnings Per Share (EPS)</b>	<b>0.54</b>	<b>1.30</b>
	<b>Weighted Average number of Ordinary Shares</b>		
	Opening	144,922,500	127,125,000
	Issuance of Stock Dividend	20,289,150	38,086,650
	<b>restated:</b>	<b>165,211,650</b>	<b>165,211,650</b>
<b>46.00</b>	<b>Net Operating Cash Flow Per Share</b>		
	<u>Net Cash flows from operating activities</u>	29,520,017	243,507,236
	No. of Shares	165,211,650	165,211,650
	<b>Net Operating Cash Flow Per Share</b>	<b>0.18</b>	<b>1.47</b>

**47.00 Utilization of IPO Fund**  
Utilization position of IPO proceeds up to 30 June 2020 was as under;

Purpose as per prospectus	Amount as per prospectus	Utilized up to June 30, 2020	Total unutilized
Acquisition of Machinery & Equipment	181,006,277	181,006,277	-
Construction of Building	298,373,723	298,373,723	-
Partial Bank Loan Pay off	250,000,000	250,000,000	-
IPO Expenses	20,620,000	20,620,000	-
<b>Total</b>	<b>750,000,000</b>	<b>750,000,000</b>	-

The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The company utilized Tk. 181,006,277 for the purpose of machinery & equipment, Tk. 298,373,723 for the purpose of construction of building, Tk. 250,000,000 for partial bank loan pay off, and Tk. 20,620,000 for IPO expenses up to June 30, 2020 as certified by independent auditor, Shiraz Khan Basak & Co., Chartered Accountants.

The utilization for the purpose of construction of building has been recognized as capital work in progress in note # 18.

In respect of the above partial bank loan pay off, the company repaid Tk. 100,000,000 to Agrani Bank Ltd., Tk. 120,000,000 to NCC Bank, Tk. 10,000,000 to IIDFC, Tk. 10,000,000 to IDLC Finance Limited and Tk. 10,000,000 to First Lease Finance & Investment Ltd from the IPO Fund.

**48.00 The requirement of schedule XI part-II, Para 3 Employees**

Number of employees whose salary was below Tk. 8,250	-	-
Number of employees whose salary was above Tk. 8,250	405	421
	<b>405</b>	<b>421</b>

**49.00 Additional Information**

**The requirement of schedule XI part-II, Para 3 (a) : Turn Over**

Turnover in BDT.	1,941,900,340	2,281,904,042
Turnover in Quantity	12,692,159	14,721,962

**The requirement of schedule XI part-II, Para 3 (d) (i) : Raw Materials Consumed**

Raw Material (Yarn) (Kgs)	6,620,180	7,578,945
Raw Material (Yarn) (Value in BDT.)	1,211,492,942	1,402,104,912
Dyes & Chemical (Kgs)	1,210,873	1,375,348
Dyes & Chemical (Value in BDT.)	167,100,528	192,548,787

Amount in Taka	
June 30, 2020	June 30, 2019

**The requirement of schedule XI part-II, Para 3 (d) (ii) : Goods Produced**

**Finished Goods**

Opening (Yds)	1,622,466	1,616,296
Production (Yds)	12,833,759	14,728,131
Closing (Yds)	1,764,065	1,622,466

**The requirement of schedule XI part-II, Para 4**

Sl. No	Name	Designation	Nature of Transaction	
			Remuneration	Board Meeting Fee
1	Md. Shadequl Alam (Yeasin)	Chairman	702,000	5,000
2	Md. Shafiu Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

**The requirement of schedule XI part-II, Para 4**

**Payments to Managing Director and Director by the company during the year**

Sl. No	Particulars	June 30, 2020
(a)	Managerial remuneration paid or payable during the financial year to the directors, including managing director, a managing agent or manager;	1,902,000
(b)	Expenses reimbursed to the managing agent;	Nil
(c)	Commission or other remuneration payable separately to a managing agent or his associate;	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other agent of other concerns in respect of contracts entered into by such concerns with the company;	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year;	Nil
(f)	Any other perquisites or benefits in cash or in kind;	Nil
(g)	Other allowances and commission including guarantee commission;	Nil
(h)	Pension etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
	(iv) Compensation for loss of office	Nil
	(v) Consideration in connection with retirement from office.	Nil

**The requirement of schedule XI part-II, Para 7 : Capacity Utilization**

Sl. No	Name of Product	Production Capacity Yds/Year	Actual Production Yds	Utilization
1	Denims Fabrics	18,450,000	12,833,759	70%



Amount in Taka	
June 30, 2020	June 30, 2019

**The requirement of schedule XI part-II, Para 8**

Particulars	Opening Balance	Total Purchase year ended June 30, 2020	Material Available (Taka)	Material Consumption (Taka)	% of Consumption
Raw Material (Yarn)	174,399,402	1,229,688,341	1,404,087,743	1,211,492,942	81.19%
Dyes & Chemical	53,211,432	179,790,941	233,002,373	167,100,528	11.20%
Packing Material	9,235,600	110,637,032	119,872,632	108,507,782	7.27%
Spare Parts	4,263,900	6,356,463	10,620,363	5,081,426	0.34%
<b>Total</b>	<b>241,110,334</b>	<b>1,526,472,778</b>	<b>1,767,583,112</b>	<b>1,492,182,679</b>	<b>100.00%</b>

