



# ANNUAL REPORT

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2022

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**



# **ANNUAL REPORT 2022**

## **16<sup>th</sup> Annual General Meeting**

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

Registered & Corporate Office: KBG Tower , 15 DIT Road,  
Malibagh Chowdhurypara, Dhaka-1219, Bangladesh.

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## LETTER OF TRANSMITTAL

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

**Sub.: Annual Report for the year ended June 30, 2022**

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2022, Statement of Comprehensive Income, Changes in Equity and Statement of Cash Flows for the year ended June 30, 2022 along with notes thereon and for your record and necessary action.

Yours sincerely,



**(Tapan Kumar Sarker)**

Company Secretary

Dated: 1st December 2022

## Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower, 15 DIT Road, Malibagh Chowdhurypara,  
Dhaka-1219, Bangladesh

# NOTICE OF 16TH ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of Khan Brothers PP Woven Bag Industries Ltd. will be held on Thursday the 22nd December 2022 at 10.30 AM virtually by using Digital Platform to transact the following business:

- Item No. 16/2022-01: To confirm the proceedings of the 15th Annual General Meeting held on 23rd December 2021.
- Item No. 16/2022-02: To receive, consider and adopt the Directors and the Auditors report to the shareholders and the Audited Accounts of the Company for the year ended 30th June 2022.
- Item No. 16/2022-03: To approve 2% Cash Dividend (Inclusive 2% Interim Cash Dividend which has already been paid) for the year ended 30th June 2022.
- Item No. 16/2022-04: To elect/re-elect the Directors as per Articles of Association of the company.
- Item No. 16/2022-05: To appoint Auditors for the year 2022-2023 and to fix their remuneration.
- Item No. 16/2022-06: To appoint professionals for Corporate Governance Code.
- Item No. 16/2022-07: To appoint of Independent Director.
- Item No. 16/2022-08: To transact any other business of the company with the permission of the chair.

By order of the Board



**Tapan Kumar Sarker**  
Company Secretary

Place: Dhaka

Dated: 1st December 2022

### **Notes:**

The Shareholders, whose names will appear in the Share Register of the Company or in the Depository Register of the record date i. e. 30th November 2022, will be entitled to receive the link to attend at the Annual General Meeting and to receive the dividend.

No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director	Mr. Tofayel Kabir Khan
Director	Mr. Md. Ruhul Kabir Khan
Director	Mr. Md. Hazrat Ali
Director	Mrs. Jarin Kabir Khan Representative Director from Khan Brothers Infotech Ltd.
Independent Director	Mr. Muhammad Nur-E-Jenan Chowdhury
Independent Director	Mr. Utpal Dhar

### MANAGEMENT COMMITTEE

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director & CEO	Mr. Tofayel Kabir Khan
Director (Administration)	Mr. Md. Ruhul Kabir Khan
Director (Production)	Mr. Hazrat Ali
Company Secretary	Mr. Tapan Kumar Sarker
Chief Financial Officer	Mr. Azizul Jabbar, M.Com, PGDIM, FCMA
General Manager (Marketing)	Mr. Md. Mokhsedur Rahman Shirajee

#### AUDITORS :

##### ARTISAN

##### Chartered Accountants

Block-E, Level-2, House-52,  
Road- 13C, Banani,  
Dhaka- 1213

#### LEGAL ADVISER:

##### Amir & Amir Law Associates

203, Concord Tower (2nd Floor), 113, Kazi Nazrul  
Islam Avenue Dhaka-1000

#### TAX ADVISER:

##### Biswas & Associates

16/A, B.B. Avenue (2nd Floor)  
Dhaka-1000

#### COMPANY SECRETARY:

Mr. Tapan Kumar Sarker

#### BANKER:

Mutual Trust Bank Limited.  
Principal Branch  
Dhaka-1000, Bangladesh.

#### FACTORY:

Borochala, Borobhabanipur, Joydebpur, Gazipur,  
Bangladesh

#### REGISTERED & CORPORATE OFFICE :

KBG Tower, 15 DIT Road, Malibagh Chowdhury-  
para, Dhaka-1219

Phone:+880-2-8332069,8332108;

Fax:+880-2-8332576

Email: info@kbgbd.com,

Website: www.kbgbd.com

## BOARD OF DIRECTORS



**Mohammed Enamul Kabir Khan**  
Chairman



**Tofayel Kabir Khan**  
Managing Director



**Md. Ruhul Kabir Khan**  
Director



**Hazrat Ali**  
Director



**Jarin Kabir Khan**  
Representative Director



**Muhammad Nur-E-Jenan Chowdhury**  
Independent Director



**Utpal Dhar**  
Independent Director





## CHAIRMAN'S MESSAGE

Dear Shareholders,  
Bismillahir Rahmanir Rahim and Assalamualaikum.

On behalf of the board of directors, I welcome you all and take immense pleasure and delight in addressing the 16th Annual General Meeting of the company. I also want to convey my sincere gratitude to you all, the honorable shareholders for joining us to make the event successful.

As most are aware, the year ending June 30, 2022 was a very challenging year for the PP Woven Bag sector in Bangladesh, if not the most challenging till date. Apart from the embargo applied by the Government of Bangladesh not to use PP Bags for the domestic market, we have been facing challenges globally due to global environmental issues as well as world economic crisis which is still continuing to effect the international market.

Despite significant economic challenges over the year, we are trying to improve and to deliver consistent results and creating substantial value for our shareholders. Furthermore, we have continued our effort to raise both the performance and standard of the company. In spite of various limitations and hindrance paved by the pandemic, the company has managed to cope with those challenges in 2022. This could not be possible without your continuous support, conscious suggestions, board prudent strategic decisions and management's successful execution for the same with passion and zeal.

I, on behalf of the board would like to express my sincere appreciations to the respected shareholders that their confidence on the company has fuelled the board of the company throughout the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Register of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, our Banking & financial partners, insurances and financial Institutions for their support and patronage extended to the company from time to time.

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

Thanking You.  
Best Regards.

**Mohammad Enamul Kabir Khan**  
Chairman



## MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,  
Bismillahir Rahmanir Rahim and Assalamualaikum.

It gives me immense honor and pleasure to greet you, our partners, to this 16th Annual General Meeting (AGM) of Khan Brothers PP Woven Bag Industries Ltd. I also feel privileged and humbled to address this 16th AGM of the company.

Despite the fact that the PP Woven Bag Sector is facing problems for the imposed regulations by the government, I am happy to inform you that our company has tried its best to keep the trend of stability by effective management and strategic manoeuvres throughout the year. Considering the present situation the management has also been trying to bring diversity to the products and markets in the near future so that we can cater to this 'new normal' after a challenging pandemic.

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

With warm regards

A handwritten signature in black ink, appearing to read 'Tofayel Kabir Khan'. The signature is fluid and cursive.

**Tofayel Kabir Khan**  
Managing Director

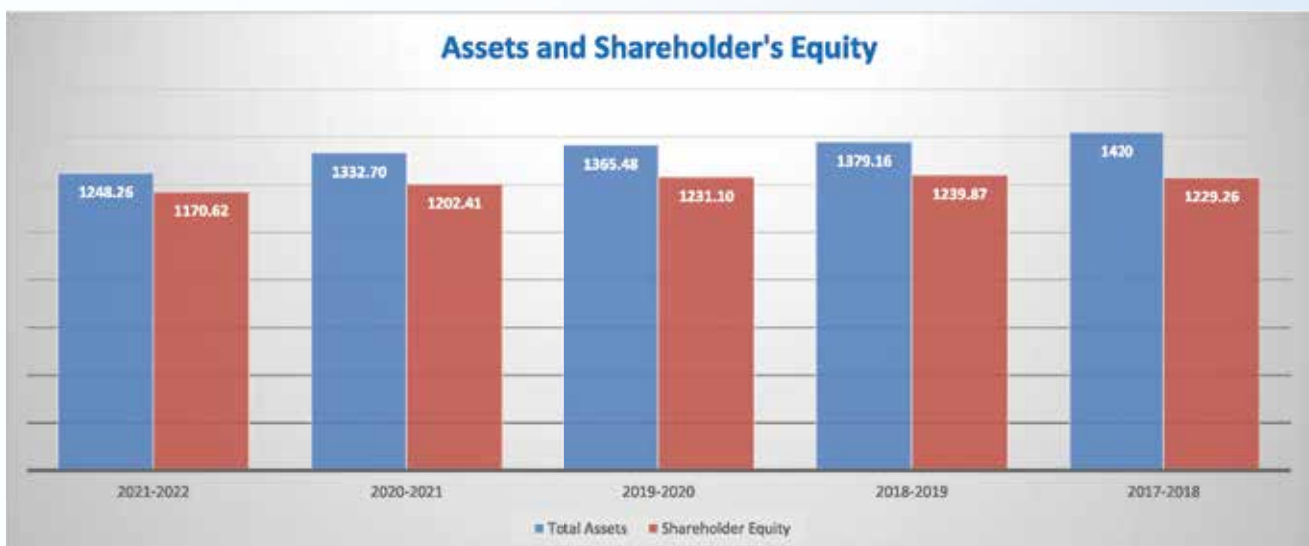
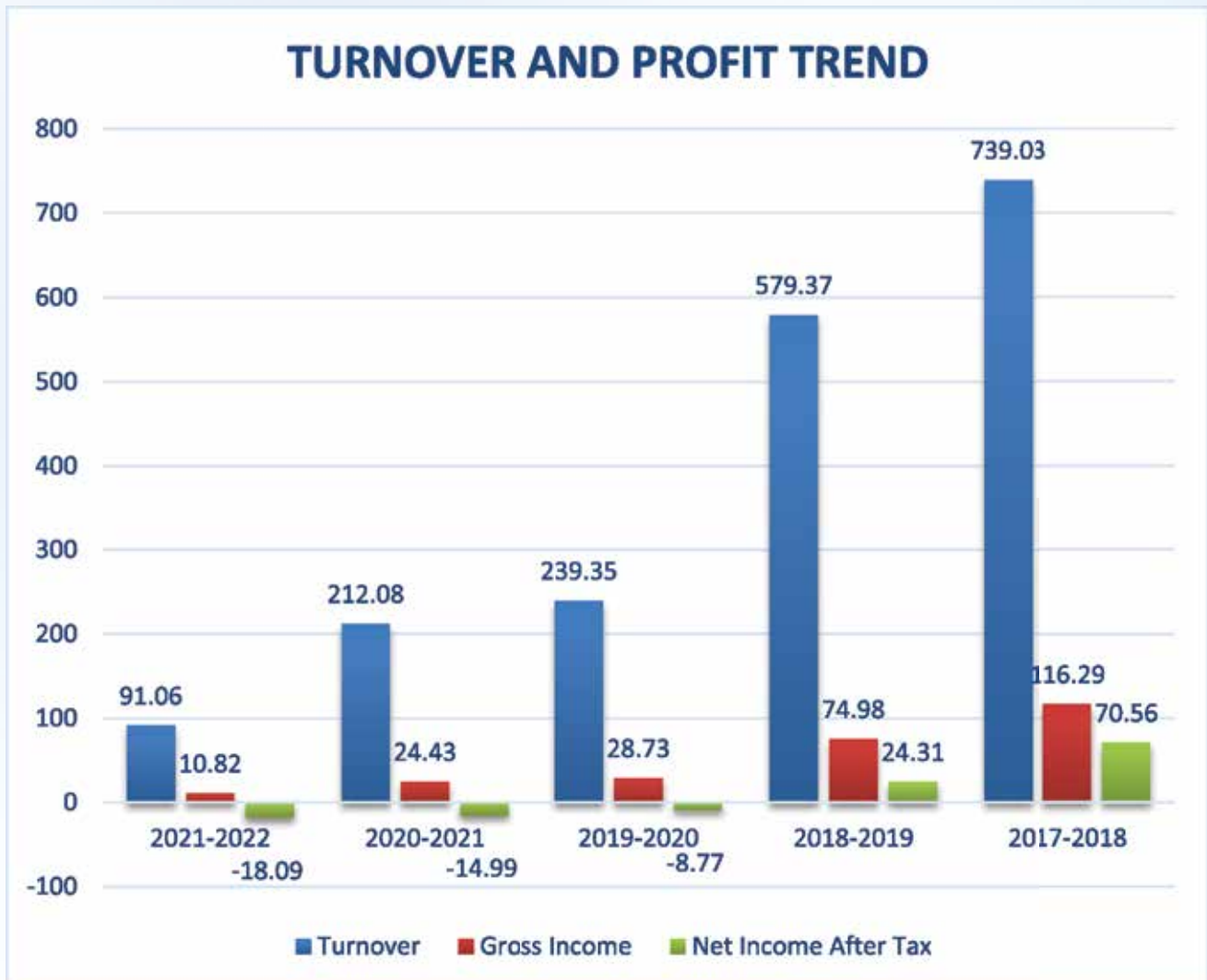
## COMPANY PROFILE

