

Annual Report 2019-2020



Ring Shine
Textiles Ltd.

Ring Shine Textiles Ltd.

ACRYLIC YARN - FANCY YARN - COTTON YARN
POLAR FLEECE - MICRO FLEECE - KNIT FABRICS

OUR VISION

Our conception of business germinated from our vision which sees it as a means to the well-being of the investors, employees, customers, other stakeholders, and finally the society at large by creating new wealth in the form of goods and services that go to satisfy the wants of all of them without distributing or damaging the socio-ecological balance of the mother earth and the process of human civilization leading to peaceful Co-existence of all the living beings.



OUR MISSION

Our mission is the pole star of our vision for the wellbeing of all the stakeholders by producing and delivering high quality yarn and fabric for making comfortable, durable, stylish outfits for men & women on ethical and moral standards at a minimum cost to the society ensuring optimum benefits to the consumers, the shareholders and other stakeholders.

OUR SPIRIT

We undertake our quest with the enthusiasm of entrepreneurs, excited by the constantly search for innovation. We value performance achieved with integrity. We attain success as world-class leader with each and every one of our people contributing with passion and an unmatched senses of urgency.



OUR OBJECTIVES

- ❑ To promote the use of scientific knowledge in textiles, from fibers to garments.
- ❑ To satisfy and meet customer's expectation by developing and providing products and services on time, which offer value in terms of Quality, Price, Safety & Environmental impact.
- ❑ To promote the development and best use of human talent & equal opportunity employment.
- ❑ To procure the most advanced & sophisticated technology suitable for producing desired product.
- ❑ To attain highest level of competence through continuous development of the professional management system and to ensure complete transparency in all aspects of business.



OUR STRATEGIES

Our strategy is to build long term partnership with the customers. With their support, we aim to maximize the potential of our business through a combination of enhanced quality of product and service, curative marketing, competitive pricing and cost efficiency. We always are striving for delivering value beyond customers' expectation.

THE COMPANY

Ring Shine Textiles Ltd. is a public company limited by shares. The Company was incorporated in Bangladesh on 28 December 1997 vide registration No. C-34597(1343)/97 as a private company limited by shares under the Companies Act, 1994. The company converted to public limited company on 8th June, 2017. As a listed company, equity securities of the Company being quoted in the Dhaka Stock Exchange and Chittagong Stock Exchange from 12 December 2019.

The Registered office of the Company is situated in Plot No: 224-260, DEPZ Extension area, Ganakbari, Savar, Dhaka. The factory of the Company is located at Dhaka Export Processing Zone (DPEZ), New Extension Area, covering 60 Plots encompassing 135,484.46 sq. meter or 101.27 bigha land area.

Ring Shine Textiles Limited started its commercial operation in Dhaka Export Processing Zone in August 1998. Since its inception, Ring Shine Textiles Limited has been growing steadily in every aspects of its business operation. RSTL now the name of a trusted business partner to its customers as well as to its suppliers by employing value driven management approach within the organization. To diversify its operation and capitalize on the reputation it has earned, RSTL is going to expand its operation into denim products by raising capital through initial public offering (IPO).

The Principal activity of this Company is engaged in Spinning of Acrylic based yarn, manufacturing and marketing of gray and finished fleece fabrics of various qualities and different types and qualities of Dyed yarn to 100% export oriented Garment industry in Bangladesh.

In accomplishing the decision of the Board of the directors, Managing Director oversee day to day's activities to run the company efficiently and to achieve the goal of maximizing wealth of the company for the well-being of shareholders, society at large.

Bangladesh has huge potential global market opportunities to market its product. A diverse team of professionals involved in developing new products in implementing Company's marketing strategies to retain existing customers and creating new customer base for its products by innovative ideas. A group of highly skilled marketing personnel handles the whole marketing system of the company.

OUR PHILOSOPHY

Business is always a combination of dynamism and diversification. We strive to be at the fore front of change in fashion and trend setting while in continuous pursuit of quality and commitments through total customer's focus in all operational areas. Delivering world class products ensuring best customer satisfaction through continuous value added services provided by Local and foreign highly professional and committed team. We respect to human values by accepting changes as a way of life along with strict adherence to financial and administrative principles.



22nd Annual General Meeting



Welcome address by the Chairman, Mr. Sung Jye Min





Table of Contents

	Page No.
1. Letter of Transmittal	08
2. Notice of the Annual General Meeting	09
3. Corporate Directory	10
4. Profile of Directors	14-16
5. Audit Committee Report	17
6. Declaration by MD & CFO to The Board of Directors	18
7. Message from the Chairman	19-20
8. Message from the Managing Director	21-23
9. Directors' Report	24-36
10. Management Discussion And Analysis	37-40
11. Certificate on Compliance on Corporate Governance Code	41
12. Corporate Guideline Review Report	42-48
Financial Report	
13. Auditors' Report	49-54
14. Statement of Financial Position	55
15. Statement of Profit or Loss and Other Comprehensive Income	56
16. Statement of Changes in Equity	57
17. Statement of Cash Flows	58
18. Notes to the Financial Statements	59-83
19. Schedule of Fixed Assets	84
20. Proxy Form & Attendance Slip	85

Transmittal Letter

May 23, 2023

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

Subject: Annual Report for the financial year ended on June 30, 2020.

Dear Sir(s),

We are pleased to enclose herewith a copy of the Annual Report containing Directors' Report, Auditors' Report along with the Audited Financial Statements comprising Statement of Financial Position as at 30th June 2020, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the financial year ended on 30th June 2020 along with notes thereon for your information and record.

Thanking you all.

Sincerely Yours,

Sd/-

Auniruddho P. Chowdhury

Company Secretary





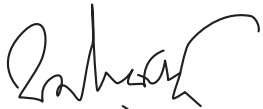
Corporate Office:
House No. 5, Road No. 6, Block-K
Baridhara Model Town, Gulshan, Dhaka, Bangladesh
Tel: +880-2-9885580, 8855808, 8818920
Fax: +880-2-8811328, 9885587
E-Mail: info@ringshine.com
yarn@ringshine.com

Notice of the 23rd Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of Ring Shine Textiles Limited will be held on June 20, 2023, Tuesday at 10:00 am through Digital Platform at the link <https://ringshine23rd.digitalagmbd.net> To transact the following business;

- ❖ To consider and adopt the Audited Financial Statements of the Company for the year ended on June 30, 2020 together with the reports of Directors and the Auditors thereon.
- ❖ To declare dividend as recommended by the Board of Directors.
- ❖ To elect/ appoint Director/Independent Directors of the Company.
- ❖ To appoint External Auditor of the Company to audit the Financial Statements for the year 2020 -2021 and fix their remuneration.
- ❖ To appoint/confirm Independent Director.

Date: 23.05.2023


For and on behalf of the Board
Auniruddho P. Chowdhury
Company Secretary

Notes:

- ❖ Annual Report-2019-20 is available in the Company Website.
- ❖ *Record date is May 10, 2023. The shareholders whose names would appear in the Register as members of the Company on the Record Date will be entitled for Dividend and eligible to attend and vote at the 23rd AGM.*
- ❖ A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. Proxy form must be affixed with requisite revenue stamp and must be submitted at the Head office of the Company not later than 48 hours before the time fixed for the meeting.
- ❖ Shareholders are requested to update their BO account with ETIN in their respective Brokerage House to avoid deduction of Tax @ 15% instead of 10% for individual as per section 54 of the amended income Tax Ordinance 1984.



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman	: Mr. Sung Jye Min
Managing Director	: Mr. Sung Wey Min
Director	: Mdm. Hang Siew Lai
Director	: Mr. Hsiao Hai He
Director	: Ms. Sung Wen Li Angela
Director	: Mr. Sung Chung Yao
Director	: Mdm. Sheao Yen Yao
Director	: Mrs. Hsiao Liu Yi Chi
Director	: Mdm. Chuk Kwan
Independent Director	: Md. Neamul Hasan Kamal
Independent Director	: Md. Hussain Shah Jawed
Independent Director	: Mohammad Monirul Hoque

AUDIT COMMITTEE

Chairman	: Mohammad Monirul Hoque
Member	: Hang Siew Lai, Director
Member	: Chuk Kwan, Director
Member Secretary	: Asraf Ali, Company Secretary

NOMINATION & REMUNERATION COMMITTEE (NRC)

Chairman	: Md. Neamul Hasan Kamal
Member	: Ms. Sung Wen Li Angela
Member	: Mr. Sung Wey Min
Member Secretary	: Asraf Ali

SENIOR CORPORATE OFFICIALS

Chief Executive Officer	: Mr. Sung Wey Min
Director	: Ms. Sung Wen Li Angela
Chief Financial Officer	: Md. Mahfuzur Rahman
Company Secretary	: Asraf Ali
General Manager (Factory)	: Md. Nasir Uddin
Head of Internal Audit	: Mr. ATM Saiful Islam
Commercial Manager	: Golam Moula
Manager HR/Admin	: Md. Tofayel Ahmad

STATUTORY AUDITORS

SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS
R.K. TOWER

86, Bir Uttam C.R Datta Road, (312, Sonargaon Road),
Level-10, Hatirpool, Dhaka-1205

Mobile: 01552-638228, 01711-520770
01922-117370, 01757-941837

E-mail Address: shirazkhanbasak@yahoo.com

Website Address: www.shirazkhanbasak.bd.com

CORPORATE OFFICE

House # 05, Road # 06, Block # K, Baridhara Model Town, Gulshan, Dhaka-1212

Tel: +88 02 9885580, 8855808

Fax: +88 02 8811328

Email: info@ringshine.com

REGISTERED OFFICE & FACTORY

Plot # 224 -260, Extension Area, DEPZ, Ganakbari, Savar, Dhaka, Bangladesh

Tel: +88 02 7788980, Fax: +88 02 7788960-61

Email: info@ringshine.com

WEBSITE

www.ringshine.com

BANKERS

BRACK Bank Limited

City Bank Ltd

Dhaka Bank Ltd.

Dutch Bangla Bank limited

Eastern Bank Limited

HSBC

One Bank Ltd

Premier Bank Ltd

Prime Bank Limited

Standard Chartered Bank Ltd.

Uttara Bank limited

Woori Bank limited

SBAC Bank Ltd.

LISTING WITH

- Dhaka Stock Exchange Ltd. (DSE) on October 16, 2019
- Chittagong Stock Exchange Ltd. (CSE) on October 20, 2019

CORPORATE ACHIEVEMENTS

1. Year of Incorporation: 1997
2. Year of Commercial Operation: 1998
3. Year of Conversion to Public Limited Company: 2017
4. Year of Listing with Dhaka Stock Exchange Ltd. (DSE): 2019
5. Year of Listing with Chittagong Stock Exchange Ltd. (CSE): 2019
6. Authorized Capital: BDT 5,400 Million

Approved Nomination by

H&M
C&A
M&S
Inditex

Product Certification for

GOTS
OCS
BCI
Oeko-Tex

Our Awards:

Best Supplier Award by H&M
Income Tax

Our Clients



Our Products



Yarn



Fabric



PROFILE OF DIRECTORS

Mr. Sung Jye Min, Chairman

Mr. Sung Jye Min is a Singapore national. He is vastly experienced in Textile Industry and Leading RSTL with his innovative idea. He is well-reputed Businessman and highly qualified professional with proven record of success in marketing and project management. He visited many countries in connection with business and has gathered sufficient knowledge required to run a business smoothly and profitably.



Mr. Sung Jye Min is a Singapore national. He is vastly experienced in Textile Industry and Leading RSTL with his innovative idea. He is well-reputed Businessman and highly qualified professional with proven record of success in marketing and project management. He visited many countries in connection with business and has gathered sufficient knowledge required to run a business smoothly and profitably.



Mr. Sung Wey Min, Managing Director

Mr. Sung Wey Min is a visionary entrepreneur investor and philanthropist. He is vastly experienced in the textile and dying sector. He is an Indonesian national with dynamic leadership quality. Under the leadership of Sung Wey Min, Ring Shine Textiles Limited enjoyed huge business growth. Mr. Min's innovative business idea and ability to respond promptly to the contemporary changes in modern era's fashion and tastes are the keys to the success of Ring Shine Textiles Limited. He is energetic and dynamic.

Ms. Hang Siew Lai, Director

Ms. Hang Siew Lai is spouse of Chairman and she is a Singapore national. She obtained her Diploma degree in business from Singapore. She was working with the Chairman for many years early in her career and experienced in the Textile and Garment industry.



Mr. Hsiao Hai He, Director

Mr. Hsiao Hai He has proven capability of contributing values in Textile industries. He is 64 years old with dynamic leadership quality. He provides dynamic insights to the company's affairs, which is outstanding to accelerate the performance of RSTL.

Ms. Sung Wen Li Angela, Director

Ms. Sung Wen Li Angela is an Indonesian national. After completion of Graduation she has been working in Ring Shine Textiles Limited for many years. During the period, she gained business techniques in Yarn Dyeing, Spinning & Garments.



Mr. Sung Chung Yao, Director

Mr. Sung Chung Yao is an Indonesian national and Director of Ring Shine Textiles Limited. He has vast knowledge in textiles industry which is about 55 years. He made significant contribution to the development of Ring Shine Textiles Limited. He always hunts for better quality of products and maintain strong relations with the customers. He is an expert in the dyeing industry.

Ms. Sheao Yen Shin, Director

Ms. Sheao Yen Shin is an Indonesian national. She has been working in Ring Shine Textiles Limited for many years where she is contributing for the development of the company.



