

Private & Confidential

AND
FINANCIAL STATEMENTS
OF
CHEMICAL INDUSTRIES LIMITED
FOR THE YEAR ENDED JUNE 30, 2021

 **KAZI ZAHIR KHAN & Co.**
Chartered Accountants

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PRIVATE & CONFIDENTIAL

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
OF
FAR CHEMICAL INDUSTRIES LIMITED
FOR THE YEAR ENDED JUNE 30, 2021**



**Independent Auditor's Report
To the Shareholders of
FAR Chemical Industries Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FAR Chemical Industries Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2021 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.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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
Revenue recognition	
At year end the company reported total revenue of BDT.591,668,471. The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.	We have tested the design and operating effectiveness of key controls focusing on the following: - Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;



<p>There is also a risk that revenue may be overstated/understated due to the timing differences between L/C opening and goods exported.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company, which give risk to an inherent risk of the existence and accuracy of the revenue.</p>	<ul style="list-style-type: none">- Segregation of duties in invoice creation and modification and timing of revenue recognition;- Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;- Obtain supporting documentation for sale transaction recorded either side of year end to determine whether revenue was recognized in the current period;- Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation;- Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. <p><i>[See note number 22 for details]</i></p>
<p>Valuation of Inventory</p>	
<p>The inventory of BDT 24,788,277 as at 30th June 2021, held in warehouses and across multiple product lines in the factory.</p> <p>Inventory value is measured as follows: Inventories are stated at the lower of cost and net realizable value in accordance with IAS 2 'Inventories'. As a result, the management apply judgment in determining the appropriate values for value in use, work-in-progress, values for slow moving or obsolete items and need to apply impairment provision.</p> <p>While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none">- Evaluating the design and implementation of key inventory controls operating across the company's factory and warehouse;- We have reconciled the inventory with purchase, production and sales to ensure the shown stock as on date was accurate.- Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year;- We have considered the risk of inventory being expired/damaged due to the effect of COVID-19 and checked whether any provision was required for any such expiry/ obsolesce.- Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of



	<p>inventories and comparison to the associated provision to assess whether inventory provisions are complete;</p> <ul style="list-style-type: none"> - Obtaining a detailed review with the subsequent sales to compare with the net realizable value. <p><i>[See note number 06 for details]</i></p>
Management's Consideration of the Potential Impact of COVID-19	
<p>Management has made estimates and judgments that there was limited adverse impact of COVID-19 on the company. In doing so, management have made estimates and judgments that are critical to the outcomes of these considerations with particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the financial statements.</p> <p>As a result of the impact of COVID-19 on the wider financial markets we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgments) to be a key audit matter.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> - We obtained management's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy. - We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19. - Based on our procedures, we have not identified any other matters to report with respect to both management's and the Board's considerations of the potential impact of COVID-19 on the current and future operations of the company. <p><i>[See note number 3.18 for details]</i></p>

Other Matters

FAR Chemical Industries Limited had appointed Shiraz Khan Basak & Co. as an auditor of the financial statements for the year ended 30th June 2021 in the company's last AGM. Due to ineligibility of the Engagement Partner to perform the audit, the company appointed us as the auditor of the financial statements for the year ended 30th June 2021 on 16th August, 2021. Due to the time constraint, physical verification of inventory could not be held by us for the the year ended June 30, 2021. However, during the course of our audit we have carried out audit procedures to ensure the value of inventory as on 30 June, 2021 is appropriate and free from any material misstatement. Detailed audit procedures are described in the key audit matter paragraph of this report.



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 noting is reportable.



কাজী জহির খান এন্ড কোং
KAZI ZAHIR KHAN & CO.
Chartered Accountants
In Practice Since 1980

Associated firm of
EHK Consulting
Always adding value

Report on other Legal and Regulatory Requirements

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred was for the purposes of the Company's business.

Place: Dhaka
Dated: October 31, 2021

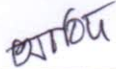

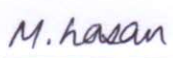
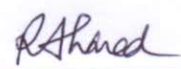
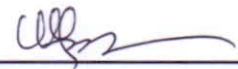

Md. Nurul Hossain Khan FCA
Enrollment No: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants
DVC: 2111020240AS700093



FAR Chemical Industries Limited
Statement of Financial Position
As at June 30, 2021

	Notes	Amount in Taka	
		30-06-2021	30-06-2020
Assets			
Non-current assets			
Property, plant & equipment	4.00	2,323,259,450	1,934,391,972
Security deposit	5.00	1,548,471	1,548,471
Current assets		882,427,099	1,156,145,135
Inventories	6.00	24,788,277	535,592,517
Trade receivables	7.00	545,775,447	581,905,470
Advances, deposits and prepayments	8.00	59,399,046	23,608,225
STD Account (IPO)	9.00	2,945,000	2,945,000
STD Account (Dividend)	10.00	617,827	718,079
Cash and cash equivalents	11.00	248,901,502	11,375,844
Total Assets		3,207,235,020	3,092,085,578
Shareholder Equity and Liabilities			
Shareholders' equity			
Share capital	12.00	2,180,934,230	2,180,934,230
Retained earnings	13.00	808,776,253	864,711,493
Non-Current Liabilities			
Lease Liability	14.00	5,460,252	5,603,529
Deferred Tax Liability	15.00	-	-
Current Liabilities			
Trade payables	16.00	-	32,426,095
Short term borrowings	17.00	195,734,277	131,076
Provision for Income tax	18.00	3,176,822	-
Refundable Deposits (IPO)	19.00	2,945,000	2,945,000
Dividend payables	20.00	617,827	718,079
Creditors and accruals	21.00	9,590,359	4,616,076
Total Shareholder Equity and Liabilities		3,207,235,020	3,092,085,578
Net Assets Value (NAV) per share	32.00	13.71	13.96