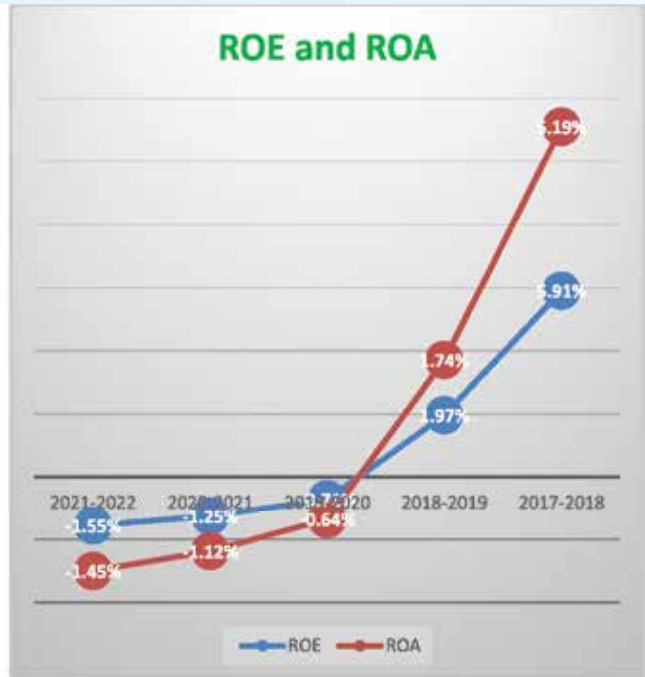
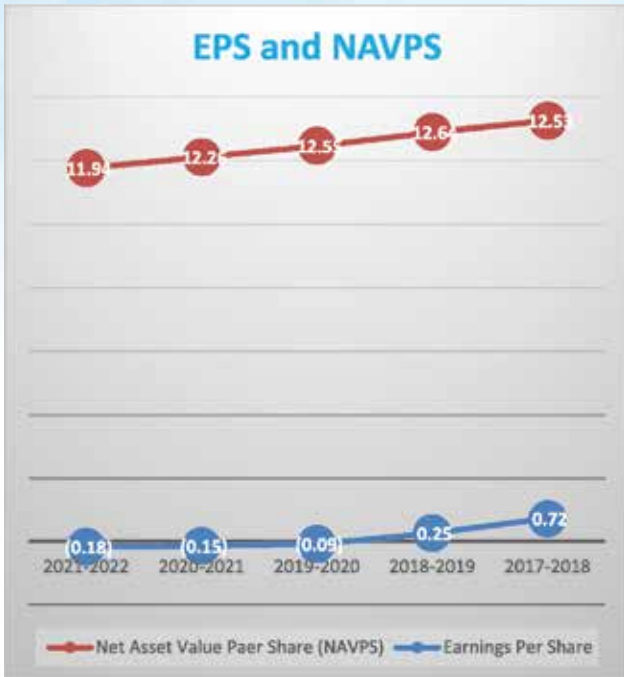
Year of Incorporation	:	2006
Commercial Production	:	1st December, 2007
Type of business	:	Manufacturing different types of Polypropylene Woven Bags. The company procure polypropylene yarn, HDPE, LDPE, LLDPE, Calcium Carbonate, Printing Ink, Master Batch, etc from both overseas and local market to produce PP woven cloth / PP cloth laminated craft paper bags for cement, fertilizer, food grains, animal feeds, fish feeds, Spinning etc and then sells those goods to foreign and local customers.
Authorized Capital	:	Tk. 1,500.00 Million
Issued & paid up capital	:	Tk. 980.80 Million
Turnover in 2020-2021	:	Tk. 91.06 Million
Number of Employees	:	Officer-12 Nos. Staff- 8 Nos. Workers: Permanent-437 Nos. Temporary-147 Nos.
Production Capacity	:	6.95 Crore pcs./per year
Share Office	:	KBG Tower (8th Floor), 15, DIT Road, Malibagh Chowdhurypara, Dhaka-1217, Bangladesh.

## COMPARATIVE GROWTH STATEMENT

Particulars	2022	2021	2020	2019	2018
Authorised Capital	1,500.00	1,500.00	1,500.00	1,500.00	1,000.00
Paid up Capital	980.80	980.80	980.80	980.80	980.80
Turnover	91.06	212.08	239.35	579.37	739.03
Gross Profit	10.82	24.43	28.73	74.98	116.29
Net Profit/(Loss) Before Tax	(15.87)	(12.01)	(3.52)	30.44	85.67
Net Profit/(Loss) After Tax	(18.09)	(14.99)	(8.77)	24.31	70.56
Total Assets	1248.26	1332.70	1365.48	1379.16	1420.00
Shareholder's Equity	1170.62	1202.41	1231.10	1239.87	1229.26
Value Per Share	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=
Dividend	2% Cash	Nil	2% Cash	Nil	2% Cash
Return on Equity (ROE)	(1.55%)	(1.25%)	(0.71%)	1.97%	5.91%
Return on Assets (ROA)	(1.45%)	(1.12%)	(0.64%)	1.74%	5.19%
Net Asset Value per share (NAVPS)	11.94	12.26	12.55	12.64	12.53

## Financial Analysis





## DIRECTORS REPORT

### Bismillahir Rahman-Ir-Rahim

#### Dear Shareholders,

Assalam-U-alaikum,

On behalf of the Board of Directors of Khan Brothers PP Woven Bag Industries Limited, I welcome you all to the 16th Annual General Meeting of the company. It is a pleasure to present to you the Audited Financial Statements of the company for the year ended June 30, 2022, Auditors' Report and the Directors' Report thereon along with company's performance and other matters in the term of Companies Act 1994, Listing Regulations of DSE and CSE, the Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and International Financial reporting Standards & International Accounting Standards and other applicable rules & regulations.

#### Operations:

During the year 2021-2022 the company has achieved total turnover of Taka 91,064,046.00 and earned a net loss before tax of Taka (15,869,182.00) by controlling and minimising the operational expenditures compared to sales turnover of Taka 212,080,445.00 and net loss before tax of Taka (12,008,832.00) respectively in the previous year. This reflects a decrease of around 57.06% on sales and increase around 24.33% on net loss before tax.

#### Financial Results and Profit Appropriations:

The Directors are pleased to report the financial results of the Company for the year ended 30<sup>th</sup> June 2022 are as follows:

PARTICULARS	2021-2022	2020-2021	Percentage + / (-)
Turnover	91,064,046	212,080,445	(57.06%)
Gross Profit	10,817,290	24,434,388	(55.73%)
Net Profit/(Loss) before tax	(15,869,182)	(12,008,832)	32.15%
Provision for Tax (incl. deferred tax)	2,217,403	2,977,049	(25.52%)
Net Profit/(Loss) after Tax	(18,086,585)	(14,985,881)	20.69%
Gross Profit to Turnover	11.88%	11.52%	-
Net Profit/(Loss) to Turnover	(19.86%)	(7.07%)	-
Earning Per Shares (EPS)	Tk.(0.18)	Tk.(0.15)	-

#### Profit appropriation:

Considering the need for ploughing back, available surplus and net profit for the year under review, the Board of Directors have the pleasure to recommend for profit appropriation as follows:

SI No.	Particulars	Amount in Taka
1	Un-appropriated Profit from previous year	132,611,274
2	Add: Net profit after tax for the year	(18,086,585)
3	Total funds available for appropriation	114,524,689
4	Dividend	(13,706,014)
5	Depreciation on Revaluation Surplus	184,098
6	Balance to be carried forward	101,002,773

### Declaration of dividend:

The Board recommended for 2% Cash Dividend (Inclusive 2% Interim Cash Dividend which has already been paid) for the year ended 30th June 2022, subject to approval of the shareholders in ensuing Annual General Meeting (AGM). Due to world market crisis export order declined resulting negative impact on revenue which has compelled Board not to declare dividend for the year as a precautionary measure.

### Industry Outlook and possible future developments in the industry:

As mentioned, the company is a 100% export-oriented pp woven bag manufacturer and its products mainly used for packaging of fertilizer, foods, chemical, textile, cement, sand, poultry feed etc. Competitive wage rate together with easily trainable workforce, entrepreneurial skill, expanding supply side capacity and government policy support have helped to translate the comparative advantages into competitive advantages of this industry. We are the leading pp woven bag manufacturer in Bangladesh and our endeavour to explore the market globally while our business potentials and dynamics to benefit proportionally from the accelerating economic growth. Nevertheless we always bear in mind to keep uphold of the interest of our shareholders.

Bangladesh is a cost competitive country especially in respect of labour cost and thus our future aim is to grab the international market by diversifying our products considering global environmental aspects e.g. producing environment friendly products which will obviously attract the global market as well as local market.

### Segment report

The company operates only in one segment, which is manufacturing Poly Propylene (PP) Woven Bag for the packing of fertilizer, foods, chemical, textile, cement, sand, poultry feed etc.

### Risk Management

Risk management refers to the practice of identifying potential risk in advance, analysing them and taking precautionary steps to reduce the risk. There are internal and external risks to be dealt with. Internal risks are low production and sales, shortage of power, worker unrest and internal risks are interest rate, exchange rate, market risk, political risk and other regulatory risk.

The company is aware of the concerned risks and is well prepared to manage them by incorporating systematic control procedure. Efficient management of all the process help to minimize the above risks

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

During this reporting year, Revenue is decreased by Tk. 12.10 crore from last year. Cost of Goods Sold/Service has also been decreased by Tk. 10.74 crore in the different ratios because of the turnover is only sub-contract service. The Company having strong internal control system along with proper supervision of Internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market. Comparative performances have been shown below:

### Comparative Presentation of Related Financial Data:

Particulars	2021-2022		2020-2021	
	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Sales	80,246,756	88.12%	187,646,057	88.48%
Gross Income	10,817,290	11.88%	24,434,388	11.52%

### **Discussion on continuity of any extra ordinary gain–loss:**

Khan Brothers PP Woven Bag Industries Ltd. is a 100% export oriented industry and everybody know, Corona Virus Covid-19 pandemic and Russia-Ukraine war affected all over the world specially in Europe country and that is our main export market. Due to world market crisis of export orders declined, as a result negative impact reflected on revenue on the financial statements for the year ended 30th June 2022.

### **Basis for related party transaction:**

There are transactions with related parties carried out in the normal course of business in accordance with the requirements of IAS 24 Related Party Disclosure in note no. 22.01 and 22.02 of the financial statements.

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

There was no significant variance between the quarterly and Annual Financial Statement.

### **Directors also report that:**

The Directors are responsible for the governance of the Company, and in that capacity, the Directors confirm, to the best of their knowledge that–

- I. the financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- II. proper books of account of the Company have been maintained;
- III. appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments;
- IV. the IAS, IFRS, The Companies ACT 1994, the Securities and Exchange rules,2020 and other applicable laws and regulations have been followed in preparation of the financial statements;
- V. the system of internal control is sound in design and has been effectively implemented and monitored;
- VI. there is no doubt, whatsoever, upon the Company’s ability to continue as a going concern.
- VII. 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.
- VIII. No bonus share or stock dividend has been or shall be declared as interim dividend.

### **Ability to Continue as going concern:**

**As per IAS-1 paragraph 26** “In assessing whether the going concern assumption is appropriate’. Due to world wide spread of COVID-19 pandemic and Russia-Ukraine war export of the company declined to a great extent. Thereafter it is very difficult to restore the export market. To overcome this situation and the better interest of the shareholders company decided to operate the factory on contract basis producing wpp bags required by other industries at cost plus profit for the time being. During the financial year 2021-2022 the company was able to provide services and earned service revenue worth Tk. 910.64 lac. Since the company is an export oriented company, management is trying to regain the export market and also side by side to continue rendering services to other companies to improve the profitability and financial strength of the company in future.

Company invested Tk. 300.00 lac to Peoples Leasing and Financial Services Ltd.(PLFS) in 2017 which could not be encashed due to financial incapability of PLFS. It is well known to all concerns



that, some of the members of the previous Board of Directors of Peoples Leasing and Financial Services Ltd.(PLFS) misappropriated the money of the depositors, resulting financial insolvency. The financial organization is not capable to repay the depositors money. Govt. has reconstituted the Board of Directors of PLFS and the present Board of Directors of PLFS assured the investors to refund their deposited money gradually in a meeting held on 19th November 2022. If any depositor wants may convert their deposit into share capital of PLFS. Our company will give option for refund the deposited amount of Tk.3.00 crore. If the money is refunded by PLFS there no possibility of financial loss of Khan Brothers PP Woven Bag Industries Ltd. Hence, management think that it is not wise to make any provision for bad and doubtful debts in the books of accounts during the income year 2021-2022. In other cases, management may need to consider a wide range of factors relating to current and future expected profitability, debt repayment schedules and potential sources of financing for Balancing, Modernization, Replacement and Expansion of the existing PPE to satisfy itself that the going concern is appropriate.

On the above circumstances, it can be said that there is no doubt that the company has the ability to continue as going concern.

### Significant deviation from last year:

During the reporting period, very large deviation has been occurred in financial performance from last year. The Company's revenue have decreased by Tk. 121.02 million from last year. Gross Profit decreased Tk. 13.61 million and Net Loss also have increased Tk. 3.10 million respectively.

### Financial Highlights:

Particulars	Amount in Taka				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
<b>Property, Plant &amp; Equipment</b>	511,814,855	546,075,159	555,600,248	560,699,848	575,492,932
<b>Current Assets</b>	735,392,807	785,577,724	808,827,154	817,413,866	843,458,588
<b>Total Assets</b>	1,248,257,662	1,332,702,883	1,365,477,401	1,379,163,713	1,420,001,520
<b>Equity attributable to the shareholders</b>	1,170,616,698	1,202,409,297	1,231,101,192	1,239,870,893	1,229,263,453
<b>Non-current Liabilities</b>	48,960,379	46,925,750	45,480,358	26,420,284	24,405,275
<b>Current Liabilities</b>	28,680,585	83,367,835	88,895,851	112,872,536	166,332,792
<b>Total liabilities and Equities</b>	1,248,257,662	1,332,702,883	1,365,477,401	1,379,163,713	1,420,001,520
<b>Revenue</b>	91,064,046	212,080,445	239,352,526	579,366,749	739,027,917
<b>Cost of Sales</b>	80,246,756	187,646,057	210,624,937	504,387,771	622,733,403
<b>Gross Income</b>	10,817,290	24,434,388	28,727,589	74,978,978	116,294,514
<b>Operating Income/(Loss)</b>	(8,853,159)	(5,815,719)	(1,955,041)	39,254,223	88,032,900
<b>Net Income/(Loss) after Tax</b>	(18,086,585)	(14,985,881)	(8,769,701)	24,313,454	70,564,484

**Number of Board Meetings held during the year and attendance:**

During the year ended 30 June 2022, there were 5 Board of Directors Meeting hold and the presence was as follows:

Name	Designation	Total Board Meeting Held	Total Attendance
Mr. Mohammed Enamul Kabir Khan	Chairman	5	5
Mr. Tofayel Kabir Khan	Managing Director	5	5
Md. Ruhul Kabir Khan	Director	5	5
Mr. Hazrat Ali	Director	5	4
Mrs. Jarin Kabir Khan	Nominee Director	5	3
Mr. Muhammad Nur-E-Jenan Chowdhury	Independent Director	5	3
Mr. Md. Bahalul Kabir	Independent Director	5	3