Mrs. Hsiao Liu Yi Chi, Director

Mrs. Hsiao Liu Yi Chi is a Taiwan national. She obtained her Diploma degree in Accounting from Taiwan. She worked many years early in her career in Textile industry. She has been contributing her gained knowledge in the company.



Mrs. Chuk Kwan, Director

Mrs. Chuk Kwan is spouse of Managing Director and she is a Singapore national. She obtained her BBM degree in business from Singapore. She worked with Managing Director for many years early in her career and experienced in the Textile industry.

**Md. Neamul Hasan Kamal, Independent Director**

Mr. Md. Neamul Hasan Kamal, aged 44, is the Independent Director of the Company. After completing MBA, he started his career in a multinational company engaged in Textiles and Garments industry. He is very much technical and efficient operating person in Textiles and Garments industry's manufacturing and marketing through 18 years of his career. He has visited many countries of the world in connection of business and has bagged to his credit a vast experience and knowledge in modern method, technology, production and Marketing & Management techniques of textiles industries by participating in several courses/seminars and visiting similar industrial concerns of the world.

Md. Hussain Shah Jawed, Independent Director

Mr. Md. Hussain Shah Jawed, aged 47, is the Independent Director of the Company. After completion of MBA, he worked in many reputed industries such as Textile and RMG sector. He is very much technical and efficient operating person in manufacturing and marketing of Textiles and Garments Industry. He has gained vast experience and Knowledge in modern method, production and Marketing & Management techniques of textiles industries during his career of 21 years.

**Md. Mohammad Monirul Hoque, Independent Director**

Mr. Mohammad Monirul Hoque, aged 44, is the Independent Director of the Company. After completion of his MBA degree, he engaged himself as internal audit & accounts in Garments and textiles industry. During his service career, he plays important roles in said department. By the course of time he became a department leader of industry with his skill and due leadership behavior. In course of time he became Independent Director of the concern. He is a man of target oriented, problem solving minded and properly equipped with modern tools & technique to challenge business environment and able to attain business object and goal.

AUDIT COMMITTEE REPORT

To:
The Board of Directors

From:
The Audit Committee

Subject: Report of the Audit Committee for the financial year 2019-2020.

Ring Shine Textiles Limited having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board in ensuring true and fair view of financial statements and a good monitoring system within the business.

The Audit Committee consists of the following persons:

Chairman	: Mohammad Monirul Hoque, Independent Director
Member	: Hang Siew Lai, Director
Member	: Chuk Kwan, Director
Member Secretary	: Asraf Ali, Company Secretary

The committee has worked closely with the company's financial team to ensure that the audit processes adopted in connection with the financial statements are dealt with best practice. The committee was empowered to examine the matter related to financial and other affairs of the Company. This committee ensures a sound financial reporting system and updated information to the Board of Directors.

The committee normally meets in the next month of every quarter. During the year 2019-2020, Audit Committee meetings were held, the details of attendance of each member at the Audit Committee meetings are as follows:

<i>Name of The Member</i>	<i>Number of Audit Committee Meeting Held</i>	<i>Attended</i>
<i>Mohammad Monirul Hoque</i>	5	5
<i>Hang Siew Lai</i>	5	5
<i>Chuk Kwan</i>	5	5
<i>Asraf Ali</i>	5	5

The Audit Committee of Ring Shine Textiles Ltd. oversees the financial reporting process on behalf of the Board of Directors of the Company. The committee reviewed and discussed the financial statements and related schedules with the Company management, accounting principles, control procedures, procedure and task of the internal audit and the external auditors' observations in their reports on the draft financial statements and significant judgment on the preparation & presentation of financial reports of the Company for the financial year ended on 30th June, 2020.

In fulfilling its oversight responsibilities, the Committee discussed with the Company's internal Auditors and Statutory Auditors about the overall scope and plans for their respective audit works. The Committee met with internal auditors, external auditors and management to discuss for the results of their examinations and for their evaluation of the Company's internal control and overall quality of the Company's financial reporting.

The Audit Committee is of the view that the internal control and procedures are adequate to present a true and fair view of the activities and financial status of the Company, and did not find any significant material deviation, discrepancies or any adverse findings/observation in the areas of reporting and disclosures.

Dated: Dhaka,
The 25th October 2020

On behalf of the Audit Committee
Sd/-
Mohammad Monirul Hoque
Chairman

DECLARATION BY MD & CFO'S TO THE BOARD OF DIRECTORS

28 October 2020

The Board of Directors
Ring Shine Textiles Limited
Plot # 224-260, East DEPZ,
Ganak Bari, Savar,
Dhaka-1349.

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

Dear Sirs,

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

- (1) The Financial Statements of Ring Shine Textiles Limited for the year ended on 30 June, 2020 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 audit 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 although there exists materials uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

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

-Sd-

Sung Wey Min
Managing Director

-Sd-

Mahfuzar Rahman
Chief Financial Officer

Message from the Chairman

Dear Shareholders,
Good Morning!

On behalf of the Board of Directors of the company, it is my great privilege and honor to present you the Directors' Reports together with the Financial Statements and Auditors' Report thereon for the year ended on 30 June 2020 in this 23rd Annual General Meeting of Ring Shine Textiles Ltd.

During the financial year ended on 30 June 2020, Ring Shine Textiles Limited like many other companies in this industry as well as in all other industry in most part of the world faced much challenges except for biochemical, pharmaceuticals and a few other industry sectors. You all know that the prevailing Covid-19 pandemic outbreak starts throughout the world in the late November 2019. In this period of catastrophe to achieve growth is inconceivable rather many of the companies are struggling to retain existing business and some of it are likely to face the threat of survival.

In this pandemic time lives of people are more vulnerable, mankind now is at greater risks, and pattern of life has changed much. Buying behavior also has changed significantly. Studies says about 5.20% contraction in Global GDP in 2020 may happen. During this difficult period the company achieved revenue of tk. 6,380.64 million which is 35.05% less than that of the financial year 2018-19 and generate net profit of tk. 134.60 million against of tk. 491.68 million in the previous year 2018-19, resulting a net decline about 72.62% from that of the previous year. These changes in operating results derived from the world wide impact of COVID-19, in response to confronted price competition by competitors' as well as huge decline in revenue. Throughout the last seven months of the year 2019-2020 the international market squeezed dramatically. In the financial year 2019-20 Bangladesh's export earnings from garments sector reached to \$ 27.94 billion from its peak of \$ 34.13 billion in immediate past financial year 2018-19, in terms of percentage it is about 18.12% decline from the previous year 2018-19. You all know from the provisional data of Export Promotion Bureau (EPB) the country has earned \$ 33.67 billion of export earnings against of \$ 40.53 billion of export receipts in 2018-19, which is a significant deviation of almost 17% decline from the previous year and about 26% less than that of the target export of \$ 45.50 billion for this fiscal year. Bangladesh has capitalized least on the benefits of recent trade war between China & U.S.A as compared to other competing countries like, Vietnam, Cambodia, Ethiopia, the Philippine, and Myanmar in capturing the market share shifted from China due to relocation of operation from higher cost to lower cost countries. Bangladesh need to keep up the improving trends of facilitating business friendly environment which is reflected in the Global Ease of Doing Business Index.

Capitalizing on the management expertise it has gained since inception, Ring Shine Textiles Ltd. will try to overcome the adverse situation of the Company as well as to do better in the days to come by creating and capturing new market for its products. We are hopeful for better return of our stakeholders in future despite of all the obstacles and challenges to face by converting those challenges into opportunities.

I would like to express my sincere thanks to our respected shareholders for extending continuous support and confidence on the Board of Directors of the Company. I would also like to place on record my appreciation of thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times. The success we have achieved so far was only possible because of the collective efforts of all concerned. Once again, I convey my heartiest thanks to all our stakeholders and look forward their continued support and co-operation in future.

Finally, my gratitude goes out to each and every loyal staff and management team member of the company for their efforts despite adverse external factors, to sustain high service levels and support the company with their hard work, dedication and loyalty.

Thanking you all with wishes of healthy and prosperous life.



Sung Jye Min
Chairman
Ring Shine Textiles Limited



MESSAGE FROM THE MANAGING DIRECTOR & CEO

Dear Shareholders,
Good Morning,

Respected Directors, Shareholders, Guests, Media Representatives, Ladies & Gentlemen; it is an admirable indulgence for me to greeting you all to the 23rd Annual General Meeting of your Company and to present the Annual Report before you for the financial year ended on 30th June, 2020.

The Year 2019-2020 was started with immense hope & expectation that the Company will do better than before by availing and utilizing the IPO fund as disclosed in the prospectus for the Initial Public Offering (IPO). Unfortunately, Corona Virus began to spread out almost across the globe in the late December of 2019. This COVID-19 pandemic challenged human lives almost around the world, squeezed world economy significantly by reducing world GDP. To some extent it has influenced much the business entities all over the world to scale down of its operation, a few of the businesses are facing challenges to survive. At this critical juncture, realization of expected result is nothing but a dream. Many of the businesses are changing their business model to cope with the unexpected situation. Ring Shine Textiles Limited also facing some operational challenges due to the overall impact of COVID-19 pandemic, like shortage of imported raw materials, declining orders from buyers, shortage of working capital etc. In this difficult time, Ring Shine Textiles Limited could not do as expected at the beginning of the year regarding the existing operational performance. Nothing could have been done regarding the utilization of the IPO fund for implementation of Denim project. In addition to this, the changing business environment are forcing management to rethink and revise the implementation of the said Denim project in a more profitable and suitable manner which may bring more value creation for shareholders of Ring Shine Textiles Limited. Management of Ring Shine Textiles Limited are sincere about their responsibilities towards its stakeholders. It would be our individual as well as group responsibility to fulfill our commitments in our own sphere of activities, that the nation may attain its expected goals leading to extinction of poverty, creation of employment, raising bar of living standard for the mass population on our part through contribution to the GDP of Bangladesh.

Now, I would like to highlight some points for your kind information and understanding. The financial year of 2019-2020 was a much challenged year for the Company. In the year ended 30th June 2020, the operating results has been declined significantly which is explained in some other part of this report. The socio political environment has posed substantial vulnerability to the overall business environment, textiles industry has suffered much by confronting price cut by neighboring, competing countries. Strategies in response to those price fluctuations and lightly, the overall competitive market forces, particularly cost of inputs are the key drivers for these financial results in the most recent financial year 2019-20. Facilitation of congenial business environment by government enable us to remain competitive, market the goods and contribute to the national economy by foreign exchange.

Business Results:

The company's performance metrics emphasize three priorities for improving shareholders value: growth, leverage and returns. The company's priority of growth focus on sales growth; the priority of leverage encompasses the company's metric to increase our operating result at a faster rate than the growth in net sales by growing our operating, selling, general and administrative expenses at a slower rate than the growth of our net sales; and the priority of returns focuses on how efficiently the company employs its assets through return on investment (ROI) and how effectively the company manages working capital through free cash flow. Your company's sales and profitability have been decreased in the year ended on 30th June 2020 comparing to the previous year because of the overall impact of COVID-19, increased production cost, decline in price of goods sold in the marketplace. Details are given elsewhere in this Annual Report; here I will only summarize our business outcome for the year ended on 30th June 2020 where Sales were TK. 638.06 Crore; Gross Profit stood at Tk. 56.68 Crore and Net Profit Tk. 13.46 Crore.

Business Expansion:

Bangladesh has the great potential to be the destination for entrepreneurs for establishing manufacturing units and to cater wider market segments around the globe by capitalizing on the benefits expected to arise from the US-China trade war, lower cost of labor, available skilled, semi-skilled manpower etc. In pursuit of growth & expansion, Ring Shine textiles Limited is going to revise the utilization of the rest IPO fund upon shareholders' approval for achieving that objective to create more value and to ensure better return for its investors. I hope RSTL will be able to generate more value for its investors in the days to come if the challenges can be faced appropriately.

Marketing & Promotion:

A highly experienced, self-motivated, team of marketing management is devoted for promoting and marketing of your company's products to the existing market as well as to create new market by promotional activities. Improved network among traders and consumers have made potential for our marketing panel to continue the market base. This has become possible due to our commitment to the customers and continuous effort to improve on quality of products and services. We hope to carry on our endeavor through the year ahead with more speed and competency.

Environmental & Ecological Obligation:

You are entirely aware that maintaining suitable environmental and ecological balance is very important for a healthy society & nationalized improvement. We are evenly concerned and have been patiently pursuing the principle of maintaining appropriate environment, reducing environmental pollution and established a zero tolerance policy in order to make sure that we become environment friendly, not destroyers. We strongly believe that a healthy society can bring out the best for society.

Acknowledgements:

The world economy is struggling hard to rehabilitate and revive again after the world wide impact of COVID-19. As you know, our revenue is generated from exporting, and due to the unbalanced global factors we faced difficulties in marketing our products on a regular basis. However, we have set on a mission of Globalization using all of our experience, expertise and know-how developed in Bangladesh over the years. We are growing our perspective and we can attain this with our spiritual strength on our people and skill.

Conclusion:

I would like to express my wholehearted thanks to all of our shareholders, executives and officers for extending their continuous support & contribution and patronize in our future endeavor.

I would also like to thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times.

I whole heartedly hope and pray to the Almighty Allah to help us achieving our objects and lead us to a profitable and respectable future.

Thanking you all for your kind participation.