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

				
Chairman	Managing Director	Director	Chief Financial Officer	Company Secretary

As per our annexed report of even date



Dated: October 31, 2021

Place: Dhaka

Kazi Zahir Khan & Co.
Chartered Accountants

FAR Chemical Industries Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2021

	Notes	Amount in Taka	
		30-06-2021	30-06-2020
Revenue	22.00	591,668,471	756,684,767
Less: Cost of sales	23.00	609,722,708	666,519,144
Gross profit		(18,054,237)	90,165,623
Less: Operating expenses			
Selling and distribution expenses	24.00	5,500,269	7,450,982
Administrative expenses	25.00	6,214,106	8,914,660
Employee Welfare expenses	26.00	752,675	772,549
		12,467,050	17,138,191
Profit from operation		(30,521,286)	73,027,432
Less: Financial expenses	27.00	560,567	1,119,903
Add: Foreign Exchange Gain/(Loss)	28.00	6,679	38,234
		(31,075,174)	71,945,763
Add: Other income	29.00	126,099	197,874
Profit before tax		(30,949,075)	72,143,637
Less: Income tax expenses	30.00	3,176,822	-
Profit after tax		(34,125,897)	72,143,637
Basic Earnings Per Share (EPS)	31.00	(0.16)	0.33

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

				
Chairman	Managing Director	Director	Chief Financial Officer	Company Secretary

As per our annexed report of even date

Dated: October 31, 2021
Place: Dhaka




Kazi Zahir Khan & Co.
Chartered Accountants

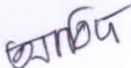

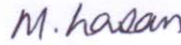
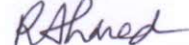

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2021

Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance at July 01,2020	2,180,934,230	864,711,493	3,045,645,723
Dividend Paid	-	(21,809,343)	(21,809,343)
Profit during the year	-	(34,125,897)	(34,125,897)
Balance at 30 June 2021	2,180,934,230	808,776,253	2,989,710,483

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2020

Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance at July 01,2019	1,982,667,480	990,834,606	2,973,502,086
Bonus Issue	198,266,750	(198,266,750)	-
Profit during the year	-	72,143,637	72,143,637
Balance at 30 June 2020	2,180,934,230	864,711,493	3,045,645,723

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

				
Chairman	Managing Director	Director	Chief Financial Officer	Company Secretary

As per our annexed report of even date

Dated: October 31, 2021
Place: Dhaka

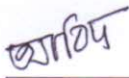



Kazi Zahir Khan & Co.
Chartered Accountants

FAR Chemical Industries Limited
Statement of Cash Flows
For the year ended June 30, 2021

Notes	Amount in Taka	
	30-06-2021	30-06-2020
A. Cash flows from operating activities:		
Receipt from customers	627,803,982	792,321,469
Receipt from other income	126,099	197,874
Payment for cost of expenses	(113,372,087)	(663,861,481)
Payment for operating expenses	(6,878,015)	(15,506,684)
Payment of financial expenses	(560,567)	(1,119,903)
Income Tax Paid	(3,149,901)	-
Net cash from operating activities	503,969,512	112,031,276
B. Cash flows from investing activities:		
Acquisition of property, plant and equipment	(440,096,911)	(143,327,036)
Net cash used in investing activities	(440,096,911)	(143,327,036)
C. Cash flows from financing activities:		
Receipt/(Payment) against short term loan	195,591,000	(2,002,142)
Payment of Lease liability	(131,076)	(119,914)
Dividend paid	(21,809,343)	-
Net Cash used in financing activities	173,650,581	(2,122,056)
D. Net increase in cash and cash equivalents(A+B+C)	237,523,182	(33,417,817)
E. Foreign Exchange Gain/(Loss)-FC A/C	2,476	3,941
F. Opening cash and cash equivalents	11,375,844	44,789,720
G. Closing cash and cash equivalents (D+E+F)	248,901,501	11,375,844
Net Operating Cash Flow Per Share (NOCFPS) 33.00	2.31	0.51

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


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

As per our annexed report of even date



Dated: October 31, 2021
Place: Dhaka


Kazi Zahir Khan & Co.
Chartered Accountants

FAR Chemical Industries Limited
Notes to the Financial Statements
For the year ended June 30, 2021

1.00 Reporting Entity

1.01 Background of the Company

FAR Chemical Industries Limited (the Company') was incorporated in Bangladesh on 22 March 2007 as a Private Limited Company under the Companies Act 1994 with its Corporate office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 and Registered office & factory is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Subsequently the company has been converted to Public Limited Company under the Companies Act 1994 on 19 June 2012 and issue of Public offer of 12,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk.120,000,000 as Bangladesh Securities and Exchange Commission (BSEC) ref no. BSEC/CI/IPO-220/2013/98 dated February 05, 2014.

1.02 Nature of Business

The principal activities of the Company are to manufacture and export of Chemical products to different export oriented Textiles, dyeing and Apparels industries. Some of the Principal products and services are:

- Softening Agent
- Scouring Agent
- Anti-Foaming Agent
- Leveling Agent
- Fixing Agent
- Stabilizer
- Retarding Agent
- Bleaching Agent and
- Other chemical products.

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations in Bangladesh.

2.02 Regulatory Compliances

As required FAR Chemical Industries Limited comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984;

The Income Tax Rules 1984;

The Value Added Tax and Supplementary Duty Act 2012;

The Value Added Tax and Supplementary Duty Rules 2016;

The Customs Act 1969 ;

Bangladesh labour law 2006 (Amended) ;

The Securities and Exchange Rules, 1987 and

Bangladesh EPZ related rules and regulations.

2.03 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.04 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.05 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of FAR Chemical Industries Ltd is responsible for the preparation and presentation of financial statements.

2.06 Use of Estimates and Judgements

The preparation of these financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected thereby.

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

Note: 4 Property, Plant and Equipment

Note: 6 Inventories

Note: 7 Trade Receivables

Note: 8 Advance, Deposit and Pre-payments

Note: 15 Trade Payables

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2020 to 30 June 2021 and is followed consistently.