**Pattern of Shareholdings:**

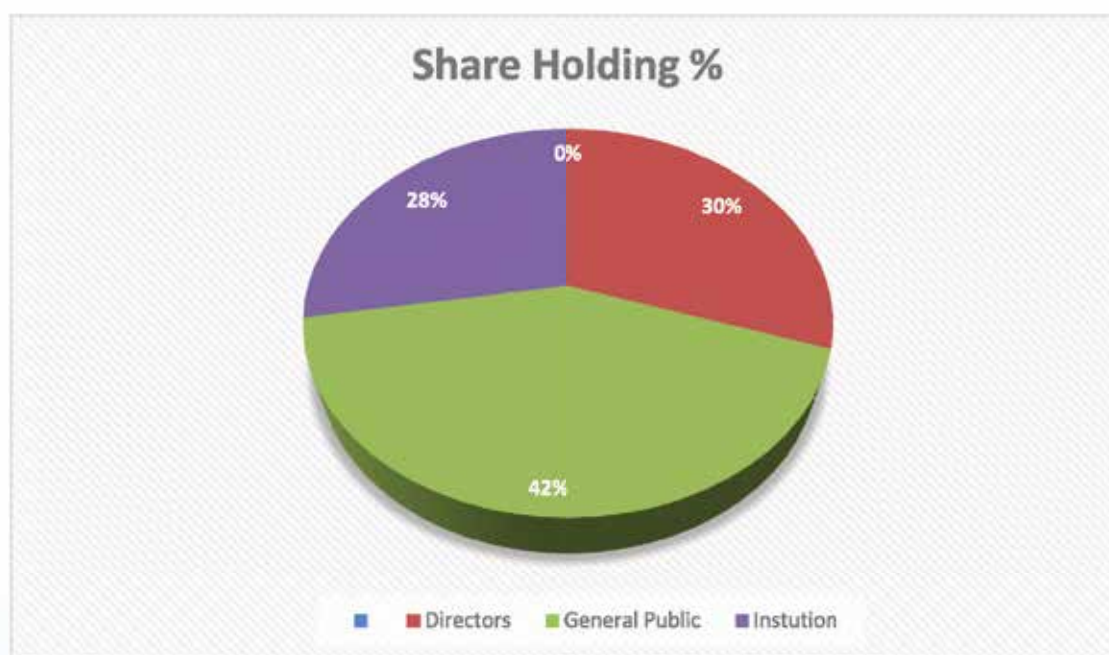
Sl.	Particulars	Designation	No. of Shares Holding	Holding %
A	<b>Parent/ Subsidiary/ Associated Companies and Other Related Companies</b>	-	No such holding	-
B	Directors, CEO, CS, CFO, Head of Internal Audit & their spouse and minor children:			
	Mr. Mohammed Enamul Kabir Khan	Chairman	7,534,369	7.68%
	Mr. Tofayel Kabir Khan	Managing Director	9,746,980	9.94%
	Md. Ruhul Kabir Khan	Director	7,208,079	7.35%
	Mr. Hazrat Ali	Director	1,971,249	2.01%
	Khan Brothers Infotech Ltd.	Nominee Director	3,089,130	3.15%
	Mr. Mohammed Shahid Ullah	Independent Director	No such holding	-
	Mr. Utpal Dhar	Independent Director	No such holding	-
	CS, Head of Internal Audit & their spouse and minor children:	-	No such holding	-

C	Executives:	-	No such holding	-
	Mr. Tapan Kumar Sarker	Company Secretary	No such holding	-
	Mr. Azizul Jabbar FCMA	CFO	No such holding	-
	Md. Moksedur Rahman Shirajee	GM Marketing	No such holding	-
	Md. Fakhrul Islam	GM Commercial	No such holding	-
	Md. Mahboob Alam	DGM Admin & Commercial	No such holding	-
D	Shareholders holding Ten percent (10%) or more voting interest in the company	Shareholder	14,506,522	14.79%

### Shareholding Pattern:

Sl.	Particulars	No. of Shares Holding	Holding %
1	General Public	41,431,409	42.24%
2	Directors	29,549,807	30.13%
3	Institution	27,098,661	27.63%
	Total	98,079,877	100.00%

### Graphical Presentation of Shareholding Pattern as on 30 June 2022 date:



## Brief Resume of Directors:

### **Tofayel Kabir Khan**

*Managing Director*

Tofayel Kabir Khan was born on February 03, 1972 in Kishoregonj, Bangladesh. He received a Bachelor of commerce degree in Business Administration from Dhaka University and a Master of Commerce degree majoring in Marketing from Dhaka University. After having these degrees he also did his MBA to enrich his knowledge.

After completing his graduation, he joined Miracle Industries Ltd. as an Assistant Manager (marketing) and serves that company for the period of 1997 to 1998. His interests are in the areas of Marketing, Project Management, Communication, Team Building and Knowledge-Based Expert Systems give him the opportunity to work for Meghna Group in 1999 to 2001. He always looked forward to diversification and challenges which made him the employee of Ananda Bag Industries Ltd. in 2002 to 2006.

He has over 21 years' experience in the planning, design, procurement, operation and manufacturing of PP woven Bag projects while he was working in Ananda Bag Industries Ltd. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.

Currently he is the Managing Director of Khan Brothers PP woven Bag Industries Ltd. and some others company of Khan Brothers Group.

### **Mr. Mohammed Enamul Kabir Khan**

*Chairman*

Mohammed Enamul Kabir Khan the chairman of Khan Brothers PP Woven Bag Industries Ltd. was born in December 30, 1965 in Kishoregonj, Bangladesh. He completed his Honors and Masters in Accounting from the University of Dhaka in 1990 & 1991 respectively and he started his journey in corporate life in City Bank Ltd. with his accounting background. He served that company 18 years as a manager and he used to maintain the bank Account of Aljajira, Jeddah and Saudi Arab. He was gathered experience to serve managerial position in different companies.

During his tenure period in corporate life and abroad he learns the key objectives of a business and those objectives encourage him to an entrepreneur of Khan Brothers PP Woven Bag Industries Ltd.

### **Md. Ruhul Kabir Khan**

*Director*

Md. Ruhul Kabir Khan, one of the Directors of Khan Brothers PP Woven Bag Industries Ltd., is holding his position with his knowledge of Business management as he graduated (M.Com) from Dhaka University majoring in Management.

He joined Khan Brothers Group with his 19 years working experience in Bag Industries and he is showing his significant work from those years. Company faces a lot of achievement only because of his contribution and this contribution gives some new innovative idea for business.

### **Md. Hazrat Ali**

*Director*

Hazrat Ali is one of the industrialists in Bangladesh in his early age of forty one. He holds directorship position in Khan Brothers PP Woven Bag Industries Ltd. As he has 19 years working experience in Bag industries operations. This company is looking forward to utilize his experience and insight in marketing and management. He is not only the director of this company but also the Managing

Director of Khan Brothers Knitwear Industries Ltd.

### **Jarin Kabir Khan**

*Nominee Director*

Jerin Kabir Khan was born on November 01, 1978 and completed B.A (Pass) from National University. She is wife of Tofayel Kabir Khan and holds some shares in Khan Brothers Infotech Ltd.

Now she is a Representative Director of Khan Brothers PP Woven Bag Industries Limited for Khan Brothers Infotech Limited.

### **Mr. Muhammad Nur-E-Jenan Chowdhury**

*Independent Director*

Mr. Muhammad Nur-E-Jenan Chowdhury, is an MBA & MBM graduate from respectively Institute of Business Administration, Jahangirnagar University & Bangladesh Institute of Bank Management (BIBM) with specialization in Accounting, Finance & Banking. He was a Junior Assistant Vice President & Associate Relationship Manager of Mutual Trust Bank Ltd. with the role of managing the Anti-Money Laundering issues, developing Transactional Business, 360-degree payment management, developing credit proposals for small, medium and cottage industry. He was deported for a special assignment to prepare the Annual Report 2019 of Mutual Trust Bank Ltd. which eventually went to win the certificate from the Institute of Chartered Accountants of Bangladesh (ICAB). At present he is working as a Chief Executive Officer (CEO) of KB Express International Ltd.

### **Mr. Utpal Dhar**

*Independent Director*

Mr. Utpal Dhar, Masters in Accounting from Dhaka University having 20 years experiences in the field of accounting, finance, auditing, administration and public relation. He served in various renowned organizations like Real Estate, Readymade Garments and Textile, Hospitals and Frozen Foods etc. as head of Finance & Accounts and other Corporate Affairs. Now he is an entrepreneur of a business having capital of 200.00 million.

### **Expertise in Specific functional area:**

<b>Name of Directors</b>	<b>Expertise</b>
<b>Mr. Tofayel Kabir Khan</b>	All Business functional areas specially Marketing activities
<b>Mr. Mohammed Enamul Kabir Khan</b>	Overseas all activities specially export development
<b>Mr. Md. Ruhul Kabir Khan</b>	Production and Operational activities
<b>Mr. Hazrat Ali</b>	Strategic Business function, internal control and analytical review

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

<b>Mr. Mohammed Enamul Kabir Khan</b>	Chairman	Khan Brothers Bag Ind. Ltd.
	Chairman	Khan Brothers Slipways & Engr.Works. Ltd.
	Chairman	Khan Brothers Shipping Lines Ltd
	Chairman	Khan Brothers Infotech Ltd.
	Chairman	ST Int. Ltd.
	Chairman	Khan Brothers Knitwear Ind. Ltd.
	Chairman	Khan Brothers Equi-Build Ltd.
	Chairman	Khan Brothers Marble & Granite Ltd.
<b>Mr.Tofayel Kabir Khan</b>	Managing Director	Khan Brothers Bag Ind. Ltd.
	Managing Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Managing Director	Khan Brothers Shipping Lines Ltd
	Managing Director	Khan Brothers Infotech Ltd.
	Managing Director	ST Int. Ltd.
	Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Khan Brothers Equi-Build Ltd.
	Managing Director	Khan Brothers Marble & Granite Ltd.
<b>Mr. Ruhul Kabir Khan</b>	Director	Khan Brothers Bag Ind. Ltd.
	Director	Khan Brothers Shipping Lines Ltd
	Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Director	Khan Brothers Infotech Ltd.
	Director	ST Int. Ltd.
	Director	Khan Brothers Equi-Build Ltd.
	Director	Khan Brothers Marble & Granite Ltd.
<b>Mr. Hazrat Ali</b>	Managing Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Madina Texware Ltd.
<b>Mrs. Jarin Kabir Khan</b>	Director	Khan Brothers Infotech Ltd.

## Human Resources Development:

Company has initiated a comprehensive human resources development program keeping in view the regulatory changes and the latest technological advancements of the company. Local manpower of the factory have already been trained up by foreign engineers & technical personnel and they have now become well equipped to operate all the new modern machineries maintaining optimum level of

quality & quantity of the diversified products.

### Appointment of Independent Directors:

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), Mr. Md. Bahalul Kabir has full filled the required qualifications as per BSEC Notification for appointment of Independent Directors and he was appointed on 21.12.2019 as Independent Director for three years. Mr. Bahalul Kabir has completed his three years tenure as Independent Director. Mr. Utpal Dhar appointed as a new Independent Director in the last Board Meeting of the Company and he will continue for next three years tenure.

### Auditors:

M/S. Artisan, Chartered Accountants appointed as auditor for the financial year 2021-2022 in the 15th Annual General Meeting and they have completed two years audit successfully. M/S. Artisan, Chartered Accountants further have expressed their willingness and the Board of Directors appointed them as Auditor for the financial year 2022-2023. Now to be placed to the shareholders for approval and fixation their fees.

### Appointment of Professional:

M/s. A.K.M. Delwer Hussain & Associates, Cost & Management Accountants have completed the Audit for the year 2020-2021 and issued a certificate as professional for Corporate Governance Code. For the financial year 2021-2022 M/s. Haruner Rashid and Associates, Chartered Secretaries have expressed their willingness as professional for auditing Corporate Governance Code and subsequently M/s. Haruner Rashid and Associates, Chartered Secretaries appointed in the last Board Meeting and completed the audit of Corporate Governance Code.

### Directors' Remuneration and Allowances:

The Directors who are engaged in the company's day to day operations are receiving remuneration and other benefits from the company as disclosed in Notes No. 22.01 and 22.02 of the Financial Statements. No attendance allowances paid to executive directors.

### Audit Committee:

The Board of Directors have constituted the Audit Committee as follows:

- |   |                    |
|---|--------------------|
| 1. Mr. Muhammad Nur-E-Jenan Chowdhury, Independent Director | : Chairman         |
| 2. Mr. Md. Bahalul Kabir, Independent Director              | : Member           |
| 3. Mrs. Jarin Kabir Khan, Representative Director           | : Member           |
| 4. Mr. Tapan Kumar Sarker, Company Secretary                | : Member Secretary |

### Nomination and Remuneration Committee

As per provision of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), Nomination and Remuneration Committee has formed as follows:

- |   |                    |
|---|--------------------|
| 1. Mr. Muhammad Nur-E-Jenan Chowdhury, Independent Director | : Chairman         |
| 2. Mr. Md. Bahalul Kabir, Independent Director              | : Member           |
| 3. Mrs. Jarin Kabir Khan, Representative Director           | : Member           |
| 4. Mr. Tapan Kumar Sarker, Company Secretary                | : Member Secretary |

### **Review of financial statements by the Audit Committee:**

Audit Committee has reviewed the annual financial statements for the year ended June 30, 2022 and placed its recommendation to the Board of Directors.

### **Corporate Governance Compliance Status Report:**

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Corporate Governance Compliance Status Report has been annexed.

### **Retirement/Re-appointment of Directors:**

As per provision of the Companies Act, 1994 & Articles of the Company, one-third of the total Directors of the Company shall have to retire in this annual general meeting except of the Managing Director. Following Directors of the Company shall have retired in 16th Annual General Meeting on their seniority basis:

1. Mr. Md. Ruhul Kabir Khan
2. Mrs. Jarin Kabir Khan

The above retiring Directors shall also be eligible for re-appointment and they have also applied for re-appointment.

### **Acknowledgement:**

The Board of Directors take this opportunity of expressing its heart-felt appreciation and gratitude to the all members of the company, as well as all customers, suppliers and associates for their continued support and cooperation. The Board also expresses its deep gratitude to Securities & Exchange Commission, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. Our performance would not have been possible without their support.

### **Conclusions:**

The Board of Directors now presents the accounts and auditors reports for the year 2021-2022 and requests our valued shareholders to kindly accept the annual accounts for which we shall remain ever grateful to you all.

I again express my thanks for your kindly making it convenient to attend this annual general meeting. May Allah, in His infinite mercy, grant peace and happiness to us all.