Sung Wey Min
Managing Director
Ring Shine Textiles Limited



DIRECTORS' REPORT

Bismillahir Rahmanir Rahim,
Dear Shareholders,
Assalamu-Alaykum,

On behalf of the Board of Directors of your company, I welcome you all to the 23rd Annual General Meeting of Ring Shine Textiles Limited. We, the members of the Board are pleased to present Directors' Report, Auditors' Report along with the Audited Financial Statements for the financial year ended on 30th June 2020 before you for your consideration and approval. In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1 (International Accounting Standard-1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), these reports have been prepared and being presented before the shareholders for the financial year ended on 30th June 2020.

Principal Activity: The Company is engaged in production of Acrylic yarn, Fancy yarn, and Cotton yarn, Polar Fleece, CVC/TC Fleece, and Cotton Fleece.

Company's Operational Activity: The Company's production capacity, actual production along with capacity utilization during the last five years of operation are summarized below:

Particulars		2019-20	2018-2019	2017-2018	2016-2017	2015-16 18 Months
Dyed Yarn- Acrylic & Cotton based	Production Capacity	27,540,000	27,540,000	27,540,000	27,540,000	41,310,000
	Actual Production	16,198,040	22,105,421	22,541,876	19,040,000	26,096,045
	% of Capacity Utilization	58.82%	80.27%	81.85%	69.14%	63.17%
Spinning - Acrylic Yarn	Production Capacity	5,100,000	5,100,000	5,100,000	5,100,000	7,650,000
	Actual Production	4,217,219	4,952,401	4,967,142	4,865,240	6,579,122
	% of Capacity Utilization	82.69%	97.11%	97.39%	95.40%	86.00%
Fleece Fabric Knitting	Production Capacity	12,160,000	12,160,000	12,160,000	12,160,000	18,240,000
	Actual Production	6,085,642	9,405,217	9,354,184	8,955,940	12,720,673
	% of Capacity Utilization	50.05%	77.35%	76.93%	73.65%	69.74%
Fleece Fabric Dyeing & Finishing	Production Capacity	13,000,000	13,000,000	13,000,000	13,000,000	19,500,000
	Actual Production	5,997,298	8,741,564	8,971,542	8,841,268	11,505,792
	% of Capacity Utilization	46.13%	67.24%	69.01%	68.01%	59%

1. COST OF PRODUCTION:

The cost of production has varied during the past years primarily due to wide fluctuations in the price and availability of raw materials, packing materials, fuel & power, and spare parts, and finally the impact of COVID-19 which were beyond the control of Management. The level of costs and their incidences are given below:

b) Cost of Production (BDT)	2019-20	2018-2019	2017-2018	2016-2017	2015-16 18 Months
Raw Materials Consumed-yarn	2,936,410,706	4,317,277,075	4,131,744,110	2,973,081,443	4,238,200,824
Raw Materials Consumed-Acrylic Tow	631,851,297	919,098,016	988,540,636	1,198,764,512	1,519,374,440
Raw Materials Consumed-Yarn for Polar Fleece	990,344,170	1,530,898,048	1,611,673,246	1,577,759,856	2,291,978,531
Raw Materials Consumed-Chemicals	212,307,447	282,081,873	315,924,748	293,226,454	435,365,837
Raw Materials Consumed-Dyestuff	99,137,306	119,054,666	139,392,326	136,006,932	222,250,834
Packing Materials Consumed	39,191,120	46,431,204	43,696,694	39,116,742	51,831,237
WIP-Opening	179,836,405	1,527,641,530	125,406,394	143,989,122	136,525,919
WIP-Closing	398,241,637	179,836,405	127,641,530	125,406,394	143,989,122
Manufacturing Overhead (Excluding depreciation)	899,893,079	1,213,390,055	1,195,727,874	1,063,951,349	1,461,394,999
Depreciation	444,563,290	457,723,490	466,810,838	473,079,475	739,427,123
Total	6,035,293,183	8,833,759,552	8,891,275,336	7,773,569,491	10,952,360,622

(i) Industry outlook and possible future developments in the industry:

RMG is the largest contributing sector to the export earnings of Bangladesh accounts for almost 83% of merchandise exports in the year of 2019-20. In the financial year 2019-20 Bangladesh's export earnings from garments sector reduced to \$ 27.94 billion from its peak of \$ 34.13 billion in immediate past financial year 2018-19, in terms of percentage it is about 18.12% decline from the previous year 2018-19. According to provisional data of Export Promotion Bureau (EPB) of Bangladesh the country has earned \$ 33.67 billion of export earnings against of \$ 40.53 billion of export receipts in 2018-19, which is a significant deviation of almost 17% decline from the previous year and about 26% less than that of the target export of \$ 45.50 billion for this fiscal year. As per WTO data the annual value of the top 10 garment exporters stood at \$411.0 billion in 2019, down slightly from \$421 billion in 2018. In the year 2019 Bangladesh remained in the 2nd position among the global garment and apparel marketers, accounts for almost 6.80% of the total. We are next to China, which is the global market leader achieved almost 30.80% of the global market share.

So, there is a huge gap between the highest (China) and the immediate competing country like Bangladesh has potentials to cover up more market share from the benefits of US-China trade war. RMG sector of Bangladesh is growing year-on-year basis, although it is slower than the other competing countries in this sector. It is expected that the growth trend will continue under the prevailing market conditions and greater growth potential is largely depends upon the capability of gaining competitive advantage from the US-China trade war. As your company is currently engaged in producing and marketing of mainly Sweaters products which is growing up significantly by achieving exports earning of \$ 4.25 billion in the year of 2018-19 from \$ 3.67 billion in the financial year 2017-18 accounts for almost 15.82% increase indicates potential for development in this segment of garment industry of Bangladesh. In the last couple of years Sweater manufacturing wing of this country has upgraded machinery and technology along with significant improvement in safety standard. Beside this, Extended Winter season in the western countries due to climate change creating more demand for winter clothes may impact our Sweater market positively. Despite the historical growth of this industry and its bright prospects, challenges are still there. However, we always believe in building capacities so that challenges can be turned into opportunities. If they are addressed with steely determination and pragmatic steps and such instances are galore in our history.

(ii) Segment-wise or product –wise performance:

The following table indicates revenue of major products and its contribution percentage for the last two comparative periods:

Products	12 months ended 30-06-2020		12 months ended 30-06-2019	
	Taka	Percentage	Taka	Percentage
Acrylic Yarn	4,675,418,761	73.28%	7,025,064,268	71.51%
Polar Fleece	1,705,216,394	26.72%	2,798,635,027	28.49%
Total	6,380,635,155	100.00%	9,823,699,295	100.00%

(iii) Risks and concerns:

As you know your company is producing and marketing intermediary goods for the domestic exporters receiving orders from international retail brands around the globe, demand for our products is largely depend upon the performance of the respective exporters. Beside this, market demand for our products may fluctuate on the basis of change in consumption pattern, taste, fashion and technology. In addition to this, emerging market economies like Vietnam, Cambodia, Indonesia, Myanmar, and Ethiopia etc. posing challenges for us as competitive rivalry which is evidenced in the most recent global market statistics. All sectors of the garments and textile industries face many of the same challenges. The main problems are lack of supply of power and increasing cost of power & energy along with other factors of production which may cause to lose competitiveness in the international market. Labor unrest is another concern for this industry causing disruption of production. In addition to this, the prevailing COVID-19 pandemic poses much challenges on the smooth functioning of the Company.

(iv) Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold:

Cost of Goods Sold (COGS) is the expenses a company incurred in order to manufacture, create or to sell a product. It includes the purchase price of the raw materials as well as the expenses of turning it into a finished product. The Cost of goods sold for the 12 months' period ended on 30.06.2020 was Tk. 5,813.83 million as compared to the immediate past 12 months' period ended on 30.06.2019 of Tk. 8,817.02 million. Production capacity utilization during the period ended 30.06.2020 was 58.82% whereas 80.27% during the immediate preceding 12 months ended on 30.06.2019 for Dyed yarn – Acrylic and Cotton based, 82.69% from 97.11% for Spinning of Acrylic yarn, the capacity utilization stood at 50.05% from 77.35% for Knitting of Fleece fabric and to 46.13% from 67.24% in the last financial year, 2018-2019 for Dyeing and Finishing of Fleece fabric. The 34.06% reduction in Cost of Goods Sold (COGS) mostly accounts for the significant decrease in capacity utilization as compared to the previous year.

(b) Gross Profit:

Gross Profit is the difference between sales and the cost of goods sold.

Gross Profit = (Sales-Cost of Goods Sold)

The Gross Profit margin is one indicator to diagnose the financial health of a business. Larger gross profit margins are better for business-the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit/Sales) X 100

The company has achieved an export turnover of Tk. 6,380.63 million during the 12 months ended 30th June, 2020 which was Tk. 9,823.70 million in the last financial year. The decrease in turnover is 35.05% compared to the previous year mostly due to the impact of COVID-19, price competition among peer companies as well as impact of change in fashion, and relocation of buyer's destination to some extent. The Gross Profit Margin (GP) % has increased by around 1.50% from 9.76% to 11.26% in respect of immediate past financial year. Gross profit earned during the 12 months ended 30th June, 2020 was Tk. 566.80 million as compared to last year's gross profit of Tk. 1,006.67 million.

Net Profit:

Net Profit is calculated by subtracting expenses including Tax from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit= Gross Profit-Expenses with Tax

Operating profit margin is reduced to 6.78% from 8.75% in the immediate past financial year. The operating income figure is tk. 432.80 million this year in comparison to the previous year of tk. 859.30 million which is almost 49.63% reduction than that of the previous year.



The operating expenses increased at 2.10% of revenue from 1.50% in the previous year. The Net Profit Margin has significantly reduced to 2.11% from 5.01% in the last financial year. This is because of the high level of fixed expenses against the low level of revenue. The company earned after tax profit for the financial year 2019-2020 is Tk. 134.60 million as compared to last year's Net profit (after tax) of Tk. 491.68 million.

(v) Extra-Ordinary gain or loss:

There is no extraordinary gain or loss occurred during the reporting period.

(vi) Business Transaction with Related parties

Name of related parties	Types of transaction	Total amount
1. Shine Fashion Ltd.	Export	999,472,866
2. Avant Garde Fashion Ltd.	Export	1,044,286,026

Related Party Transactions are depicted in Note No. 32.00 in the Notes of Accounts.

(vii) The Company has utilized tk. 50 Crore as repayment of loan from the proceeds raised through public issues (IPO) during the year ended 30 June 2020 in addition to the IPO Expenses as depicted in Note No. 24.00 in the Notes to the Accounts. However, as on 30 September 2020 the Company utilized the said fund as under:

Sl #	Purpose of Utilization	Utilization plan as per Prospectus (Tk.)	Total Utilization of Fund (Tk.) up to September 30, 2020	Unspent Balance (Tk.)
1	Acquisition of Machineries and Equipment	964,000,000	-	964,000,000
2	Loan Repayment	500,000,000	500,000,000	-
3	IPO Expenses	36,000,000	35,397,757	602,243
	Total	1,500,000,000	535,397,757	964,602,243

(viii) It is evident from the financial statements of the Company that in the year of 2019-20, after Initial Public Offering (IPO) in the reporting period the company faces some financial deterioration in respect of revenue which is reduced by almost 35.05% from that of the previous year. That ultimately leads to a lesser net profit margin. The impact of prevailing COVID-19 is largely responsible for the decline. For your information, the Company only utilized tk. 50 crore of the IPO proceeds for repayment of loan during the period in addition to the IPO Expenses. The rest of the IPO fund of tk. 96.40 Crore was unspent as on the reporting period ended on 30 June 2020.

(ix) Variance between Quarterly Financial performance and Annual Financial Statements:

There is no significant variance between the Quarterly Financial performance and Annual Financial Statements.

(x) Remuneration to directors including independent directors:

The remunerations of Directors for the 12 months' period ended 30.06.2020 are as follows:

Name	Status	Remuneration	Board Meeting fees	Total
Mr. Sung Wey Min	Managing Director	2,137,080	14,000	2,151,080
Mr. Sung Jye Min	Chairman	-	9,000	9,000
Ms. Hang Siew Lai	Director	-	6,000	6,000
Ms. Sung Wen Li Angela	Director	2,103,060	13,000	2,116,060
Mr. Sung Chung Yao	Director	-	5,000	5,000
Mrs. Sheao Yen Shin	Director	-	6,000	6,000
Mrs. Hsiao Liu Yi Chi	Director	-	5,000	5,000
Mrs. Chuk Kwan	Director	-	4,000	4,000
Md. Hussain Shah Jawed	Independent Director	-	12,000	12,000
Md. Neamul Hasan Kamal	Independent Director	-	12,000	12,000
Mohammad Monirul Haque	Independent Director	-	12,000	12,000
Total		4,240,140	98,000	4,338,140

Remuneration of Directors including Independent Directors have been shown in Note no. 32 in the Notes of Accounts.

(xi) Statement of Directors on Financial Reports:

- The financial statements of the company prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- 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 have been adequately disclosed.
- The management of the company has designed, effectively implemented and monitored a sound system of internal control.
- There are no significant doubts upon the company's ability to continue as a going concern.

(xii) Deviation from the last year's operating results:

The operating results for the year under review have been decreased as compared to the last year's financial performance mainly due to worldwide impact of COVID-19, responding to the price cut of peer companies, increasing trend of cost of inputs used in the production process, relocation of some of the buyer's sourcing destination. Sales revenue stood at Tk. 6,380.64 million from Tk. 9,823.70 million in the last year resulting in a decline of 35.05%. Gross profit margin has been increased to 11.26 from 9.76% in the previous leaving a 1.50% increase in GP Margin. Net profit margin decreased by almost 2.90% from the last year due to covering up fixed cost along with other reasons. The Board perceived this deviation is not unusual considering the impact of COVID-19 in the international market. On the other hand, the cash flow pattern also has deteriorated for the year which is reflected in Net Operating Cash Flow Per Share reached to Tk. (0.76) as compared to the previous year of Tk. 1.83. Despite of all the adversity, the company management expect to operate more competitively in the coming days by diversifying its operation beyond its existing operational area.