2.08 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules, 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

2.09 Compliance with the Requirements of Notification of the Securities and Exchange Commission dated 04.06.2008 under ref. # SEC/CMMRPC/2008-181/53/Adm/03/28

- a) Notes to the financial statements marked from 3.00 to 3.19 setting out the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.
- b) The accounting policies on all material areas have been stated clearly in the notes marked from 3.00 to 3.20.
- c) The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

Sl. No.	Name of the IAS	IAS's no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in accounting Estimates & Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant and Equipment	16
8	Employees Benefits	19
9	The Effects of Changes in Foreign Exchange Rates	21
10	Borrowing Costs	23
11	Related Party Disclosures	24
12	Accounting and Reporting by Retirement Benefit Plans	26
13	Interest in Joint Ventures	31
14	Earnings Per Share	33
15	Impairment of Assets	36
16	Provision, Contingent Liabilities and Contingent Assets	37
17	Financial Instruments: Recognition & Measurement	39

SL. No.	Name of the IFRS	IFRS No
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Financial Instruments	9
4	Disclosure of Interests in Other Entities	12
5	Revenue from Contracts with Customers	15
6	Leases	16

- d) The financial statements are in compliance with the International Financial Reporting Standards (IFRS) which are issued by the International Accounting Standards Board (IASB).

3.00 Significant Accounting Policies

3.01 Property, Plant & Equipment

3.01.1 Recognition and Measurement

Tangible fixed assets are accounted for according to "IAS 16: Property, plant and equipment", Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any attributable cost of bringing the assets to its working condition for its intended Expenditure incurred after the assets have been put into use, such as repairs maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted increase in the future economic benefit expected to be obtained from the asset expenditure is capitalized as an additional cost of the assets.

3.01.2 Depreciation

Depreciation is provided on Reducing Balance Method except Leasehold Land Development (Cumilla EPZ) on the value at which the assets carried in the books of Accounts. Depreciation is charged at the rates varying from 2.50% to 20% depending on the estimated useful life of assets. Depreciation is provided on Leasehold Land development on straight-line method the lease term of 30 years. Depreciation has been charged on additions during the period of available for utilization of Property, Plant & machinery.

Rates of depreciation of assets considering their useful lives are as follows:

<u>Category</u>	<u>Rate</u>
Leasehold Land Development	3.33%
Factory Buildings	2.50%
Plant and Machinery	10%
Electrical Installation	10%
Compressor	10%
Forklift	10%
Water line Installation	10%
Office Equipment	10%
Furniture & Fixture	20%
ROU Assets (Leased Land)	(on straight line on the basis of leased tenure)

3.02 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position as at 30 June, 2021
- Statement of Profit or Loss and other comprehensive income for the financial year ended on 30 June, 2021
- Cash Flows Statements for the financial year ended on 30 June, 2021
- Statement of changes in equity for the financial year ended on 30 June, 2021
- Accounting policies and explanatory notes for the financial year ended on 30 June, 2021

3.03 Inventories

Inventories are measured at lower of cost and ex-factory net realizable value in compliance with "IAS 2: Inventories". The cost of inventories is based on weighted average principle and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion. When the inventories are used, the carrying amounts of those inventories are recognized as expense in the year in which the related revenue is recognized.

3.04 Revenue

In compliance with the requirements of IFRS 15 Revenue from contracts with customers, Entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized only when following steps match with a transaction;

- Identification of the contract(s) with a customer;
- Identification of the performance obligation in a contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognition revenue when (or as) the entity satisfies a performance obligation by transferring control over goods or services to a customer;

3.05 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to IAS 21: "The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date. Non monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange date ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to statement of Profit or Loss and Other Comprehensive Income whenever arise.

3.06 Financial Expenses

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

3.07 Leased Assets

The company made renewable lease arrangement with Bangladesh Export Processing Zone Authority (BEPZA) for industrial Plot #135-136 in Cumilla EPZ on 15 October 2008 for 30 years. Since inception to the last year, the lease has classified as an operating lease as it does not transfer substantial risks and rewards incidental to the ownership consistent with the view laid down in IAS - 17 Leases. The total area is 4,000 Sq. meters (approximately).

In the context of the application of IFRS 16, right-of-use assets and lease liabilities were recognized onward on 1 July 2019. The Company transitioned to IFRS 16 in accordance with the modified approach and therefore prior years' figures were not adjusted. In addition, the Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application and leases of low-valued assets. The asset is written off on a straight-line basis over the rest tenure of the lease agreements onward from 1 July, 2019. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets is dependent on individual agreement and can vary from one agreement to another. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In calculating the present value of lease payments, the company uses incremental borrowing rate which is at present @ 9% at the date of commencement of IFRS 16 by the company for leased assets because the interest rate implicit in the lease is not readily determinable.

3.07.1 Measurement of lease payments

In the reporting year, depreciation, interest expenses, impairment losses etc. recognized as expense in the income statement as per requirement of IFRS 16.

3.08 Financial Instruments

Non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and share capital.

Trade Receivables

Trade receivables are recognized initially at invoice value and subsequently measured at the remaining amount less allowance for doubtful receivable at the year end, if any. Receivables from foreign currency transactions are recognized in Bangladeshi Taka using exchange rates prevailing on the date of transaction.

Trade Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

Share Capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

3.09 Taxation

3.09.1 Current Tax

Provision for income tax has been made as per Income Tax Ordinance 1984 as applicable for the publicly listed company.

3.09.2 Deferred Tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future periods recognized in the current period as per "IAS 12: Income Tax. Calculation of deferred tax has shown in note no. 15.00.

3.10 Provisions

The preparation of financial statements in conformity with International Accounting Standard IAS - 37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS - 37 provisions were recognized in the following situations:

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

An appropriate level with regard to an adequate provision for risks and uncertainties has been shown in the Statement of Financial Position. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of Statement of Financial Position.

3.11 Contingencies

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

3.12 Earnings per Share (EPS)

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

Basic Earnings

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

by dividing the net profit or loss by the number of weighted average ordinary share outstanding during the year.

Diluted Earnings per Share (DEPS)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.13 Segment Reporting

No segmental reporting is applicable for the company as required by “IFRS 08: Operating Segments” as the company operates in a single industry segment and within as geographical segment.

3.14 Event after Statement of Financial Position Date

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

There was no significant event that has been occurred between the statement of financial position date and date on which the financial statements are authorized for issue.