On behalf of the Board of Directors



**Mohammed Enamul Kabir Khan**  
Chairman



## Management Discussion and Analysis on Financial Position and Performance

During the year 2021-2022 the company has achieved total turnover of Taka 91,064,046.00 and earned a net loss before tax of Taka (15,869,182.00) by controlling and minimising the operational expenditures compared to sales turnover of 212,080,445.00 and net profit before tax of Taka (12,008,832.00) respectively in the previous year. This reflects a decrease of around 57.06% on sales and increase net loss before tax around 32.15%. During this reporting year, Revenue is decreased by Tk. 12.10 crore from last year. Cost of Goods Sold has also been decreased by Tk 10.74 crore in the different ratios because of turnover includes only service revenue. The Company having strong internal control system along with proper supervision of Internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market.

Risk management refers to the practice of identifying potential risk in advance, analysing them and taking precautionary steps to reduce the risk. There are internal and external risks to be dealt with. Internal risks are low production and sales, shortage of power, worker unrest and internal risks are interest rate, exchange rate, market risk, political risk and other regulatory risk.

The company is aware of the concerned risks and is well prepared to manage them by incorporating systematic control procedure. Efficient management of all the process help to minimize the above risks



**Tofayel Kabir Khan**  
Managing Director & CEO

## Declaration by CEO and CFO

Date: 10.11.2022

Board of Directors  
Khan Brothers PP Woven Bag Industries Ltd.  
KBG Tower, 15 DIT Road, Malibagh Chowdhurypara,  
Dhaka-1219.

### Subject: Declaration on Financial Statement for the year ended on 30 June 2022

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/2017/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Khan Brothers PP Woven Bag Industries Ltd. for the year ended on 30 June 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: --

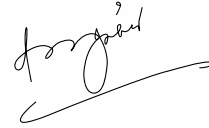
- (i) We have reviewed the financial statements for the year ended on 30 June 2022 and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**Tofayel Kabir Khan**  
Managing Director



**Azizul Jabbar, M.Com, PGDIM, FCMA**  
Chief Financial Officer (CFO)

## Khan Brothers PP Woven Bag Industries Ltd. Status of Compliance with the Corporate Governance Code (CGC)

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 ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1	Board of Directors			
1.1	Size of the Board of Directors	✓		
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Directors			
1.2 (a)	At least on fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
1.2 (b)	For the purpose of this clause 'independent director' means a director-	✓		
1.2 (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	✓		
1.2 (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1.2 (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1.2 (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2 (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1.2(b) (viii)	who is not independent director in more than 5 (five) listed companies;	✓		

1.2 (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
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;	√		
1.3	Qualification of Independent Director(ID)			
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1.3 (b)	Independent Director shall have following qualifications		As per new notification new independent directors have been appointed.	
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
1.4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
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 issue arose
1.5	The Directors' Report to Shareholders			
	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;	-		No such issue arose
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;	-		No such matter to explain
1.5 (x)	A statement of remuneration paid to the directors including independent directors	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained;	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1.5 (xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1.5 (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		

1.5 (xvii)	There 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;	√		
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;			
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 shall be disclosed;	√		
1.5 (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		
1.5 (xxiii) (a)	Parent/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;	√		
1.5 (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		
1.5 (xxv) (a)	Accounting policies and estimation for preparation of financial statements;	√		
1.5 (xxv) (b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance 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 there of;	√		
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.	√		
1.6	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).	√		
1.7	<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.	√		
2	<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
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-	-		
3.1	<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).	√		
3.2	Requirement to attend the Board Meetings			
	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)	This is also certified that 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;	-		No such issue arose
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
	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;	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5.1 (a)	The company shall have an Audit Committee as a sub-committee of the Board 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.	√		
5.2	Constitution of Audit Committee			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5.2 (b)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee;	-		No such incident 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>Chairman of the Audit Committee</b>			
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5.3 (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.	-		No such incident arose
5.3 (c)	Chairman 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:	-		N/A
<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 in the internal control system;	-		No such incident arose
5.6 (a) (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations; and	-		No such incident arose
5.6 (a) (ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately	-		No such incident arose
	<b>Reporting to the Authorities</b>			
5.6 (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 of Directors 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 of Directors 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>Reporting to the Shareholders and General Investors</b>			
<b>5.7</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.	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
6.1	Responsibility to the Board of Directors	√		
6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6.1(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6.2	Constitution of the NRC			

6.2 (a)	The Committee shall comprise of at least three members including an independent director;	√		
6.2 (b)	All members of the Committee shall be non-executive directors;	√		
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee, 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 any remuneration for any advisory role or otherwise, other than Director's fees or honorarium from the company;	√		
6.3	<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;	√		
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 accountable to the Board and shareholders;	√		
<b>6.5 (b)</b>	<b>NRC shall oversee, among others, the following matters:</b>			
6.5 (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, 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;	√		
6.5 (b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6.5 (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External/Statutory Auditors.			
7.1	<b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-</b>			
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.	√		
8	<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).	√		
9	Reporting and Compliance of Corporate Governance			

9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting;	√		
9.3	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		



**Haruner Rashid & Associates**  
Chartered Secretaries & Management Consultants

**Report to the Shareholders of  
Khan Brothers PP Woven Bag Industries Ltd.  
on  
Compliance with the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by **Khan Brothers PP Woven Bag Industries Ltd.** for the year ended 30<sup>th</sup> June, 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

**Haruner Rashid & Associates**  
Chartered Secretaries



Place : Dhaka  
Dated: November 27, 2022

  
A.K.M. Haruner Rashid, LL.B, FCS  
CEO & Lead Consultant

Address: Chand Mansion (6th Floor), 66, Dilkusha, Dhaka-1000.  
Mobile: +8801711-105322, e-mail: hrashid\_bd@yahoo.com  
Liason Office: 222/1, Tejkunipara, Bijoy Saroni Link Road, Tejgaon, Dhaka-1215  
Mobile: +8801730-728605 (Mominur), e-mail: hrashid.associates@gmail.com

## Report of the Audit Committee For the Year 2021-2022

I am pleased to present the Report of the Audit Committee for the year of 2021-2022.

The Audit Committee Report presented under condition No.3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee.

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

The Committee is comprised of Mr. Muhammad Nur-E-Jenan Chowdhury, Mr. Md. Bahalul Kabir, Mrs. Jarin Kabir Khan. Mr. Muhammad Nur-E-Jenan Chowdhury is an Independent Director and also the Chairman of the Committee. Mr. Tapan Kumar Sarker Company Secretary performs as Member Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. As required, all Members of the Audit committee are 'financially literate' and are able to analysis and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

### Reporting to the Board of Directors

The Audit Committee is acting as a sub-committee of the Board and reports to the Board of Directors immediately to the Board of Directors on the following outcomes, if any:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

### The Role of Audit Committee

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

The role of the Audit Committee includes the following:

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



- d. Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors;
- e. Review and consider the report of internal auditors and statutory auditors' observations on internal control; and
- f. Review of IPO proceeds utilization
- g. Evaluate the company's continuous growth.
- h. Monitoring the company's standard operating procedures followed or not.
- i. Observe the Companies overall policies and procedures.
- j. Other matters as per Terms of Reference (TOR) of the Audit Committee and also as directed by the Board.

### **Audit Committee Meetings held during the year and attendance:**

During the year ended 30 June 2022, there were 4 Audit Committee Meetings hold and the presence was as follows:

<b>Name</b>	<b>Designation</b>	<b>Meeting Held</b>	<b>Total Attendance</b>
Mr. Muhammad Nur-E-Jenan Chowdhury	Chairman	4	4
Mr. Md. Bahalul Kabir	Member	4	3
Mrs. Jarin Kabir Khan	Member	4	3
Mr. Tapan Kumar Sarker	Member Secretary	4	4

### **Authority**

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

### **Activities carried out during the year**

The Audit Committee met four times during the year 2021-2022. All the Members were present in all meetings of The Committee. The Committee reviewed the integrity of the quarterly and annual financial statement in due time. The Committee found, adequate arrangements were taken to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.

### **Conclusion:**

The Audit Committee is satisfied that the effectiveness of the organization structure of the company in implementation of the accounting policies and operational controls, provide reasonable assurance that the affair of the company are managed in accordance with accepted policies and the assets are

properly accounted for and adequately safeguarded.

The Committee is also satisfied that the company's internal and external audit have been effective and independent throughout period under review. The Committee is also pleased of having adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.



**Muhammad Nur-E-Jenan Chowdhury**

Chairman

Audit Committee

# Khan Brothers PP Woven Bag Industries Limited

## Report on the Nomination & Remuneration Committee (NRC):

In accordance with the best practice of Corporate Governance, the Board of Directors established a Nomination and Remuneration committee (the “Nomination and Remuneration Committee”) and the status of compliance with the conditions imposed by the Commission notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The Committee examine specific topics chosen by the Board of Directors and report on them to the Board of Directors. Decision-making remains the collective responsibility of the Board of Directors and the committee may only make suggestions to the Board of Directors.

The main purpose of Remuneration and Nomination Committee is to assist the Board of Directors, via proposal of appointment and /or removal of Directors, review of the remuneration Policy of the Company, to make proposals, together with the CEO, on the individual remuneration of Directors, and to provide advice on any benefit or incentive schemes.

### 1. Roles and Responsibilities

According to the CG code, the role and responsibility of the Nomination and Remuneration Committee

#### » With respect of Nominations:

The Committee shall:

- a) 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;
- b) 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;
- c) Regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity, including gender) of the Board and to make recommendations to the Board with regard to any changes that are deemed necessary;
- d) Devise a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- e) Formulate the criteria for evaluation of performance of independent directors and board;
- f) Identify the Company needs for employees at different levels and determining their selection, transfer or replacement and promotion criteria;
- g) Develop, recommend and review annually the Company’s human resource and training policies.

#### » With respect to Remuneration:

The Committee shall:

- a) Recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
  - i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to return the Company successfully;
  - ii) The relationship of remuneration to performance is clear and meets appropriate benchmarks;
  - iii) Remuneration to directors, top level executives involves a balance between fixed and incentive pay

reflecting short and long-term performance objective appropriate to the working of the Company and its goals;

b) Determine and agree with the Board the policy for the remuneration of the Directors.

» **With respect to Appointments to the Board**

The committee shall assess the qualifications, background knowledge and experience necessary to sit on the Board of Directors. Accordingly, the duties and qualifications required of the candidates to fill each vacancy and decide the time and dedication necessary for them to properly perform their duties. The Chairman may request the Remuneration and Nomination Committee to consider possible candidates to fit vacancies for the position of Director. Provided that Remuneration and Nomination Committee may as well independently search for and consider alternative such position. Such directors shall be appointed by approval of the Shareholders.

» **With respect to Conflict of interest**

The committee shall before appointment of a Director, require the proposed appointee to disclose any other business interest that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

» **With respect to Board Evaluation**

The Committee shall:

a) Assist the Chairperson of the Board with the implementation of annual evaluation process;

b) Review the results of the Board performance evaluation process that relate to the composition of the Board.

**2. Composition of the NRC**

According to the CG code 2018 issued by Bangladesh Securities and Exchange Commission (BSEC). The Committee shall be appointed and nominated by the Board consist of at least three members including an Independent Director. All members of the Committee shall be non-executive directors and any removal and appoint of any member in a committee is the subject to prior approval and full authority of the Board. A chairman of the Nomination and Remuneration Committee shall be selected from among its members and shall be an Independent Director. Composition of the NRC has given below.

Name	Position
Mr. Muhammad Nur-E-Jenan Chowdhury	Chairman
Mr. Bahalul Kabir	Member
Mrs. Jarin Kabir Khan	Member
Mr. Tapan Kumar Sarker	Member Secretary

**3 Meeting and Activities of the Nomination and Remuneration Committee**

**Meeting held during FY 2021-2022**

Name	Meeting	Attended
Mr. Muhammad Nur-E-Jenan Chowdhury Chairman	1	1
Mr. Bahalul Kabir Member	1	1
Mrs. Jarin Kabir Khan Member	1	1
Mr. Tapan Kumar Sarker Secretary	1	1

#### 4. Activities Carried out

- i) Reviewed the Business operation during Covid-19 Pandemic and recommended Board of Directors (BOD) for concise the Shifting of operation and Retrenchment;
- ii. Reviewed the NRC Policy for approval of the Board and it was approved through the BOD meeting dated on 13 November, 2019;
- iii. Reviewed Code of Conduct as per Condition no: 7(a) & 7(b) under CG code ; iv. Reviewed the Diversity Policy and Prohibition of Insider Trading Policy;
- v. Reviewed the Whistleblower Policy for approval of the Board and it was approved through the BOD meeting dated on 27 June, 2019;
- vi. Reviewed of the NRC policy relating to the Remuneration of the Directors and top level Executives of the Company and recommended for approval to the Board;
- vii. Reviewed the process & criteria regarding performance evaluation of Board & Independent Director;
- viii. Reviewed the process & criteria for Board and Director's Performance Evaluation;
- ix. Review the results of the Board performance evaluation process done during FY 21-22;
- x. Reviewed Vacancy positions or new positions and reported and/or recommended about recruitment for Board appraisal.
- xi. Recommended to appoint M/S. Harunur Rashid & Associates, Chartered Secretaries in practice as Compliance Auditors of the Company for the next financial year.
- xii. Recommended to appoint M/S. ARTISAN, Chartered Accountants in practice as External Auditors of the Company for the next financial year.
- xiii. Recommended to appoint M/S. Mohammadullah & Associates, 222/1, Tejkunipara, Bijoy Sarani Link Road, Tejgaon, Dhaka-1215 as Independent Scrutinizer for the 16th AGM 2022;

On behalf of the Nomination & Remuneration Committee,



**Muhammad Nur-E-Jenan Chowdhury**

Chairperson

Nomination & Remuneration Committee (NRC)

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

## Report on the Audit of the Financial Statements

### DISCLAIMER OF OPINION

We have audited the financial statements of **Khan Brothers PP Woven Bag Industries Ltd.** (the "Company"), which comprise the Statement of Financial Position as at 30th June 2022 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the ***Basis for Disclaimer of Opinion*** section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements of the Company.