(xiii) Key operating and financial data of last preceding 5 (five) years:**Operational Data:**

Particulars	Year Ended on June 30				
	2020	2019	2018	2017	2016 (18 Months)
Turnover (Tk)	6,380,635,155	9,823,699,295	9,995,341,888	8,812,496,183	12,494,804,476
Gross Profit (Tk)	566,804,138	1,006,672,754	1,115,846,003	1,052,581,321	1,527,271,512
Net Operating Profit (Tk)	149,453,630	574,735,157	647,352,280	595,087,837	822,542,850
Net Profit before tax (Tk)	161,089,683	579,596,328	653,487,166	601,719,854	831,985,675
Net Profit after tax (Tk)	134,599,060	491,684,645	554,237,114	510,135,473	705,299,259
Net Profit for ordinary shareholders	134,599,060	491,684,645	554,237,114	510,135,473	705,299,259
Basic EPS (Tk) – (Restated)	0.29	1.72	1.99	1.84	2.55
Dividend per share (%) (1% Stock & 1% Cash)	2%	15%	0%	0%	0%

(xiv) Key operating and financial data of last preceding 5 (five) years:**Financial Data:**

Particulars	Year ended on June 30				
	2020	2019	2018	2017	2016 (18 months)
Authorized Capital (Tk)	5,400,000,000	4,400,000,000	2,900,000,000	500,000,000	500,000,000
Paid up Capital (Tk)	5,003,130,430	2,850,548,200	2,850,548,200	99,500,000	99,200,000
Face value per share (Tk)	10	10	10	10	1,000
Retained Earnings (Tk)	3,697,697,255	4,240,497,071	3,754,039,926	3,199,802,812	2,689,667,339
Current Assets (Tk)	7,706,002,107	6,528,023,891	5,932,562,724	5,059,109,254	4,876,797,977
Current Liabilities (Tk)	4,161,098,822	4,925,977,614	4,940,877,235	4,634,798,020	5,019,538,455
Current Ratio	1.85	1.33	1.2	1.09	0.97
Quick Ratio	0.90	0.69	0.6	0.5	0.47
Debt-Equity Ratio	0.43	0.52	0.57	1.03	1.29
Time Interest Earned Ratio	1.71	3.35	3.25	3.1	2.98
Return on Assets	1.04%	3.99%	4.76%	4.57%	6.56%
Return on Equity	1.70%	7.18%	11.19	16.76	28.95%
Earnings per share	0.29	1.72	1.99	1.84	2.55
Dividend per share	2%	15%	-	-	-
Inventory Turnover	1.66	2.93	3.17	3.02	5.12
Asset Turnover	0.49	0.8	0.86	0.79	1.16
Number of Shares	500,313,043	285,054,820	285,054,820	9,950,000	99,200

(xv) Declaration of Dividend: The Board of directors recommended a 2% dividend (1% cash & 1% stock) for shareholders of the Company for the year ended 30 June 2020.

(xvi) Interim Dividend: The Board of Directors confirm that no bonus shares or stock dividend has been declared as interim dividend and of the opinion that shall not be declared any stock or bonus share as interim dividend in future.

(xvii) Number of Board Meetings:

The Board met 14 times during year ended 30 June 2020. Following table shows the attendance of Directors in the meeting:

Name of the Director	Position	Number of Meeting Held	Number of Meeting Attended
Sung Jye Min	Chairman	14	9
Sung Wey Min	Managing Director	14	14
Hang Siew Lai	Director	14	6
Sung Wen Li Angela	Director	14	13
Sung Chung Yao	Director	14	5
Sheao Yen Shin	Director	14	6
Hsiao Liu Yi Chi	Director	14	5
Chuk Kwan	Director	14	4
Md. Hussain Shah Jawed	Independent Director	14	12
Md. Neamul Hasan Kamal	Independent Director	14	12
Mohammad Monirul Hoque	Independent Director	14	12

The members who could not attend the meeting were granted leave and outside of the country.

(xviii) The pattern of shareholding:

a) Parent/ Subsidiary/ Associated Companies and other related parities

Number of shares held: Ring Shine Textiles Limited (RSTL) has no parent/subsidiary/associated relationship with any other entity except other related party relationship. As RSTL has no investment in other entities and neither entity has investment in RSTL. Other related party relationship exists on account for common management involvement.

b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance and their spouses and minor children:

Name	Position	Number of shares held
Sung Jye Min	Chairman	17,127,812
Sung Wey Min	Managing Director	21,380,397
Hang Siew Lai	Director	17,008,500
Hsiao Hai He	Director	16,849,685
Sung Wen Li Angela	Director	17,179,217
Sung Chung Yao	Director	17,002,750
Sheao Yen Shin	Director	16,987,570
Hsiao Liu Yi Chi	Director	17,116,255
Chuk Kwan	Director	17,167,165
Md. Neamul Hasan Kamal	Independent Director	-
Md. Hussain Shah Jawed	Independent Director	-
Mohammad Monirul Hoque	Independent Director	-
Asraf Ali	Company Secretary	-
Md. Mahfuzur Rahman	Chief Financial Officer	-
ATM Saiful Islam	Head of Internal Audit and Compliance	-
Other than above, none of the spouse and minor children hold any shares of the company		

c) Executives:

Number of shares held : Nil

d) Shareholders holding ten (10%) or more voting interest in the company:

Currently none of the shareholders holding ten (10%) or more voting interest in the company.

(xix) Appointment/ re-appointment of directors of the company:***Retirement: Following Directors will retire in the AGM:***

1. Ms. Sung Wen Li Angela
2. Mr. Sung Chung Yao,
3. Mdm. Sheao Yen Yao and
4. Mrs. Hsiao Liu Yi Chi will retire.

Appointment/Re-appointment:

1. Ms. Sung Wen Li Angela, being eligible offering himself for re-election as Director.
2. Mr. Sung Chung Yao, being eligible offering himself for re-election as Director.
3. Mdm. Sheao Yen Yao being eligible offering herself for re-election as Director and
4. Mrs. Hsiao Liu Yi Chi being eligible offering herself for re-election as Director.

- a) a brief resume of the director presented elsewhere in the annual report
- b) Nature of his or her expertise in specific functional areas presented elsewhere in the annual report.
- c) Name of companies in which the person also holds the directorship and the membership of committees of the Board:

(xx) Director's involvement in other companies:

Sl.	Name	Designation in RSTL	Directorship/Ownership with Other Companies	
			Companies	Position
1	Sung Jye Min	Chairman	Avant Garde Fashion Ltd.	Chairman
2	Sung Wey Min	Managing Director	Shine Fashion Co. (Pvt.) Ltd.	Director
			Universe Knitting Garments Ltd.	Chairman
3	Hang Siew Lai	Director	Avant Garde Fashion Ltd.	Director
4	Hsiao Hai He	Director	Shine Fashion Co. (Pvt.) Ltd.	Director

(xxi) Auditors:

a) Auditors', Shiraz Khan Basak & Co., Chartered Accountants audited the financial statements of the Company for the year ended 30th June 2020 and report thereon accordingly. Shiraz Khan Basak & Co., Chartered Accountants express their interest to act as the auditor for the year ended 30th June 2021 and seek your kind approval for re-appointment with an honorarium as per fees structure of the ICAB.

b) Mujibur Rahman & Co., Cost & Management Accountants acted as auditors to audit compliance conditions on the Corporate Governance code for the financial year ended 30th June, 2020 and reported accordingly. Mujibur Rahman & Co., Cost & Management Accountants expressed their interest for re-appointment as auditors to audit compliance conditions on the Corporate Governance code for the financial year ended 30th June, 2021 with an honorarium Tk. 50,000/- (taka fifty thousand) only.

(xxii) Corporate Governance Compliance Report:

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Corporate Governance Report is annexed.

(xxiii) GOING CONCERN:

The management of the company believes that the company has adequate resources to continue in operation for foreseeable future. For this reason, the directors thought to adopt going concern basis in preparing the Financial Statements. The management of the company also believes that the current credit facilities and resources of the company will be capable to provide sufficient fund to meet present requirements of its existing businesses and operations. On the other hand, due to worldwide impact of prevailing COVID-19 pandemic, the company faces declining orders from foreign buyers, scarcity in import which collectively impacted on revenue, working capital, business expansion etc. The company faces some financial difficulties to meet up its working capital requirement and continue in smooth operation thereafter the reporting period. In that consequence, from 26 September 2020, the Company has declared Lay off of the factory that extended up to 24 December 2020 and if the situations continue that may impact on the sustainability of the company business. However, the company management is trying to overcome the adverse situation and to recover the lost affairs.

(xxiv) INTERNAL CONTROL SYSTEM:

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

(xxv) MINORITY SHAREHOLDERS' PROTECTION:

The Board is and shall be committed to respect the rights of the minority shareholders to voting, right to information, dividends and appraisal of any alteration in Memorandum and Articles.



(xxvi) MANAGEMENT DISCUSSION AND ANALYSIS:

The Board of Directors converse on issues like decrease in revenue, increase in cost of goods sold, decline in gross and net profit margin. The Board also takes instant actions on the inquiry as required. A detailed report on discussion in the regard is comprised in the report.

(xxvii) SUBSEQUENT EVENTS:

There is no subsequent event after the date of balance sheet and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

(xxviii) AUDIT COMMITTEE:

The Board has constituted the Audit Committee as follows:

Chairman	: Mohammad Monirul Hoque
Member	: Hang Siew Lai
Member	: Chuk Kwan
Member Secretary	: Asraf Ali

During the reporting period under review, the Committee held five meetings. A detailed of the roles and activities of the Audit Committee has been provided in “The Report of The Audit Committee”.

(xxix) NOMINATION AND REMUNERATION COMMITTEE (NRC):

Nomination and Remuneration Committee (NRC) has been formed as follows as per provision of Corporate Governance Guidelines Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC) within 31 December 2018.

Chairman	: Md. Neamul Hasan Kamal
Member	: Ms. Sung Wen Li Angela
Member	: Mr. Sung Wey Min
Member Secretary	: Asraf Ali

(xxx) CONTRIBUTION TO NATIONAL EXCHEQUER:

Being a responsible business entity, Ring Shine Textiles Limited is contributing and facilitating to Government’s revenue. In the reporting period, we have contributed significant amount in this regards.

(xxxi) CORPORATE SOCIAL RESPONSIBILITY (CSR):

Over the years, your company’s commitment to Corporate Social Responsibility (CSR) activities is part and parcel of the Company’s business model. Your Company has been contributing to the welfare of the community, research and development and protection of environment.

(xxxii) WEBSITE:

Company maintains a website named “www.ringshine.com” which is linked with the websites of the stock exchanges of Bangladesh and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

(xxxiii) HUMAN RESOURCES:

Human Resources are a fundamental asset across the entire business model. The development of the company builds its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork. The HR Department of your company operates with specific policy, manual and plan which is approved by the Board of Directors. We provide on-the-job training and development opportunities to enhance our employees’ carrier progression. Through different training, staff’s professional knowledge in corporate operations, occupational and management skills are enhanced. Ring Shine Textiles Limited is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms and conditions of employment, expectations for employees’ conduct and behavior, employees right and benefits. We establish and implement policies that promote a harmony and respectful workplace.

(xxxv) CODE OF CONDUCT:

The underlying philosophy of Ring Shine Textiles Limited’s Code is to conduct the business in an ethical manner as well as to create a work environment that is conducive for members and stakeholders alike, based on the Company’s values and beliefs. Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

(xxxvi) DIRECTORS’ RESPONSIBILITIES STATEMEN:

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Directors confirm that:

- i) The financial statements prepared by the management of Ring Shine Textiles Limited fairly present 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 judgment.
- iv) International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.



- vi) There are no doubts upon the Company's ability to continue as a going concern and the accounts have been prepared on going concern basis.
- vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.
- viii) The key operating and financial data of last 5 years have been disclosed in this report.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director have been disclosed in this report.
- x) The pattern of shareholding is disclosed in in this report.
- xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in in this report.
- xii) Directors' profile is attached in this report and their directorship and business interest in other organizations have been disclosed adequately.

APPRECIATION:

The board of directors wishes to place on record their appreciation of thanks to shareholders, customers and suppliers for their continued support. Your Directors also wish to place on record their appreciation for the contribution made by the employees at all levels to the continued growth and prosperity of the company.

The Board would also like to thanks all stakeholders including banks, Insurance Companies, BEPZA, BSEC, DSE, CSE, CDBL, RJSC and various government authorities, trade bodies for their extended co-operation.

We look forward to brighter future for all of us.
On behalf of the Board



Sung Jye Min
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW 2019-2020

Let us present before you a short review on the total operational and financial performance of your company from 01 July 2019 to 30 June 2020.

ECONOMIC OUTLOOK

RMG sector is the driving force for the growth of the economy of Bangladesh. This year this sector has contributed almost 83% of the total exports of Bangladesh. Data from various source reveals that the total exports earnings of Bangladesh is \$ 33.67 billion of which \$ 27.95 billion from RMG sector. These year's export earnings have been reduced by about 16.93% from the previous year. This is because mainly due to the worldwide impact of COVID-19. Lack of diversified and value added products and sluggish private investments are the root causes of this negative trend in the apparel sector. Export earnings from the textile sector is mainly dependent on four to five basic products such as T-shirts, sweaters and other knit products.