3.15 Employee Benefits

3.15.1 Worker’s Profit Participation

Accordance with the requirement of section 234 of Labor Act, 2006, the company should contribute 5% of net profit before charging the amount to the aforementioned fund. But the company established in Comilla Export Processing Zone and have to comply only BEPZA rules relating to services matter concerning workers and officers employed in the company operating in the Export Processing Zone Bangladesh, which imposed by BEPZA. So there is no provision for Worker’s Profit Participation Fund in company’s profits as per BEPZA rules.

3.15.2 Provident Fund

The Company has established and maintaining Contributory Provident Fund in compliance to the requirement of “The EPZ employees (Contributory) Provident Fund Policy -2012”. The fund is administrated by the 6 members Board of Trustees of which 3 members are nominated from employer’s side and remaining 3 members fulfilled from the representative from Workers Welfare Association. All members of trustee shall hold their position for three years. The member of the trustee board within the limit of the policy shall together hold absolute measure to take any decision for implementation of the provident fund.

3.15.3 Workers Welfare Fund

The company has been paying against “Workers Welfare Fund” to BEPZA since 1st February 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of ‘Constitution and Operation Procedure of EPZ Worker’s Welfare Fund 2012’.

3.16 Financial Risk Management Policies

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks. The company has no significant risk of fluctuations in interest rates.

Foreign Currency Risk

The company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the company's performance to developments affecting a particular industry. The breakup amount due from customers other than related parties as disclosed in note 7.00 to these financial statements is presented below:

Due from customer other than related parties	
Gross trade and other receivable	Tk. 545,775,447.00
Less: Related Parties	<u>Tk. 5,094,600.00</u>
Net from Customers	<u>Tk. 540,680,847.00</u>

Out of the total trade debts of Tk. 545,775,447.00 the company has not made any provision. The aging profile to the trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Upto 6 months	235,247,893	-
Over 6 months	310,527,554	-
Total	545,775,447	-

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The company aims to maintain flexibility in funding by keeping committed credit lines open. The maturity profile of the company's liabilities based on contractual maturities is as follows:

Financial Liability	Carrying Amount	On Demand	Contractual Cash flows	Upto One year	More than one year
Trade payable	-	-	-	-	-
Short term borrowing	195,734,277	-	195,734,277	195,734,277	-
Total	195,734,277	-	195,734,277	195,734,277	-

Fair Values

The fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, difference may arise between the carrying value and the fair value estimates. As at June 30, 2021 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

3.17 Date of Authorization and Proposed Dividend

The financial statements were authorized for issue on 28 October, 2021 by the board of the Directors of the company. Board of Directors recommended 1% cash dividend for the financial year ended 30th June, 2021. Therefore, amount to be distributed as dividend BDT. 21,809,343 subject to final approval by the shareholders at the company's forthcoming AGM.

3.18 Impact of Covid-19

There are no going concern threats due to Covid-19 as the company has adequate resources to continue the company. However, being a deemed export oriented company it has been facing global impact of Covid-19. As a result during the period its sales revenue has declined. During the year the company has sold most of its inventories at a lesser price because of shifting process of the factory from EPZ Cumilla to its newly constructed factory at Rupgonj, Narayagonj.

3.19 Expansion of 2nd Unit (Spinning Unit) and shifting process of Chemical factory's Plant, Equipment and Machineries from Cumilla EPZ to Own Premises at Rupgonj, Narayagonj:

Construction of Civil Work of 2nd Unit (Spinning Unit):

The company has almost completed construction work of its 2nd unit (spinning unit) at Rupgonj Narayagonj in its own premises. All Machineries LCs has already opened; production is estimated to start by August, 2022.

Chemical factory's Plant, Equipment and Machineries Shifting Process:

The Company has also almost constructed a chemical factory in its own premises at Rupgonj, Narayagonj. As per the decision of shareholders at the last AGM held on 22 December 2020 Chemical factory's plant, equipment and machineries shifting is under way from Cumilla EPZ to newly constructed own premises at Rupgonj, Narayagonj. Within few months, new chemical factory's production is estimated to start.

3.20 General

- i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
- ii) Figures for the prior years have been rearranged wherever considered necessary to ensure comparability with the current year.



		Amount in Taka	
		30-06-2021	30-06-2020
4.00	Property, plant & equipment		
	At cost		
	Opening balance	2,604,783,759	2,461,325,646
	Addition during the year	440,096,911	143,458,112
		3,044,880,670	2,604,783,759
	Accumulated depreciation		
	Opening balance	670,391,786	614,183,866
	Charged during the year	51,229,434	56,207,921
		721,621,220	670,391,786
	Written down value as on June 30	2,323,259,450	1,934,391,972
5.00	Security Deposit		
	Land lease at BEPZA, Plot : 135-136	1,152,985	1,152,985
	Deposit for electricity	395,486	395,486
		1,548,471	1,548,471
6.00	Inventories		
	Raw materials	13,847,835	341,647,339
	Work-in-process	589,743	10,259,547
	Packaging materials	259,786	8,976,751
	Finished goods	9,854,366	168,777,293
	Store items	236,547	5,931,587
		24,788,277	535,592,517
6.01	Raw materials		
	Opening stock	341,647,339	335,134,783
	Add: Purchase during the year	3,113,600	586,247,931
	Raw materials available for production	344,760,939	921,382,714
	Less: Input to production	330,913,104	579,735,375
		13,847,835	341,647,339
6.02	Work-in-process		
	Opening work-in-process	10,259,547	10,154,239
	Add: Current year	339,759,916	601,239,844
		350,019,463	611,394,083
	Less: Transfer to finished goods	349,429,720	601,134,536
		589,743	10,259,547
6.03	Packaging materials		
	Opening stock	8,976,751	7,021,747
	Add: Purchase during the year	129,847	23,459,473
		9,106,598	30,481,220
	Less: Consumption during the year	8,846,812	21,504,469
		259,786	8,976,751
6.04	Finished goods		
	Opening stock	168,777,293	111,955,729
	Add: Production during the year	450,822,281	723,543,158
	Less: Cost of free issue	(22,500)	(202,450)
	Production available for export	619,577,074	835,296,437
	Less: Cost of goods sold	609,722,708	666,519,144
		9,854,366	168,777,293
6.05	Store items		
	Opening stock	5,931,587	4,031,175
	Add: Purchase during the year	87,593	10,731,251
		6,019,180	14,762,426
	Less: Consumption during the year	5,782,633	8,830,839
		236,547	5,931,587