### Basis for Disclaimer Opinion

1. The financial statement shows Inventories of Raw Materials Tk. 553,314,755, as shown in note # 5.00, which is being carried forward since last couple of years. Management of the company reasoned it as a consequence of cancellation of export orders from the buyers' end due to the global business disruption created during Covid-19 pandemic. Whereas we were not provided with satisfactory evidence and scope to verify and confirm the quantity and value of inventories shows in note # 21.06 due to the inadequate inventory recording system and disorganized inventory management system. We were also unable to obtain sufficient appropriate audit evidence in alternative approach to satisfy ourselves to provide our opinion and conclude that there are no undetected material misstatements in the financial statement in this regard due to the scope limitation.
2. The financial statement includes Inventories of Finished Goods Tk. 44,145,422 as shown in note # 05 of which Tk. 26,220,200 has been carried forward from last year and Tk. 17,925,222 has been finished from Work in Progress during the year under audit, which have been preserving by the company due to held up the shipment by buyers in consequence of global business disruption due to Covid-19 pandemic, as stated by the management against which no provision for impairment loss have been recognized by the company. Whereas we were not provided with satisfactory evidence to assuring the shipment in future as well as to verify the inventories due to the inadequate inventory recording system and disorganized inventory management system. We were also unable to obtain sufficient appropriate audit evidence in alternative approach to satisfy ourselves to provide our opinion, and conclude that there are no undetected material misstatements in the financial statement in this regard.
3. Cash and Cash Equivalent of the financial statement shows Fixed Deposits of Tk. 30,000,000 in Note # 08, lying with Peoples Leasing and Financial Services Ltd. since long in. The scam of that NBFIs is widely known to all depositors and to the peoples in home and abroad, few months back it was circulated in the media that the liquidation proposal of Peoples Leasing and

Financial Services Ltd. has approved by the Government. As such probability of realization of the amount is remote but no provision for Impairment loss of the financial instrument have been recognized by the company as per IFRS-9.

4. The financial statement shows Export Bills Receivable Tk. 62,212,203 as on 30 June 2022 in note # 06, which have been carried forward from last year, against which no provision for bad debts have been created in the financial statements. The management of the company elucidated that the proceeds have been retained by the buyers due to their business loss in consequence of the business disruption for Covid-19 pandemic, but they are highly expecting to realize that shortly. Whereas we were not produced with any satisfactory evidence to authenticate realization of the same and we were also unable to obtain sufficient appropriate audit evidence in alternative approach to satisfy ourselves to provide our opinion, and conclude that there are no undetected material misstatements in the financial statement in this regard.
5. The financial statement shows turnover of 91,064,046 during the year whereas bank statement produced to us by the company shows deposits of Tk. 37,770,000 only in company's bank accounts during the year under audit. Moreover, we were not provided with satisfactory evidence to verify those transactions and we were also unable to obtain sufficient appropriate audit evidence in alternative approach to satisfy ourselves to provide our opinion, and conclude that there are no undetected material misstatements in the financial statement in this regard.

#### **Matter of Emphasis:**

1. The financial statement shows turnover of Tk. 91,064,046 as local sell and Sub Contact Revenue during the year under audit but VAT returns have been submitted showing Zero value without paying any VAT for which we were not provided with any satisfactory evidence to justify the reasons. This is simply a non-compliance of the VAT rules and avigation of VAT.
2. The financial statement shows Tk. 140,887,199 against value of 4.615 acres' of factory land under Land and Development. During our visit to factory we observed that there is no separate periphery/demarcation of the factory premises of the company. We observed that three (3) factory namely i) Khan Brothers PP Woven Bag Industries Ltd., ii) Khan Brothers Bag Industries Ltd. And iii) Khan Brothers Marble & Granite Ltd are established within the common boundary. As such we were unable to confirm whether the physical possession of the said land is lying to the company or not. We were also not shown the original copies of the land ownership documents, charge document, khazna receipts etc to ensure complete ownership of the land.
3. To the best of our understanding the company is running through subcontract works on cancellation of export orders. Recovery from the finished goods and raw materials as showing in the financial statements is looking very remote and insignificant. The company is suffering from severe working capital crisis which has laid down the company's dependency on the related party subcontract works. All those have ultimately created going concern threats to the company though the financial statement of the company has prepared considering it as a going concern, but we were not provided with any written management plan to effectuate and ensuring this. Notwithstanding our opinion on the financial statements, we would recommend to set up proper management plan in this regard ensuring going concern of the entity.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in

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

## Key Audit Matters

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

Description of key audit matters	Our response to key audit matters
<b>Valuation of Property, Plant and Equipment (PPE)</b>	
<p>The carrying value of the PPE amounted to BDT 546,075,159 as at 30th June 2022. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>• We reviewed the opening balances of PPE which was audited by another auditors including assessed the addition during the year under our audit, checked the related accounting treatment and associated deferred tax as recognized by the company.</li> <li>• We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent;</li> <li>• We obtained a details of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals;</li> <li>• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market price;</li> <li>• We checked whether the depreciation of PPE</li> <li>• items were commenced timely, by comparing the date of the classification from capital in progress to ready for use, with the date of the act of completion of the work.</li> <li>• We have visited the factory and observe the fixed assets but management could not produce any register, statements of those to cross check physically.</li> </ul> <p><b><i>[See note number 3.00 for details]</i></b></p>



<p><b>Impairment of Property, Plant and Equipment</b></p>	
<p>The economic climate and levels of competition remain challenging for the Company. The Company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. There is therefore a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p>	<p>The economic climate and levels of competition remain challenging for the Company. The Company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. There is therefore a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p> <ul style="list-style-type: none"> <li>• Fixtures and fitting within the premises which had either been closed or were identified by the Company for closure – we critically assessed the Company’s identification of assets that were obsolete, using our experience of the Company and review of historical experience, whether such assets have any recoverable value;</li> <li>• Land and buildings which had been identified as surplus to requirements, or where development plans had been aborted – We considered whether such assets had been written off or impaired where necessary down to their recoverable amounts.</li> <li>• We have also considered the adequacy of the Company’s disclosures about the degree of estimation involved in the determining the amount of impairment and the sensitivity to key assumptions involved.</li> </ul>
<p><b>Measurement of Deferred Tax Assets</b></p>	
<p>The Company reported net deferred tax assets to totaling BDT as at 30,365,508.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the operational effectiveness of the company over the recognition and measurement and the assumptions used in estimating the future taxable income.</li> <li>• We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>• We involved our tax expertise to assess key assumptions, controls, recognition and measurement of Taxes.</li> <li>• Finally, assessed the appropriateness and presentation of disclosure against IAS 12 Income Tax.</li> </ul> <p><b><i>[See note number 13.00 for details]</i></b></p>

<p><b>Revenue Recognition</b></p> <p>At year end the Company reported total revenue of BDT 91,064,046, comprising with Local Sells Tk. 614,500 and Subcontract Income Tk. 90,449,546.</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Calculation of discounts, incentives and rebates;</li> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosure against relevant accounting standards.</li> </ul> <p><b><i>[See note number 20.00 for details]</i></b></p>
<p><b>Employee Benefits</b></p> <p>(a) Short-term employee benefits, such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:</p> <ul style="list-style-type: none"> <li>(i) wages, salaries and social security contributions;</li> <li>(ii) paid annual leave and paid sick leave;</li> <li>(iii) profit sharing and bonuses; and</li> <li>(iv) non-monetary benefits (such as medical care, housing, cars and free of subsidized goods or services) for current employees;</li> </ul> <p>(b) Other long-term employee benefits, such as following:</p> <ul style="list-style-type: none"> <li>(i) long-term paid absences such as long-service leave.</li> <li>(ii) jubilee or other long-service benefits; and</li> <li>(iii) long-term disability benefits; and</li> </ul> <p>(c) Termination benefits</p>	<p>The objectives of this standard are to prescribe the accounting and disclosure for employee benefits. The standard requires an entity to recognize;</p> <ul style="list-style-type: none"> <li>(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and</li> <li>(b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.</li> </ul>

## Other information

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

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

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

## 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 International Financial Reporting Standards (IFRSs) 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 International Standards on Auditing (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 International Standards on Auditing (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 company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have not come across any other key audit issue for the year under audit, and as such nothing is reportable.

## **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, notwithstanding our disclaimer of an opinion on the financial statements, to pervasively describe under the basis of disclaimer of opinion, we also report that:

- ▶ We have not obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ▶ In our opinion, proper books of accounts, records and other statutory books as required by law except for those mentioned under the basis of disclaimer of opinion, have been kept by

the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit;

- ▶ The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are not in agreement with the books of account and returns;
- ▶ The expenditures incurred were for the purpose of the Company's business.

**10 Nov 2022**  
Dhaka, Bangladesh



**Md. Harun Or Rashid FCA (697)**  
Engagement Partner  
ARTISAN  
Chartered Accountants  
DVC: 2211230697AS118963

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
**STATEMENT OF FINANCIAL POSITION**

As on June 30, 2022

Particulars	Notes	Amount in Taka	
		30 June 2022	30 June 2021
<b>ASSETS:</b>			
<b>Non -Current Assets (A)</b>			
Property, Plant and Equipments	3	511,814,855	546,075,159
Investment in Share	4	1,050,000	1,050,000
<b>Total Non -Currents Assets</b>		<b>512,864,855</b>	<b>547,125,159</b>
<b>Current Assets (B)</b>			
Inventories	5	597,555,933	599,505,432
Trade and other Receivables	6	62,400,730	62,887,220
Advances, Deposits & Pre-Payments	7	11,938,689	39,627,308
Cash and Cash Equivalents	8	63,497,454	83,557,764
		<b>735,392,807</b>	<b>785,577,724</b>
<b>Total Assets ( A+B)</b>		<b>1,248,257,662</b>	<b>1,332,702,883</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholder's Equity (C)</b>			
Share Capital	9	980,798,770	980,798,770
Revaluation Reserve	10	88,815,155	88,999,254
Retained Earnings	11	101,002,773	132,611,274
<b>Total shareholders' Equity</b>		<b>1,170,616,698</b>	<b>1,202,409,297</b>
<b>LONG TERM LIABILITIES (D)</b>			
Long term loan	12	18,594,871	17,763,578
Deferred Tax Liability	13	30,365,508	29,162,172
<b>Total Long Term Liabilities</b>		<b>48,960,379</b>	<b>46,925,750</b>
<b>Current Liabilities (E)</b>			
Trade and other Payables	14	125,777	213,025
Short term Bank loan	15	8,605,868	59,924,786
Accrued Expenses	16	4,560,925	2,147,570
IPO Application Fund	17	-	5,765,858
Provision for Taxation	18	13,682,984	13,731,022
Dividend Payable	19	1,705,031	1,585,574
<b>Total Current Liabilities</b>		<b>28,680,585</b>	<b>83,367,835</b>
<b>Total Shareholder's Equity and Liabilities (C+D+E)</b>		<b>1,248,257,662</b>	<b>1,332,702,883</b>
Net Asset Value Per Share including Revaluation Surplus	28	<b>11.94</b>	<b>12.26</b>
Net Asset Value Per Share excluding Revaluation Surplus	28	<b>11.03</b>	<b>11.35</b>

The annexed notes form an integral part of this Statement of Financial Position

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

  
 Chairman

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

  
 Md. Harun Or Rashid, FCA (697)  
 Engagement Partner  
**ARTISAN**  
 Chartered Accountants  
 DVC: 2211230697AS118963
Place: Dhaka  
Dated: 10 Nov, 2022

**ARTISAN**

CHARTERED ACCOUNTANTS

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the Year ended 30 June, 2022

Particulars	Notes	Amount in Taka	
		30 June 2022	30 June 2021
<b>Revenue</b>			
Turnover/Sub-Contract Revenue	20	91,064,046	212,080,445
Less: Cost of Sales/Service	21	80,246,756	187,646,057
<b>Gross Profit</b>		<b>10,817,290</b>	<b>24,434,388</b>
<b>Operating Expenses:</b>		<b>19,670,449</b>	<b>30,250,107</b>
Administrative Expenses	22	18,143,428	26,483,509
Marketing, Selling and Distribution Expenses	23	1,527,020	3,766,598
<b>Operating Profit/(Loss)</b>		<b>(8,853,159)</b>	<b>(5,815,719)</b>
Add: Non Operating Income	26	1,870,731	1,555,306
Less : Financial Expenses	24	8,886,754	7,748,418
<b>Net Income/ (Loss) before Tax</b>		<b>(15,869,182)</b>	<b>(12,008,832)</b>
Provision for Income Tax	25	2,217,403	2,977,049
Current Tax	18	1,014,067	1,661,309
Deferred Tax	13	1,203,336	1,315,740
<b>Net Profit/ (Loss) after Tax</b>		<b>(18,086,585)</b>	<b>(14,985,881)</b>
<b>Earnings Per Share</b>	27	<b>(0.18)</b>	<b>(0.15)</b>

The annexed notes form an integral part of this Statement of Profit or Loss & Other Comprehensive

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

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

  
**Md. Harun Or Rashid, FCA (697)**  
Engagement Partner  
**ARTISAN**  
Chartered Accountants  
DVC: 2211230697AS118963

Place: Dhaka  
Dated: 10 Nov, 2022

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2022

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01 July, 2021</b>	<b>980,798,770</b>	<b>88,999,254</b>	<b>132,611,274</b>	<b>1,202,409,297</b>
Net Income for the year	-	-	(18,086,585)	(18,086,585)
Dividend for the year	-	-	(13,706,014)	(13,706,014)
Dep. on Revaluation Surplus	-	(184,098)	184,098	-
<b>Balance as on 30 June, 2022</b>	<b>980,798,770</b>	<b>88,815,155</b>	<b>101,002,773</b>	<b>1,170,616,698</b>

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2021

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01 July, 2020</b>	<b>980,798,770</b>	<b>89,201,405</b>	<b>161,101,017</b>	<b>1,231,101,192</b>
Net Income for the year	-	-	(14,985,881)	(14,985,881)
Dividend for the year	-	-	(13,706,014)	(13,706,014)
Dep. on Revaluation Surplus	-	(202,151)	202,151	-
<b>Balance as on 30 June, 2021</b>	<b>980,798,770</b>	<b>88,999,254</b>	<b>132,611,274</b>	<b>1,202,409,297</b>



**Chief Financial Officer**



**Company Secretary**



**Director**



**Managing Director**



**Chairman**

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



**Md. Harun Or Rashid, FCA (697)**  
Engagement Partner  
**ARTISAN**  
Chartered Accountants  
**DVC: 2211230697AS118963**