To solve this problem, experts are strongly suggesting to focus on manufacturing value-added products and attracting new foreign investments. Bangladesh won't be able to stay long as a strong competitor in the global market because of its low-cost labor advantage.

Sweater manufacturers and trade analysts have opined that technological up gradation has contributed a lot to increase the exports earnings, while extended winter expedite the growth.

However, the profits margin has slowed down as the production cost went up, while buyers are not increasing prices rather cutting. To achieve the \$50 billion export target Bangladesh will have to earn \$10 billion in the next years as speculated by the industry insiders. Still Bangladesh remains the world's second largest garment exporter.

ACCOUNTING POLICIES AND CHANGES:

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

For a proper understanding, these accounting policies are set out in a detailed statement in Note No: 3.00 of the Accounts.

FY 2020 Financial Performance and Position:

The discussions in this section relate to the financial results pertaining to the year that ended June 30, 2020. The financial statements of Ring Shine Textiles Limited have been prepared in accordance with the International Accounting Standards (referred to as “IAS”), International Financial Reporting Standards (referred to as “IFRS”), as per the Companies Act, 1994, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the financial statements - 2. The following table gives an overview of the financial results of the Company:

Key operating and financial data of last preceding 5 (five) years:**Operational Data:**

Particulars	Year Ended on June 30				
	2020	2019	2018	2017	2016 (18 Months)
Turnover (Tk)	6,380,635,155	9,823,699,295	9,995,341,888	8,812,496,183	12,494,804,476
Gross Profit (Tk)	566,804,138	1,006,672,754	1,115,846,003	1,052,581,321	1,527,271,512
Net Operating Profit (Tk)	149,453,630	574,735,157	647,352,280	595,087,837	822,542,850
Net Profit before tax (Tk)	161,089,683	579,596,328	653,487,166	601,719,854	831,985,675
Net Profit after tax (Tk)	134,599,060	491,684,645	554,237,114	510,135,473	705,299,259
Net Profit for ordinary shareholders	134,599,060	491,684,645	554,237,114	510,135,473	705,299,259
Basic EPS (Tk) – (Restated)	0.29	1.72	1.99	1.84	2.55
Dividend per share (%) (1% Stock & 1% Cash)	2%	15%	0%	0%	0%

Key operating and financial data of last preceding 5 (five) years:**Financial Data:**

Particulars	Year ended on June 30				
	2020	2019	2018	2017	2016 (18 months)
Authorized Capital (Tk)	5,400,000,000	4,400,000,000	2,900,000,000	500,000,000	500,000,000
Paid up Capital (Tk)	5,003,130,430	2,850,548,200	2,850,548,200	99,500,000	99,200,000
Face value per share (Tk)	10	10	10	10	1,000
Retained Earnings (Tk)	3,697,697,255	4,240,497,071	3,754,039,926	3,199,802,812	2,689,667,339
Current Assets (Tk)	7,706,002,107	6,528,023,891	5,932,562,724	5,059,109,254	4,876,797,977
Current Liabilities (Tk)	4,161,098,822	4,925,977,614	4,940,877,235	4,634,798,020	5,019,538,455
Current Ratio	1.85	1.33	1.2	1.09	0.97
Quick Ratio	0.90	0.69	0.6	0.5	0.47
Debt-Equity Ratio	0.43	0.52	0.57	1.03	1.29
Time Interest Earned Ratio	1.71	3.35	3.25	3.1	2.98
Return on Assets	1.04%	3.99%	4.76%	4.57%	6.56%
Return on Equity	1.70%	7.18%	11.19	16.76	28.95%
Earnings per share	0.29	1.72	1.99	1.84	2.55
Dividend per share	2%	15%	-	-	-
Inventory Turnover	1.66	2.93	3.17	3.02	5.12
Asset Turnover	0.49	0.8	0.86	0.79	1.16
Number of Shares	500,313,043	285,054,820	285,054,820	9,950,000	99,200

COST OF GOODS SOLD (COGS)

(c) Cost of Goods Sold:

Cost of Goods Sold (COGS) is the expenses a company incurred in order to manufacture, create or to sell a product. It includes the purchase price of the raw materials as well as the expenses of turning it into a finished product. The Cost of goods sold for the 12 months' period ended on 30.06.2020 was Tk. 5,813.83 million as compared to the immediate past 12 months' period ended on 30.06.2019 of Tk. 8,817.02 million. Production capacity utilization during the period ended 30.06.2020 was 58.82% whereas 80.27% during the immediate preceding 12 months ended on 30.06.2019 for Dyed yarn – Acrylic and Cotton based, 82.69% from 97.11% for Spinning of Acrylic yarn, the capacity utilization stood at 50.05% from 77.35% for Knitting of Fleece fabric and to 46.13% from 67.24% in the last financial year, 2018-2019 for Dyeing and Finishing of Fleece fabric. The 34.06% reduction in Cost of Goods Sold (COGS) mostly accounts for the significant decrease in capacity utilization as compared to the previous year.

(d) Gross Profit:

Gross Profit is the difference between sales and the cost of goods sold.

Gross Profit = (Sales-Cost of Goods Sold)

The Gross Profit margin is one indicator to diagnose the financial health of a business. Larger gross profit margins are better for business-the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit/Sales) X 100

The company has achieved an export turnover of Tk. 6,380.63 million during the 12 months ended 30th June, 2020 which was Tk. 9,823.70 million in the last financial year. The decrease in turnover is 35.05% compared to the previous year mostly due to the impact of COVID-19, price competition among peer companies as well as impact of change in fashion, and relocation of buyer's destination to some extent. The Gross Profit Margin (GP) % has increased by around 1.50% from 9.76% to 11.26% in respect of immediate past financial year. Gross profit earned during the 12 months ended 30th June, 2020 was Tk. 566.80 million as compared to last year's gross profit of Tk. 1,006.67 million.

Net Profit:

Net Profit is calculated by subtracting expenses including Tax from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit= Gross Profit-Expenses with Tax

Operating profit margin is reduced to 6.78% from 8.75% in the immediate past financial year. The operating income figure is tk. 432.80 million this year in comparison to the previous year of tk. 859.30 million which is almost 49.63% reduction than that of the previous year. The operating expenses increased at 2.10% of revenue from 1.50% in the previous year. The Net Profit Margin has significantly reduced to 2.11% from 5.01% in the last financial year. This is because of the high level of fixed expenses against the low level of revenue. The company earned after tax profit for the financial year 2019-2020 is Tk. 134.60 million as compared to last year's Net profit (after tax) of Tk. 491.68 million.

RISK AND CONCERNS

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, and mitigation and reporting of key risks while trying to achieve its business objectives.

FORWARD-LOOKING STATEMENTS

Board of Directors and management of the company are looking forward to keep its progress in alignment with industry's growth and trying to make all preparation to this end. Although worldwide impact of COVID-19 has seriously impaired the growth potential of many companies even has imposed threat of survival for many other companies. Overall industry is projected to grow in a steady way in the next couple of years and your company will be in forefront to be one of the major players in the future booming market.



Sung Wey Min
Managing Director & CEO



Report to the Shareholders of Ring Shine Textiles Limited on compliance on the Corporate Governance Code

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

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

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

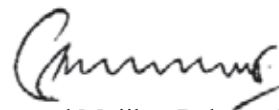
We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

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

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2020.

Place: Dhaka
Dated: November 19, 2020

For Mujibur Rahman & Co.



Mohammad Mujibur Rahman FCMA
Cost & Management Accountants



Status of Compliance with the Corporate Governance Guideline (CGC)

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

(Report under Condition No. 9)

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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)	√		Total number of Board of Directors are 12 including 3 independent Directors
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		Total Board of Directors are comprised of 12 Directors including 3 independent Directors
1(2)(b)	<i>For the purpose of this clause 'independent director' means a director-</i>			
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;	√		The Independent Directors have declared their compliances
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)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		Independent Directors have been appointed on 05/SEP/2018 and duly approved in the AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		No vacancy occurred
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		

ANNUAL REPORT 2019-2020

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1(3)(b)	Independent Director shall have following qualifications			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	-
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(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;	√		Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company are 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;	√		MD and/ or CEO does not hold same position of any other listed company except Ring Shine Textiles Ltd.
1(4)(c)	The Chairperson of the Board shall be elected from amongst the non-executive directors of the company;	√		The chairperson is elected from amongst the Non-Executive Directors
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		The roles and responsibilities of the Chairperson and Managing Director are clearly defined
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.	√		
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): -			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The Segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	✓		No such issue arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		A statement of all related party transactions are disclosed under Notes to the Financial Statements
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		Provided a statement of utilization of proceeds that raised through IPO
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;	✓		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors	✓		Independent Directors have not received any remuneration
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)(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's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: -			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		There is no Parent or Subsidiary or Associated Companies of RSTL
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -			
1(5)(xxiv)(a)	a brief resume of the director	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		

ANNUAL REPORT 2019-2020

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(5)(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
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.	√		The certificate regarding compliance of the conditions is disclosed in the annual report
1(6)	Meetings of the Board of Directors:			
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)	Appointment			
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);	√		The Company has appointed MD, CFO, CS and Head of Internal Audit
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;	√		The MD, CFO, CS and Head of Internal Audit are 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;	√		In practice



Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		The roles, responsibilities and duties of MD, CFO, CS and HIAC are clearly defined which have been approved by the Board as per requirement of BSEC notification
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).	√		No such incidence arose
3(2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.	√		In practice
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;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		The members of the Audit Committee are appointed by the Board who are Directors and which includes 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;	√		Based on the academic qualifications and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are 'financially literate' and they have 'related financial management experience' as per codes of BSEC. The members have also given their declarations
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		

ANNUAL REPORT 2019-2020

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -			
5(6)(a)(ii)(a)	report on conflicts of interests;			No such incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such incidence arose
5(6)(b)	Reporting to the Authorities:			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors:			
6(3)	Chairperson of the NRC			
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;	√		The Chairman of NRC is selected by the Board who is 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 Incidence arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC			
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.	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual Report.	√		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		Website is there which is linked with those of the stock exchanges
8(2)	The company shall keep the website functional from the date of listing.	√		In practice
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).	√		In practice
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.	√		The compliance auditor is duly appointed by the shareholders at AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Detailed status given at Annexure - C and published in the Report

*Independent Auditor's Report
To the Shareholders of
Ring Shine Textiles Limited*

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ring Shine Textiles Limited (the “Company”), which comprise the Statement of Financial Position as at 30 June 2020 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 2020, 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.

Emphasis of Matter

1. We draw attention to Note # 3.3 in the financial statements that the company has renewable land lease arrangements for 33 years with Bangladesh Export Processing Zone Authority (BEPZA) for industrial plots in Dhaka EPZ, Savar. Since inception to the last year, the lease has classified as operating lease as per IAS - 17 Leases. The company board and management in the current year also decided to recognize the lease as operating lease as per IAS - 17 Leases without considering the lease in the context of the application of IFRS 16, right-of-use assets and lease liabilities. However, the Company board and management decided to consider IFRS-16 while preparing the next year's financial statements.
2. We also draw attention to Note # 3.25 in the financial statements, which indicate that for worldwide impact of COVID- 19, some troubles come up in business of the company during the year ended June 30, 2020 and thereafter the reporting period company management declared lay-off of the factory consecutively for 2 months up to 24 November, 2020.

Our opinion is not modified in respect of these matters.

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 6,380,635,155. 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. There is also a risk that revenue may be overstated / understated due to the timing differences between L/C opening and goods exported. 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.	We have tested the design and operating effectiveness of key controls focusing on the following: - Challenging to management to ensure that revenue is recognized in the appropriate accounting period; - 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 ledger, sample documentation for sale transaction recorded; - Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation; - Critically tested manual journals posted to revenue to identify unusual or irregular items and assessed the presentation of disclosures against relevant accounting standards; <i>[See note number 18 for details]</i>
Valuation of Property, Plant and Equipment	
The carrying value (WDV) of the PPE amounted to Tk. 5,651,072,675 as at 30 June 2020. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements. 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	Our audit included the following procedures: - We considered 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. - We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS; - We inspected a sample of invoices and L/C documents to determine whether the classification

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.	between capital and operating expenditure was appropriate; - We have assessed the presentation of disclosures as per relevant accounting standards in terms of acquisition, depreciation and disposal; - We checked whether the depreciation of PPE items was 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. [See note number 04 for details]
Management's Consideration on the Potential Impact of COVID-19	
Management has made estimates and judgments that there are potential impacts 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 or more months from the date of the signing of the financial statements. As a result of the impact of COVID-19 on the wider business perspective 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.	- 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. - As per note # 2.4, 3.25, 3.28, 3.29, it has evident that the company has already faced the adverse impact of COVID-19 which indicates that the company is in trouble to carry on its business as usual. - Based on our procedures, we have identified the going concern 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.

Other Matters

Financial statements of Ring Shine Textiles Limited of the last year i.e.; financial year ended 30 June 2019 was audited by another auditor. We have considered the comparative figures and opening balances as per last year audit report.

Due to the pandemic situation of COVID-19 all over the world, physical verification of inventory could not be held by us for the the year ended June 30, 2020 considering the health risks. However, during the course of our audit we have carried out audit procedures to ensure the value of inventory as on 30 June, 2020 is appropriate and free from any material misstatement.

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.