Notes

Raw materials	6.01
Work-in-process	6.02
Packaging materials	6.03
Finished goods	6.04
Store items	6.05



	Amount in Taka	
	30-06-2021	30-06-2020
7.00 Trade receivables		
Opening balance	581,905,470	617,542,172
Add: Export during the year	591,668,471	756,684,767
Less: Realization during the year	627,798,494	792,321,469
	<u>545,775,447</u>	<u>581,905,470</u>
Receivables due over six months	310,527,554	-
Receivables due below six months	235,247,893	581,905,470
	<u>545,775,447</u>	<u>581,905,470</u>

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	30-06-2021	30-06-2020
i. Receivables considered good in respect of which the company is fully secured	315,622,154	581,905,470
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	235,247,893	-
iii. Receivables considered doubtful or bad		-
iv. Receivables due by directors or other officers & staffs		-
v. Receivables due from companies under same management	5,094,600	998,368
vi. The maximum amount of receivable due by any director or other officer of the company		-

7.01 Movement of Trade Receivable		
Opening Balance	581,905,470	617,542,172
Add: Export/ Credit Sales during the year	591,668,471	756,684,767
Less: Realized during the year	627,803,982	792,321,469
	<u>545,775,447</u>	<u>581,905,470</u>

8.00 Advances, deposits and prepayments			
Sundry Advances	8.01	53,953,960	20,642,960
Advance Salary		2,295,185	2,415,726
M/S. Abul Khair Steel		-	423,125
M/S. Sattar Enterprise		-	126,414
Advance Income Tax	8.02	3,149,901	-
		<u>59,399,046</u>	<u>23,608,225</u>

8.01 Sundry Advances			
Mr. MA Bari		-	4,795,917
Mr. Uttam Kumar		1,916,205	2,124,096
M/S. Gazi Enterprise		21,338	8,795
M/S. Omer Electrical Engineering Works		238,404	249,951
Md. Abul Khair Manik		13,808,979	11,447,854
M/S. Bangla Trac Ltd.		-	817,897
M/S. L/N Enterprise		-	211,125
Advance against LC Commission		1,783,713	-
Advance against Insurance		817,000	-
Advance to Narayangonj Palli Biddut Smriti-2		408,270	-
M/S. Creative Design and Development		-	211,787
M/S. Tropical Vertical Mover		-	57,765
M/S. Denmark Refrigeration Workes		-	717,773
M/S. Premier Cement Mills Ltd.		8,785,746	-
M/S Shah Cement Industries Ltd.		9,087,654	-
M/S Mofazzal & Brothers		2,654,876	-
M/S. Zubair Construction		3,687,452	-
M/S Hasin Textile Mills		2,789,541	-
M/S. Abul Khair Steel Melting Ltd		7,954,782	-
		<u>53,953,960</u>	<u>20,642,960</u>

8.02 Advance Income Tax			
Opening balance		-	-
Addition during the year-Export		3,138,992	-
Addition during the year-Interest Income		10,909	-
		3,149,901	-
Less: Adjustment during the year		-	-
		<u>3,149,901</u>	<u>-</u>



	Amount in Taka	
	30-06-2021	30-06-2020
8.03 Movement of Advances, Deposits and Prepayments		
Opening Balance	23,608,225	38,808,225
Add: Addition during the year	78,115,440	19,125,257
	101,723,665	57,933,482
Less: Adjustment during the year	42,324,619	34,325,257
	59,399,046	23,608,225
9.00 STD Account (IPO)		
STD Account (BRAC Bank)	2,945,000	2,945,000
	2,945,000	2,945,000
10.00 STD Account - Dividend		
STD Account (SBACBL)	617,827	718,079
	617,827	718,079
11.00 Cash and Cash equivalents		
Cash in hand - Head Office	155,612	1,085,730
Cash in hand - Factory	921,725	5,808,611
Cash at bank:		
Al-Arafah Islami Bank Ltd	48,869,322	4,136,942
Social Islami Bank Limited	65,015	64,250
Social Islami Bank Limited	1,307,682	266,300
SBAC Bank Limited	1,582,146	1,730
Bank Asia Limited	-	12,281
Cash at bank: FDR (Notes - 11.01)	196,000,000	-
	248,901,502	11,375,844
11.01 Cash at bank: FDR		
Al-Arafah Islami Bank Ltd # 9398	40,000,000	-
Al-Arafah Islami Bank Ltd # 9409	40,000,000	-
Al-Arafah Islami Bank Ltd # 9411	40,000,000	-
Al-Arafah Islami Bank Ltd # 9422	20,000,000	-
Al-Arafah Islami Bank Ltd # 9455	40,000,000	-
Al-Arafah Islami Bank Ltd # 9477	16,000,000	-
	196,000,000	-
12.00 Share capital:		
12.01 Authorized share capital :		
300,000,000 ordinary shares of Taka 10/= each.	3,000,000,000	3,000,000,000
12.02 Issued, subscribed and paid-up capital:		
218,093,423 Ordinary Shares of Tk. 10/- each fully paid-up.	2,180,934,230	2,180,934,230

The shareholding position of the company are as under:

Name	No. of shares	Percentages (%)	Amount in Taka
Sponsors & Directors	65,957,620	30.24%	659,576,200
Local Institutions	28,572,075	13.10%	285,720,750
General Shareholder	123,563,728	56.66%	1,235,637,280
Total	218,093,423	100.00%	2,180,934,230

12.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2021.