Place: Dhaka  
Dated: 10 Nov, 2022



ARTISAN

CHARTERED ACCOUNTANTS

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

## STATEMENT OF CASH FLOWS

For the Year ended 30 June, 2022

Particulars	Amount in Taka	
	30 June, 2022	30 June, 2021
<b>A. Cash Flows from Operating Activities :</b>		
Collection from Turnover	91,550,536	212,171,888
Payment to suppliers and creditors for expenses	(34,450,035)	(164,619,516)
Payment for Financial Expenses	(8,886,754)	(7,748,418)
Payment for Income Tax	(1,062,106)	(2,000,000)
Add: Receipt From Other Sources	1,840,988	1,491,195
Add: Gain/(Loss) on Foreign Currency Fluctuation	29,743	64,110
<b>Net cash generated from operating activities</b>	<b>49,022,372</b>	<b>39,359,260</b>
<b>B. Cash flow from Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	-	(28,575,415)
<b>Net cash used in Investing Activities</b>	<b>-</b>	<b>(28,575,415)</b>
<b>C. Cash flow from Financing Activities:</b>		
Receipts from ordinary shares issued	-	-
Payment of Cash Dividend	(13,220,604)	(12,498,900)
Payment of Unclaimed Dividend to Capital Market Stabilization Fund	(365,953)	
Payment of IPO Fund to Capital Market Stabilization Fund	(5,008,500)	
Short term loan Received/(Re-paid)	(51,318,918)	(5,471,304)
Long term loan Received/(Re-paid)	831,293	129,651
<b>Net cash used in financing activities</b>	<b>(69,082,682)</b>	<b>(17,840,553)</b>
<b>D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)</b>	<b>(20,060,310)</b>	<b>(7,056,707)</b>
<b>E. Opening Cash and Cash Equivalent</b>	<b>83,557,764</b>	<b>90,614,471</b>
<b>F. Ending Cash and Cash Equivalent (D+E)</b>	<b>63,497,454</b>	<b>83,557,764</b>

Net Operating Cash flows per Shares (NOCFPS)

0.50

0.40

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

  
 Chairman

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



Md. Harun Or Rashid, FCA (697)

Engagement Partner

ARTISAN

Chartered Accountants

DVC: 2211230697AS118963

Place: Dhaka  
Dated: 10 Nov, 2022

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD

**Notes to the Financial Statements**

As at and for the year ended June 30, 2022

**1.00 Corporate History of the Reporting Entity****1.01 Legal Status of the Entity**

Khan Brothers PP Woven Bag Industries Ltd. (The Company) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-61800(3809)/2006 dated 18 May, 2006 subsequently converted into a public limited company vide special resolution dated 26.10.2011. The company applied for Initial Public Offering and consent has been accorded by Bangladesh Securities and Exchange Commission vide their letter no. SSC/CI/IPO-208/2012/447 dated 24 June 2014. The company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and its shares are traded in the regular market.

**1.02 Corporate Business**

The Company's main business is to manufacture of different types PP Woven Bag, FIBC bag, Jumbo bag, HDPE Bag, LDPE Bag, Liner, Multi-layer Sack Kraft Paper and selling them in local and the international market.

**2.00 Basis of preparation, presentation and disclosures of financial statements****2.01 Statement of Compliance**

The financial statements have been prepared under historical cost convention on a going concern assumption following accrual basis of accounting in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994 and Securities and Exchange Rules, 1987.

**2.02 Other regulatory compliances**

In addition the Company also complied with the following laws and regulations.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Tax Rules, 1991

The Customs Act 1969

**2.03 Corporate Financial Statements and Reporting**

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

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements. The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets and liabilities at the reporting date. Uncertainty involved in making estimates and actual result reported might differ from those estimates.

**2.04 Fundamental Accounting Concepts/ Assumption**

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

**2.05 Going Concern**

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

**2.06 Reporting Period**

The period of the financial statements covered the period from July 01, 2021 to June 30, 2022 of the following year.

**2.07 Provisions, Contingent Liabilities and Contingent Assets**

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) a sufficient provision supposed to be kept;
- b. When it is probable that an outflow of resources embodying economic benefits will be required to settle ....the obligation; and
- c. Reliable estimates can be made of the amount of the obligation.

**2.08 Events after the Reporting Period**

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

**2.09 Functional and Presentational (Reporting) Currency**

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

Figures in brackets indicated negative balance.

**2.1 Comparative Information and Rearrangement Thereof**

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.

**2.11 Principal Accounting Policies**

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements within the framework of IAS-1 "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 are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation:

IAS 1 Presentation of Financial Statements  
IAS 2 Inventories

IAS 7 Statement of Cash Flows  
IAS 8 Accounting Policies Changes in Accounting Estimate and Errors  
IAS 10 Events after the Reporting Period  
IAS 12 Income Taxes  
IAS 16 Property Plant & Equipment  
IFRS 9 Financial Instruments  
IAS 19 Employees Benefits  
IAS 21 The Effect of Changes in Foreign Exchange Rate  
IAS 23 Borrowing Cost  
IAS 33 Earnings Per Share  
IAS 36 Impairment of Assets  
IAS-37 Provisions, Contingent Liabilities and Contingent Assets,  
IFRS 8 Segment Reporting's  
IFRS 15 Revenue from contract with customers

The other related BFRSs are also complied for the preparation of these financial statements.

## 2.12 Property, Plant & Equipment (PPE)

These are stated at cost and revalued amount 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 PPE, the expenditure is capitalized as an additional cost of the PPE.

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

## 2.13 Revaluation of Property, Plant & Equipment (PPE)

PPE have been stated at revalued amounts in accordance with 1AS 16 Property, Plant & Equipment.

### i) Effective date of revaluation to the financial Statements 30.06.2010

### ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric

Equipment has been revalued by G.KIBRIA & CO. Chartered Accountants, an independent value.

Revaluation surplus of Tk. 97,975,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

## 2.14 Depreciation

Depreciation on Property, Plant & Equipment other than Land and land development has been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on additions on the basis of when it is available for use.

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

Particulars	30-Jun-22	30-Jun-21
Land and Land Development	0%	0%
Building and other Constriction	5%	5%
Plant and Machinery	10%	10%
Generator and Electric Equipment	15%	15%
Motor Vehicle	20%	20%
Office Decoration and Fittings	10%	10%
Furniture and Fixture	10%	10%

### 2.15 Impairment of assets

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

### 2.16 Revenue Recognition

Revenue has been recognized as per IFRS 15: Revenue from contract with customers under 05 (five) step approach of recognizing revenue. According to the core principal of IFRS15, the entity has recognized revenue to the depict transfer of promise goods or service to custom in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchanging for those goods or services.

05 (five) step approach applied are as follows:

- i. Identify the contract
- ii. Identify the separate performance obligation
- iii. Determine the transaction price
- iv. Allocate the price to the performance obligations
- v. Recognize revenue.

### 2.17 Accrued Expenses and Other Payables

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

### 2.18 Inventories

Inventories comprise of raw materials, finished yarn, stores, spares & packing materials, store-in – transit and work – in – process. They are stated at the lower of cost and net realizable value in accordance with IAS 2 “Inventories” after making due allowance for any obsolete or slow moving item. The costs of inventories are assigned by using weighted average cost formula. Net realizable value is determined after deducting the estimated cost of completion and/or cost to be incurred for effecting the sale from sales price.

### 2.19 Income Tax

#### Provision for Tax

A provision for Taxation @ 0.60% on Turnover due to incurring loss by the company during the year under audit.

#### 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).

## 2.20 Statement of Cash Flows

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

## 2.21 Borrowing Costs

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

## 2.22 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is company’s functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2021 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

## 2.23 Financial Instruments

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

### 2.23.1 Financial Assets

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which a contractual right is created to receive cash or another financial asset from another company. The company derecognizes a financial asset when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

#### Cash and Cash Equivalents

According to IAS 7 ‘Statement of Cash Flows ‘ cash comprises of cash in hand, demand deposits and cash equivalents which are short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. IAS 1 ‘‘Presentation of Financial Statements’’ provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of IAS 7 & IAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash and Cash Equivalents.

#### Available for Sale of Financial Assets

During the year the company had no financial asset for sale.

#### Trade and other Receivables

Trade Receivable is measured at fair value without making any provision for doubtful debts, because of the fact that sales / export are based on 100% confirmed letter of credit with fixed maturity date.

### 2.23.2 Financial liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized

cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

#### **2.24 Employee Benefit Plan**

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 the following:

##### **a) Short Term Employee Benefits**

Short-term employee benefits include salaries, bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

##### **b) Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund**

The Company makes a regular allocation of 5% on net Profit before tax and after charging of such WPPF to these funds and payment is made to the workers as per provisions of Labor Act 2006 as amended in 2013.

#### **2.25 Related Party Disclosures**

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.

During the year the company did not have any transactions with related party other than payment to directors disclosed in note # 22.01 and 22.02 to the financial statements.

#### **2.26 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. Though the company has some local sale but this is very insignificant as such the geographical territory has also been considered single.

#### **2.27 Earnings Per Share**

This has been calculated in compliance with the requirements of IAS 33 Earnings Per Share has been calculated by the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period and retrospective effect has also been given for calculation of previous year earnings as well to conform the current year presentation.

#### **2.28 Non-operating Income**

Non-Operating income includes the interest income of IPO Fund, Interest on FDR and gain/loss from foreign currency transactions.

#### **2.29 General**

- a) The figures appearing in these financial statements are expressed in Taka currency and rounded off to the .....nearest Taka.
- b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

Amount in Taka	
30 June 2022	30 June 2021

**3.00 Property, Plant and Equipments: Tk. 511,814,855**

This includes the written down value as on 30 June, 2022. Break up of the PPE is as follows :

Land & Land Development	140,887,199	140,887,199
Building & Other Construction	158,077,251	166,397,107
Plant & Machinery	184,563,904	205,071,005
Generator & Electric Equipment	10,936,397	12,866,350
Motor Vehicle	11,344,359	14,180,449
Office Decoration & Fittings	4,520,623	5,022,915
Furniture & Fixture	1,485,121	1,650,135
<b>Total</b>	<b>511,814,855</b>	<b>546,075,159</b>

Fixed assets have been physically verified by management as at the balance sheet date.

Details of PPE has been given in Annexure-'A'

The property, plant and equipment of the company has been pledged as security against loan with Jamuna Bank Ltd, Shantinagar Branch, Dhaka.

**4.00 Investment in Share: Tk. 1,050,000**

This includes the investment made in shares of associate companies under Khan Brothers Group as following:

Khan Brothers Knitwear Industries Ltd.	10,000 Shares	1,000,000	1,000,000
Khan Brothers Group of Industries Ltd.	500 Shares	50,000	50,000
<b>Total</b>		<b>1,050,000</b>	<b>1,050,000</b>

This represents the face value of shares held by Khan Brothers PP Woven Bag Industries Ltd.

**5.00 Inventories Tk. 597,555,933**

Break-up of this item is as follows:

Finished Goods	44,145,422	26,220,200
Raw Materials	553,314,755	553,314,755
Working-in-process	-	17,925,222
Store Materials	95,756	2,045,255
<b>Total</b>	<b>597,555,933</b>	<b>599,505,432</b>

The above Inventories are as per physical counting made by the inventory team of management staff, valued and certified by management. Inventories in hand have been valued at lower of cost and net realizable value as per IAS-2. All Inventories are hypothecated against financial facilities enjoying from banks and imported under bonded facilities.

**6.00 Trade and other Receivables: Tk. 62,400,730**

Break-up of this item is

Export Bills Receivable	62,212,203	62,212,203
Khan Brothers Bag Industries Ltd.	143,450	-
Ashirbad Syndicate	10,820	254,000
Bombay Sweets & Co.		114,500
Kazi Agro	11,725	87,452
Mehera Corporation	13,912	124,500
S N Traders	8,620	94,565
<b>Total</b>	<b>62,400,730</b>	<b>62,887,220</b>

These are considered good.



**6.01 Ageing of Receivables: Tk. 62,400,730**

Dues up to 60 days	188,527	675,017
Dues Over 60 days	62,212,203	62,212,203
<b>Total</b>	<b>62,400,730</b>	<b>62,887,220</b>

**6.02 The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:**

Receivable considered good in respect of which the company is fully secured.

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

Receivables considered doubtful bad.

**Total**

62,355,653	62,212,203
45,077	675,017
-	-
<b>62,400,730</b>	<b>62,887,220</b>

**7.00 Advances, Deposits & Pre-Payments: Tk. 11,938,689**

This consist of the following:

T & T Phone

Titas Gas

Pallibidyut

Advance Income Tax

CDBL-Security deposit

Advance against Purchase

Salary Advance

**Total**

Note- 7.01

8,000	8,000
448,900	448,900
240,600	240,600
10,566,189	10,278,807
500,000	500,000
120,000	27,240,501
55,000	910,500
<b>11,938,689</b>	<b>39,627,308</b>

**7.01 Advance Income Tax Tk. 10,566,189**

This consist of the following:

Opening Balance

Advance Tax on Export

Advance Tax on Import

Advance Tax on other Income (Interest Income)

Advance Tax on FDR Interest Income & others

**Total**

10,278,807	8,964,903
-	1,056,786
-	-
4,167	8,538
283,215	248,580
<b>10,566,189</b>	<b>10,278,807</b>

**7.02 Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994**

Advance, Deposit & Pre-payments exceeding 6 Months and considered good and secured

Advance, deposit & Pre-payments considered good without security

Advance, deposit and pre-payments due by directors or others officers

**Total**

11,763,689	1,197,500
-	37,519,308
175,000	910,500
<b>11,938,689</b>	<b>39,627,308</b>

**8.00 Cash and Cash Equivalents: Tk. 63,497,454**

This consist of the following balances;

**Cash in hand**

**864 16,831,747**

**Cash at Banks:**

Jamuna Bank Ltd.-CD-6233

Mutual Trust Bank Ltd.-CD-11251

Mutual Trust Bank Ltd.-STD-2508

Mutual Trust Bank Ltd.-FC-4399 (USD)

Mutual Trust Bank Ltd.-FC-4406 (POUND)

Mutual Trust Bank Ltd.-FC-4415 (EURO)

Mutual Trust Bank Ltd.-CD-0002-0210029939

FDR (Mutual Trust Bank & Jamuna Bank Ltd.)

FDR (People's Leasing And Financial Services Ltd.)