ANNUAL REPORT 2019-2020

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

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

Dated, Dhaka
November 03, 2020



Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

RING SHINE TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Notes	Amount in Taka	
		30-06-2020	30-06-2019
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	5,651,072,675	5,959,103,314
Investment	5	52,529,602	75,260,470
Total Non-Current Assets		5,703,602,277	6,034,363,784
Current Assets			
Inventories	6	3,927,431,665	3,079,459,679
Accounts Receivable	7	2,464,648,901	3,197,542,944
Advance, Deposits and Prepayments	8	53,797,413	51,997,709
Advance Income Tax	9	147,293,685	111,287,795
Cash and Cash Equivalents	10	1,112,830,443	87,735,764
Total Current Asset		7,706,002,107	6,528,023,891
Total Assets		13,409,604,384	12,562,387,675
EQUITY AND LIABILITIES			
Shareholder's Equity			
Share Capital	11	5,003,130,430	2,850,548,200
Retained Earnings	12	3,697,697,255	4,240,497,071
		8,700,827,685	7,091,045,271
Non-Current Liabilities			
Deferred Tax Liability	13	547,677,877	545,364,791
Total Non-Current Liabilities		547,677,877	545,364,791
Current Liabilities			
Accounts Payable	14	105,948,886	983,291,172
Short Term Bank Loan	15	3,747,882,212	3,695,583,842
Provision for Income Tax	16	145,452,191	139,654,015
Outstanding Liabilities	17	161,815,533	107,448,585
Total Current Liabilities		4,161,098,822	4,925,977,614
Total Liabilities		4,708,776,699	5,471,342,404
Total Equity and Liabilities		13,409,604,384	12,562,387,675
Net Asset Value (NAV) Per Share	27	17.39	24.88

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


Chairman


Managing Director


Director


Company Secretary


Chief Financial Officer



Dated: November 03, 2020
Place: Dhaka

Shiraz Khan Basak & Co.
Chartered Accountants

RING SHINE TEXTILES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		July-June 2019-2020	July-June 2018-2019
Sales (Export)	18	6,380,635,155	9,823,699,295
Less: Cost of goods exported	19	5,813,831,017	8,817,026,754
Gross Profit		566,804,138	1,006,672,541
Less: Operating expenses	20	134,002,696	147,370,256
Operating Income		432,801,442	859,302,285
Foreign Exchange gain (loss)		1,420,518	2,408,527
Less: Financial expenses	21	284,768,330	286,975,655
Net operating Profit		149,453,630	574,735,157
Add: Other Income	22	11,636,053	4,861,171
Net profit before tax		161,089,683	579,596,328
Income Tax Expenses	23	26,490,623	87,911,683
Current Tax		24,177,537	75,431,926
Deferred Tax (Income)/ Expenses		2,313,086	12,479,758
Net Profit after tax for the year		134,599,060	491,684,645
Earnings per Share - EPS	26	0.29	1.72

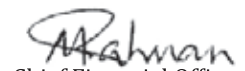
The annexed notes form an integral part of these financial statements.


Chairman

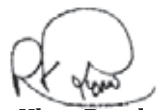

Managing Director


Director


Company Secretary


Chief Financial Officer

Dated: November 03, 2020
Place: Dhaka


Shiraz Khan Basak & Co.
Chartered Accountants

RING SHINE TEXTILES LIMITED
Statement of Changes in Equity
For the year ended June 30, 2020

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2019	2,850,548,200	4,240,497,071	7,091,045,271
Issue during the year	1,500,000,000	-	1,500,000,000
Bonus Issue	652,582,230	(652,582,230)	-
IPO Expenses	-	(29,196,007)	(29,196,007)
Add: Tax benefit of IPO Expenses	-	4,379,361	4,379,361
Net Profit after Tax for the year	-	134,599,060	134,599,060
Total	5,003,130,430	3,697,697,255	8,700,827,685

RING SHINE TEXTILES LIMITED
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2018	2,850,548,200	3,754,039,926	6,604,588,126
IPO Expenses	-	(6,150,000)	(6,150,000)
Add: Tax benefit of IPO Expenses	-	922,500	922,500
Net Profit after Tax for the year	-	491,684,645	491,684,645
Total	2,850,548,200	4,240,497,071	7,091,045,271

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


Chairman


Managing Director


Director


Company Secretary


Chief Financial Officer

Dated: November 03, 2020
Place: Dhaka


Shiraz Khan Basak & Co.
Chartered Accountants

RING SHINE TEXTILES LIMITED
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		July-June 2019-2020	July-June 2018-2019
A .Cash Flows From Operating Activities:			
Collection from customers		7,116,069,336	9,483,903,233
Collection from Other Income		11,636,053	4,861,171
Payment to supplier, employee and others		(7,097,638,507)	(8,449,880,316)
Payment for operating Expenses		(75,145,210)	(168,416,525)
Cash generated from operation		(45,078,328)	870,467,563
Income Tax paid		(50,005,890)	(61,304,644)
Payment for financial expenses		(284,768,330)	(286,975,655)
Net cash generated from operating activities		(379,852,548)	522,187,264
B. Cash Flows From Investing Activities:			
Investment		22,730,868	(2,858,002)
Acquisition of Property, Plant & Equipment		(141,023,189)	(353,781,076)
Net cash used in investing activities		(118,292,321)	(350,923,074)
C. Cash Flows From Financing Activities:			
Receive/Paid in Short term loan from bank		52,298,370	(183,636,878)
Received from Share capital		(29,196,007)	(6,150,000)
Paid in Long term loan from bank		1,500,000,000	-
Net Cash provided (Used) by financing activities		1,523,102,363	(108,090,906)
D.Increase/(Decrease) cash and cash equivalents		1,024,957,494	63,173,284
E. Foreign Exchange gain/loss		137,185	201,742
E.Opening cash and cash equivalents		87,735,764	24,360,738
G.Closing cash and cash equivalents		1,112,830,443	87,735,764
Net Operating Cash Flows Per Share (NOCFPS)	28.00	(0.76)	1.83



Chairman



Managing Director



Director



Company Secretary



Chief Financial Officer

Dated: November 03, 2020
Place: Dhaka


Shiraz Khan Basak & Co.
Chartered Accountants

Ring Shine Textiles Limited
Notes to the Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1. Status of the Reporting Entity

1.1. Legal Status:

Ring Shine Textiles Ltd. (the “Company”) is a public company limited by shares. The Company was incorporated in Bangladesh on 28 December 1997 vide registration No. C-34597 as a private company limited by shares under the Companies Act, 1994. The Registered office of the Company is situated in Plot No: 224-260, DEPZ Extension area, Ganakbari, Savar, Dhaka. The factory of the Company is located at Dhaka Export Processing Zone (DPEZ), New Extension Area at Plot No. # 224- 260. The Company converted into public limited company on 8th June, 2017.

1.2. Nature of business

The Principal activity of this Company is engaged in manufacturing and marketing of gray and finished fleece fabrics of various qualities and Dyed yarn to Garment industry in Bangladesh and International market.

2. Basis of Preparation and presentation of Financial Statements:

2.1. Statement of Compliance

The financial statements of the company have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by ICAB as International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.2. Other Regulatory Compliances

The company is also complies among others the following rules and regulations,

The Companies Act, 1994

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 2012

The Value Added Tax Rules, 2012

The Customs Act, 1969

Bangladesh Labor Law 2006 (Amended)

The Securities and Exchange Rules, 1987 and

Bangladesh EPZ related rules & regulations.

2.3. Measurement bases used in preparing the Financial Statements

The financial statements have been prepared on a Going Concern basis. The financial statements have been prepared on "Historical Cost" convention basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Committee (IASC).

2.4. Going Concern

The management of the company believes that the company has adequate resources to continue in operation for foreseeable future. For this reason, the directors thought to adopt going concern basis in preparing the Financial Statements. The management of the company also believes that the current credit facilities and resources of the company will be capable to provide sufficient fund to meet present requirements of its existing businesses and operations. On the other hand, due to worldwide impact of prevailing COVID-19 pandemic, the company faces declining orders from foreign buyers, scarcity in import which collectively impacted on revenue, working capital, business expansion etc. The company faces some financial difficulties to meet up its working capital requirement and continue in smooth operation thereafter the reporting period. In that consequence, from 26 September 2020, the Company has declared Lay off of the factory that extended up to 24 November 2020 and if the situations continue that may impact on the sustainability of the company business. However, the company management is trying to overcome the adverse situation and to recover the lost affairs.

2.5. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that is not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are reflected in calculation of deferred tax liabilities.

2.6. Functional and presentational currency and level of precision

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

2.7. Reporting period

The financial period of the company covers one year from 1 July 2019 to June 30, 2020 and Comparative statement of financial position for the year ended June 30, 2019 cover one-year period from July 01, 2018 to June 30, 2019.

2.8. Change in Accounting Policy

During the year the company has not changed its policy to record at "Historical Cost" convention basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" instead of measured at fair value. As no accounting policy has been in the current accounting year and had no other material impact on earnings per share for comprehensive income for earlier period.

2.9. Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB

"Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position as at June 30,2020;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30,2020;
- iii) Statement of Changes in Equity for the year ended June 30,2020;
- iv) Statement of Cash Flows for the year ended June 30,2020 and
- v) Notes to the Financial Statements;

2.10. 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

The financial statements have been prepared in compliance with requirement of IAS as adopted and applicable in Bangladesh. The following IASs are applicable for the financial statements for the year under review:

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	Leases	17
9	Employees Benefits	19
10	The Effects of Changes in Foreign Exchange Rates	21
11	Borrowing Costs	23
12	Related Party Disclosures	24
13	Accounting and Reporting by Retirement Benefit Plans	26
14	Earnings Per Share	33
15	Interim Financial Reporting	34
16	Impairment of Assets	36
17	Provision, Contingent Liabilities and Contingent Assets	37
18	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	Fair Value Measurement	13
5	Revenue from Contracts with Customers	15

3. Principal Accounting Policies:

The accounting policies set out below have been applied in preparations of these financial statements;

3.1. Property, Plant and Equipment

3.1.1. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable inward freight, duties and non-refundable taxes. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

3.1.2. Disposal of Fixed Assets

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

3.1.3. Depreciation on Fixed Assets

Depreciation on fixed assets is charged on reducing balance method. Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed assets is reduced to Taka one. Depreciation on addition to fixed assets is charged for the period after available for utilization, and depreciation has been charged on fixed assets ceases respective of their date of disposal. Rates of depreciation on various classes of fixed assets are as under:

Category of fixed asset	Rate (%)
Leasehold Land Development	3.33
Building	5
Plant and Machinery	10
Transport & Vehicles	10
Office Equipment	10
Furniture & Fixture	20
Electrical Equipment	10
Telephone Line Installation	10
Gas Line Installation	15
Electrical Line Installation	10
Water Line & Tank	10
Fire Extinguisher	20
Lab Equipment	20

3.1.4. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.1.5. Impairment of Assets

No fact and circumstances indicate that company's assets including property, plant and equipment may be impaired. Hence, no evaluation of recoverability of assets was performed.

3.2. Intangible Asset

3.2.1. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

3.3. Leased Assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as operating leases. Land Lease agreement with BEPZA executed to construct building on the land and operation thereof for the lease period 33 years as well as renewal of agreement after expired of agreement. Upon initial recognition these leased assets are measured at an amount equal to the Cost basis. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The company has renewable land lease arrangements for 33 years with Bangladesh Export Processing Zone Authority (BEPZA) for industrial plots in Dhaka EPZ, Savar. Since inception to the last year, the lease has classified as operating lease as per IAS - 17 Leases. The company board and management in the current year, also recognized the lease as operating lease as per IAS - 17 Leases in considering the tax implications and discussion matters with tax authority thereon and recognized the lease payment as expenses in the Profit or Loss and other comprehensive income without considering the lease in the context of the application of IFRS 16, right-of-use assets and lease liabilities. The Company will consider the IFRS 16 while preparing the next year's financial statements by understanding the implications thereof.

3.4. Investment in FDR

Investment in FDR includes fixed deposits held with different bank. The fixed deposits are renewed upon maturity at the option of the company.

3.5. Inventories

Inventories are stated at the lower of cost and net realizable value in accordance with IAS 2 “Inventories”. The cost of inventories is based on weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Adequate allowance is made for obsolete, damaged and slow moving inventories.

3.6. Accounts Receivable /Trade Debtors

Accounts receivable has been stated at its original invoiced amount supported by L/C. This is considered good and is falling due within one year. Related party transactions relating to sales/purchase are made on arm length basis. Rate of sale/purchase of related party transactions are fixed as applicable to other outsider parties. No amount was due by the Director (including Managing Director), Managing Agent, Manager & other Officers of the Company and any of them severally or jointly with any other person.

3.7. Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

3.8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognized accordingly.

3.9. Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

3.10. Trade Creditors and Accruals & Provision

Trade and other payables are stated at cost. A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.



If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Trade Creditors under foreign currency has been presented in BDT.

3.11. Loans and Borrowing

Principal amounts of loans and borrowings are stated at their outstanding amount. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

3.12. Revenue Recognition

Revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services as provided in IFRS 15 “Revenue from contracts with customers”.

The following five steps are applied to recognize revenue;

- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

3.13. Financial Instruments

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

3.13.1. 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.

3.13.2. Trade Payables

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



3.13.3. 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.

3.13.4. Share Capital

Ordinary shares are classified as equity.

3.14. Foreign Exchange:

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Bangladesh Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement in accordance with IAS 21 “The effects of Changes in Foreign Exchange Rates.”