Value of imports calculated on C.I.F basis by the company during the financial year ended June 30, 2020 in respect of raw materials, components and spare parts and capital good were as follows:

Sl. No	Particulars	Import Amount in BDT
i	Raw Materials	1,229,688,341
ii	Packing Materials	9,235,600
iii	Components of Spare Parts	6,356,463

**Value of Export on FOB Basis:**

**Particulars**

Export of Denims Fabrics (US Dollar)	\$22,845,886	\$27,165,524
Export of Denims Fabrics (BDT.)	1,941,900,340	2,281,904,042

**50.00 Contingent Liabilities**

There was no sum for which the company is contingently liable as on 30.06.2020

**51.00 Claims Not Acknowledged**

There was no claims against the company not acknowledged as debt as on 30.06.2020

**52.00 Commission Brokerage Or Discount Against Sales**

No commission, brokerage or discount was incurred or paid by the Company against sales during the year of July 1, 2019 to June 30, 2020.

**53.00 Events after the Reporting Period**

The Board of Directors meeting of Pacific Denims Ltd., held on 28 October 2020, recommended 10% Stock dividend for all shareholders of the paid-up capital for the year ended 30 June 2020. These dividends is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.

**54.00 Significant Deviation**

During the year Sales and Net profit after Tax decreased in comparison with previous year ended on 30 June 2019. Earnings per share (EPS) and NOCFPS are decreased due to during the year overall impacted company business for Covid-19 pandemics.

**55.00 Financial Risk Management**

The management of company is overall responsible 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 risk for its use of financial instruments.

Credit Risk

Liquidity Risk

Market Risk

**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 that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2020 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

**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 in 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 obligation through preparation of the cash flow forecast with due consideration of 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.

**Market Risk**

Market risk is the risk that any changes 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.

**(a) Currency risk**

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

**(b) Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**PACIFIC DENIMS LIMITED**  
Schedule of Property, Plant & Equipment  
As at June 30, 2020

Annexure "A"

Particulars	At Cost			Rate %	Balance as at 30-06-2020	Depreciation			W.D. Value Balance as at 30-06-2020	W.D. Value Balance as at 30-06-2019
	Balance as at 01.07.2019	Addition during the year	Adjust ment			Balance as at 01.07.2019	Charge During the Year	Adjust ment		
Land	148,310,413	-	-	0%	148,310,413	-	-	-	148,310,413	148,310,413
Land Development	36,708,547	-	-	0%	36,708,547	-	-	-	36,708,547	36,708,547
Building & other Construction	559,959,416	402,970,530	-	2.50%	962,929,946	60,406,944	21,991,826	-	82,398,770	880,531,176
Furniture & Fixture	32,177,409	-	-	10%	32,177,409	18,406,332	1,377,108	-	19,783,440	12,393,969
Electric Installation	64,772,051	-	-	10%	64,772,051	46,335,591	1,843,646	-	48,179,237	16,592,814
Deep-Tube-well	452,632	-	-	10%	452,632	331,187	12,145	-	343,332	109,300
Office Equipment	8,325,306	-	-	10%	8,325,306	4,062,824	426,248	-	4,489,072	3,836,234
Plant & Machinery Imported	771,511,225	210,553,033	-	10%	982,064,258	499,709,123	37,707,862	-	537,416,985	444,647,273
Plant & Machinery Local	76,349,343	-	-	10%	76,349,343	51,099,189	2,525,015	-	53,624,204	22,725,139
Fire Fighting Equipment	2,475,360	-	-	10%	2,475,360	995,396	147,996	-	1,443,392	1,331,968
Vehicles & Transport	2,466,002	-	-	10%	2,466,002	1,730,837	73,517	-	1,804,354	661,648
<b>Total</b>	<b>1,703,507,704</b>	<b>613,523,563</b>	<b>-</b>		<b>2,317,031,267</b>	<b>683,077,423</b>	<b>66,105,363</b>	<b>749,182,786</b>	<b>1,567,848,481</b>	<b>1,020,430,281</b>

Note : \* Ata Khan & Co. Chartered Accountants have revalued the Land of the Company as at 31st December, 2010 following Current cost method showing of Tk.180,000,000 resulting in a valuation surplus of Tk. 145,690,413

**Pacific Denims Ltd**  
Details Item wise Inventories list  
For the year ended June 30, 2020

Annexure "B"