Ranges of Shareholdings	30-06-2021		30-06-2020	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equal to 500 Shares	2,723	19.90%	2,944	19.46%
501 to 1,000 Shares	1,897	13.86%	1,921	12.69%
1,001 to 5,000 Shares	4,621	33.77%	5,500	36.35%
5,001 to 10,000 Shares	1,750	12.79%	2,067	13.66%
10,001 to 20,000 Shares	1,367	9.99%	1,353	8.94%
20,001 to 30,000 Shares	470	3.43%	484	3.20%
30,001 to 40,000 Shares	231	1.69%	253	1.67%
40,001 to 50,000 Shares	144	1.05%	152	1.00%
50,001 to 100,000 Shares	252	1.84%	282	1.86%
100,001 to 1,000,000 Shares	211	1.54%	159	1.05%
Over 1,000,000 Shares	19	0.14%	17	0.11%
Total	13,685	100.00%	15,132	100%

		Amount in Taka	
		30-06-2021	30-06-2020
13.00	Retained earnings		
	Opening balance	864,711,493	990,834,606
	Less: Dividend Paid	(21,809,343)	198,266,750
		842,902,150	792,567,856
	Add: Profit during the year	(34,125,897)	72,143,637
		808,776,253	864,711,493
14.00	Lease Liability		
	Opening balance	5,734,605	-
	Add: Current year charged	-	5,854,519
	Less: Payment	131,076	119,914
	Less: Short term lease liability	143,277	131,076
		5,460,252	5,603,529
15.00	Deferred Tax		
	Opening balance	-	-
	Add: Current year charged	-	-
		-	-
16.00	Trade Payable		
	CJTECH Co Ltd.	-	11,599,663
	SFC Co Ltd.	-	11,798,543
	SBC Co Ltd.	-	1,167,842
	OCI Corporation	-	2,876,706
	Nuchem Dyestuffs PVT. Ltd	-	4,983,341
		-	32,426,095
16.01	Movement of Trade Payable		
	Opening Balance	32,426,095	38,964,750
	Add: Import/Purchases during the year	3,331,040	620,438,655
	Less: Payment made during the year	35,757,135	626,977,310
		-	32,426,095
17.00	Short term borrowings		
	Lease Liability	143,277	131,076
	Short term borrowings - Unsecured	195,591,000	-
		195,734,277	131,076
17.01	Short term borrowings		
	Lease Liability	143,277	131,076
		143,277	131,076
17.02	Short term borrowings - Unsecured		
	Samin Food and Bevarage & Textile Mills Ltd	22,091,000	-
	MN Industries Ltd	84,900,000	-
	Rezwana Rahman Rini	88,600,000	-
		195,591,000	-
18.00	Provision for Income tax		
	Opening balance	-	-
	Add: Current year charged	3,176,822	-
		3,176,822	-



	Amount in Taka	
	30-06-2021	30-06-2020
19.00 Refundable Deposits (IPO)		
General Public Subscription Money	2,945,000	2,945,000
	<u>2,945,000</u>	<u>2,945,000</u>
20.00 Dividend payables		
Dividend payable	617,827	718,079
	<u>617,827</u>	<u>718,079</u>
21.00 Creditors and accruals		
Electricity bill	45,242	48,219
Water bill	13,259	12,881
Medical subscription-BEPZA	21,662	21,402
Employee Welfare Fund	8,495	8,393
Automation Service-BEPZA	1,000	1,000
Land Rent	162,530	160,578
Bangladesh Association of Publicly Listed Companies	50,000	50,000
Dhaka Stock Exchange Ltd	600,000	997,400
Chittagong Stock Exchange Ltd	600,000	997,400
Central Depository Bangladesh Ltd	128,899	128,899
Salaries and wages	1,957,487	1,031,548
Director remuneration and fees	50,000	50,000
Sundry creditors	364,587	488,568
M/S Jubair Construction	49,877	92,458
Audit and professional fees	300,000	300,000
M/S Alhaj Supply & Transport	65,479	94,783
M/S Khan Associates	106,458	132,547
Masud Steel Design BD. Ltd	5,065,384	-
	<u>9,590,359</u>	<u>4,616,076</u>
22.00 Revenue		
Softening Agent	133,853,876	238,538,770
Scouring Agent	90,137,791	101,377,916
Anti-Foaming Agent	60,816,131	68,161,317
Levelling Agent	51,704,125	67,041,260
Fixing Agent	60,520,537	65,205,373
Stabilizer	71,252,811	72,528,113
Retarding Agent	71,783,098	77,830,989
Bleaching Agent	21,208,561	32,085,612
Others	30,391,541	33,915,418
	<u>591,668,471</u>	<u>756,684,767</u>
Sales Revenue has declined during the Year 2020-2021 than the previous year due to fall of unit selling price as well as the global effect of Covid-19.		
23.00 Cost of sales		
Raw materials consumed-Chemicals (Note-23.01)	330,913,104	579,735,375
Packaging materials consumed (Note-23.02)	8,846,812	21,504,469
	<u>339,759,916</u>	<u>601,239,844</u>
Add: Work in process- Opening	10,259,547	10,154,239
	<u>350,019,463</u>	<u>611,394,083</u>
Less: Work in process- Closing	589,743	10,259,547
Total consumption	<u>349,429,720</u>	<u>601,134,536</u>
Add: Manufacturing overhead (Note-23.03)	50,777,880	66,875,196
Add: Depreciation (Annexure-A)	50,614,681	55,533,426
Cost of production	<u>450,822,281</u>	<u>723,543,158</u>
Add: Finished goods - opening	168,777,293	111,955,729
	<u>619,599,574</u>	<u>835,498,887</u>
Less: Finished goods - closing	9,854,366	168,777,293
Change of finished goods stock	<u>609,745,208</u>	<u>666,721,594</u>
Less: Cost of free issue	22,500	202,450
	<u>609,722,708</u>	<u>666,519,144</u>