**Total**

-	-
8,106	1,130
13,184	5,288,426
-	504,484
-	126,168
-	108,028
1,693,965	1,574,651
31,781,335	29,123,130
30,000,000	30,000,000
<b>63,496,590</b>	<b>66,726,017</b>
<b>63,497,454</b>	<b>83,557,764</b>

**9.00 Share Capital: Tk. 980,798,770**

30 June 2022	30 June 2021
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This represents the followings:

**Authorized Capital:**

150,000,000 ordinary Shares of tk 10/= each

1,500,000,000	1,500,000,000
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**Issued Subscribed and Paid up Capital:**

This amount consists as follows:

6,35,00,000 Ordinary shares of Taka 10/- each, fully paid up in cash

635,000,000	635,000,000
-------------	-------------

34,579,877 Ordinary Shares Issued as Bonus (Note: 09.01)

345,798,770	345,798,770
-------------	-------------

**Total**

<b>980,798,770</b>	<b>980,798,770</b>
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**9.01 Bonus share Capital Tk. 345,798,770**

Opening Balance

34,579,877 Ordinary Shares Issued as Bonus (Note: 09.01)

345,798,770	345,798,770
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**Total**

<b>345,798,770</b>	<b>345,798,770</b>
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**9.02 The position of shareholders as on 30 June 2022 is as follows:**

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2021-2022	Percentage of Share Holding 2020-2021
Sponsor	5	29,549,807	30.13%	30.13%
Directors other than Sponsor	-	-	-	-
General Public	6,971	41,431,409	42.24%	39.65%
Investor's A/c	-	-	-	-
Institutes	214	27,098,661	27.63%	30.23%
<b>Total</b>	<b>7,190</b>	<b>98,079,877</b>	<b>100%</b>	<b>100%</b>

**9.03 Classification of Shareholders by Holding :**

Holdings	Numbers of Holders		Shareholdings %	
	30 June 2022	30 June 2021	44742	30 June 2021
Less than 500 Shares	1,692	1,579	0.35%	0.35%
501 to 5,000	3,772	3,697	7.35%	6.88%
5,001 to 10,000	780	654	6.08%	5.20%
10,001 to 20,000	460	424	6.81%	6.74%
20,001 to 30,000	172	175	4.45%	4.31%
30,001 to 40,000	89	75	3.19%	2.28%
40,001 to 50,000	56	51	2.64%	2.03%
50,001 to 100,000	107	99	7.65%	7.13%
100,001 to 1,000,000	55	61	10.00%	8.40%
Over 1,000,000	7	7	51.48%	56.68%
<b>Total</b>	<b>7,190</b>	<b>6,822</b>	<b>100%</b>	<b>100%</b>

**9.03 Market Price:**

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Quoted market price was Tk. 13.60 at Dhaka Stock Exchange Limited and Tk. 13.60 at Chittagong Stock Exchange Limited as on 30 June 2022.

**10.00 Revaluation Reserve: Tk. 88,815,155**

This is made up as follows:

Opening balance

88,999,254	89,201,405
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Dep. On Revaluation Surplus (Net off Deferred Tax)

(184,098)	(202,151)
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**Total**

<b>88,815,155</b>	<b>88,999,254</b>
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**11.00 Retained Earnings Tk. 101,002,773**

This is made up as follows:

**Opening Balance**

132,611,274	161,101,017
-------------	-------------

Net Income/ (Loss) for the year

(18,086,585)	(14,985,881)
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Dividend for the year

(13,706,014)	(13,706,014)
--------------	--------------

Depreciation on Revaluation Surplus (Net off Deferred Tax)

Note:11.01

184,098	202,151
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**Closing Balance**

<b>101,002,773</b>	<b>132,611,274</b>
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**11.01 Depreciation on Revaluation Surplus (Net off Deferred Tax)**

Excess Depreciation of Revaluation Reserve	216,586	237,825
Less: Deferred Tax (15%)	32,488	35,674
<b>Total</b>	<b>184,098</b>	<b>202,151</b>

**12.00 Long Term Bank Loan: Tk. 18,594,871**

This is made up as follows:

Term Loan-Long Term portion	18,594,871	17,763,578
<b>Total</b>	<b>18,594,871</b>	<b>17,763,578</b>

This represent loan from Mutual Trust Bank Ltd. against import of machinery which is repayable within three years. The loan is secured against hypothecation of machinery.

**13.00 Deferred Tax Liability Tk. 30,365,508**

This has been arrived as under:

**A. Temporary difference:**

Carrying Amount of PPE	370,927,656	405,187,960
Tax Base Value of PPE	160,150,928	199,354,529
<b>Taxable Timing Differences</b>	<b>210,776,729</b>	<b>205,833,431</b>
Tax rate (25%)	25.00%	12.50%

**Deferred Tax Liabilities Closing Balance (A)**

Note- 13.01	<b>26,965,003</b>	<b>25,729,179</b>
Less: Opening balance of Deferred Tax Liabilities	25,729,179	24,377,764

**Deferred Tax Expenses ( C )**

<b>1,235,824</b>	<b>1,351,415</b>
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**B. Revaluation:**

Carrying value of land	99,430,849	99,430,849
Other than Land	10,128,463	10,128,463

**Tax rate:**

Land	2%	2%
Other than Land	15%	15%

**Closing Deferred Tax Liabilities: ( B )**

<b>3,400,505</b>	<b>3,432,993</b>
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Land	1,988,617	1,988,617
Other than Land (After adjustment of Deferred tax)	1,411,888	1,444,376

**Less: Opening Deferred Tax Liabilities:**

<b>3,432,993</b>	<b>3,468,667</b>
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Land	1,988,617	1,988,617
Other than Land	1,444,376	1,480,050

**Deferred Tax Income/ Expense (D)**

<b>32,488</b>	<b>35,674</b>
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**Deferred Tax Liabilities at the end of the year (A+B)**

<b>30,365,508</b>	<b>29,162,172</b>
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**Total Deferred Tax Income/Expense (C+D)**

<b>1,203,336</b>	<b>1,315,740</b>
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The company has recognised deferred tax in accordance with the International Accounting Standard 12 (IAS). Deferred tax is provided using the liability method for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective Income Tax rate Prevailing at balance sheet date. The company has recognised Deferred Tax on revaluation reserve from land as per provision of IAS-12 (Income Taxes).

**13.01 Calculation of Deferred Tax**

Particulars	Carrying amount	Tax base	Taxable Differences	DTL/(DTA) Upto 30.06.2021	Deferred Tax Expenses/(Income) for the year	DTL/(DTA) as on 30.06.2022
Building & Others	158,077,251	50,934,635	107,142,616	12,841,102	1,103,451	13,944,552
Plant & Machinery	184,563,904	84,888,216	99,675,689	12,370,092	178,738	12,548,830
Generator & Electric	10,936,397	6,977,973	3,958,425	517,985	(46,365)	471,621
Motor Vehicle	11,344,359	11,344,359	-	-	-	-
Office Decoration &	4,520,623	4,520,624	-	-	-	-
Furniture & Fixture	1,485,121	1,485,121	-	-	-	-
<b>Total</b>	<b>370,927,656</b>	<b>160,150,928</b>	<b>210,776,729</b>	<b>25,729,179</b>	<b>1,235,824</b>	<b>26,965,003</b>

**14.00 Trade and other Payables: Tk. 125,777**

This is made up as

Bills Payable	Note- 14.01	125,777	213,025
<b>Total</b>		<b>125,777</b>	<b>213,025</b>

**14.01 Bills Payable: Tk. 125,777**

This is made up as

Desh Electric Co.

Janata Machinery

**Total**

50,125	124,575
75,652	88,450
<b>125,777</b>	<b>213,025</b>

**15.00 Short Term Bank Loan: Tk. 8,605,868**

This is made up as

Cash Credit (Hypo) From JBL, Account No. 0240

Loan Against Trust Receipts (LTR)

Current portion of long term loan

**Total**

-	29,312,733
-	20,833,313
8,605,868	9,778,740
<b>8,605,868</b>	<b>59,924,786</b>

**16.00 Accrued Expenses Tk. 4,560,925**

This is made up as

Factory Electricity Bill

Factory Gas Bill

Audit Fee Payable

Annual Listing fee payable

CDBL Fees Payable

Telephone Bill

Internet Bill

Printing Bill

Office Electricity, Wasa &amp; Others

Salary and Allowance

Wages &amp; salary

**Total**

58,316	47,450
372,348	139,450
172,500	115,000
980,798	980,798
106,000	106,000
1,945	5,250
12,650	7,950
9,800	9,650
87,455	65,452
633,239	345,450
2,125,874	325,120
<b>4,560,925</b>	<b>2,147,570</b>

**17.00 IPO Application Fund Tk. 0**

Mutual Trust Bank Ltd.-STD-2508

Mutual Trust Bank Ltd.-FC-4399 (USD)

Mutual Trust Bank Ltd.-FC-4406 (POUND)

Mutual Trust Bank Ltd.-FC-4415 (EURO)

**Total**

-	5,027,178
-	504,484
-	126,168
-	108,028
<b>-</b>	<b>5,765,858</b>

**Movement of IPO Application Fund:**

Opening IPO Application Fund

Add: Interest From STD Account This Year

Add: Gain From Foreign Currency Account

5,765,858	5,765,858
76,559	-
29,743	-
<b>5,872,160</b>	<b>5,765,858</b>

**Less: Transfer to Other Income Account:**

Foreign Currency Gain

STD Account Interest

Less: Transfer to Capital Stabilization Fund

29,743	-
833,917	-
<b>863,660</b>	<b>-</b>

**IPO Application Fund Available for Transfer:**

Less: Transfer to Capital Stabilization Fund

<b>5,008,500</b>	<b>5,765,858</b>
5,008,500	-
<b>-</b>	<b>5,765,858</b>

**18.00 Provision for Tax: Tk. 13,682,984**

This has been arrived as under:

**Opening Balance****Provision during the year:**

Tax charge during the period on Turnover

Tax charge during the period on Non Operating Income

**Less :Adjusted/ Payment during the period:**

Adjustment

Payment

**Closing Balance**

<b>13,731,022</b>	<b>14,069,713</b>
546,384	1,272,483
467,683	388,826
<b>1,014,067</b>	<b>1,661,309</b>
-	-
1,062,106	2,000,000
<b>1,062,106</b>	<b>2,000,000</b>
<b>13,682,984</b>	<b>13,731,022</b>

**19.00 Unclaimed Dividend : Tk. 1,705,031**

	Opening Payable	Paid during the year	Paid to Capital Market Stabilization Fund	Balance on'30 June 2022	Balance on'30 June 2021
Dividend-2018	375,655	9,702	365,953	-	375,655
Dividend-2020	1,209,919	895		1,209,024	1,209,919
Dividend-2022 (Interim)	-	13,210,007		496,007	-
<b>Total</b>	<b>1,585,574</b>	<b>13,220,604</b>	<b>365,953</b>	<b>1,705,031</b>	<b>1,585,574</b>

**20.00 Turnover: Tk. 91,064,046**

The above Turnover comprises with the following:

Export	-	211,568,095
Local Sells	614,500	512,350
Sub-Contract Revenue	90,449,546	
<b>Total</b>	<b>91,064,046</b>	<b>212,080,445</b>

\*As per Sub-Contract agreement executed between Khan Brothers PP Woven Bag Ind. Ltd. & Khan Brothers Bag Ind. Ltd. on 22nd June, 2021 as per Board Resolution dated 17th June, 2021

**21.00 Cost of Sales/Service: Tk. 80,246,756**

This has been arrived as under:

Opening Work-in-Process		17,925,222	14,050,613
Raw materials consumed		-	144,233,756
Wages & Salaries	Note- 21.02	36,545,620	9,098,570
Manufacturing overhead	Note- 21.03	43,701,136	39,287,910
Less: Closing Work-in-Process		-	(17,925,222)
<b>Cost of Production/Services</b>		<b>98,171,978</b>	<b>188,745,627</b>
Opening stock of Finished Goods		26,220,200	25,120,630
<b>Cost of Goods Available for Sale/Service</b>		<b>124,392,178</b>	<b>213,866,257</b>
Closing stock of Finished Goods		(44,145,422)	(26,220,200)
<b>Cost of Sales/Service</b>		<b>80,246,756</b>	<b>187,646,057</b>

**21.01 Raw Materials Consumed: Tk. 0**

This is made up as follows:

Opening Stock	Note- 21.04	553,314,755	538,989,211
Add: Purchase during the Year	Note- 21.05	-	158,559,300
		<b>553,314,755</b>	<b>697,548,511</b>
Less: Closing Stock	Note- 21.06	(553,314,755)	(553,314,755)
<b>Raw Materials Consumed during the year</b>		<b>-</b>	<b>144,233,756</b>

**21.02 Wages & Salaries: Tk. 36,545,620**

This consists of the following:

Wages & Salary	33,945,560	8,551,118
Overtime & Incentive	2,600,060	547,452
<b>Total</b>	<b>36,545,620</b>	<b>9,098,570</b>

**21.03 Manufacturing Overhead: Tk. 43,701,136**

This consists of the following:

Workers Food Allowance	942,560	230,838
Electricity Bill	725,962	411,960
Gas Bill	2,208,449	1,039,889
Diesel for Generator	998,545	375,944
Spare Parts	1,886,309	754,846
Factory Maintenance	1,125,655	711,308
Machinery Maintenance	1,347,560	700,980
Electric Materials	999,850	276,281
Daily Labor	934,560	96,125
Worker Transport Expenses	825,650	199,593
Medical Expenses	114,568	50,216
Hardware Materials	834,560	625,988
Depreciation	30,756,908	33,813,942
<b>Total</b>	<b>43,701,136</b>	<b>39,287,910</b>

**21.04 Opening Stock of Raw Materials: Tk. 553,314,755**

Item wise break up of stock have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	64,598	Bag	3,893	251,504,652
CaCo3	11,584	Bag	1,595	18,475,702
HDPE	24,200	Bag	3,303	79,931,177
LDPE	18,320	Bag	3,946	72,285,881
LLDPE	16,656	Bag	3,748	62,422,821
Omagh CaCo3	1,932	Bag	2,215	4,279,700
Master Batch(White)	1,862	Bag	3,803	7,080,717
Master Batch(Red)	912	Bag	4,430	4,040,160
Master Batch(Blue)	400	Bag	4,250	1,700,000
Master Batch(Beige)	1,030	Bag	4,280	4,408,400
Master Batch(Yellow)	286	Bag	4,150	1,186,900
Master Batch(Green)	1,450	Bag	4,320	6,264,000
Master Batch(Orange)	1,242	Bag	4,225	5,247,450
PP Lamination	4,604	Bag	4,220	19,428,880
Sweing Thread	10,272	Kg	198	2,031,829
Poly Tape	1,204	Roll	355	427,420
PP Clip	1,053	Pkt	75	78,975
Printing Ink	6,951	Kg	308	2,138,555
Sweing Oil	719	Ltr	175	125,825
Gear Oil	652	Ltr	181	118,012
Mobil	2,373	Ltr	76	180,084
Diamond Gum	200	Kg	221	44,200
Retader	3,376	Ltr	136	459,136
Exetiter	240	Ltr	126	30,240
Adhesive Tape(Both side) -2"	390	Roll	45	17,550
Solvent/Thiner	25,304	Ltr	189	4,791,976
Hydrolic Oil	476	Ltr	155	73,780
Compassor Oil	67	Ltr	165	11,055
Nalco-2000	57	Kg	709	40,412
Greeze	15	Kg	107	1,617
Adhesive Gum(Glue)	3,151	Kg	29	91,379
Adhessive Tape-2"	51	Roll	48	2,440
Krapt Paper	66,573	Kg	66	4,393,830
<b>Total</b>				<b>553,314,755</b>