3.15. Employee Benefits**3.15.1. Worker’s Profit Participation**

In accordance with the requirement of section 234 of Labor Act, 2006(Amended), the company should contribute 5% of net profit before charging the amount to the aforementioned fund. But the company established in Dhaka 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. 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. Employee Retirement Benefits**Defined Contribution Plan**

Obligations for the Company’s contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

3.17. Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognized on maturity. Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with IAS 23 Borrowing cost.

3.18. Earnings per Share (EPS)

The Company calculates Earnings per Share (EPS) in accordance with IAS 33. Earnings per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in related notes.

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

No diluted earnings per share are required to be calculated per year as there was no scope for dilution during the year.

3.19. Cash flows statement

Cash Flow Statement is prepared in accordance with IAS 7 “Statement of Cash Flows”. The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(a) of IAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”.

3.20. Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of “The Framework for the preparation and presentation of Financial Statements” issued by the International Accounting Standard Board (IASB) as adopted by ICAB.

3.21. Risk and uncertainties for the use of estimates in preparing financial statements

Preparation of Financial Statements in conformity with the International Accounting Standards, taxes, reserves and contingencies requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization.

3.22. Segment Reporting

No segment wise report is required because the company only engages in textile industry and situated geographically same location at Dhaka Export Processing Zone, Dhaka, Bangladesh.

3.23 Taxation**3.23.1 Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made @ 15% on estimated taxable profit in accordance with the income tax laws.

3.23.2 Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.24. Comparative Amounts

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

3.25. Events after the reporting period

Events after the reporting period that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements if any. The company

faces some financial difficulties to meet up its working capital requirement and continue the smooth operation thereafter the reporting period. In that consequence, from 26 September 2020, the Company has declared Lay off of the factory up to November 24, 2020 due to worldwide impact of prevailing COVID-19 pandemic, declining orders from foreign buyers, and scarcity of import.

3.26. Related Party Transactions

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

3.27. Contingent Liabilities and Assets

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.

3.28. Impact of COVID-19 and its consequences

COVID- 19 has impacted on the business of the company as the parties involved with the company are almost overseas. The revenues of the company are 100% exported by import of raw materials. Export-Import has been impacted worldwide in the reporting year and thereafter also. Due to worldwide impact of prevailing COVID-19 pandemic, the company faces declining orders from foreign buyers, scarcity of import which collectively impacted by declining revenue, working capital crisis and business expansion. However, the company management is trying to overcome the adverse situation and to recover the lost affairs.

3.29 Reason of Significant deviation

Due to worldwide impact of prevailing COVID-19 pandemic, the company faces declining orders from foreign buyers, scarcity of import which collectively impacted by declining revenue, working capital crisis and business expansion. Therefore, NAV, EPS, NOCFPS, revenue, other operational results and performance have been adversely affected.

3.30 Date of Authorization and Proposed Dividend

The financial statements were authorized for issue by the Board of Directors of the company on October 28, 2020. Board of Directors recommended 1% cash dividend and 1% stock dividend for the financial year ended 30th June, 2020. Therefore, amount to be distributed as dividend will be BDT. 100,062,609 subject to final approval by the shareholders at the company's forthcoming AGM.

4.00 Property, Plant & Equipment - WDV

The balance is made up as follows:

	30-06-2020	30-06-2019
Leasehold Land Development	70,291,018	74,229,568
Building	2,948,040,201	2,999,518,518
Plant & Machinery	2,473,062,361	2,725,108,137
Transport & Vehicles	17,194,716	19,105,240
Office Equipment	16,716,674	7,468,324
Furniture & Fixtures	2,208,080	2,760,100
Electrical Equipment	34,724,071	30,204,768
Telephone Line Installation	839,816	933,129
Gas Line Installation	13,557,486	15,949,984
Electrical Line Installation	46,977,116	52,196,795
Water Line & Tank	19,423,215	21,581,350
Fire Extinguisher	3,943,501	4,929,376
Lab Equipment	4,094,420	5,118,025
Total:	5,651,072,675	5,959,103,314

For details please refer to Annexure-A

5.00 InvestmentNotes

The balance is made up as follows:

Investment in FDR	5.01	52,529,602	75,260,470
Total:		52,529,602	75,260,470

5.01 Investment in FDR

The balance is made up as follows:

Dutch Bangla Limited, FDR No:0167	3,393,400	3,504,664
Dutch Bangla Limited, FDR No:0250	1,459,000	1,612,292
Dutch Bangla Limited, FDR No:1049	867,700	906,837
Woori Bank Limited, FDR No:923002995	-	9,801,938
Dutch Bangla Limited, FDR No:1211	296,166	316,570
Dutch Bangla Limited, FDR No:1384	3,014,340	3,322,603
Dutch Bangla Limited, FDR No:2989	1,571,471	2,111,141
Dutch Bangla Limited, FDR No:3050	8,518,876	8,722,279
Dutch Bangla Limited, FDR No:3353	18,099,530	25,230,618
Dutch Bangla Limited, FDR No:3534	6,929,600	6,929,600
Dutch Bangla Limited, FDR No:3627	4,452,030	5,863,591
Prime Bank Limited, FDR No: 11603/5472	300,000	-
Prime Bank Limited, FDR No: 14091/4091	3,318,289	6,349,671
Prime Bank Limited, FDR No: 003045	309,200	588,666
Total:	52,529,602	75,260,470

Inventories

The balance is made up as follows:

Raw Materials-Yarn	19.01	2,047,541,820	1,715,410,828
Raw Materials-Acrylic Tow	19.02	247,185,618	224,864,305
Raw Materials-Yarn for Polar fleece	19.03	516,394,021	478,196,427
Raw Materials-Chemicals	19.04	208,516,982	193,670,512
Raw Materials-Dye Stuff	19.05	117,652,418	118,547,961
Work in process		398,241,637	179,836,405
Packaging Materials	19.06	7,639,725	6,705,427
Stores and Spares	19.07 A	5,543,092	4,973,628
Finished goods		378,716,352	157,254,186
Total:		3,927,431,665	3,079,459,679

ANNUAL REPORT 2019-2020

7.00 Accounts Receivables

This is made up of the followings:

Bills Receivable

Total:

30-06-2020	30-06-2019
2,464,648,901	3,197,542,944
2,464,648,901	3,197,542,944

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 the year as per the terms of export letter of credit. The classification of receivables as required by the Para-4, Part-1 of Schedule XI of the Companies Act, 1994 are given below:

Particulars	Amount	Amount
	30-06-2018	30-06-2017
i. Receivables considered good and in respect of which the company is fully secured.	2,464,648,901	3,197,542,944
ii. Receivables considered good for which the company holds no security other than the debtor's personal security.	-	-
iii. Receivables considered doubtful or bad.	-	-
iv. Receivables due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
v. Receivables due by companies under same management.	-	-
vi. The maximum amount due by directors or other officers of the company at any time during the year.	-	-
Total	2,464,648,901	3,197,542,944

Ageing of the above Receivables is given below:

Particulars	Below 6 Months	Above 6 Months
Customers	1,229,117,699	1,235,531,202

8.00 Advances, Deposits & Prepayments

Notes

This is made up of the followings:

Advances

8.01

Deposits

8.02

Prepayments

8.03

Total:

1,282,716	587,152
50,777,444	50,777,444
1,737,253	633,113
53,797,413	51,997,709

8.01 Advances

This is made up of the followings:

Advance for factory expenses

Total:

1,282,716	587,152
1,282,716	587,152

8.02 Deposits

This is made up of the followings:

Security Deposit - DEPZ Land

Security Deposit - PDB

Security Deposit - EPZ Electricity

DEPZ Advances

Security Deposit - Telephone

Security Deposit - Titas Gas

Security-BGIC

Security-Cylinder

Total:

6,758,557	6,758,557
501,111	501,111
4,940,781	4,940,781
2,455,916	2,455,916
774,975	774,975
34,873,684	34,873,684
440,420	440,420
32,000	32,000
50,777,444	50,777,444

		30-06-2020	30-06-2019
8.03	Prepayments		
	This is made up of the followings:		
	Insurance	1,737,253	633,113
	Total:	1,737,253	633,113
9.00	Advance Income Tax		
	This is made up as follows:		
	Income Tax deduction at source -Opening	111,287,795	65,983,151
	Add: Tax deduction at source during the year - From Export	34,962,803	45,012,418
	Add: Tax deduction at source during the year - From FDR	270,701	292,226
	Add: Tax deduction at source during the year - From IPO Fund	772,386	-
		147,293,685	111,287,795
	Less: Adjustment during the year	-	-
	Total:	147,293,685	111,287,795
10.00	Cash and Cash Equivalents		
	This is made up as follows:		
	Cash in hand	873,043	893,614
	Cash at Bank	147,328,752	86,842,150
	IPO Fund	964,628,648	-
	Total:	1,112,830,443	87,735,764
	The Bank balance are in agreement with respective bank statement balances.		
10.01	Cash at Bank		
	This is made up as follows:		
	Dutch Bangla Bank limited, A/C:122-110-1038	700,198	117,757
	Dutch Bangla Bank limited, USD A/C:103-111-0496	57,858	57,170
	Uttara Bank limited, A/C:81-10	208,897	205,857
	Uttara Bank limited, A/C:21-985	222,513	223,353
	Woori Bank limited, USD A/C:923-004-281	133,180	238,637
	Woori Bank limited, USD A/C:923-004-475	27,923,622	10,733
	Woori Bank limited, BDT A/C:923-004-306	205,100	420,417
	Standard Chartered Bank Ltd: A/C:01-6134033-01	-	78,638
	Standard Chartered Bank Ltd: OBU 470-01	-	1,418
	HSBC, A/C: OBU A/C: 397-005	-	526,421
	HSBC, A/C: BDT 001-129196-011	-	598,220
	Brac Bank Limited, A/C:BDT150-120-26001	11,000	-
	Brac Bank Limited, A/C: OBU 39426001	1,234	-
	Brac Bank Limited	7,466,089	-
	Dhaka Bank, A/C: USD A/C 1082	770,363	8,239,858
	Dhaka Bank, A/C: USD A/C 1796	61,256,728	34,182,038
	Dhaka Bank, A/C: USD A/C 1719	18,290,573	22,065,991
	Dhaka Bank, A/C: BDT A/C 4555	87,570	695,620
	Dhaka Bank, A/C: BDT A/C 5287	3,160	-
	One Bank Ltd, BDT A/C: 20004937	316,501	317,341
	Premier Bank Ltd, BDT A/C: 10001551	51,916	32,777
	Premier Bank Ltd, USD A/C: 20000889	28,266,958	12,530,715
	City Bank Ltd, BDT A/C: 2764001	216,264	217,104
	City Bank Ltd, USD A/C: 2764001	30,905	-
	SBAC Bank Ltd, BDT A/C: 7882	648,124	202,782
	Eastern Bank Limited, BDT A/C:27991	21,017	626,838
	Eastern Bank Limited, USD A/C:27415	420,000	4,150,000
	Prime Bank Limited, OBU A/C:11000141	18,982	284,356
	Prime Bank Limited, A/C:12451150022108	-	75,131
	Prime Bank Limited, BDT A/C:12411070015374	-	742,978
	Total:	147,328,752	86,842,150

147,328,752

ANNUAL REPORT 2019-2020

10.02 IPO Fund

This is made up of the following:
BRAC Bank Ltd.

964,628,648	-
964,628,648	-

11.00 Share Capital:

11.01 Authorized Share Capital:

540,000,000 Ordinary Shares of Taka 10/= each.

Total:

5,400,000,000	4,400,000,000
5,400,000,000	4,400,000,000

11.02 Issued, subscribed and paid-up share capital:

500,313,043 ordinary shares of Tk 10/= each fully paid-up

Total:

30-06-2020	30-06-2019
5,003,130,430	2,850,548,200
5,003,130,430	2,850,548,200

Name of Shareholder	No. of Share	Percentage	Amount
Mr. Sung Jye Min	17,127,812	3.42%	171,278,120
Mdm. Hang Siew Lai	17,008,500	3.40%	170,085,000
Mr. Hsiao Hai He	16,849,685	3.37%	168,496,850
Ms. Sung Wen Li Angela	17,179,217	3.43%	171,792,170
Mr. Sung Chung Yao	17,002,750	3.40%	170,027,500
Mdm. Sheao Yen Shin	16,987,570	3.40%	169,875,700
Mr. Sung Wey Min	21,380,397	4.27%	213,803,970
Mrs. Hsiao Liu Yi Chi	17,116,255	3.42%	171,162,550
Mdm. Chuk Kwan	17,167,165	5.24%	171,671,650
Other Shareholders	342,493,692	68.46%	3,424,936,920
Total	500,313,043	100.00%	5,003,130,430

11.03 Issued, subscribed and paid-up share capital

This is made up as follows:

Opening Share
Issue during the period-IPO
Issue during the Period-Bonus Issue

Total:

2,850,548,200	2,850,548,200
1,500,000,000	-
652,582,230	-
5,003,130,430	2,850,548,200

12.00 Retained Earnings

This is made up as follows:

Opening balance
Less: IPO expenses
Less: Bonus Issue
Add: Net profit after tax for the year
Add: Tax benefit on IPO Expenses

Total:

4,240,497,071	2,689,667,339
(29,196,007)	(6,150,000)
(652,582,230)	-
134,599,060	491,684,645
4,379,361	922,500
3,697,697,255	4,240,497,071

13.00 Deferred tax liability

This is made up as follows:

Opening Balance
Provision for Current year

23.02

Total:

545,364,791	532,885,033
2,313,086	12,479,758
547,677,877	545,364,791

14.00 Accounts Payables

The balance is made up as follows:

Accounts Payable

Total:

105,948,886

105,948,886

983,291,172

983,291,172**30-06-2020****30-06-2019****15.00 Short Term Bank Loan**Notes

The balance is made up as follows:

Trust Receipt

15.01

1,385,357,625

1,214,773,098

Short term - Other

15.02

768,568,508

86,750,783

Bank Overdraft

15.03

700,318,948

725,419,164

Bills Discounted

15.04

893,637,131

1,668,640,797

Total:**3,747,882,212****3,695,583,842****15.01 Trust Receipt**

The balance is made up as follows:

Woori Bank

442,019,252

364,231,965

Dhaka Bank Ltd.