	Amount in Taka	
	30-06-2021	30-06-2020
23.01 Raw materials consumed-chemicals		
Opening Stock	341,647,339	335,134,783
Add: Purchase during the period	3,113,600	586,247,931
Raw materials available for production	344,760,939	921,382,714
Less: Closing Stock	13,847,835	341,647,339
Consumption during the period	330,913,104	579,735,375
23.02 Packaging materials consumed		
Opening Stock	8,976,751	7,021,747
Add: Purchase during the period	129,847	23,459,473
Consumable Item available for packing.	9,106,598	30,481,220
Less: Closing Stock	259,786	8,976,751
Consumption during the period	8,846,812	21,504,469
23.03 Manufacturing overhead		
Salaries and wages	21,884,153	23,545,455
Fuel, water and power	13,451,219	20,434,028
Printing and stationary	401,257	486,674
Conveyance expenses	426,879	554,780
Mobile bill	52,500	55,875
Store and spares consumed (Note-6.05)	5,782,633	8,830,839
Rent, rates and taxes	4,382,331	5,249,667
Medical expenses	367,822	654,870
Food and Tiffin	1,046,814	1,320,457
Labor charge	1,355,396	1,654,084
Repair and maintenance (Note-22.03.1)	173,797	2,286,947
Carrying Charge	522,081	655,836
Other overhead	930,998	1,145,684
	50,777,880	66,875,196
23.03.1 Repairs and maintenance		
Plant and Machinery	142,116	1,962,927
Buildings	29,147	221,473
Others	2,534	102,547
	173,797	2,286,947
24.00 Selling and distribution expenses		
Salaries and wages	2,037,040	1,954,500
Transportation and handling expenses	1,901,580	2,891,377
Repairs and maintenance	71,248	184,705
Rent	360,000	360,000
Electricity & water	499,420	595,267
Sales promotion expenses	30,500	460,100
Traveling expenses	207,806	284,567
Entertainment expenses	57,924	154,790
Miscellaneous expenses	36,980	35,478
Sample, test and analysis	90,845	125,400
Cost of free issue	22,500	202,450
Depreciation (Annexure-A)	184,426	202,349
	5,500,269	7,450,982



	Amount in Taka	
	30-06-2021	30-06-2020
25.00 Administrative expenses		
Salaries and wages	1,101,534	1,293,815
Postage and telecommunication	20,311	36,257
Traveling, haulage and passage	310,898	375,425
Repair and maintenance	84,417	147,485
Electricity, fuel and water	377,640	437,361
Printing and stationery	32,342	145,355
Rent, rates and taxes	2,596,610	4,613,658
Subscription and donation	82,549	168,778
Entertainment	26,478	35,480
Legal and professional Charge	16,000	25,000
Audit and professional fees	300,000	300,000
Miscellaneous expenses	14,500	35,400
News paper and periodicals	2,400	4,700
AGM Expenses	146,100	155,800
Director remuneration	600,000	600,000
Board meeting attendance fees	72,000	68,000
Depreciation (Annexure-A)	430,327	472,147
	6,214,106	8,914,660
26.00 Employee welfare expenses	752,675	772,549
	752,675	772,549
27.00 Financial expenses		
Bank Charges	48,794	59,311
Interest on Trust Receipt	-	537,657
Interest on lease liability	511,773	522,935
	560,567	1,119,903
28.00 Foreign Exchange Gain/(Loss)		
Exchange Gain/(Loss)	6,679	38,234
	6,679	38,234
29.00 Other income		
Sale of wastage	17,006	197,874
Interest Income	109,093	-
	126,099	197,874
30.00 Income Tax Expenses		
Current Tax on operating income (Notes -30.01)	3,138,992	
Current Tax on other income	37,830	
Deferred Tax (Notes - 30.02)	-	
	3,176,822	
30.01 Current Tax		
Profit before Tax	(30,949,075)	
Add: Depreciation as Accounting base	51,229,434	
Less: Depreciation as Tax base	71,342,090	
Taxable Income or Loss	(51,061,731)	
Tax Rate	25.00%	
Current Tax	(12,765,433)	
Minimum Tax	3,138,992	
So, Current Tax during the year, higher one	3,138,992	
30.02 Deferred Tax		
Property, Plant & Equipment		
Carrying amount as Accounting base	2,323,259,450	
Carrying amount as Tax base	1,532,634,885	
Difference	790,624,564	
Tax Rate	25%	
Total maximum deferred tax liability at the end of the year	197,656,141	
Total maximum deferred tax liability at the beginning of the year	-	
Total maximum deferred tax for the year	197,656,141	
Total tax on operating income for the year	-	
Less: Current tax (Minimum tax on realization and tax on other income)	-	
Deferred tax as per total tax liability	-	
Deferred tax for the year	-	

Amount in Taka	
30-06-2021	30-06-2020

31.00 Basic earnings per share for the year:

Earnings from Core Business

a) Net Profit after Tax excluding other Income	(34,125,897)	71,945,763
b) Weighted average number of shares outstanding (Note-31.01)	<u>218,093,423</u>	<u>218,093,423</u>
Basic Earnings per share (EPS) from core business(a/b)	<u>(0.16)</u>	<u>0.33</u>

Earnings from other Income

a) Other Income	126,099	197,874
b) Weighted average number of shares outstanding	<u>218,093,423</u>	<u>218,093,423</u>
Basic Earnings per share from other Income (a/b)	<u>0.0006</u>	<u>0.0009</u>

Basic earnings per share

	<u>(0.16)</u>	<u>0.33</u>
Basic earnings per share (Adjusted)	<u>(0.16)</u>	<u>0.33</u>

31.01 Weighted average number of shares outstanding

For the year 2020-2021

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	218,093,423	365/365	218,093,423
Total	218,093,423		218,093,423

For the year 2019-2020

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	198,266,748	365/365	198,266,748
Bonus Shares	19,826,675	365/365	19,826,675
Total	218,093,423		218,093,423

32.00 Net Assets Value (NAV) per share

Total Assets	3,207,235,020	3,092,085,578
Less: Total outside liability	<u>217,524,537</u>	<u>46,439,855</u>
a. Net Asset Value	<u>2,989,710,483</u>	<u>3,045,645,723</u>
b. Total number of shares outstanding	<u>218,093,423</u>	<u>218,093,423</u>
Net Assets Value (NAV) per share (a/b)	<u>13.71</u>	<u>13.96</u>

33.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	503,969,512	112,031,276
b) No of Shares outstanding	<u>218,093,423</u>	<u>218,093,423</u>
Net operating cash flow per share (NOCFPS) (a/b)	<u>2.31</u>	<u>0.51</u>