Sl. No	Items	As at 30 June, 2020			As at 30 June, 2019		
		Rate TK	Quantity KG	Amount in Taka	Rate TK	Quantity KG	Amount in Taka
<b>1</b>	<b>Yarn</b>						
	Cotton Open End	212	225,330	47,769,960	210	215,925	45,344,250
	Cotton Open Slub	213	169,246	36,049,291	215	152,495	32,786,425
	Cotton Ring Slub	310	101,522	31,471,851	315	90,026	28,358,190
	Cotton Elastane	325	86,650	28,161,153	330	74,882	24,711,060
	Polyester Filament	180	127,752	22,995,396	175	118,532	20,743,100
	Poly Elastane	215	121,615	26,147,150	213	105,429	22,456,377
	<b>Total</b>		<b>832,115</b>	<b>192,594,801</b>		<b>757,289</b>	<b>174,399,402</b>
<b>2</b>	<b>Dyes &amp; Chemicals</b>						
	Indigo Dye	655	51,772	33,910,824	650	42,085	27,355,250
	Sulphar Black Dye	196	30,637	6,004,881	195	24,279	4,734,405
	Caustic Soda	58	52,152	3,024,839	56	51,944	2,908,864
	Hydrose	195	50,157	9,780,595	197	43,714	8,611,658
	Apple Starch	67	60,893	4,079,831	65	59,920	3,894,800
	Modified Starch	93	13,062	1,214,720	95	14,190	1,348,050
	Sodium Sulphide	67	38,114	2,553,628	65	37,781	2,455,765
	Siligen Softener	345	15,457	5,332,527	340	5,596	1,902,640
	<b>Total</b>		<b>312,244</b>	<b>65,901,845</b>		<b>279,509</b>	<b>53,211,432</b>
<b>3</b>	<b>Packing Materials</b>			<b>11,364,850</b>			<b>9,235,600</b>
<b>4</b>	<b>Spares &amp; Parts</b>			<b>5,538,937</b>			<b>4,263,900</b>
<b>5</b>	<b>Work-in-process</b>						
	Warping			9,080,350			7,403,500
	Dyeing & Sizing			22,475,500			21,755,000
	Weaving			44,443,000			41,943,000
	Finishing			14,173,600			11,673,600
	<b>Total</b>			<b>90,172,450</b>			<b>82,775,100</b>
<b>6</b>	<b>Finished Goods</b>						
	100% Cotton	232	250,951	58,220,737	230	235,237	54,104,510
	Cotton Polyester	242	425,602	102,995,696	240	412,473	98,993,520
	Cotton Elastane	326	140,761	45,888,151	325	129,132	41,967,900
	Cotton Poly Elastane	314	115,721	36,336,441	315	101,839	32,079,285
	<b>Total</b>		<b>933,036</b>	<b>243,441,025</b>		<b>878,681</b>	<b>227,145,215</b>
	<b>Grand Total</b>			<b>609,013,908</b>			<b>551,030,649</b>
	Yarn			192,594,801			174,399,402
	Dyes & Chemicals			65,901,845			53,211,432
	Packing Materials			11,364,850			9,235,600
	Spares & Parts			5,538,937			4,263,900
	Work-in- process			90,172,450			82,775,100
	Finished Goods			243,441,025			227,145,215
	<b>Total</b>			<b>609,013,908</b>			<b>551,030,649</b>



# PACIFIC DENIMS LIMITED

Bashoti Aristocrats D-3, (3rd Floor), Plot-6,  
Block # SW (H), Gulshan Avenue, Dhaka-1212.

## PROXY FORM

I/We.....being a member (s) of  
Pacific Denims Limited do hereby appoint Mr/Mrs .....  
.....of as my/our proxy  
to attend and vote on behalf of me/us at the 17<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 15<sup>th</sup>  
December, 2020 at 11.00 AM at “DIGITAL PLATFORM”.

As witness my/our hand this.....day of .....2020.

\_\_\_\_\_  
(Signature Shareholder )

Revenue  
Stamp  
Tk. 20

\_\_\_\_\_  
(Signature of Proxy)

BO ID NO.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares .....

Dated .....

**N.B.:** This form of proxy, duly completed and signed must be deposited at least 48 hours before the meeting at the Company’s registered office. Proxy is in valid if not signed and stamped as explained above. Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.



# PACIFIC DENIMS LIMITED

Bashoti Aristocrats D-3, (3rd Floor), Plot-6,  
Block # SW (H), Gulshan Avenue, Dhaka-1212.

## ATTENDANCE SLIP

I do hereby submit the attendance slip in connection with 17<sup>th</sup> Annual General Meeting of Pacific Denims Limited held today  
Tuesday, the 15<sup>th</sup> December, 2020 at 11.00 AM at “DIGITAL PLATFORM.”

Name of the Member/Proxy : .....

BO ID NO.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held .....

Dated .....

\_\_\_\_\_  
(Signature of Proxy)

\_\_\_\_\_  
(Signature of the Shareholder)

- N.B.:
- i) Please present this slip duly signed at the entrance of the Meeting Place.
  - ii) No gift or benefit in cash or kind shall be paid/offered to the Shareholders as per Circular No. SEC/CMRRCD/2009.193/154 dated 24 October 2013 of BSEC for attending the AGM.





Plot-6, D-3 (3rd Floor & 2nd Floor), SW(H)  
Gulshan Avenue Gulshan-1, Dhaka-1212.  
Phone: +88-02-58817882, 58855523  
Fax: +88-02-8817883  
E-mail: [info@pacificgroupbd.com](mailto:info@pacificgroupbd.com)  
Web: [www.pgbd.org](http://www.pgbd.org)