758,000,200

711,238,571

Eastern Bank Ltd.

185,338,173

139,302,562

Total:**1,385,357,625****1,214,773,098****15.02 Short term - Other**

The balance is made up as follows:

Premier Bank - Demand Loan

452,872,325

86,042,315

Premier Bank - Time Loan

52,455,380

Premier Bank – IDBA Loan

181,298,843

-

Dhaka Bank Ltd.

81,941,960

-

BRAC Bank Ltd.

-

708,468

Total:**768,568,508****86,750,783****15.03 Bank Overdraft**

The balance is made up as follows:

Premier Bank Ltd, OBU A/C

314,055,480

301,533,986

Dhaka Bank Ltd, OBU A/C# 0144

266,060,012

242,107,432

One Bank Ltd. A/C # 00024

91,326,603

84,245,809

Eastern Bank Ltd, OBU \$ A/C # 0249/27991

28,876,853

37,922,029

BRAC Bank Ltd, OBU \$ A/C # 426001

-

59,609,908

Total:**700,318,948****725,419,164****15.04 Bills Discounted**

The balance is made up as follows:

Woori Bank

206,661,401

687,666,817

Premier Bank Ltd.

322,490,623

593,420,874

Dhaka Bank Ltd.

364,485,107

285,251,565

Eastern Bank Ltd.

-

102,301,541

Total:**893,637,131****1,668,640,797**

ANNUAL REPORT 2019-2020

- a) Purpose of Investment: To purchase/ Import of raw materials, payment of utility bill, salary & wages and other working capital for the project.
- b) Period of Investment - 01 (One) year on renewal basis.
- c) i. Rate of Return: From 5.00% to 8% for bills discount per annum or the rate to be determined by the bank time to time.
- ii. Rate of Return: 4.00 % to 8.50% for overdraft per annum or the rate to be determined by the bank time to time.
- iii. Rate of Return: 7.00 % to 10.50% for Trust Receipt per annum or the rate to be determined by the bank time to time.
- d) Security: Factory Buildings, Machineries and all types of inventory.

16.00 Provision for Income Tax

The balance is made up as follows:

Income Tax Payable -opening		139,654,015	81,144,589
Add: Charge for the year	23.01	24,177,537	75,431,926
		163,831,552	156,576,515
Less: Adjustment during the year		14,000,000	16,000,000
Less: Tax benefit of IPO Expenses		4,379,361	922,500
	Total:	145,452,191	139,654,015

17.00 Outstanding Liabilities

The balance is made up as follows:

Staff Salary		3,236,355	4,362,824
Worker's Salary		42,613,645	35,590,521
Gas Bill		15,591,278	47,619,902
Mobile Bill		90,441	42,290
Security Service		1,628,470	567,185
Electricity Bill		40,227,583	9,137,513
Electricity Bill - Office		25,876	21,093
Telephone Bill		6,971	5,018
DEPZ Medical Bill		876,120	123,670
DEPZ Service Charge		11,923,132	1,692,100
DEPZ Water Bill		24,864,708	7,406,114
DEPZ Land Bill		13,399,260	-
Office Gas Bill		8,598	2,516
Office Water Bill		12,659	4,139
Worker's Welfare Expenses		373,968	49,800
Audit Fees		592,500	350,000
Sundry liabilities		5,120,569	-
Director Remuneration		1,223,400	473,900
	Total:	161,815,533	107,448,585

18.00 Sales (Export)

This is made up as follows:

Sales - Yarn		4,675,418,761	7,025,064,268
		1,705,216,394	2,798,635,027
	Total:	6,380,635,155	9,823,699,295

19.00 Cost of Goods Exported

This is made up as follows:

Particulars	Notes	30-06-2020	30-06-2019
Raw materials consumed- Yarn	19.01	2,936,410,706	4,317,277,075
Raw Materials consumed- Acrylic Tow	19.02	631,851,297	919,098,016
Raw M. con. - Yarn for Polar fleece	19.03	990,344,170	1,530,898,048
Raw Materials consumed- Chemicals	19.04	212,307,447	282,081,873
Raw Materials consumed- Dyestuff	19.05	99,137,306	119,054,666
Packaging Materials	19.06	39,191,120	46,431,204
		4,909,242,046	7,214,840,882
Work in process- opening		179,836,405	127,641,530
Work in process- closing		398,241,637	179,836,405
Change in work in process		(218,405,232)	(52,194,875)
Total consumption		4,690,836,814	7,162,646,007
Add: Manufacturing Overhead	19.07	1,344,456,369	1,671,113,545
Cost of production		6,035,293,183	8,833,759,552
Finished goods - opening		157,254,186	140,521,388
Finished goods - closing		378,716,352	157,254,186
Change of finished goods stock		(221,462,166)	(16,732,798)
Total:		5,813,831,017	8,817,026,754
19.01 Raw materials consumed- Yarn			
This is made up as follows:			
Opening Stock		1,715,410,828	1,744,052,184
Add: Purchase during the year		3,268,541,698	4,288,635,719
Raw materials available for production		4,983,952,526	6,032,687,903
Less: Closing Stock		2,047,541,820	1,715,410,828
Total:		2,936,410,706	4,317,277,075
19.02 Raw materials consumed- Acrylic Tow			
This is made up as follows:			
Opening Stock		224,864,305	235,419,643
Add: Purchase during the year		654,172,610	908,542,678
Raw materials available for production		879,036,915	1,143,962,321
Less: Closing Stock		247,185,618	224,864,305
Total:		631,851,297	919,098,016
19.03 Raw M. con. - Yarn for Polar fleece			
This is made up as follows:			
Opening Stock		478,196,427	421,051,837
Add: Purchase during the year		1,028,541,764	1,588,042,638
Raw materials available for production		1,506,738,191	2,009,094,475
Less: Closing Stock		516,394,021	478,196,427
Total:		990,344,170	1,530,898,048
19.04 Raw materials consumed- Chemicals			
This is made up as follows:			
Opening Stock		193,670,512	165,210,518
Add: Purchase during the year		227,153,917	310,541,867
Raw materials available for production		420,824,429	475,752,385
Less: Closing Stock		208,516,982	193,670,512
Total:		212,307,447	282,081,873

ANNUAL REPORT 2019-2020

19.05 Raw materials consumed- Dyestuff

This is made up as follows:

Opening Stock	118,547,961	90,416,384
Add: Purchase during the year	98,241,763	147,186,243
Raw materials available for production	216,789,724	237,602,627
Less: Closing Stock	117,652,418	118,547,961
Total:	99,137,306	119,054,666

19.06 Packaging materials consumed

This is made up as follows:

Opening Stock	6,705,427	6,984,215
Add: Purchase during the year	40,125,418	46,152,416
Consumable Item available for packing	46,830,845	53,136,631
Less: Closing Stock	7,639,725	6,705,427
Total:	39,191,120	46,431,204

19.07 Manufacturing overhead

This is made up as follows:

Notes

Salary & Wages	327,071,462	445,216,918
Festival Bonus	37,451,968	37,561,824
Daily Labor	5,041,827	6,152,486
Tiffin Expenses	5,563,947	12,854,163
DEPZ Medical bill	1,501,920	1,484,040
Medical Expenses	1,784,168	1,250,436
Factory maintenance	16,398,246	24,134,654
Printing & Stationery	2,684,265	2,543,602
Sundry Expenses	3,250,417	3,105,249
DEPZ Land Rent	26,408,271	25,708,254
Electricity bill	95,462,782	186,052,153
Gas bill	186,026,011	212,774,800
Water bill	61,391,584	109,924,321
DEPZ Service Charge	20,189,208	22,244,897
Conveyance	1,169,827	1,152,406
Fuel for vehicles	932,051	1,041,528
Vehicle maintenance	901,728	836,102
Fuel for Generator	43,935,546	54,920,237
Rates & Taxes	1,182,413	1,080,421
Postage & Courier	101,425	107,857
Insurance premium Factory	17,242,808	14,312,930
Welfare expenses	625,968	595,710
Worker's Group Insurance	50,000	567,159
LNG	542,106	1,025,421
Other Expenses	841,274	1,063,524
Store & Spare Consumed	41,781,507	45,285,613
License & Renewal	360,350	360,350
Depreciation	444,563,290	457,723,490
Total:	1,344,456,369	1,671,113,545

19.07 A Store & Spare Consumed

This is made up as follows:

Opening Stock	4,973,628	4,150,967
Add: Purchase during the year	42,350,971	46,108,274
Store & Spare Item available	47,324,599	50,259,241
Less: Closing Stock	5,543,092	4,973,628
Total:	41,781,507	45,285,613

20.00	Operating Expenses	<u>Notes</u>		
	This is made up as follows:			
	Distribution & Selling Expenses	23.01	37,572,436	46,627,530
	Administrative Expenses	23.02	96,430,260	100,742,726
	Total:		134,002,696	147,370,256
20.01	Distribution & Selling Exp.			
	This is made up as follows:			
	Salary & Welfare		6,975,406	6,785,426
	Travelling		5,781,428	5,621,089
	Business Promotion		3,162,058	2,984,052
	Fuel For Vehicles		9,352,401	9,182,416
	Carriage outward		7,125,279	15,122,492
	Vehicles maintenance		3,052,413	4,589,165
	Other Expenses		327,236	493,502
	Depreciation		1,796,215	1,849,388
	Total:		37,572,436	46,627,530
20.02	Administrative Expenses			
	This is made up as follows:			
	Salary & allowance		47,606,821	49,538,216
	Festival Bonus		6,786,412	6,750,262
	Staff Welfare		376,421	352,051
	Staff Fooding		2,481,634	3,787,114
	Security Service		6,550,000	6,531,950
	Office Maintenance		773,051	803,516
	Gas bill		16,496	32,182
	Water Bill		25,362	60,655
	Electricity Bill		144,100	245,000
	Fuel For Vehicles		810,652	718,361
	Vehicles maintenance		751,846	733,741
	Other Expenses		5,901,728	842,063
	Conveyance		2,084,671	2,302,720
	Printing & Stationery		1,765,319	1,688,025
	Office Rent		1,218,000	1,974,950
	Garage Rent		180,000	720,000
	Entertainment		718,642	979,758
	License & Renewal		1,463,972	1,387,451
	Mobile Bill		817,241	1,181,663
	Telephone Bill		210,526	372,604
	Internet Bill		617,051	1,019,462
	Postage & Courier		610,352	552,917
	Inspection & Testing Charge		3,863,510	5,390,534
	Export Clearing Expenses		263,415	812,937
	Carrying charge		1,182,469	1,250,418
	Legal fees		470,524	510,750
	Audit fees		550,000	422,000
	Director's Remuneration & fees		4,338,140	5,030,922
	Repair & Maintenance		635,241	870,150
	BTMA Expenses		162,341	175,416
	Membership fees		360,000	930,856
	Depreciation		2,694,323	2,774,082
	Total:		96,430,260	100,742,726

ANNUAL REPORT 2019-2020

21.00	Financial Expenses	<u>Notes</u>		
	This is made up as follows:			
	Interest on Loan	21.01	252,896,911	256,300,527
	Bank Charge		31,871,419	30,675,128
	Total:		284,768,330	286,975,655
24.01	Interest on loan			
	This is made up as follows:			
	Trust Receipt		81,427,816	115,241,867
	Short term - Other		21,827,493	11,506,387
	Bank Overdraft		44,700,680	35,041,639
	Bills Discounted		104,940,922	94,510,634
	Total:		252,896,911	256,300,527
22.00	Other Income			
	This is made up as follows:			
	Sale of wastage		1,205,176	1,936,420
	Interest Income-FDR		2,707,014	2,924,751
	Interest Income-IPO Fund		7,723,863	-
	Total:		11,636,053	4,861,171
23.00	Income Tax Expenses	<u>Notes</u>		
	This is made up as follows:			
	Current tax	23.01	24,177,537	75,431,926
	Deferred tax	23.02	2,313,086	12,479,758
	Total:		26,490,623	87,911,684
23.01	Current Tax Expenses			
	This is made up as follows:			
	Net profit before tax		161,089,683	579,596,328
	Less: Other Income		(11,636,053)	(4,861,171)
	Less: IPO Expenses		(29,196,007)	(6,150,000)
	Add: Depreciation – Accounting base		449,053,828	462,346,960
	Less: Depreciation – Tax base		(464,474,404)	(545,545,344)
			104,837,047	485,386,773
	Tax Rate		15%	15%
	Current tax on operating income as per tax rate		15,725,557	72,808,016
	Current tax on Non-operating income as per tax rate (A-1)		4,072,619	1,701,410
			19,798,176	74,509,426
	Add: Tax benefit of IPO Expenses		4,379,361	922,500
	Total:		24,177,537	75,431,926
	A-1) Current tax on Non-operating income as per tax rate			
	This is made up as follows:			
	Non-Operating Income		11,636,053	4,861,171
	Tax Rate		35%	35%
	Current tax on Non-Operating Income		4,072,619	1,701,410



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