34.00 Reconciliation of cash generated by operations

Net Profit/(Loss) Before Tax	(30,949,075)	72,143,637
Add: Depreciation	51,229,434	56,207,921
Increase/Decrease in inventory	510,804,240	(67,294,844)
Increase/Decrease in bills receivables	36,130,023	35,636,702
Increase/Decrease in advance, deposits & prepayments	(38,530,921)	15,200,000
Increase/Decrease in bills payables	(32,426,095)	(815,212)
Income tax paid	(3,149,901)	-
Increase/Decrease in creditors & accrues	4,974,283	957,013
Foreign Exchange Gain	(2,476)	(3,941)
	<u>503,969,512</u>	<u>112,031,276</u>

35.00 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provision of IAS 24- Related Party Disclosures:

Name of related party	Nature of Transaction	Outstanding Balance as at June 30, 2021
M.L. Dyeing Limited	Sale of Goods	5,094,600
Total		5,094,600

36.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 3,045,812 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	675,257	22.17%
Scouring Agent	258,894	8.50%
Anti-Foaming Agent	289,657	9.51%
Levelling Agent	220,212	7.23%
Fixing Agent	261,026	8.57%
Stabilizer	282,042	9.26%
Retarding Agent	377,072	12.38%
Bleaching Agent	410,271	13.47%
Others	271,382	8.91%
Total	3,045,812	100.00%

36.A Disclosure as per requirement of Schedule XI, part II, note 5 of para 3

Employee Position (as on June 30, 2021)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6300	15	5	42	62
Above 6300	8	13	193	214
Total	23	18	235	276



36.B Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the year of July 1, 2020 to June 30, 2021

Remuneration & Board Meeting attendance Fees: Tk.672,000

Directors' are entitled Tk. 2,000 as Board Meeting fee for attending each Board Meeting and Remuneration of Managing Director entitled Tk. 50,000 per month. The break down is as follows:

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	14,000	14,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	MD	600,000	16,000	616,000
Md. Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	16,000	16,000
Mr. Md. Abdullah	Independent Director	-	16,000	16,000
Mr. Sayed Md. Tajon Islam	Independent Director	-	10,000	10,000
Total		600,000	72,000	672,000

37.00 Events after reporting period (IAS-10)

There was no significant event that has been occurred between the statement of financial position date and the date on which the financial statements are authorised for issue except note- 3.20.



38.00 Other commitments, contingencies and relevant information

38.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June, 2021 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2020 to 30-06-2021		01-07-2019 to 30-06-2020	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export- Sales	5,078,263	591,668,471	6,375,895	756,684,767
Total	5,078,263	591,668,471	6,375,895	756,684,767

38.02 Capital expenditure commitment

The company has procured 342.46 decimal land at Rugganj, Narayanganj where it has almost constructed a Chemical factory building on that land and also has almost completed construction work for its 2nd unit (spinning unit) factory building . Shifting of machineries and other equipments are under way of processing from EPZ Cumilla to newly constructed own premises. All Machineries LCs for Spinning unit has already opened. Production of this spinning unit is estimated to start by August, 2022 and production of chemical unit is estimated within December 2021.

38.03 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

38.04 Foreign remittances

No remittances was made in foreign currency on account of dividend, royalty, technical experts, professional advisor fees, interest, etc.



FAR Chemical Industries Limited
Schedule of Property, Plant and Equipment
For the year ended June 30, 2021

Annexure-A

Particulars	Cost			Rate of depreciation/amortization	Depreciation			Written Down Value as at June 30, 2021	Written Down Value as at June 30, 2020
	Balance as on July 01, 2020	Addition during the year	Disposal during the year		Balance as on July 01, 2020	Charged during the year	Adjustment during the year		
Leasehold land development	35,030,163	-	-	3.33%	9,664,526	844,676	-	10,509,202	25,365,637
Land and Land development	1,209,467,171	-	-	0.00%	-	-	-	-	1,209,467,171
Factory building	325,449,642	-	-	2.5%	56,070,923	6,734,468	-	62,805,391	269,378,719
Factory building-Spinning Unit	-	296,077,745	-	2.5%	-	-	-	-	296,077,745
Factory building-Chemical Unit	-	143,658,734	-	2.5%	-	-	-	-	143,658,734
Plant and machinery	835,260,970	-	-	10.00%	500,195,886	33,506,508	-	533,702,394	301,558,576
Electrical installation	64,769,413	-	-	10.00%	35,359,236	2,941,018	-	38,300,254	26,469,159
Electrical installation-Spinning Unit	-	360,432	-	10.00%	-	-	-	-	360,432
Compressor	81,106,070	-	-	10.00%	41,097,679	4,000,839	-	45,098,518	36,007,552
Fork lift	15,562,879	-	-	10.00%	8,570,519	699,236	-	9,269,755	6,293,124
Water line installation	18,458,150	-	-	10.00%	9,605,856	885,229	-	10,491,085	7,967,065
Office equipment	7,435,521	-	-	10.00%	3,905,847	352,967	-	4,258,814	3,176,707
Furniture and Fixture	6,389,261	-	-	20.00%	4,945,562	288,740	-	5,234,302	1,154,959
Sub-total	2,598,929,240	440,096,911	-		669,416,034	50,253,681	-	719,669,715	2,319,356,436
Leased Assets	5,854,519	-	-		975,753	975,753	-	1,951,506	3,903,013
Grand-total	2,604,783,759	440,096,911	-		670,391,787	51,229,434	-	721,621,221	2,323,259,450
Balance as on June 30, 2021	2,604,783,759	440,096,911	-		670,391,787	51,229,434	-	721,621,221	2,323,259,450
Balance as on June 30, 2020	2,461,325,647	143,458,112	-		614,183,866	56,207,921	-	670,391,787	1,934,391,972

Allocation of depreciation

Cost of sales (Note-21)	50,614,681	98.80%
Selling and Distribution Expenses (Note-22.00)	184,426	0.36%
Administrative Expenses (Note-23.00)	430,327	0.84%
	<u>51,229,434</u>	<u>100%</u>

Leasehold land development represents the cost incurred to develop land after being taken over from BEPZA. Soil filling, internal road and boundary wall are the components of this amount. Total area of the factory is 43,065 Sq. ft as per lease agreement and the lease term is for 30 years. Accordingly the leasehold land development cost is being amortized over a period of 30 years on straight line basis. ROU of Leased Assets amortized on straight line basis based on remaining lease periods.