**21.05 Purchase Raw Materials: Tk. 0**

Item wise break up of purchase have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
<b>Total</b>				-

**21.06 Closing Stock of Raw Materials: Tk. 553,314,755**

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	64,598	Bag	3,893	251,504,652
CaCo3	11,584	Bag	1,595	18,475,702
HDPE	24,200	Bag	3,303	79,931,177
LDPE	18,320	Bag	3,946	72,285,881
LLDPE	16,656	Bag	3,748	62,422,821
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Poly Tape	1,204	Roll	355	427,420
PP Clip	1,053	Pkt	75	78,975
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Sweing Oil	719	Ltr	175	125,825
Gear Oil	652	Ltr	181	118,012
Mobil	2,373	Ltr	76	180,084
Diamond Gum	200	Kg	221	44,200
Retader	3,376	Ltr	136	459,136
Exetiter	240	Ltr	126	30,240
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Solvent/Thiner	25,304	Ltr	189	4,791,976
Hydrolic Oil	476	Ltr	155	73,780
Compassor Oil	67	Ltr	165	11,055
Nalco-2000	57	Kg	709	40,412
Greeze	15	Kg	107	1,617
Adhesive Gum(Glue)	3,151	Kg	29	91,379
Adhessive Tape-2"	51	Roll	48	2,440
Krapt Paper	66,573	Kg	66	4,393,830
<b>Total</b>				<b>553,314,755</b>

**22.00 Administrative Expenses: Tk. 18,143,428**

This consists of the following:

AGM Expenses		44,500	105,000
Salary and Allowances		8,045,620	9,995,180
Directors Remuneration	Note- 22.01	-	2,797,200
Directors Meeting Allowances	Note: 22.02	43,800	43,800
Donation & Subscription		278,450	399,460
Entertainment		745,120	484,777
Fuel & Lubricant		224,560	987,316
Listing Fee		980,798	980,798
CDBL Fee		106,000	106,000
Traveling & Conveyance		514,560	493,406
Office Rent		-	600,000
Office Electricity, Wasa and Others Bill		674,560	606,752
Office Maintenance		614,744	292,500
Printing & Stationery		785,474	645,400
Postage & Telegram		7,415	37,751
Registration & Renewals		345,855	377,978
Telephone Bill		20,456	33,445
Mobile Bill		169,200	348,900
Internet Bill		151,800	146,000
Audit Fees		172,500	115,000
RJSC Expenses		-	4,255
Vehicle Maintenance		574,560	1,474,560
Newspaper & Periodicals		9,125	13,975
Other Expenses		194,956	1,187,518
Depreciation		3,439,375	4,206,538
<b>Total</b>		<b>18,143,428</b>	<b>26,483,509</b>

**22.01 Directors Remuneration Tk.0**

Name	Designation		
Tofayel Kabir Khan	Managing Director	-	1,182,000
Mohammed Enamul Kabir Khan	Chairman	-	-
Md. Ruhul Kabir Khan	Director	-	894,000
Hazrat Ali	Director	-	721,200
Khairul Kabir Khan	Executive Director	-	-
<b>Total</b>		<b>-</b>	<b>2,797,200</b>

**22.02 Directors Meeting Allowances Tk.43,800**

Name	Designation		
Tofayel Kabir Khan	Managing Director	9,000	9,000
Mohammed Enamul Kabir Khan	Chairman	9,000	9,000
Md. Ruhul Kabir Khan	Director	7,200	7,200
Hazrat Ali	Director	5,400	5,400
Md. Zakirul Kabir Khan	Nominee Director	-	-
Mrs. Jarin Kabir Khan	Nominee Director	7,200	7,200
Bahalul Kabir	Independent Director	6,000	6,000
Md. Shahid Ullah	Independent Director	-	-
<b>Total</b>		<b>43,800</b>	<b>43,800</b>

(a) No compensation was made to the Managing Director of the company except as stated above.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.



**23.00 Marketing, Selling & Distribution Expenses: Tk. 1,527,020**

This consists of the following:

Sales Commission	-	584,995
Car Repair & Maintenance	-	487,450
Carriage Outward & Delivery	-	311,929
Advertisement	-	229,864
Fuel & Lubricants	545,785	502,215
Salary & Allowances	852,460	1,481,177
Toll Expenses	64,756	88,944
Depreciation	64,019	80,024
<b>Total</b>	<b>1,527,020</b>	<b>3,766,598</b>

**24.00 Financial Expenses: Tk. 8,886,754**

This consists of the following:

Bank Charges & Others	33,181	61,224
Bank Interest on CC (hypo)	3,767,340	2,891,450
Interest & Charges on LTR	2,079,661	2,108,139
Interest on Term Loan	2,913,421	2,612,455
Excise Duty on CC (hypo)	30,000	15,000
Excise Duty FDR & TDR	48,150	45,150
Excise Duty on Term Loan	15,000	15,000
<b>Total</b>	<b>8,886,754</b>	<b>7,748,418</b>

**25.00 Income Tax Expenses: Tk. 2,217,403**

This has been arrived as under:

Current Tax	Note- 18.00	1,014,067	1,661,309
Deferred Tax	Note- 13.00	1,203,336	1,315,740
<b>Income tax expenses</b>		<b>2,217,403</b>	<b>2,977,049</b>

**26.00 Non Operating Income : Tk. 1,870,731**

This consists of the following:

Interest on IPO Subscription Fund	833,917	85,378
Gain/(Loss) on Foreign Currency Fluctuation	29,743	64,110
Interest on FDR fund	1,007,071	1,405,818
<b>Total</b>	<b>1,870,731</b>	<b>1,555,306</b>

**27.00 Earnings Per Share: Tk. -0.18**

This has been calculated in compliance with the requirements of IAS 33 Earning per share is the basic earning dividing by the weighted average number of ordinary shares outstanding the end of the year.

**Earnings Per Share**

Net Income after tax	(18,086,585)	(14,985,881)
Weighted average no. of ordinary Shares	98,079,877	98,079,877
	<b>(0.18)</b>	<b>(0.15)</b>

Due to world market crisis, export orders have declined significantly as a result negative impact reflected on revenue and Earnings per Share (EPS). On the other hand there was no significant change of fixed cost and that is the reason for significant deviation in Earnings per Share (EPS).

**28.00 Net Asset Value Per Share (NAVPS)**

Total Assets	1,248,257,662	1,332,702,883
Current Liabilities+Long Term Liabilities	77,640,964	130,293,585
Net Assets Value(NAV) including Revaluation surplus	<b>1,170,616,698</b>	<b>1,202,409,298</b>
Number of ordinary shares outstanding	98,079,877	98,079,877
<b>Net Assets Value(NAV) Per Share including Revaluation surplus</b>	<b>11.94</b>	<b>12.26</b>
Net Assets Value(NAV) excluding Revaluation surplus	<b>1,081,801,542</b>	<b>1,113,410,045</b>
<b>Net Assets Value(NAV) Per Share excluding Revaluation surplus</b>	<b>11.03</b>	<b>11.35</b>

**29.00 Net Operating Cash flows per Shares (NOCFPS)**

Cash inflow/ (outflow) per share	<b>0.50</b>	<b>0.40</b>
The composition of cash inflow/(outflow) value per share is given below		
Operating cash flow during the year	49,022,372	39,359,260
Number of ordinary shares	98,079,877	98,079,877
	<b>0.50</b>	<b>0.40</b>

Payment to Suppliers & Creditors were decreased in the financial year ended 30th June 2022 in comparison to the previous year. This is the reason for which Net Operating Cash Flow Per Share (NOCFPS) compare to significant changes over Previous Year NOCFPS.

**30.00 Capacity and Capacity Utilization**

Installed Capacity	Actual Capacity	Utilization
8.70 Crore Pieces of Different types of Bags	6.95 Crore	30%

**31.00 Rconciliation of Net Cash Flows From Operating Activities**

<b>Net Profit after Tax</b>	<b>(18,086,585)</b>	<b>(14,985,881)</b>
Add: Depreciaton	34,260,303	38,100,504
Add:Deferred Tax	1,203,336	1,315,740
Add: Increase/Decrease of Current Assets	30,124,608	16,192,723
Less: Decrease of Current Liabilities	1,520,711	(1,263,826)
<b>Net Cash Flows From Operating Activities</b>	<b>49,022,372</b>	<b>39,359,260</b>

**32.00 Related Party Tansaction:**

The company has carried on transactions with related parties in the normal course of business. The name of related parties and nature of transactions have been presented in accordance with the provision of IAS 24 Related Party Disclosures.

<u>Name of Related Party</u>	<u>Nature of Transation</u>
Khan Brothers Bag Industries Ltd.	Receipts, payment, Bank transaction
Khan Brothers International (Proprietorship)	Receipts, payment, Bank transaction

**33.00 General:****Initial Public Offering**

The company applied for initial public offering for 2,00,00,000 ordinary shares @ Tk.10.00 per share and consent from Bangladesh Securities Exchange Commission has been accorded vide their letter no. SEC/CI/IPO-208/2012/447 Dated 24 June 2014. Subscription closed on 6 September 2014 and allotment made observing due formalities.

**33.01 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2022.

**33.02 Claims not Acknowledged**

There is no claim against the Company acknowledged as debt as on 30.06.2022

**33.03 Directors Responsibility Statements**

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

**33.04 Employee Details:**

- i) During the year there were 437 employees employed for the full year and 147 employees less than the full year at a remuneration of Taka 9,000 per month and above.
- ii) At the end of the period, there were 584 employees in the company.
- iii) Each employees received salaries more than Tk. 8,000 per month

**34.00 Event after the reporting period**

Following events occurred since the balance sheet date:

- (a) The board of directors recommended no dividend at the Board meeting held on November 10, 2022 for the year ended June 30, 2022. This is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.
- (b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

**35.00 Financial Risk Management**

The management of company has overall 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 2022 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 equivalent 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.

**36.00 Authorization for issue**

The financial statements were authorized for issue by the Board of Directors of the company on 10 November 2022.

**37.00 Re-arrangement in Presentation**

Last year figures have been re-arranged where necessary to conform with the current years presentation.

**Khan Brothers PP Woven Bag Industries Ltd.**  
**Schedule of Property, Plant and Equipment**

For the year ended June 30, 2022

Annexure A

Particulars	COST/REVALUATION			Rate of Dep.	DEPRECIATION			Written down value as on 30.06.2021
	As at 01.07.2021	Addition During the year	As at 30.06.2022		As at 01.07.2021	Addition During the year	As at 30.06.2022	
Land & Land Development	140,887,199	-	140,887,199	0%	-	-	140,887,199	140,887,199
Building & Other Construction	244,829,701	-	244,829,701	5%	78,432,595	8,319,855	158,077,251	166,397,106
Plant & Machinery	459,753,737	-	459,753,737	10%	254,682,733	20,507,100	184,563,904	205,071,005
Generator & Electric Equipment	57,782,068	-	57,782,068	15%	44,915,718	1,929,952	10,936,397	12,866,350
Motor Vehicle	31,722,303	-	31,722,303	20%	17,541,854	2,836,090	11,344,359	14,180,449
Office Decoration & Fittings	10,922,885	-	10,922,885	10%	5,899,970	502,291	4,520,623	5,022,915
Furniture & Fixture	4,869,065	-	4,869,065	10%	3,218,930	165,013	1,485,121	1,650,135
<b>Total as on 30 June 2022</b>	<b>950,766,958</b>	<b>-</b>	<b>950,766,958</b>		<b>404,691,800</b>	<b>34,260,303</b>	<b>511,814,855</b>	<b>546,075,159</b>
<b>Total as on 30 June 2021</b>	<b>922,191,543</b>	<b>28,575,415</b>	<b>950,766,958</b>		<b>366,591,296</b>	<b>38,100,504</b>	<b>404,691,800</b>	<b>546,075,159</b>

**Allocation of depreciation:**

Admin	3,439,375
Marketing	64,019
Manufacturing	30,756,908
	<u><u>34,260,303</u></u>

*Note: Land & Land Development represents only Land.*

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower, 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

**PROXY FORM**

I/We..... of.....  
 ..... being shareholders (s) of KHAN BROTHERS  
 PP WOVEN BAG INDUSTRIES LTD. hereby appoint. Mr./Mrs./Ms. ....  
 ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the  
 15TH ANNUAL GENERAL MEETING of the Company to be held on 22nd December,  
 2022 at 10.30 am virtually through digital platform. As witness my/our hand this ....  
 ..... day of ..... 2022

Signature of Proxy  
 Folio No.....

Signature  
 Register Folio No. ....

REVENUE STAMP (TK. 10.00)
---------------------------------

**NOTE:**

1. A member entitled to attend and vote at the meeting may appoint his/her proxy to attend and vote on his/her behalf.
2. Forms of proxy, duly stamped and signed must be deposited at the Company's Registered Office not later than 72 hours before the time appointed for the meeting. In default, forms of proxy will not be treated as valid.

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower, 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

**ATTENDANCE SLIP**

I hereby record my attendance at the 16<sup>th</sup> Annual General Meeting being held on 22nd  
 December 2022 at 10.30 am virtually through digital platform.

Name of Member/Proxy.....

Register Folio No.....

\_\_\_\_\_  
 Signature

**NOTE:** Please complete this attendance slip and hand it over at the entrance of the hall.







**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

Registered & Corporate Office: KBG Tower, 15 DIT Road  
Malibagh Chowdhurypara, Dhaka-1219, Bangladesh